



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 936 742 475
Organisasjonsform: Aksjeselskap
Foretaksnavn: SUBSEA 7 NORWAY AS
Forretningsadresse: Kanalsletta 9
4033 STAVANGER

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Ja
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Forenklet IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Odd Terje Ellingsen
Dato for fastsettelse av årsregnskapet: 31.08.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

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, 19.07.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Revenue	3	4 705 708 457	5 198 709 885
Other operating income	3	632 766	921 146
Sum inntekter		4 706 341 223	5 199 631 031
Kostnader			
Cost of materials		1 655 592 514	1 458 943 229
Personnel expenses	4, 5	565 851 631	579 399 326
Depreciation	6	46 029 752	38 694 707
Amortisation	16	123 989 587	108 993 458
Other operating expenses	4	2 393 823 806	2 958 519 279
Sum kostnader		4 785 287 291	5 144 549 998
Driftsresultat		-78 946 068	55 081 033
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern			2 317 736
Annen renteinntekt		4 446	2 472 325
Other financial income	14	236 049 659	183 669 114
Sum finansinntekter		236 054 106	188 459 175
Rentekostnad til foretak i samme konsern		9 089 460	12 101 907
Annen rentekostnad		32 482 574	30 397 931
Other financial expenses	14	268 763 952	126 524 923
Sum finanskostnader		310 335 986	169 024 761
Netto finans		-74 281 880	19 434 414
Ordinært resultat før skattekostnad		-153 227 948	74 515 447
Tax on ordinary result	13	-31 509 179	-4 370 562
Ordinært resultat etter skattekostnad		-121 718 769	78 886 009
Årsresultat		-121 718 769	78 886 009
Årsresultat etter minoritetsinteresser		-121 718 769	78 886 009



Resultatregnskap

Beløp i: NOK	Note	2020	2019
Remeasurement Defined Benefit Pension		4 990 210	-3 667 348
Sum resultatkomponenter for IFRS-foretak		4 990 210	-3 667 348
Totalresultat		-116 728 559	75 218 661
Overføringer og disponeringer			
Allocated to other equity		-116 728 559	75 218 661
Sum overføringer og disponeringer		-116 728 559	75 218 661



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	13	67 778 779	69 931 361
Goodwill	6		
Sum immaterielle eiendeler		67 778 779	69 931 361
Varige driftsmidler			
Buildings and land	6	362 243 053	386 367 400
Right of use - Building and land	16	60 097 638	76 101 822
Machinery and equipment	6	121 951 531	66 515 372
Right of use - Machinery and equipment	16	24 678	105 161
Ships	6		
Right of use - Ships	16	496 626 750	553 121 498
Equipment and other movables	6	3 253 390	4 756 694
Assets under construction	6	2 493 368	21 033 260
Right of use - Fixture and fittings	16	1 449 551	2 242 185
Sum varige driftsmidler		1 048 139 958	1 110 243 392
Finansielle anleggsmidler			
Lån til tilknyttet selskap og felles kontrollert virksomhet	9		
Obligasjoner	15	57 970	11 692 280
Other long-term receivables	5	6 886 151	75 719
Sum finansielle anleggsmidler		6 944 121	11 767 999
Sum anleggsmidler		1 122 862 858	1 191 942 752
Omløpsmidler			
Varer			
Sum varer	7	2 697 864	5 267 311
Fordringer			
Accounts receivables	8, 10	679 774 107	1 125 078 529
Other short-term receivables	13	110 320 436	268 616 395
Sum fordringer		790 094 543	1 393 694 924



Balanse

Beløp i: NOK	Note	2020	2019
Investeringer			
Other financial instruments	15	15 000 770	22 398 890
Sum investeringer		15 000 770	22 398 890
Cash and bank deposits	11		
Sum omløpsmidler		807 793 177	1 421 361 125
SUM EIENDELER		1 930 656 035	2 613 303 877

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital

Share capital	12	120 400	120 400
Beholdning av egne aksjer	12		
Annen innskutt egenkapital		430 329 903	331 966 962
Sum innskutt egenkapital		430 450 303	332 087 362

Opptjent egenkapital

Other equity		-165 765 088	-49 036 530
Result brought forward (aut)			
Sum opptjent egenkapital		-165 765 088	-49 036 530

Sum egenkapital	2	264 685 215	283 050 832
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Gjeld

Langsiktig gjeld

Pensjonsforpliktelser	5	18 382 226	21 583 071
Utsatt skatt	13		
Non-current lease liabilities	17	466 438 474	471 491 534
Other provisions	14, 15	60 589 124	50 350 120
Sum avsetninger for forpliktelser		545 409 824	543 424 725

Annen langsiktig gjeld

Other long term liabilities	8, 9	16 743 000	16 743 000
Sum annen langsiktig gjeld		16 743 000	16 743 000

Sum langsiktig gjeld		562 152 824	560 167 725
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Balanse

Beløp i: NOK	Note	2020	2019
Kortsiktig gjeld			
Leverandørgjeld	8	310 565 976	635 870 111
Tax payable	13		
Public duties payable		65 503 816	57 668 189
Current lease liabilities	17	98 531 845	174 119 823
Other current liabilities	10, 15	629 216 362	902 427 197
Sum kortsiktig gjeld		1 103 817 998	1 770 085 320
Sum gjeld		1 665 970 822	2 330 253 045
SUM EGENKAPITAL OG GJELD		1 930 656 037	2 613 303 877



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Journalnummer: 2021 890448

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Brønnøysundregistrene, 01.11.2021



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SUBSEA 7 NORWAY AS

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Organisasjonsnr: 936 742 475
SUBSEA 7 NORWAY AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note

Antall årsverk i regnskapsåret

Virksomheten har hatt følgende antall årsverk:
556.00



Skatteetaten

Vår dato 26.10.2020	Din/Deres dato 05.10.2020	Saksbehandler Kjell Knutsen
800 80 000 Skatteetaten.no	Din/Deres referanse	Telefon 51825856
Org.nr 974761076	Vår referanse 2020/5955471	Postadresse Postboks 9200 Grønland 0134 OSLO

SUBSEA 7 NORWAY AS
Postboks 205
4068 STAVANGER

Dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk for 936742475 Subsea 7 Norway AS samt norske konsernselskaper

Vi viser til søknad av 5. oktober 2020 om dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk for følgende selskap Subsea 7 Norway-konsernet:

Selskapsnavn	Org.nr.
Subsea 7 Holding Norway AS	984 053 436
Subsea 7 Norway AS	936 742 475
Subsea 7 i-Tech Norway AS	920 340 245
Subsea 7 Navica AS	998 433 088
Subsea 7 Vessel Owner AS	998 720 540
Normand Oceanic AS	998 462 983

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering selskapene dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at engelsk språk benyttes i stedet ved utarbeidelsen, og at øvrige opplysninger som vedtaket baserer seg på, heller ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

Fra søknaden siteres:

Subsea 7 er et internasjonalt konsern som leverer tjenester rettet mot offshore energi-markedet (olje, gass og havvind). Konsernet har hovedkontor i London og bruker engelsk som arbeidsspråk. Det har kommet ønske fra konsernet om at regnskapene for de norske selskapene fra og med regnskapsåret 2020 utarbeides på engelsk.

Alle selskapene som det søkes om dispensasjon for er indirekte 100 % eid av konsernets børsnoterte selskap Subsea 7 S.A.:



Subsea 7 Holding Norway AS:	org.nr 984 053 436
Subsea 7 Norway AS:	org.nr 936 742 475
Subsea 7 i-Tech Norway AS:	org.nr 920 340 245
Subsea 7 Navica AS:	org.nr 998 433 088
Subsea 7 Vessel Owner AS:	org.nr 998 720 540
Normand Oceanic AS:	org.nr 998 462 983

Styremøtene i disse selskapene avholdes på engelsk da samtlige styrever har ett eller flere styremedlemmer som ikke er norske statsborgere. I tillegg har selskapene også internasjonale leverandører og i noen tilfeller også internasjonale kunder, så både interne og eksterne brukere vil ha nytte av at regnskapene er på engelsk.

Med referanse til regnskapslovens § 3-4 tredje ledd søkes det herved om dispensasjon fra språkkravet og tillatelse om å utarbeide årsregnskap og årsberetninger for de ovenfornevnte selskaper på engelsk

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 spekulasjonsgevinster 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, kunder 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.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I dette tilfellet er det opplyst at selskapene har internasjonale leverandører og i noen tilfeller også internasjonale kunder. Det er videre opplyst at styremøtene i aktuelle selskaper avholdes på engelsk og at konsernet har engelsk som arbeidsspråk. Skattekontoret vektlegger også at selskapene opererer i en bransje hvor engelsk ofte brukes som arbeidsspråk. Skattekontoret finner at disse forholdene samlet tilsier at dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk kan gis.



Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Gro Stangeland
underdirektør
Innsats, storbedrift
Skatteetaten

Kjell Knutsen

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.



Subsea 7 Norway AS
Entity Org. number 936 742 475

DIRECTORS REPORT 2020

The Financial statements and notes in this report are specific to Subsea 7 Norway AS (the Company) and not the wider Subsea 7 S.A. Group.

Subsea 7 Norway AS is ultimately wholly owned by Subsea 7 S.A., a global leader in the delivery of projects and services for the offshore energy industry. Subsea 7 provides project management, engineering and construction expertise across the full field lifecycle within the operational business units SURF & Conventional and Renewables.

The Annual Report and Consolidated Financial statements of Subsea 7 S.A. are available at www.subsea7.com.

Subsea 7 S.A. is listed on the Oslo Stock Exchange.

The main activity of Subsea 7 Norway AS is execution of SURF & Conventional projects primarily in the Norwegian sector of the North Sea.

The Company's head offices in Norway is at Kanalsletta 9, Sola.

FINANCIAL STATEMENT REVIEW 2020 (In NOK)

Operating income	: 4,706,341,223
Operating result before tax	: -153,227,948
Net income/loss	: -121,718,769
Total comprehensive income/loss	: -116,728,559
Total equity	: 264,685,215
Total equity and liabilities	: 1,930,656,037

Operating income of just over NOK 4,706m is almost 10% lower than that reported in 2019 (NOK 5,200m) largely as a result of the impact of the reduction in oil price and the consequential effect this had on client spending.

A net loss of NOK -122m was generated compared to a net income of NOK 79m in 2019. The following factors contributed to the differing results across the 2 years:

- Restructuring costs incurred in 2020 which did not impact 2019 result
- Adverse foreign exchange movements compared to favourable movements in 2019
- Costs associated with the Covid 19 pandemic which could not be recovered in 2020 - 2019 financial performance did not suffer from incremental costs associated with Covid 19

A total comprehensive loss of NOK -117m was generated in 2020 compared to a profit of NOK 75m in 2019. This was after taking into account a 5m credit associated with remeasurement of the defined benefit pension scheme - in 2019, there was a charge of 4m associated with same.

At the end of December 2020, shareholders equity amounted to NOK 265m compared to NOK 283m at the end of 2019. Aside from the net comprehensive loss for the year being transferred to retained earnings, the only other significant issue impacting the equity position at the end of the year was the receipt of Group Contributions from related entities amounting to 97m.



Review of the Business:

Subsea 7 Norway AS operated in extremely challenging circumstances in 2020 given the tough market conditions as a result of the low oil price and Corona virus.

Considerable effort was involved in delivering client projects safely and to a high quality given the challenges introduced by the pandemic. Measures to mitigate the impact of COVID-19 were quickly implemented at offices, onshore bases and vessels. No ongoing projects were cancelled or suspended by clients and the Norwegian Government were quick to introduce stimulus packages aimed at supporting continued investment in new offshore developments. The Government stimulus packages were successful with clients bringing a number of projects to market in spite of the challenging environment although many of these awards will benefit future financial years.

Revenue is mainly generated by projects within the SURF & Conventional segment and via services provided to other entities within the Subsea 7 Group.

Equinor and Aker BP remain the Company's largest clients and, similar to 2019, account for the majority of the turnover generated in the year.

The financial result reflects the competitive market conditions which continue to prevail.

Additional operating costs incurred as a result of COVID-19 have only been partly compensated by our clients and this, in addition to restructuring costs in relation to enforced reductions in work force has had an adverse impact on the 2020 financial result.

The net loss for the year, after tax, was NOK -122m (2019: profit of NOK 79m). The Board do not recommend payment of a dividend to the shareholders for 2020.

The Board is of the opinion that the Financial statements present a fair and correct view of the Company's financial position and propose to allocate the 2020 loss to Equity.

FINANCIAL RISK

Marked risk

The demand for Subsea 7's services correlates with the oil price which is the main driver when clients sanction new projects. History has also showed that there is a risk that clients may suspend or cancel awarded contracts when a sudden and unexpected drop in the oil price occurs. Market volatility is a known risk in the offshore energy industry and Subsea 7 Norway AS is structured to quickly react to changes in market conditions.

Subsea 7 Norway AS is exposed to foreign exchange fluctuations. The exposure is mitigated by seeking payments from clients in multi currencies such that any cost incurred is reimbursed in the same currency.

Credit risk

The Company's clients are mainly well-established domestic operator companies with proven track records of fulfilling their financial obligations. Credit checks are performed at tender stage before entering contracts with new clients.

The credit risk is deemed to be low.



Liquidity risk

Subsea 7 Norway AS is part of the wider Subsea 7 Group's Working Capital Agreement and will receive funding if required.

Subsea 7 S.A. has a strong balance sheet and sufficient access to cash securing financial stability for its subsidiaries.

GOING CONCERN

The Company has adequate resources to continue in operational existence for the foreseeable future. The Board of directors is of the opinion that the Company is a going concern and the Financial statements have been prepared under this assumption.

LOOKING AHEAD

Subsea 7 announced in 2020 a global restructuring program to prepare for the downturn in the offshore energy market caused by the COVID-19 pandemic and drop in oil price. The restructuring program consisting of workforce reduction, vessel fleet optimization and reduced capital expenditure is progressing according to plan.

The economic impact of the pandemic has been less extensive than initially expected for the offshore industry in Norway, largely due to the stimulus packages announced by the Norwegian Government. Planned development projects initially postponed or cancelled by the Operator companies were re-started after the Government made a temporary amendment to the Norwegian petroleum tax system although the timing of a number of these projects has slipped.

