



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	824 695 792
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	SEAWAY 7 AS
Forretningsadresse:	Askekroken 11 0277 OSLO

Regnskapsår

Årsregnskapets periode:	01.01.2022 - 31.12.2022
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Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Stuart Fitzgerald
Dato for fastsettelse av årsregnskapet:	01.03.2023

Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 04.08.2024



Resultatregnskap

Beløp i: USD	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Annen driftsinntekt		48 000 000	7 000 000
Sum inntekter		48 000 000	7 000 000
Kostnader			
Annen driftskostnad		1 000 000	4 000 000
Sum kostnader		1 000 000	4 000 000
Driftsresultat		47 000 000	3 000 000
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern		2 000 000	2 000 000
Sum finansinntekter		2 000 000	2 000 000
Annen finanskostnad		5 000 000	
Sum finanskostnader		5 000 000	
Netto finans		-3 000 000	2 000 000
Ordinært resultat før skattekostnad		44 000 000	5 000 000
Ordinært resultat etter skattekostnad		44 000 000	5 000 000
Årsresultat		44 000 000	5 000 000



Balanse

Beløp i: USD	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Finansielle anleggsmidler			
Investering i datterselskap		1 018 000 000	972 000 000
Sum finansielle anleggsmidler		1 018 000 000	972 000 000
Sum anleggsmidler		1 018 000 000	972 000 000
Omløpsmidler			
Varer			
Fordringer			
Andre fordringer		5 000 000	7 000 000
Konsernfordringer		204 000 000	33 000 000
Sum fordringer		209 000 000	40 000 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende			1 000 000
Sum bankinnskudd, kontanter og lignende			1 000 000
Sum omløpsmidler		209 000 000	41 000 000
SUM EIENDELER		1 227 000 000	1 013 000 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital		9 000 000	5 000 000
Overkurs		1 155 000 000	958 000 000
Annen innskutt egenkapital		1 000 000	1 000 000
Sum innskutt egenkapital		1 165 000 000	964 000 000



Balanse

Beløp i: USD	Note	2022	2021
Opptjent egenkapital			
Annen egenkapital		52 000 000	7 000 000
Sum opptjent egenkapital		52 000 000	7 000 000
 Sum egenkapital		 1 217 000 000	 971 000 000
 Sum langsiktig gjeld		 0	 0
 Kortsiktig gjeld			
Kortsiktig konserngjeld		1 000 000	1 000 000
Annen kortsiktig gjeld		9 000 000	41 000 000
Sum kortsiktig gjeld		10 000 000	42 000 000
 Sum gjeld		 10 000 000	 42 000 000
 SUM EGENKAPITAL OG GJELD		 1 227 000 000	 1 013 000 000



Konsernets resultatregnskap

Beløp i: USD	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt		1 119 000 000	1 260 000 000
Sum inntekter		1 119 000 000	1 260 000 000
Kostnader			
Annen driftskostnad		1 169 000 000	1 299 000 000
Sum kostnader		1 169 000 000	1 299 000 000
Driftsresultat		-50 000 000	-39 000 000
Finansinntekter og finanskostnader			
Annen finansinntekt		1 000 000	
Sum finansinntekter		1 000 000	
Annen finanskostnad		20 000 000	9 000 000
Sum finanskostnader		20 000 000	9 000 000
Netto finans		-19 000 000	-9 000 000
Ordinært resultat før skattekostnad		-69 000 000	-48 000 000
Skattekostnad på ordinært resultat		12 000 000	14 000 000
Ordinært resultat etter skattekostnad		-81 000 000	-62 000 000
Årsresultat		-81 000 000	-62 000 000
Andre resultatkomponenter for IFRS-foretak		2 000 000	1 000 000
Sum resultatkomponenter for IFRS-foretak		2 000 000	1 000 000
Totalresultat		-79 000 000	-61 000 000



Konsernets balanse

Beløp i: USD	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel			1 000 000
Goodwill		105 000 000	105 000 000
Sum immaterielle eiendeler		105 000 000	106 000 000
Varige driftsmidler			
Skip, rigger, fly og lignende		1 042 000 000	954 000 000
Sum varige driftsmidler		1 042 000 000	954 000 000
Sum anleggsmidler		1 147 000 000	1 060 000 000
Omløpsmidler			
Varer			
Varer		8 000 000	6 000 000
Sum varer		8 000 000	6 000 000
Fordringer			
Kundefordringer		62 000 000	115 000 000
Andre fordringer		144 000 000	182 000 000
Sum fordringer		206 000 000	297 000 000
Investeringer			
Andre markedsbaserte finansielle instrumenter		6 000 000	2 000 000
Sum investeringer		6 000 000	2 000 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		9 000 000	23 000 000
Sum bankinnskudd, kontanter og lignende		9 000 000	23 000 000
Sum omløpsmidler		229 000 000	328 000 000
SUM EIENDELER		1 376 000 000	1 388 000 000



Konsernets balanse

Beløp i: USD	Note	2022	2021
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital		9 000 000	5 000 000
Overkurs		951 000 000	754 000 000
Annen innskutt egenkapital		54 000 000	54 000 000
Sum innskutt egenkapital		1 014 000 000	813 000 000
Opptjent egenkapital			
Fond		-7 000 000	-9 000 000
Annen egenkapital		-20 000 000	60 000 000
Sum opptjent egenkapital		-27 000 000	51 000 000
Sum egenkapital		987 000 000	864 000 000
Gjeld			
Langsiktig gjeld			
Utsatt skatt		1 000 000	1 000 000
Andre avsetninger for forpliktelser		11 000 000	48 000 000
Sum avsetninger for forpliktelser		12 000 000	49 000 000
Annen langsiktig gjeld			
Øvrig langsiktig gjeld		84 000 000	7 000 000
Sum annen langsiktig gjeld		84 000 000	7 000 000
Sum langsiktig gjeld		96 000 000	56 000 000
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner		38 000 000	101 000 000
Leverandørgjeld		122 000 000	276 000 000
Betalbar skatt		4 000 000	5 000 000
Derivater		2 000 000	1 000 000
Leasing forpliktelser		27 000 000	20 000 000
Avsetning for forpliktelser		33 000 000	23 000 000
Annen kortsiktig gjeld		67 000 000	42 000 000
Sum kortsiktig gjeld		293 000 000	468 000 000
Sum gjeld		389 000 000	524 000 000



Konsernets balanse

Beløp i: USD	Note	2022	2021
SUM EGENKAPITAL OG GJELD		1 376 000 000	1 388 000 000



Skatteetaten

Vår dato
21.01.2021

Din/Deres dato
31.12.2020

Saksbehandler
Vibeke Horne

800 80 000
Skatteetaten.no

Din/Deres referanse
AR407543259

Telefon
90518192

Org.nr
974761076

Vår referanse
2021/5013786

Postadresse
Postboks 9200 Grønland
0134 OSLO

OHT ASA
c/o Arne Blystad AS
Postboks 1468 Vika
0161 OSLO

Att. Thomas Rønning

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk for OHT ASA, org.nr. 824 695 792

Vi viser til deres brev av 31. desember 2020 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk for OHT ASA.

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering OHT ASA dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som danner grunnlaget for vedtaket ikke endres vesentlig.

Kopi av dette brevet må sendes til Regnskapsregisteret i Brønnøysund sammen med årsregnskapet.

Bakgrunn

Selskapet er morselskap i OHT-konsernet. Selskapet har til formål å drive investering, utvikling og drift av skip og lastehåndteringssystemer og logistikk og installasjon av offshore vindmøller og andre offshore installasjoner.

Konsernet driver internasjonal skipsfart og virksomhet knyttet til installasjon av vindmøller til havs. Konsernet er notert på Euronext Growth Oslo (Merkur Market) med delvis spredt eierskap til internasjonale institusjonelle investorer.

Skattekontorets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen [...] være på norsk. Departementet kan ved [...] enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap mv., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og



lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut speulasjonsgevinster med basis i skjevt fordelt informasjon.”

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til “informative regnskaper for ulike grupper av regnskapsbrukere”. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter skattekontorets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har skattekontoret lagt særlig vekt på at selskapet er registrert på Euronext Growth Oslo (Merkur Market) og er i et konsern. Videre er det vektlagt at selskapet driver virksomhet i en internasjonal bransje der alle sentrale aktører behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelse i saken.

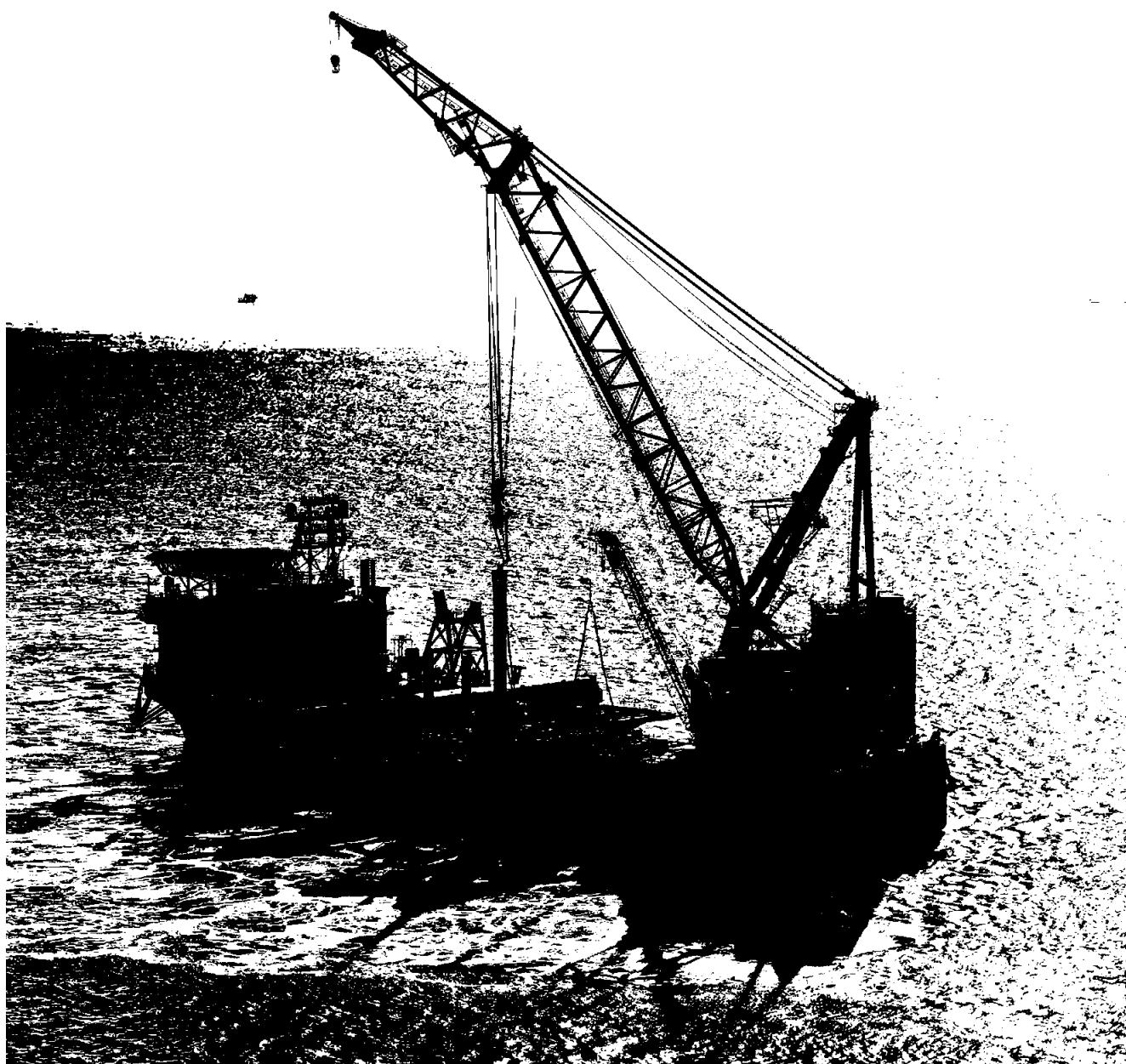
Med hilsen

Vibeke Horne
rådgiver
Brukerdialog, brukerkontakt
Skatteetaten

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.



seaway⁷





Our vision

To lead the way in the delivery of fixed offshore wind projects, contributing to an efficient and sustainable energy supply for the future.



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Chairman's Statement

To the shareholders of Seaway 7 ASA

“During 2022 Seaway7 has integrated the Seaway7 offshore fixed wind business owned by Subsea7 with the business of OHT ASA, following the combination of the two entities which was concluded in October 2021. The combined business has this year delivered a record volume of work to clients in the renewable energy industry, with Seaway7 continuing its evolution as a leading service provider well positioned to continue supporting our clients in meeting the world's energy transition and energy security ambitions.”



During the year, Seaway7 installed a record volume of foundations and inner-array cables in both the North Sea and Taiwan and strengthened both the heavy transport and the cable lay business with the addition of two vessels on long-term charters.

The Seaway7 medium-term growth prospects are underpinned by strong market outlook as well as two new build vessels under construction. The wind turbine installation jack-up vessel the *Seaway Ventus* remains on schedule for delivery in mid-2023 and is expected to have the capability to address both the turbine installation market and the foundation installation market. Seaway7 announced in June 2022 delays to the *Seaway Alfa Lift* new build project, and we expect the vessel to begin operations in the first half of 2024.

Challenging year

While Seaway7 integrated the businesses of OHT and Seaway7 offshore fixed wind business, it was a challenging year with respect to profitability of operations and our new build vessel *Seaway Alfa Lift*.

The risk profiles of contracts in the offshore fixed wind market needs to be more balanced in the future as Seaway7, and the service industry more broadly, has incurred material losses while delivering complex projects to clients to date.

The construction of the *Seaway Alfa Lift* has been challenging with the crane incident during construction at the end of 2021, and subsequent significant delays from the construction of the mission equipment for monopile installation. The combination of material cost increase to the *Seaway Alfa Lift*, and allocation of other vessels in our fleet to cover the committed contracts, resulted in a vulnerable financial position.

Fully funded business

During 2022, the Seaway7 financial profile was strengthened with \$650 million in committed funding announced in September 2022. The combination of equity and debt that has been put in place fully funds the Seaway7 business plan. It will primarily be used to deliver the two new build vessels, incremental CAPEX on existing assets, and provide support for working capital needs as they arise.

Rights issue – signal to the market from the major shareholders

The equity component of the funding plan saw a successful \$200 million rights issue underwritten by the major shareholders. The support from the shareholders confirms their belief in the business plan and the prospects for Seaway7 going forward.

To supplement the equity financing we also established \$450 million in committed debt facilities which enable us to fund the vessel deliveries in 2023 and 2024.

Market outlook supports the investment prospect

The long-term market outlook remains strong, driven by energy transition and energy security considerations. The combination of a fully funded investment programme, and our track record, broad segment exposure and high-end assets means that Seaway7 is well positioned to support our client ambitions to further develop offshore fixed wind energy across the globe.

Rune Magnus Lundetrae
Chairman

[Find out more](#)

Chief Executive Officer's Review

Reflecting on a transformative year

Seaway7's results for 2022 reflect the challenging terms and conditions of backlog added during competitive years.

\$1.1bn

Revenue

76%

Vessel utilisation

\$0.8bn

Backlog



Financial results

Revenues of \$1.1 billion reflect another year of significant progress on the major Seagreen project as well as progress and completions across European foundation and cables projects and an improving year for the heavy transport fleet. Margins showed gradual improvement year on year but remained below expectations due to challenges on certain projects in the North Sea and Taiwan.

Adjusted EBITDA of \$40 million resulted in a margin of 4%. This resulted in a net loss per share of \$0.14. Net funds used in operations for the year was \$48 million. Fleet utilisation was 76% with usual lower utilisation on heavy lift vessels during winter months offset to some degree by high utilisation of the heavy transport fleet throughout the year. Backlog as of 31 December 2022 was \$0.8 billion with additional announced pre-backlog including three potential contract awards for the Hai Long, Seagreen 1A and East Anglia 3 projects, which remain subject to Client Final Investment Decision.

During the year, Seaway7 arranged total committed funding of \$650 million which will primarily be utilised to finance the delivery of the two new build vessels and to fund the working capital requirements that the business may incur in the course of its normal operations.

These results reflect the efforts of Seaway7 for the full year 2022. The comparative results for 2021 represent the Subsea7 Renewables business unit for the first three quarters of 2021 and the combined Subsea7 Renewables business unit and the OHT business results for the fourth quarter 2021.

Operations

Across our eight operational projects this year, our work has directly enabled around 2.9 GW of additional renewable energy, capable of powering more than 3 million homes. Further information on what has been delivered is provided within the following sections of this Annual Report, but the most significant highlight was the completion of jacket fabrication and transportation activity, and the majority of installation activity, on the Seagreen project for SSE. This is currently the world's deepest offshore fixed wind farm and our balance of plant EPCI delivery represents a reference project for Seaway7 and we are pleased to have supported our client in their achievement of delivering this pioneering

project. Also notable in our 2022 portfolio from a technology perspective was an industry first with the installation of more than 100 monopile foundations in dynamic positioning mode with the Seaway Strashnov.

2022 saw a number of key project completions, most notably the completion of the inner-array cable installation and trenching on Hornsea 2, the world's largest wind farm, for Ørsted, and the completion of foundations and cable installation on Hollandse Kust Zuid for Vattenfall, as well as completing all pin pile installations on the Formosa 2 project in Taiwan.

There were also areas of challenge within the portfolio in 2022. Longer offshore durations impacted the financial performance of Hollandse Kust Zuid, Formosa 2 and Hornsea 2, and there was disruption to our cable installation projects in Taiwan primarily due to delayed foundation installation activities which are not within Seaway7's scope. A resultant net loss for the Company in 2022 of \$81 million clearly represents an unsatisfactory return for our shareholders.



In 2022, we commenced operations on the Dogger Bank A project and work on Dogger Bank A, B and C projects will continue through the coming years. Making a start and validating installation methods for this project was an important milestone. The projected costs to complete the Dogger Bank projects in accordance with our revised plan were subject to Purchase Price Accounting adjustment to the transaction with OHT and have been communicated to the market earlier.

During 2022, we added the newly built *Seaway Swan* to the heavy transport fleet under a long-term charter with purchase options which will be evaluated in due course. We also added a further vessel to the cable lay fleet with the long-term charter of the *Maersk Connector* to initially operate in the Asia Pacific region.

We secured a number of cables projects in 2022, and notably our first inner-array project in the United States being Revolution for Ørsted. New country entries represent increased risk, and we are therefore taking a step-by-step approach to the US market. Further significant wins in 2022 were the two preferred supplier positions for larger EPCI or integrated projects, on Seagreen 1A and East Anglia Three, respectively. Both of these projects remain subject to client Financial Investment Decision at year-end.

We continue to see strong bidding activity and our clients are already seeking to secure capacity for 2026 and beyond. Against this demand backdrop, we see tight supply across all of our activities.

Strategy to underpin growth

In 2022, progress was made on each of the two new build vessels with the sea trials for our new heavy lift vessel *Seaway Alfa Lift* completed, and crane repairs completed after the October 2021 incident on the 3000-ton main crane. The vessel is expected to leave the shipyard during the first half of 2023 and commence operations in the first half of 2024. The critical path remains the mission equipment for transporting, upending and installing monopile foundations, where we have previously advised the market of certain delays and challenges. During 2022, we substantially revised the execution planning, with partially completed mission equipment shipped from China at year end for completion and commissioning activities in European yards. We have also reallocated the project to the Subsea7 new build organisation to support the execution going forward. *Seaway Ventus* continued to make good progress with the vessel and main equipment packages and is expected to be ready for operations mid-2023. Market demand for both vessels is high which is encouraging.

Whilst there have been strong efforts by many in the Group, and significant volume of installations delivered in 2022, financial

Our Values



Our goal is an incident-free workplace. We work every day, everywhere to make sure all our people are safe.



We apply the highest ethical standards in everything we do. We treat clients, our people, partners and suppliers fairly and with respect.



We take a proactive approach towards our social responsibilities, mitigate the impact of our activities on our planet's environment and respond to the effects of climate change.



We are driven to achieve the outcomes our clients want. We are trusted to achieve superior performance from every project.



We work closely and openly together with clients, partners and suppliers at a local and global level to deliver safer and stronger results for all.



We create smarter and simpler solutions to meet the industry's needs. We combine technology, expertise, assets and partnerships to deliver projects in new ways.

performance remains unsatisfactory. A top priority as an organisation through 2022 and going forward is to ensure we gain appropriate financial returns for the value we are adding in the delivery of offshore fixed wind projects. This requires a change in the historical risk-reward balance which we have been driving into commercial and contractual terms under which we secure new work.

The existing and future Seaway7 asset base is supported by one of the industries' leading capabilities and track records. This, combined with strong market conditions, and the changes in pricing and risk profile for new work being secured in the portfolio, give us confidence we will be able to deliver significant earnings growth in the medium and longer term.

Stuart Fitzgerald
Chief Executive Officer



Seaway7 in Action

Depth of experience

Building on three decades of offshore energy experience, Seaway7 has employed its expertise in the delivery of complex projects in marine environments to successfully execute more than 40 offshore wind projects. Seaway7 has been active in the fixed offshore wind industry since 2009, when the Group installed its first monopile foundation for an offshore wind farm in the UK. The Group has since built an industry-leading track record installing foundations, substations and inner-array cables for many of the key offshore wind developers in Europe, Taiwan and the US. In 2022 alone, Seaway7 has worked on an unprecedented eight projects in the offshore execution phase. Through this track record, the Group has directly contributed to the installation of over 10 GW of offshore wind energy, which will provide clean energy equivalent to the consumption of over 12 million households for the decade to come.



Chairman's and
CEO Statement

Seaway7 in Action

BoD and Executive Management
presentation

Board of Directors' Report

Financial Statements



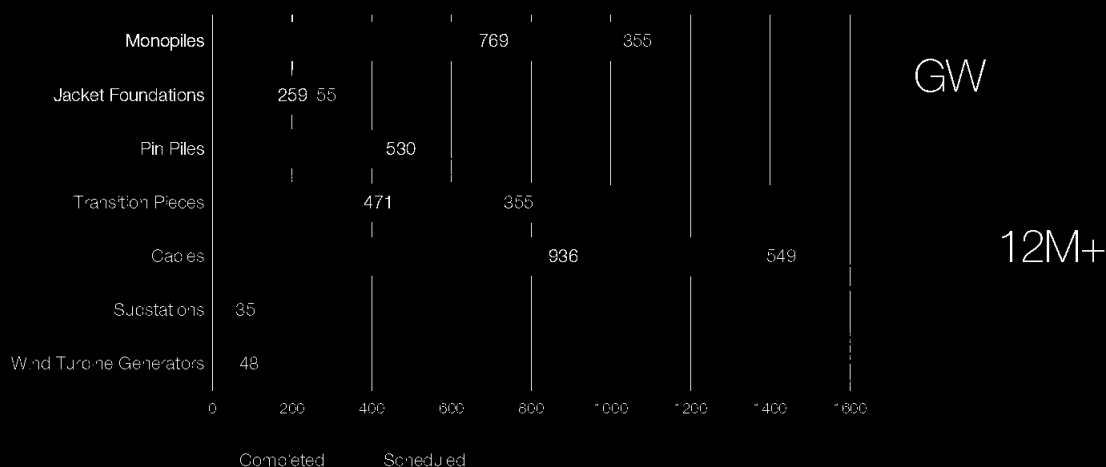
Technology Spotlight

Following a multi-year innovation programme, Seaway7 has this year performed the world's first commercial monopile foundation installation in Dynamic Positioning (DP) mode. An industry breakthrough which will significantly reduce installation cycle times by avoiding the need to anchor on each location.

In 2019, Seaway7 confirmed the feasibility of this installation technique following a demonstration project off the coast of the Netherlands. Since this successful demonstration, Seaway7 has further developed the integrated motion-compensated gripper, designing it with sufficient redundancy for commercial execution, capable of installing repetitively in a production environment. The new gripper was installed this year on the *Seaway Strashnov* before the vessel was deployed on the Kaskasi project, offshore Germany, where the first commercial floating monopile installation also took place. Since then, the vessel has installed monopiles on DP for the Hollandse Kust Zuid project and the Dogger Bank A project.

Installation on DP allows Seaway7 not only to reduce installation cycle times, but the overall project duration. This installation approach also brings associated environmental benefits, reducing greenhouse gas emissions, and reducing the impact to the seabed and local infrastructure.

Our track record and projects in-hand



Seaway7 in Action

Seagreen



Client:
Seagreen Wind
Energy Ltd. (SWEL)

Location:
25 kilometres off
Scottish Coast,
North Sea, UK

Water depth:
42m-58 metres

Project type:
EPCI

Date awarded:
June 2020

Completion date:
Mid-2023

Vessels:
Seaway Aimery,
Seaway Phoenix and
various 3rd party
vessels and barges

Project at a glance

In June 2020, Seaway7 was awarded the contract for Engineering, Procurement, Construction and Installation (EPCI) of the foundations and inner-array cables for Seagreen, offshore Scotland. The first jacket superstructures arrived at the Port of Nigg, Scotland in August 2021, just one year after contract signature. The final foundation was delivered to the Port of Nigg in December 2022 and by the close of the year 93 jackets had been installed and cable installation is on schedule for completion mid-2023.

Wind farm information

Seagreen Offshore Wind Farm is currently under construction around 27 kilometres from the coast of Angus in the North Sea. Once installation is completed it will be Scotland's largest and deepest offshore wind farm.

The 1,075 MW project will feature 114 Vestas turbines and an offshore substation. First power was achieved in August 2022, with electricity transmitted via subsea cables to a point near Carnoustie and then to the Tealing substation via underground cables.

The wind farm will provide enough green energy to power more than 1.6 million homes, equivalent to two-thirds of all Scottish homes. They will displace over 2 million tonnes of carbon dioxide from electricity generated by fossil fuels every year.

Seagreen Wind Energy Limited (SWEL) is a joint venture between TotalEnergies (51%) and SSE Renewables (49%).

Project scope

- Integrated project management
- Foundations
 - Design, Procurement and Fabrication of 114 suction caisson jacket foundations (77.5-93 metres height, 2,000-2,250 MT), with fabrication executed across multiple sites
 - Transportation and installation of the 114 jacket foundations including scour protection and grouting services
- Cables
 - Engineering, procurement, installation and commissioning of 302 kilometres 66 kilovolt (kV) submarine composite cables, cable accessories and cable protection systems
 - Transportation, installation and burial of submarine cables system and associated termination, testing and pre-commissioning





Project milestones

- First of 114 jacket foundations delivered just one year on from contract signature
- First jackets arrived at the Port of Nigg–August 2021
- First foundation installed – October 2021
- First cable installed - November 2021
- Final jacket arrived at the Port of Nigg - December 2022

Technology and innovation

Seaway7 has helped SWEL to bring down the Levelised Cost of Energy (LCoE), with Seagreen being executed at a similar cost to the Beatrice project installed three years earlier, yet providing twice the generating capacity.

Seaway7 implemented suction bucket foundation technology on the jackets on this project site to overcome the difficult and variable soil conditions, whilst gaining faster installation speed and avoidance of pile driving noise. This technology was the key contributor to the cost reduction on Seagreen.

The deepest locations across the Seagreen site feature some of the world's tallest fixed-jacket foundations in fixed offshore wind, representing a sizeable challenge in fabrication, transportation and installation and requiring rigorous engineering and project management.

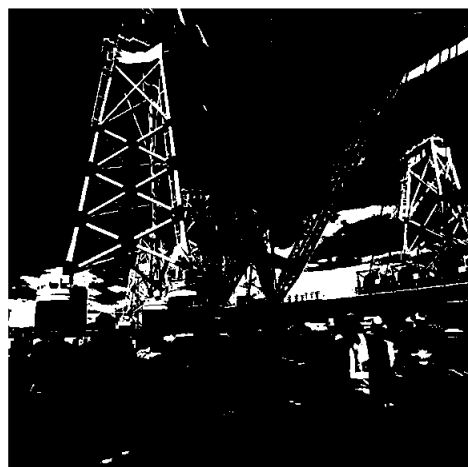
Worksites and assets

The fabrication work scope for foundations was executed across multiple sites: Lamprell in the UAE, and both Jutal Offshore Oil Services and COOEC Fluor Heavy Industries Co. in China.

The installation base for Seagreen foundations is at the Port of Nigg – utilised for marshalling, storage and logistics.

Inner-array cables were manufactured at the Hellenic Cables site in Corinth, Greece. The cable installation base is at the Port of Blyth in Northumberland, UK – utilised for cable storage and logistics.

The offshore installation activity utilises a wide range of vessels from the Seaway7 fleet and third-party chartered vessels. The marine spread comprised: heavy transportation vessels, scour protection vessels, a crane vessel for foundation installation, cable-lay vessels including *Seaway Aimery* and *Seaway Phoenix*, and installation support vessels.



Seaway7 in Action

Hollandse Kust Zuid



Client:
Vattenfall

Location:
18-35 kilometres
off the Netherlands
coast, North Sea

Water depth:
17-28 metres

Project type:
Integrated T&I

Date awarded:
April 2020

Completion date:
Q2 2023

Vessels:
*Seaway Strashnov,
Seaway Aimeri,
Seaway Moxie
and 3rd party
vessels including:
a Heavy Load
Carrier and a range
of Installation
Support Vessels,
Crew Transfer
Vessels and
Subsea Rock
Installation Vessels.*

Project at a glance

In April 2020, Seaway7 was awarded the contract for the transport and installation of monopile foundations and inner-array cables for the Hollandse Kust Zuid (HKZ) offshore wind farm, off the Netherlands' coast in the North Sea. Seaway7 offshore works commenced in 2021, and in 2022 the installation was carried out with **Seaway Strashnov** in Dynamic Positioning mode, significantly improving installation efficiency. Foundation installation was completed in summer 2022 with the final cables laid at the close of the year.

Wind farm information

HKZ is the largest subsidy free wind farm under construction in the world today.

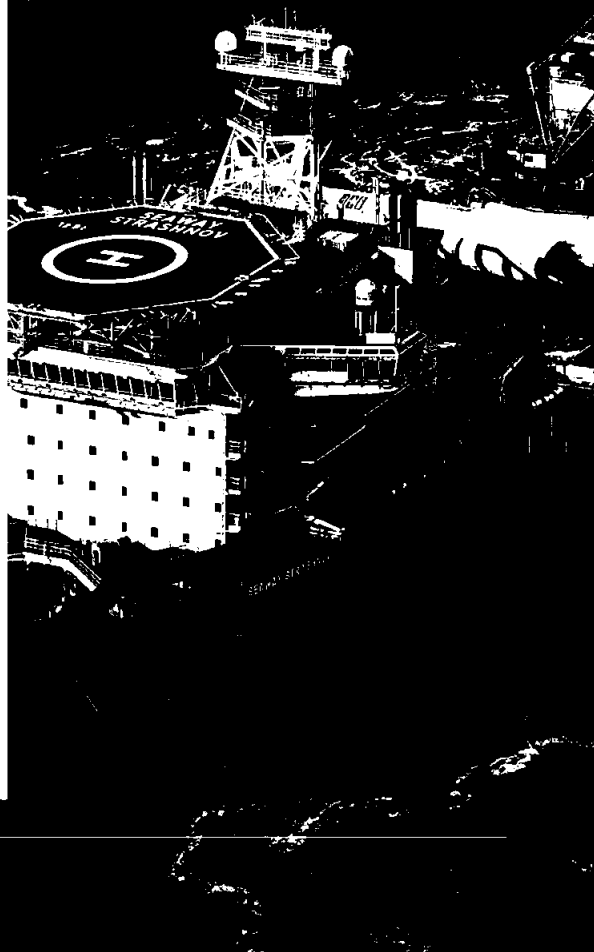
Located between 18-35 kilometres off the Netherlands' coast, the 225 kilometre² wind farm received first power in summer 2022 and is scheduled to be fully operational in 2023.

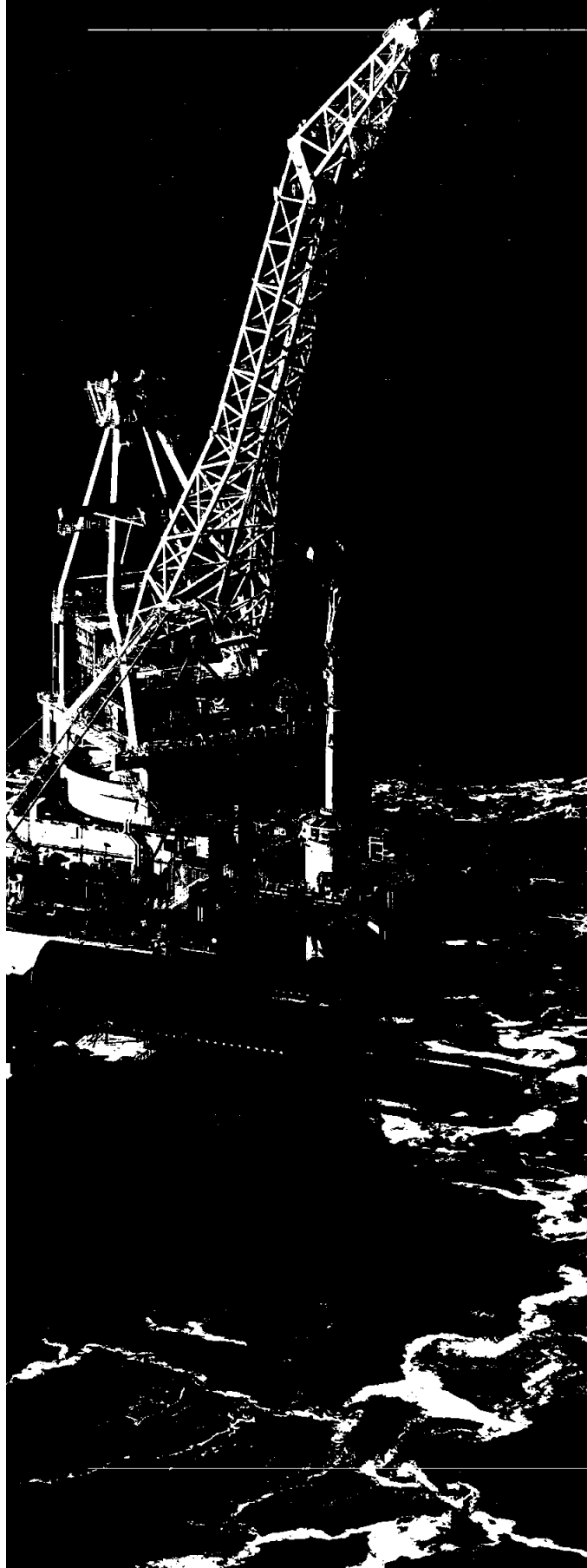
When completed, the 1.5 GW wind farm will comprise 140 Siemens Gamesa SG 11.0 200 DD offshore wind turbine generators. The generated power, transferred to the onshore grid via two TSO TenneT offshore transformer stations, will provide clean energy equivalent to the consumption of over 2 million households in the Netherlands.

The project is being developed by Vattenfall and is owned by Vattenfall, BASF and Allianz.

Project scope

- Integrated project management
- Foundations:
Transportation and installation of 140 WTG monopile foundations (7-8 metres diameter, 750-925 MT) and associated secondary steel works – including scour protection.
- Cables:
Transportation, installation and burial of 315 kilometres of 66 kV inner-array cables and associated termination, testing and pre-commissioning





Project milestones

- First foundation campaign commenced July 2021
- Second foundation campaign commenced April 2022
- Cable installation commenced April 2022
- Foundation installation completed August 2022.
- Final cables laid December 2022

Technology and innovation

In the 2022 installation campaign, Seaway7 introduced the installation of monopiles in DP on the *Seaway Strashnov*. Including loading and transits, an installation rate of more than one monopile per day was achieved. In order to reduce noise levels and minimise the impact to the marine environment, Vattenfall opted to implement a Double Big Bubble Curtain (DBBC) pile driving noise mitigation system. This consisted of two separate rings of perforated hoses, blowing air from the seabed to the surface, producing 'shields' of air bubbles at predetermined distances from the monopile.

The bubble curtains, deployed by Seaway7, consistently kept the underwater noise well below the regulated thresholds during both installation campaigns.

Worksites and assets

The HKZ foundations were transported by heavy lift vessel *Seaway Strashnov* from the SIF fabrication yard at Maasvlakte 2 in Rotterdam.

For the 2022 foundation installation campaign, Seaway7 contracted the *Jumbo Fairplayer* for the installation of secondary steel works, also loaded out of Maasvlakte 2.

Cables were designed and fabricated by Twentsche Kabelfabriek (TKF) at their factory in Lochem, the Netherlands and stored at the WIND facility in Velsen-Noord, North Holland, where they were loaded on to the cable lay vessel *Seaway Aimery*. Cable installation was supported by installation support vessels *Seaway Moxie* and *Siem Dorado* – followed by the *Acta Orion*.

The marine spread also comprised Subsea Rock Installation Vessels *Nordness* and *Braveness*.



Board of Directors

Rune Magnus Lundetræ
Chairman

Born: 1977
Nationality: Norwegian
Member of Board since: September 2020
Audit Committee membership: Yes

Rune served as Deputy Chief Executive Officer and Chief Financial Officer of Borr Drilling Ltd. from December 2016 to December 2019. From August 2015 to December 2016, he was Managing Director and Head of Oil Services of DNB Markets, the investment banking subsidiary of DNB, Norway's largest financial services group. From 2012 to June 2015, he served as Chief Financial Officer of Seadrill Ltd., the world's largest offshore driller.

Rune graduated as a Certified Public Accountant from the Norwegian School of Management (NHH) in 2004. He also holds a M.Sc. degree in Management from the London School of Economics and a B.A. (Hons) in Finance from the University of Newcastle (UK).

Kristian Siem
Director

Born: 1949
Nationality: Norwegian
Member of Board since: October 2021

Kristian brings an extensive knowledge of the offshore oil and gas services business worldwide from previous senior executive and non-executive roles, combined with long-standing experience as chairperson of public companies listed in the USA, UK, and Norway. Kristian is the founder of the Siem Industries Group and has been Director and Chairman of Siem Industries S.A. since 1982. Prior to joining the Group, he held several management positions with the Fred. Olsen Group in the US and Norway. Kristian has previously held directorships and executive positions at Kvaerner ASA, Transocean Inc. and Norwegian Cruise Line. He holds a degree in Business Economics.