Subsea 7 Norway AS has been awarded several new projects so the anticipated workforce reduction in Norway will be achieved mainly by cancelling non-permanent-staff contracts and through voluntary early retirements.

Subsea 7's Vision 2025 sets out two strategic focus areas. In addition to Subsea 7's continued focus on the subsea oil and gas sector (Subsea Field of the Future), the Company is also focused on supporting clients in the Renewable Energy sector.

The award of Equinor's full-scale carbon capture and storage project (Northern Lights) in the first half of 2021, fits very well into Subsea 7 Norway AS strategy to take a position in the CCS market in the North Sea.

Overall, Subsea 7 Norway AS, is well positioned for the future. High tender activity in 2021 to date, indicates optimism in the market and the Company has well-established relations with key clients.

Closing backlog for 2020 is lower than 2019, however increased activity is anticipated in the coming years following the announcement of the Norwegian government tax package where PDO is required for delivery by 31.12.2022.



DISCRIMINATION

The purpose of the Norwegian Equality and Anti-Discrimination Act is to promote equality, prevent discrimination and to improve the position of women and minorities. These values are adopted by Subsea 7. Everyone at Subsea 7 has the right to be treated fairly and to have equal opportunities in a supportive, friendly and inclusive environment free from all forms of discrimination, harassment and bullying.

Subsea 7 Norway AS follow Group's Equal Opportunities & Diversity Policy promoting inclusion, equality and fairness of treatment for all. Respect for Human Rights and fight against all forms for discrimination is an integrated part of Subsea 7 and is embodied in the Code of Conduct.

In the last employee opinion survey 75% of the on and offshore personnel in Subsea 7 Norway AS reported that they are treated fairly, regardless of their race, ethnically, age, national origin or religion.

Subsea 7's head office in Forus has a universal design and the office facilities can be used regardless of disability.

EMPLOYEES

Subsea 7 Norway AS has 556 regular employees at the end of 2020.

The Company is actively working to recruit and maintain a diversified workforce and in 2020 were people from 31 different nationalities working for Subsea 7 Norway AS.

The oil and gas industry has traditionally been dominated by men, and men form the majority in the Company. Out of the regular staff is 32,4% women 67,6% men.

The Company is working to close the gap and recruit more women, but it is a fact that more men than women are applying to the GEDS program which may be an indicator that women prefer a career in other industries.

Women are represented in both the Management team (3 members) and in the Board of Directors (3 members).

Subsea 7 conducts regularly Employee Opinion Surveys to monitor working conditions and employee satisfaction. The working environment in Subsea 7 Norway AS is good.

HEALTH, SAFETY, ENVIRONMENT AND QUALITY (HSEQ)

HSEQ Management System

Subsea 7 has implemented an integrated HSEQ management system, which is certified by DNV against the ISO 9001, 14001 and 45001 standards. The management system is overseen by senior management and underpinned by our HSEQ Policy Statement. Central elements of our management system are stakeholder engagement, compliance with legislative requirements and striving for continuous improvement. Together with our Values (Safety, Integrity, Sustainability, Performance, Collaboration and Innovation), these drive our HSEQ performance.



Health

COVID-19 has been a dominant factor across the business in 2020, impacting all aspects of our operations. Already before the government close-down on March 12, Subsea 7 Norway decided to implement home office for all employees. A COVID-19 target group was established with senior management representatives overseeing various aspects of our operations in various subgroups and with special focus on keeping our people safe and ensuring their wellbeing. Despite the challenges, Subsea 7 Norway has managed to continue offshore operations, onshore fabrication and run our (home) offices with minimum disruption and no serious COVID health impacts throughout 2020.

Sick leave in 2019 ended at 2,1% for onshore employees and 4,2% for offshore employees, which is below industry average. This is calculated based on the number of hours of sick leave compared with the total number of hours produced.

Safety

In 2020, Subsea 7 Norway AS had no (0) incidents that led to absence from work (Lost Time Injury). Subsea 7 investigates all incidents and near-miss incidents, regardless severity, and the Company implements targeted organizational, technical and operational measures to prevent repeat of the conditions that cause incidents or potential incidents. The Company's management is involved in assessing the effectiveness of the implemented measures.

The Company has had a good reporting frequency (above target) of safety observations and interventions at our operational worksites. This provides important input to our preventive safety work where there is a strong focus on safe behaviour, conducting task risk assessments and toolbox talks. The Company has embedded the industry standard "Life Saving Rules" as a central theme in our preventative safety work.

Environment

Subsea 7 Norway AS environmental impact is dominated by the emissions and impacts associated with our offshore vessel operations. In addition, the operation of our offices, onshore production sites and (indirectly) the performance of our subcontractors contribute to our environmental impact profile.

Fuel consumption in the Company's fleet is significant and is a focus area. The Company has established an energy saving program on all ships and has a modern fleet equipped with energy-efficient engines. In addition, several ships have had treatment plants installed that reduce NOx emissions. One ship, Seven Viking, was rebuilt in 2018 to become a battery-backed hybrid vessel and shows positive results in the form of significantly lower fuel consumption and NOx emissions. In 2020, the Company has established a carbon estimator that allows better prediction of our CO2-emissions profile in project execution and we disclose our carbon emissions at corporate level at CDP.

The fleet is managed in accordance with ISM and complies with all MARPOL regulations related to emissions to air, generation of waste and discharges to water from our ships. The Company has, in accordance with international regulations, established contingency plans for all vessels related to pollution accidents. These plans are subject to the approval of an independent third party.

In accordance with the ISO 14001 standard, Subsea 7 Norway AS establishes environmental aspect registers for all projects and operations, identifying control measures and opportunities for improved performance. As part of our Sustainability value (see below), the Company has established working groups led by Senior management that cover long-term improvements on environmental impacts and operational eco-efficiency.



Quality

Our quality performance is closely monitored in all phases of the project. Non-conformities are raised in our management system and are investigated in a similar manner as safety incidents. The Company implements targeted organizational, technical and operational measures to prevent repeat of the conditions that cause quality incidents. The Company's management is involved in assessing the effectiveness of the implemented measures.

Sustainability

Sustainability is one of our Corporate Values, added in 2019. In 2020, the Company has further developed a governance structure at corporate level and defined 6 Sustainability Priorities: Employee Health, Safety and Wellbeing; Labour Practices and Human Rights; Business Ethics; Energy Transition; Operational Eco-Efficiency; Ecological Impacts. 2020 also saw our first public Sustainability report. Significant effort will be made to embed Sustainability further as a central value our company in the years to come, and this will include the execution of local sustainability initiatives in Subsea 7 Norway AS.

Forus, 25.08.2021
The board of Subsea 7 Norway AS

Stuart Peter Fitzgerald
chairman of the board

Colin Strachan
vice chairman

Martin
Fossum

Martin Fossum
member of the board

Digitally signed by Martin Fossum
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Date: 2021.08.25 12:31:42Z

Monica T. Bjørkmann
general Manager

Phillip Simons
member of the board

Stian
Sletten

Stian Sletten
member of the board

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Stordahl

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Siw Viktoria Stordahl
member of the board

Jon Sunde Haugland
member of the board

Sarah Jane
Søvik

Sarah Jane Søvik
member of the board

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Jane Søvik
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Statement of Comprehensive Income			
Subsea 7 Norway AS			
Operating income and operating expenses	Note	2020	2019
Revenue	3	4,705,708,457	5,198,709,885
Other operating income	3	632,766	921,146
Total operating income		4,706,341,223	5,199,631,031
Cost of materials		1,655,592,514	1,458,943,229
Personnel expenses	4, 5	565,851,631	579,399,326
Depreciation	6	46,029,752	38,694,707
Amortisation	16	123,989,587	108,993,458
Other operating expenses	4	2,393,823,806	2,958,519,279
Total operating expenses		4,785,287,291	5,144,549,998
Operating profit		-78,946,068	55,081,033
Financial income and expenses			
Interest income from group companies		0	2,317,736
Other interest income		4,446	2,472,325
Other financial income	14	236,049,659	183,669,114
Sum financial income		236,054,106	188,459,175
Interest expense to group companies		9,089,460	12,101,907
Other interest expenses		32,482,574	30,397,931
Other financial expenses	14	268,763,952	126,524,923
Sum financial expenses		310,335,986	169,024,761
Net financial items		-74,281,880	19,434,414
Operating result before tax		-153,227,948	74,515,447
Tax on ordinary result	13	-31,509,179	-4,370,562
Net income/(loss)		-121,718,769	78,886,009
Other comprehensive income/(loss)			
Remeasurement Defined Benefit Pension		-4,990,210	3,667,348
Other comprehensive income/(loss)		4,990,210	-3,667,348
Total comprehensive income/(loss)		-116,728,559	75,218,661
Brought forward			
Allocated to other equity		-116,728,559	75,218,661
Net brought forward		-116,728,559	75,218,661

Subsea 7 Norway AS

Side 7



Balance sheet				
Subsea 7 Norway AS				
Assets	Note	2020	2019	
Fixed assets				
Intangible assets				
Deferred tax assets	13	67,778,779	69,931,361	
Total intangible assets		67,778,779	69,931,361	
Tangible assets				
Buildings and land	6	362,243,053	386,367,400	
Machinery and equipment	6	121,951,531	66,515,372	
Equipment and other movables	6	3,253,390	4,756,694	
Assets under construction	6	2,493,368	21,033,260	
Total tangible assets		489,941,341	478,672,725	
Leased assets				
Right of use - Ships	16	496,626,750	553,121,498	
Right of use - Building and land	16	60,097,638	76,101,822	
Right of use - Machinery and equipment	16	24,678	105,161	
Right of use - Fixture and fittings	16	1,449,551	2,242,185	
Total leased assets		558,198,617	631,570,667	
Financial fixed assets				
Bonds and other receivables	15	57,970	11,692,280	
Other long-term receivables	5	6,886,151	75,719	
Total financial fixed assets		6,944,121	11,767,999	
Total fixed assets		1,122,862,859	1,191,942,752	
Current assets				
Inventories	7	2,697,864	5,267,311	
Debtors				
Accounts receivables	8, 10	679,774,107	1,125,078,529	
Other short-term receivables	13	110,320,436	268,616,395	
Total receivables		790,094,543	1,393,694,924	
Investments				
Other financial instruments	15	15,000,770	22,398,890	
Total investments		15,000,770	22,398,890	
Total current assets		807,793,178	1,421,361,125	
Total assets		1,930,656,037	2,613,303,877	



Balance sheet			
Subsea 7 Norway AS			
Equity and liabilities	Note	2020	2019
Paid-up equity			
Share capital	12	120,400	120,400
Other paid-up equity		430,329,903	331,966,962
Total paid-up equity		<u>430,450,303</u>	<u>332,087,362</u>
Retained earnings			
Other equity		-165,765,088	-49,036,530
Total retained earnings		<u>-165,765,088</u>	<u>-49,036,530</u>
Total equity	2	<u>264,685,215</u>	<u>283,050,832</u>
Liabilities			
Non-current liabilities			
Provisions for liabilities			
Pension liabilities	5	18,382,226	21,583,071
Non-current lease liabilities	17	466,438,474	471,491,534
Other provisions	14, 15	60,589,124	50,350,120
Total provisions		<u>545,409,824</u>	<u>543,424,725</u>
Other long-term liabilities			
Other long term liabilities	8, 9	16,743,000	16,743,000
Total of other long term liabilities		<u>16,743,000</u>	<u>16,743,000</u>
Current liabilities			
Trade creditors	8	310,565,976	635,870,111
Current lease liabilities	17	98,531,845	174,119,823
Public duties payable		65,503,816	57,668,189
Other current liabilities	10, 15	629,216,362	902,427,197
Total current liabilities		<u>1,103,817,998</u>	<u>1,770,085,320</u>
Total liabilities		<u>1,665,970,822</u>	<u>2,330,253,045</u>
Total equity and liabilities		<u>1,930,656,037</u>	<u>2,613,303,877</u>



Balance sheet

Subsea 7 Norway AS
Forus, 25.08.2021
The board of Subsea 7 Norway AS

Stuart Peter Fitzgerald
chairman of the board

Colin Strachan
vice chairman

Martin
Fossum

Martin Fossum
member of the board

Monica T. Bjørkmann
general Manager

Phillip Simons
member of the board

Stian
Sletten

Stian Sletten
member of the board

Siw
Stordahl

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Siw Viktoria Stordahl
member of the board

Jon Sunde Haugland
member of the board

Sarah Jane
Søvik

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Sarah Jane Søvik
member of the board



Indirect cash flow			
Subsea 7 Norway AS			
	Note	2020	2019
Cash flows from operating activities			
		-153,227,948	74,515,447
-	Profit/loss before tax		
-	Tax paid	0	-141,175,272
+	Depreciation	156,338,742	147,688,165
+/-	Change in inventory	2,569,446	2,306,438
+/-	Change in accounts receivable	445,304,422	141,247,999
+/-	Change in accounts payable	-325,304,136	561,026,493
+/-	Difference expensed pension and paid pension	-1,051,216	-3,550,081
+/-	Exchange rate variations	17,906,567	-33,177,288
+/-	Change in other accrual items	-344,385,381	-920,597,098
=	Net cash from operating activities	-201,849,503	-171,715,197
Cash flows from investment activities			
-	Payments to buy tangible assets	57,298,368	28,698,700
=	Net cash from investments activities	-57,298,368	-28,698,700
Cash flows from financing activities			
-	Cash payments for the principal portion of lease liability	162,379,226	174,117,033
+	Proceeds from Group contributions	96,768,645	411,437,637
-	Payment of Group contributions	0	385,140,773
=	Net cash from financing activities	259,147,871	200,413,897



Statement of Equity 2019

	Share capital	Other paid-up equity	Other Comprehensive Income	Other equity	Total
As at 1.1.2019	120,400	1,755,371,528	157,141,761	-1,706,396,952	206,236,737
Net income/(loss) of the year				78,886,009	78,886,009
Remeasurement Defined Benefit Pension of the year			-3,667,348		-3,667,348
Total comprehensive income/(loss) 31.12			-3,667,348	78,886,009	75,218,661
Share based payments		1,595,434			1,595,434
Intra-group contr. received		0			0
Other		-1 425 000 000	-6 217 370	1 431 217 370	0
Pr 31.12.2019	120,400	331,966,962	147,257,043	-196,293,573	283,050,832

Statement of Equity 2020

	Share capital	Other paid-up equity	Other Comprehensive Income	Other equity	Total
As at 1.1.2020	120,400	331,966,962	147,257,043	-196,293,573	283,050,832
Net income/(loss) of the year				-121,718,769	-121,718,769
Remeasurement Defined Benefit Pension of the year			4,990,210		4,990,210
Total comprehensive income/(loss) 31.12			4,990,210	-121,718,769	-116,728,559
Share based payments		1,594,296			1,594,296
Intra-group contr. received		96,768,646			96,768,646
Pr 31.12.2020	120,400	430,329,904	152,247,253	-318,012,342	264,685,215

Note 1 Accounting Principles

The Financial statements and notes in this report are specific to Subsea 7 Norway AS (Company) and not the wider Subsea 7 S.A. Group. The results for the Subsea 7 S.A. Group are contained within the Annual Report and Consolidated Financial Statements of Subsea 7 S.A. which can be found at www.subsea7.com.

Adoption of new accounting principle

The Company has previous years presented the Statutory accounts under Norwegian Generally Accepted Accounting Principles and Norwegian Accounting Act.

The Financial statements for 2020 are prepared in accordance with the Norwegian Accounting Act § 3-9 and Regulation on IFRS Light of January 21st 2008:57) as provided by the Norwegian Ministry of Finance.

This means that measurement and recognition follow IFRS and that presentation and notes are in accordance with the Norwegian Accounting Act and NGAAP.



The Company has taken advantage of the following exemption from Regulation on IFRS Light of January 21st 2008:57:

Section 3.2.3 Dividend and Group Contribution - The Company will treat Dividend and Group Contribution in accordance with the Norwegian Accounting Act.
Cash flow statement is presented in accordance with RL§ 3-2 and NRS

Change in accounting principles

New or amended accounting standards as well as interoperations published by IASB may have an impact on future financial statements. The financial statement for 2020 is based on accounting standards implemented with effect from 2020.

The following new and amended accounting standards were applied for the first time in 2020:

Amendments to IAS 1 and IAS 8: Definition of Material
Amendments to IFRS 9, IAS 39 and IFRS 7: The Interest Rate Benchmark Reform
Amendment to IFRS 16 - Covid-19-Related Rent Concessions

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

Changes in standards and interpretations with future effective date

The Company intend to implement any relevant amendments to applicable standards when they become effective. The Company has no knowledge of future accounting standard or interpretations that will have significant impact on the Financial statement.

Currency

The Financial statements are presented in NOK, which is the Company's functional currency and the currency of the primary economic environment in which the Company operates.

Client contracts are preferably agreed in multi-currency to obtain natural hedging to minimise foreign exchange exposure

Transactions in foreign currencies are translated to NOK using exchange rates provided on a monthly basis by Subsea 7 Group (source: Bloomberg).

Estimates

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 the Company 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 on-going basis. Revisions to accounting estimates are recognised prospectively in the period in which the estimate is revised.

Property, plant and equipment



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 economic life and residual value of an asset.

Defined benefit pension scheme

The financial assumptions reflect market expectations at the balance sheet date for the period over which the obligations are to be settled. This follows the Norwegian Accounting Standards Board (NASB) as at September 2020.

The actuarial assumptions are based on standard assumptions regarding mortality and disability rates, together with other demographic factors, which are stipulated by Finance Norway (FNO).

The turnover reflects the expected share of employees which is expected to leave the company each year. A turnover of 8% for the work stock means that it is an 8% probability that an employee will leave the company within the working year.

The number of members in each scheme, average age, average salary and expected remaining service period for the members is included in the calculation's sheets.

Revenue and cost recognition

Long term construction contracts

The Company 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.

Long term construction contracts (SURF and Conventional work) which includes Engineering, Procurement, Installation and Commissioning (EPIC) contracts, is generally contracted on a fixed-price basis. Revenue is recognised in each period based upon the advancement of the work-in-progress. The input method used to progressively recognise revenue over time is based upon percentage-of-completion whereby total costs incurred to date are compared with total forecast costs at completion of the contract.

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 have concluded that their recognition will not result in a significant revenue reversal in a future period.

Any significant upfront procurement which is not customised for the specific project is not included at cost within the actual cost of work performed until such time as the costs incurred are proportionate to the progress in satisfying the performance obligation. Similarly, an adjustment to the measurement of progress may be required where significant inefficiencies occur.

Unbilled work is classified as Current asset and pre-payments from customers as Current liability (deferred revenue) in the Balance sheet.

Day-rate contracts

Inspection, Maintenance and Repair (IMR) services are provided on a day-rate basis. A day-rate contracts consist of a range of activities compensated based on a contractual agreed set of rates and revenue is recognised when goods or services are provided to the customer.



The transaction price for all day-rate contracts is determined by the expected value approach being the number of days multiplied by the expected day-rate. This method of revenue recognition for day-rate contracts provides a faithful depiction of the transfer of goods and services. Typically, the value of work completed in any one month corresponds directly with Subsea 7's right to payment.

Costs are expensed in the same period as revenue recognised.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The financial instrument is recognised when the entity becomes party to the contractual provision of the instrument. On initial recognition are both financial assets and liabilities recognised at fair value.

Subsequent measurement of financial instruments is dependent on the classification of the financial asset or liability at initial recognition.

Initial measurement is based upon one of four IFRS 9 'Financial Instruments' models: amortised cost; fair value through profit and loss; 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).

The Company's main financial asset is trade and other receivables, intercompany receivables and derivate financial instruments. The financial liabilities include trade and payables, intercompany payable, lease liabilities and derivate financial instruments.

Financial assets and liabilities are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Payables are measured at their nominal amount when the effect of discounting is not material.

The Group enters into forward foreign currency contracts, in order to manage its foreign currency exposures; these are measured at FVPL. 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.

Accounts receivable and other receivables



Accounts receivable and other current receivables are recorded in the balance sheet at nominal value.

The Company 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'.

For contract assets and trade and other receivables which do not contain a significant financing component, the Company 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.

Pensions

The Company has an established Defined Contribution Scheme according to Mandatory occupational pension scheme (OTP). Pension contribution is calculated as a percentage of the pensionable salary; 7% up to 7,1 G and 15% between 7,1 G to 12 G. This scheme is applicable for all employees.

A group of offshore personnel born before 01.01.1970 and pensioners are also included in the Defined Benefit Scheme (early retirement plan). Pension costs and obligations under this scheme is calculated in accordance with IAS19R.

The pension accrual is calculated from the date of enrolment in the scheme until the stipulated retirement age. The actuarial accrual is linear and consider future increase in salary and Norwegian Basic Amount (G).

The pension obligation is determined as the discounted value (present value) of the part of the future pensions benefits which have been earned to balance sheet date, based on financial and actuarial assumptions such as mortality/disability rates and other demographic factors stipulated by Finance Norway (FNO).

Actuarial gains and losses are recognised in Other comprehensive income.

Valuation and classification

Assets acquired for long term use are classified as Property, plant and equipment and accounted for at historical cost and depreciated over the useful economic life of the asset.

Other assets are classified as Current assets and recorded at the lowest of acquisition cost and fair value.

Current and non-current liabilities are recognised in the Balance sheet at nominal amount at the time of acquisition.

Property, plant and equipment

Property, plant and equipment are capitalized at cost less accumulated depreciation and accumulated impairment charges.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset.



If the carrying amount of a non-current asset exceeds its estimated recoverable amount, and this is not temporarily, is the asset impaired accordingly.

Gains and losses on disposals are recognised in the Statement of Comprehensive Income in the period in which the asset is disposed.

Costs for maintenance are expensed as incurred, whereas costs for improving and upgrading property plant and equipment are added to the acquisition cost and depreciated with the related asset.

Assets under construction are carried at cost, less any recognised impairment charge. Depreciation of these assets commences when the assets become operational and either commence activities or are deemed available for service.



Leasing

A lease is defined as a contract, or part of a contract, that conveys the right to control the use of an identified asset for a period in exchange for consideration.

Recognition of leases and exemptions

At the lease commencement date, the Company recognises a lease liability and corresponding right-of-use asset for all lease agreements in which it is the lessee, except for the following exemptions applied:

Short-term leases (defined as 12 months or less)
Low value assets

For these leases, the Group recognises the lease payments as other operating expenses in the statement of profit or loss when they incur.

Lease liabilities

The lease liability is recognised at the commencement date of the lease. The Company measures the lease liability at the present value of the lease payments for the right to use the underlying asset during the lease term that are not paid at the commencement date. The lease term represents the non-cancellable period of the lease, together with periods covered by an option either to extend or to terminate the lease when the Company is reasonably certain to exercise this option.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect adjustments in lease payments due to an adjustment in an index or rate.

Right-of-use assets

The Group measures the right-of-use asset at cost, less any accumulated depreciation and impairment losses, adjusted for any remeasurement of lease liabilities.

The Company applies the depreciation requirements in IAS 16 Property, Plant and Equipment in depreciating the right-of-use asset, except that the right-of-use asset is depreciated from the commencement date to the earlier of the lease term and the remaining useful life of the right-of-use asset.

The Company applies IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Inventory

Inventories such as materials, consumables and spares are valued at the lower of cost and net selling price.

The cost is arrived at using the FIFO method and includes the costs incurred in acquiring the goods and the costs of bringing the goods to their current state and location.

Net selling price is the estimated selling price in the case of ordinary operations minus the estimated completion, marketing and distribution costs.

Physical inventory inspection is done on a regular basis and obsolete inventory written down



accordingly.

Taxation

Taxation expense or income recorded in the Statement of Comprehensive Income represents the sum of current tax and deferred tax charge or credit for the year. Deferred tax is calculated with 22% based on the temporary differences between the Balance Sheet and the corresponding tax bases, and tax loss to carry forward year end. Increasing and reducing tax bases of the temporary differences that are reversed or can be reversed in the same period are offset and netted. Deferred tax asset on net reducing tax bases of temporary differences that have not been offset and tax losses carried forward, are justified by assumed profit in the future.

Cashflow statement

The cash flow statement is prepared according to the Indirect method. Cash and cash equivalents include cash and bank deposits.

Note 2 Change in Financial Statement Presentation Principle

The Company has previous years presented the Statutory accounts under Norwegian Generally Accepted Accounting Principles (NGAAP) and Norwegian Accounting Act.

The Financial statements for 2020 are prepared in accordance with the Norwegian Accounting Act § 3-9 and Regulation on IFRS Light of January 21st 2008:57 as provided by the Norwegian Ministry of Finance.

The Income Statement for 2019 and the associated Balance Sheets 1/1 and 31/12 have been restructured and remeasured in accordance with the provisions of IFRS.

The following amendments in accordance with IFRS have been made:

- 1 Lease contracts are accounted for in accordance with IFRS 16.
- 2 Equity Settled Share Based Payments are structured under Equity.
- 3 Defined benefit Pension schemes under NRS6, have been restructured in accordance with IAS19R. Actuarial gains and losses are presented as Other Comprehensive Income.
- 4 The NGAAP remeasurements of the Forus Offices, following the merger with Subsea 7 Eiendom in 2016, have been reversed to align the balance sheet values with the provisions of IFRS.



Reconciliation change in principle Equity

2019

NOK	Note	Share capital	Other paid-up equity	Other equity	Sum
Equity 01.01.2019 NGAAP		120,400	1,726,686,481	-1,486,483,027	240,323,854
Equity Settled Share Based Payments			28,685,047		28,685,047
Pension expensed under NGAAP				140,609,959	140,609,959
Fair value adjustment Forus office building				-72,448,186	-72,448,186
OCI Component; Actuarial gains/losses				-148,638,905	-148,638,905
Tax on temporary differences, IFRS components				17,704,969	17,704,969
Equity 01.01.2019 IFRS		120,400	1,755,371,528	-1,549,255,191	206,236,737
Equity 31.12.2019 NGAAP		120,400	301,686,481	4,495,521	306,302,402
Equity Settled Share Based Payments			30,280,481		30,280,481
Pension expensed under NGAAP				140,609,959	140,609,959
Fair value adjustment Forus office building				-72,448,186	-72,448,186
OCI Component; Actuarial gains/losses				-148,638,905	-148,638,905
Tax on temporary differences, IFRS components				17,704,969	17,704,969
Net Income of the year transferred to R/E				12,907,461	12,907,461
OCI of the year transferred to R/E				-3,667,348	-3,667,348
Equity 31.12.2019 IFRS		120,400	331,966,962	-49,036,530	283,050,832



Statement of Comprehensive Income
Subsea 7 Norway AS

2019				31/12/2019
NOK	Note	NGAAP	Reclassification/ remeasurement	IFRS
Operating income and expenses				
Revenue		5,198,709,885	0	5,198,709,885
Other operating income		921,146	0	921,146
Total operating income		5,199,631,031	0	5,199,631,031
Cost of materials		1,593,381,201	-134,437,972	1,458,943,229
Personnel expenses		579,568,771	-169,445	579,399,326
Depreciations		43,141,739	-4,447,032	38,694,707
Amortisation		0	108,993,458	108,993,458
Other operating expenses		2,976,901,334	-18,382,055	2,958,519,279
Total operating expenses		5,192,993,045	-48,443,047	5,144,549,999
Operating profit		6,637,986	48,443,047	55,081,033
Financial income and expenses				
Interest income from group companies		2,317,736	0	2,317,736
Other interest income		2,472,325	0	2,472,325
Other financial income		183,669,115	0	183,669,115
Sum financial income		188,459,176	0	188,459,176
Interest expenses to group companies		12,101,907	0	12,101,907
Other interest expenses		99,929	30,298,003	30,397,932
Other financial expenses		126,524,923	0	126,524,923
Sum financial expenses		138,726,759	30,298,003	169,024,762
Net financial items		49,732,417	-30,298,003	19,434,414
Operating result before tax		56,370,403	18,145,044	74,515,447
Tax on ordinary result		-9,608,145	5,237,583	-4,370,562
Ordinary result after tax		65,978,548	12,907,461	78,886,009
Net income		65,978,548	12,907,461	78,886,009
Other comprehensive (income)/(loss)			-3,667,348	-3,667,348
Total comprehensive income/(loss)		65,978,548	9,240,113	75,218,661
Brought forward				
Allocated to other equity		65,978,548	9,240,113	75,218,661
Net brought forward		65,978,548	9,240,113	75,218,661