John Evans
Director

Born: 1963
Nationality: British
Member of Board since: October 2021

John is the Chief Executive Officer of Subsea7 and has over 30 years of experience in the oil and gas services industry, primarily in the SURF and offshore engineering and construction sectors. He started his career in 1986, working with Brown and Root, and built a successful track record in general management, and commercial and operational roles in the offshore oil and gas industry. Prior to his appointment as Chief Executive Officer, from July 2005, John held the position of Chief Operating Officer of Subsea7.

John has a Bachelor of Engineering degree in Mechanical Engineering from Cardiff University, is a Chartered Mechanical and Marine Engineer and a Chartered Director.

Nathalie Louys
Director

Born: 1963
Nationality: Belgian
Member of Board since: October 2021

Nathalie is the current General Counsel of Subsea7 and started her career in 1986, working with Saint-Gobain and Eurotunnel, gaining extensive legal experience across various industries. In 1996 she joined Technip, based in Paris, progressing to the role of Vice President Legal – Offshore. In 2006 Nathalie joined Subsea7 performing senior corporate and operational legal roles, including Vice President Legal – Commercial. Nathalie has been admitted to the Paris Bar and has legal qualifications from University Paris I – Panthéon Sorbonne and Paris XI in France and the University of Kent in the UK. Nathalie has been General Counsel of Subsea7 since April 2012.

Monica Bjerkmann
Director

Born: 1969
Nationality: Norwegian
Member of Board since: October 2021
Audit Committee membership: Yes

Monica is the Senior Vice President of Subsea7 in Norway. She has more than 25 years of experience in the oil and gas service industry. Monica has had several roles within Subsea7, working in Norway, UK and Australia. She holds a degree in economics, marketing, entrepreneurial and strategy studies from the University of Stavanger and the Aalborg University in Denmark. Monica is also a Chairperson of Offshore Norge and Managing Director of Subsea7 Norway's entities. She was previously on the Board of NORWEP, and a Board Member of IRIS (International Research Institute of Stavanger).



Executive Management Team

Stuart Fitzgerald Chief Executive Officer

Born: 1969
Nationality: Australian
Date of appointment: October 2021

Stuart began his career with a specialist marine engineering consultancy, progressing to Worley Engineering in Australia and Brunei. Stuart joined Subsea7 in 1998 and held operating and leadership positions within engineering, project management, and sales, at a Norway regional level until 2009, when he was appointed Vice President for Norway. From 2014 to 2018 he held the roles of Vice President Sales and Marketing and subsequently Vice President Strategy and Technology. In January 2018, Stuart joined the Subsea7 executive team as Executive Vice President responsible for Strategy and Commercial and then from 2019 for Alliances and Strategy, including the role of CEO for the Subsea Integration Alliance between Subsea7 and OneSubsea, a Schlumberger company. Stuart has a Bachelor of Engineering degree in Mechanical Engineering and a Bachelor of Science degree in Applied Mathematics from Monash University in Melbourne, Australia.

Mark Hodgkinson Chief Financial Officer

Born: 1961
Nationality: Australian
Date of appointment: October 2021

Before joining Seaway7, Mark Hodgkinson was VP Treasury and Commercial Finance at Subsea7. Prior to this he was Group Treasurer at First Quantum Minerals – a multinational copper mining company, and with Royal Dutch Shell's Group Treasury for eight years, where he was General Manager of Shell's Group Treasury operations in Asia Pacific based in Singapore. Mark has also worked in the UK and Australian financial services sectors in finance, risk management and operational roles. He is a Chartered Accountant (ACA) and a Member of the Association of Corporate Treasurers (FCT).

Harke Jan Meek Chief Commercial Officer

Born: 1976
Nationality: Dutch
Date of appointment: October 2021

Harke started his career at Shell working on LNG projects and progressing to business development roles at SBM offshore and then to senior commercial roles at Heerema Marine Contractors. In 2018, Harke was appointed as Chief Commercial Officer of Seaway7, responsible for strategy, business planning, business development and tendering activities worldwide. Harke holds an M.Sc. degree in Offshore Engineering from Delft University of Technology, Netherlands, and an MBA from the University of Texas, US.

Maria Eidesvik Vice President – Europe & US

Born: 1980
Nationality: Norwegian
Date of appointment: April 2022

Maria's vast experience in the energy industry began at home in Bømlo, Norway, with its active offshore-related work providing a progressive future for her small community. Today, Maria's professional career spans over 15 years of dedication to Acergy and Subsea7. Starting with Acergy in 2007, Maria worked in Cost Control, Tendering, Contracts, and as a Project Services Manager. Between 2013 and 2018, she was the Project Manager on Aasta Hansteen for Equinor and has been the Project Director on Mad Dog 2 for BP since 2018. Since gaining her Master's Degree in Science of Management from IAE Aix-Marseille Graduate School of Management, Maria has had the opportunity to live in Norway, France, Italy, Portugal and the United States.

Lloyd Duthie Vice President – UK & Asia

Born: 1967
Nationality: British
Date of appointment: April 2022

Lloyd has extensive experience from over 35 years in the energy industry. Before joining Seaway7, he held various positions in Subsea7 including Chief Operations Officer for the UK & Canada business, global operational responsibility for welding and pipelay installations, and project management in the UK & Africa. He has worked in renewables for the past six years, most recently overseeing Engineering, Procurement, Construction and Installation Projects within Seaway7. Lloyd holds a Bachelor of Science degree in Engineering from Robert Gordons University in Aberdeen, UK.



Board of Directors' Report

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Chairman's and
CEO Statement

Seaway7 in Action

BoD and Executive Management
presentation

Board of Directors' Report

Financial Statements

Strategy

Following a series of acquisitions, culminating in the combination between OHT and Subsea7 renewables division in October 2021, Seaway7 now has the scale, capability and track record to deliver the next generations of offshore fixed wind projects to the world and is firmly positioned as a global leader in this market. With strong market conditions, Seaway7 is well placed to drive an improved risk-reward balance in fixed offshore wind and to deliver strong growth and shareholder returns in the years to come.

OUR STRATEGY

Deliver first-class project execution of offshore wind with a selective country approach to ensure focus. With our scale and strong positioning across multiple segments of the offshore wind value chain, we can provide a range of services through various contract models to align with specific client needs and become a partner of choice. Project delivery is underpinned by our strength in managing complex projects and the use of our fleet of enabling assets.

HOW WE'LL MAKE IT POSSIBLE

- Leveraging the expertise of our people, our proven processes and systems
- Leveraging our high specification fleet
- Creating differentiation through our ability to manage complex projects
- Early engagement to support clients with finding the right technical and commercial solutions
- Target collaborative clients, partnerships and repeat business opportunities
- Using our multi-site local approach and global presence as a key to our future operating model
- Developing and engaging our people to meet the demands of the growing market
- Strong focus on risk-reward balance in our contracts and portfolio

POWERED BY

OUR PEOPLE

PEOPLE
LEADING THE WAY

PEOPLE
WITH HEART

PEOPLE
WHO MAKE A DIFFERENCE

PEOPLE
THAT MAKE US

OUR KEY ASSETS

Seaway7 has the key enabling assets to deliver offshore installation.

The combination of these assets is a key benefit to our clients as we can de-risk projects by controlling the key required assets.



Transportation

Heavy transportation vessels including *Seaway Albatross*, *Seaway Hawk*, *Seaway Eagle*, *Seaway Osprey*, *Seaway Falcon* and *Seaway Swan*.



Cables

Cable installation vessels including *Seaway Aimeri*, *Seaway Moxie*, *Seaway Phoenix* and *Maersk Connector*.



Foundations

Heavy lifting vessels for foundation and substation installation including *Seaway Strashnov*, *Seaway Yudin* and *Seaway Alfa Lift* (under construction).



Turbines

Wind turbine installation vessels including *Seaway Ventus* (under construction).

OUR VALUES WILL GUIDE THE WAY





Understanding our commercial opportunities and outlook

Seaway7's project execution in 2022 represents a strong enhancement of the Group's operational experience and track record. This underpins the Group's support to developers to bring sustainable, renewable energy to the world through the delivery of fixed offshore wind projects.

THE OFFSHORE WIND MARKET Our position in the global offshore wind market

The Group's markets remain strong with accelerating long-term growth projections confirmed by the Group's high bidding levels and client engagements. The Group has expertise in project management, engineering, procurement, fabrication and offshore installation, which is reflected by the Group's market leading delivery in 2022.

Seaway7 is a top-tier service provider for the offshore wind industry. The Group's head office is in Oslo, Norway. Seaway7 has a presence in all the major fixed offshore wind markets of the world and offers services across the fixed offshore wind value chain focused on wind turbine foundations, inner array cables, turbine installation and heavy transportation. It achieves this through various contract models ranging from single-scope transport and installation (T&I) to integrated multi-scope T&I and lump sum turnkey (EPC) delivery.

The Group's client base within offshore wind traditionally comprises utility companies and dedicated offshore wind project developers. In addition to these clients, the Group now also recently sees new players actively entering the offshore wind market, notably the larger oil and gas companies who are re-positioning as integrated energy companies. This provides the Group opportunities to leverage its existing relationships from its legacy work in the offshore oil and gas sector.

The combination of the Group's operational experience, asset base, positive market outlook, and a fully funded business plan, provides a strong foundation for Seaway7 moving forward. Looking ahead, the focus area for Seaway7 is to capitalise on the market opportunities by focusing on balanced risk-reward profiles across the Group's portfolio, contributing to improved financial returns.

Strong long-term outlook for offshore wind

Seaway7 sees a continuous growth outlook for renewable energy in the decade to come as the world transitions to cleaner sources of energy. The growth rate is accelerating due to ambitious national and company targets for installed offshore wind capacity and increasingly supportive political and regulatory regimes through licence grants and government Contract for Difference (CfD) availability. These changes are driven by ever more pressing climate imperatives, and more recently, energy independence considerations.

The outlook for new annual installations and associated capital expenditure in the fixed offshore wind market is anticipated to be for compounded annual growth rate of 18% between 2020 and 2035, as estimated by Bloomberg. By 2035, a global installed offshore wind capacity of 307 GW is forecast, which is approximately 12 times the 25 GW capacity that was installed globally by the end of 2020.

Capabilities and contract models – aligned with market requirements

	Export cables	Offshore substation	Inner-array cables	WTG Foundations Jackets	WTG Foundations Monopiles	Wind turbine generators
Project Management and Engineering			seaway7	seaway7	seaway7	
Procurement			seaway7	seaway7	seaway7	
Construction/ Manufacturing				seaway7	seaway7	
Transport/ Installation		seaway7	seaway7	seaway7	seaway7	seaway7
Commissioning			seaway7	seaway7	seaway7	

— Integrated T&I — BoP EPCI ■ Selective offering ■ Core offering



Improving contractual risk-reward balance

For a number of reasons, the contractual risk-reward mechanisms as agreed between clients and contractors across the whole value chain have been skewed in recent years, resulting in contractors proportionally taking on too much risk, often leading to a challenging and unsustainable financial performance. Seaway7 and the industry in general are now focused on re-positioning to a more sustainable risk-reward balance, with improved pricing levels and more appropriate terms. The Group is actively driving these commercial and risk profile improvements in its tendering and client engagements towards future business, and will be more selective on which projects to pursue to best match the Group's assets and capabilities.

Tendering activity in Seaway7 remains high

For Seaway7, the tendering levels for fixed offshore wind projects remained high in 2022 with most effort and focus on the UK, mainland Europe and US markets. The Group has already a strong presence and track record in the European market which is expected to grow strongly in the coming years. Further, Seaway7 has also a strong presence in the US market through its main shareholder, Subsea7. The US is a significant growth market with strong additional support over the coming period coming from the Inflation Reduction Act announced by the US administration in 2022, and is expected to be the second largest offshore wind market after the UK by 2035. Prospects in the Asia Pacific region are being considered on a case-by-case basis, and only tendered with a matching project scope and acceptable risk profile in place.

Looking forward, Europe is expected to remain the largest market in fixed offshore wind and the core market for Seaway7, with the UK, Germany and the Netherlands leading the way. The significant increase in demand from new regions offers opportunities where Seaway7 can build on its existing scale and global footprint.

The Group also saw tender activity pick-up in new markets of Poland and Ireland. Specifically, the Polish market is developing quickly with the first offshore installation activity already expected in 2024 and a significant set of projects lined up for execution in subsequent years. Ireland's Offshore Renewable Electricity Support Scheme (ORESS) was finalised by the government at end of 2022, and its first offshore wind auction is now planned for 2023.

In the US, the list of prospective major wind projects off the northeast coast increased further during 2022 and various projects have been awarded to the market. More than 15 projects, amounting to over 15 GW of installed capacity for the 2025-2028 period, are currently in various planning stages across the US. The main challenge for this market remains delivering on local content expectations, the maturity of the supply chain in the region, and ensuring execution strategies which are Jones

Act compliant. Further, timing uncertainties arise as the regulatory frameworks, government organisations and subsidy regimes are still relatively new and under development. In light of these factors, whilst the Group strongly believe in a positive outlook for this market, appropriate risk management will be a key success factor for both developers and contractors.

In the Asia Pacific region, China is the single biggest market. As the Chinese market is mainly served by national service providers, there is currently limited value that can be added by international suppliers and therefore this market is not considered. However, project development activities have started to pick up in new regions namely, Japan, Korea and Vietnam, whilst Taiwan remains the largest and most active market in the region. Common challenges within the region include strong local content requirements and underdeveloped supply chains and regulatory frameworks, impacting project costing and the project risk profile. As such, a selective tendering approach is being applied for the Asia Pacific regions, focused on known clients and early engagement to ensure a full understanding of technical, supply chain and new country operating risks.

THE HEAVY TRANSPORTATION MARKET

The heavy transportation fleet has continued to operate in the spot market. The Group has seen a consistently high number of requests for transportation projects received during 2022, underpinning the high vessel utilisation levels in the fleet. A highlight of the year was the addition of the *Seaway Swan* to the fleet, which now comprises six vessels.

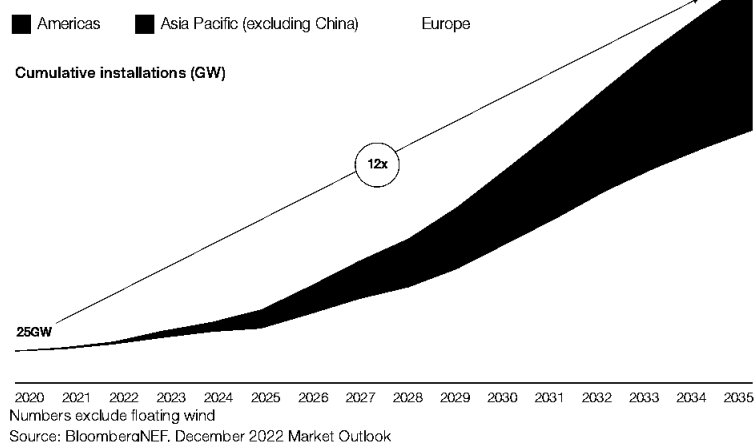
The Group continues to operate the transportation fleet in multiple markets, including fixed offshore wind, oil and gas, marine, dredging and heavy construction markets.

The share of offshore wind related projects being tendered for execution from 2023 to 2028 is growing, dominated by transportation of jackets, monopiles and transition pieces from Asia to Europe and monopiles and transition pieces from Asia and Europe to the US.

The other transportation markets continue to show signs of recovery following a period with reduced activity in oil and gas which had led to a pressure on prices. Segments that see growth include jack-up drilling rig moves, oil and gas decommissioning and gas projects in the Middle East. Medium to long term, transportation of offshore wind components represents the highest growth segment.

The Group maintains a positive outlook for the heavy transportation market with both the oil and gas and renewable markets predicting significant growth going forward.

Global expansion forecast for offshore wind energy



Business review

During 2022, the Group worked on a significant number of projects, strengthening its track record in fixed offshore wind with new innovative installation methods also being applied. Across the eight projects in the offshore execution phase in 2022, Seaway7's work has directly enabled around 2.9 GW of additional renewable energy, capable of powering more than 3 million homes. In total, the Group installed 210 cables, 130 monopile foundations, 107 jacket foundations, and 128 pin pile foundations, and fabricated 61 jacket foundations, and performed 25 heavy transportation voyages.

During 2022, the Group continued its good progress on the Seagreen project in the UK, covering the EPCI of 114 wind turbine foundations, 300 kilometres of inner-array cables and associated infrastructure off the east coast of Scotland. By the end of 2022, fabrication of the foundation jackets was completed and a total of 93 foundation jackets and 68 inner-array cables were installed, with the remainder scheduled for installation in 2023. The Seagreen project extends Seaway7's collaborative relationship with developer SSE and follows its successful execution of SSE's Beatrice EPCI project completed in 2019.

In March 2022, Seaway Strashnov installed monopile foundations on dynamic positioning together with the newly developed vibro-hammer allowing for vibration of the monopile foundations to depth, a world first and key innovation for the industry, on RWE's Kaskasi project in Germany.

At the end of March 2022, Seaway Strashnov re-mobilised for the continuation of the works for Vattenfall's Hollandse Kust Zuid project in the Netherlands, installing monopile foundations on dynamic positioning in the summer period. Seaway Strashnov completed the foundations installation campaign at the beginning of September 2022.

In March 2022, Seaway Aimeri and Seaway Moxie commenced the Hollandse Kust Zuid cable lay campaign and by end of 2022 the final inner-array cable was successfully installed. The 1.5 GW Hollandse Kust Zuid is the first subsidy-free offshore wind project to reach the stage of development, and it will be the world's largest offshore wind farm in operation once it is fully commissioned by the summer of 2023. The Group's scope includes the transport and installation of the wind farm's 140 monopile foundations and 315 kilometres of 66 kV inner-array cables.

Upon completion of the foundation installation on the Hollandse Kust Zuid project, Seaway Strashnov commenced working on the Dogger Bank A and B project in the UK in early September 2022. Seaway Strashnov moved on to planned vessel maintenance in November 2022, with installation of Dogger Bank A monopile foundations and transition pieces scheduled to resume in Q2 2023. The 2.4 GW Dogger Bank A and B project is located 131 kilometres from shore. The Group's scope includes installation of 190 monopile foundations and will further continue into 2023 and 2024. This project was originally intended to be executed using the Seaway Alfa Lift which has seen delays in its new build program. The cost to complete the Dogger Bank A and B projects have been revised, with significant use of the Seaway Strashnov, and these cost revisions were subject to Purchase Price Accounting adjustment to the transaction with OHT. These adjustments were communicated to the market during 2022.

In Q2 2022, Seaway7 deployed Subsea7's Seven Borealis to install 24 jacket foundations on the St. Brieuc offshore wind farm in France. The Group was sub-contracted by Van Oord and provided support to accelerate the schedule.

In 2022, Maersk Connector was deployed on the Group's cable lay portfolio in Taiwan and worked on the two offshore wind projects, Yunlin and Changfang & Xidao. Yunlin comprises 80.8 MW offshore wind turbines, and the Group's scope includes the installation of 272 kilometres of inner-array and export cables. Changfang & Xidao comprises 62.9.5 MW offshore wind turbines, and the Group's scope includes 295 kilometres of inner-array and export cables. During 2022, the Group commenced cable lay of export cables on Changfang & Xidao, and continued with inner-array cable installation on Yunlin. Work on both projects will continue into 2023.

After two seasons of operations in Taiwan, Seaway Yudin completed offshore operations on the Formosa 2 project in August 2022, by the installation of the remaining 128 pin pile foundations this year. The project comprised installation of in total 188 pin pile foundations, and has been severely impacted by adverse site conditions and Covid-19 disruptions.

During 2022, all the heavy transportation vessels have successfully completed dry docking, of which three of the vessels have completed their five-year docking. For the remainder of the year, the fleet has continued to avoid major operational disruptions from

the Covid-19 pandemic, with delayed and cumbersome crew change procedures and restrictions on travelling being the only negative effects. On 8 July 2022, the Company also took delivery of the Seaway Swan, adding additional capacity to the heavy transportation fleet.

All vessels in the heavy transportation fleet have traded in the spot market during 2022, transporting jack-up drilling rigs, cranes, power barges, lift boats, cable-lay barges, floating dry-docks and other floating equipment.

Contract awards and pre-backlog

In March 2022, Seaway7 signed a contract for the supply of the Seven Borealis to Van Oord for the installation of 24 jackets foundations on the Saint-Brieuc offshore wind farm project which was executed and carried out in the summer of 2022. Having access to the wider Subsea7 fleet allows Seaway7 to capture additional opportunities in the renewables market beyond the capacity of its own foundation installation vessels.

On 29 March 2022, Seaway7 announced that it was awarded a contract by EnBW for EPCI works of inner-array cables on the He Dreiht Offshore Wind Farm project in Germany. He Dreiht is a 900 MW offshore wind project with 15 MW wind turbines, and is the first subsidy-free winner in the German auction. The Group's scope includes supply and installation of around 100 kilometres of 6 kV subsea power cables and respective cable protection systems. Seaway7 will commence offshore works on the project in 2025. The contract award is subject to He Dreiht reaching Financial Close by mid-2023.

On 7 June 2022, Seaway7 announced it was selected as a preferred supplier for the Seagreen 1A offshore wind project located offshore Scotland in the UK. Seagreen 1A is adjacent to the existing Seagreen project, which Seaway7 is currently progressing, representing approximately 500 MW of additional renewable energy generation capacity. Seaway7 is supporting the client to reach final investment decision. The Group's scope of work may include the full engineering, fabrication, transport and installation of 36 foundations, as well as transportation and installation of the offshore substation and the procurement and installation of inner-array cables.

On 26 July 2022, Seaway7 announced it was awarded a contract for the transport and installation of inner-array cables on the



Revolution offshore wind farm project in the US. The scope includes the transport and installation of around 160 kilometres of 66 kV subsea power cables and respective cable protection systems.

Following the Coastal Virginia demonstrator project, which was completed in 2020, this is the second US project awarded to Seaway7.

In Q3 2022, Seaway7 signed a Preferred Bidder Supplier Commitment Agreement with ScottishPower Renewables for the East Anglia THREE offshore wind project in the UK. East Anglia THREE is located around 70 kilometres offshore the UK in the southern North Sea and forms one of three consented offshore wind farm developments, termed the East Anglia Hub, planned by ScottishPower Renewables. East Anglia THREE will contribute approximately 1,400 MW of a potential 3,000 MW of renewable energy generation capacity at East Anglia Hub. Seaway7's scope of work will include the transport and installation of 95 monopile foundations, associated seabed preparation and scour protection along with the engineering, supply and installation of the inner-array cables. The project is expected to commence offshore works in 2024, subject to East Anglia THREE securing a final investment decision.

On 8 November 2022, Seaway7 announced that it was awarded a contract by Moray West Offshore Wind Farm for the supply and installation of the inner-array cables. These inner-array cables connect the wind turbines back to the offshore substation platforms before exporting the power back to the onshore connection point at Blackhillock near Keith in the UK. The Group's scope includes supply and installation of approximately 125 kilometres of 66 kV subsea cables. The offshore installation will take place in 2024.

Through the course of 2022, the Group has had a strong focus on achieving an improved risk profile in the work being secured. These changes are a pre-requisite for sustainable financial performance and the Group has seen positive movement in the market towards more appropriate contract and commercial terms and conditions.

New builds Seaway Alfa Lift

Seaway Alfa Lift is a purpose-built offshore wind turbine foundation installation vessel, which industrialises the installation process and reduces the time required per unit installed. With high payload capacity and operating in dynamic positioning mode, the vessel will provide an efficient and state-of-the-art monopile foundation installation asset solution.

During 2022, Seaway Alfa Lift completed sea trials at the start of the year and further progressed the construction works for the commissioning and completion activities of the marine systems, the repair works of the Liebherr crane A-frame and the mission equipment for the upending and lowering of monopile foundations.

The welding repairs of the Liebherr crane were completed at the end of 2022 and the vessel is expected depart the CMHI shipyard in the second quarter of 2023, with capacity for crane operations, but without mission equipment for monopile installation being ready for operations. The mission equipment for the upending and lowering of the monopiles is the critical path to the vessel's readiness for operations. This scope was significantly delayed compared to the original planning at project commencement.

To improve confidence in the vessel delivery programme going forward, changes have been implemented within the project organisation and leadership during the year 2022 – primarily

adding personnel from Subsea7 with extensive experience in complex mission equipment deliveries. Execution planning for the project was revised during 2022, with a focus on the critical mission equipment for monopile installation. Partially complete mission equipment was transferred from China to European yards at year-end, allowing for closer supervision and reducing dependence on manufacturing components in China.

Seaway Ventus

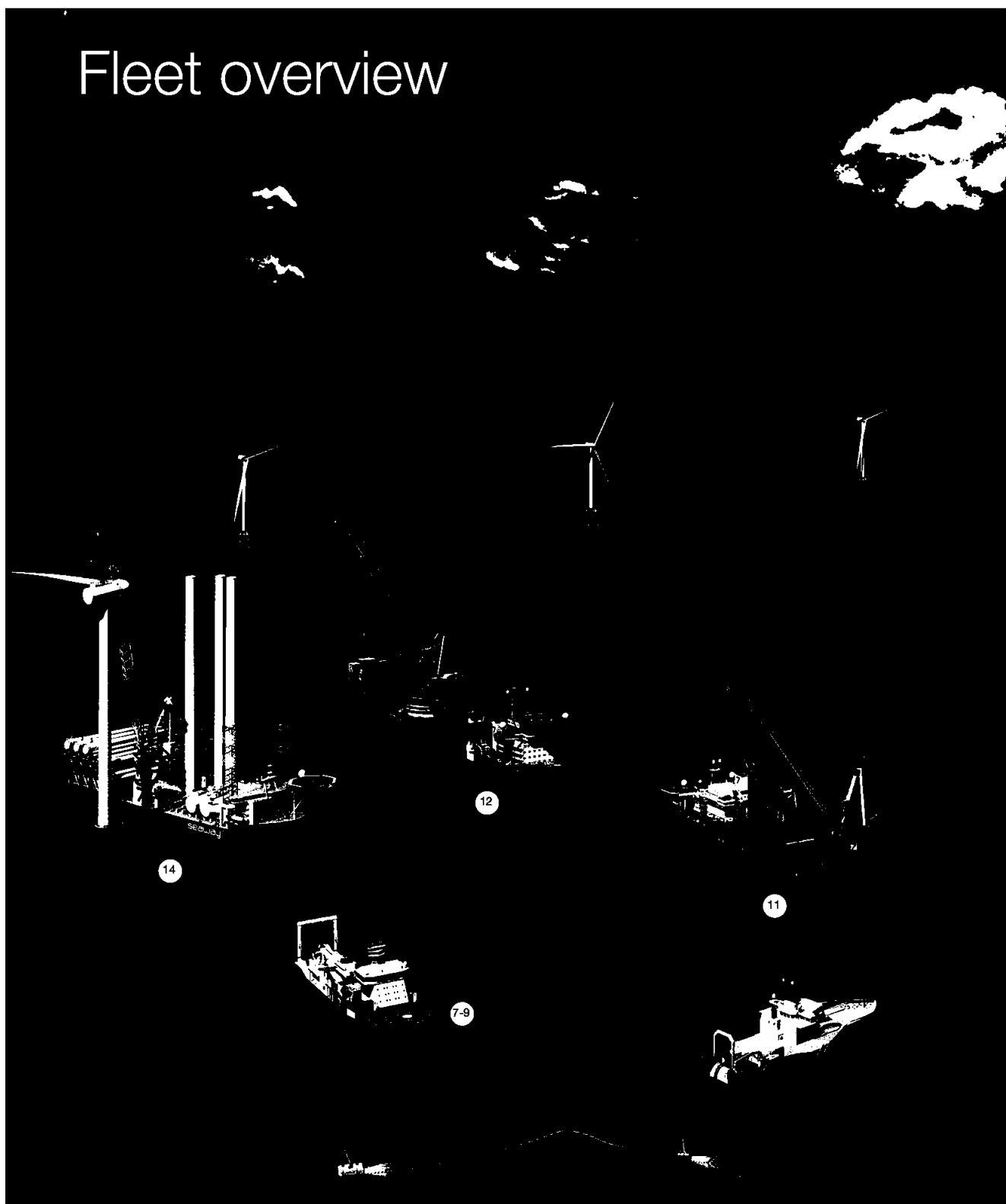
Seaway Ventus is a specialised jack-up installation vessel of GustoMSC design and is Seaway7's first wind turbine installation vessel. Due to the design and crane capacity, Seaway Ventus will also be suitable for installation of foundations. The vessel is designed to efficiently handle all current and next generation wind turbine generators and completes the Group's offering for integrated projects.

The development of Seaway Ventus continued during 2022 with good progress on detailed design, yard activities and crane manufacture from GustoMSC. The vessel was successfully launched on 9 January 2023 in line with the planned date. The GustoMSC crane has progressed as planned with successful completion of factory acceptance tests in the third and fourth quarter 2022. The vessel remains on course for delivery from the yard in China in mid-2023, with an anticipated commencement of transporting and installation of wind turbine generators at Ørsted's Gode Wind 3 and Borkum Riffgrund 3 project in the spring of 2024.

Project Name	Cables laid	Monopiles foundations	Jacket foundations	Pin Pile foundations	EPC fabrication of foundations	Journeys performed
Yunlin	5					
Chang Fang Xidao	5					
Hollandse Kust Zuid	134	106				
Seagreen	66		83		61	
Formosa 2				128		
Dogger Bank A		17				
Saint Briec			24			
Kaskasi		7				
Heavy transportation fleet						25
Total	210	130	107	128	61	25
Significant operational progress and track record in 2022						



Fleet overview





1 **Seaway Eagle**

Type: Semi-submersible heavy transportation vessel

Converted/Built: 2006/1981

2 **Seaway Falcon**

Type: Semi-submersible heavy transportation vessel

Converted/Built: 2007/1981

3 **Seaway Albatross**

Type: Semi-submersible heavy transportation vessel

Converted/Built: 2015/1993

4 **Seaway Osprey**

Type: Semi-submersible heavy transportation vessel

Converted/Built: 2008/1989

5 **Seaway Hawk**

Type: Semi-submersible heavy transportation vessel

Converted/Built: 2008/1989

6 **Seaway Swan**

Type: Semi-submersible heavy transportation vessel

Built: 2022

7 **Seaway Aimery**

Type: Cable-laying vessel

Built: 2016

8 **Seaway Phoenix**

Type: Cable-laying vessel

Converted/Built: 2021/2003

9 **Maersk Connector**

Type: Cable-laying vessel

Built: 2016

10 **Seaway Moxie**

Type: Installation support vessel

Built: 2014

11 **Seaway Strashnov**

Type: Heavy Lift vessel

Built: 2011

12 **Seaway Yudin**

Type: Heavy Lift vessel

Built: 1985 (LTE 2014)

13 **Seaway Alfa Lift**

Type: Heavy Lift vessel

Built: Under construction

14 **Seaway Ventus**

Type: Turbine Generator Installation vessel

Built: Under construction

Our people

A people powered future. This is our way.

What powers us? Our people. It is our employees' drive and dedication that enables Seaway7 to create change and make an impact for the future.

There's an ocean of opportunity in renewable energy and our people are proud to work for a leading offshore wind contractor, knowing that the work we do every day will have a positive impact on our planet – creating a future to be proud of for generations to come.

At Seaway7, it is the team spirit which makes it more than a place to work – it is a place to belong where employees feel supported and cared for. We position our people for success to build a career to be proud of within a company with heritage and a strong track record.

In 2022, we developed our employee value proposition and created our employer brand **'This is our way'** in order to bring the employees of the recently merged companies together and enable our people to feel part of one company and one company culture. This was created with our people, incorporating direct input and feedback from over one third of our employees.

We take listening to employees very seriously. That is why we carry out employee opinion surveys which provide regular insight into what our people find most important, taking action at both company level and at team level. In 2023, we will increase the frequency of our surveys moving to a six monthly cycle.



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What powers us? Our people. It is our employees' drive and dedication that enables Seaway7 to create change and make an impact for the future.



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Global workforce

We have talented people across a unique global footprint which brings a strong international perspective.

In a growing and increasingly globalising market, our task is to find the most effective and efficient way to deliver our strengths to our clients. In 2022, we changed from a divisional model to a regional business unit model, enabling the regions to work closer with the clients. In addition to this we created specialised teams for foundation and cables installation delivery which service regional business units.

In order to support the business growth, the Seaway7 workforce has grown from 593 to 689 at year end. Most of this growth has taken place in our Aberdeen and Oslo offices. As part of this growth we had an intake of 20 engineering graduates.

Graduate development

We launched our first global Graduate Development Programme in November 2022, with a group of new engineers ready to start their career in the renewables industry. The programme offers formal training activities as well as on the job development, providing exposure to the breadth of engineering and project execution in our business.

Throughout the programme, the graduates are also introduced to learning about different cultures, careers and wellbeing.

Diversity and inclusion

Seaway7 believes that everyone has the right to be treated fairly, with dignity and respect, and to have equal opportunities in a supportive, friendly and inclusive environment, free from all forms of discrimination, harassment or bullying. Fair employment practices, fair treatment for all individuals and equal opportunity on the basis of merit. These principles are the foundation of the Group's development programmes.

In 2022, our senior leadership participated in dedicated training sessions on diversity and inclusion, defined our ambitions and developed our strategy. We partnered with an external diversity and inclusion consultant and in 2023 will share our diversity and inclusion strategy with our organisation.

Wellbeing

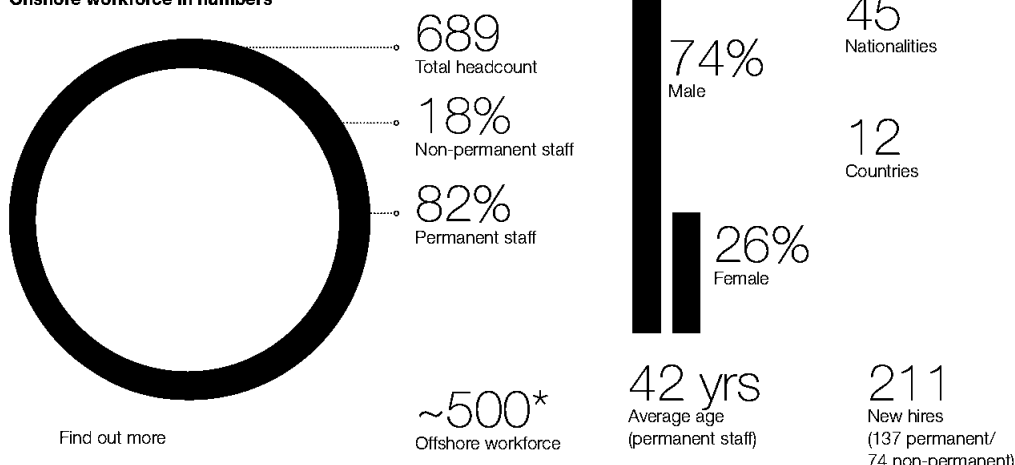
Health, safety and wellbeing remain top priorities for Seaway7. In 2022, we have mapped our wellbeing initiatives across our business and have worked on aligning these with our employee value proposition – which will be rolled out to our employees in 2023.

We have a lot to offer already and the rollout is focused on better visibility of all the support we provide to our employees. Our wellbeing offering focuses on four core themes: mind, body, connect and thrive. We promoted our Employee Assistance Programme and provided learning sessions to demonstrate what support and practical advice employees can access confidentially, to support them with issues that might be impacting their wellbeing and performance.

Learning and development

Seaway7 prioritises the development of our people and we support employees to build their careers with us. In addition to the yearly training on cybersecurity and ethics, and the abundance of learning resources we have available year round, we dedicate a full month to our Festival of Learning. Each October, we set aside time to focus on building skills and knowledge and provide a variety of live sessions throughout the month. In 2022, we focused on on-the-job learning, sharing best practices and held sessions on wellbeing, diversity and inclusion and people skills. In addition all our senior leadership team, HR & legal teams attended human rights training to gain better insights in one of our sustainability focus areas.

Onshore workforce in numbers



* Offshore workforce are employed indirectly and are not reflected in the statistics above.

Sustainability

Seaway7 supports developers to bring sustainable, renewable energy to the world. The Group is equally committed to ensuring sustainable practices run throughout the business. The Group's sustainability strategy is guided by the six priorities in line with the priorities of the major shareholder, Subsea7.

Health, safety and wellbeing

The safety of people is Seaway7's first priority. The Group aims for an incident-free workplace every day, everywhere and policies are continually reviewed to seek to improve safety performance. Seaway7 believes that all people working on its sites anywhere in the world are entitled to the same level of protection. The Group's Business Management System underpins the way in which safety training, reporting, procedures and assessments are conducted.

The Group records all incidents and near misses in detail and investigates every event. During the year, no fatalities were recorded, the lost-time injury rate was 0 and the recordable injury frequency was 0.25. Seaway7 checks activities against internal standards and processes as well as regulatory and legislative requirements.

Of the directly employed personnel in the Group, total sick leave during the year was 3.6 %.

The Group has a wellbeing framework that is focused on wellbeing at home and in the workplace. All employees have access to a confidential, third party managed Employee Assistance Programme (EAP) that provides support for coping with life's challenges including health and wellbeing, financial problems, stress or anxiety and family issues. Seaway7 organized sessions for managers as well as employees on our EAP to raise awareness on what support can be received. Seaway7 will use the insights from the wellbeing questions included in its employee survey to put in place impactful activities to address the feedback and to further support the employees of Seaway7.

In 2022, Seaway7 has created our Employee Value Proposition (EVP), 'This is Our Way'. The EVP programme was developed with and by the Group's people, and describes and enhances the company culture of Seaway7.

Energy transition

As a pure-play renewables services company, Seaway7 aims to support its clients to accelerate the energy transition. The Group utilises its skilled people and wealth of marine construction expertise together with construction vessels, equipment and facilities, to develop and deliver the best and most cost-efficient offshore wind projects. The Group has many years of experience in heavy lifting and cable-laying in harsh marine environments that is invaluable for the installation of offshore wind farms.

Labour practices and human rights

Treating people with respect is fundamental to the way that Seaway7 works. The Group is committed to fulfilling its responsibility to respect and uphold human rights including preventing modern slavery, human trafficking and other forms of forced or involuntary labour anywhere in the business or supply chain.

Respecting human rights and adopting good labour practices helps the Group to live our Values. Having a robust Speak Up procedure and channels for people to raise concerns enables the Group to deliver on this commitment. Everyone at Seaway7 must abide by its Code of Conduct which makes it clear that we will not accept any abuse of human rights and that we expect the same from all our suppliers.

Seaway7 is committed to fair and lawful employment practices across the Group and throughout the Group's supply chain. As an equal opportunities employer, the Group seeks to protect its people from discrimination, bullying and harassment. As a minimum, the Group complies with national legal requirements regarding wages and working hours everywhere it has operations. The Group also applies the International Labour Organization's standards regarding child labour and the minimum working age. The Group supports the rights of its people to freedom of association and collective bargaining.

In 2022, the Group continued to focus on enhancing the understanding of how to identify and manage labour practices and human rights risks, both within the organisation and the supply chain aligned with international standards.

Business ethics

Seaway7's Ethics Policy Statement sets out its commitment to acting honestly, fairly and with integrity at all times, to comply with the law, and to treat people with respect. The Group conducts its business in accordance with all applicable laws and regulations and in an ethically responsible manner. The Group's Code of Conduct, which applies to all its people, sets out the key principles that all employees are committed to upholding and which line management are responsible for communicating and implementing.

Seaway7 has a clear Speak Up policy, which offers various channels for raising concerns, including an externally administered and monitored confidential reporting line, Safecall, which is extensively promoted within the Group.

Operational eco-efficiency

Seaway7 recognises the impacts of climate change and its potential effect on the business, on its end markets and on society. The Group therefore focuses on improving the environmental efficiency of operations and solutions in terms of greenhouse gas emissions and energy use.

Ecological impacts

Seaway7's operational activities have an impact on the environments we work in. The Group conducts business in a way that considers the environment, and which aims to keep any negative impact to a minimum, putting in place procedures to protect biodiversity and the ecosystems we work in. Seaway7 has a Group Health, Safety, Environment and Security policy which pays close attention to achieving regulatory compliance and to continually improving its environmental performance. The Group's line managers are responsible for implementation of and compliance with policies within the Group's Business Management System, and for ensuring that all employees and contractors are aware of their responsibilities.

The Company's reporting obligations under the Norwegian Transparency Act will be published before 30 June 2023.



EU Taxonomy Disclosure

KPIs for climate change mitigation objectives

Summary of Taxonomy-aligned KPIs

KPIs for Climate Change Mitigation Objective as of 31 December 2022	Revenue \$m			CAPEX \$m			OPEX \$m		
	2022	2021	Var	2022	2021	Var	2022	2021	Var
Numerator for Eligible	1,029	1,237	(208)	122	413	(291)	15	12	3
Numerator for Aligned	998	n/a	n/a	122	n/a	n/a	15	n/a	n/a
Numerator for Non-Eligible	90	23	67	60	1	59	22	1	21
Denominator	1,119	1,260	(141)	182	414	(232)	38	13	25
Eligible proportion	92%	98%	(60bp)	67%	100%	(550bp)	41%	92%	(510bp)
Aligned proportion	89%	n/a	n/a	67%	n/a	n/a	41%	n/a	n/a
Non-Eligible proportion	8%	2%	60bp	33%	0%	550bp	59%	8%	510bp

Revenue (Turnover)

The primary source of revenue contributing to the numerator of the taxonomy revenue KPIs was generated from the installation of offshore wind farm facilities. The proportion of Seaway7's total revenue which was taxonomy-eligible in 2022 was 92% compared to 98% in 2021; the decrease was due to revenue relating to HTV which is non-eligible. The proportion of Seaway7's total revenue that was taxonomy-aligned in 2022 was 89% (2021: not disclosed).

CAPEX

All CAPEX contributing to taxonomy KPIs, which included the addition of vessels to the Group's fleet and right-of-use assets, was in support of Seaway7's activities related to offshore wind. The CAPEX was invested in line with Seaway7's long-term strategy and planning objectives. Seaway7's taxonomy-eligible and taxonomy-aligned CAPEX in 2022 represented 67% of the total CAPEX of Seaway7 (2021: taxonomy-eligible 100%; taxonomy-aligned not disclosed). The year-on-year reduction in taxonomy-eligible CAPEX was primarily due to the absence of business combinations in 2022, compared to 2021 when OHT ASA (renamed Seaway 7 ASA) was acquired by the Group. Through this combination, the Group acquired \$295 million of assets, including right-of-use-assets, reportable under the "addition of assets through acquisition" criteria under the EU taxonomy. This amount is included in the numerator and denominator for 2021.

OPEX

OPEX contributing to taxonomy KPIs included maintenance and repair costs directly related to vessels operating exclusively on offshore

wind activities and research and development (R&D) costs with a direct link to expected future revenue within the offshore wind sector. The proportion of Seaway7's OPEX which was taxonomy-eligible in 2022 was 41% compared to 92% in 2021. The year-on-year reduction was primarily due to the absence of spend relating to the conversion of *Seven Phoenix* to a cable lay vessel. The proportion of the Seaway7's total OPEX that was taxonomy-aligned in 2022 was 41% (2021: not disclosed).

EU Regulation

On 18 June 2020, the European Union (the 'EU') issued Regulation Commission 2020/852 on the establishment of a framework to facilitate investment for companies registered within the EU. Under this regulation and its delegated acts (the 'EU Taxonomy'), EU companies are required to publish, for the 2022 financial year, eligibility and alignment indicators highlighting the proportion of their revenue, capital expenditure ('CAPEX') and operating expenditure ('OPEX'), collectively, key performance indicators ('the KPIs') resulting from economic activities considered as sustainable as defined by the EU Taxonomy.

Taxonomy defines an economic activity as sustainable if it shows Significant Contribution (SC) to reaching one or more of six environmental objectives; Does No Significant Harm (DNSH) to any of the environmental objectives; and is carried out in compliance with the Minimum Safeguards (MS). For 2022, only the first two environmental objectives are considered: climate change mitigation and climate change adaptation. It is expected that in future years the remaining four objectives will be considered.

The EU Taxonomy regulation is not yet adopted by Norway at the time of reporting. The Seaway7 Group has elected to proactively disclose the proportion of eligibility and alignment under EU Taxonomy for its KPIs in its 2022 Annual Report.

The assessment of eligibility and the degree of alignment was performed based on a detailed analysis performed by management of all the Group's economic activities performed in the year, assessed against:

- Delegated Regulation (EU) 2021/2139 of the European Commission of 4 June, 2021 and its annexes supplementing Regulation (EU) 2020/852 by specifying the technical criteria for determining under which conditions an economic activity may be considered to contribute to climate change mitigation or climate change adaptation; and
- Delegated Regulation (EU) 2021/2178 of the European Commission of 6 July, 2021 and its annexes supplementing Regulation (EU) 2020/852 specifying how to calculate the KPIs and the narrative information to be published.

Management performed an exercise to identify each economic activity performed which contributes to Seaway 7 ASA's Consolidated Financial Statements.

Management applied an analytical methodology which involved definitions, assumptions and estimates, the main elements of which are described below. The Group will continue to develop its analytical methodology as EU Taxonomy evolves.

EU Taxonomy Disclosure continued

Eligible economic activities under the EU Taxonomy

The first step of the alignment assessment in accordance with the EU Taxonomy requires identification of all eligible economic activities for each of the first two published environmental objectives: climate change mitigation and climate change adaptation. The economic activities identified resulted from a comprehensive review of Seaway7's activities in 2022.

Where the eligible economic activities are cited in both the climate change mitigation and climate change adaptation objectives, management determined that these activities primarily contributed towards, and should be allocated to, the climate change mitigation objective.

Management engaged with stakeholders within Seaway7 to analyse all third-party revenue-generating activities, as well as any activities for which there was CAPEX which may generate revenue in future periods, and OPEX relating to maintenance and repair of property, plant and equipment.

The activities which were assessed to be EU Taxonomy eligible for the climate change mitigation objective are shown in the activity classifications table.

The classification of activities in 2022 differs from that reported in 2021 where '7.6 Installation, maintenance and repair of renewable energy technologies' was reported. Following a review by management and clarifications through 'Frequently Asked Questions' (question number 139) published by the EU in December 2022, it was considered that '4.3 Electricity generation from wind power' was more appropriate for Seaway7. This change does not impact the value of eligible activities reported in 2021.

Eligible CAPEX and OPEX are also included primarily in the activity '4.3 Electricity generation from wind power'.

The review of eligibility indicators covered all economic activities included in Seaway7's Consolidated Financial Statements for the year ended 31 December 2022. In the year all eligible revenue related to the construction of electricity generation facilities that produce electricity from wind power.

Alignment assessment for revenue-generating activities

For the year ended 31 December 2022, the EU Taxonomy Regulation requires eligible activities to be further analysed regarding their compliance with the 'alignment' criteria, which includes considerations related to Substantial Contribution, Do No Significant Harm (DNSH) and Minimum Safeguards.

Substantial Contribution

Activity 4.3 Electricity generation from wind power

In order to meet the technical screening criteria related to this activity, management concluded that all eligible activities met the Substantial Contribution criteria as the activity ultimately resulted in the generation of electricity from wind farms.

Do No Significant Harm (DNSH)

When analysing the DNSH criteria management relied on the Environmental Management Plans for each project and the Sustainability Strategy and Compliance and Ethics policies. The following DNSH criteria were considered:

Protection of biodiversity and ecosystems

For all of the Seaway7's eligible activities, ISO 14001 certified environmental management plans are implemented.

These plans provide a framework to allow management to monitor and mitigate the environmental impacts of business operations and meet the requirements of all applicable regulations. Within the plans a number of standards and procedures are maintained in order to meet the DNSH assessment criteria for EU Taxonomy requirements. These plans incorporate inputs from Seaway7's clients. All issues and requirements defined in the original environmental impact assessments are considered to establish the consent requirements for the activity; then into the Client environmental management plans; and finally into Seaway7's environmental management plans.

Regarding protection of biodiversity and ecosystems, Seaway7 ensures that the eligible activities do not hamper the achievement of good environmental status as set out in Directive 2008/56/EC. This requires that the appropriate measures are taken to prevent or mitigate impacts in relation to that Directive's Descriptors 1 (biodiversity) and 6 (seabed integrity), laid down in Annex I to that Directive, and as set out in Decision (EU) 2017/848 in relation to the relevant criteria and methodological standards for those descriptors.

Transition to a circular economy

The environmental management plans include assessments related to the circular economy, ensuring, where feasible, that equipment and components used are of high durability and recyclability and are easy to dismantle and refurbish. In most of Seaway7's eligible activities, steel is the major component used which in most cases can be recycled.

Activity classification under EU Taxonomy Codes

Environmental objective	Activity covered by the EU Taxonomy Code	Associated NACE code	Definition of the activity	Corresponding Group activity
Climate change mitigation	4.3 Electricity generation from wind power	D35.11 F42.22	Construction or operation of electricity generation facilities that produce electricity from wind power	Activities related to the delivery of fixed and floating offshore wind farm projects. This includes the procurement and installation of offshore wind turbine foundations and inner-array cables as well as heavy lifting operations and heavy transportation services of renewables structures.



Sustainable use and protection of water and marine resources

Sustainable use and protection of water and marine resources is also considered by management. In the case of the construction of offshore wind infrastructures, the activity does not hamper the achievement of good environmental status as set out in Directive 2008/56/EC. This requires that appropriate measures are taken to prevent or mitigate impacts in relation to that Directive's Descriptor 11 (Noise/Energy), laid down in Annex I to that Directive, and as set out in Commission Decision (EU) 2017/848 in relation to the relevant criteria and methodological standards for that descriptor. An example of where steps were taken to minimise potential noise impacts was the successful use of near-field noise mitigation systems, including bubble curtains, on wind farm projects to protect the environment from the sound of impact pile-driving.

Adaptation to Climate Change

As part of the process of alignment with Task Force on Climate-Related Financial Disclosures (TCFD) requirements, management has identified climate-related risks and opportunities that may have a strategic or financial impact on Seaway7. An independent third party-analysis of short-term risks has been performed and a risk analysis process is being developed by management to help identify the longer-term impacts for Seaway7 for both transitional and physical climate risk. Climate risk and vulnerability assessments were also performed by the Group's clients to meet alignment expectations.

Minimum Safeguards

The EU Taxonomy sets out a set of Minimum Safeguards in accordance with Article 18 of the Regulation. The Minimum Safeguards are a set of defined UN, EU and other international human rights and code of ethics guidelines against which businesses must assess its procedures. Four themes are covered under the Minimum Safeguard criteria including Human Rights, Corruption, Taxation and Fair Competition.

In order to meet the requirements, Seaway7 has established a process for mapping its policies and procedures to the following guidelines and standards, as set out by the EU Taxonomy:

- The OECD Guidelines for Multinational Enterprises;
- The UN Guiding Principles on Business and Human Rights;
- The principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organization Declaration on Fundamental Principles and Rights at Work; and
- The International Charter of Human Rights.

Having performed a review of policies and procedures, management concluded that Seaway7 complies with the alignment criteria of the EU Taxonomy's minimum safeguards. Further information is available in the Group's Business Ethics, Human Rights and Tax policies section at www.subsea7.com and within the Sustainability Report.

Methodology for calculating KPIs

The financial information used for the EU Taxonomy report is based on Seaway7's Consolidated Financial Statements for the year ended 31 December 2022 and was sourced from Seaway7's financial information systems. It was subject to internal review and assurance by the Group's finance function to ensure consistency of approach with the revenue,

OPEX and CAPEX information reported in the Group's Consolidated Financial Statements.

The taxonomy-aligned revenue KPIs are determined by dividing the sum of the revenue related to eligible and aligned activities by the total revenue of all activities as reported in Seaway7's Consolidated Financial Statements. Revenue relates mainly to engineering, procurement, construction and installation contracts recognised in accordance with Note 3 'Significant accounting policies' to Seaway7's Consolidated Financial Statements for the year ended 31 December 2022.

The taxonomy-aligned CAPEX KPIs are determined by dividing the sum of the CAPEX of eligible and aligned CAPEX activities by the total of additions to intangible assets, property, plant and equipment, and additions and remeasurement of right-of-use assets as reported in Seaway7's Consolidated Financial Statements. For further details refer to notes 14, 15, and 16 to the Consolidated Financial Statements for the year ended 31 December 2022.

The taxonomy-aligned OPEX KPIs are determined by dividing the sum of the OPEX related to eligible and aligned activities by the total OPEX for all activities during the year ended 31 December 2022. The only operating expenses reported under the numerator and denominator were:

- Expenses that relate to the maintenance and repair of property, plant and equipment

To avoid double-counting, management only included as eligible those operating expenditures allocated in full to supporting the execution of eligible activities.

The expenses already included under the CAPEX taxonomy-aligned KPIs have been excluded from the OPEX taxonomy-aligned KPIs numerator and denominator.



EU Taxonomy Disclosure continued

Taxonomy-aligned Revenue (Turnover) for the year ended 31 December 2022

Economic activities	Code(s)	Absolute turnover \$m	Proportion of turnover %	Substantial contribution criteria		DNSH criteria ('Does Not Significantly Harm')						Minimum safeguards	Taxonomy-aligned proportion of turnover 2022 %	Taxonomy-aligned proportion of turnover 2021 %	Category (enabling activity) E	Category (transitional activity) T
				Climate change mitigation %	Climate change adaptation %	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity and ecosystems Y/N						
A. Taxonomy-eligible activities																
A.1 Environmentally sustainable activities (Taxonomy aligned)																
Electricity generation from wind power	4.3	998	89	100	0	Y	Y	Y	n/a	Y	Y	89				
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		998	89													
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																
Electricity generation from wind power	4.3	31	3													
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)(A.2)		31	3													
Total (A.1 + A.2)		1,029	92													
B. Taxonomy-non-eligible activities																
Turnover of Taxonomy-non-eligible activities (B)		90	8													
Total (A + B)		1,119														



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CAPEX for the year ended 31 December 2022

Economic activities	Code(s)	Absolute CAPEX \$m	Proportion of CAPEX %	Substantial contribution criteria		DNSH criteria ('Does Not Significantly Harm')							Minimum safeguards	Taxonomy-aligned proportion of CAPEX 2022	Taxonomy-aligned proportion of CAPEX 2021	Category (enabling activity)	Category (transitional activity)
				Climate change mitigation	Climate change adaptation	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Y/N					
A. Taxonomy-eligible activities																	
A.1 Environmentally sustainable activities (Taxonomy aligned)																	
Electricity generation from wind power	4.3	122	67	100	0	Y	Y	Y	Y	Y	Y	Y	100	n/a			
CAPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)		122	67														
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																	
Electricity generation from wind power	4.3	0	0														
CAPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)(A.2)		0	0														
Total (A.1 + A.2)		122	67														
B. Taxonomy-non-eligible activities																	
CAPEX of Taxonomy-non-eligible activities (B)		60	33														
Total (A + B)		182															



EU Taxonomy Disclosure continued

Taxonomy-aligned OPEX for the year ended 31 December 2022

Economic activities	Code(s)	Absolute OPEX \$m	Proportion of OPEX %	Substantial contribution criteria		DNSH criteria ("Does Not Significantly Harm")					Minimum safeguards	Taxonomy-aligned proportion of OPEX 2022	Taxonomy-aligned proportion of OPEX 2021	Category (enabling activity)	Category (transitional activity)
				Climate change mitigation	Climate change adaptation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems					
				%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. Taxonomy-eligible activities															
A.1 Environmentally sustainable activities (Taxonomy aligned)															
Electricity generation from wind power	4.3	15.4	41	100		Y	Y	Y	n/a	Y	Y				
OPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)		15.4	41												
Total (A.1 + A.2)		15.4	41												
B. Taxonomy-non-eligible activities															
OPEX of Taxonomy-non-eligible activities (B)		22													
Total (A + B)		38													



Financial review

Basis of preparation and presentation of results

The following financial information represents the Consolidated Financial Statements of Seaway 7 ASA and its subsidiaries for the full year ended 31 December 2022.

Please note that the business combination between OHT ASA (renamed Seaway 7 ASA) and Subsea 7 S.A. Group's Renewables business unit was completed on 1 October 2021. For accounting and reporting purposes Subsea 7 S.A. Group's Renewables business unit was deemed to be the accounting acquirer. The business combination qualifies as a reverse acquisition, with the legal acquirer and legal parent being OHT ASA (renamed Seaway 7 ASA). The 2021 comparable financial information shown in the Consolidated Financial Statements for Seaway 7 Group (the Group) is presented as follows:

- For the nine-month period ended 30 September 2021 ('the carve-out period'), the financial information represents the results and financial position of Subsea 7 S.A. Group's Renewables business unit.
- For the three-month period ended 31 December 2021, financial information represents the Consolidated Financial Statements of Seaway 7 ASA and its subsidiaries.

Financial highlights

At a glance

- Revenue of \$1.1 billion which is a reduction of 11% compared to 2021
- Adjusted EBITDA of \$40 million, equating to a margin of 4%
- Net loss of \$81 million compared to a net loss of \$63 million in 2021
- Diluted loss per share of \$0.14 compared to diluted loss per share of \$0.16 in 2021
- Cash and cash equivalents of \$9 million and net debt (excluding lease liabilities) of \$29 million at year end
- Backlog of \$844 million, with net order intake of \$723 million

Summary

Revenue for the year ended 31 December 2022 was \$1.1 billion, a decrease of \$141 million or 11% compared to the prior year. The revenue decrease was mainly driven by the Seagreen project in the UK, partly offset by increased revenue related to offshore heavy transport services following the business combination.

Adjusted EBITDA and Adjusted EBITDA margin for the year were \$40 million and 4% respectively, compared to Adjusted EBITDA of \$24 million and Adjusted EBITDA margin of 2% in 2021. The increase in Adjusted EBITDA was largely the result of high operational activity across the business and a full year contribution by the heavy transportation services, partly offset by reduced activity for the Seagreen project as it nears completion and remaining challenges on the Taiwan cables projects. After taxation of \$12 million, equating to an effective tax rate of 17%, the net loss for the year was \$81 million compared to a net loss of \$63 million in 2021. Diluted loss per share was \$0.14 in 2022 compared to diluted loss per share of \$0.16 in 2021.

During 2022, Seaway7 Group enhanced its position as a market leader in bottom-fixed offshore wind projects through record volumes of work delivered offshore. The business combination has positioned Seaway7 well for this growing market where we maintain a continuous focus to create value for our key customers, shareholders and stakeholders through our comprehensive fleet and experienced management team with more than a decade delivering within the fixed offshore wind sector.

Although we saw significant operational activity and maintained significant revenue in 2022, the Group's operational and financial performance has been adversely impacted by a risk-reward imbalance on its current project portfolio. This portfolio of projects was tendered at a time when the offshore wind marine contracting industry faced increasing competition from new entrants driven to this sector by the then downturn in the oil and gas market. The increased competition led to projects with relatively higher levels of risks for the pricing levels being achieved.

The tender risk-reward imbalance has been exacerbated by the pressure faced by the global supply chain from the Covid-19 pandemic and the conflict between Russia and Ukraine. The Group seeks to mitigate these exposures through a variety of mechanisms, including back-to-back supplier contracts and index-linked pricing, and the combined effect has seen downward pressure on the financial performance for 2022.

With this risk-reward imbalance affecting most suppliers to the sector the industry is now in the process of a move towards a more sustainable risk-reward balance through improved terms and conditions and appropriate pricing levels. During the year 2022, the Group was actively driving these commercial and risk profile improvements in its tendering and client engagements towards its future business. The demand we see in the market near and medium term enables Seaway7 to take a more selective approach which best matches our assets and capabilities.

At 31 December 2022, backlog was \$844 million, compared to \$1.2 billion at 31 December 2021. Net order intake during the year was \$723 million, equivalent to a book-to-bill ratio of 0.6x. New order intake included projects such as Saint Brieuc in France, He Dreiht in Germany, a contract for the transport and installation of inner-array cables on an offshore wind farm project in the US, Moray West in the UK, several HTV voyages and escalations of \$409 million.

For the full year 2022, the net cash outflow from operations was \$48 million, which included unfavourable movements of \$52 million related to working capital. Capital expenditure of \$73 million was largely related to the new build vessels, *Seaway Alfa Lift* and *Seaway Ventus*.

In 2022, Seaway7 obtained \$650 million of funding sufficient to fund the business through to the delivery of the two new build vessels. The funding included a fully underwritten \$200 million rights issue and committed debt facilities totalling \$450 million.



Financial review continued

Income Statement

For the year ended (in \$ millions, except Adjusted EBITDA margin, share and per share data)	2022 31 Dec	2021 31 Dec
Revenue	1,119	1,260
Adjusted EBITDA ^(a)	40	24
Adjusted EBITDA margin ^(a)	4%	2%
Net operating loss	(50)	(39)
Net loss	(81)	(63)
Earnings per share – in \$ per share		
Basic	(0.14)	(0.16)
Diluted ^(b)	(0.14)	(0.16)

At (in \$ millions)	2022 31 Dec	2021 31 Dec
Backlog ^(a)	844	1,238
Cash and cash equivalents	9	22
Borrowings	(38)	(101)
Net cash/(debt) excluding lease liabilities ^(a)	(29)	(79)
Net cash/(debt) including lease liabilities ^(a)	(130)	(106)

(a) For explanations and reconciliations of Adjusted EBITDA, Adjusted EBITDA margin, Backlog and Net cash/(debt) refer to the 'Alternative Performance Measures' section of the Consolidated Financial Statements.

(b) The weighted average number of shares utilised in the earnings per share calculation has been restated for each period presented following the rights issue undertaken by the Group. For further information and for the explanation and a reconciliation of diluted earnings per share refer to Note 7 'Earnings per share' to the Consolidated Financial Statements.

Revenue

Revenue for the year ended 31 December 2022 was \$1.1 billion, a decrease of \$141 million or 11% compared to the prior year.

During the year the Kaskasi project, Germany, the Hornsea 2 project, UK, the Formosa 2 project, Taiwan, the Saint-Brieuc project, France, and the foundations installation campaign for the Hollandse Kust Zuid project were completed.

Work progressed on the Seagreen project, UK, the Dogger Bank A&B+C projects, UK, the Yunlin project, Taiwan, the inner-array cable campaign for Hollandse Kust Zuid project, Netherlands, the Changfang & Xidao project, Taiwan, and the Zhong Neng project, Taiwan.

Work started on the Moray West project, UK, the He Dreiht project, Germany, an inner-array cable project in the US, and the Gode Wind 3 and Borkum Riffgrund 3 project, Germany.

The HTV fleet maintained its high utilisation and delivered improved revenue compared to the prior year.

Adjusted EBITDA

Adjusted EBITDA and Adjusted EBITDA margin for the year were \$40 million and 4% respectively, compared to Adjusted EBITDA of \$24 million and Adjusted EBITDA margin of 2% in 2021.

Margins showed gradual improvement year on year but remained below expectations due to challenges on certain projects in the North Sea and Taiwan.

Net operating loss

The revenue for the year was \$1.1 billion compared to \$1.3 billion in 2021. The decrease in revenue was due to reduced activity on the Seagreen fixed offshore wind farm project in the UK. The net operating loss for the year was \$50 million compared to a net operating loss of \$39 million in 2021. The loss in 2022 reflected the remaining challenges on project delays offshore in Taiwan and slower progress on Hollandse Kust Zuid in the Netherlands and Hornsea 2 in the UK.

At 31 December 2022 there were 14 vessels in the Group's fleet, comprising 12 active vessels and two vessels under construction (2021: 13 vessels).

Net loss

The net loss for the year was \$81 million, compared to net loss of \$63 million in 2021, and was driven by:

- Net operating loss of \$50 million
- Net losses of \$17 million within other gains and losses, largely related to net foreign currency losses
- Net finance costs of \$1 million
- Taxation of \$12 million.

The tax charge for the year ended 31 December 2022 of \$12 million resulted from tax charges in the UK driven by activities on the Seagreen project and the impact of losses incurred in certain jurisdictions where tax credits could not be recognised.

Earnings per share

The diluted loss per share was \$0.14 in 2022 compared to a diluted loss per share of \$0.16 in 2021, calculated using a weighted average number of shares of 557 million in 2022, and of 393 million in 2021.



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Cash flow

Movements in cash and cash equivalents are summarised as follows:

For the year ended (in \$ millions)	2022 31 Dec	2021 31 Dec
Cash and cash equivalents at the beginning of the year	22	8
Net cash generated from/(used in) operating activities	(48)	39
Net cash used in investing activities	(71)	(38)
Net cash generated from financing activities	105	15
Increase in restricted cash	1	(1)
Effect of exchange rate changes on cash and cash equivalents	(0.1)	(0.2)
Cash and cash equivalents at the end of the year	9	22

Net cash outflow from operating activities was \$48 million (2021: net cash generated in operating activities \$39 million), which largely reflects a net decrease in operating assets and liabilities of \$52 million (2021: net increase \$23 million).

Net cash used in investing activities was \$71 million (compared with \$38 million in 2021) comprising expenditure on property, plant and equipment of \$73 million (2021: \$53 million) offset by \$2 million cash receipts from interest and disposals of property, plant and equipment.

Net cash generated from financing activities was \$105 million (2021: \$15 million), being the net cash proceeds from the fully underwritten rights issue offset against working capital loans from Subsea7.

Balance sheet

Goodwill

At 31 December 2022, goodwill was \$105 million and related to the business combination between OHT ASA and Subsea 7 S.A. Group's Renewables business unit.

Property, plant and equipment

During 2022 additions to property, plant and equipment totalled \$73 million (2021: \$94 million) which included progress payments related to *Seaway Alfa Lift*, *Seaway Ventus* and operating equipment.

Borrowings and lease liabilities

At 31 December 2022, total borrowings were \$38 million (2021: \$101 million). The decrease in borrowings of \$63 million during the year was due to repayment of a bank provided revolving credit facility of \$37 million in January 2022 and a partial reimbursement of the loan from the Subsea 7 Group of \$26 million at year-end 2022.

Equity

At 31 December 2022 total equity was \$987 million (2021: \$864 million). The increase of \$123 million during the year reflects:

- Share issuance of \$202 million in relation to the rights issue
- Fair value adjustment of other financial assets of \$1 million partly offset by:
- Net loss and share-based payments of \$80 million.

Research and development

During the year, research and development costs were \$0.2 million compared to \$0.2 million in 2021.

Backlog

At 31 December 2022 backlog was \$844 million, compared to \$1.2 billion at 31 December 2021. Net order intake totalling \$723 million was recorded in the year, including \$409 million of escalations. Unfavourable foreign exchange movements of \$58 million were recognised. \$367 million of the backlog is expected to be executed in 2023 and \$477 million in 2024 and thereafter.

Dividends

During the year ended 31 December 2022, no dividends were declared or paid to shareholders of the parent company.

Liquidity and covenant compliance

At 31 December 2022, the Group's borrowing facilities consisted of a revolving credit facility of \$300 million. The Group had not drawn any funds under the facility at year end. The revolving credit facility is provided by a syndicate of banks and was drawable after the successful completion of the contemplated rights issue of \$200 million in November 2022.

The facility is guaranteed by Subsea 7 S.A. and is priced on an arms-length basis. An additional \$150 million bridging RCF was provided by Subsea7 on the successful completion of the rights issue. This facility is only drawable if Seaway 7 has fully drawn upon the \$300 million revolving credit facility. The Company expects that this bridge finance facility will be replaced by alternative core debt financing prior to being drawn down in 2023. The debt facilities have been arranged on arms-length terms reflecting the support from the Company's largest shareholder with interest approximately 4% over the USD secured overnight financing rate. Both debt facilities were fully committed on the completion of the contemplated rights issue. The revolving credit facilities are not subject to financial covenants. During the year 2022 and before the revolving credit facilities were put in place, the Group had access to funding from the Subsea7 Group by means of an unsecured working capital facility agreement of which \$64 million was drawn at year end 2021.

Allocation of net profit – Seaway 7 ASA

The parent company, Seaway 7 ASA, reports a net profit of \$44 million in 2022. The Board proposes to allocate the net profit to retained earnings.

Risks

Effective risk management is fundamental to the Group's performance and creates sustainable value for the stakeholders.

The Group's approach is to identify key risks at an early stage and develop actions to measure, monitor and mitigate against their likelihood and impact. This approach is embedded throughout the Group and is an integral part of the day-to-day activities.

Seaway7 is a global leader in the delivery of fixed offshore wind farm solutions, from foundations installation and inner-array cable-laying services, to the provision of heavy transportation services. With the delivery of two new assets, the Group will expand its existing foundation installation capabilities as well as providing assets to support the installation of wind turbines. The Group is one of a few contractors that can provide EPCI expertise for the execution of offshore wind projects, which are, with increasing frequency, contracted on a lump-sum basis.

As each country presses forward to meet its net zero targets, the sanction of fixed offshore wind projects continues to increase and, in some countries, this sector is supported by government-led initiatives. Offshore wind has a different contractual landscape compared to the oil and gas sector, which, compounded by the present intense level of competition, can be challenging for the contractor. As offshore wind develops, the trend towards increasingly larger wind farms brings a potential significant increase in activities and EPCI contracts. As foundation sizes increase to accommodate larger wind turbines, the number of assets capable of installing the largest foundations may decrease. When contracting on a limited T&I basis, the breadth of the Group's expertise is less differentiating and more service providers can compete, compared to integrated and EPCI contracts which offer the Group more scope to differentiate its offering from its competitors.

The Group operates in an evolving industry, where activity is strongly influenced by the impact of decisions taken by governing bodies, particularly regarding regulation, subsidies and fiscal incentives, as well as societal pressures.

Roles and responsibilities

The Board of Directors has oversight of the Group's risk management activities and internal control processes. The Executive Management Team is responsible for designing and implementing appropriate systems and procedures for the identification and management of risks, while ensuring, subject to an acceptable level of risk, that the Group is able to optimise stakeholder value.

The CEO determines the level of risk which can be taken by the business units and by functional management. This is managed through Group policies and delegated authority levels, which provide the means by which risks are reviewed and escalated to the appropriate management level within the Group, including the Board of Directors.

Principal risks and uncertainties

Principal risks are those risks that, given the Group's current position, could materially threaten its business model, future performance, prospects, solvency, liquidity, reputation, or prevent the Group from delivering its strategic objectives.

The means which the Group employs to mitigate or eliminate these risks are shown on pages 33 to 41.

Additional risks and uncertainties that the Group is unaware of, or currently deems immaterial, may in the future have a material adverse effect on the Group's reputation, operations, financial performance and position. However, the Board of Directors believes that the Group's risk management and internal control systems have assisted, and will continue to assist, the Group to identify and respond to such risks.

Risk management and internal control

The Board of Directors is responsible for oversight of the Group's system of risk management and internal controls and for reviewing its effectiveness. The Board of Directors recognises that any system of internal controls can only provide reasonable and not absolute assurance that material financial misstatement and/or fraud will be detected or that the risk of failure to achieve business objectives is eliminated.

The Group's systems of internal controls operate through a number of processes. The more significant include:

- Delegated authority-level matrices with certain matters being reserved for the Board of Directors
- Annual review of the strategy, plans and budgets of individual business units to identify the key risks to the achievement of the Group's objectives
- Monthly financial and operational performance reviews against budgets
- Individual tender and contract reviews at various levels throughout the Group
- Capital expenditure and investment reviews and authorisation
- Regular reviews and reporting on the effectiveness of the Group's HSSEQ processes
- Group treasury policies – Group taxation compliance and reporting policies and systems
- The Group's whistleblowing policy, which allows individuals to raise concerns in confidence about potential breaches of the Code of Conduct.

The Group sources its internal audit function from Subsea7. The internal audit function, which reports directly to the Seaway7 Audit Committee, performs independent reviews of key business financial processes and controls and other areas considered to be of high business risk. The Audit Committee annually reviews and approves the internal audit plan and receives regular updates on internal audit's findings and the actions taken by management to address these.

Directors' and officers' liability insurance

The Group has access to insurance policies which are in place for the Board members and the General Managers regarding their potential liability towards the business and to third parties. Such policies are purchased on an annual basis and have policy limits, terms and conditions in line with good industry standards for the market sector.



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Market risk

Risk

Mitigation

Strategic

The Group is well positioned to capture an enhanced share of the high-growth fixed offshore wind market; however, as the fixed offshore wind sector continues to grow and emerging energies advance, there is a risk that advancements in the size and complexity of renewables or emerging energy projects could exceed the Group's expertise, capabilities and asset base. The Group must keep pace with, if not stay ahead of, engineering developments, technologies and installation methodologies. Fierce competition and the attractiveness of the offshore wind sector to competitors carry the risks of pricing pressure and weakening the Group's market leadership position.

The Group closely monitors the high-growth offshore wind market's impact on the size and complexity of projects, their technological development and requirements, as well as requirements from clients. In order to respond to such risks, the Group may increase the capabilities and efficiency of its fleet by way of upgrading its design, equipment and technology. Furthermore, the Group may add new features to the vessels through automation, redesign or other upgrades that could open up opportunities for alternative use of the vessels.

Economic

The Group's business depends on the level of activity in the offshore wind energy industry and, consequently, any significant change in the level, timing or nature of clients' expenditure plans could adversely impact the Group's order intake, financial performance and position.

The level of activity in the fixed offshore wind market is dependent on continued government support in the form of CFDs. Hence, the availability or timing in providing CFDs to support investment decisions can impact the level of demand for the Group's services.

The Group's clients' financial strength and the economic viability of their projects can be impacted by and dependent upon third-party investment. The risk is that project award may be delayed or that awarded projects suffer financial delays or interruption, both of which impact the Group's financial performance and accuracy of reporting. The Group's clients may oblige contractors to invest in a minority equity stake in the development project as part of the requirements to tender, increasing the Group's financial exposure to the project's success.

A rapid increase or decrease in demand for the Group's services could outpace the Group's ability to resize its capacity for service provision. Furthermore, the Group's suppliers could be adversely affected by the inability to resize and may also struggle to cope with order demand variability. Any default by them or increase in pricing could impact a project's schedule as well as negatively impacting the Group's financial performance.

Furthermore, the expansion of renewables activity from a market centred in northwest Europe to Taiwan and the USA brings potential economic risks associated with establishing a new industry. One such challenge for this market remains the inclusion of local content in development plans, including working within the Jones Act regarding the use of non-US vessels in US waters. History has shown that stakeholder management of local content, governmental policy, legislative, social and environmental constraints can influence the timing of and development of projects.

Demand for the Group's heavy transportation fleet is related to future energy markets. Unfavourable fluctuations in commodity prices will not necessarily have a detrimental effect on the number of cargos in the world, but prices could be negatively affected.

The Group closely monitors market activity and collaborates with clients to understand their future project and expenditure plans. Early engagement in the design phase of an energy project enables the Group to better assess the risks and opportunities and the economic implications of the projects as they progress towards construction.

During the tender, the Group's risk management processes set out the level of due diligence and investigation required to address the financial strength and solvency of the Group's clients, their approach to project-specific financing and the credit strength of the key suppliers. Only once this due diligence process is complete, and a decision as to the acceptable level of risk is made by the executive management, is the contract signed.



Risks continued

Market risk continued

Risk

Mitigation

Competition

The Group is active in a competitive industry as the fixed offshore wind sector continues to grow and emerging energies advance. The advancements in the size and complexity of fixed foundation wind farm projects have challenged the sector's expertise, capabilities and asset base.

The Group faces competition to win contracts needed to assure a sustainable backlog of future work across its business units. In times when the market demand is low, the resulting competition can result in pricing pressures or a change to a contractor's risk profile, as competitors strive to win contracts and secure work.

As the market demand increases, and based on improved experience and risk awareness within the industry, the risk and rewards balance is expected to shift for new contract awards. To the extent that contractual terms are not balanced by the reward expected on projects, the Group is exposed to both actual and contingent risks which could adversely impact the Group's financial position and results of operations.

The Group endeavours to reduce its exposure to competition by differentiating itself from competitors. The Group's experience and resources, including its people, versatile and modern fleet helps it respond effectively to challenges from competitors. The Group seeks, within the framework of the business's contractual risk profile, to achieve a balanced risk allocation. The Group is an active member of an industry body steering group that is currently working towards producing an industry-approved set of contracting standards.

Competition in Seaway7's sector is strong, however the Group is confident that it can leverage its expertise and capabilities in the delivery and execution of complex projects, and market the Group's EPCI track record and versatile fleet as differentiators over smaller contractors or new entrants.

Business environment risks

Risk

Mitigation

Geographic

The Group operates and tenders for work worldwide, with each country having specific political, economic and social characteristics which can give rise to various risks and uncertainties. These can adversely impact project execution and financial performance, including but not limited to:

- Economic instability
- Legal, fiscal and regulatory uncertainty and change, including individual countries' commitment to targets and measures to address climate control
- Onerous local content obligations
- Sanction and export controls
- Civil or political unrest, including war
- Regime change.