Balance sheet				
2019				31/12/2019
NOK	Note	N/AAP	Reclassification/ remeasurement	IFRS
Assets				
Fixed assets				
Deferred tax assets		56,429,975	13,501,386	69,931,361
Capitalised software				
Total intangible assets		56,429,975	13,501,386	69,931,361
Land, buildings and property		454,368,554	-68,001,154	386,367,400
Ships and equipment		66,515,372	0	66,515,372
Fixtures and vehicles		4,756,694	0	4,756,694
Asset under construction		21,033,260	0	21,033,260
			0	
Right of use - Vessels			553,121,498	553,121,498
Right of use - Land and buildings			76,101,822	76,101,822
Right of use - Other facilities			2,242,185	2,242,185
Right of use - Other operating equipment			105,161	105,161
Total tangible assets		546,673,880	563,569,512	1,110,243,392
Financial fixed assets				
Bonds and other receivables		11,692,280	0	11,692,280
Other non-current assets		13,537,058	-13,461,339	75,719
Total financial fixed assets		25,229,338	-13,461,339	11,767,999
Total fixed assets		628,333,193	563,609,559	1,191,942,752
Current assets				
Inventories		5,267,311	0	5,267,311
Debtors				
Account Receivables		1,125,078,529	0	1,125,078,529
Other short-term receivables		268,616,395	0	268,616,395
Total receivables		1,393,694,924	0	1,393,694,924
Investments				
Other financial instruments		22,398,890	0	22,398,890
Total current assets		22,398,890	0	22,398,890
Total assets		2,049,694,317	563,609,559	2,613,303,876



Balance sheet				
2019				
NOK	Note	NGAAP	Reclassification/ remeasurement	12/31/2019 IFRS
Equity and liabilities				
Paid-up equity				
Share capital		120,400	0	120,400
Other paid-up equity		301,686,481	30,280,481	331,966,962
Total paid-up equity		301,806,881	30,280,481	332,087,361
Retained earnings				
Other equity		4,495,521	-53,532,051	-49,036,530
Total retained earnings		4,495,521	-53,532,051	-49,036,530
Total equity		306,302,402	-23,251,570	283,050,831
Liabilities				
Non-current liabilities				
Pension liabilities		22,483,560	-900,489	21,583,071
Non-current portion of lease liability			471,491,534	471,491,534
Other provisions		72,145,603	-21,795,483	50,350,120
Total non-current liabilities		94,629,163	448,795,562	543,424,725
Other non-current liabilities				
Long term loan/ Intercompany		16,743,000	0	16,743,000
Total other non-current liabilities		16,743,000	0	16,743,000
Current liabilities				
Current portion of lease liability			174,119,823	174,119,823
Trade creditors		635,879,412	-9,300	635,870,112
Tax payable		0	0	0
Public duties payable		57,668,189	0	57,668,189
Other current liabilities		938,472,151	-36,044,954	902,427,197
Total current liabilities		1,632,019,752	138,065,568	1,770,085,320
Total liabilities		1,743,391,915	586,861,130	2,330,253,045
Total equity and liabilities		2,049,694,317	563,609,560	2,613,303,876



Balance sheet				
2019			11/2019	
NOK	Note	NGAAP	Reclassificati on/ remeasureme nt	IFRS
Assets				
Fixed assets				
Deferred tax assets		69,188,450	17,704,969	86,893,419
Capitalised software		34,913	0	34,913
Total intangible assets		69,223,363	17,704,969	86,928,332
Land, buildings and property		480,138,707	-72,448,186	407,690,521
Ships and equipment		42,168,025	0	42,168,025
Fixtures and vehicles		2,321,118	0	2,321,118
Asset under construction		36,454,155	0	36,454,155
			0	0
Right of use - Vessels			646,206,899	646,206,899
Right of use - Land and buildings			147,447,542	147,447,542
Right of use - Other facilities			1,492,874	1,492,874
Right of use - Other operating equipment			258,865	258,865
Total tangible assets		561,082,006	722,957,993	1,284,039,999
Financial fixed assets				
Bonds and other receivables		2,419,930	0	2,419,930
Other non-current assets		13,013,113	-11,962,060	1,051,053
Total financial fixed assets		15,433,043	-11,962,060	3,470,983
Total fixed assets		645,738,412	728,700,902	1,374,439,314
Current assets				
Inventories		7,573,749	0	7,573,749
Debtors				
Account Receivables		1,674,720,126	0	1,674,720,126
Other short-term receivables		180,281,284	0	180,281,284
Total receivables		1,855,001,410	0	1,855,001,410
Investments				
Other financial instruments		3,309,520	0	3,309,520
Total current assets		3,309,520	0	3,309,520
Total assets		2,511,623,092	728,700,902	3,240,323,994



Balance sheet				
2019				
NOK	Note	NGAAP	Reclassificati on/ remeasureme nt	IFRS
Equity and liabilities				
Paid-up equity				
Share capital		120,400	0	120,400
Other paid-up equity		1,726,686,481	28,685,047	1,755,371,528
Total paid-up equity		1,726,806,881	28,685,047	1,755,491,928
Retained earnings				
Other equity		-1,486,483,027	-62,772,163	-1,549,255,190
Total retained earnings		-1,486,483,027	-62,772,163	-1,549,255,190
Total equity		240,323,854	-34,087,117	206,236,737
Liabilities				
Non-current liabilities				
Pension liabilities		22,329,628	-3,933,114	18,396,514
Non-current portion of lease liability			645,611,357	645,611,357
Other provisions		162,354,869	0	162,354,869
Total non-current liabilities		184,684,496	641,678,243	826,362,739
Other non-current liabilities				
Long term loan and Intercompany		16,743,000	0	16,743,000
Total other non-current liabilities		16,743,000	0	16,743,000
Current liabilities				
Current portion of lease liability			149,794,823	149,794,823
Trade creditors		504,158,330	0	504,158,330
Tax payable		139,045,231	0	139,045,231
Public duties payable		61,587,924	0	61,587,924
Other current liabilities		1,365,080,257	-28,685,047	1,336,395,210
Total current liabilities		2,069,871,742	121,109,776	2,190,981,518
Total liabilities		2,271,299,238	762,788,019	3,034,087,257
Total equity and liabilities		2,511,623,092	728,700,902	3,240,323,994



Cashflow					2019
NOK	Note	NGAAP	Reclassification	IFRS	
Cash flows from operating activities					
Operating result before tax		56,370,403	18,145,044	74,515,447	
- Tax paid		-141,175,272	0	-141,175,272	
Depreciations/amortisations		43,141,739	104,546,426	147,688,165	
+/- Change in inventory		2,306,438	0	2,306,438	
+/- Change in accounts receivable		141,247,999	0	141,247,999	
+/- Change in accounts payable		546,995,104	14,031,390	561,026,494	
+/- Change in expenses pensions		3,550,081	0	3,550,081	
+/- Exchange rate variations		-33,177,288	0	33,177,288	
+/- Change in other accrual items		-609,757,206	-310,839,892	-920,597,098	
Net cash from operating activities		2,401,836	-174,117,033	-171,715,197	
Cash flows from investments activities					
- Payments to buy tangible assets		28,698,700		28,698,700	
Net cash flows from investment activities		-28,698,700		-28,698,700	
Cash flow from financing activities					
- Cash payments from the principal portion of lease liability			174,117,033	174,117,033	
+ Received Group contributions		411,437,637		411,437,637	
- Paid Group contributions		385,140,773		385,140,773	
Net cash flows from financing activities		26,296,864	174,117,033	200,413,897	
+/- Exchange rate variations cash and cash equiv.				0	
Net change in cash and cash equivalents		0	0	0	
Cash and cash equiv. at the start of the period		0	0	0	
Cash and cash equivalents at the end of the period		0	0	0	

Note 3 Operating income

Operating income by geographic origin:	2020	2019
Norway	4,497,873,920	5,057,474,181
UK	145,288,860	107,556,737
Other	63,178,443	34,600,112
Total	4,706,341,223	5,199,631,031

Operating income by activity	2020	2019
SURF and Conventional	4,139,755,510	4,736,424,166
IMR (Inspection, Maintenance and Repair)	68,288,991	52,731,664
Vessel chartering	180,196,440	173,408,858
Personnel services	195,427,662	161,892,262
Other	122,672,620	75,174,081
Total	4,706,341,223	5,199,631,031

SURF and Conventional

Revenue relates to the provision of Subsea Umbilicals, Risers and Flowlines (SURF) activities such as engineering, procurement, installation and commissioning of highly complex systems offshore.



Conventional services include fabrication, installation, extension and refurbishment of fixed and floating platforms and associated pipelines in shallow water environments.

IMR

Revenue relates to the activities associated with the provision of IMR services, drill-rig operations, integrity management of subsea infrastructure and remote intervention support.

Vessel chartering

Revenue relates to the charter of IRM and Light Construction vessel Seven Viking to other entities within the Subsea 7 Group.

Personnel services

Revenue relates to provisions of management, engineering and support services to other entities within the Subsea 7 Group.

Other

Revenue related to purchase on behalf of other entities etc.

Note 4 Salary costs and benefits, remuneration to the chief executive, board and auditor

Salary costs

	2020	2019
Salaries	379,619,057	381,844,650
Employment tax	64,691,410	69,846,691
Pension costs	48,505,555	52,206,755
Other benefits	73,035,609	75,501,230
Total	565,851,631	579,399,326

In 2020 the company employed 546 man-years.

Pension liabilities

The Company is liable to maintain an occupational pension scheme under the Mandatory Occupational Pensions Act. The Company's pension schemes satisfy the requirements of this Act.

Remuneration to leading personnel

	Vice President	Chairman of the Board
Salaries	2 515 176	0
Bonus	239 625	496,164
Other remuneration	315 538	0
Total	3,070,339	496,164

The Vice president and the Chairman of the board is covered by the Company's general bonus system, which can provide a payout if given criteria are present.

None of the company's senior executives have any kind of severance pay agreement.

Auditor

Audit fees expensed for 2020 amount to NOK 858,400 ex. VAT.



Note 5 Pensions

Subsea 7 Norway AS is required to maintain an occupational pension scheme under the Mandatory Occupational Pensions Act. The Company's pension schemes satisfy the requirements of this Act.

The pension schemes give the right to defined future benefits. These are mainly dependent on the number of years of service, the salary level at retirement age and the size of the benefits from the National Insurance Scheme. The obligations are covered through an insurance company and are in accordance with the rules on mandatory occupational pensions. Comparative figures for 2019 include employees in Subsea 7 Norway AS per. 12/31/2019.

(All figures in NOK '000)

	2020		2019	
	Scheme A	Scheme B	Scheme A	Scheme B
Present value of the year's pension earnings	1.468	-	2.451	-
Recognised past service cost	(4.489)	-	-	-
Net interest expense/(income) of pension obligation	(72)	387	(33)	445
Administrative expenses related to management of plan assets	55	32	54	31
Payroll tax (PT)	-	55	-	63
Cost in financial statement	(3.037)	474	2.472	539
DBO at the beginning of year	(72.146)	(72.316)	(70.767)	(71.455)
Past service cost	18.132	-	-	-
Estimated effect of future salary adjustments	5.033	6.238	(1.379)	(861)
DBO at end of year	(48.981)	(66.078)	(72.146)	(72.316)
Plan assets at end of year	55.868	49.967	72.222	53.400
Net defined benefit obligation (asset)	6.886	(16.111)	76	(18.916)
Payroll tax	-	(2.272)	-	(2.667)
Obligation in financial statement	6.886	(18.382)	76	(21.583)
	2020		2019	
Estimated return on plan assets	1,50 %	1,50 %	1,80 %	1,80 %
Discount rate	1,50 %	1,50 %	1,80 %	1,80 %
Salary increase	2,00 %	2,00 %	2,25 %	2,25 %
Increase of pension from the Norwegian National Insurance	1,75 %	1,75 %	2,00 %	2,00 %

The defined benefit pension schemes cover 89 people per. 31.12.20, of which 55 received a pension in 2020. The defined benefit pension plan scheme A was terminated as at 31 March 2021.

The company has a defined contribution pension plan that satisfies current rules. It includes all employees who are over 20 years of age and a member of the Norwegian National Insurance Scheme. The pension scheme includes old-age pension, contribution exemption, disability pension and child pension. Costs related to the defined contribution pension plan in 2020 were NOK 44 085 012.



Note 6 Fixed assets

	Goodwill	Buildings and land	Machinery and equipment	Equipment and other movables
Purchase cost as of 01.01.20	2,268,556,775	617,153,544	225,248,410	57,516,538
+ Inflow purchased fixed assets			74,791,158	1,047,102
- Outflow this year				10,588,907
= Acquisition cost 31.12.20	2,268,556,775	617,153,544	300,039,568	47,974,733
Accumulated depreciation 31.12.20	487,206,372	254,910,491	178,088,038	44,721,344
+ Accumulated write-down 31.12.20	1,781,350,203			
= Depreciation and down-wr. as of 31.12.20	2,268,556,775	254,910,491	178,088,038	44,721,344
= Book value 31.12.20	0	362,243,053	121,951,531	3,253,389
This year's ordinary depreciations		24,124,347	19,354,999	2,550,406
Economic life	10 years	0-25 years	3-8 years	0-5 years

	Assets under Construction	Intangible assets	Total
Purchase cost as of 01.01.20	21,033,260	943,449	3,190,451,975
+ Inflow purchased fixed assets	-18,539,892		57,298,368
- Outflow this year			10,588,907
= Acquisition cost 31.12.20	2,493,368	943,449	3,237,161,437
Accumulated depreciation 31.12.20		943,449	965,869,893
+ Accumulated write-down 31.12.20			1,781,350,203
= Depreciation and down-wr. as of 31.12.20		943,449	2,747,220,096
= Book value 31.12.20	2,493,368	0	489,941,341
This year's ordinary depreciations			46,029,752
Economic life		0-5 years	



Note 7 Inventory

Materials, consumables and spare parts are valued at the lower of acquisition cost and net selling price.

Note 8 Balances held with Group companies

	Customer receivables	
	2020	2019
Jointly controlled businesses	309,933	0
Total	309,933	0

	Debt to suppliers		Other long-term liabilities	
	2020	2019	2020	2019
Group contributions	0	0	0	0
Companies in the same group	-144,969,070	-503,688,450	-16,743,000	-16,743,000
Total	-144,969,070	-503,688,450	-16,743,000	-16,743,000

The Company is part of Subsea 7 Group's Working Capital Agreement and an automated sweeping mechanism setup, whereby any surplus funds are deposited with Subsea 7 Treasury Ltd (STL) overnight, conversely any overdrawn positions are funded by STL.