Country or regional risks are identified and evaluated before and throughout Group operations in such markets. Appropriate risk responses are developed and implemented to mitigate the likelihood and impact of identified risks. The Group adopts a proactive and rigorous approach to assessing and mitigating these risks and, where possible, looks to develop local or regional management teams to strengthen its knowledge of, and presence in, the countries of operation.

Technological innovation

The Group's clients seek cost-effective solutions to develop renewable energy resources, particularly in challenging offshore environments. The Group's experience of designing and executing projects across the globe helps optimise developments, in order to maximise return on investment for clients while minimising carbon emissions.

Technology advancements are important to the Group's business – the risks to the Group include investing or developing technology which becomes superseded or immediately obsolete, for example vessel fuel sources.

Introducing technology, systems or products that are insufficiently mature or unsatisfactorily implemented when selected by the Group's client as a valid solution could have an adverse reputational and financial impact for the Group. Reliance on the use of data and cloud storage facilities has the associated risks of information technology, operational technology, systems and cyber security failures.

The Group monitors industry trends and collaborates with clients to understand their technology requirements. This allows the Group to effectively invest in developing differentiated and cost-effective technologies to meet current and anticipated client demand.

In developing new technologies, systems and products, the risks associated with selecting and pursuing appropriate technological solutions, technical completion, commercialisation and successful implementation are carefully considered and addressed through 'gate controls' operated by knowledgeable and experienced Seaway7 personnel.

At every step of the innovation process, safety and the cyber security aspects of new technology, software and systems are considered to ensure the continuity of business and operations.



Organisation and management risks

Risk

Mitigation

Environmental sustainability

The Group is committed to delivering offshore solutions to meet the needs of its clients as they develop sustainable energy sources. The Group believes in and is committed to facilitating the transition towards lower-carbon and renewable energy supplies.

The Group is committed to proactively participating in sustainability which is aligned with the Group's culture of operating in a safe, ethical and responsible manner. The Group has invested, and continues to invest, in new technologies and innovative programmes that reduce both the Group's and its clients' carbon emissions.

The Group is committed to engaging in more efficient ways of working and investing in solutions that lower the Group's greenhouse gas emissions. The majority of the Group's emissions emanate from its vessels and the Group continually looks for ways to reduce this impact on the environment. Initiatives taken include the conversion of the vessels to run on low-sulphur fuel as well as installing exhaust gas scrubbers on the heavy transportation vessels, in line with IMO guidelines and regulations. The Group is assessing further investments in other greener technologies.

Climate

The Group recognises the impacts of climate change and the potential effect on the business, the end markets and society, and acknowledges the risks and potential effects on the business's future associated with not taking steps to mitigate its impact. These risks include:

- Injury to personnel or physical damage to assets or project delays as a result of an increase in extreme weather events, led by climate change
- Operational and financial risks relating to the effect of climate control, for example cost increases associated with alternative onsite fuel sources, or the introduction of carbon taxes
- The speed at which society, governing bodies and countries require alternative fuel sources and the Group's ability to keep pace with the timescale required to provide renewable energies in a sustainable and cost-efficient way
- Reducing Scope 1 and 2 emissions and sourcing, developing and upgrading assets to support this aim.

The Group is committed to engaging in more efficient ways of working and investing in solutions that lower the Group's greenhouse gas emissions. The majority of the Group's emissions emanate from its vessels and the Group looks for ways to reduce this impact on the environment. Initiatives taken include the conversion of the entire fleet to run in line with International Maritime Organization (IMO) guidelines and regulations on fuel. The Group is also undertaking studies with alternative fuel sources, including biofuels, as it seeks to ascertain future fuel choices and the associated vessel upgrade decisions. Onshore the Group is implementing a programme which includes a transition to clean energy.

The Group is well positioned from an asset and project execution perspective to continue to be the contractor of choice for construction and installation for renewable energies.



Risks continued

Organisation and management risks continued

Risk

Mitigation

People

The Group has introduced flexible working for onshore personnel, which brings with it a risk to the Group's ability to ensure the continuation of a collaborative working environment. Like many businesses, the Group also bears the risk of failing to attract and retain suitably skilled and capable personnel. Failure to attract or retain talent could adversely impact the Group's ability to execute projects and its future growth prospects.

The ongoing requirements to adapt processes to address each country's individual requirements regarding quarantine and isolation as the world continues to manage and mitigate the effects of Covid-19, mean that there is a risk of reduced availability of personnel to mobilise on projects.

The Group is conscious that the geographic diversity of its operations and the many different types of work required to be performed by the Group's workforce, and that of its suppliers and sub-contractors, can present increased risks of human rights violations and unacceptable labour practices. The Group is particularly focused on those human rights risks that would have the greatest impact, such as modern slavery, human trafficking, child labour and other types of forced labour.

The Group recognises the importance of health and wellness of its workforce at all times. The Group has continued focusing on the importance of physical and mental health, flexible working and adaptability in the workplace, and ensured employees had access to Employee Assistance Programmes as well as making online seminars and health initiatives available across its locations and vessels. Employees working offshore on a rotational basis were particularly affected by constraints imposed by various governments in response to the Covid-19 pandemic. The Group took several specific measures to mitigate the disruption and stress caused by travel restrictions and quarantining on their rotation schedules, and travel to and from their assignments offshore.

The Group is aware of the benefits of offering modern and flexible working arrangements in order to be an employer of choice. Technology rollouts which make communication and collaboration between colleagues uniform, whether in the office or a home office, have mitigated the risk of reduced communication or less collaboration.

The Group utilises medium-term business projections to assess resource requirements which allows timely, corrective intervention to appropriately resource the organisation in terms of size, profile, competency mix and location.

The Group monitors attrition by function and geography and has developed appropriate remuneration and incentive packages to help attract and retain key employees.

Performance management and succession planning processes are in place to develop staff and identify high-potential individuals for key roles in the business.

Integration plans, including training and ongoing communication programmes covering all operational functions and business activities, are adopted for all acquired businesses.

The Group is continually enhancing its risk assessment activities relating to the identification of potential human rights violations and unacceptable labour practices, and is working to embed the UN Global Compact principles and the Building Responsibly Worker Welfare Principles. The Group plans to deliver to targeted audiences across the Group a human rights training module, designed with expert input. It is also designing and rolling out risk assessments to help further the Group's understanding of potential risks and best practice and support the creation of action plans to address high-risk areas. The Group continually reinforces the importance of compliance with the Group's Code of Conduct and Code of Conduct for Suppliers by internal personnel and the supply chain respectively. Both of these documents include clear guidance and expectations regarding human rights standards.



Organisation and management risks continued

Risk

Mitigation

Compliance and ethics

The Group is committed to conducting business in accordance with applicable law and the highest ethical standards. However, there is a risk that its employees, representatives or other persons associated with it may take actions that breach the Group's Code of Conduct or applicable laws, including but not limited to anti-bribery or anti-corruption.

The Group continually assesses such risks, which vary across the Group's geographical locations. The Group has identified the following as being the most significant corruption risks it faces:

- Small bribes and facilitation payments, especially in relation to the movement of vessels, people and materials
- Illicit enrichment of public officials through hidden ownership in local suppliers that local content laws require us to use
- Bribery by third parties working on behalf of the Group
- Bribery to win work
- Bribery to get variation orders approved
- Bribery to get work certified or paid.

These risks are inherent in the Group's sector, the Group's business model and, to a large extent, the locations in which it works. The Group fully supports the enlightened goals of local content laws, but they can increase corruption risks and weaken the procurement procedures and controls.

Any compliance and ethics breach could result in monetary penalties, convictions, debarment and damage to the Group's reputation and could therefore impact its ability to do business.

The Group is confident that the risks identified are adequately managed by the compliance and ethics programme, and in many cases by the clients' robust procurement procedures. Integrity is one of the Group's Values and the Group has an Ethics Policy Statement and Code of Conduct which clearly set out the behaviours expected of its employees and those who work with it. These policies are periodically updated to ensure they remain current and fresh.

The Group has a compliance and ethics programme underpinned by its Values and designed in accordance with international best practice (including international standard ISO 37001/2016) to embed the Code of Conduct, prevent bribery and corruption, and manage compliance and ethics risks generally. The programme includes financial controls, risk assessments and procedures for managing third-party risks. Mandatory annual compliance and ethics e-learning for employees raises awareness, highlights the whole range of consequences, and encourages compliance. Employees are encouraged to raise concerns about possible non-compliance via an externally administered whistleblowing helpline.

Information technology and operational systems, cyber risks and security

The Group's operations depend on the availability and security of a number of key information technology (IT) and operational systems. The risk of these systems being disrupted or compromised by a general failure or by cyber-attacks is increasingly relevant particularly at a time where the context imposes more remote connection into the Group infrastructure. Such risks include but are not limited to:

- Unauthorised access to key operational, financial or corporate systems
- Malware (including computer viruses)
- Theft and misappropriation of data and sensitive information
- Targeted fraud attacks
- Data management and non-compliance with legislation such as the EU General Data Protection Regulation (GDPR)
- Increasing use of IT to interconnect with multiple stakeholders and the possibility of such interconnectivity being disrupted to their detriment
- Denial of access to or utilisation of assets with the risk of a potential loss or damage event.

Such breaches in security could adversely impact the Group's ability to maintain ongoing business operations and lead to financial and asset loss, reputational damage, loss of client and shareholder confidence and regulatory fines.

The Group recognises the increased incidence of cyber security threats and takes this risk very seriously. The Group receives IT support from its major shareholder and this support includes reviews of infrastructure, suppliers, policies, procedures and defences to mitigate associated risks and keep abreast of risk intelligence by engaging market-leading specialists where appropriate. The review assesses the technology framework against approved independent standards and maintains a programme of regular investment in new hardware, software and systems to ensure the integrity of the IT security defences. The review involves recognised independent industry experts to audit and test the sustainability of its security systems and assesses the business and operational impact of a cyber event, analysing varied scenarios, interruption types and effectiveness of recovery plans.

The Group has a number of IT policies, including a policy on information security, designed to protect its systems and ensure their availability and integrity as well as combating attempted fraud. These policies are regularly reviewed to ensure they continue to address existing and emerging information security, cyber maritime and cyber crime risks as well as GDPR.

Mandatory internal e-learning courses and regular phishing simulation tests are used to maintain a high level of awareness among employees of IT security risks and of the Group's procedures to manage them.

The functional senior management periodically updates the Board's Audit Committee on cyber risk exposure and cyber security strategy.



Risks continued

Delivery and operational risks

Risk

Mitigation

Bidding

The Group wins most of its work through a competitive tendering process. A significant proportion of the Group's work is undertaken by way of fixed-price contracts which exposes the Group to increases in supply chain costs. Failure to secure and manage costs could impact the Group's financial performance; one such risk is the inability to maintain price validity from the supply chain if there is a delay in project award or re-phasing which leads to schedule amendments. An inability to understand and respond to operational and contractual risks or accurately estimate project costs could have an adverse impact on the Group's legal liability and financial performance and position.

All bids are subject to the Group's estimating and tendering processes and authority levels. Cost estimates are prepared on the basis of a detailed standard costing analysis, and the selling price and contract terms are based on the Group's commercial contracting standards and market conditions. Before the tender is submitted, a formal multi-gate review process is performed. Dependent on the tender value and complexity (such as technology, partnering, new country entries), there is an escalating level of approval required. Tenders meeting specific financial and risk criteria are reviewed and approved by the Tender Committee of the Board of Directors.

Realisation and renewal of backlog

Delays (including those related to the clients' final investment decisions, suspensions, cancellations, scope, re-phasing or content changes to awarded projects recorded in backlog could materially impact the financial performance and position of the Group in current and future years.

The Group works to mitigate these risks through its contract terms, including, where possible, provision for cancellation fees or early termination payments.

Project execution

The Group executes complex projects and a failure to meet contractual requirements could have several adverse consequences, including contract disputes, rejected claims and cost overruns, which could adversely impact the Group's financial performance, position and reputation. As the contractual landscape continues to develop for the Group's sector, and new products and technologies are introduced, there is increased claims activity across the sector. This brings with it the risk of an insurance market-led change to the customary client-controlled insurance programmes required to support the contractual regime. The risk is that insurance solutions for certain products or activities are no longer available in the market and as a result the Group could be faced with increased contractual exposures.

For most contracts, the offshore execution phase, which generally involves the use of either single or multiple vessels, is usually the most hazardous as this phase is exposed, among other risks, to adverse weather conditions or the risk of loss or damage to the contracted works. These hazards can result in unforeseen delays to the project, damage to vessels and equipment, repair or rework, injury to those working offshore, or increased financial loss associated with the delay or damage.

The Group must continue to innovate and develop products that allow it to deliver optimal field solutions and cost-efficient solutions for its clients. Errors or defects in product design and production can expose the Group to additional warranty or product liability risks.

The Group's operations are also subject to hazards inherent in marine operations, including capsizing, grounding, collision, oil and hazardous substance spills, damage from harsh weather conditions, and marine life infestations.

Operations may also be suspended because of machinery breakdowns. This could prevent timely progress of works and may lead to cost and schedule impacts. Operations may also be suspended due to abnormal operating conditions including adverse weather conditions. It is usual to make allowances for the impact of weather and mechanical breakdown, however the Group runs the risk that the allowance is insufficient to meet the actual conditions experienced.

The Group assigns a project management team to every project. Every project is assessed using the Project Monthly Status Report review process. These reviews cover project progress, risk management, cost management, financial performance and sensitivity analysis. Detailed assessments of costs and revenue are estimated and reported upon, taking into account project performance, planning schedules, contract variations, claims, allowances and contingency analysis.

The Group factors the risk of adverse weather conditions into the design of its vessels, equipment and procedures and project scheduling, as well as the training of its offshore workforce. It also works to mitigate potential adverse financial consequences when negotiating contractual terms with its clients.



Delivery and operational risks continued

Risk

Mitigation

Supply chain

The Group's fixed price contracts often include the need to sub-contract portions of the contract value such as speciality offshore construction vessels, and for EPCI contracts, the fabrication and transport of jacket foundations from fabrication yards or the manufacture of cables at specialist cable manufacturing suppliers.

Failure of a key supplier providing products or services which are critical to a given project on either cost, schedule or quality, could result in disruption to the Group's ability to complete a project in a timely manner, within allocated cost or in accordance with the technical requirements of a given contract.

A significant period of interruption affecting elements of the supply chain, arising from factors such as raw material, labour, pandemics, extreme weather, financial uncertainty, availability of specific vessel categories, or other unforeseen external factors, would have an impact on the Group's ability to deliver the client's projects.

In periods of increased activity for the Group, there is a risk that the supply chain does not or cannot react at the same pace as demand, and that insufficient capacity causes a deterioration in the quality of the product or service and extended lead times. Similarly, the impact of Covid-19 disruption exists in the Group's direct and indirect supply chain.

While much of the Group's exposure to risks in the supply chain is mitigated by operating processes and contractually transferring certain risks to the client or to sub-contractors, the Group also remains exposed, also to the differences which may occur between the contractual coverage and the actual cost recoverability. To the extent that the contractual remedies are insufficient, the resultant time delays or increased costs could lead to irrecoverable costs to the Group and the imposition of financial penalties by clients as well as reputational damage and reduced competitiveness in the market. In addition to the above risks to project delivery to end customers, such interruptions could also disrupt ongoing Group capital expenditure initiatives such as vessel construction, dry-dockings and upgrades.

Communicable or infectious diseases including pandemics

Communicable or infectious diseases, such as the Covid-19 pandemic, can expose the Group to operational disruption and increased costs as a result of measures required to be undertaken to ensure the safe continuation of the business, but also as a result of unexpected business interruptions. The risks to the Group include additional operational costs to continue normal operational activities, as well as enhanced working arrangements to work safely in accordance with the changes made in law, quarantining crew and logistical issues associated with the international transit of vessels and people. These costs are not included in fixed-price contracts and therefore pose a financial risk to the Group if they cannot be recovered as a result of exercising the contractual rights.

The financial performance of the Group is further impacted by clients' reduced capital expenditure, reduced project award activity or the re-phasing of awarded projects during a pandemic. The risk of a reduced workforce, breaching minimum staffing levels or vessel stand-by or quarantine exposures could impact the Group's financial and operational results. The Group is at risk of an interruption caused to the supply chain which is also likely to be impacted.

The financial profile and outlook of the Group's key suppliers is reviewed during the pre-qualification process for vendors and is considered prior to signing project-related contracts. Unforeseen external factors leading to interruptions in supply chain delivery are difficult to manage, however, the Group evaluates these risks and, where possible, will seek to avoid single source suppliers and will seek to mitigate the financial impact of such interruptions through appropriate contractual terms and conditions.

If necessary, appropriate guarantees or performance-related bonds are requested from the Group's key suppliers. In addition, the Group seeks to develop strong long-term relationships with high-quality and competent suppliers, working to balance costs at a sustainable level and not only engage on a lowest-bid basis. The Group engages qualified quality assurance and quality control specialists in the supplier selection process who have an active role throughout the duration of project execution. These specialists have teams on the ground at key supplier locations to ensure the quality standards are met and assurance policies followed as well as the timelines for delivery.

The Group first and foremost adheres to the law, guidelines, protection and mitigation measures set out by each country in which the Group operates and in accordance with the vessel flag state.

Where working from home is not possible, such as for certain onshore fabrication facilities and the offshore vessels, the risk of incurring a significant or severe outbreak of illness is mitigated through the implementation of health screening and additional cleaning and sanitisation measures as part of infection control and prevention. The Group aims to establish safe working environments for the continuation of critical activities in the energy sector. To achieve this, new working procedures are required, including in some cases chartering aircraft to support crew transfers when commercial flights are grounded, extending the period of crew rotations offshore, and imposing periods of quarantine prior to embarkation.

Reduced workforce numbers and social distancing measures are built into the operational procedures for onshore and offshore locations. Where possible, the Group aims to mitigate some of the additional project cost exposures in complying with changes in the law, by exercising its contractual rights to issue variation order requests to clients.

Risks continued

Delivery and operational risks continued

Risk

Mitigation

Conflict in Ukraine

The current conflict in Ukraine and the resulting sanctions imposed on the Russian Federation by various countries around the world, including the US and EU, may have unforeseen, long-term and far-reaching consequences for the global economy and the individual economies of countries to which the Group may be directly or indirectly exposed.

The Company does not have any direct link to the Ukraine conflict. However, the Company is impacted by the conflict through the price and supply of energy sources. To the extent the Group cannot obtain contractual protection for rising prices of raw materials, the effect of the conflict could have an adverse impact on the Group's business and financial performance.

The Group is proactively handling this event and its development, including sanctions and indirect impacts, and is taking actions to mitigate the effect on the Group's supply chain and other associated risks. For Seaway7, the safety and security of employees is always a primary focus.

Health, safety, security, environmental and quality

The Group's projects are complex and are sometimes performed in unfamiliar environments in varied conditions. This requires continuous monitoring and management of health, safety, security, environmental and quality (HSSEQ) risks associated with the location of work, project specification and installation method as well as addressing the location and assets utilised. A failure to manage these risks could expose the Group's people and those who work with us to security breaches, injury or harm. It could result in an environmental event or cause injury or damage to other parties. It could result in significant commercial, legal and reputational damage or potential disbarment from the affected country.

The nature of the Group's worldwide operating activities carries exposure of significant health risks and disruption to the business operations.

The Group is focused on continuously monitoring HSSEQ performance at all levels and actively motivates, influences and guides employees' individual and collective behaviour. The Group is committed to protecting the health and safety of its people and those working on its sites and vessels, as well as minimising its impact on the environment. The Group has an HSSEQ policy and detailed HSSEQ procedures designed to identify, assess and reduce such risks while ensuring compliance with relevant laws and regulations. The policy and procedures are subject to review, monitoring and certification by an independent, internationally recognised specialist firm.

The Group mitigates exposure to the risk of communicable or infectious diseases by developing health procedures and medical screening that adhere to the guidance and incorporate the best practice set out by world health organisations and industry experts. This includes enhanced travel and embarkation procedures for offshore personnel, to mitigate the risk of severe illness occurring onboard the Group's vessels.

Fleet management

The Group's fleet of vessels operates in a number of regions which are subject to political, fiscal, legal and regulatory risks. Such risks include war and sanctions and the potential for vessels' movement to be restricted, changes to vessel customs approvals, regulations concerning crewing and the environment among others. In some regions, the local regulatory requirements related to Covid-19 have impacted the Group's ability to operate in an efficient manner. In other jurisdictions the crewing of the vessels may require a locally employed crew.

The Group is dependent on the availability of the Group's fleet of vessels to be able to successfully deliver contracted projects. Uncertainty in operational vessel schedules caused by client delays on projects or overruns on previous projects may lead to non-availability for other projects in the tendering or execution phase. Vessel availability could also be negatively impacted by delays to vessel construction where vessel delivery dates are delayed beyond the expected start date of projects, causing the Group to contract other less optimal vessels to meet the client contractual requirement, as was the consequence of the delayed delivery of *Seaway Alfa Lift* as reported by the Company on 13 June 2022, and completion of maintenance and vessel upgrading and dry-docking activities.

The foundation installation vessels the Group operates are complex vessels with significant cranes to support the weight of client foundations. Inspections during dry docking may identify issues requiring correction which may extend the anticipated time the vessel is required to stay in dry dock. These issues are difficult to predict and are typically identified once the vessel arrives in dry dock. The resulting delay can impact the vessel arrival on the offshore site.

The Group considers carefully the political, fiscal, legal and regulatory risks associated with the deployment of its vessels and crew into regions in which it operates, and monitors developments to ensure it can respond appropriately.

To minimise the risk of non-availability, the Group dedicates resources to perform vessel scheduling centrally. Vessel construction, maintenance, upgrading and dry-docking activities are subject to detailed planning, and controls are deployed to mitigate the risk of completion delays.

The design and operational capabilities of a vessel are carefully assessed before its deployment to a particular project, and are then closely monitored during the project's execution. The impact of potential non-availability of a vessel is mitigated by both the size and flexibility of the Group's fleet and its ability to access the vessel charter market. The Group adjusts its fleet size to suit its view of the future market by cold or warm stacking its excess assets, as well as potentially returning chartered tonnage to their owners.

Before initiating the construction or acquisition of a new vessel, the Group conducts detailed analyses of the potential market and seeks to ensure that the vessel's technical specifications and projected capital and operating costs are appropriate for the anticipated market.

The Group assesses the market's need for new assets and, after a rigorous technical and financial review, will decide to proceed with construction or conversion where there is sufficient future activity and acceptable financial returns on its investment.



Delivery and operational risks continued

Risk

Mitigation

Fleet management continued

The non-availability of a vessel or multiple vessels through loss or irreparable damage could compromise the Group's ability to meet its contractual obligations and cause financial loss.

Conversely, an under-utilisation of the vessel fleet exposes the Group to a risk of under recovery of the total fleet costs.

If the Group failed to manage and keep the fleet of vessels available and in operational condition, this could have an adverse effect on the Group's financial position and results of operations.

Financial risks

Risk

Mitigation

Revenue and margin recognition

Individual period performance may be significantly affected by the timing of contract completion, at which point the final outcome of a project may be fully assessed. Until then, the Group, as other companies in the sector, uses the percentage-of-completion method of accounting for revenue and margin recognition. This method relies on the Group's ability to estimate future costs in an accurate manner over the remaining life of a project. As projects may take a number of years to execute, this process requires a significant degree of judgement, with changes to estimates or unexpected costs or recoveries potentially resulting in significant fluctuations in revenue and profitability.

Fixed-price contracts awarded at low or negative margins can create volatility when accounting for project performance as forecast unavoidable losses are recognised in full in the period in which they are identified. Inaccurate forecasting of the costs to complete a project and of the revenue which can be earned from the client for changes to contract scope could have a negative impact on the Group's management of its liquidity and weaken its financial position.

Project performance is monitored by means of Project Monthly Status Reports (PMSRs) which record actual costs of work performed, the estimated cost to complete a project and the estimated full-life project revenue. The PMSR allows management to reliably estimate the most likely full-life profitability of each project. These PMSRs are subject to rigorous review and challenge, which include the impact of the Covid-19 pandemic at key levels of management within the Group.

Note 4, 'Critical accounting judgements and key sources of estimation uncertainty', to the Consolidated Financial Statements provides more detail of the Group's approach to revenue recognition on long-term contracts.

Cash flow and liquidity

The Group's working capital position will be affected by the timing of contract cash flows where the timing of receipts from clients, typically based on completion of milestones, may not necessarily match the timing of payments the Group makes to its suppliers.

In executing some of its contracts the Group is required by its clients in the normal course of business to issue performance-related bonds and guarantees. Access to credit from financial institutions in support of these instruments is fundamental to the Group's ability to compete, particularly for large EPCI contracts.

In rare instances clients may request specific payment terms such as payment deferrals which can negatively impact the cash flow profile of projects.

The availability of short-term and long-term external financing is required to help meet the Group's financial obligations as they fall due. In the event that such financing was to be unavailable or withdrawn, the Group's activities would be significantly constrained.

Under its new build vessel construction contracts, the Group has made prepayments to the shipyard, and the Group is therefore exposed to counterparty risk if the shipyard is unable to return such prepayments in case of an insolvency before its contractual obligations are fulfilled.

In addition to using its cash and cash equivalents, the Group has during 2022 raised new equity and arranged committed loan facilities to meet its working capital needs and to finance its construction of new assets. The Group's cash position, access to liquidity and debt leverage are monitored closely by both the Executive Management Team and the Board of Directors.

The Group works to mitigate client payment deferral request risks through its contract terms. In addition, the Group continuously assesses the creditworthiness of its client and supplier base.

To mitigate counterparty risk towards the shipyard, refund guarantees from acceptable banks are held to mitigate the risk that the shipyard is unable to return such prepayments in case of an insolvency before its contractual obligations are fulfilled.

Currency exchange

The Group's income is primarily denominated in US dollars; however, the Group incurs costs in a wide range of currencies through sub-contractors and operational costs associated with staff and vessels. These costs include US dollars, Euros, British pounds sterling or other relevant currencies. The mismatch between the client revenue and the currency of the project cost can lead to economic loss for the Group if not managed.

In order to manage foreign exchange rate exposure, the Group will consider implementing its hedging strategy, however there can be no assurance that the Group will be successful in its hedging strategy as some of the currencies cannot be traded with banks, or if offered that the hedging will be available on attractive terms.

Corporate governance

Seaway7 focuses continuously on having good corporate governance to support achievement of the Group's core objectives. The manner in which the Group is governed is vital to its value creation over time and achievement of a sustainable profitability. The Group believes that good corporate governance involves transparent and trustful cooperation between all stakeholders involved with the Group and its business. This includes the Company's shareholders, Board of Directors and Executive Management Team, employees, clients, suppliers, and other business partners, as well as public authorities and society at large.

1

Implementation and reporting on corporate governance

The Board of Directors of Seaway 7 ASA (the "Board") is aware of its responsibility for the development and implementation of internal procedures and regulations to ensure that the Group complies with applicable principles for good corporate governance. The Board reviews the overall position of the Group in relation to such principles annually.

The Company is listed on Euronext Growth Oslo ("Euronext Growth") and is thus not subject to the Norwegian Code of Practice for Corporate Governance (the "Code") dated 14 October 2021 and is not required to prepare an adherence report. The Company does, however, comply with the main principles of the Code on a voluntary basis with such adjustments as a listing on Euronext Growth allows for and has prepared an adherence report addressing the main principles of the Code.

The Group's vision is: To lead the way in the delivery of fixed offshore wind projects, contributing to an efficient and sustainable energy supply for the future.

The Group's Values are Safety, Integrity, Sustainability, Performance, Collaboration and Innovation.

In pursuit of the six Values, the Group has an Ethics Policy Statement and a Code of Conduct which reflect its commitment to clients, shareholders, employees and other stakeholders to conduct business legally and with integrity and honesty. The Ethics Policy Statement and the Code of Conduct were approved by the Board and have been issued to all Directors, officers and employees and are subject to periodic review and updating. The Code of Conduct and the Ethics Policy Statement are available on Company's website. The Norwegian Code of Practice for Corporate Governance is available at www.nues.no.

2

Business

The Company's objective is defined in the Company's articles of association: "The Company's business objective is offshore activity, shipping and other economic operations, including acquisition, administration, leasing and sale of capital assets within the offshore and shipping

industry, investment in shares, obligations and interest placements of any kind. The business may also be conducted through participation or cooperation with other companies."

To achieve the objective set forth in the articles of association, the Board has adopted strategies and targets for the Company's business. Details of the Group's strategies and targets are outlined in the 'Strategy' and 'Business review' sections.

3

Equity and dividends

Total shareholders' equity at 31 December 2022 was \$987 million (\$864 million in 2021) which the Board believes is satisfactory given the Group's strategy, objectives and risk profile.

No dividends were paid in 2022 and the Company does not intend to declare or pay any dividends in the near future, due to significant recent investments in new build vessels. When the Company receives net positive cash flows from firm contracts, the Company intends to distribute a share of its future earnings, if any, to the shareholders and retain the remainder to fund its operations and to develop and grow its business. The Company's future dividend policy is within the discretion of the Board, but, if the markets develop as expected, the Company will balance dividends to shareholders with other factors that the Board deems relevant, including the Company's operational results, financial position, capital requirements and investment opportunities.

At the annual general meeting (AGM) held on 20 May 2021, the Board was authorised to issue up to 61,118,760 new shares. The proxy expires on 20 May 2023, and not at the AGM in 2022 as recommended by the Code. At the AGM held on 8 April 2022, the Board was authorised to acquire shares in the Company ("own shares") on behalf of the Company with an aggregate nominal value of up to NOK 4,365,625.75. The authorisation expires at the AGM in 2023, but in no event later than 30 June 2023. At the extraordinary general meeting held on 6 October 2022, shareholders approved a fully underwritten rights issue of 436,562,575 new shares in the Company with a subscription price of NOK 4.83 per new share. Following approval of a prospectus dated 7 October 2022 and a subscription period, 436,562,575 new shares in the Company were issued on 26 October



2022. Following issuance of the new shares the Company has a share capital of NOK 87,312,515 divided between 873,125,150 shares, each with a nominal value of NOK 0.10.

4

Equal treatment of shareholders

The Company has one class of shares.

The Board is authorised to set aside the pre-emptive rights of shareholders if it exercises its authority to issue new shares pursuant to the authorisation referred to above. This right will only be used if the Board deems it to be in the best interest of all the shareholders and the Company, and the justification for doing so will be addressed in the stock exchange release announcing the share issue.

5

Shares and negotiability

All shares in the Company have equal rights and are freely tradable.

6

General meetings

It is the Company's goal that as many shareholders as possible are given the opportunity to participate in its general meetings. Notices of general meetings are made available on the Company's website, and through a separate stock exchange release at least 14 days in advance of the general meeting. All shareholders with a known address are notified of general meetings two weeks in advance. Only companies listed on a regulated market, such as the Oslo Stock Exchange, are required to notify the shareholders 21 days in advance as recommended by the Code. The notice will contain detailed information on the resolutions proposed and matters to be considered at the general meeting. It will include the deadline for shareholders to register their intention to attend the general meeting, as well as instructions on how they can cast their votes by proxy.

Shareholders will be able to vote on each individual matter, including on each individual candidate nominated for election, and the proxy forms will be drafted accordingly.

The deadline for registration is set as close to the date of the general meeting as possible. The Chair of the Board, the CEO and the external auditor shall all be present at the AGM. The AGM elects a chair to preside over the meeting.

9

Nomination committee

The Company does not currently have a nomination committee. Only companies listed on a regulated market are required to have a nomination committee as recommended by the Code.

When proposing new Board members, the Board shall ensure that the Board can attend to the common interest of all shareholders and meet the Company's needs for expertise, capacity and diversity.

8

Board of Directors: composition and independence

According to the Company's articles of association, the Company shall have a Board consisting of a minimum of three and a maximum of seven members. The Chair of the Board shall be elected by the general meeting. Board members are elected for a period of two years at a time. At present, the Board consists of five members. All Board members are considered independent of the Company's executive management. Only the Chair of the Board, Rune Magnus Lundetræ, is considered independent of the Company's largest shareholders.

The members of the Board are presented in this Annual Report on page 10. The shareholdings of Board members are listed in Note 28 'Related party transactions' to the Consolidated Financial Statements. The Board is of the opinion that it has sufficient expertise and capacity to perform its duties in a satisfactory manner.

9

Work of the Board of Directors

According to the Norwegian Public Limited Liability Companies Act, the Board has overall responsibility for overseeing the management of the Company, while the CEO is responsible for day-to-day management.

The Board is responsible for ensuring that the Group's activities are soundly organised, and for approving all plans and budgets for the activities of the Group. The Board keeps itself informed about the Group's activities and financial affairs, and is under an obligation to ensure that its activities, financial statements and asset management are subject to adequate control through the review and approval of the Group's monthly and quarterly reports and financial statements. The Board shall also ensure that the Group has satisfactory internal control systems. The CEO is in charge of the day-to-day management of the Group, and is responsible for ensuring that the Group is organised in accordance with applicable laws, the Company's articles of association and the decisions adopted by the Board and the Company's general meeting. The CEO has particular responsibility for ensuring that the Board receives accurate, relevant and timely information in order to enable it to carry out its duties. The CEO shall also ensure that the Group's financial statements comply with Norwegian legislation and regulations and that the assets of the Company are soundly managed.

The Board works with the executive management with emphasis on clear internal allocation of responsibilities and duties.

2022 meeting attendance¹

Name	Rune Magnus Lundetræ	Kristian Siem	John Evans	Nathalie Louys	Monica Björkmann
Attendance at Board meetings in 2022	10/10	10/10	10/10	10/10	10/10

Corporate governance continued

The Board and executive management handle agreements with related parties in accordance with the Norwegian Public Limited Liability Companies Act, including whether an independent valuation must be obtained.

The Board has chosen not to appoint a remuneration committee. Matters relating to the remuneration of executive management are discussed by the Board without the presence of the CEO or other management representatives. As a company listed on Euronext Growth, the Company is not required to establish an audit committee pursuant to the Norwegian Public Limited Liabilities Companies Act (the "NPLCA") and the Company has not established a formal audit committee that complies with the composition requirements set out in section 6-42 of the NPLCA. This represents a deviation from the Code.

10

Risk management and internal control

Board acknowledges its responsibility for the Group's identification and management of risk along with the system of internal control and for reviewing the effectiveness of these. The Group's system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material financial misstatement or loss. The Board carries out an annual review of the Group's most important areas of exposure to risk and its internal control arrangements, having regard to the changing nature of risk and the Group's ability to cope with them.

The Group adopts internal controls appropriate to its business activities and geographical spread. The key components of the Group's system of risk management and internal control are described in the Risk management section on pages 32 to 41. The Group has in place clearly defined lines of responsibility and limits of delegated authority. Comprehensive procedures provide for the appraisal, approval, control and review of capital expenditure.

The Executive Management Team also meets with functional senior management on a regular basis to discuss particular issues, including key operational and commercial risks, health and safety performance, sustainability, environmental factors, and legal and financial matters.

The Group has a comprehensive annual planning and management reporting process.

A detailed annual budget is prepared in advance of each year and supplemented by forecasts updated during the course of the year. Financial results are reported monthly to the Executive Management Team and quarterly to the Board and compared to budget, forecasts, market consensus and results from previous years.

The Board reviews reports on actual financial performance and forward-looking financial guidance.

The Board derives further assurances from the reports of the Audit Committee.

11

Remuneration of the Board

Remuneration for the members of the Board is determined by the AGM based on a proposal from the Board. The remuneration reflects the Board's responsibility, expertise, time commitment and the complexity of the Company's activities. Remuneration is not linked to the Company's performance. The fee paid to the members of the Board is fixed for each 12-month period (from AGM to AGM). The remuneration paid to members of the Board is disclosed in Note 28 'Related party transactions' to the Consolidated Financial Statements. Warrants giving rights to subscribe for shares have been granted to the chairman of the Board, as disclosed in Note 28 'Related party transactions' to the Consolidated Financial Statements.

12

Remuneration of executive management

Remuneration of the Company's CEO and the Executive Management Team is disclosed in Note 28 'Related party transactions' to the Consolidated Financial Statements. As a company listed on Euronext Growth, the Company is not required to prepare guidelines for salary and other remuneration to executive management or a report on compliance with such guidelines pursuant to the NPLCA, and has not done so. This represents a deviation from the Code.

13

Information and communications

The Company publishes its financial calendar every year, identifying the dates on which it will present its quarterly reports, Annual Report and when the AGM will be held. All price-sensitive information is publicly disclosed in line with the requirements of Euronext Growth, and posted on the Company's website.

The Company concurs with the principles of equal treatment of all shareholders and the Group is committed to reporting financial results and other information on an accurate and timely basis. The Group provides information to the market through quarterly and annual reports, investor and analyst presentations which are available to the media and by making operational and financial information available on the Company's website.

Announcements are released through NewsWeb and simultaneously on the Company's website. Information is provided in English only.

14

Take-overs

As a Company listed on Euronext Growth, the Company is not subject to the rules related to mandatory and voluntary offers in chapter 6 of the Norwegian Securities Trading Act. The Company has not, as recommended by the Code, prepared guidelines on how to act in a take-over situation and will consider the recommendations set out in the Code in the event that a take-over bid is put forward.

15

Auditor

The external auditor meets the Audit Committee annually regarding the planning and preparation of the audit of the Group's Consolidated Financial Statements and the Company's Annual Accounts.

The Audit Committee members hold separate discussions with the external auditor during the year without members of the Executive Management Team being present. The scope, resources and level of fees proposed by the external auditor in relation to the Group's and the Company's audits and related activities are approved by the Audit Committee.

The Audit Committee recognises that it is occasionally in the interest of the Group to engage its external auditor to undertake certain other non-prohibited non-audit assignments.

Fees paid to the external auditor for audit and non-audit services are reported in Note 6 'Net operating income' to the Consolidated Financial Statements, which are in turn approved at the AGM. The Audit Committee also requests the external auditor to confirm annually in writing that the external auditor remains independent.