The Company has no bank deposits. All available bank funds are routinely transferred to and made available to Group Treasury.

Intercompany transactions (All figures in NOK '000)

	2020	2019
Sales revenue	629 700	590 174
Cost of goods	219 818	522 962
Guarantees, borrowing costs and insurance	51 744	81 229
Management services	275 013	403 221
Vessels and equipment	1 214 586	1 422 495
Personnel and technical assistance	404 324	451 322



Note 9 Long-term Receivables and liabilities

There are no receivables due after one year after the balance sheet date.

Long-term liabilities

Pursuant to the loan agreement with Subsea 7 Interim UK Holdings Limited, the loan will be repaid in 2023.

Debt that falls due more than five years after the balance sheet date

	2020	2019
Total	0	0

Note 10 Long-term construction contracts

The Company's long-term construction projects are reported in accordance with IFRS 15. Under IFRS 15, the Company needs to determine whether or not a promise in a customer contract to transfer goods or services to that customer, is a distinct performance obligation. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when the performance obligation is satisfied.

The performance obligations are satisfied over time as work progresses or at a point in time. The percentage of completion of the work in progress is calculated as the ratio between accrued project costs and estimated total costs for the project.

	2020	2019
Pre-invoiced production included in other short-term liabilities	237,338,133	415,901,786
Earned unbilled income included in accounts receivables	360,070,991	797,022,249
Estimated remaining production on loss-making contracts	276,588,000	1,001,065,005

Note 11 Restricted bank deposits

The Company does not have restricted bank deposits per. 31/12/2020.



Note 12 Shareholders

The share capital in Subsea 7 Norway AS as of 31/12 consists of the following share classes:

	Total	Face value	Entered
A-shares	12	400.0	4,800
B-shares	289	400.0	115,600
Total	301		120,400

Ownership structure

The largest shareholders in % at year end:

	A-shares	B-shares	Total Owner interest	Share of votes
Subsea 7 Holding Norway AS	12	289	301	100.0



Note 13 Tax

This year's tax expense	2020	2019
Entered tax on ordinary profit/loss:		
Payable tax	-4,961,041	-22,366,620
Changes in deferred tax assets	-26,548,138	17,996,058
Tax expense on ordinary profit/loss	-31,509,179	-4,370,562
Taxable income:		
Ordinary result before tax	-153,227,948	74,515,446
IFRS items	4,990,210	-3,667,348
Permanent differences	3,959,838	1,622,663
Changes in temporary differences	-98,780,979	-104,852,744
Cut interest deduction	9,250,358	5,779,818
Taxable income	-233,808,521	-26,602,166
Payable tax in the balance:		
Payable tax on this year's result		
Tax on reversed losses	-6,600,000	
Total payable tax in the balance	-6,600,000	0

Negative tax payable applies to the right to return losses for 2020 against taxable profits in 2018 and 2019.

Calculation of effective tax rate		
Profit before tax	-153,227,948	74,515,446
Calculated tax on profit before tax	-33,710,149	16,393,398
Tax effect of permanent differences	871,164	356,986
ITC	3,769,000	-24,496,661
Foreign taxes	-2,130,041	2,130,041
Other tax effects	-309,154	1,245,674
Sum	-31,509,179	-4,370,562
Effektiv skattesats	20.6%	-5.9%

The tax effect of temporary differences and loss for to be carried forward that has formed the basis for deferred tax and deferred tax advantages, specified on type of temporary differences.

	2020	2019	Difference
Tangible assets	-31,625,209	-41,167,127	-9,541,918
Production contracts	21,823,000	-89,623,000	-111,446,000
Lease agreement brought to the balance	-5,738,532	-14,031,390	-8,292,858
Profit and loss account	4,380,260	5,475,325	1,095,065
Allocation and more	-18,273,584	-28,941,548	-10,667,963
Pension premium / liabilities	-11,496,074	-21,507,351	-10,011,277
Other differences	-21,714,355	28,369,618	50,083,973
Total	-62,644,494	-161,425,473	-98,780,978
Accumulated loss to be brought forward	-230,410,687	-146,562,405	83,848,282
Cut interest deduction	-15,030,176	-9,881,944	5,148,232
Basis for deferred tax assets	-308,085,357	-317,869,822	-9,784,465
Deferred tax assets (22%)	-67,778,779	-69,931,361	-2,152,582
Adjustment group contribution 2019 booked opening balance			27,293,720
Tax OCI			1,407,000
Changes in deferred tax assets			26,548,138



Note 14 Items that are aggregated in the accounts

Other Financial Income	2020	2019
Gain on exchange (agio)	236,049,659	183,669,114
Total Other Financial Income	236,049,659	183,669,114

Other Financial Expenses	2020	2019
Loss on exchange (disagio)	268,535,615	126,278,659
Other financial costs	228,337	246,263
Total Other Financial Expenses	268,763,952	126,524,923

Other provisions for liabilities	2020	2019
Uncertain tax costs	42,678,339	38,909,339
Bonus	0	9,052,279
Provisions for losses on contracts	17,735,355	0
Other provisions	175,430	2,388,502
Total other provisions for liabilities	60,589,124	50,350,120

Note 15 Financial Instruments

The Company's main financial asset is trade and other receivables, intercompany receivables and derivative financial instruments. The financial liabilities include trade and payables, intercompany payable, lease liabilities and derivative financial instruments.

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.

	Financial instruments at Market Fair Value
31.12.2020	
Assets	
Embedded Derivatives - Short Term	15,000,770
Embedded Derivatives - Long Term	57,970
Total Embedded Derivatives Assets	15,058,740
31.12.2020	
Liabilities	
Embedded Derivatives - Short Term	-9,250,410
Embedded Derivatives - Long Term	-175,430
Total Embedded Derivatives Liabilities	-9,425,840



Note 16 Right-of-use assets

	Vessels	Land and buildings	Other facilities	Other operating equipment	Total
Gross RoU					
At 1 January 2020	646.206.899	89.311.923	2.953.241	258.865	738.730.928
Additions	43.070.551	1.832.145	0	-85.159	50.617.537
At 31 December 2020	695.277.450	90.944.068	2.953.241	173.706	789.348.465
Accumulated amortisation					
At 1 January 2020	93.065.401	13.210.100	711.056	153.704	107.160.261
Charge for the year	105.565.239	17.636.330	792.634	-4.675	123.989.587
At 31 December 2020	198.650.700	30.846.430	1.503.690	149.028	231.149.848
Carrying amount at 31 December 2020	496.626.750	60.097.638	1.449.551	24.677	558.198.617

Note 17 Other financial information

Lease obligations

The Company has entered into lease agreements regarding the lease of vessels, commercial buildings, storage space, parking space and other operating assets. The lease period for these is between 1-10 years, with options for a further 1-10 years related to vessels, commercial buildings and storage areas. Liabilities related to these as of 31.12.2020 amount to NOK 565.0 million.

	(All figures in NOK '000)		
	Year 1	Year 2-5	more than 5 years
Estimated lease payment nominal	141 260	464 669	40 244
Net present value	135 483	404 989	22 545

Bank guarantees

The Company has bank guarantee liabilities to the Tax Collector in Sola of NOK 40M, Equinor NOK 434M and USD 1.3M, Aker BP ASA NOK 240M and USD 17.2M, HMRC GBP 40K.

Note 18 Post Balance Sheet events

There have been no project-related events after the balance sheet date that have an accounting impact for 2020.



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
2020 Accounts Subsea 7 Norway

Final Audit Report

2021-08-31


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Subsea 7 Norway AS
Entity Org. number 936 742 475

DIRECTORS REPORT 2020

The Financial statements and notes in this report are specific to Subsea 7 Norway AS (the Company) and not the wider Subsea 7 S.A. Group.

Subsea 7 Norway AS is ultimately wholly owned by Subsea 7 S.A., a global leader in the delivery of projects and services for the offshore energy industry. Subsea 7 provides project management, engineering and construction expertise across the full field lifecycle within the operational business units SURF & Conventional and Renewables.

The Annual Report and Consolidated Financial statements of Subsea 7 S.A. are available at www.subsea7.com.

Subsea 7 S.A. is listed on the Oslo Stock Exchange.

The main activity of Subsea 7 Norway AS is execution of SURF & Conventional projects primarily in the Norwegian sector of the North Sea.

The Company's head offices in Norway is at Kanalsletta 9, Sola.

FINANCIAL STATEMENT REVIEW 2020 (In NOK)

Operating income	: 4,706,341,223
Operating result before tax	: -153,227,948
Net income/loss	: -121,718,769
Total comprehensive income/loss	: -116,728,559
Total equity	: 264,685,215
Total equity and liabilities	: 1,930,656,037

Operating income of just over NOK 4,706m is almost 10% lower than that reported in 2019 (NOK 5,200m) largely as a result of the impact of the reduction in oil price and the consequential effect this had on client spending.

A net loss of NOK -122m was generated compared to a net income of NOK 79m in 2019. The following factors contributed to the differing results across the 2 years:

- Restructuring costs incurred in 2020 which did not impact 2019 result
- Adverse foreign exchange movements compared to favourable movements in 2019
- Costs associated with the Covid 19 pandemic which could not be recovered in 2020 - 2019 financial performance did not suffer from incremental costs associated with Covid 19

A total comprehensive loss of NOK -117m was generated in 2020 compared to a profit of NOK 75m in 2019. This was after taking into account a 5m credit associated with remeasurement of the defined benefit pension scheme - in 2019, there was a charge of 4m associated with same.

At the end of December 2020, shareholders equity amounted to NOK 265m compared to NOK 283m at the end of 2019. Aside from the net comprehensive loss for the year being transferred to retained earnings, the only other significant issue impacting the equity position at the end of the year was the receipt of Group Contributions from related entities amounting to 97m.



Review of the Business:

Subsea 7 Norway AS operated in extremely challenging circumstances in 2020 given the tough market conditions as a result of the low oil price and Corona virus.

Considerable effort was involved in delivering client projects safely and to a high quality given the challenges introduced by the pandemic. Measures to mitigate the impact of COVID-19 were quickly implemented at offices, onshore bases and vessels. No ongoing projects were cancelled or suspended by clients and the Norwegian Government were quick to introduce stimulus packages aimed at supporting continued investment in new offshore developments. The Government stimulus packages were successful with clients bringing a number of projects to market in spite of the challenging environment although many of these awards will benefit future financial years.

Revenue is mainly generated by projects within the SURF & Conventional segment and via services provided to other entities within the Subsea 7 Group.

Equinor and Aker BP remain the Company's largest clients and, similar to 2019, account for the majority of the turnover generated in the year.

The financial result reflects the competitive market conditions which continue to prevail.

Additional operating costs incurred as a result of COVID-19 have only been partly compensated by our clients and this, in addition to restructuring costs in relation to enforced reductions in work force has had an adverse impact on the 2020 financial result.

The net loss for the year, after tax, was NOK -122m (2019: profit of NOK 79m). The Board do not recommend payment of a dividend to the shareholders for 2020.

The Board is of the opinion that the Financial statements present a fair and correct view of the Company's financial position and propose to allocate the 2020 loss to Equity.

FINANCIAL RISK

Marked risk

The demand for Subsea 7's services correlates with the oil price which is the main driver when clients sanction new projects. History has also showed that there is a risk that clients may suspend or cancel awarded contracts when a sudden and unexpected drop in the oil price occurs. Market volatility is a known risk in the offshore energy industry and Subsea 7 Norway AS is structured to quickly react to changes in market conditions.

Subsea 7 Norway AS is exposed to foreign exchange fluctuations. The exposure is mitigated by seeking payments from clients in multi currencies such that any cost incurred is reimbursed in the same currency.

Credit risk

The Company's clients are mainly well-established domestic operator companies with proven track records of fulfilling their financial obligations. Credit checks are performed at tender stage before entering contracts with new clients.

The credit risk is deemed to be low.



Liquidity risk

Subsea 7 Norway AS is part of the wider Subsea 7 Group's Working Capital Agreement and will receive funding if required.

Subsea 7 S.A. has a strong balance sheet and sufficient access to cash securing financial stability for its subsidiaries.

GOING CONCERN

The Company has adequate resources to continue in operational existence for the foreseeable future. The Board of directors is of the opinion that the Company is a going concern and the Financial statements have been prepared under this assumption.

LOOKING AHEAD

Subsea 7 announced in 2020 a global restructuring program to prepare for the downturn in the offshore energy marked caused by the COVID-19 pandemic and drop in oil price. The restructuring program consisting of workforce reduction, vessel fleet optimization and reduced capital expenditure is progressing according to plan.

The economic impact of the pandemic has been less extensive than initially expected for the offshore industry in Norway, largely due to the stimulus packages announced by the Norwegian Government. Planned development projects initially postponed or cancelled by the Operator companies were re-started after the Government made a temporary amendment to the Norwegian petroleum tax system although the timing of a number of these projects has slipped.

Subsea 7 Norway AS has been awarded several new projects so the anticipated workforce reduction in Norway will be achieved mainly by cancelling non-permanent-staff contracts and through voluntary early retirements.

Subsea 7's Vision 2025 sets out two strategic focus areas. In addition to Subsea 7's continued focus on the subsea oil and gas sector (Subsea Field of the Future), the Company is also focused on supporting clients in the Renewable Energy sector.

The award of Equinor's full-scale carbon capture and storage project (Northern Lights) in the first half of 2021, fits very well into Subsea 7 Norway AS strategy to take a position in the CCS market in the North Sea.

Overall, Subsea 7 Norway AS, is well positioned for the future. High tender activity in 2021 to date, indicates optimism in the market and the Company has well-established relations with key clients.

Closing backlog for 2020 is lower than 2019, however increased activity is anticipated in the coming years following the announcement of the Norwegian government tax package where PDO is required for delivery by 31.12.2022.



DISCRIMINATION

The purpose of the Norwegian Equality and Anti-Discrimination Act is to promote equality, prevent discrimination and to improve the position of women and minorities. These values are adopted by Subsea 7. Everyone at Subsea 7 has the right to be treated fairly and to have equal opportunities in a supportive, friendly and inclusive environment free from all forms of discrimination, harassment and bullying.