Chairman's and
CEO Statement

Seaway7 in Action

BoD and Executive Management
presentation

Board of Directors' Report

Financial Statements

Forward-Looking Statements: This report may contain 'forward-looking statements'. These statements relate to our current expectations, beliefs, intentions, assumptions or strategies regarding the future and are subject to known and unknown risks that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Forward-looking statements may be identified by the use of words such as 'anticipate', 'believe', 'estimate', 'expect', 'future', 'goal', 'intend', 'likely', 'may', 'plan', 'project', 'seek', 'should', 'strategy', 'will', and similar expressions. The principal risks which could affect future operations of the Group are described in the 'Risk' section of the Group's Annual Report and Consolidated Financial Statements for the year ended 31 December 2022. Factors that may cause actual and future results and trends to differ materially from our forward-looking statements include (but are not limited to): (i) our ability to deliver fixed price projects in accordance with client expectations and within the parameters of our bids, and to avoid cost overruns; (ii) our ability to collect receivables, negotiate

variation orders and collect the related revenue; (iii) our ability to recover costs on significant projects; (iv) unanticipated delays or cancellation of projects included in our backlog; (v) competition and price fluctuations in the markets and businesses in which we operate; (vi) the loss of, or deterioration in our relationship with, any significant clients; (vii) the outcome of legal proceedings or governmental inquiries; (viii) uncertainties inherent in operating internationally, including economic, political and social instability, boycotts or embargoes, labour unrest, changes in foreign governmental regulations, corruption and currency fluctuations; (ix) the effects of a pandemic or epidemic or a natural disaster; (x) changes in, or our failure to comply with, applicable laws and regulations (including regulatory measures addressing climate change); (xi) operating hazards, including spills, environmental damage, personal or property damage and business interruptions caused by adverse weather; (xii) equipment or mechanical failures, which could increase costs, impair revenue and result in penalties for failure to meet project completion requirements; (xiii) the timely

delivery of vessels on order and the timely completion of ship conversion programmes; (xiv) our ability to keep pace with technological changes and the impact of potential information technology, cyber security or data security breaches; and (xv) the effectiveness of our disclosure controls and procedures and internal control over financial reporting. Many of these factors are beyond our ability to control or predict. Given these uncertainties, you should not place undue reliance on the forward-looking statements. Each forward-looking statement speaks only as of the date of this report. We undertake no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

In accordance with the Norwegian Accounting Act, the Board of Directors confirms that the Consolidated Financial Statements of Seaway 7 ASA have been prepared on the basis of the going concern assumption. The Board of Directors confirms that the assumption is valid.

Oslo, 1st March, 2023

The Board of Directors of Seaway 7 ASA

Sign.

Rune Magnus Lundetræ
Chairman

Sign.

Kristian Siem
Director

Sign.

John Evans
Director

Sign.

Nathalie Louys
Director

Sign.

Monica Bjørkmann
Director

Sign.

Stuart Fitzgerald
Chief Executive Officer



Consolidated Financial Statements

for Year Ended 31 December 2022



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Consolidated Income Statement

For the year ended (in \$ millions, except per share data)	Notes	2022 31 Dec	2021 31 Dec
Revenue	5	1,119.0	1,260.0
Operating expenses	6	(1,131.4)	(1,270.6)
Gross loss		(12.4)	(10.6)
Administrative expenses	6	(37.9)	(28.3)
Net operating loss		(50.3)	(38.9)
Finance income	8	1.0	–
Other gains and losses	7	(17.3)	(4.4)
Finance costs	8	(2.1)	(4.8)
Loss before taxes		(68.7)	(48.1)
Taxation	9	(12.0)	(14.4)
Net loss		(80.7)	(62.5)

Earnings per share – restated ^(a)	Notes	\$ per share	\$ per share
Basic	11	(0.14)	(0.16)
Diluted ^(a)	11	(0.14)	(0.16)

(a) The weighted average number of shares utilised in the earnings per share calculation has been restated for each period presented following the rights issue undertaken by the Group. For an explanation and a reconciliation of earnings per share and diluted earnings per share please refer to Note 11 'Earnings per share' within Notes to the Consolidated Financial Statements.



Consolidated Statement of Comprehensive Income

For the year ended (in \$ millions)	Notes	2022 31 Dec	2021 31 Dec
Net loss		(80.7)	(62.5)
<i>Items that may be reclassified to the income statement in subsequent periods:</i>			
Net foreign currency translation gains		1.4	–
<i>Items that will not be reclassified to the income statement in subsequent periods:</i>			
Fair value adjustments on other financial assets	27	–	1.2
Other comprehensive income		1.4	1.2
Total comprehensive loss		(79.3)	(61.3)

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Consolidated Balance Sheet

For the year ended 31 December 2022

		(Revised)	
At (in \$ millions)	Notes	2022 31 Dec	2021 31 Dec
Assets			
Non-current assets			
Goodwill ^(a)	13	105.3	105.3
Property, plant and equipment	14	942.7	929.6
Right-of-use assets	15	99.1	24.9
Derivative financial instruments	27	0.2	–
Deferred tax assets	9	0.1	0.6
		1,147.4	1,060.4
Current assets			
Inventories	16	7.7	5.9
Trade and other receivables	17	62.5	114.8
Derivative financial instruments	27	5.7	2.3
Construction contracts – assets	19	132.0	177.4
Other accrued income and prepaid expenses	18	11.8	3.9
Restricted cash		–	1.3
Cash and cash equivalents	20	9.0	22.0
		228.7	327.6
Total assets		1,376.1	1,388.0
Equity			
Issued share capital	21	9.1	4.9
Paid in surplus		951.4	753.9
Translation reserve		(7.2)	(8.6)
Other reserves		53.9	53.9
Retained earnings		(19.9)	60.2
Total equity		987.3	864.3
Liabilities			
Non-current liabilities			
Lease liabilities	23	73.8	6.0
Deferred tax liabilities	9	0.8	1.3
Provisions ^(a)	25	11.1	48.1
Derivative financial instruments	27	10.4	0.7
		96.1	56.1
Current liabilities			
Trade and other liabilities	24	122.1	275.5
Derivative financial instruments	27	1.8	1.0
Current tax liabilities	9	3.6	4.6
Borrowings	22	37.8	101.2
Lease liabilities	23	26.9	20.4
Provisions ^(a)	25	33.0	23.3
Construction contracts – liabilities	19	67.5	41.6
		292.7	467.6
Total liabilities		388.8	523.7
Total equity and liabilities		1,376.1	1,388.0

(a) Comparative information has been revised for adjustments to provisional amounts recognised in relation to the business combination entered into during 2021. Further details are disclosed in Note 13 'Goodwill'.

Oslo, 1st March, 2023

The Board of Directors of Seaway 7 ASA

Sign.
Rune Magnus Lundetræ
Chairman

Sign.
Kristian Siem
Director

Sign.
John Evans
Director

Sign.
Nathalie Louys
Director

Sign.
Monica Bjørkmann
Director

Sign.
Stuart Fitzgerald
Chief Executive Officer



Consolidated Statements of Changes in Equity

For the year ended 31 December 2022

(in \$ millions)	Issued share capital	Paid in surplus	Translation reserve	Other reserves	Retained earnings	Total
Balance at 1 January 2022	4.9	753.9	(8.6)	53.9	60.2	864.3
Comprehensive loss						
Net loss	–	–	–	–	(80.7)	(80.7)
Foreign currency translation	–	–	1.4	–	–	1.4
Total comprehensive loss	–	–	1.4	–	(80.7)	(79.3)
Transactions with owners						
Share issuance	4.2	201.4	–	–	–	205.6
Transaction costs	–	(3.9)	–	–	–	(3.9)
Share-based payments	–	–	–	–	0.6	0.6
Total transactions with owners	4.2	197.5	–	–	0.6	202.3
Balance at 31 December 2022	9.1	951.4	(7.2)	53.9	(19.9)	987.3

For the year ended 31 December 2021

(in \$ millions)	Issued share capital	Paid in surplus	Translation reserve	Other reserves	Retained earnings	Total
Balance at 1 January 2021	1.3	58.5	(8.6)	405.4	121.5	578.1
Comprehensive loss						
Net loss	–	–	–	–	(62.5)	(62.5)
Fair value adjustment of other financial assets	–	–	–	1.2	–	1.2
Total comprehensive loss	–	–	–	1.2	(62.5)	(61.3)
Transactions with owners						
Share issuance	3.6	695.4	–	(351.5)	–	347.5
Transfer on disposal of other financial assets	–	–	–	(1.2)	1.2	–
Total transactions with owners	3.6	695.4	–	(352.7)	1.2	347.5
Balance at 31 December 2021	4.9	753.9	(8.6)	53.9	60.2	864.3



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Consolidated Cash Flow Statement

For the year ended (in \$ millions)	Notes	Year ended	
		31 Dec 2022	31 Dec 2021
Cash flow from operating activities:			
Loss before taxes		(68.7)	(48.1)
Adjustments for non-cash items:			
Depreciation of property, plant and equipment	14	67.9	53.1
Amortisation of right-of-use assets	15	22.3	10.2
Adjustments for investing and financing items:			
Net gain on disposal of property, plant and equipment	7	(0.3)	(0.1)
Net gain on maturity of lease liabilities	7	(0.2)	–
Finance income	8	(1.0)	–
Finance costs	8	2.1	4.8
Adjustments for equity items:			
Share-based payments	29	0.6	–
		22.7	19.9
Changes in operating assets and liabilities:			
Increase in inventories		(1.9)	(0.2)
Decrease/(increase) in trade and other receivables		53.8	(55.6)
Decrease/(increase) in construction contract – assets		48.0	(81.0)
(Increase)/decrease in other working capital assets		(11.9)	1.0
(Decrease)/increase in trade and other liabilities		(143.6)	191.2
Increase/(decrease) in construction contract – liabilities		24.6	(32.1)
(Decrease)/increase in other working capital liabilities		(21.4)	(0.3)
Net (decrease)/increase in working capital		(52.4)	23.0
Income taxes paid		(17.9)	(4.3)
Net cash (used in)/generated from operating activities		(47.6)	38.6
Cash flows from investing activities			
Purchases of property, plant and equipment		(72.9)	(52.9)
Interest received	8	1.0	–
Proceeds from disposal of property, plant and equipment		0.7	–
Proceeds from sale of other financial assets		–	2.8
Acquisition of businesses (net of cash acquired)		–	12.1
Net cash used in investing activities		(71.2)	(38.0)
Cash flows from financing activities			
Interest paid	8	(7.3)	(3.9)
Rights issuance proceeds (net of issuance costs)		198.9	–
Repayment of external borrowings		(37.0)	–
Payments related to lease liabilities – capital	23	(21.6)	(9.1)
Payments related to lease liabilities – interest	23	(2.0)	(0.9)
Proceeds from borrowings from related party		130.8	29.1
Repayment of borrowings from related party		(157.2)	–
Net cash generated from financing activities	27	104.6	15.2
Net (decrease)/increase in cash and cash equivalents		(14.2)	15.8
Cash and cash equivalents at beginning of year	20	22.0	7.7
Decrease/(increase) in restricted cash		1.3	(1.3)
Effect of foreign exchange rate movements on cash and cash equivalents		(0.1)	(0.2)
Cash and cash equivalents at end of year	20	9.0	22.0



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1. GENERAL INFORMATION

Seaway 7 ASA is a company registered in Norway whose shares trade on the Oslo Stock Exchange's marketplace, Euronext Growth. The address of the registered office is Askekrøken 11, 0277 Oslo, Norway.

The Seaway 7 Group (the 'Group') consists of Seaway 7 ASA and its subsidiaries at 31 December 2022.

Agreement to combine the Subsea 7 S.A. Group's fixed offshore wind business with OHT ASA

On 8 July 2021 Seaway 7 ASA (formerly named OHT ASA), announced it had entered into an agreement to combine with the Subsea 7 S.A. Group's Renewables business unit (consisting of the Subsea 7 S.A. Group's fixed offshore wind business); the transaction was completed on 1 October 2021. The business combination met the criteria to be treated as a reverse acquisition with the deemed accounting acquirer being the Subsea 7 S.A. Group's Renewables business unit.

During 2022, the Group identified adjustments to provisional amounts recognised in relation to the business combination. The adjustments were identified during the measurement period and related to facts and circumstances which existed at the date of combination. As a result, 2021 comparative information has been revised as if the accounting had been completed at the combination date. Further details are disclosed in Note 12 'Business combinations'.

As a result of the business combination, Seaway 7 ASA became a global leader in the delivery of fixed offshore wind solutions. The Group offers specialist foundation, offshore substation, submarine cable and wind turbine installation services and heavy transportation for the offshore renewables market.

Preparation of financial statements

The Consolidated Financial Statements of the Group are issued in the name of the legal parent, Seaway 7 ASA (formerly OHT ASA). The Consolidated Financial Statements of Seaway 7 ASA are a continuation of the financial statements of the Subsea 7 S.A. Group's Renewables business unit with share capital retrospectively adjusted to reflect the share capital of the former OHT ASA Group, as legal acquirer.

Consolidated Financial Statements had not previously been prepared for the Subsea 7 S.A. Group's Renewables business unit, and as a result management prepared Consolidated Financial Statements for Seaway 7 ASA on the following basis:

- For the nine-month period ended 30 September 2021 ('the carve-out period'), financial information represents the results and financial position of the Subsea 7 S.A. Group's Renewables business unit;
- For the three-month period ended 31 December 2021, financial information represents the Consolidated Financial Statements of Seaway 7 ASA and its subsidiaries.

The preparation of the carve-out financial information required significant management judgements as described in the 2021 Annual Report of Seaway 7 ASA.

Authorisation of Consolidated Financial Statements

Under Norwegian law, the Consolidated Financial Statements are approved by the shareholders at the Annual General Meeting. The Consolidated Financial Statements were authorised for issue by the Board of Directors on 1 March 2023.

Presentation of Consolidated Financial Statements

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU).

Amounts in the Consolidated Financial Statements are stated in US Dollars (\$), the currency of the primary economic environment in which the Group operates. Group entities whose functional currency is not the US Dollar are consolidated in accordance with the policies set out in Note 3 'Significant accounting policies'.

The Consolidated Financial Statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments and balances required to be measured at fair value. The principal accounting policies adopted are consistent with the Consolidated Financial Statements for the year ended 31 December 2021, except where noted in Note 2 'Adoption of new accounting standards'.

Going concern

The Consolidated Financial Statements have been prepared on the going concern basis.

Management continues to monitor the potential operational, market and financial impacts to the Group of the Covid-19 pandemic, and implement mitigating measures where appropriate. Management has concluded that there are no significant doubts over the application of the going concern assumption and no disclosable material uncertainties which cast doubt upon the Group's ability to continue as a going concern.

During 2022, the Group incurred net direct Covid-19 related costs of \$4.1 million (2021: \$1.2 million) related to factors such as vessel standby days due to onboard outbreaks of the virus, additional vessel crew change-over times and costs, and additional operational costs as a result of supply chain and travel restrictions. These were partly offset by reduced travel costs incurred by onshore employees and some cost compensation by certain clients. Management expects that net Covid-19 costs will continue to be incurred in 2023. Management will continue to work with its clients and suppliers to mitigate the impacts of the pandemic on operations.

The Group is a non-wholly owned subsidiary of the Subsea 7 S.A. Group and has access to working capital funding arrangements. The Group has access to funding from the Subsea 7 S.A. Group by means of an unsecured working capital facility agreement of which \$38 million was drawn at year end 2022 (2021: \$64 million). Amounts available under the working capital facility are repayable on demand, with interest at the Secured Overnight Financing Rate (SOFR) plus 3.45%. The working capital facility agreement provides for a cash pooling arrangement, with interest calculated at SOFR plus 1%. The Group is also party to an interest netting agreement.

Notes to the Consolidated Financial Statements continued**1. GENERAL INFORMATION CONTINUED**

The Group raised \$200 million following completion of a rights issue during the fourth quarter of 2022. Following completion of the rights issue, \$300 million of Subsea 7 S.A. Group's \$700 million revolving credit and guarantee facility was committed to Seaway 7 ASA. In addition, Subsea S.A. Group has provided a committed \$150 million shareholder revolving credit facility which was unutilised at 31 December 2022.

The Group closed the year with an order backlog of \$0.8 billion and tendering activity remains high in the expanding fixed offshore wind market. Forecasts demonstrate that the Group will generate cash flows from operations more than sufficient to support the assumption that the Group will continue as a going concern. Management has performed stress tests of future cash flow forecasts to evaluate the impact of plausible downside scenarios. These include potential operational and Covid-19 related issues which could adversely impact the Group. Management has also performed reverse stress testing through modelling of anticipated reasonable worst-case scenarios. In all scenarios management demonstrated sufficient liquidity to allow the Group to continue to operate as a going concern.

Measurement and disclosure of climate-related matters

In order to meet the specific disclosure requirements contained within individual IFRS standards, management has evaluated and provided relevant information to permit users to assess how material climate-related matters were considered in preparing the Group's Consolidated Financial Statements. Disclosure is included in the Strategic Report detailing the Group's assessment of the potential impact of climate change, based on the Task force for Climate-related Financial Disclosures (TCFD). In addition the Group's Sustainability Report also provides consistent, comparable and reliable information to investors on climate-related risks and opportunities.

The Group's current assessment of the range of economic and climate-related conditions that could exist in transitioning to a low carbon economy are reflected in the Group's Five-year Plan. These considerations may impact certain significant judgements and key estimates, including valuation of assets, value-in-use calculations and potential impairments and impairment reversals. This also includes the estimation of remaining useful economic life of assets and residual values. Estimating future global energy demand and supply is challenging and the pace of future technological change, political developments and government actions will impact the Group's operations. Assumptions can change which could impact current projected scenarios.

Assumptions, estimates and judgements were made in relation to:

- Property, plant and equipment – useful economic life and residual values of vessels are reviewed annually. No amendments were made to useful life or indicators of impairment identified as a direct result of climate-related matters for the year ended 31 December 2022 (2021: none). Typically new-build vessels are depreciated over 25 years, but a vessel can continue to be utilised beyond this period with appropriate levels of capital expenditure, including hybridisation. New vessels currently under construction are expected to contribute a significant role in the Group's energy transition plans. Future developments, such as the impact of climate-related matters, including emissions, on the economic or legal environment, are considered by management when assessing residual values and indicators of impairment or impairment reversal. Further information is included within the 'Impairment of non-financial assets' accounting policy in Note 3 'Significant accounting policies'.
- Cash-generating-unit (CGU) impairment modelling and goodwill impairment test – the Group's Five-year Plan is utilised to determine present values of future cash flows for each CGU. Significant management judgement is required in the preparation of this plan, with economic conditions impacting assumptions utilised and discount rate calculations. Future uncertainty around climate-related risks continue to be monitored including policy, regulatory, legal, technological, market and societal considerations. The present value of future cash flows is most sensitive to the terminal value assumptions – management consider these represent the growing renewables sector within the transition to a lower carbon economy. Further information is included within Note 13 'Goodwill'.

2. ADOPTION OF NEW ACCOUNTING STANDARDS**Effective new accounting standards**

No new International Financial Reporting Standards (IFRS) were adopted by the Group for the financial year beginning 1 January 2022. Several amendments to IFRS were applied for the first time in 2022 but did not have an impact on the Consolidated Financial Statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective. There are no IFRS standards or amendments that have been issued but not yet adopted that are expected to have a material impact on the Group.



3. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The Consolidated Financial Statements incorporate the financial statements of Seaway 7 ASA (the Company) and entities controlled by the Company (its subsidiaries). Control is assumed to exist where the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control. If the Group loses control over a subsidiary it derecognises related assets, liabilities and non-controlling interests and other components of equity, while any resultant gain or loss is recognised in income or loss. Any investment retained is recognised at fair value.

Subsidiaries

Assets, liabilities, income and expenses of a subsidiary are included in the Consolidated Financial Statements from the date the Group obtains control over the subsidiary until the date the Group ceases to control the subsidiary. Changes in the Group's interest in a subsidiary that do not result in the Group ceasing to control that subsidiary are accounted for as equity transactions.

Where necessary, adjustments are made to the financial statements of subsidiaries to align these with the accounting policies of the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation. All subsidiaries are wholly-owned (100%).

Foreign currency translation

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Functional currency is defined as the currency of the primary economic environment in which the entity operates. While this is usually the local currency, the US Dollar is designated as the functional currency of certain entities where transactions and cash flows are predominantly in US Dollars. The functional currency of the parent entity, Seaway 7 ASA, is US Dollars.

All transactions in non-functional currencies are initially translated into the functional currency of each entity at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in non-functional currencies are translated to the functional currency at the exchange rate prevailing at the balance sheet date.

All resulting exchange rate gains and losses are recognised in the Consolidated Income Statement. Non-monetary items which are measured at historical cost in a non-functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the initial transactions. Non-monetary items which are measured at fair value in a non-functional currency are translated to the functional currency using the exchange rate prevailing at the date when the fair value was determined.

Foreign exchange revaluations of short-term intra-group balances denominated in non-functional currencies are recognised in the Consolidated Income Statement.

The assets and liabilities of operations which have a non-US Dollar functional currency are translated into the Group's reporting currency, US Dollar, at the exchange rate prevailing at the balance sheet date. The exchange rate differences arising on the translation are recognised in the translation reserve in equity. Income and expenditure items are translated at the average exchange rates for the year. On disposal of an entity with a non-US Dollar functional currency, the cumulative translation adjustment previously recognised in the translation reserve in equity is reclassified to the Consolidated Income Statement. At 31 December 2022, the exchange rates of the main currencies used throughout the Group, compared to the US Dollar, were as follows:

GBP	0.828
EUR	0.943
NOK	9.839
TWD	30.662

Revenue from contracts with customers

The Group applies the IFRS 15 'Revenue from Contracts with Customers' five-step model whereby revenue is recognised at an amount which reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer.

The Group's revenue may comprise revenue recognised from contracts with customers for the provision of long-term fixed-price contracts, services under charter agreements, day-rate contracts, reimbursable contracts, cost-plus contracts (and similar contracts), each of which are considered to comprise one performance obligation. The following is a description of the principal activities from which the Group generates revenue as disclosed in the revenue analysis (Note 5 'Segment information').

Contracts with clients related to fixed offshore wind projects typically include a combination of the construction and installation of wind turbine foundations and inner-array cables, heavy lifting operations, decommissioning and transportation and are generally contracted on a fixed-price basis. The promised goods and services within these contracts are considered to be distinct as a bundle and hence one performance obligation with revenue being recognised over time. Although the promises within the contract are capable of being distinct, management has concluded that they are not due to the significant integration, customisation and highly interrelated nature of each contract. The contract work performed is for the sole benefit of the customer who continually monitors progress and the Group would not have an alternative use for work performed under a specific contract. Clients may also participate in the supplier selection processes for procured items. The transaction price for these types of contracts, where there is an element of variable consideration, is based upon the single most likely outcome.

Any additional work, such as scope changes or variation orders, as well as variable consideration will be included within the total price once the amounts can be reasonably estimated, and management has concluded that it is highly probable and will not result in a significant revenue reversal in a future period.

Notes to the Consolidated Financial Statements continued

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Fixed offshore wind contracts apply the input method to progressively recognise revenue over time based upon percentage-of-completion whereby total costs incurred to date are compared with total forecast costs at completion of the contract. This method provides a faithful depiction of the transfer of the goods and services to the customer. Any significant upfront procurement which is not customised for the particular project is not included within the actual cost of work performed at each period end. An adjustment to the measure of progress may be required where significant inefficiencies occur which were not reflected in the price of the contract. Typically payment is due from the client approximately 30-45 days following the issuance of the invoice although this may be longer depending upon the client or customary payment terms in certain geographies. These contracts have no significant financing component as the period between when the Group transfers the promised goods or services to the customer and when the customer pays for those goods or services will be one year or less. In circumstances where the Group has recognised revenue, but not issued an invoice, the entitlement to consideration is recognised as a construction contract asset. The construction contract asset is transferred to receivables in accordance with the agreed milestone schedule which reflects the unconditional entitlement to payment. Construction contract liabilities arise when progress billings exceed project revenues. Assurance type warranty periods commence at the completion of the contractual obligations. Construction contract asset and liability balances at 31 December 2022 and 2021 are disclosed within Note 19 'Construction contracts'.

The Group operates a fleet of vessels which provide heavy transportation services mainly related to the offshore energy sector, with a focus on fixed offshore wind. Under these contracts the Group's vessels transport a specific agreed-upon cargo for a single voyage. The Group treats these as voyage charter contracts, and applies the input method to progressively recognise revenue over time, on a loading to discharge basis. This method provides a faithful depiction of the transfer of the goods and services to the customer. The Group generally has standard payment terms of approximately 10% freight paid on signing of contract, 40% on loading and 50% on discharge. These contracts have no significant financing component as the period between when the Group transfers the promised goods or services to the customer and when the customer pays for those goods or services will be one year or less. Voyage charter contracts consist of a single performance obligation of transporting cargo within a specified period. The voyage charters generally have variable consideration in the form of demurrage, which is recognised over the period in which the performance obligations are met under the contract. Demurrage is estimated at contract inception using the most likely amount approach. Such estimate is reviewed and updated over the term of the voyage charter contract. Voyage and ship operating expenses, incurred prior to loading, are treated as part of the single performance obligation and recognised over the period of the contract.

Advances received from customers

For certain projects the Group may receive short-term advances from customers. Advances received from customers include amounts received in advance of work commencing on fixed-price contracts. The consideration is not adjusted for the effects of a financing component where the Group expects, at contract inception, that the period between when the customer pays for the service and when the Group transfers that promised service to the customer will be 12 months or less.

Principal versus agent

For certain projects the Group provides procurement services and assumes responsibility for the logistics and handling of procured items. Management's assessment of whether a principal or agent relationship exists is based upon whether the Group has the ability to control the goods before they are transferred to the customer. This assessment is performed on a contract-by-contract basis.

Variable consideration

Variable consideration is constrained at contract inception to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Warranty obligations

The Group provides warranties for the repair of defects which are identified during the contract and within a defined period thereafter. All are assurance-type warranties, as defined within IFRS 15, which the Group recognises under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'. The Group does not have any contractual obligations for service-type warranties.

Borrowing costs

Borrowing costs attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to prepare for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. These amounts are calculated using the effective interest rate related to the period of the expenditure. All other borrowing costs are recognised in the Consolidated Income Statement in the period in which they are incurred.

Finance costs

Finance costs or charges, including premiums on settlement or redemption and direct issue costs, are accounted for on an accruals basis using the effective interest rate method.

Retirement benefit costs

The Group administers several defined contribution pension plans. Obligations in respect of such plans are charged to the Consolidated Income Statement as they fall due.



Taxation

Taxation expense or income recorded in the Consolidated Income Statement or Consolidated Statement of Other Comprehensive Income represents the sum of the current tax and deferred tax charge or credit for the year.

Current tax

Current tax is based on the taxable income for the year, together with any adjustments to tax payable in respect of prior years. Taxable income differs from income before taxes as reported in the Consolidated Income Statement because it excludes items of income or expense that are taxable or deductible in other periods and further excludes items that are never taxable or deductible. The tax laws and rates used to compute the Group's current tax liabilities are those that are enacted or substantively enacted at the balance sheet date.

In accordance with IFRIC 23 a provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Current tax assets or liabilities are representative of taxes being owed by, or owing to, local tax authorities, and include the impact of any provisions required for uncertain tax treatments, together with any associated penalties.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the Consolidated Balance Sheet and the corresponding tax bases used in the computation of taxable income, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilised. Such assets or liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of other assets or liabilities in a transaction (other than in a business combination) that does not affect either the taxable income or the accounting income before taxes.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and interests in associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date. Deferred tax assets are only recognised to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilised. Deferred tax assets are derecognised or reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are substantively enacted and expected to apply in the period when the asset is realised or the liability is settled. Deferred tax is charged or credited to the Consolidated Income Statement, except when it relates to items charged or credited directly in the Consolidated Statement of Comprehensive Income in which case the deferred tax is also recognised within the Consolidated Statement of Comprehensive Income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current income tax assets and liabilities on a net basis.

Significant tax estimates and judgements

In accordance with IFRIC 23, a provision for an uncertain tax treatment is made where the ultimate outcome of a particular tax matter is uncertain. In calculating tax assets and liabilities, the Group assesses the probability of treatment being accepted and, where this is not probable and a reasonable estimate can be made, the Group recognises a provision for the adjustment it considers probable to be required. Provisions are based on experience of similar transactions, internal estimates and appropriate external advice.

Dry-dock, mobilisation and decommissioning expenditure

Dry-dock expenditure incurred to maintain a vessel's classification is capitalised in the Consolidated Balance Sheet as a distinct component of the asset and amortised over the period until the next scheduled dry-docking (usually between two-and-a-half years and five years). At the date of the next dry-docking, the previous dry-dock asset and accumulated amortisation is derecognised. All other repair and maintenance costs are recognised in the Consolidated Income Statement as incurred.

A provision is recognised for decommissioning expenditures required to restore a leased vessel to its original or agreed condition, together with a corresponding amount capitalised, when the Group recognises it has a present obligation and a reliable estimate can be made of the amount of the obligation.

Business combinations and goodwill

Business combinations

Acquisitions of subsidiaries and businesses, including business combinations completed in stages, are accounted for using the acquisition method. The consideration for each acquisition is measured as the aggregate of the fair values (at the acquisition date) of cash and other assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Where an acquisition qualifies as a business combination completed in stages, consideration includes the fair value of the Group's equity interest prior to the combination. Any gain or loss associated with the remeasurement of the equity interest to fair value is recognised as a remeasurement gain or loss in the Consolidated Income Statement. Acquisition-related costs are recognised in the Consolidated Income Statement as incurred.



Notes to the Consolidated Financial Statements continued

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition date fair value. Subsequent changes in such fair values are recognised as an adjustment to the cost of the acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with the relevant IFRS. Changes in the fair value of contingent consideration classified as equity are not recognised. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 'Business Combinations' are recognised at fair value on the acquisition date, except that:

- deferred tax assets or liabilities are recognised and measured in accordance with IAS 12 'Income Taxes';
- liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 19 'Employee Benefits';
- lease liabilities for which the Group is lessee, the lease liability is measured as if the lease contract were a new lease in accordance with IFRS 16 'Leases';
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with IFRS 2 'Share-based Payments'; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' are measured in accordance with that standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete, to the extent that the amounts can be reliably calculated. These provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained regarding facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information regarding facts and circumstances that existed as of the acquisition date and is subject to a maximum period of one year.

Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired by the Group (the acquisition date). Goodwill is measured as the sum of the consideration and either the amount of any non-controlling interests in the acquiree or the fair value of the Group's previously held equity interest in the entity less the net fair value of the identifiable assets acquired and the liabilities assumed at the acquisition date. If the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration and either the amount of any non-controlling interests in the acquiree or the fair value of the Group's previously held equity interest in the acquiree, the excess is recognised immediately in the Consolidated Income Statement. Goodwill is tested for impairment at least annually.

Research and development costs

Research costs are expensed as incurred. The Group recognises development expenditure as an internally generated intangible asset when the criteria for recognition specified in IAS 38 'Intangible Assets' are met.

Amortisation of the intangible asset over the period of the expected useful life begins when development is complete and the asset is available for use. The asset is assessed for impairment whenever there is an indication that the asset may be impaired.

Property, plant and equipment

Property, plant and equipment acquired separately, including critical spare parts acquired and held for future use, are measured at cost less accumulated depreciation and accumulated impairment charges.

Assets under construction are recognised at cost, less any recognised impairment charges. Depreciation of these assets commences when the assets become operational and are deemed available for use.

Depreciation is calculated on a straight-line basis over the useful life of the asset as follows:

Vessels	10 to 25 years
Operating equipment	3 to 10 years
Buildings	20 to 25 years
Other assets	3 to 7 years

Land is not depreciated.

Vessels are depreciated to their estimated residual value. Residual values, useful economic lives and methods of depreciation are reviewed at least annually and adjusted if appropriate.

Gains or losses arising on disposal of property, plant and equipment are determined as the difference between any disposal proceeds and the carrying amount of the asset at the date of the transaction. Gains and losses on disposal are recognised in the Consolidated Income Statement in the period in which the asset is disposed.



Impairment of non-financial assets

At each reporting date the Group assesses whether there is any indication that non-financial assets, including property, plant and equipment and right-of-use assets, may be impaired. If any such 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 the asset's fair value less costs of disposal and its value-in-use. Where an asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset is allocated. Where the carrying amount of an asset exceeds its recoverable amount, the asset is impaired. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-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 of disposal, an appropriate valuation model is used. Management has considered the potential impacts of climate risk and whether this will have an adverse impact on the future use of the Group's assets, including vessels and equipment. The Group operates within the offshore renewable sector and it is expected that demand for the Group's services will increase due to climate-related opportunities. Management does not consider there is a significant risk that the Group's vessels will become obsolete due to climate considerations as they form a key part in the transition to the provision of sustainable energy.

Impairment charges are recognised in the Consolidated Income Statement in the expense category consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment charges may require to be reversed. If such an indication exists the Group makes an estimate of the recoverable amount. A previously recognised impairment charge is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment charge was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment charge been recognised for the asset in prior periods. Any such reversal is recognised in the Consolidated Income Statement.

Goodwill

An assessment is made at each reporting date as to whether there is an indication of impairment. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired.

The Group has one CGU which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes and is not larger than an operating segment determined in accordance with IFRS 8 'Operating Segments'. Impairment is determined by assessing the recoverable amount of the CGU to which the goodwill relates. Recoverable amounts are determined based on value-in-use calculations using discounted pre-tax cash flow projections based on risk-adjusted financial forecasts approved by the Executive Management Team.

As cash flow projections are risk-adjusted for CGU specific risks, risk premiums are not applied to the discount rate. The discount rate applied to the cash flow projections is a pre-tax rate and reflects current market assessments of the time value of money, risks specific to the asset and a normalised capital structure for the industry. Where the recoverable amount of the CGU is less than the carrying amount, an impairment charge is recognised in the Consolidated Income Statement. Where goodwill forms part of a CGU and part of the operation within that CGU is disposed, the goodwill associated with the operation disposed is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed in this circumstance is measured based on the relative values of the operation disposed and the portion of the CGU retained.

Financial instruments

Classification and measurement

The Group's financial assets include cash and short-term deposits, trade and other receivables, construction contract assets, other receivables, derivative financial instruments and equity investments which are classified as other financial assets. The Group's financial liabilities include trade and other payables, borrowings and derivative financial instruments.

Initial measurement is based upon one of four IFRS 9 'Financial Instruments' models: amortised cost; fair value through profit and loss (FVPL); fair value through other comprehensive income (with recycling of accumulated gains and losses); or fair value through other comprehensive income (without recycling of accumulated gains and losses).

Classification and subsequent measurement is dependent upon the business model under which the Group holds and manages the financial asset; and whether the contractual cash flows resulting from the instrument represent 'solely payments of principal and interest' (the 'SPPI' criterion).

All financial assets are classified at initial recognition and are initially measured at fair value net of transaction costs, with the exception of those classified as FVPL. Classification as amortised cost is applicable where the instruments are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows and the cash flows resulting from the instrument consist solely of principal and interest. Debt financial assets are subsequently measured at FVPL, amortised cost or fair value through other comprehensive income (FVOCI) depending on classification.

Equity instruments are reported as other financial assets and are subsequently measured at FVPL when not considered to be strategic in nature. Where the Group considers other financial assets to be strategic in nature and is expecting to hold them for the foreseeable future the investments are measured at FVOCI with no recycling of gains or losses to profit or loss on derecognition.

Notes to the Consolidated Financial Statements continued

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

All financial liabilities are classified at initial recognition and are initially measured at fair value net of transaction costs, with the exception of those classified as FVPL. Financial liabilities are measured at FVPL when they meet the definition of held for trading or when they are designated as such on initial recognition. Otherwise, financial liabilities are measured at amortised cost.

The Group regularly enters into multi-currency contracts from which the cash flows may lead to embedded foreign exchange derivatives in non-financial host contracts, carried at FVPL. The Group reassesses the existence of an embedded derivative if the terms of the host financial instrument change significantly. The fair values of derivative financial instruments are measured on bid prices for assets held and offer prices for issued liabilities based on values quoted in active markets. Changes in the fair value of derivative financial instruments which do not qualify for hedge accounting are recognised in the Consolidated Income Statement within other gains and losses.

Cash and cash equivalents comprise cash at bank and cash on hand. Utilised revolving credit facilities are included within current borrowings. Cash and cash equivalents are measured at amortised cost.

Impairment of financial assets and construction contract assets

The Group applies the expected credit loss (ECL) impairment model to record allowances for expected credit losses. The expected credit loss model applies to all debt financial assets accounted for in accordance with IFRS 9 'Financial Instruments'. The expected credit loss impairment model is also applied to contract assets accounted for under IFRS 15 'Revenue from Contracts with Customers'.

For construction contract assets and trade and other receivables which do not contain a significant financing component, the Group applies the simplified approach. This approach requires the allowance for ECLs to be recognised at an amount equal to lifetime expected credit losses.

For other debt financial assets the allowance for ECLs is calculated on a 12-month basis and is based on the portion of ECLs expected to result from default events possible within 12 months of the reporting date. The Group monitors for significant changes in credit risk and where this is materially different to ECLs calculated on a 12-month basis changes the allowance to reflect the risk of expected default in the contractual lifetime of the financial asset. Unless there is a valid mitigating factor, the Group considers there to have been a significant increase in credit risk when contractual payments are more than 30 days past the due date for payment.

At each reporting date the Group assesses whether any indicators exist that a financial asset or group of financial assets has become credit impaired. Where an asset is considered to be credit impaired a specific allowance is recognised based on the actual cash flows that the Group expects to receive and is determined using historical credit loss experience and forward-looking factors specific to the counterparty and the economic environment. Any shortfall is discounted at the original effective interest rate for the relevant asset.

Except where there are valid mitigating factors, the Group considers a financial asset in default when contractual payments are 90 days past the due date for payment. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full.

Inventories

Inventories comprise consumables, materials and non-critical spares and are valued at the lower of cost and net realisable value. The Group values inventory primarily using the weighted average costing method.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past transaction or event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised represents the best estimate of the expenditure expected to be required to settle the present obligation. Estimates are determined by the judgement of management supplemented by the experience of similar transactions, and, in some cases, advice from independent experts. Contingent liabilities are disclosed in Note 26 'Commitments and contingent liabilities' to the Consolidated Financial Statements, but not recognised until they meet the criteria for recognition as a provision. Where the Group is virtually certain that some or all of a provision will be reimbursed, that reimbursement is recognised as a separate asset. The expense relating to any provision is reflected in the Consolidated Income Statement at an amount reflective of the risks specific to the liability. Where the provision is discounted, any increase in the provision due to the passage of time is recognised as a finance cost in the Group's Consolidated Income Statement.

The following criteria are applied for the recognition and measurement of significant classes of provisions:

Onerous contracts

The Group recognises provisions for onerous contracts once the underlying event or conditions leading to the contract becoming onerous are probable and a reliable estimate can be made. Onerous fixed-price contract provisions are assessed in accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'. Onerous provisions are calculated on a least net cost basis, which includes unavoidable costs only, while comparing these costs to the cost of cancelling a contract and incurring early termination fees. The cost of fulfilling a contract includes both the incremental costs of fulfilling the contract and an allocation of other costs which relate directly to fulfilling the contract.

Legal claims

In the ordinary course of business, the Group is subject to various claims, litigation and complaints. An associated provision is recognised if it is probable that a liability has been incurred and the amount can be reliably estimated.



Share-based payments

Certain employees of the Group receive part of their remuneration in the form of conditional awards of shares based on the performance of the Group. Equity-settled transactions with employees are measured at fair value at the date on which they are granted. The fair value is determined using a Monte Carlo simulation model. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become entitled to the award (the vesting date). The cumulative expense recognised for equity-settled transactions at each balance sheet date, until the vesting date, reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The cumulative expense also includes the estimated future charge to be borne by the Group in respect of social security contributions, based on the intrinsic unrealised value of the awards using the share price at the balance sheet date. The net income or expense for a period represents the difference in cumulative expense recognised at the beginning and end of that period.

Where the terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Where an equity-settled award is forfeited, due to vesting conditions being unable to be met, the cumulative expense previously recognised is reversed with a credit recognised in the Consolidated Income Statement. If a new award is substituted for the cancelled award, the new award is measured at fair value at the date on which it is granted.

Earnings per share

Earnings per share is calculated using the weighted average number of common shares and common share equivalents outstanding during each period excluding treasury shares. The potentially dilutive effect of outstanding performance shares is reflected as share dilution in the computation of diluted earnings per share.

Lease liabilities and right-of-use assets

The Group applies IFRS 16 'Leases' and assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease, which is the date the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets which varies as follows:

Vessels	2 to 5 years
Operating equipment	2 to 5 years
Land and buildings	3 to 10 years

The cost of a right-of-use asset includes an estimate of costs expected to be incurred by the Group on termination of the lease to reinstate the underlying asset to the condition required by the terms and conditions of the lease. The Group incurs the obligation for those costs either at the commencement date or as a consequence of having utilised the underlying asset during the period. Right-of-use assets are subject to a review for indicators of impairment at least annually.

Lease liabilities

The Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of purchase options reasonably certain to be exercised by the Group. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses an incremental borrowing rate at the lease commencement date where the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

The Group applies the short-term lease recognition exemption to its short-term leases, which are those leases which have a lease term of 12 months or less from the commencement date and do not contain a purchase option. The Group also applies the low-value assets recognition exemption to assets which are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expenses in the Consolidated Income Statement on a straight-line basis over the lease term.

Notes to the Consolidated Financial Statements continued

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies which are described in Note 3 'Significant accounting policies', management is required to make judgements, estimates and assumptions regarding the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other assumptions that management believes to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively in the period in which the estimate is revised. Management consider that there is no significant risk of the sources of estimation uncertainty resulting in a material adjustment to the carrying amounts of assets and liabilities within the next twelve months.

Revenue recognition

The Group's accounting policies under IFRS 15 'Revenue from Contracts with Customers' are detailed in Note 3 'Significant accounting policies'. Details of the Group's construction contracts-assets and construction contracts-liabilities are disclosed in Note 19, 'Construction contracts'.

Revenue recognition on long-term construction contracts

The Group accounts for long-term construction contracts using the percentage-of-completion method, which is standard practice in the industry. Contract revenue and total cost estimates are reviewed by management on a monthly basis. Any adjustments made as a result of these reviews are reflected in contract revenue or contract costs in the reporting period, based on the percentage-of-completion method.

To the extent that these adjustments result in a reduction or elimination of previously reported contract revenue or costs, a charge or credit is recognised in the Consolidated Income Statement; amounts in prior periods are not restated. Such a charge or credit may be significant depending on the size of the project, the stage of project completion and the size of the adjustment. Additional information that enhances and refines the estimating process is often obtained after the balance sheet date but before the issuance of the Consolidated Financial Statements, which may result in an adjustment to the Consolidated Financial Statements based on events, favourable or unfavourable, occurring after the balance sheet date.

The percentage-of-completion method requires management to make reliable estimates of costs incurred, full project contract costs and full project contract revenue. The Group's Project Monthly Status Reports (PMSRs) evaluate the likely outcome of each individual project for the purpose of making reliable estimates of cost, revenue and progression, measured either by cost or physical progression. A key element of the PMSRs is the estimate of contingency. Contingency is an estimate of the costs required to address the potential future outcome of identified project risks. The Group uses a systematic approach in estimating contingency based on project size. This approach utilises a project-specific risk register in order to identify and assess the likelihood and impact of these risks. The most significant risks and uncertainties in the Group's projects typically relate to the offshore phase of operations. Identified risks that materialise may result in increased costs. Contingency associated with identified risks is removed from the full project cost estimate throughout the remaining life of the project if the identified risks have not, or are not, expected to materialise.

Revenue recognition on variable consideration

A significant portion of the Group's revenue is billed under fixed-price contracts. Due to the nature of the services performed, variation orders and claims are common. A variation order is an instruction by the client for a change in the scope of the work to be performed under the contract which may lead to an increase or a decrease in contract revenue based on changes in the specifications or design of an asset and changes in the duration of the contract.

A claim is an amount that may be collected as reimbursement for costs not included in the contract price. A claim may arise from delays caused by clients, errors in specifications or design, and disputed variations in contract work. The measurement of revenue arising from claims is subject to a high level of uncertainty and is dependent on the outcome of negotiations.

Recognition of revenue on variation orders and claims is governed by the Group's revenue recognition approval policy.

Goodwill carrying amount

Goodwill is tested at least annually to assess whether there is objective evidence to indicate that the carrying amount of goodwill requires impairment. The impairment review is performed on a value-in-use basis which requires the estimation of future cash flows. Further details relating to the impairment review process are disclosed in Note 13 'Goodwill'.

Determination of cash-generating unit (CGU)

For management and reporting purposes, the Group has one reportable segment which represents the smallest identifiable group of assets. The heavy transport vessels are interchangeable in terms of type of cargo and geographical area in which they can operate. This allows flexibility for the Group to utilise one vessel to fulfil several contracts or utilise more than one vessel to fulfil one contract. The heavy transport vessels can be utilised for cargo voyages and in transporting required equipment in order to fulfil the Group's fixed offshore wind projects. Again, in this respect the vessels are interchangeable and can be used to fulfil more than one contract at the same time. The Group's remaining vessels are a mix of cable lay and heavy lift. Depending on the nature of the work being undertaken for the client in a particular project, one vessel may be required to perform a mix of this work or a specific part of the contract. The work undertaken during a contract with a client is complex, with vessel substitution often occurring dependent on the Group's mix of other current projects, and management therefore manages the fleet as a portfolio and thus identifies it as one CGU.

Property, plant and equipment and impairment assessment

Property, plant and equipment is recorded at cost and depreciation is recorded on a straight-line basis over the useful lives of the assets. Management uses its experience to estimate the remaining useful life and residual value of an asset. A review for indicators of impairment is performed at each reporting date. When events or changes in circumstances indicate that the carrying amount of property, plant and equipment may not be recoverable, a test for impairment is carried out by management.



Recognition of provisions and disclosure of contingent liabilities

In the ordinary course of business, the Group becomes involved in contract disputes from time-to-time due to the nature of its activities as a contracting business involved in multiple long-term projects at any given time. The Group recognises provisions to cover the expected risk of loss to the extent that negative outcomes are likely and reliable estimates can be made. The final outcomes of these contract disputes are subject to uncertainties as to whether or not they develop into a formal legal action and therefore the resulting liabilities may exceed the liability anticipated by management.

Furthermore, the Group may be involved in legal proceedings from time-to-time; these proceedings are incidental to the ordinary conduct of its business. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. It is reasonably possible that the final resolution of any litigation could require the Group to incur additional expenditures in excess of provisions that it may have previously recognised.

Management uses its judgement in determining whether the Group should recognise a provision or disclose a contingent liability. These judgements include whether the Group has a present obligation and the probability that an outflow of economic resource is required to settle the obligation. Management may also use its judgement to determine the amount of the obligation or contingent liability. Management uses external advisers to assist with some of these judgements. Further details relating to provisions and contingent liabilities are shown in Note 25 'Provisions' and Note 26 'Commitments and contingent liabilities'.

Measurement of onerous fixed-price contract provisions in business combinations

The Group recognises provisions for onerous fixed-price contracts where the required fair value exercise indicates that the costs of completing a project acquired in a business combination exceed the economic benefit. Judgement is applied to determine the underlying events or conditions leading to the contract becoming onerous to ensure that the facts and circumstances existed at the date of the business combination. Onerous fixed-price contract provisions are assessed in accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'. Fixed-price onerous provisions are calculated on a least net cost basis, which includes unavoidable costs only, while comparing these costs to the cost of cancelling a contract and incurring early termination fees. During the year, the Group increased provisional amounts recognised in respect of an onerous fixed-price contract provision by \$35.3 million with a corresponding increase of the same amount to goodwill (Note 12).

Taxation

The Group is subject to corporate income tax in numerous jurisdictions and significant judgement is required in calculating the consolidated tax position. There are transactions for which the ultimate tax determination is uncertain and for which the Group makes provisions based on internal assessments, experience and appropriate external advice, including in respect of the recognition of assets relating to the future recoverability of tax losses and other attributes.

Each year a detailed review of the Group's uncertain tax treatments and provisions is undertaken. Where the outcome of these reviews differs from the amounts previously recorded, the difference will impact the tax charge in the period in which the outcome is determined. Details of key judgements and other issues considered are set out in Note 9 'Taxation'.

5. SEGMENT INFORMATION

For management and reporting purposes, the Group has one operating segment. The Chief Operating Decision Maker (CODM) is the Chief Executive Officer of the Group. The CODM reviews internal financial information for the Group as a single economic environment, operating predominantly in the fixed offshore wind market. Factors such as geographical areas or regulatory environments are not used by the CODM for determining resource allocation or for assessing performance.

Disclosure of geographical information from external clients is provided below. The disaggregation of the Group's revenue from contracts with customers, all recognised over time, represents \$1,095.1 million fixed-price (2021: \$1,259.8 million) and \$23.9 million day-rate (2021: \$0.2 million).

Two clients in the year individually accounted for more than 10% of the Group's revenue. The revenue from these clients was as follows: Client A \$500.0 million (2021: \$793.3 million) and Client B \$171.2 million (2021: \$150.2 million).



Notes to the Consolidated Financial Statements continued

5. SEGMENT INFORMATION CONTINUED

Geographic information

Revenue from external clients

Based on the country of registered office of the Group's subsidiaries or branches, revenue is split as follows:

For the year ended (in \$ millions)	2022 31 Dec	2021 31 Dec
United Kingdom	501.9	793.8
Netherlands	265.6	173.2
Taiwan	177.1	172.0
Norway	138.3	32.6
Germany	36.1	86.3
United States of America	–	1.9
Other countries	–	0.2
	1,119.0	1,260.0

Non-current assets

Based on the country of registered office of the Group's subsidiaries or branches, non-current assets excluding goodwill, derivative financial instruments and deferred tax assets are located in the following countries:

At (in \$ millions)	2022 31 Dec	2021 31 Dec
Norway	527.5	452.2
Netherlands	449.8	480.6
Germany	63.9	20.9
Other countries	0.6	0.8
	1,041.8	954.5

6. NET OPERATING INCOME

Net operating loss includes:

For the year ended (in \$ millions)	2022 31 Dec	2021 31 Dec
Research and development costs	0.2	0.2
Employee benefits	89.0	70.5
Depreciation of property, plant and equipment (Note 14)	67.9	53.1
Amortisation of right-of-use assets (Note 15)	22.3	10.2
Lease expense for short-term leased assets	264.8	160.0
Variable lease payments not included within lease liabilities	–	1.0
Net increase in allowances for expected credit losses for financial assets	0.2	0.1
Net (decrease)/increase in allowances for expected credit losses for construction contract assets (Note 20)	(0.2)	0.2
Net credit impairment for financial assets (Note 27)	1.1	–
Auditor's remuneration	0.8	1.1

The total fees chargeable to the Group by the principal auditing firm Ernst & Young AS and other member firms of Ernst & Young Global Limited were:

For the year ended (in \$ millions)	2022 31 Dec	2021 31 Dec
Audit fees	0.7	1.0
Tax fees	0.1	0.1
	0.8	1.1

Audit fees constitute charges incurred for the audit of the consolidated and statutory financial statements of Seaway 7 ASA and certain subsidiaries. Fees were primarily incurred in connection with the year ended 31 December 2022.

Tax fees constitute charges incurred for professional services rendered by the Group's principal auditor and their member firms relating to the provision of tax advice and tax compliance services for work undertaken during the year ended 31 December 2022. Fees were primarily incurred in connection with the year ended 31 December 2022.



The Group's Audit Committee policy requires pre-approval of audit and non-audit services prior to the appointment of the providers of professional services together with highlighting excluded services which the Group's principal auditor cannot provide. The Audit Committee delegates approval to the Chief Financial Officer based on predetermined limits. The Audit Committee pre-approved or, in cases where pre-approval was delegated, ratified all audit and non-audit services, provided by the Group's principal auditor, to Seaway 7 ASA and its subsidiaries during the year ended 31 December 2022.

Reconciliation of operating expenses and administrative expenses by nature

For the year ended (in \$ millions)	31 Dec 2022			31 Dec 2021		
	Operating expenses	Administrative expenses	Total expenses	Operating expenses	Administrative expenses	Total expenses
Direct project related costs, including procurement	630.4	–	630.4	935.5	–	935.5
Employee benefits	70.4	18.6	89.0	54.2	16.3	70.5
Depreciation, amortisation and mobilisation	87.6	2.6	90.2	60.8	2.5	63.3
Lease expense for short-term leased assets	264.8	–	264.8	160.0	–	160.0
Variable lease expense not included within lease liabilities	–	–	–	1.0	–	1.0
Net increase in allowances for expected credit losses for financial assets	0.2	–	0.2	0.1	–	0.1
Net (decrease)/increase in allowances for expected credit losses for construction contract assets	(0.2)	–	(0.2)	0.2	–	0.2
Net credit impairment for financial assets	1.1	–	1.1	–	–	–
Other expenses	77.1	16.7	93.8	58.8	9.5	68.3
Total	1,131.4	37.9	1,169.3	1,270.6	28.3	1,298.9

7. OTHER GAINS AND LOSSES

For the year ended (in \$ millions)	2022 31 Dec	2021 31 Dec
Gains on disposal of property, plant and equipment	0.3	0.1
Gain on disposal of leased asset	0.2	–
Net foreign currency exchange losses	(17.4)	(4.5)
Other non-operating expense	(0.4)	–
Total	(17.3)	(4.4)

Net foreign currency exchange losses include fair value gains/(losses) on embedded derivatives.

8. FINANCE INCOME AND FINANCE COSTS

For the year ended (in \$ millions)	2022 31 Dec	2021 31 Dec
Interest on financial assets measured at amortised cost	1.0	–
Total finance income	1.0	–
For the year ended (in \$ millions)	2022 31 Dec	2021 31 Dec
Interest and fees on financial liabilities measured at amortised cost	7.3	4.5
Total borrowing costs	7.3	4.5
Less: amounts capitalised and included in the cost of qualifying assets	(7.2)	(0.6)
	0.1	3.9
Interest on lease liabilities	2.0	0.9
Total finance costs	2.1	4.8

Borrowing costs included in the cost of qualifying assets during the year were calculated by applying to expenditure on such assets at an average capitalisation rate of 5.6% dependent on the funding source (2021: 4.3%).



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9. TAXATION

Tax recognised in the Consolidated Income Statement

For the year ended (in \$ millions)	2022 31 Dec	2021 31 Dec
Tax charged/(credited) in the Consolidated Income Statement		
Current tax:		
Corporation tax on income for the year	7.7	13.7
Adjustments in respect of prior years	4.0	1.4
Total current tax	11.7	15.1
Deferred tax charge	1.1	0.2
Adjustments in respect of prior years	(0.8)	(0.9)
Total	12.0	14.4

Reconciliation of the total tax charge

Income taxes have been provided for in accordance with IAS 12 'Income Taxes', based on the tax laws and rates in the countries where the Group operates and generates taxable income. The reconciliation below uses a tax rate of 22% (2021: 22%) which represents the Norwegian corporate tax rate applicable to Seaway 7 ASA.

For the year ended (in \$ millions)	2022 31 Dec	2021 31 Dec
Loss before taxes	(68.7)	(48.1)
Tax at the Norwegian corporate tax rate of 22% (2021: 22%)	(15.1)	(10.6)
Effects of:		
Different tax rates of subsidiaries operating in other jurisdictions	0.1	3.2
Tax effect of foreign exchange differences	–	(0.1)
Net effect of tonnage tax regimes	5.4	7.5
Non-deductible expenses and other permanent differences	7.0	3.4
Losses for which no tax benefit is recognised	6.0	1.5
Movement in unprovided deferred tax	0.1	9.9
Revisions to uncertain tax provisions	–	(0.9)
Withholding taxes	5.3	–
Adjustments related to prior years	3.2	0.5
Tax charge in the Consolidated Income Statement	12.0	14.4

Deferred tax

Movements in the net deferred tax balance were:

(in \$ millions)	2022	2021
At year beginning	(0.7)	(1.3)
Charged to:		
Consolidated Income Statement	0.3	0.7
Exchange differences	(0.3)	(0.1)
At year end	(0.7)	(0.7)



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The main categories of deferred tax assets and liabilities recognised in the Consolidated Balance Sheet, before offset of balances within countries where permitted, were as follows:

At 31 December 2022

(in \$ millions)	Deferred tax asset	Deferred tax liability	Net recognised deferred tax asset/(liability)
Tax losses	1.5	–	1.5
Other temporary differences	0.1	(2.3)	(2.2)
Total	1.6	(2.3)	(0.7)

At 31 December 2021

(in \$ millions)	Deferred tax asset	Deferred tax liability	Net recognised deferred tax liability
Other temporary differences	0.6	(1.3)	(0.7)
Total	0.6	(1.3)	(0.7)

Deferred tax is analysed in the Consolidated Balance Sheet, after offset of balances within countries, as:

At (in \$ millions)	2022 31 Dec	2021 31 Dec
Deferred tax assets	0.1	0.6
Deferred tax liabilities	(0.8)	(1.3)
Total	(0.7)	(0.7)

As at 31 December 2022, the Group had tax losses of \$125.6 million (2021: \$91.2 million) available for offset against future taxable income. A deferred tax asset has only been recognised for losses to the extent that they are able to offset a deferred tax liability in the same country. No deferred tax asset has been recognised in respect of other losses as it is not considered probable that there will be sufficient future taxable income available for offset in the foreseeable future.

In addition, the Group has other unrecognised deferred tax assets of \$76.8 million (2021: \$31.5 million) in respect of other temporary differences.

Tonnage tax regime

The Group has elected to have qualifying vessel activities taxed under tonnage tax regimes in Norway and the Netherlands.

In 2022, net losses incurred on activities taxed under these regimes resulted in a negative impact on the Group's tax charge of \$5.4 million (2021: \$7.5 million).

Net operating losses

Net operating losses (NOLs) to carry forward in various countries will expire as follows:

At (in \$ millions)	2022 31 Dec	2021 31 Dec
11 to 20 years	–	–
Without time limit	125.6	91.2
Total	125.6	91.2

Included in the above were \$25.9 million of net operating losses relating to the Netherlands (2021: \$25.7 million), \$57.1 million relating to Germany (2021: \$52.9 million), \$27.1 million relating to Taiwan (2021: \$nil) and \$12.4 million relating to Norway (2021: \$12.0 million).

Uncertain tax treatments

The Group's business operations are carried out worldwide and, as such, the Group can be subject to the jurisdiction of a significant number of tax authorities at any point in time.

The Group routinely has to manage tax risks in respect of permanent establishments, transfer pricing and other international tax issues. In common with other multinational companies, the conflict between the Group's global operating model and the jurisdictional approach of tax authorities can result in uncertainty as to the ultimate acceptability of the treatment of tax matters. This often results in the Group's filing positions being subject to audit, enquiry and possible re-assessment. The Group's policy is to co-operate fully with the relevant tax authorities while seeking to defend its tax positions.

The Group provides for the amount of taxes that it considers probable of being payable as a result of such audits and for which a reasonable estimate can be made. Furthermore, for each reporting period management completes a detailed review of uncertain tax positions across the Group, and makes provisions based on the probability of a liability arising. It is possible that the ultimate resolution of these uncertainties could result in tax charges that are materially higher or lower than the amounts provided for.

In the year ended 31 December 2022, the Group recorded a net decrease in its tax contingencies of \$nil (2021: \$0.9 million).



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10. DIVIDENDS

During the year ended 31 December 2022 no dividends were approved or paid (2021: \$nil).

11. EARNINGS PER SHARE

Basic and diluted earnings per share

Basic and diluted earnings per share has been calculated by dividing the net loss attributable to shareholders of the parent company by the weighted average number of shares in issuance.

On 4 November 2022, \$200 million was raised by a rights issue fully underwritten by the Group's three largest shareholders. As the shares were issued at a discount to market, a bonus fraction has been applied to the previously presented weighted average number of shares used in the calculation of basic and diluted earnings per share. In accordance with IAS 10 'Events after the Reporting Period', this represented an adjusting event with the bonus fraction shares treated as having been in issue for all periods presented.

As a result of the business combination between Subsea 7 S.A. Group's Renewables business unit and OHT ASA qualifying as a reverse acquisition, the weighted average number of shares used in the calculation is based on 314,325,054 shares for the nine-month period ended 30 September 2021 and 436,562,575 shares for the three-month period ended 31 December 2021. This amount has subsequently been adjusted for the rights issue as described in the previous paragraph.

Diluted earnings per share assumes conversion of all potentially dilutive common shares.

The net loss attributable to shareholders of the parent company and share data used in the basic and diluted earnings per share calculations were as follows:

For the year ended (in \$ millions)	2022 31 Dec	2021 31 Dec
Net loss attributable to shareholders of the parent company	(80.7)	(62.5)
Earnings used in the calculation of diluted loss per share	(80.7)	(62.5)

(Restated)		
For the year ended	2022 31 Dec Number of shares	2021 31 Dec Number of shares
Weighted average number of common shares used in the calculation of basic loss per share	556,542,184	393,232,719
Weighted average number of common shares used in the calculation of diluted loss per share	556,542,184	393,232,719

(Restated)		
For the year ended (in \$ per share)	2022 31 Dec	2021 31 Dec
Basic loss per share	(0.14)	(0.16)
Diluted loss per share	(0.14)	(0.16)

The following shares that could potentially dilute earnings per share were excluded from the calculation of diluted earnings per share due to being anti-dilutive:

For the year ended	2022 31 Dec Number of shares	2021 31 Dec Number of shares
Performance shares	611,361	1,018,935

12. BUSINESS COMBINATIONS

On 1 October 2021, the Group combined its Renewables business unit (consisting of the Group's fixed offshore wind business) with OHT ASA (renamed Seaway 7 ASA). During 2022, the Group identified adjustments to provisional amounts recognised. The adjustments were identified during the measurement period and related to facts and circumstances which existed at the date of combination. As a result 2021 comparative information has been revised as if the accounting had been completed at the combination date. The Group increased provisional amounts recognised in respect of an onerous fixed-price contract provision by \$35.3 million with a corresponding increase of the same amount to goodwill.

As a result of the above adjustment, the Group's goodwill balance at 31 December 2021 of \$70.0 million was revised to \$105.3 million.



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13. GOODWILL

(in \$ millions)

	Total
Cost	
At 1 January 2021	–
Business combination	70.0
At 31 December 2021	70.0
Adjustments to provisional amounts recognised (Note 12)	35.3
At 31 December 2021 (revised)	105.3
At 31 December 2022	105.3
Accumulated impairment	
At 31 December 2021 and 2022	–
Carrying amount	
At 31 December 2021 (revised)	105.3
At 31 December 2022	105.3

For financial management and reporting purposes, the Group is organised into one management region. The Group performed its annual goodwill impairment test at 31 December 2022.

The recoverable amount of the Group was determined based on a value-in-use calculation using pre-tax, risk adjusted cash flow projections approved by the Executive Management Team covering a five-year period from 2023 to 2027. These projections included certain considerations for climate change related risks and opportunities in the period. Future uncertainty around climate-related risks continue to be monitored including policy, regulatory, legal, technological, market and societal considerations. The present value of future cash flows is most sensitive to the terminal value assumptions – management is confident these represent the growing renewables sector within the transition to a lower carbon economy. Cash flows beyond the five-year period were extrapolated in perpetuity using a 4.0% (2021: 2.0%) growth rate to determine the terminal value. The pre-tax discount rate applied to the risk adjusted cash flow projections was 13.3% (2021: 10.6%).

Following the annual impairment review, no impairment charges were recognised for the year ended 31 December 2022.

Key assumptions used in value-in-use calculations

Management considers that the calculations of value-in-use for the Group are most sensitive to the following key assumptions:

- Adjusted EBITDA forecast;
- capital expenditure forecast;
- the pre-tax discount rate; and
- the growth rate used to extrapolate cash flows.

Adjusted EBITDA forecast – The Adjusted EBITDA forecast for the Group is dependent on a combination of factors including market size, market share, contractual backlog, gross margins, future project awards, asset utilisation and an assessment of the impacts of competition within the renewables market. Assumptions are based on a combination of internal and external studies, management judgements and historical information, adjusted for any foreseen changes in market conditions. The forecast Adjusted EBITDA in the terminal value is based on the later years of the five-year period, which is representative of management's view of achievable long-term margins. Beyond 2023 Seaway7 expects material growth in Adjusted EBITDA delivery from the business, driven by additional fleet capacity with both *Seaway Alfa* and *Seaway Ventus* operational, as well as work secured under favourable market conditions, with improved and appropriate risk-reward profiles.

Replacement capital expenditure forecast – The capital expenditure forecast for the Group is dependent on a combination of factors including market size, asset utilisation and asset age. Assumptions are based on a combination of internal and external studies, management judgements and historical information, adjusted for any foreseen changes in market conditions. Replacement capital expenditure represents the amounts estimated to maintain the function of the assets in the CGU.

Pre-tax discount rate – The pre-tax discount rate was estimated based on the weighted average cost of capital of the Group, amended to reflect a normalised capital structure for the energy sector. Risk premiums were not applied to the discount rate applied to the Group as the Group's cash flow projections were risk adjusted.

Growth rate estimates – The growth rate used to extrapolate the cash flow projections beyond the five-year period is broadly consistent with market expectations for long-term growth in the industry and assumes no significant change in the Group's market share and the range of services and products provided.



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13. GOODWILL CONTINUED

Sensitivity to changes in key assumptions

In determining the value-in-use recoverable amount for the Group, sensitivities have been applied to key assumptions. The fixed offshore wind market in which the Group primarily operates is dependent on the global transition to lower-carbon energy sources. The timing of investments in fixed offshore wind projects can be dependent on decisions by government and regulatory related factors, and this could lead to changes in the Group's future cash flows which are greater than the sensitivity ranges applied.

In the performance of sensitivity analysis the impacts of the following changes to key assumptions were assessed:

- forecast Adjusted EBITDA – a 10% increase and decrease in the assumptions during the five-year period from 2023 – 2027, and the Adjusted EBITDA upon which terminal values have been calculated;
- replacement capital expenditure forecast – a 25% increase and decrease in the forecast replacement capital expenditure assumptions during the five-year period from 2023 – 2027, and the capital expenditure upon which terminal values have been calculated;
- pre-tax discount rate – an increase and decrease by 2 percentage points; and
- growth rate – an increase and decrease by 2 percentage points.

Changes to any of the key assumptions used in the sensitivity analysis would not, in isolation, cause the recoverable amount of the Group to be less than their carrying amount. If the replacement capital expenditure is equal to the annual depreciation charge used in the calculation of the terminal value in the value-in-use model, the recoverable amount would equal carrying amount.

14. PROPERTY, PLANT AND EQUIPMENT

(in \$ millions)	Vessels	Operating equipment	Land and buildings	Other assets	Total
Cost					
At 1 January 2021	707.6	47.3	17.5	3.7	776.1
Additions	73.6	17.3	–	3.0	93.9
Acquisition of businesses	290.5	–	–	1.2	291.7
Exchange differences	0.4	0.1	–	(0.2)	0.3
Transfers	(6.0)	2.9	–	3.1	–
Disposals	–	–	(0.2)	(0.9)	(1.1)
At 31 December 2021	1,066.1	67.6	17.3	9.9	1,160.9
Additions	69.8	2.5	–	8.1	80.4
Exchange differences	–	0.1	(0.4)	(0.8)	(1.1)
Transfers	7.2	5.0	–	(12.2)	–
Disposals	–	(1.4)	–	(0.2)	(1.6)
At 31 December 2022	1,143.1	73.8	16.9	4.8	1,238.6
Accumulated depreciation and impairment					
At 1 January 2021	141.9	33.3	0.8	2.8	178.8
Charge for the year	39.8	11.7	1.0	0.6	53.1
Exchange differences	0.4	0.1	–	–	0.5
Transfers	1.5	(1.8)	–	0.2	(0.1)
Eliminated on disposals	–	–	(0.1)	(0.9)	(1.0)
At 31 December 2021	183.6	43.3	1.7	2.7	231.3
Charge for the year	64.6	1.8	0.7	0.8	67.9
Exchange differences	(1.9)	(0.1)	–	(0.1)	(2.1)
Eliminated on disposals	–	(1.2)	–	–	(1.2)
At 31 December 2022	246.3	43.8	2.4	3.4	295.9
Carrying amount:					
At 31 December 2021	882.5	24.3	15.6	7.2	929.6
At 31 December 2022	896.8	30.0	14.5	1.4	942.7

The table above includes assets under construction of \$278.6 million at 31 December 2022 (2021: \$226.0 million).

An impairment test was performed on the balances of property, plant and equipment at 31 December 2022, no impairment charges were recognised (2021: \$nil). Details of the CGU impairment test are disclosed in Note 13, 'Goodwill'.



15. RIGHT-OF-USE ASSETS

(in \$ millions)

	Vessels	Operating equipment	Land and buildings	Other assets	Total
Cost					
At 1 January 2021	–	–	10.1	2.1	12.2
Additions	16.2	8.6	0.4	0.2	25.4
Acquisition of businesses	–	–	3.0	–	3.0
Exchange differences	(0.4)	(0.6)	(0.4)	0.1	(1.3)
Remeasurement	–	–	(0.3)	(0.1)	(0.4)
Disposals	–	–	–	(0.3)	(0.3)
At 31 December 2021	15.8	8.0	12.8	2.0	38.6
Additions	39.0	–	0.3	–	39.3
Exchange differences	–	(0.5)	0.1	–	(0.4)
Remeasurement	54.3	5.6	(2.8)	–	57.1
Disposals	–	–	(2.9)	–	(2.9)
At 31 December 2022	109.1	13.1	7.5	2.0	131.7
Accumulated amortisation and impairment					
At 1 January 2021	–	–	3.2	0.9	4.1
Charge for the year	3.2	4.3	2.2	0.5	10.2
Exchange differences	(0.1)	(0.3)	–	–	(0.4)
Eliminated on disposals	–	–	–	(0.2)	(0.2)
At 31 December 2021	3.1	4.0	5.4	1.2	13.7
Charge for the year	16.0	3.8	2.0	0.5	22.3
Exchange differences	(0.1)	(0.3)	(0.1)	–	(0.5)
Eliminated on disposals	–	–	(2.9)	–	(2.9)
At 31 December 2022	19.0	7.5	4.4	1.7	32.6
Carrying amount:					
At 31 December 2021	12.7	4.0	7.4	0.8	24.9
At 31 December 2022	90.1	5.6	3.1	0.3	99.1

The Group leases vessels, operating equipment and properties with contracts which are typically for fixed periods but may have extension options used to maximise operational flexibility. The majority of extension and termination options held are exercisable only by the Group not the respective lessors. Lease liabilities are disclosed within Note 23 'Lease liabilities'. Commitments to leases which have not yet commenced are disclosed within Note 26 'Commitments and contingent liabilities'.

An impairment test was performed on the balances at 31 December 2022; no impairment charges were recognised (2021: \$nil). Details of the CGU impairment test are disclosed in Note 13, 'Goodwill'.



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16. INVENTORIES

At (in \$ millions)	2022 31 Dec	2021 31 Dec
Materials and non-critical spares	0.2	1.3
Consumables	7.5	4.6
Total	7.7	5.9

For the year ended (in \$ millions)	2022 31 Dec	2021 31 Dec
Total cost of inventory charged to the Consolidated Income Statement	28.5	5.3
Write-down of inventories charged to the Consolidated Income Statement	–	–
Reversal of provision for obsolescence credited to the Consolidated Income Statement	–	–

At 31 December 2022 inventories included a provision for obsolescence of \$1.0 million (2021: \$1.1 million). There were no inventories pledged as security.

17. TRADE AND OTHER RECEIVABLES

At (in \$ millions)	2022 31 Dec	2021 31 Dec
Trade receivables	49.3	104.4
Allowance for expected credit losses	(0.4)	(0.2)
Allowance for credit impairment	(1.1)	–
	47.8	104.2
Other receivables	1.7	2.3
Advances to suppliers	–	0.3
Indirect taxes receivable	13.0	8.0
Total	62.5	114.8

Details of how the Group manages its credit risk and further analysis of the trade receivables balance, allowances for expected credit losses and allowances for credit impairment are shown in Note 27 'Financial instruments'.

Other receivables include insurance receivables, customer retentions and deposits.

Other taxes receivable include value added tax, sales tax, withholding tax, social security tax and other indirect taxes.

18. OTHER ACCRUED INCOME AND PREPAID EXPENSES

At (in \$ millions)	2022 31 Dec	2021 31 Dec
Unbilled revenue	0.6	–
Prepaid expenses	11.2	3.9
Total	11.8	3.9

Prepaid expenses arise in the normal course of business and represent expenditure which has been deferred and which will be recognised in the Consolidated Income Statement within 12 months of the balance sheet date.



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19. CONSTRUCTION CONTRACTS

(in \$ millions)	Construction contracts – assets	Construction contracts – liabilities
At 31 December 2022		
Current	132.8	(67.5)
Allowance for expected credit losses	(0.8)	–
Total	132.0	(67.5)

(in \$ millions)	Construction contracts – assets	Construction contracts – liabilities
At 31 December 2021		
Current	178.4	(41.6)
Allowance for expected credit losses	(1.0)	–
Total	177.4	(41.6)

(in \$ millions)	2022 31 Dec	2021 31 Dec
Revenue recognised which was included in construction contract liabilities at beginning of year	41.6	27.2
Revenue recognised from performance obligations satisfied in previous periods	2.3	1.9

Revenue recognised which was included in construction contract liabilities at the beginning of the year of \$41.6 million (2021: \$27.2 million) represents amounts included within the construction contract liabilities balance at 1 January 2022 which have been recognised as revenue during the year. Revenue recognised from performance obligations satisfied in previous periods of \$2.3 million (2021: \$1.9 million) represents revenue recognised in the Consolidated Income Statement for projects which were considered operationally complete at the prior year end.

Significant movements in the construction contract asset and construction contract liability balances

The Group has construction contract asset and construction contract liability balances as a result of long-term projects. Details of the Group's treatment of performance obligations are disclosed in Note 3 'Significant accounting policies'. Due to the number and size of projects within the Group, construction contract asset and liability balances can vary significantly at each reporting date. Cumulative adjustments to revenue are most commonly caused by a change to the estimate of the transaction price due to a reassessment of the constraint to variable consideration, awarded variation orders, scope changes or amendments to the cost profile.

The decrease during 2022 in construction contract assets of \$45.4 million and the increase in construction contract liabilities of \$25.9 million, in comparison to the balances at 31 December 2021, were driven primarily by activity in Europe, UK and Taiwan.

Construction contract assets

An analysis of the ageing of construction contract assets at the balance sheet date has not been provided. Due to the nature of the balances and the fact that the Group invoices on a milestone basis, the ageing of construction contract assets is not reflective of the credit risk associated with these balances.

The movement in the allowance for expected credit losses in respect of net construction contract assets during the year was as follows:

(in \$ millions)	2022 31 Dec	2021 31 Dec
Allowance for expected credit losses		
At year beginning	(1.0)	–
Balance recognised at 1 October 2021	–	(0.8)
Decrease/(increase) in allowance recognised in profit or loss	0.2	(0.2)
At year end	(0.8)	(1.0)

On 1 October 2021 \$0.8 million was recognised as an allowance for expected credit losses following the business combination between the Subsea 7 S.A. Group's Renewables business unit and OHT ASA. Prior to this date, expected credit losses were not recognised in the reporting segment of the Subsea 7 S.A. Group's Renewables business unit. The allowance for expected credit losses remained constant during 2022 due to fluctuations in the mix of customers, the size of receivables due and the default probability.

At 31 December 2022 the allowance for credit impairment recognised in connection with construction contract assets was \$nil (2021: \$nil).

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19. CONSTRUCTION CONTRACTS CONTINUED

Transaction price allocated to the remaining performance obligations

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) was as follows:

At 31 December 2022

(in \$ millions)	Expected year of execution				Total
	2023	2024	2025	2026 and beyond	
Renewables	367.3	392.6	83.9	0.4	844.2
Total	367.3	392.6	83.9	0.4	844.2

At 31 December 2021

(in \$ millions)	Expected year of execution				Total
	2022	2023	2024	2025 and beyond	
Renewables	882.0	168.9	186.4	0.4	1,237.7
Total	882.0	168.9	186.4	0.4	1,237.7

The estimate of the transaction price does not include any amounts of variable consideration which are constrained.

20. CASH AND CASH EQUIVALENTS

At (in \$ millions)

	2022 31 Dec	2021 31 Dec
Cash and cash equivalents	9.0	22.0

21. ISSUED SHARE CAPITAL

Authorised shares

	2022 31 Dec Number of shares	2022 31 Dec in \$ millions	2021 31 Dec Number of shares	2021 31 Dec in \$ millions
Authorised common shares, NOK 0.10 par value	873,125,150	9.1	436,562,575	4.9

Issued shares

	2022 31 Dec Number of shares	2022 31 Dec in \$ millions	2021 31 Dec Number of shares	2021 31 Dec in \$ millions
Fully paid and issued common shares	873,125,150	9.1	436,562,575	4.9

On 4 November 2022, as a result of the rights issue, the Group issued 436,562,575 shares at a par value of NOK 0.10 per share. Share premium was recognised equivalent to \$201.4 million.