Subsea 7 Norway AS follow Group's Equal Opportunities & Diversity Policy promoting inclusion, equality and fairness of treatment for all. Respect for Human Rights and fight against all forms for discrimination is an integrated part of Subsea 7 and in embodied in the Code of Conduct.

In the last employee opinion survey 75% of the on and offshore personnel in Subsea 7 Norway AS reported that they are treated fairly, regardless of their race, ethnically, age, national origin or religion.

Subsea 7's head office in Forus has a universal design and the office facilities can be used regardless of disability.

EMPLOYEES

Subsea 7 Norway AS has 556 regular employees at the end of 2020.

The Company is actively working to recruit and maintain a diversified workforce and in 2020 were people from 31 different nationalities working for Subsea 7 Norway AS.

The oil and gas industry has traditionally been dominated by men, and men form the majority in the Company. Out of the regular staff is 32,4% women 67,6% men.

The Company is working to close the gap and recruit more woman, but it is a fact that more men than women are applying to the GEDS program which may be an indicator that women prefers a career in other industries.

Women are represented in both the Management team (3 members) and in the Board of Directors (3 members).

Subsea 7 conducts regularly Employee Opinion Surveys to monitor working conditions and employee satisfaction. The working environment in Subsea 7 Norway AS is good.

HEALTH, SAFETY, ENVIRONMENT AND QUALITY (HSEQ)

HSEQ Management System

Subsea 7 has implemented an integrated HSEQ management system, which is certified by DNV against the ISO 9001, 14001 and 45001 standards. The management system is overseen by senior management and underpinned by our HSEQ Policy Statement. Central elements of our management system are stakeholder engagement, compliance with legislative requirements and striving for continuous improvement. Together with our Values (Safety, Integrity, Sustainability, Performance, Collaboration and Innovation), these drive our HSEQ performance.



Health

COVID-19 has been a dominant factor across the business in 2020, impacting all aspects of our operations. Already before the government close-down on March 12, Subsea 7 Norway decided to implement home office for all employees. A COVID-19 target group was established with senior management representatives overseeing various aspects of our operations in various subgroups and with special focus on keeping our people safe and ensuring their wellbeing. Despite the challenges, Subsea 7 Norway has managed to continue offshore operations, onshore fabrication and run our (home) offices with minimum disruption and no serious COVID health impacts throughout 2020.

Sick leave in 2019 ended at 2,1% for onshore employees and 4,2% for offshore employees, which is below industry average. This is calculated based on the number of hours of sick leave compared with the total number of hours produced.

Safety

In 2020, Subsea 7 Norway AS had no (0) incidents that led to absence from work (Lost Time Injury). Subsea 7 investigates all incidents and near-miss incidents, regardless severity, and the Company implements targeted organizational, technical and operational measures to prevent repeat of the conditions that cause incidents or potential incidents. The Company's management is involved in assessing the effectiveness of the implemented measures.

The Company has had a good reporting frequency (above target) of safety observations and interventions at our operational worksites. This provides important input to our preventive safety work where there is a strong focus on safe behaviour, conducting task risk assessments and toolbox talks. The Company has embedded the industry standard "Life Saving Rules" as a central theme in our preventative safety work.

Environment

Subsea 7 Norway AS environmental impact is dominated by the emissions and impacts associated with our offshore vessel operations. In addition, the operation of our offices, onshore production sites and (indirectly) the performance of our subcontractors contribute to our environmental impact profile.

Fuel consumption in the Company's fleet is significant and is a focus area. The Company has established an energy saving program on all ships and has a modern fleet equipped with energy-efficient engines. In addition, several ships have had treatment plants installed that reduce NOx emissions. One ship, Seven Viking, was rebuilt in 2018 to become a battery-backed hybrid vessel and shows positive results in the form of significantly lower fuel consumption and NOx emissions. In 2020, the Company has established a carbon estimator that allows better prediction of our CO2-emissions profile in project execution and we disclose our carbon emissions at corporate level at CDP.

The fleet is managed in accordance with ISM and complies with all MARPOL regulations related to emissions to air, generation of waste and discharges to water from our ships. The Company has, in accordance with international regulations, established contingency plans for all vessels related to pollution accidents. These plans are subject to the approval of an independent third party.

In accordance with the ISO 14001 standard, Subsea 7 Norway AS establishes environmental aspect registers for all projects and operations, identifying control measures and opportunities for improved performance. As part of our Sustainability value (see below), the Company has established working groups led by Senior management that cover long-term improvements on environmental impacts and operational eco-efficiency.



Quality

Our quality performance is closely monitored in all phases of the project. Non-conformities are raised in our management system and are investigated in a similar manner as safety incidents. The Company implements targeted organizational, technical and operational measures to prevent repeat of the conditions that cause quality incidents. The Company's management is involved in assessing the effectiveness of the implemented measures.

Sustainability

Sustainability is one of our Corporate Values, added in 2019. In 2020, the Company has further developed a governance structure at corporate level and defined 6 Sustainability Priorities: Employee Health, Safety and Wellbeing; Labour Practices and Human Rights; Business Ethics; Energy Transition; Operational Eco-Efficiency; Ecological Impacts. 2020 also saw our first public Sustainability report. Significant effort will be made to embed Sustainability further as a central value our company in the years to come, and this will include the execution of local sustainability initiatives in Subsea 7 Norway AS.

Forus, 25.08.2021
The board of Subsea 7 Norway AS

Stuart Peter Fitzgerald chairman of the board	Monica T. Bjørkmann general Manager	Siw Viktoria Stordahl member of the board
Colin Strachan vice chairman	Phillip Simons member of the board	Jon Sunde Haugland member of the board
Martin Fossum member of the board	Stian Sletten member of the board	Sarah Jane Søvik member of the board



Statement of Comprehensive Income

Subsea 7 Norway AS

Operating income and operating expenses	Note	2020	2019
Revenue	3	4,705,708,457	5,198,709,885
Other operating income	3	632,766	921,146
Total operating income		<u>4,706,341,223</u>	<u>5,199,631,031</u>
Cost of materials		1,655,592,514	1,458,943,229
Personnel expenses	4, 5	565,851,631	579,399,326
Depreciation	6	46,029,752	38,694,707
Amortisation	16	123,989,587	108,993,458
Other operating expenses	4	<u>2,393,823,806</u>	<u>2,958,519,279</u>
Total operating expenses		<u>4,785,287,291</u>	<u>5,144,549,998</u>
Operating profit		<u>-78,946,068</u>	<u>55,081,033</u>
Financial income and expenses			
Interest income from group companies		0	2,317,736
Other interest income		4,446	2,472,325
Other financial income	14	<u>236,049,659</u>	<u>183,669,114</u>
Sum financial income		<u>236,054,106</u>	<u>188,459,175</u>
Interest expense to group companies		9,089,460	12,101,907
Other interest expenses		32,482,574	30,397,931
Other financial expenses	14	<u>268,763,952</u>	<u>126,524,923</u>
Sum financial expenses		<u>310,335,986</u>	<u>169,024,761</u>
Net financial items		<u>-74,281,880</u>	<u>19,434,414</u>
Operating result before tax		-153,227,948	74,515,447
Tax on ordinary result	13	<u>-31,509,179</u>	<u>-4,370,562</u>
Net income/(loss)		<u>-121,718,769</u>	<u>78,886,009</u>
Other comprehensive income/(loss)			
Remeasurement Defined Benefit Pension		<u>-4,990,210</u>	<u>3,667,348</u>
Other comprehensive income/(loss)		<u>4,990,210</u>	<u>-3,667,348</u>
Total comprehensive income/(loss)		<u>-116,728,559</u>	<u>75,218,661</u>
Brought forward			
Allocated to other equity		<u>-116,728,559</u>	<u>75,218,661</u>
Net brought forward		<u>-116,728,559</u>	<u>75,218,661</u>



Balance sheet			
Subsea 7 Norway AS			
Assets	Note	2020	2019
Fixed assets			
Intangible assets			
Deferred tax assets	13	67,778,779	69,931,361
Total intangible assets		<u>67,778,779</u>	<u>69,931,361</u>
Tangible assets			
Buildings and land	6	362,243,053	386,367,400
Machinery and equipment	6	121,951,531	66,515,372
Equipment and other movables	6	3,253,390	4,756,694
Assets under construction	6	2,493,368	21,033,260
Total tangible assets		<u>489,941,341</u>	<u>478,672,725</u>
Leased assets			
Right of use - Ships	16	496,626,750	553,121,498
Right of use - Building and land	16	60,097,638	76,101,822
Right of use - Machinery and equipment	16	24,678	105,161
Right of use - Fixture and fittings	16	1,449,551	2,242,185
Total leased assets		<u>558,198,617</u>	<u>631,570,667</u>
Financial fixed assets			
Bonds and other receiveables	15	57,970	11,692,280
Other long-term receivables	5	6,886,151	75,719
Total financial fixed assets		<u>6,944,121</u>	<u>11,767,999</u>
Total fixed assets		<u>1,122,862,859</u>	<u>1,191,942,752</u>
Current assets			
Inventories	7	2,697,864	5,267,311
Debtors			
Accounts receivables	8, 10	679,774,107	1,125,078,529
Other short-term receivables	13	110,320,436	268,616,395
Total receivables		<u>790,094,543</u>	<u>1,393,694,924</u>
Investments			
Other financial instruments	15	15,000,770	22,398,890
Total investments		<u>15,000,770</u>	<u>22,398,890</u>
Total current assets		<u>807,793,178</u>	<u>1,421,361,125</u>
Total assets		<u>1,930,656,037</u>	<u>2,613,303,877</u>

**Balance sheet**

Subsea 7 Norway AS

Equity and liabilities	Note	2020	2019
Paid-up equity			
Share capital	12	120,400	120,400
Other paid-up equity		430,329,903	331,966,962
Total paid-up equity		430,450,303	332,087,362
Retained earnings			
Other equity		-165,765,088	-49,036,530
Total retained earnings		-165,765,088	-49,036,530
Total equity	2	264,685,215	283,050,832
Liabilities			
Non-current liabilities			
Provisions for liabilities			
Pension liabilities	5	18,382,226	21,583,071
Non-current lease liabilities	17	466,438,474	471,491,534
Other provisions	14, 15	60,589,124	50,350,120
Total provisions		545,409,824	543,424,725
Other long-term liabilities			
Other long term liabilities	8, 9	16,743,000	16,743,000
Total of other long term liabilities		16,743,000	16,743,000
Current liabilities			
Trade creditors	8	310,565,976	635,870,111
Current lease liabilities	17	98,531,845	174,119,823
Public duties payable		65,503,816	57,668,189
Other current liabilities	10, 15	629,216,362	902,427,197
Total current liabilities		1,103,817,998	1,770,085,320
Total liabilities		1,665,970,822	2,330,253,045
Total equity and liabilities		1,930,656,037	2,613,303,877



Balance sheet

Subsea 7 Norway AS
Forus, 25.08.2021
The board of Subsea 7 Norway AS

Stuart Peter Fitzgerald
chairman of the board

Monica T. Bjørkmann
general Manager

Siw Viktoria Stordahl
member of the board

Colin Strachan
vice chairman

Phillip Simons
member of the board

Jon Sunde Haugland
member of the board

Martin Fossum
member of the board

Stian Sletten
member of the board

Sarah Jane Søvik
member of the board



Indirect cash flow

Subsea 7 Norway AS

	Note	2020	2019
Cash flows from operating activities			
		-153,227,948	74,515,447
-	Profit/loss before tax		
-	Tax paid	0	-141,175,272
+	Depreciation	156,338,742	147,688,165
+/-	Change in inventory	2,569,446	2,306,438
+/-	Change in accounts receivable	445,304,422	141,247,999
+/-	Change in accounts payable	-325,304,136	561,026,493
+/-	Difference expensed pension and paid pension	-1,051,216	-3,550,081
+/-	Exchange rate variations	17,906,567	-33,177,288
+/-	Change in other accraual items	-344,385,381	-920,597,098
=	Net cash from operating activities	<u>-201,849,503</u>	<u>-171,715,197</u>
Cash flows from investment activities			
-	Payments to buy tangible assets	57,298,368	28,698,700
=	Net cash from investments activites	<u>-57,298,368</u>	<u>-28,698,700</u>
Cash flows from financing activities			
-	Cash payments for the principal portion of lease liability	162,379,226	174,117,033
+	Proceeds from Group contributions	96,768,645	411,437,637
-	Payment of Group contributions	0	385,140,773
=	Net cash from financing activites	<u>259,147,871</u>	<u>200,413,897</u>



Statement of Equity 2019

	Share capital	Other paid-up equity	Other Comprehensive Income	Other equity	Total
As at 1.1.2019	120,400	1,755,371,528	157,141,761	-1,706,396,952	206,236,737
Net income/(loss) of the year				78,886,009	78,886,009
Remeasurement Defined Benefit Pension of the year			-3,667,348		-3,667,348
Total comprehensive income/(loss) 31.12			-3,667,348	78,886,009	75,218,661
Share based payments		1,595,434			1,595,434
Intra-group contr. received		0			0
Other		-1 425 000 000	-6 217 370	1 431 217 370	0
Pr 31.12.2019	120,400	331,966,962	147,257,043	-196,293,573	283,050,832

Statement of Equity 2020

	Share capital	Other paid-up equity	Other Comprehensive Income	Other equity	Total
As at 1.1.2020	120,400	331,966,962	147,257,043	-196,293,573	283,050,832
Net income/(loss) of the year				-121,718,769	-121,718,769
Remeasurement Defined Benefit Pension of the year			4,990,210		4,990,210
Total comprehensive income/(loss) 31.12			4,990,210	-121,718,769	-116,728,559
Share based payments		1,594,296			1,594,296
Intra-group contr. received		96,768,646			96,768,646
Pr 31.12.2020	120,400	430,329,904	152,247,253	-318,012,342	264,685,215

Note 1 Accounting Principles

The Financial statements and notes in this report are specific to Subsea 7 Norway AS (Company) and not the wider Subsea 7 S.A. Group. The results for the Subsea 7 S.A. Group are contained within the Annual Report and Consolidated Financial Statements of Subsea 7 S.A. which can be found at www.subsea7.com.

Adoption of new accounting principle

The Company has previous years presented the Statutory accounts under Norwegian Generally Accepted Accounting Principles and Norwegian Accounting Act.