Subject to shareholder approval, the Board of Directors has the authority to issue a further 61,118,760 shares, the authorisation for which will expire on 20 May 2023.

22. BORROWINGS

At (in \$ millions)

	2022 31 Dec	2021 31 Dec
Revolving Credit Facility – current	–	37.0
Loan from related party	37.8	64.2
Total	37.8	101.2

Commitment fees expensed during the year in respect of unused lines of credit totalled \$nil (2021: \$0.5 million).

Facilities

Loan from related party

The Group has access to funding from its ultimate parent undertaking, Subsea 7 S.A. Group, by means of an unsecured working capital facility agreement of which \$37.8 million was drawn at 31 December 2022 (2021: \$64.2 million). Funding was utilised by the Group to finance capital expenditure commitments and working capital requirements. Amounts available under the working capital facility are repayable on demand, with interest at the Secured Overnight Financing Rate (SOFR) plus 3.45%. The working capital facility agreement provides for a cash pooling arrangement, with interest calculated at SOFR plus 1%. The Group is also party to an interest netting agreement.

The Group raised \$200 million following completion of a rights issue during the fourth quarter of 2022. Following completion of the rights issue, \$300 million of Subsea 7 S.A. Group's \$700 million revolving credit and guarantee facility was committed to Seaway 7 ASA. In addition, Subsea S.A. Group has provided a committed \$150 million shareholder revolving credit facility which was unutilised at 31 December 2022.

Seaway 7 ASA Revolving Credit Facility

The amount outstanding under the facility of \$37.0 million was repaid in full in January 2022.



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23. LEASE LIABILITIES

At (in \$ millions)	2022 31 Dec	2021 31 Dec
Maturity analysis – contractual undiscounted cash flows		
Within one year	30.8	21.8
Years two to five inclusive	81.1	11.4
After five years	0.5	0.7
Total undiscounted lease liabilities	112.4	33.9
Effect of discounting	(11.7)	(7.5)
Discounted lease liabilities	100.7	26.4
Consisting of:		
Non-current	73.8	6.0
Current	26.9	20.4
Total discounted lease liabilities	100.7	26.4

Amounts recognised within the Consolidated Income Statement in relation to short-term are disclosed within Note 6 'Net operating income'. Payments related to lease liabilities disclosed within the Consolidated Cash Flow statement for the year ended 31 December 2022 were \$23.6 million (2021: \$10.0 million).

24. TRADE AND OTHER LIABILITIES

At (in \$ millions)	2022 31 Dec	2021 31 Dec
Accruals	61.4	76.7
Trade payables	25.1	31.9
Amounts due to related parties	19.3	153.1
Accrued salaries and benefits	7.2	7.6
Withholding taxes	2.5	0.1
Other taxes payable	5.2	4.8
Other current liabilities	1.4	1.3
Total	122.1	275.5

The Group has access to funding from its ultimate parent undertaking, Subsea 7 S.A. Group.

25. PROVISIONS

(in \$ millions)	Onerous fixed-price contracts	Other	Total
At 1 January 2021	–	2.4	2.4
Additional provision in the year	9.5	0.5	10.0
Acquired on business combinations	32.3	–	32.3
Utilisation of provision	(6.9)	(1.5)	(8.4)
Exchange differences	–	(0.2)	(0.2)
At 31 December 2021	34.9	1.2	36.1
Adjustments to provisional amounts recognised (Note 12)	35.3	–	35.3
At 31 December 2021 (revised)	70.2	1.2	71.4
Additional provision in the year	21.3	–	21.3
Utilisation of provision	(34.8)	–	(34.8)
Unused amounts released during the year	(14.3)	–	(14.3)
Exchange differences	0.5	–	0.5
At 31 December 2022	42.9	1.2	44.1

At (in \$ millions)	2022 31 Dec	2021 31 Dec
Consisting of:		
Non-current provisions	11.1	48.1
Current provisions	33.0	23.3
Total	44.1	71.4

Onerous fixed-price contract provisions relate to projects where total forecast costs at completion exceed the expected transaction price.



Notes to the Consolidated Financial Statements continued

26. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments

The Group's commitments at 31 December 2022 consisted of:

- commitments to purchase property, plant and equipment from external suppliers of \$346.5 million (2021: \$360.6 million), including commitments related to *Seaway Alfa Lift*, an offshore wind foundation installation vessel, and *Seaway Ventus*, an offshore wind turbine installation vessel; and
- short-term lease commitments totalling \$7.0 million (2021: \$0.1 million).

Contingent liabilities

Contingent liabilities not recognised in the Consolidated Balance Sheet

The Group is subject to tax audits and receives tax assessments in a number of jurisdictions where it has, or has had, operations. The estimation of the ultimate outcome of these audits and disputed tax assessments is complex and subjective. The likely outcome of the audits and associated cash outflow, if any, may be impacted by technical uncertainty and the availability of supporting documentation.

In the ordinary course of business, various claims, legal actions and complaints have been filed against the Group in addition to those specifically referred to above. The Group typically also provides contractual warranties for the repair of defects which are identified during a contract and within a defined period thereafter. Liability exposure levels are monitored by management and risk transfer mechanisms arranged where deemed appropriate. Although the final resolution of any of these matters could have a material effect on its operating results for a particular reporting period, management believes that it is not probable that these matters would materially impact the Group's Consolidated Financial Statements.

27. FINANCIAL INSTRUMENTS

Details of the significant accounting policies adopted including the classification, basis of measurement and recognition of income and expense in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 'Significant accounting policies'.

Classification of financial instruments

Financial instruments are classified as follows:

At (in \$ millions)	2022 31 Dec Carrying amount	2021 31 Dec Carrying amount
Financial assets		
Restricted cash	–	1.3
Cash and cash equivalents (Note 20)	9.0	22.0
Financial assets mandatorily measured at fair value through profit or loss:		
Embedded derivatives	5.9	2.3
Financial assets measured at amortised cost:		
Net trade receivables (Note 17)	47.8	104.2
Other financial receivables	1.1	2.1
Financial liabilities		
Financial liabilities mandatorily measured at fair value through profit or loss:		
Embedded derivatives	(12.2)	(1.7)
Financial liabilities measured at amortised cost:		
Trade payables (Note 24)	(25.1)	(31.9)
Lease liabilities (Note 23)	(100.7)	(26.4)
Borrowings (Note 22)	(37.8)	(101.2)
Other financial payables	(1.1)	(0.9)

Fair value

The carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Consolidated Financial Statements approximate their fair values due to their short-term nature or contractual cash flow characteristics.



Financial instruments – gains and losses recognised within profit or loss

The Group's financial instruments resulted in the recognition of the following in the Consolidated Income Statement:

For the year ended (in \$ millions)	2022 31 Dec	2021 31 Dec
Interest income from financial assets measured at amortised cost	1.0	–
Interest cost and fees from financial liabilities measured at amortised cost	(7.3)	(4.5)
Net fair value gains on financial assets measured at fair value through profit or loss	3.6	2.3
Net fair value losses on financial liabilities measured at fair value through profit or loss	(10.5)	(1.7)

Fees incurred in connection with financial instruments

Total fees incurred during the year in connection with financial instruments measured at amortised cost were \$nil (2021: \$0.5 million).

Cash and cash equivalents

At 31 December 2022 the Group held cash and cash equivalents on demand of \$9.0 million (2021: \$22.0 million).

Financial instruments mandatorily measured at fair value through profit or loss

The Group classifies its financial assets at fair value through profit or loss if classified as one of the following:

- debt instruments that do not qualify for measurement at either amortised cost or at fair value through other comprehensive income;
- equity investments that are held for trading; or
- derivative financial instruments.

Financial assets measured at amortised cost

The Group classifies its financial assets at amortised cost only if both of the following criteria are met: the asset is held within a business model with the objective of collecting the contractual cash flows; and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Financial risk management objectives

The Group monitors and manages the financial risks relating to its financial operations through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (consisting of currency risk and fair value interest rate risk), credit risk and liquidity risk. The Group seeks to minimise the effects of these risks by using a variety of financial instruments to hedge these financial risk exposures.

Derivative financial instruments are used exclusively for hedging purposes and not as trading or speculative instruments. During the years ended 31 December 2022 and 31 December 2021 the Group did not apply hedge accounting.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group, through the treasury function of its ultimate parent undertaking, Subsea 7 S.A. Group, may enter into derivative financial instruments to manage its exposure to foreign currency risks, including forward foreign exchange contracts to hedge the exchange rate risk arising on future revenue, operating expenditures and capital expenditures.

In the year ended 31 December 2022, there was no significant change to the Group's exposure to market risks or the manner in which it managed and measured the risk.

Foreign currency risk

The Group conducts operations in many countries and, as a result, is exposed to foreign currency fluctuations related to revenue and expenditure in the normal course of business. The Group has in place risk management policies that seek to limit the adverse effects of fluctuations in foreign currency exchange rates on its financial performance.

The Group's reporting currency is the US Dollar. Revenue and expenses are principally denominated in the reporting currency of the Group. The Group also has significant operations denominated in British Pound Sterling and Euro as well as other cash flows in Taiwan Dollar.

Notes to the Consolidated Financial Statements continued

27. FINANCIAL INSTRUMENTS CONTINUED

Foreign currency sensitivity analysis

The Group considers that its principal currency exposure is to movements in the US Dollar against other currencies. The US Dollar is the Group's reporting currency, the functional currency of many of its subsidiaries and the currency of a significant volume of the Group's cash flows.

At 31 December 2022 the Group performed a sensitivity analysis to indicate the extent to which net income/(loss) and equity would be affected by changes in the exchange rate between the US Dollar and other currencies in which the Group transacts. The analysis is based on a strengthening of the US Dollar by 10% against each of the other currencies in which the Group has significant assets and liabilities at the end of each respective period. A movement of 10% reflects a reasonably possible sensitivity when compared to historical movements over a five-year time-frame. The Group's analysis of the impact on net income/(loss) in each year is based on monetary assets and liabilities in the Consolidated Balance Sheet at the end of each respective year.

The Group's analysis of the impact on equity includes the impacts on the translation reserve in respect of intra-group balances that form part of the net investment in a foreign operation. The amounts disclosed have not been adjusted for the impact of taxation.

A 10% strengthening in the US Dollar exchange rate against other currencies in which the Group transacts would increase net foreign currency exchange losses reported in other gains and losses and equity by \$12.1 million for the year ended 31 December 2022, driven primarily by significant operations denominated in British Pound Sterling, (2021: \$3.3 million increase to net foreign exchange gains and equity).

Forward foreign exchange contracts

The Group, through the treasury function of its ultimate parent undertaking, Subsea 7 S.A. Group, primarily enters into forward foreign exchange contracts with maturities of up to three years, to manage the risk associated with transactions with a foreign exchange exposure risk. These transactions consist of highly probable cash flow exposures relating to revenue, operating expenditure and capital expenditure. These transactions are recognised as related party balances on the Group's Consolidated Balance Sheet.

The Group does not use derivative instruments to hedge the exposure to exchange rate fluctuations from its net investments in foreign subsidiaries.

Hedge accounting

At 31 December 2022 and at 31 December 2021 none of the Group's outstanding external forward foreign exchange contracts had been designated as hedging instruments.

Embedded derivatives

The Group regularly enters into multi-currency contracts from which the cash flows may lead to embedded foreign exchange derivatives in non-financial host contracts, carried at fair value through profit or loss. Embedded foreign currency derivatives, arising from multi-currency contracts, are separated where the host contract does not qualify as a financial asset, where the transactional currency differs from the functional currencies of the involved parties and a separate instrument, with the same terms as the embedded derivative, would meet the definition of a derivative.

The fair values of the embedded derivatives at 31 December 2022 amounted to \$5.9 million related to financial assets (2021: \$2.3 million) and \$12.2 million related to financial liabilities (2021: \$1.7 million). The effects on the Consolidated Income Statement were reflected in net foreign currency gains and losses within other gains and losses.

Commodity hedging

The Group, through the treasury function of its ultimate parent undertaking, Subsea 7 S.A. Group, enters into commodity hedging to manage risk on specific exposures, swapping floating price to fixed. These transactions are recognised as related party balances on the Group's Consolidated Balance Sheet.

Interest rate risk management

The Group holds cash and cash equivalents and participates in a working capital facility with its ultimate parent undertaking, Subsea 7 S.A. Group.

Interest rate sensitivity analysis

At 31 December 2022, the Group had cash and cash equivalents and borrowings. A 1% increase in interest rates would not have a significant impact on the Group's finance cost or finance income.

The Group's facilities, as disclosed in Note 22 'Borrowings', utilise the Secured Overnight Financing Rate (SOFR) as the reference rate for borrowings, replacing the Inter-borrowing Offering Rate (IBOR).

Credit risk management

Credit risk refers to the risk that a customer or counterparty to a financial instrument will default on its contractual obligations and fail to make payment as obligations fall due resulting in financial loss for the Group. Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and derivative financial instruments.

The maximum exposure of the Group to credit-related loss of financial instruments is the aggregate of the carrying amount of the financial assets as summarised on page 76.



Financial instruments and cash deposits

The Group has adopted a policy of transacting with creditworthy financial institutions as a means of mitigating the risk of financial loss from defaults. Credit ratings are supplied by independent rating agencies. The Group's exposure and the credit ratings of its counterparties are continually monitored and the aggregate value of transactions undertaken is distributed among approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved on an annual basis and are monitored daily. The Group uses credit ratings as well as other publicly available financial information and its own trading records to rate its major counterparties.

The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Trade receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group's credit risk management practices are designed to address the risk characteristics of the key classes of financial asset. Credit exposure is controlled by counterparty limits that are reviewed and approved on an annual basis and are monitored daily. In respect of its clients and suppliers, the Group uses credit ratings as well as other publicly available financial information and its own trading records to rate its major counterparties. The assessment of the Group's exposure to credit risk includes consideration of historical and forward-looking information regarding both the financial position and performance of the counterparty and the general macro-economic environment.

Expected credit loss assessment for financial assets

Allowances are recognised as required under the IFRS 9 impairment model and continue to be carried until there are indicators that there is no reasonable expectation of recovery.

For construction contract assets and trade and other receivables which do not contain a significant financing component, the Group applies the simplified approach. This approach requires the allowance for expected credit losses to be recognised at an amount equal to lifetime expected credit losses. For other debt financial assets the Group applies the general approach to providing for expected credit losses as prescribed by IFRS 9, which permits the recognition of an allowance for the estimated expected loss resulting from default in the subsequent 12-month period. Exposure to credit loss is monitored on a continual basis and, where material, the allowance for expected credit losses is adjusted to reflect the risk of default during the lifetime of the financial asset should a significant change in credit risk be identified.

In determining expected credit losses, financial assets with the same counterparty are grouped and where appropriate expected credit losses are measured on a collective basis. In determining the level of allowance the Group uses an internal credit risk grading framework and applies judgement based on a variety of data in order to predict the likely risk of default. The Group defines default as full or partial non-payment of contractual cash flows. The determination of expected credit losses is derived from historical and forward-looking information which includes external ratings, audited financial statements and other publicly available information about customers. Determination of the level of expected credit loss incorporates a review of factors which can be indicative of default.

The majority of the Group's financial assets are expected to have a low risk of default. A review of the historical occurrence of credit losses indicates that credit losses are insignificant due to the size of the Group's clients and the nature of the services provided. The outlook for the energy industry is not expected to result in a significant change in the Group's exposure to credit losses. As lifetime expected credit losses are not expected to be significant the Group has opted not to adopt the practical expedient available under IFRS 9 to utilise a provision matrix for the recognition of lifetime expected credit losses on trade receivables. Allowances are calculated on a case-by-case basis based on the credit risk applicable to individual counterparties.

Exposure to credit risk is continually monitored in order to identify financial assets which experience a significant change in credit risk. While assessing for significant changes in credit risk the Group makes use of operational simplifications permitted by IFRS 9. The Group considers a financial asset to have low credit risk if the asset has a low risk of default; the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term; and no adverse changes in economic or business conditions have been identified which in the longer term may, but will not necessarily, reduce the ability of the counterparty to fulfil its contractual cash flow obligations. Where a financial asset becomes more than 30 days past its due date, additional procedures are performed to determine the reasons for non-payment in order to identify if a change in the exposure to credit risk has occurred.

Should a significant change in the exposure to credit risk be identified the allowance for expected credit losses is increased to reflect the risk of expected default in the lifetime of the financial asset. The Group continually monitors for indications that a financial asset has become credit impaired with an allowance for credit impairment recognised when the loss is incurred. Where a financial asset becomes more than 90 days past its due date additional procedures are performed to determine the reasons for non-payment in order to identify if the asset has become credit impaired.

The Group considers an asset to be credit impaired once there is evidence that a loss has been incurred. In addition to recognising an allowance for expected credit loss, the Group monitors for the occurrence of events that have a detrimental impact on the recoverability of financial assets. Evidence of credit impairment includes, but is not limited to, indications of significant financial difficulty of the counterparty, a breach of contract or failure to adhere to payment terms, bankruptcy or financial reorganisation of a counterparty or the disappearance of an active market for the financial asset.

A financial asset is only impaired when there is no reasonable expectation of recovery.



Notes to the Consolidated Financial Statements continued

27. FINANCIAL INSTRUMENTS CONTINUED

For trade receivables, the Group's current credit risk grading framework comprises the following categories:

Category	Description	Response
Performing	The counterparty has a low risk of default. No balances are aged greater than 30 days past due.	An allowance for lifetime ECLs is recognised where the impact is determined to be material.
Monitored	The counterparty has a low risk of default. Balances aged greater than 30 days past due have arisen due to ongoing commercial discussions associated with the close-out of contractual requirements and are not considered to be indicative of an increased risk of default.	The allowance for lifetime ECLs is increased where the impact is determined to be material.
In default	Balances are greater than 90 days past due with the ageing not being as a result of ongoing commercial discussions associated with the close-out of contractual commitments, or there is evidence indicating that the counterparty is in severe financial difficulty and collection of amounts due is improbable.	The asset is considered to be credit impaired and an allowance for the estimated incurred loss is recognised where material.
Written off	There is evidence that the counterparty is in severe financial difficulty and the Group has no realistic prospect of recovery of balances due.	The gross receivable and associated allowance are both derecognised.

The credit risk grades disclosed above are consistent with the information used by the Group for credit risk management purposes. Specific information regarding the counterparty together with past-due information and forward-looking information is utilised in order to determine the appropriate credit grading category. Trade receivables balances per the grading framework were as follows:

At (in \$ millions)	2022 31 Dec	2021 31 Dec
Performing	42.2	99.9
Monitored	6.0	4.5
In default	1.1	–
Gross carrying amount	49.3	104.4

In addition to the credit risk grading framework for trade receivables the Group uses past-due information to assess significant increases in credit risk for all financial assets. Information related to ageing of material financial assets is included within subsequent disclosures.

Trade receivables

At (in \$ millions)	2022 31 Dec	2021 31 Dec
Gross carrying amount	49.3	104.4
Allowance for expected credit losses	(0.4)	(0.2)
Allowance for credit impairments	(1.1)	–
Net carrying amount	47.8	104.2

The table below provides an analysis of the age of trade receivables at the balance sheet date. This includes details of those trade receivables which are past due, but not impaired, and trade receivables which are individually determined to be impaired.

At 31 December 2022

(in \$ millions)	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Gross carrying amount	42.2	4.2	0.1	2.8	49.3
Allowance for expected credit losses	(0.4)	–	–	–	(0.4)
Allowance for incurred credit impairments	–	–	–	(1.1)	(1.1)
Net carrying amount	41.8	4.2	0.1	1.7	47.8

At 31 December 2021

(in \$ millions)	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Gross carrying amount	99.9	–	0.1	4.4	104.4
Allowance for expected credit losses	(0.2)	–	–	–	(0.2)
Net carrying amount	99.7	–	0.1	4.4	104.2



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The movement in the allowance for expected credit losses in respect of trade receivables during the year was as follows:

(in \$ millions)	2022 31 Dec	2021 31 Dec
Allowance for expected credit losses		
At year beginning	(0.2)	–
Opening balance established at 1 October 2021	–	(0.1)
Increase in allowance recognised in profit or loss	(0.2)	(0.1)
At year end	(0.4)	(0.2)

The movement in the allowance for credit impairment in respect of trade receivables during the year was as follows:

(in \$ millions)	2022 31 Dec	2021 31 Dec
Allowance for credit impairment		
At year beginning	–	–
Increase in allowance recognised in profit or loss	(1.1)	–
At year end	(1.1)	–

Other financial assets at amortised cost

An analysis of the age of other financial assets at the balance sheet date has not been provided on the grounds of materiality. Other financial assets are typically non-recurring and are monitored on an asset-by-asset basis. Ageing is not necessarily reflective of credit risk.

At 31 December 2022 the allowances for expected credit losses and credit impairment recognised in connection with other financial assets at amortised cost were \$nil (2021: \$nil).

Concentration of credit risk

Credit risk is primarily associated with trade receivables. Net trade receivables (Note 17 'Trade and other receivables') primarily arise from a small number of clients which are owned, wholly or jointly, by independent and national energy companies which may, in turn, be funded by large financial institutions. Continual credit evaluation is performed on the recoverability of trade receivables. The following table classifies outstanding balances into three categories:

At	2022 31 Dec Category percentage	2021 31 Dec Category percentage
Clients wholly or jointly owned by national and international energy companies	62%	61%
Independent companies	38%	39%
Total	100%	100%

National energy companies are either partially or fully-owned by or directly controlled by the government of their respective country of incorporation. Both international and independent energy companies are mainly publicly or privately owned. International energy companies are generally larger in size and scope than independent companies. During the year ended 31 December 2022, two clients (2021: two clients) contributed individually to 10% or more of the Group's revenue. The revenue from these clients was \$671.2 million or 60% of total Group revenue (2021: \$943.5 million or 75%).

The five largest receivables balances by client are shown below:

At (in \$ millions)	31 Dec 2022	31 Dec 2021
Client A	19.9	42.1
Client B	9.9	18.2
Client C	6.1	14.5
Client D	3.1	12.2
Client E	2.9	3.4

The client mix for outstanding accounts receivable balances at 31 December 2022 is not the same as at 31 December 2021. The Group did not have any significant credit exposure to any single counterparty at 31 December 2022 or 31 December 2021.



Notes to the Consolidated Financial Statements continued

27. FINANCIAL INSTRUMENTS CONTINUED

Liquidity risk management

The Group has a framework for the management of short, medium and long-term funding and liquidity management requirements. The Group continually monitors forecast and actual cash flows and matches the maturity profiles of financial assets and liabilities. Liquidity risk is managed by maintaining adequate cash and cash equivalent balances and by ensuring available borrowing facilities are in place. Further details are disclosed in Note 22, 'Borrowings'.

Liquidity tables

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been prepared based on the undiscounted cash flows relating to financial liabilities based on the earliest date on which the payment can be required. Principal cash flows are as follows:

At 31 December 2022

(in \$ millions)	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Total
Borrowings	37.8	–	–	–	37.8
Trade payables	15.5	1.9	7.7	–	25.1
Lease liabilities	1.9	4.3	24.6	81.6	112.4
Total	55.2	6.2	32.3	81.6	175.3

At 31 December 2021

(in \$ millions)	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Total
Borrowings	101.2	–	–	–	101.2
Trade payables	28.6	1.2	2.1	–	31.9
Lease liabilities	1.6	3.5	16.7	12.1	33.9
Total	131.4	4.7	18.8	12.1	167.0

The following table details the Group's liquidity profile for its derivative financial instruments. The table has been prepared based on the undiscounted net cash payments and receipts on the derivative instruments that settle on a net basis. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the balance sheet date.

At 31 December 2022

(in \$ millions)	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Total
Net settled:					
Embedded derivatives	–	0.2	1.5	11.7	13.4
Total	–	0.2	1.5	11.7	13.4

At 31 December 2021

(in \$ millions)	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Total
Net settled:					
Embedded derivatives	–	0.3	0.7	0.7	1.7
Total	–	0.3	0.7	0.7	1.7



Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders of the parent company.

The capital structure of the Group consists of debt, which includes borrowings disclosed in Note 22 'Borrowings', cash and cash equivalents disclosed in Note 20 'Cash and cash equivalents' and equity attributable to shareholders of the parent company, comprising issued share capital, paid in surplus, reserves and retained earnings.

The Group monitors its capital structure using a leverage ratio of net debt to Adjusted EBITDA. The ratio calculates net debt as the principal value of borrowings and lease liabilities less cash and cash equivalents.

Reconciliation of movements in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes.

Liabilities arising from financing activities are those for which cash flows are classified in the Consolidated Cash Flow Statement as cash flows from financing activities.

(in \$ millions)	Liabilities		Equity	
	Borrowings	Lease liabilities	Equity	Total
Balance at 1 January 2022	101.2	26.4	-	127.6
Financing cash flows				
Interest paid	(7.3)	(2.0)	-	(9.3)
Repayment of external borrowings	(37.0)	-	-	(37.0)
Repayment of borrowings from related party	(157.2)	-	-	(157.2)
Proceeds from borrowings from related party	130.8	-	-	130.8
Rights issue proceeds	-	-	200.0	200.0
Rights issue issuance costs	-	-	(1.1)	(1.1)
Payments related to lease liabilities	-	(21.6)	-	(21.6)
Total financing cash flows	(70.7)	(23.6)	198.9	104.6
Non-cash changes				
Addition of lease liabilities	-	39.3	-	39.3
Disposal of lease liabilities	-	(0.2)	-	(0.2)
Interest charges	0.1	2.0	-	2.1
Remeasurement of lease liabilities	-	56.2	-	56.2
Amounts capitalised on qualifying assets	7.2	-	-	7.2
Exchange differences	-	0.6	-	0.6
Total non-cash changes	7.3	97.9	-	105.2
Balance at 31 December 2022	37.8	100.7	198.9	337.4

(in \$ millions)	Liabilities		Other	Total
	Borrowings	Lease liabilities		
Balance at 1 January 2021	35.1	8.7	-	43.8
Financing cash flows				
Interest paid	-	-	(3.9)	(3.9)
Proceeds from borrowings	29.1	-	-	29.1
Payments related to lease liabilities	-	(10.0)	-	(10.0)
Total financing cash flows	29.1	(10.0)	(3.9)	15.2
Non-cash changes				
Additions of borrowings	37.0	-	-	37.0
Addition of lease liabilities	-	28.7	-	28.7
Remeasurement of lease liabilities	-	(0.4)	-	(0.4)
Interest charges	-	0.9	3.9	4.8
Exchange differences	-	(1.5)	-	(1.5)
Total non-cash changes	37.0	27.7	3.9	68.6
Balance at 31 December 2021	101.2	26.4	-	127.6



Notes to the Consolidated Financial Statements continued

27. FINANCIAL INSTRUMENTS CONTINUED

Fair value hierarchy

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value measurement

During the year ended 31 December 2022 there were no transfers between levels of the fair value hierarchy. The Group recognises transfers between levels of the fair value hierarchy from the date of the event or change in circumstances that caused the transfer.

Assets and liabilities which are measured at fair value in the Consolidated Balance Sheet and their level of the fair value hierarchy were as follows:

At (in \$ millions)	2022 31 Dec Level 1	2022 31 Dec Level 2	2022 31 Dec Level 3	2021 31 Dec Level 1	2021 31 Dec Level 2	2021 31 Dec Level 3
Recurring fair value measurements						
Financial assets:						
Financial assets at fair value through profit or loss – embedded derivatives	–	5.9	–	–	2.3	–
Financial liabilities:						
Financial liabilities at fair value through profit or loss – embedded derivatives	–	(12.2)	–	–	(1.7)	–

Recurring fair value measurements

Financial assets and financial liabilities

Financial assets and financial liabilities which are remeasured to fair value on a recurring basis are determined as follows:

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- the fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and quotes for similar instruments;
- the fair values of embedded derivatives are calculated using quoted foreign exchange rates and yield curves derived from quoted interest rates matching maturities of the contract. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivative financial instruments.

Non-recurring fair value measurements

Assumptions used in determining fair value of financial assets and financial liabilities which are not remeasured to fair value on a recurring basis are as follows:

- the fair value of receivables and payables is based on their carrying amount which is representative of contractual amounts due and, where appropriate, incorporates expectations about future expected credit losses.



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28. RELATED PARTY TRANSACTIONS

Key management personnel

Key management personnel include the Board of Directors and the Executive Management Team. Key management personnel at 31 December 2022 included 10 individuals (2021: 10 individuals).

The Board of Directors and the Executive Management Team were formed on 1 October 2021 following the business combination between the Subsea 7 S.A. Group's Renewables business unit and OHT ASA. Prior to 1 October 2021 the Group was a reporting business unit of the Subsea 7 S.A. Group and did not have a separate Board of Directors or Executive Management Team.

Non-Executive Directors

Each member of the Board of Directors is entitled to receive an annual fee of NOK 225,000, equivalent to \$24,000 (2021: NOK 225,000) pro-rated for the period of office. In addition, Rune Magnus Lundetrae, chairman of Seaway 7 ASA, received consultancy fees of \$0.2 million (2021: \$0.2 million). Mr Lundetrae's fee is included within payments made to Primato AS as detailed in 'Other related party transactions' on page 86.

Shares and performance shares

No shares were directly held in Seaway 7 ASA by Non-Executive Directors at 31 December 2022 (2021: nil).

At 31 December 2022, Lunde3 Holding AS, a company wholly-owned by Rune Magnus Lundetrae, owned 694,744 shares in Seaway 7 ASA, representing less than 0.1% of total common shares of the Company.

Members of the Seaway 7 ASA Board of Directors held a total of 161,372 shares (2021: 144,848) at 31 December 2021 in Subsea 7 S.A., the ultimate parent company of Seaway 7 ASA. Details of this shareholding can be found in the Subsea 7 S.A. Group's Consolidated Financial Statements.

Key management

The remuneration of the Executive Management Team during the year was as follows:

For the year ended (in \$ millions)	2022 31 Dec ^(a)	2021 31 Dec ^{(a)(b)}
Salaries and other short-term employee benefits ^(c)	2.9	0.6
Other long-term benefits ^(c)	0.2	0.3
Post-employment benefits	0.1	— ^(e)
Total	3.2	0.9

(a) Amounts represent payments made to members of the Executive Management Team and associated costs incurred by the Group.

(b) Salaries and other short-term employee benefits represents payments made during the year in respect of base salary, short-term bonus payments, other short-term benefits, including private healthcare and car allowances, and the associated social security contributions made by the Group.

(c) Other long-term benefits represents the market value of the shares transferred to the participants during the year under the Subsea 7 S.A. Group's Long-term Incentive Plans. Shares transferred represent performance shares which have vested under the 2013 and 2018 Long-term Incentive Plans. The shares were transferred when the participant met the service criteria associated with the plans. Details of the Long-term Incentive Plans can be found in the Subsea 7 S.A. Group's Consolidated Financial Statements.

(d) The 2021 remuneration of the Executive Management Team represents amounts since the date of business combination.

(e) Post-employment benefits represent the cash value of defined pension contribution payments made by the Group during the year totalling less than \$0.1 million.

The remuneration for each member of the Executive Management Team during the year ended 31 December 2022 was as follows:

	Stuart Fitzgerald (Chief Executive Officer)	Mark Hodgkinson (Chief Financial Officer)	Harke Jan Meek (Chief Commercial Officer)	Maria Eidesvik (Vice President – Europe & US)	Lloyd Duthie (Vice President – UK & Asia Pacific)	Torgeir E. Ramstad (Executive Vice President – Vessels and Offshore Resources)
For the year ended (in \$ thousands)	2022 31 Dec ^{(a)(b)}	2022 31 Dec ^{(a)(b)}	2022 31 Dec ^{(a)(b)}	2022 31 Dec ^{(a)(b)(c)}	2022 31 Dec ^{(a)(b)(c)}	2022 31 Dec ^{(a)(b)(c)}
Base salary	562.6	227.4	326.2	227.4	209.4	320.8
Short-term incentive bonus ^(d)	142.3	18.9	91.4	26.6	50.5	—
Other short-term remuneration	—	—	—	—	61.9	—
Taxable benefits ^(e)	169.4	47.8	68.0	51.3	10.2	12.2
Other long-term benefits ^(f)	108.2	35.1	41.1	16.9	32.0	—
Pension contributions made by employer ^(g)	16.2	22.7	34.5	12.3	21.2	17.7
Total	998.7	351.9	561.2	334.5	385.2	350.7

(a) Amounts in the table are shown gross before deductions of income taxes and social security costs borne by the employee.

(b) Payments are made in GBP, EUR and NOK. Amounts have been translated to USD using an average rate for the year. Amounts represent cash paid in respect of the year.

(c) Maria Eidesvik and Lloyd Duthie joined the Executive Management Team on 4 April 2022. Torgeir E. Ramstad left the Executive Management Team on 1 December 2022.

(d) Short-term incentive bonus in respect of performance during the year.

(e) Taxable benefits represent the taxable value of benefits provided during the year, including private healthcare insurance and car allowances.

(f) Other long-term benefits represent the market value of the shares transferred to the participants during the year which vested under the Subsea 7 S.A. Group's 2013 and 2018 Long Term Incentive Plans. The shares were transferred when the participant met the service criteria associated with the plans. Details of the Long Term Incentive Plans are disclosed in Note 29 'Share-Based Payments'.

(g) Employer pension contributions represents the cash value of defined pension contribution payments made by the Group during the year.



Notes to the Consolidated Financial Statements continued

28. RELATED PARTY TRANSACTIONS CONTINUED

The remuneration for each member of the Executive Management Team from the date of business combination to the year ended 31 December 2021 was as follows:

	Stuart Fitzgerald (Chief Executive Officer)	Mark Hodgkinson (Chief Financial Officer)	Stephen McNeill (Chief Operating Officer)	Harke Jan Meek (Chief Commercial Officer)	Torgeir E. Ramstad (Executive Vice President – Vessels and Offshore Resources)
For the year ended (in \$ thousands)	2021 31 Dec ^{(a)(b)}	2021 31 Dec ^{(a)(b)}	2021 31 Dec ^{(a)(b)(c)}	2021 31 Dec ^{(a)(b)}	2021 31 Dec ^{(a)(b)}
Base salary	149.4	61.7	91.2	99.9	84.0
Short-term incentive bonus ^(d)	40.4	11.2	35.1	14.0	–
Taxable benefits ^(e)	24.0	12.1	39.3	19.1	12.0
Other long-term benefits ^(f)	103.8	56.2	121.2	17.3	–
Pension contributions made by employer ^(g)	4.4	6.1	9.2	8.3	4.6
Total	322.0	147.3	296.0	158.6	100.6

(a) Amounts in the table are shown gross before deductions of income taxes and social security costs borne by the employee.

(b) Payments are made in GBP, EUR and NOK. Amounts have been translated to USD using an average rate for the year. Amounts represent cash paid in respect of the year.

(c) Stephen McNeill left the Executive Management Team on 31 December 2021.

(d) Short-term incentive bonus in respect of performance during the year.

(e) Taxable benefits represent the taxable value of benefits provided during the year, including private healthcare insurance and car allowances.

(f) Other long-term benefits represent the market value of the shares transferred to the participants during the year which vested under the Subsea 7 S.A. Group's 2013 and 2018 Long-term Incentive Plans. The shares were transferred when the participant met the service criteria associated with the plans. Details of the Long Term Incentive Plans are disclosed in Note 29 'Share-Based Payments'.

(g) Employer pension contributions represents the cash value of defined pension contribution payments made by the Group during the year.

Shares and performance shares

No shares were directly held in Seaway 7 ASA by the Executive Management Team at 31 December 2022 (2021: 397,372 shares).

Members of the Executive Management Team held a total of 44,084 shares at 31 December 2021 in Subsea 7 S.A., the ultimate parent company of Seaway 7 ASA. Details of this shareholding can be found in the Subsea 7 S.A. Group's Consolidated Financial Statements.

Other related party transactions

Transactions with the Subsea 7 S.A. Group

Prior to the business combination between the Subsea 7 S.A. Group's Renewables business unit and OHT ASA, on 1 October 2021, members of the Subsea 7 S.A. Group were not considered related parties. Transactions between members of the Subsea 7 S.A. Group and the Subsea 7 S.A. Group's Renewables business unit which have taken place prior to the business combination have not been considered related party transactions.

During the period following the business combination the Group undertook related party transactions, all of which were conducted on an arm's length basis.

The Group is a non-wholly owned subsidiary of the Subsea 7 S.A. Group and the Group's results are recognised within the Subsea 7 S.A. Group's Consolidated Financial Statements.

Purchases by the Group from companies ultimately controlled by Subsea 7 S.A. including vessel charters, equipment rental, personnel charges and associated services totalling \$112.5 million (2021: \$36.4 million) were made during the year.

Revenue generated by the Group from companies ultimately controlled by Subsea 7 S.A. including vessel charters, personnel charges and associated services totalling \$1.9 million (2021: \$0.5 million) was recognised during the year.

At 31 December 2022, the Group had outstanding balances payable to companies ultimately controlled by Subsea 7 S.A. of \$19.3 million (2021: \$153.1 million) and short-term borrowings of \$37.8 million (2021: \$64.2 million).

As part of the business combination agreement between Seaway 7 ASA and Subsea 7 S.A. Group's Renewable business unit, effective from 1 October 2021, the economic interest of the Formosa 2 project, Taiwan, remained with Subsea 7 S.A. Group. During the year ended 31 December 2022, \$48.3 million was reimbursed by Subsea 7 S.A. to Seaway 7 ASA in relation to this agreement (2021: \$7.2 million).

The Group has access to funding from the Subsea 7 S.A. Group by means of an unsecured working capital facility agreement of which \$37.8 million was drawn at year end 2022 (2021: \$64.2 million). Amounts available under the working capital facility are repayable on demand, with interest at the Secured Overnight Financing Rate (SOFR) plus 3.45%. The working capital facility agreement provides for a cash pooling arrangement, with interest calculated at SOFR plus 1%. The Group is also party to an interest netting agreement.

The Group raised \$200 million following completion of a rights issue during the fourth quarter of 2022. Following completion of the rights issue, \$300 million of Subsea 7 S.A. Group's \$700 million revolving credit and guarantee facility was committed to Seaway 7 ASA. In addition, Subsea S.A. Group has provided a committed \$150 million shareholder revolving credit facility which was unutilised at 31 December 2022.