The Financial statements for 2020 are prepared in accordance with the Norwegian Accounting Act § 3-9 and Regulation on IFRS Light of January 21st 2008:57) as provided by the Norwegian Ministry of Finance.

This means that measurement and recognition follow IFRS and that presentation and notes are in accordance with the Norwegian Accounting Act and NGAAP.



The Company has taken advantage of the following exemption from Regulation on IFRS Light of January 21st 2008:57:

Section 3.2.3 Dividend and Group Contribution - The Company will treat Dividend and Group Contribution in accordance with the Norwegian Accounting Act.
Cash flow statement is presented in accordance with RL§ 3-2 and NRS

Change in accounting principles

New or amended accounting standards as well as interoperations published by IASB may have an impact on future financial statements. The financial statement for 2020 is based on accounting standards implemented with effect from 2020.

The following new and amended accounting standards were applied for the first time in 2020:

Amendments to IAS 1 and IAS 8: Definition of Material
Amendments to IFRS 9, IAS 39 and IFRS 7: The Interest Rate Benchmark Reform
Amendment to IFRS 16 - Covid-19-Related Rent Concessions

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

Changes in standards and interpretations with future effective date

The Company intend to implement any relevant amendments to applicable standards when they become effective. The Company has no knowledge of future accounting standard or interpretations that will have significant impact on the Financial statement.

Currency

The Financial statements are presented in NOK, which is the Company's functional currency and the currency of the primary economic environment in which the Company operates.

Client contracts are preferably agreed in multi-currency to obtain natural hedging to minimise foreign exchange exposure

Transactions in foreign currencies are translated to NOK using exchange rates provided on a monthly basis by Subsea 7 Group (source: Bloomberg).

Estimates

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 the Company 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 on-going basis. Revisions to accounting estimates are recognised prospectively in the period in which the estimate is revised.

Property, plant and equipment



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 economic life and residual value of an asset.

Defined benefit pension scheme

The financial assumptions reflect market expectations at the balance sheet date for the period over which the obligations are to be settled. This follows the Norwegian Accounting Standards Board (NASB) as at September 2020.

The actuarial assumptions are based on standard assumptions regarding mortality and disability rates, together with other demographic factors, which are stipulated by Finance Norway (FNO).

The turnover reflects the expected share of employees which is expected to leave the company each year. A turnover of 8% for the work stock means that it is an 8% probability that an employee will leave the company within the working year.

The number of members in each scheme, average age, average salary and expected remaining service period for the members is included in the calculation's sheets.

Revenue and cost recognition

Long term construction contracts

The Company 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.

Long term construction contracts (SURF and Conventional work) which includes Engineering, Procurement, Installation and Commissioning (EPIC) contracts, is generally contracted on a fixed-price basis. Revenue is recognised in each period based upon the advancement of the work-in-progress. The input method used to progressively recognise revenue over time is based upon percentage-of-completion whereby total costs incurred to date are compared with total forecast costs at completion of the contract.

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 have concluded that their recognition will not result in a significant revenue reversal in a future period.

Any significant upfront procurement which is not customised for the specific project is not included at cost within the actual cost of work performed until such time as the costs incurred are proportionate to the progress in satisfying the performance obligation. Similarly, an adjustment to the measurement of progress may be required where significant inefficiencies occur.

Unbilled work is classified as Current asset and pre-payments from customers as Current liability (deferred revenue) in the Balance sheet.

Day-rate contracts

Inspection, Maintenance and Repair (IMR) services are provided on a day-rate basis. A day-rate contracts consist of a range of activities compensated based on a contractual agreed set of rates and revenue is recognised when goods or services are provided to the customer.



The transaction price for all day-rate contracts is determined by the expected value approach being the number of days multiplied by the expected day-rate. This method of revenue recognition for day-rate contracts provides a faithful depiction of the transfer of goods and services. Typically, the value of work completed in any one month corresponds directly with Subsea 7's right to payment.

Costs are expensed in the same period as revenue recognised.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The financial instrument is recognised when the entity becomes party to the contractual provision of the instrument. On initial recognition are both financial assets and liabilities recognised at fair value.

Subsequent measurement of financial instruments is dependent on the classification of the financial asset or liability at initial recognition.

Initial measurement is based upon one of four IFRS 9 'Financial Instruments' models: amortised cost; fair value through profit and loss; 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).

The Company's main financial asset is trade and other receivables, intercompany receivables and derivate financial instruments. The financial liabilities include trade and payables, intercompany payable, lease liabilities and derivate financial instruments.

Financial assets and liabilities are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Payables are measured at their nominal amount when the effect of discounting is not material.

The Group enters into forward foreign currency contracts, in order to manage its foreign currency exposures; these are measured at FVPL. 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.

Accounts receivable and other receivables



Accounts receivable and other current receivables are recorded in the balance sheet at nominal value.

The Company 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'.

For contract assets and trade and other receivables which do not contain a significant financing component, the Company 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.

Pensions

The Company has an established Defined Contribution Scheme according to Mandatory occupational pension scheme (OTP). Pension contribution is calculated as a percentage of the pensionable salary; 7% up to 7,1 G and 15% between 7,1 G to 12 G. This scheme is applicable for all employees.

A group of offshore personnel born before 01.01.1970 and pensioners are also included in the Defined Benefit Scheme (early retirement plan). Pension costs and obligations under this scheme is calculated in accordance with IAS19R.

The pension accrual is calculated from the date of enrolment in the scheme until the stipulated retirement age. The actuarial accrual is linear and consider future increase in salary and Norwegian Basic Amount (G).

The pension obligation is determined as the discounted value (present value) of the part of the future pensions benefits which have been earned to balance sheet date, based on financial and actuarial assumptions such as mortality/disability rates and other demographic factors stipulated by Finance Norway (FNO).

Actuarial gains and losses are recognised in Other comprehensive income.

Valuation and classification

Assets acquired for long term use are classified as Property, plant and equipment and accounted for at historical cost and depreciated over the useful economic life of the asset.

Other assets are classified as Current assets and recorded at the lowest of acquisition cost and fair value.

Current and non-current liabilities are recognised in the Balance sheet at nominal amount at the time of acquisition.

Property, plant and equipment

Property, plant and equipment are capitalized at cost less accumulated depreciation and accumulated impairment charges.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset.



If the carrying amount of a non-current asset exceeds its estimated recoverable amount, and this is not temporarily, is the asset impaired accordingly.

Gains and losses on disposals are recognised in the Statement of Comprehensive Income in the period in which the asset is disposed.

Costs for maintenance are expensed as incurred, whereas costs for improving and upgrading property plant and equipment are added to the acquisition cost and depreciated with the related asset.

Assets under construction are carried at cost, less any recognised impairment charge. Depreciation of these assets commences when the assets become operational and either commence activities or are deemed available for service.



Leasing

A lease is defined as a contract, or part of a contract, that conveys the right to control the use of an identified asset for a period in exchange for consideration.

Recognition of leases and exemptions

At the lease commencement date, the Company recognises a lease liability and corresponding right-of-use asset for all lease agreements in which it is the lessee, except for the following exemptions applied:

Short-term leases (defined as 12 months or less)
Low value assets

For these leases, the Group recognises the lease payments as other operating expenses in the statement of profit or loss when they incur.

Lease liabilities

The lease liability is recognised at the commencement date of the lease. The Company measures the lease liability at the present value of the lease payments for the right to use the underlying asset during the lease term that are not paid at the commencement date. The lease term represents the non-cancellable period of the lease, together with periods covered by an option either to extend or to terminate the lease when the Company is reasonably certain to exercise this option.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect adjustments in lease payments due to an adjustment in an index or rate.

Right-of-use assets

The Group measures the right-of-use asset at cost, less any accumulated depreciation and impairment losses, adjusted for any remeasurement of lease liabilities.

The Company applies the depreciation requirements in IAS 16 Property, Plant and Equipment in depreciating the right-of-use asset, except that the right-of-use asset is depreciated from the commencement date to the earlier of the lease term and the remaining useful life of the right-of-use asset.

The Company applies IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Inventory

Inventories such as materials, consumables and spares are valued at the lower of cost and net selling price.

The cost is arrived at using the FIFO method and includes the costs incurred in acquiring the goods and the costs of bringing the goods to their current state and location.

Net selling price is the estimated selling price in the case of ordinary operations minus the estimated completion, marketing and distribution costs.

Physical inventory inspection is done on a regular basis and obsolete inventory written down



accordingly.

Taxation

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

Deferred tax is calculated with 22% based on the temporary differences between the Balance Sheet and the corresponding tax bases, and tax loss to carry forward year end. Increasing and reducing tax bases of the temporary differences that are reversed or can be reversed in the same period are offset and netted. Deferred tax asset on net reducing tax bases of temporary differences that have not been offset and tax losses carried forward, are justified by assumed profit in the future.

Cashflow statement

The cash flow statement is prepared according to the Indirect method. Cash and cash equivalents include cash and bank deposits.

Note 2 Change in Financial Statement Presentation Principle

The Company has previous years presented the Statutory accounts under Norwegian Generally Accepted Accounting Principles (NGAAP) and Norwegian Accounting Act.

The Financial statements for 2020 are prepared in accordance with the Norwegian Accounting Act § 3-9 and Regulation on IFRS Light of January 21st 2008:57 as provided by the Norwegian Ministry of Finance.

The Income Statement for 2019 and the associated Balance Sheets 1/1 and 31/12 have been restructured and remeasured in accordance with the provisions of IFRS.

The following amendments in accordance with IFRS have been made:

- 1 Lease contracts are accounted for in accordance with IFRS 16.
- 2 Equity Settled Share Based Payments are structured under Equity.
- 3 Defined benefit Pension schemes under NRS6, have been restructured in accordance with IAS19R. Actuarial gains and losses are presented as Other Comprehensive Income.
- 4 The NGAAP remeasurements of the Forus Offices, following the merger with Subsea 7 Eiendom in 2016, have been reversed to align the balance sheet values with the provisions of IFRS.



Reconciliation change in principle - Equity

2019

NOK	Note	Share capital	Other paid-up equity	Other equity	Sum
Equity 01.01.2019 NGAAP		120,400	1,726,686,481	-1,486,483,027	240,323,854
Equity Settled Share Based Payments			28,685,047		28,685,047
Pension expensed under NGAAP				140,609,959	140,609,959
Fair value adjustment Forus office building				-72,448,186	-72,448,186
OCI Component; Actuarial gains/losses				-148,638,905	-148,638,905
Tax on temporary differences, IFRS components				17,704,969	17,704,969
Equity 01.01.2019 IFRS		120,400	1,755,371,528	-1,549,255,191	206,236,737
Equity 31.12.2019 NGAAP		120,400	301,686,481	4,495,521	306,302,402
Equity Settled Share Based Payments			30,280,481		30,280,481
Pension expensed under NGAAP				140,609,959	140,609,959
Fair value adjustment Forus office building				-72,448,186	-72,448,186
OCI Component; Actuarial gains/losses				-148,638,905	-148,638,905
Tax on temporary differences, IFRS components				17,704,969	17,704,969
Net Income of the year transferred to R/E				12,907,461	12,907,461
OCI of the year transferred to R/E				-3,667,348	-3,667,348
Equity 31.12.2019 IFRS		120,400	331,966,962	-49,036,530	283,050,832



Statement of Comprehensive Income
Subsea 7 Norway AS

2019				31/12/2019
NOK	Note	NGAAP	Reclassification/ remeasurement	IFRS
Operating income and expenses				
Revenue		5,198,709,885	0	5,198,709,885
Other operating income		921,146	0	921,146
Total operating income		5,199,631,031	0	5,199,631,031
Cost of materials		1,593,381,201	-134,437,972	1,458,943,229
Personnel expenses		579,568,771	-169,445	579,399,326
Depreciations		43,141,739	-4,447,032	38,694,707
Amortisation		0	108,993,458	108,993,458
Other operating expenses		2,976,901,334	-18,382,055	2,958,519,279
Total operating expenses		5,192,993,045	-48,443,047	5,144,549,999
Operating profit		6,637,986	48,443,047	55,081,033
Financial income and expenses				
Interest income from group companies		2,317,736	0	2,317,736
Other interest income		2,472,325	0	2,472,325
Other financial income		183,669,115	0	183,669,115
Sum financial income		188,459,176	0	188,459,176
Interest expenses to group companies		12,101,907	0	12,101,907
Other interest expenses		99,929	30,298,003	30,397,932
Other financial expenses		126,524,923	0	126,524,923
Sum financial expenses		138,726,759	30,298,003	169,024,762
Net financial items		49,732,417	-30,298,003	19,434,414
Operating result before tax		56,370,403	18,145,044	74,515,447
Tax on ordinary result		-9,608,145	5,237,583	-4,370,562
Ordinary result after tax		65,978,548	12,907,461	78,886,009
Net income		65,978,548	12,907,461	78,886,009
Other comprehensive (income/(loss))			-3,667,348	-3,667,348
Total comprehensive income/(loss)		65,978,548	9,240,113	75,218,661
Brought forward				
Allocated to other equity		65,978,548	9,240,113	75,218,661
Net brought forward		65,978,548	9,240,113	75,218,661



Balance sheet				
2019				31/12/2019
NOK	Note	NGAAP	Reclassification/ remeasurement	IFRS
Assets				
Fixed assets				
Deferred tax assets		56,429,975	13,501,386	69,931,361
Capitalised software				
Total intangible assets		56,429,975	13,501,386	69,931,361
Land, buildings and property		454,368,554	-68,001,154	386,367,400
Ships and equipment		66,515,372	0	66,515,372
Fixtures and vehicles		4,756,694	0	4,756,694
Asset under construction		21,033,260	0	21,033,260
			0	
Right of use - Vessels			553,121,498	553,121,498
Right of use - Land and buildings			76,101,822	76,101,822
Right of use - Other facilities			2,242,185	2,242,185
Right of use - Other operating equipment			105,161	105,161
Total tangible assets		546,673,880	563,569,512	1,110,243,392
Financial fixed assets				
Bonds and other receivables		11,692,280	0	11,692,280
Other non-current assets		13,537,058	-13,461,339	75,719
Total financial fixed assets		25,229,338	-13,461,339	11,767,999
Total fixed assets		628,333,193	563,609,559	1,191,942,752
Current assets				
Inventories		5,267,311	0	5,267,311
Debtors				
Account Receivables		1,125,078,529	0	1,125,078,529
Other short-term receivables		268,616,395	0	268,616,395
Total receivables		1,393,694,924	0	1,393,694,924
Investments				
Other financial instruments		22,398,890	0	22,398,890
Total current assets		22,398,890	0	22,398,890
Total assets		2,049,694,317	563,609,559	2,613,303,876