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Transactions with the Siem Group

Mr Siem is a Director of Seaway 7 ASA and is chairman of the Board of Directors of Siem Industries S.A.

Purchases by companies ultimately controlled by Siem Industries S.A. including vessel charters, provision of crew, associated services and property rental totalling \$13.0 million (2021: \$9.4 million) were made during the year.

Revenue generated by the Group from companies ultimately controlled by Siem Industries S.A. including equipment rental totalling \$nil (2021: less than \$0.1 million) was recognised during the year.

At 31 December 2022, the Group had outstanding balances payable to a company ultimately controlled by Siem Industries S.A. of \$0.6 million (2021: less than \$0.1 million).

Transactions with Primato AS

Mr Lundetree, the chairman of Seaway 7 ASA, holds a 50% shareholding in Primato AS and is a member of its Board of Directors. Payments were made during the year to Primato AS in relation to consultancy services totalling \$0.2 million (2021: \$0.2 million).

29. SHARE-BASED PAYMENTS

Share warrants

On 17 September 2020, Seaway 7 ASA (formerly OHT ASA) granted 1,018,935 equity-settled share warrants to certain key management. The warrants give the holders the right, but not the obligation, to subscribe for additional shares at a price of NOK 0.10 per share once the share price reaches a pre-determined value. The warrants are valid for five years from the date of award, expiring on 17 September 2025.

The share warrants are divided into three tranches; each tranche vests at the share price listed below:

	Number of share warrants 31 Dec 2022	Number of share warrants 31 Dec 2021	Share price ^(a) (NOK)
Tranche 1	203,787	339,645	24.00
Tranche 2	203,787	339,645	28.00
Tranche 3	203,787	339,645	32.00

(a) The share price, for the purposes of determining whether a tranche vests, is calculated based on a 10-day weighted average as quoted on the exchange on which the shares are listed.

During the year 407,574 share warrants were cancelled.

The weighted average remaining contractual life for the share warrants outstanding was 2.7 years (2021: 3.7 years).

The IFRS 2 'Share-based Payments' fair value of each share warrant granted was estimated at the award date using a Monte Carlo simulation model taking into account the terms and conditions of the share warrants. As the share warrants do not include any service or performance requirements, the associated expense was recognised in full at the grant date. There were no expenses recognised in 2022 (2021: \$nil).

Subsea 7 S.A. Long Term Incentive Plan

Certain employees of the Group receive part of their remuneration in the form of conditional share options based on the performance of the Group's ultimate parent undertaking, the Subsea 7 S.A. Group. The expenses associated with the award of share-based payments are recharged to the company in which the employee's primary activities are located by the employee's employing entity at no mark-up. Expenses associated with the award of share-based payments incurred by or recharged to the Group and recognised in the Group's Statement of Comprehensive Income during the year are as follows:

For the year ended (in \$ millions)	2022 31 Dec	2021 31 Dec
Expense arising from equity-settled share-based payment transactions:		
2018 Long-term Incentive Plan	0.5	—
2022 Long-term Incentive Plan	0.1	—
Total	0.6	—

2018 Long Term Incentive Plan

The 2018 Long-term Incentive Plan (2018 LTIP Plan) was approved by the shareholders of the Group's ultimate parent company, Subsea 7 S.A., at the Annual General Meeting on 17 April 2018 and was valid for a period up to five years until 2023. Awards under the 2018 LTIP Plan have been made in 2018, 2019, 2020 and 2021.



Notes to the Consolidated Financial Statements continued

29. SHARE-BASED PAYMENTS CONTINUED

2022 Long Term Incentive Plan

The 2022 Long-term Incentive Plan (2022 LTIP Plan) was approved by the shareholders of the Group's ultimate parent company, Subsea 7 S.A., at the Annual General Meeting on 12 April 2022, superseding the 2018 LTIP Plan, and is valid for a period of five years until 2027. The principles of the plan remained as previous years whereby a conditional award of shares is made that provides for share awards which vest over a three to five-year period subject to performance measures. A new measure of Cash Conversion Ratio (CCR) has been added to the plan and the percentage weighting of each measure adjusted to reflect this.

The 2022 LTIP Plan has a five-year term with awards being made annually in October. The aggregate number of shares which may be granted in any calendar year is limited to 0.5% of issued share capital on 1 January of that calendar year. The total number of shares that may be delivered pursuant to awards under the plan shall not exceed 11,500,000. The 2022 LTIP Plan is an essential component of the Subsea 7 S.A. Group's reward strategy and is designed to align the interests of participants with those of Subsea7's shareholders and enables participants to share in the success of the Subsea 7 S.A. Group. The 2022 LTIP Plan provides for conditional awards of shares based upon performance conditions measured over a performance period of three years. Performance conditions are based upon three measures and weightings:

- Total Shareholder Return (65%)
- Cash Conversion Ratio (20%)
- Return on Average Invested Capital (15%).

All three performance conditions are determined over a three-year period from 1 July in the year of award to 30 June three years later. Subject to the achievement of the performance conditions, awards will vest in equal tranches after three, four and five years from award date.

Total Shareholder Return based awards

The Subsea 7 S.A. Group will have to achieve a Total Shareholder Return (TSR) ranking above the median for any awards to vest. If the ranked TSR position of Subsea7 during the three-year period, as converted to a percentage, is equal to 50%, 20% of the share award will vest. If the actual ranked TSR position of Subsea7 is greater than 50% and below 90%, the vesting of the share award between 20% and 65% is determined by linear interpolation. The maximum award of 65% would only vest if the Subsea 7 S.A. Group achieved a ranked TSR position of 90% or greater.

Cash Conversion Ratio based awards

The CCR is a new measure to the 2022 LTIP Plan. This measures the conversion of Adjusted EBITDA into a form of cash. The Subsea 7 S.A. Board believes this measure is an important addition to the LTIP as it aligns with shareholder interests in making sure the business converts profitability into cash generated from its operations in a timely manner. The Subsea 7 S.A. Group can exert significant influence in achieving this goal. Furthermore it is clear and predictable, and as with the other two measures, the elements of the calculation are readily identifiable from the Group's financial statements.

CCR is calculated for each of the three years of the performance period on a quarterly basis.

Return on Average Invested Capital based awards

Return on Average Invested Capital (ROAIC) is calculated for each of the three years of the performance period on a quarterly basis.

Details of the TSR, ROAIC and CCR calculations, including further details of each Long Term Incentive Plan, are disclosed within the Subsea 7 S.A. Group's Annual Report.

Share awards granted in 2022

During 2022, awards made to employees for which the expense is recharged to the Group amounted to 252,000 shares. Under the terms of the 2022 LTIP Plan, 163,800 shares are subject to relative TSR performance measures, 37,800 are subject to ROAIC performance measures and 50,400 awards are subject to CCR performance measures.

Upon vesting, the Subsea 7 S.A. Group will withhold an amount for an employee's tax obligation associated with a share-based payment and transfer that amount, in cash, to the relevant tax authority on the employee's behalf. In 2022 the total estimated withholding tax to be transferred to relevant tax authorities was \$0.4 million (2021: \$nil). Of this total, \$0.1 million (2021: \$nil) was in relation to employee social security contributions and \$0.3 million (2021: \$nil) was in relation to income tax.

30. RETIREMENT BENEFIT OBLIGATIONS

The Group operates defined contribution pension plans.

The Group's contributions under the defined contribution pension plans are determined as a percentage of individual employees' pensionable salaries. The expense relating to these plans for the year was \$5.8 million (2021: \$4.4 million).



31. WHOLLY-OWNED SUBSIDIARIES

Seaway 7 ASA had the following wholly-owned subsidiaries at 31 December 2022.

Name	Registered in	Nature of business
OHT Alfa Lift AS	Norway	Vessel Owning
OHT Renewables UK Limited	United Kingdom	General Purpose
OHT USA LLC	United States	General Purpose
Seaway 7 Chartering AS ^(a)	Norway	General Trading
Seaway 7 Denmark A/S	Denmark	General Purpose
Seaway 7 Engineering B.V.	Netherlands	General Trading
Seaway 7 Heavy Transport AS ^(a)	Norway	General Trading
Seaway 7 Holding NL B.V. ^(a)	Netherlands	Holding
Seaway 7 Management AS	Norway	General Purpose
Seaway 7 Offshore Contractors B.V.	Netherlands	General Trading
Seaway 7 Offshore Crew B.V.	Netherlands	General Trading
Seaway 7 Offshore Installation AS ^(a)	Norway	Vessel Owning
Seaway 7 Treasury Limited ^(a)	United Kingdom	Special Purpose
Seaway 7 UK Limited	United Kingdom	General Trading
Seaway 7 Vessels B.V.	Netherlands	Vessel Owning
Seaway Aimery AS ^(a)	Norway	Vessel Owning
Seaway Albatross AS	Norway	Vessel Owning
Seaway Eagle AS	Norway	Vessel Owning
Seaway Falcon AS	Norway	Vessel Owning
Seaway Hawk AS	Norway	Vessel Owning
Seaway Heavy Lifting Contracting Limited	Cyprus	General Trading
Seaway Heavy Lifting Limited	Cyprus	General Trading
Seaway Heavy Lifting Shipping Limited	Cyprus	Vessel Owning
Seaway Moxie AS ^(a)	Norway	Vessel Owning
Seaway Offshore Cables GmbH ^(a)	Germany	General Trading
Seaway Offshore Cables Limited	United Kingdom	General Trading
Seaway Osprey AS	Norway	Vessel Owning
Seaway Phoenix AS ^(a)	Norway	Vessel Owning
Seaway Swan AS	Norway	Special Purpose
Seaway Ventus AS	Norway	Special Purpose
SHL Contracting France S.A.S.	France	General Trading
SHL Contracting Germany GmbH	Germany	General Trading
SHL Contracting US Inc.	United States	General Trading
SHL Stanislav Yudin Limited	Cyprus	Vessel Owning
VOI Option 1 AS	Norway	Special Purpose
VOI Option 2 AS	Norway	Special Purpose
VOI Option 3 AS	Norway	Special Purpose
VOI Option 4 AS	Norway	Special Purpose
VOI Vessel 2 AS	Norway	Special Purpose

^(a) Wholly-owned subsidiaries directly owned by the parent company, Seaway 7 ASA.

For all entities, the principal place of business is consistent with the place of registration.

All subsidiary undertakings are included in the Consolidated Financial Statements of the Group. The proportion of the voting rights in the subsidiary undertakings held directly by the immediate parent company do not differ from the proportion of shares held.

Details of the addresses of the registered office of each of the wholly-owned subsidiaries are available on request from Seaway 7 ASA, registered office, Askekroken 11, 0277 Oslo, Norway.



Additional Information – APMs

The Group utilises Alternative Performance Measures (APMs) when evaluating financial performance, financial position and cash flows which are not defined or specified under International Financial Reporting Standards (IFRS), as adopted by the EU. Management consider these non-IFRS measures, which are not a substitute for IFRS measures, provide stakeholders with additional information to further understand the Group's financial performance, financial position and cash flows.

APM	Description	Closest equivalent IFRS measure	Adjustments to reconcile to primary financial statements	Rationale for utilising APM
Income Statement APMs				
Adjusted EBITDA and Adjusted EBITDA margin	Adjusted earnings before interest, taxation, depreciation and amortisation represents net income/(loss) before additional specific items that are considered to impact the comparison of the Group's performance either period-on-period or with other businesses. Adjusted EBITDA margin is defined as Adjusted EBITDA divided by revenue, expressed as a percentage.	Net income/(loss)	Net income adjusted to exclude depreciation and amortisation costs, including amortisation of prepaid mobilisation expenses, impairment charges or impairment reversals, finance income, remeasurement gains and losses on business combinations, other gains and losses (including foreign exchange gains and losses, gains on disposal of subsidiaries, gains and losses resulting from remeasurement of contingent consideration, gains on distributions and bargain purchase gains on business combinations), finance costs and taxation.	Adjusted EBITDA and Adjusted EBITDA margin are important indicators of the operational strength and the performance of the Group and provide a meaningful comparative for its business units. The presentation of Adjusted EBITDA is also useful as it is similar to measures used by companies within Seaway7's peer group. Adjusted EBITDA margin may also be a useful ratio to compare performance to the Group's competitors and is widely used by shareholders and analysts. Notwithstanding the foregoing, Adjusted EBITDA and Adjusted EBITDA margin as presented by the Group may not be comparable to similarly titled measures reported by other companies.
Effective tax rate (ETR)	The effective tax rate is expressed as a percentage, calculated as the taxation expense/(credit) divided by the income/(loss) before taxes.	Taxation	n/a	Provides a useful and relevant measure of the effectiveness of the Group's tax strategy and tax planning.
Balance Sheet APM				
Net cash/(debt) excluding lease liabilities and net cash/(debt) including lease liabilities	Net cash/(debt) is defined as cash and cash equivalents less borrowings. The Group utilises both net cash/(debt) excluding lease liabilities and net cash/(debt) including lease liabilities as financial position measures.	No direct equivalent	Calculated as cash and cash equivalent less borrowings (current and non-current). The measure may exclude lease liabilities (current and non-current) or include them.	Net cash/(debt) provides a meaningful and reliable basis to evaluate financial strength and liquidity of the Group.
Cash flow APMs				
Free cash flow	Free cash flow is defined as net cash generated from operating activities less purchases of property, plant and equipment.	No direct equivalent	Calculated as net cash generated from operating activities from the Group's Consolidated Cash Flow Statement less purchases of property, plant and equipment.	Free cash flow is a relevant metric for shareholders and analysts when determining cash available to the Group to invest or potentially distribute.



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Other APMs

Backlog	Backlog represents expected future revenue from projects. Despite being a non-IFRS term, the Group recognises backlog in accordance with the requirements of IFRS 15, 'Revenue from Contracts with Customers', which represents revenue expected to be recognised in the future related to performance obligations which are unsatisfied, or partially unsatisfied, at the reporting date.	Transaction price allocated to the remaining performance obligations	n/a	Utilising the term backlog is in accordance with expected industry-wide terminology. It is similarly used by companies within Seaway7's peer group and is a helpful term for those evaluating companies within Seaway7's industry. Backlog may also be useful to compare performance with competitors and is widely used by shareholders and analysts. Notwithstanding this, backlog presented by the Group may not be comparable to similarly titled measures reported by other companies.
Book-to-bill ratio	Book-to-bill ratio represents total order intake divided by revenue for the reporting period.	No direct equivalent	n/a	The book-to-bill metric is widely used in the energy sector by shareholders and analysts and is a helpful term for those evaluating companies within Seaway7's industry. Notwithstanding this, the book-to-bill ratio presented by the Group may not be comparable to similarly titled measures reported by other companies.

APM CALCULATIONS

Reconciliation of net operating loss to Adjusted EBITDA and Adjusted EBITDA margin:

For the year ended (in \$ millions)	2022 31 Dec (Unaudited)	2021 31 Dec (Unaudited)
Net operating loss	(50.3)	(38.9)
Depreciation, amortisation and mobilisation	90.2	63.3
Adjusted EBITDA	39.9	24.4
Revenue	1,119.0	1,260.0
Adjusted EBITDA %	3.6%	1.9%

Reconciliation of net loss to Adjusted EBITDA and Adjusted EBITDA margin:

For the year ended (in \$ millions)	2022 31 Dec (Unaudited)	2021 31 Dec (Unaudited)
Net loss	(80.7)	(62.5)
Depreciation, amortisation and mobilisation	90.2	63.3
Finance income	(1.0)	–
Other gains and losses	17.3	4.4
Finance costs	2.1	4.8
Taxation	12.0	14.4
Adjusted EBITDA	39.9	24.4
Revenue	1,119.0	1,260.0
Adjusted EBITDA %	3.6%	1.9%

Effective tax rate

At (in \$ millions)	2022 31 Dec (Unaudited)	2021 31 Dec (Unaudited)
Taxation	(12.0)	(14.4)
Loss before taxation	(68.7)	(48.1)
Effective tax rate (percentage)	17.5%	29.9%



Additional Information – APMs continued continued

Net debt excluding lease liabilities and net debt including lease liabilities

At (in \$ millions)	2022 31 Dec (Unaudited)	2021 31 Dec (Unaudited)
Cash and cash equivalents	9.0	22.0
Total borrowings	(37.8)	(101.2)
Net debt excluding lease liabilities	(28.8)	(79.2)
Total lease liabilities	(100.7)	(26.4)
Net debt including lease liabilities	(129.5)	(105.6)

Free cash flow

At (in \$ millions)	2022 31 Dec (Unaudited)	2021 31 Dec (Unaudited)
Cash (used in)/generated from operating activities	(47.6)	38.6
Purchases of property, plant and equipment	(72.9)	(52.9)
Free cash flow	(120.5)	(14.3)

Backlog

The IFRS 15 'Revenue from Contracts with Customers' disclosure in relation to remaining performance obligations is contained in Note 19, 'Construction contracts'. Unless otherwise stated, backlog and remaining performance obligations, as required by IFRS 15, will be the same number. Backlog by year of execution is as follows:

At (in \$ millions)	2022 31 Dec (Unaudited)	2021 31 Dec (Unaudited)
Total backlog	844.2	1,237.7
Expected year of utilisation:		
2022	–	882.0
2023	367.3	168.9
2024	392.6	186.4
2025	83.9	0.4
2026 and thereafter	0.4	–

Book-to-bill ratio

For the period (in \$ millions)	2022 31 Dec (Unaudited)	2021 31 Dec (Unaudited)
Order intake	723.3	337.3
Revenue	1,119.0	1,260.0
Book-to-bill ratio	0.6	0.3



Seaway 7 ASA

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for Year Ended

31 December 2022

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Seaway 7 ASA Income Statement

For the year ended (\$ in millions)	Notes	2022 31 Dec	2021 31 Dec
Other income	9	48.3	7.2
Other operating expenses	9	(1.0)	(3.6)
Operating profit		47.3	3.6
Interest income		0.1	–
Interest income from subsidiaries	5	2.4	1.5
Foreign currency exchange gain		(5.4)	–
Profit before taxes		44.4	5.1
Income tax expense	10	–	–
Net profit		44.4	5.1



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Seaway 7 ASA Balance Sheet

At (\$ in millions)	Notes	2022 31 Dec	2021 31 Dec
Assets			
Fixed assets			
Shares in subsidiaries	3	1,018.1	972.0
Current assets			
Receivables from subsidiaries	5	203.6	33.4
Other receivables	6	5.1	7.3
Cash and cash equivalents	7	0.3	1.0
Total assets		1,227.1	1,013.7
Equity and liabilities			
Equity			
Issued share capital	4	9.1	4.9
Paid-in surplus	4	1,155.3	957.8
Other reserves	4	0.7	1.1
Retained earnings	4	51.9	7.1
Total equity		1,217.0	971.0
Liabilities			
Amounts owed to subsidiaries	5	1.2	1.3
Trade payables		0.3	0.4
Other current liabilities	8	8.6	41.0
Total liabilities		10.1	42.7
Total equity and liabilities		1,227.1	1,013.7

Oslo, 1st March, 2023

The Board of Directors of Seaway 7 ASA

Sign.
Rune Magnus Lundetræ
Chairman

Sign.
Nathalie Louys
Director

Sign.
Kristian Siem
Director

Sign.
Monica Bjørkmann
Director

Sign.
John Evans
Director

Sign.
Stuart Fitzgerald
Chief Executive Officer



Seaway 7 ASA Cash Flow Statement

For the year ended (\$ in millions)	Notes	2022 31 Dec	2021 31 Dec
Cash flow from operating activities:			
Profit before taxes		44.4	5.1
Adjustments for financing items:			
Finance income	5	(2.5)	(1.5)
		41.9	3.6
Changes in operating assets and liabilities:			
Increase in operating assets	6	2.2	(7.2)
(Decrease)/increase in operating liabilities		(29.8)	1.8
Net cash flow from operating activities		14.3	(1.8)
Cash flows from investing activities:			
Interest received		0.1	–
Investment in subsidiaries		(48.1)	–
Proceeds from disposal of subsidiaries		2.0	–
Other receivables – related parties		(167.9)	–
Net payments on Group receivables		–	(3.5)
Net cash used in investing activities		(213.9)	(3.5)
Cash flows from financing activities:			
Rights issuance proceeds (net of issuance costs)		198.9	–
Share issuance costs		–	(0.1)
Net cash generated from/(used in) financing activities		198.9	(0.1)
Net change in cash and cash equivalents		(0.7)	(5.4)
Cash and cash equivalents at beginning of year	7	1.0	6.4
Cash and cash equivalents at end of year	7	0.3	1.0



Notes to the Financial Statements

1. GENERAL INFORMATION

Seaway 7 ASA is a company registered in Norway whose shares trade on the Oslo Stock Exchange's marketplace, Euronext Growth. The address of the registered office is Askekroken 11, 0277 Oslo, Norway.

On 1 October 2021 OHT ASA changed its name to Seaway 7 ASA. The Seaway 7 Group (the 'Group') consists of Seaway 7 ASA and its subsidiaries at 31 December 2022.

Agreement to combine the Subsea 7 S.A. Group's fixed offshore wind business with OHT ASA

On 8 July 2021 Seaway 7 ASA (formerly named OHT ASA), announced it had entered into an agreement to combine with the Subsea 7 S.A. Group's Renewables business unit (consisting of the Subsea 7 S.A. Group's fixed offshore wind business); the transaction was completed on 1 October 2021. As a result of the business combination, Seaway 7 ASA became a global leader in the delivery of fixed offshore wind solutions. The Group offers specialist foundation, offshore substation, submarine cable and wind turbine installation services and heavy transportation for the offshore renewables market.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with the Norwegian Accounting Act and Norwegian general accepted accounting principles.

2.1 Functional and presentation currency

The financial statements are presented in US Dollars (\$), which is also the functional currency for the Company. Monetary items in foreign currencies are recorded at year end exchange rates. Realised currency exchange gains or losses are recorded at the time of payment.

2.2 Estimates

Management has used estimates and assumptions that may have an effect on costs and the valuation of assets and liabilities in the reporting of the annual financial statements.

2.3 Measurement of revenues and costs

Revenues are recognised as they are earned. Costs are recognised in the same reporting period as the corresponding revenues.

2.4 Classification and evaluation of balance sheet items

Current assets and short-term liabilities consist of items due for payment within a year after recognition. Other items are recognised as non-current assets or liabilities.

Current assets are valued at the lowest of acquisition value or fair value. Current liabilities are recorded at the nominal value at the time of recognition.

2.5 Shares in subsidiaries

Investment in shares in subsidiaries is accounted for using the cost method in the statutory accounts. An impairment loss is recognised if the fair value is lower than book value and this is viewed as non-temporary. The impairment loss is reversed to the degree that the fair value improves, and that the improvement is not assumed to be of a short-term nature.

2.6 Taxation

The income tax in the statement of income consists of taxes payable and changes in deferred taxes. Deferred tax and deferred tax benefit is calculated based on temporary differences between tax bases of assets and liabilities and their carrying amount for financial reporting purposes and is based on nominal values. Net deferred tax benefit is recorded in the statement of financial position only in the event that it is probable that it can be utilised in the foreseeable future.



Notes to the Financial Statements continued

3. SHARES IN SUBSIDIARIES

Seaway 7 ASA had the following wholly-owned subsidiaries at 31 December 2022.

Name	Registered in	Nature of business
Seaway Offshore Cables GmbH	Germany	General Trading
SHL Holding NL B.V.	Netherlands	Holding
Seaway Moxie AS	Norway	Vessel Owning
Seaway Phoenix AS	Norway	Vessel Owning
Seaway Offshore Installation AS	Norway	Vessel Owning
Offshore Heavy Transport AS	Norway	General Trading
Seaway 7 Chartering AS	Norway	General Trading
Seaway 7 Treasury Limited	UK	General Trading

For all entities, the principal place of business is consistent with the place of registration.

All subsidiary undertakings are included in the Consolidated Financial Statements of the Group. The proportion of the voting rights in the subsidiary undertakings held directly by the immediate parent company does not differ from the proportion of shares held.

Details of the addresses of the registered office of each of the wholly-owned subsidiaries are available on request from Seaway 7 ASA, registered office, Askekroken 11, 0277 Oslo, Norway.

4. CAPITAL AND RESERVES

(\$ in millions)	Issued share capital	Paid-in surplus	Other reserves	Retained earnings	Total
Balance at 1 January 2021	1.3	262.5	1.1	2.0	267.0
Share issuance	3.6	695.4	–	–	699.0
Share issuance costs	–	(0.1)	–	–	(0.1)
Net profit	–	–	–	5.1	5.1
Balance at 31 December 2021	4.9	957.8	1.1	7.1	971.0
Share issuance	4.2	201.4	–	–	205.6
Share issuance costs	–	(3.9)	–	–	(3.9)
Net profit	–	–	–	44.4	44.4
Share warrants	–	–	(0.4)	0.4	–
Balance at 31 December 2022	9.1	1,155.3	0.7	51.9	1,217.0

Authorised shares

	2022 31 Dec Number of shares	2022 31 Dec in \$ millions	2021 31 Dec Number of shares	2021 31 Dec in \$ millions
Authorised common shares, NOK 0.10 par value	873,125,150	9.1	436,562,575	4.9

Issued shares

	2022 31 Dec Number of shares	2022 31 Dec in \$ millions	2021 31 Dec Number of shares	2021 31 Dec in \$ millions
Fully paid and issued common shares	873,125,150	9.1	436,562,575	4.9

On 26 October 2021, the Company issued 436,562,575 shares at a par value of NOK 0.10 per share. Share premium was recognised equivalent to \$201.3 million.

Subject to shareholder approval, the Board of Directors have the authority to issue a further 61,118,760 shares, the authorisation for which will expire on 20 May 2023.



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Shareholders

The 20 largest shareholders at 31 December 2022 and their beneficial ownership as a percentage of the total fully paid and issued common shares of the Company were:

	%
Subsea 7 Blue Space Limited	72.4
Songa Corp.	14.3
Lotus Marine AS	7.2
Kontrari AS	0.6
Klaveness Marine Finance AS	0.5
Skagen Vekst Verdipapirfond	0.5
Verdipapirfondent Nordea Norge Verd	0.4
Tveita Einar Kristian	0.2
Danske Invest Norge Vekst	0.2
Teigen Audun Andas	0.2
Euroclear Bank S.A./N.V.	0.2
Brødrene Kvernland AS	0.2
Patronia AS	0.1
Ulsmo Finans AS	0.1
Morgan Stanley & Co. LLC	0.1
Nordnet Livsforsikring AS	0.1
Morgan Stanley & Co. LLC	0.1
Feen Marine AS	0.1
Goldman Sachs & Co. LLC	0.1
Wieco Invest AS	0.1

5. GROUP RECEIVABLES AND LIABILITIES

At (\$ in millions)	2022 31 Dec	2021 31 Dec
Receivables from other entities within the Seaway7 Group	203.6	33.4

During the year ended 31 December 2022, interest income of \$2.4 million was recognised by the Company (2021: \$1.5 million).

The Company has accrued \$1.2 million (2021: \$1.3 million) for corporate allocation costs at year end 2022, represented by a current liability to subsidiaries.

6. OTHER RECEIVABLES

At (\$ in millions)	2022 31 Dec	2021 31 Dec
Receivables from entities within the Subsea 7 S.A. Group	5.1	7.2
Other current receivables	–	0.1
Total	5.1	7.3

7. CASH AND CASH EQUIVALENTS

At (in \$ millions)	2022 31 Dec	2021 31 Dec
Cash and cash equivalents	0.3	1.0

8. OTHER CURRENT LIABILITIES

At (\$ in millions)	2022 31 Dec	2021 31 Dec
Liabilities to entities within the Subsea 7 S.A. Group	7.8	40.5
Other current liabilities	0.8	0.5
Total	8.6	41.0

Notes to the Financial Statements continued

9. OTHER OPERATING EXPENSES

For the year ended (\$ in millions)	2022 31 Dec	2021 31 Dec
Corporate allocations within the Group	–	2.6
Compensations received under business combination agreement	(48.3)	(7.2)
Professional fees	0.8	0.8
Other operating expenses	0.2	0.2
Total	(47.3)	(3.6)
Audit fees		
Statutory audit fees	0.2	0.4
Other fees to auditors	–	–
Total	0.2	0.4

10. TAXATION

Tax recognised in the Income Statement for the year ended 31 December 2022 was \$nil (2021: \$nil).

Reconciliation of the total tax charge

The reconciliation below uses a tax rate of 22% (2021: 22%) which represents the Norwegian corporate tax rate applicable to Seaway 7 ASA.

For the year ended (in \$ millions)	2022 31 Dec	2021 31 Dec
Profit before taxes	44.4	5.1
Tax at the Norwegian corporate tax rate of 22% (2021: 22%)	9.8	1.1
Effects of:		
Tax effect of foreign exchange differences	0.4	0.2
Non-deductible expenses and other permanent differences	(10.6)	(1.5)
Items recognised directly in equity	–	–
Losses for which no tax benefit is recognised	0.4	0.2
Tax charge in the Income Statement	–	–

Deferred tax

At 31 December 2022, the Company had a net deferred tax balance of \$nil (2021: \$nil). At 31 December 2022, the Company had tax losses of \$8.0 million (2021: \$5.9 million) available for offset against future taxable income. No deferred tax asset has been recognised in respect of these losses as it is not considered probable that there will be sufficient future taxable income available for offset in the foreseeable future.

11. RELATED PARTY TRANSACTIONS

Key management personnel

Key management personnel include the Board of Directors and the Executive Management Team of the Group.

Non-Executive Directors

Each member of the Board of Directors is entitled to receive an annual fee of NOK 225,000, equivalent to \$24,000 (2021: NOK 225,000) pro-rated for the period of office.

No shares were directly held in Seaway 7 ASA by Non-Executive Directors at 31 December 2022.

At 31 December 2022, Lunde3 Holding AS, a company wholly-owned by Rune Magnus Lundetrae, owned 694,744 shares in Seaway 7 ASA, representing less than 0.1% of total common shares of the Company.

Key management

The remuneration of the Group Executive Management Team is conducted by other entities within the Group.

Shareholdings held in Seaway 7 ASA at 31 December 2022 were as follows:

Shares and performance shares

No shares were directly held in Seaway 7 ASA by the Executive Management Team at 31 December 2022 (2021: 397,372 shares).

Members of the Executive Management Team held a total of 44,084 shares at 31 December 2021 in Subsea 7 S.A., the ultimate parent company of Seaway 7 ASA. Details of this shareholding can be found in the Subsea 7 S.A. Group's Consolidated Financial Statements.

Transactions with the Subsea 7 S.A. Group

As part of the business combination agreement between Seaway 7 ASA and Subsea 7 S.A. Group's Renewable business unit, effective from 1 October 2021, the economic interest of the Formosa 2 project, Taiwan, remained with Subsea 7 S.A. Group. During the year ended 31 December 2022, \$48.3 million was reimbursed by Subsea 7 S.A. to Seaway 7 ASA in relation to this agreement (2021: \$7.2 million).



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12. SHARE-BASED PAYMENTS

Share warrants

On 17 September 2020, Seaway 7 ASA (formerly OHT ASA) granted 1,018,935 equity-settled share warrants to certain key management. The warrants give the holders the right, but not the obligation, to subscribe for additional shares at a price of NOK 0.10 per share once the share price reaches a pre-determined value. The warrants are valid for five years from the date of award, expiring on 17 September 2025.

The share warrants are divided into three tranches; each tranche vests at the share price listed below:

	Number of share warrants 31 Dec 2022	Number of share warrants 31 Dec 2021	Share price ^(a) (NOK)
Tranche 1	203,787	339,645	24.00
Tranche 2	203,787	339,645	28.00
Tranche 3	203,787	339,645	32.00

(a) The share price, for the purposes of determining whether a tranche vests, is calculated based on a 10-day weighted average as quoted on the exchange on which the shares are listed.

During the year 407,574 share warrants were cancelled.

The weighted average remaining contractual life for the share warrants outstanding was 2.7 years (2021: 3.7 years).

The IFRS 2 'Share-based Payments' fair value of each share warrant granted was estimated at the award date using a Monte Carlo simulation model taking into account the terms and conditions of the share warrants. As the share warrants do not include any service or performance requirements, the associated expense was recognised in full at the grant date. There were no expenses recognised in 2022 (2021: \$nil).

13. FINANCIAL RISK MANAGEMENT

The Company is exposed to a variety of risks through operations and activities in its subsidiaries. This section focuses on financial risk management within the Group:

Financial risk management objectives

The Group monitors and manages the financial risks relating to its financial operations through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (consisting of currency risk and fair value interest rate risk), credit risk and liquidity risk. The Group seeks to minimise the effects of these risks by using a variety of financial instruments to hedge these financial risk exposures.

Derivative financial instruments are used exclusively for hedging purposes and not as trading or speculative instruments. During the years ended 31 December 2022 and 31 December 2021 the Group did not apply hedge accounting.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group, through the treasury function of its ultimate parent undertaking, Subsea 7 S.A. Group, enters into a variety of derivative financial instruments to manage its exposure to foreign currency risks, including forward foreign exchange contracts to hedge the exchange rate risk arising on future revenue, operating expenditures and capital expenditures.

In the year ended 31 December 2021, there was no significant change to the Group's exposure to market risks or the manner in which it managed and measured the risk.

Foreign currency risk

The Group conducts operations in many countries and, as a result, is exposed to foreign currency fluctuations related to revenue and expenditure in the normal course of business. The Group has in place risk management policies that seek to limit the adverse effects of fluctuations in foreign currency exchange rates on its financial performance.

Credit risk management

Credit risk refers to the risk that a customer or counterparty to a financial instrument will default on its contractual obligations and fail to make payment as obligations fall due resulting in financial loss for the Group. Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and derivative financial instruments.

Liquidity risk management

The Group has a framework for the management of short, medium and long-term funding and liquidity management requirements. The Group continually monitors forecast and actual cash flows and matches the maturity profiles of financial assets and liabilities. Liquidity risk is managed by maintaining adequate cash and cash equivalent balances and by ensuring available borrowing facilities are in place.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders of the parent company.



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Ernst & Young AS

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Seaway 7 ASA

Opinion

We have audited the financial statements of Seaway 7 ASA (the Company), which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise the balance sheet as at 31 December 2022, the income statement and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statement of the Group comprise the balance sheet as at 31 December 2022, the income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended and notes to the financial statement, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable legal requirements,
- the financial statement give a true and fair view of the financial position of the Company as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway,
- the consolidated financial statement give a true and fair view of the financial position of the Group as at 31 December 2022 and its financial performance and 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 in accordance with the requirements of the relevant laws and regulations in 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 2 years from the election by the general meeting of the shareholders on 30 September 2021 for the accounting year 2021.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and Chief Executive Officer) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.



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In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility contain the information required by applicable legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information or that the information required by legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility are consistent with the financial statements and contain the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway and of the consolidated financial statement 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 Company or 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 the 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, 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



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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 fair presentation.
- 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 relationship and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards,

Oslo, 1 March 2023
ERNST & YOUNG AS

The auditor's report is signed electronically

Johan Lid Nordby
State Authorised Public Accountant (Norway)



Directors' and Chief Executive Officer's Responsibility Statement

We confirm that, to the best of our knowledge, the Consolidated Financial Statements and the Unconsolidated Financial Statements for the year ended 31 December 2022 have been prepared in accordance with current applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and the Group taken as a whole. We also confirm that, to the best of our knowledge, the 2022 Annual Report, Consolidated Financial Statements, and Unconsolidated Financial Statements include a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties facing the Group. By Order of the Board of Directors of Seaway 7 ASA.

Oslo, 1st March, 2023

The Board of Directors of Seaway 7 ASA

Sign.
Rune Magnus Lundetræ
Chairman

Sign.
Kristian Siem
Director

Sign.
John Evans
Director

Sign.
Nathalie Louys
Director

Sign.
Monica Bjørkmann
Director

Sign.
Stuart Fitzgerald
Chief Executive Officer



Glossary

Term	Description
AGM	Annual General Meeting
Backlog	Expected future revenue from in-hand projects only where an award has been formally signed.
BMS	Business Management System
BoP	Balance of Plant
BORA	Blue Ocean Research Alliance
CEO	Chief Executive Officer
CFD	Contracts for Difference
CMS	Carbon Management System
CO₂	Carbon Dioxide
Company	Seaway 7 ASA
DBBC	Double Big Bubble Curtain
DP	Dynamic Positioning. A technique used to automatically maintain a vessel in its position and/or heading or on a predefined track by use of its thrusters and/or rudders.
Dry-dock	A facility for the construction, maintenance, and repair of vessels.
EAP	Employee Assistance Program
EPCI	Engineering, Procurement, Construction and Installation
EPIC	Engineering, Procurement, Installation and Commissioning
ESI	Environmental Ship Index
EU	European Union
EVP	Employee Value Proposition
GHG	Greenhouse Gas
Group	Seaway 7 ASA and its subsidiaries
GW	Gigawatts
HOP	Human Organisational Performance
HR	Human Resources
HSEQ	Health, Safety, Environment and Quality
IMO	International Maritime Organisation
Inner-array cables	Cables that run between the individual wind turbine foundations and substations
ISO	International Organisation for Standardization
Jacket	A steel structure, typically comprised of an x-braced configuration between four steel legs. Jackets are one type of design of foundation for wind turbine generators.
JIP	Joint Industry Project
kV	Kilovolt
Km	Kilometres
LCoE	Levelised Cost of Energy
LNG	Liquefied natural gas
LS-MGO	Low Sulphur Marine Gas Oil
LTI	Lost Time Injury. Expresses the number of workplace accidents serious enough to result in absence from work.
LTIF	Lost Time Injury Frequency. Expresses the number of workplace accidents serious enough to result in absence from work, per 200,000 hours worked.
Monopile foundation	A single, cylindrical, steel structure that can be used as a foundation for a wind turbine generator or offshore substation.
MW	Megawatt
NID	Nature Inclusive Design
NOx	Nitrous Oxide
PMSR	Project Monthly Status Report
SCR	Selective Catalytic Reduction
SDG	Sustainable Development Goal (United Nations)
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SIF	Serious Incident Frequency
SOx	Sulphur Oxide
SUP	Single Use Plastic
T&I	Transportation and Installation
UK	United Kingdom
UN	United Nations
Wind turbine foundation	A base on to which a wind turbine generator is installed.
Wind turbine generator	A wind-driven power generation unit.
WTG	Wind Turbine Generators
WTIV	Wind Turbine Installation Vessel
XL	Extra-large



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