Balance sheet				
2019				12/31/2019
NOK	Note	NGAAP	Reclassification/ remeasurement	IFRS
Equity and liabilities				
Paid-up equity				
Share capital		120,400	0	120,400
Other paid-up equity		301,686,481	30,280,481	331,966,962
Total paid-up equity		301,806,881	30,280,481	332,087,361
Retained earnings				
Other equity		4,495,521	-53,532,051	-49,036,530
Total retained earnings		4,495,521	-53,532,051	-49,036,530
Total equity		306,302,402	-23,251,570	283,050,831
Liabilities				
Non-current liabilities				
Pension liabilities		22,483,560	-900,489	21,583,071
Non-current portion of lease liability			471,491,534	471,491,534
Other provisions		72,145,603	-21,795,483	50,350,120
Total non-current liabilities		94,629,163	448,795,562	543,424,725
Other non-current liabilities				
Long term loan and Intercompany		16,743,000	0	16,743,000
Total other non-current liabilities		16,743,000	0	16,743,000
Current liabilities				
Current portion of lease liability			174,119,823	174,119,823
Trade creditors		635,879,412	-9,300	635,870,112
Tax payable		0	0	0
Public duties payable		57,668,189	0	57,668,189
Other current liabilities		938,472,151	-36,044,954	902,427,197
Total current liabilities		1,632,019,752	138,065,568	1,770,085,320
Total liabilities		1,743,391,915	586,861,130	2,330,253,045
Total equity and liabilities		2,049,694,317	563,609,560	2,613,303,876



Balance sheet				
2019				
NOK	Note	NGAAP	Reclassificati on/ remeasureme nt	IFRS
Assets				
Fixed assets				
Deferred tax assets		69,188,450	17,704,969	86,893,419
Capitalised software		34,913	0	34,913
Total intangible assets		69,223,363	17,704,969	86,928,332
Land, buildings and property		480,138,707	-72,448,186	407,690,521
Ships and equipment		42,168,025	0	42,168,025
Fixtures and vehicles		2,321,118	0	2,321,118
Asset under construction		36,454,155	0	36,454,155
			0	0
Right of use - Vessels			646,206,899	646,206,899
Right of use - Land and buildings			147,447,542	147,447,542
Right of use - Other facilities			1,492,874	1,492,874
Right of use - Other operating equipment			258,865	258,865
Total tangible assets		561,082,006	722,957,993	1,284,039,999
Financial fixed assets				
Bonds and other receivables		2,419,930	0	2,419,930
Other non-current assets		13,013,113	-11,962,060	1,051,053
Total financial fixed assets		15,433,043	-11,962,060	3,470,983
Total fixed assets		645,738,412	728,700,902	1,374,439,314
Current assets				
Inventories		7,573,749	0	7,573,749
Debtors				
Account Receivables		1,674,720,126	0	1,674,720,126
Other short-term receivables		180,281,284	0	180,281,284
Total receivables		1,855,001,410	0	1,855,001,410
Investments				
Other financial instruments		3,309,520	0	3,309,520
Total current assets		3,309,520	0	3,309,520
Total assets		2,511,623,092	728,700,902	3,240,323,994



Balance sheet				
2019				
NOK	Note	NGAAP	Reclassificati on/ remeasureme nt	IFRS
Equity and liabilities				
Paid-up equity				
Share capital		120,400	0	120,400
Other paid-up equity		1,726,686,481	28,685,047	1,755,371,528
Total paid-up equity		1,726,806,881	28,685,047	1,755,491,928
Retained earnings				
Other equity		-1,486,483,027	-62,772,163	-1,549,255,190
Total retained earnings		-1,486,483,027	-62,772,163	-1,549,255,190
Total equity		240,323,854	-34,087,117	206,236,737
Liabilities				
Non-current liabilities				
Pension liabilities		22,329,628	-3,933,114	18,396,514
Non-current portion of lease liability			645,611,357	645,611,357
Other provisions		162,354,869	0	162,354,869
Total non-current liabilities		184,684,496	641,678,243	826,362,739
Other non-current liabilities				
Long term loan and Intercompany		16,743,000	0	16,743,000
Total other non-current liabilities		16,743,000	0	16,743,000
Current liabilities				
Current portion of lease liability			149,794,823	149,794,823
Trade creditors		504,158,330	0	504,158,330
Tax payable		139,045,231	0	139,045,231
Public duties payable		61,587,924	0	61,587,924
Other current liabilities		1,365,080,257	-28,685,047	1,336,395,210
Total current liabilities		2,069,871,742	121,109,776	2,190,981,518
Total liabilities		2,271,299,238	762,788,019	3,034,087,257
Total equity and liabilities		2,511,623,092	728,700,902	3,240,323,994



Cashflow					2019
NOK	Note	NGAAP	Reclassification	IFRS	
Cash flows from operating activities					
Operating result before tax		56,370,403	18,145,044		74,515,447
- Tax paid		-141,175,272	0		-141,175,272
Depreciations/amortisations		43,141,739	104,546,426		147,688,165
+/- Change in inventory		2,306,438	0		2,306,438
+/- Change in accounts receivable		141,247,999	0		141,247,999
+/- Change in accounts payable		546,995,104	14,031,390		561,026,494
+/- Change in expenses pensions		-3,550,081	0		-3,550,081
+/- Exchange rate variations		-33,177,288	0		-33,177,288
+/- Change in other accrual items		-609,757,206	-310,839,892		-920,597,098
Net cash from operating activities		2,401,836	-174,117,033		-171,715,197
Cash flows from investments activities					
- Payments to buy tangible assets		28,698,700			28,698,700
Net cash flows from investment activities		-28,698,700			-28,698,700
Cash flow from financing activities					
- Cash payments from the principal portion of lease liability			174,117,033		174,117,033
+ Received Group contributions		411,437,637			411,437,637
- Paid Group contributions		385,140,773			385,140,773
Net cash flows from financing activities		26,296,864	174,117,033		200,413,897
+/- Exchange rate variations cash and cash equiv.					0
Net change in cash and cash equivalents			0	0	0
Cash and cash equi. at the start of the period			0		0
Cash and cash equivalents at the end of the period			0	0	0

Note 3 Operating income

Operating income by geographic origin:	2020	2019
Norway	4,497,873,920	5,057,474,181
UK	145,288,860	107,556,737
Other	63,178,443	34,600,112
Total	4,706,341,223	5,199,631,031
Operating income by activity		
SURF and Conventional	4,139,755,510	4,736,424,166
IMR (Inspection, Maintenance and Repair)	68,288,991	52,731,664
Vessel chartering	180,196,440	173,408,858
Personnel services	195,427,662	161,892,262
Other	122,672,620	75,174,081
Total	4,706,341,223	5,199,631,031

SURF and Conventional

Revenue relates to the provision of Subsea Umbilicals, Risers and Flowlines (SURF) activities such as engineering, procurement, installation and commissioning of highly complex systems offshore.



Conventional services include fabrication, installation, extension and refurbishment of fixed and floating platforms and associated pipelines in shallow water environments.

IMR

Revenue relates to the activities associated with the provision of IMR services, drill-rig operations, integrity management of subsea infrastructure and remote intervention support.

Vessel chartering

Revenue relates to the charter of IRM and Light Construction vessel Seven Viking to other entities within the Subsea 7 Group.

Personnel services

Revenue relates to provisions of management, engineering and support services to other entities within the Subsea 7 Group.

Other

Revenue related to purchase on behalf of other entities etc.

Note 4 Salary costs and benefits, remuneration to the chief executive, board and auditor

Salary costs

	2020	2019
Salaries	379,619,057	381,844,650
Employment tax	64,691,410	69,846,691
Pension costs	48,505,555	52,206,755
Other benefits	73,035,609	75,501,230
Total	565,851,631	579,399,326

In 2020 the company employed 546 man-years.

Pension liabilities

The Company is liable to maintain an occupational pension scheme under the Mandatory Occupational Pensions Act. The Company's pension schemes satisfy the requirements of this Act.

Remuneration to leading personnel

	Vice President	Chairman of the Board
Salaries	2 515 176	0
Bonus	239 625	496,164
Other remuneration	315 538	0
Total	3,070,339	496,164

The Vice president and the Chairman of the board is covered by the Company's general bonus system, which can provide a payout if given criteria are present.

None of the company's senior executives have any kind of severance pay agreement.

Auditor

Audit fees expensed for 2020 amount to NOK 858,400 ex. VAT.



Note 6 Fixed assets

	Goodwill	Buildings and land	Machinery and equipment	Equipment and other movables
Purchase cost as of 01.01.20	2,268,556,775	617,153,544	225,248,410	57,516,538
+ Inflow purchased fixed assets			74,791,158	1,047,102
- Outflow this year				10,588,907
= Acquisition cost 31.12.20	2,268,556,775	617,153,544	300,039,568	47,974,733
Accumulated depreciation 31.12.20	487,206,572	254,910,491	178,088,038	44,721,344
+ Accumulated write-down 31.12.20	1,781,350,203			
= Depreciation and down-wr. as of 31.12.20	2,268,556,775	254,910,491	178,088,038	44,721,344
= Book value 31.12.20	0	362,243,053	121,951,531	3,253,389
This year's ordinary depreciations		24,124,347	19,354,999	2,550,406
Economic life	10 years	0-25 years	3-8 years	0-5 years

	Assets under Construction	Intangible assets	Total
Purchase cost as of 01.01.20	21,033,260	943,449	3,190,451,975
+ Inflow purchased fixed assets	-18,539,892		57,298,368
- Outflow this year			10,588,907
= Acquisition cost 31.12.20	2,493,368	943,449	3,237,161,437
Accumulated depreciation 31.12.20		943,449	965,869,893
+ Accumulated write-down 31.12.20			1,781,350,203
= Depreciation and down-wr. as of 31.12.20		943,449	2,747,220,096
= Book value 31.12.20	2,493,368	0	489,941,341
This year's ordinary depreciations			46,029,752
Economic life		0-5 years	



Note 7 Inventory

Materials, consumables and spare parts are valued at the lower of acquisition cost and net selling price.

Note 8 Balances held with Group companies

	Customer receivables		Other long-term liabilities	
	2020	2019	2020	2019
Jointly controlled businesses	309,933	0		
Total	309,933	0		
	Debt to suppliers		Other long-term liabilities	
	2020	2019	2020	2019
Group contributions	0	0	0	0
Companies in the same group	-144,969,070	-503,688,450	-16,743,000	-16,743,000
Total	-144,969,070	-503,688,450	-16,743,000	-16,743,000

The Company is part of Subsea 7 Group's Working Capital Agreement and an automated sweeping mechanism setup, whereby any surplus funds are deposited with Subsea 7 Treasury Ltd (STL) overnight, conversely any overdrawn positions are funded by STL.

The Company has no bank deposits. All available bank funds are routinely transferred to and made available to Group Treasury.

Intercompany transactions (All figures in NOK '000)

	2020	2019
Sales revenue	629 700	590 174
Cost of goods	219 818	522 962
Guarantees, borrowing costs and insurance	51 744	81 229
Management services	275 013	403 221
Vessels and equipment	1 214 586	1 422 495
Personnel and technical assistance	404 324	451 322



Note 9 Long-term Receivables and liabilities

There are no receivables due after one year after the balance sheet date.

Long-term liabilities

Pursuant to the loan agreement with Subsea 7 Interim UK Holdings Limited, the loan will be repaid in 2023.

Debt that falls due more than five years after the balance sheet date

	2020	2019
Total	0	0

Note 10 Long-term construction contracts

The Company's long-term construction projects are reported in accordance with IFRS 15. Under IFRS 15, the Company needs to determine whether or not a promise in a customer contract to transfer goods or services to that customer, is a distinct performance obligation. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when the performance obligation is satisfied.

The performance obligations are satisfied over time as work progresses or at a point in time. The percentage of completion of the work in progress is calculated as the ratio between accrued project costs and estimated total costs for the project.

	2020	2019
Pre-invoiced production included in other short-term liabilities	237,338,133	415,901,786
Earned unbilled income included in accounts receivables	360,070,991	797,022,249
Estimated remaining production on loss-making contracts	276,588,000	1,001,065,005

Note 11 Restricted bank deposits

The Company does not have restricted bank deposits per. 31/12/2020.



Note 12 Shareholders

The share capital in Subsea 7 Norway AS as of 31/12 consists of the following share classes:

	Total	Face value	Entered
A-shares	12	400.0	4,800
B-shares	289	400.0	115,600
Total	301		120,400

Ownership structure

The largest shareholders in % at year end:

	A-shares	B-shares	Total Owner interest	Share of votes
Subsea 7 Holding Norway AS	12	289	301	100.0



Note 13 Tax

This year's tax expense	2020	2019
Entered tax on ordinary profit/loss:		
Payable tax	-4,961,041	-22,366,620
Changes in deferred tax assets	-26,548,138	17,996,058
Tax expense on ordinary profit/loss	-31,509,179	-4,370,562

Taxable income:		
Ordinary result before tax	-153,227,948	74,515,446
IFRS items	4,990,210	-3,667,348
Permanent differences	3,959,838	1,622,663
Changes in temporary differences	-98,780,979	-104,852,744
Cut interest deduction	9,250,358	5,779,818
Taxable income	-233,808,521	-26,602,166

Payable tax in the balance:		
Payable tax on this year's result		
Tax on reversed losses	-6,600,000	
Total payable tax in the balance	-6,600,000	0

Negative tax payable applies to the right to return losses for 2020 against taxable profits in 2018 and 2019.

Calculation of effective tax rate		
Profit before tax	-153,227,948	74,515,446
Calculated tax on profit before tax	-33,710,149	16,393,398
Tax effect of permanent differences	871,164	356,986
ITC	3,769,000	-24,496,661
Foreign taxes	-2,130,041	2,130,041
Other tax effects	-309,154	1,245,674
Sum	-31,509,179	-4,370,562
Effektiv skattesats	20.6 %	-5.9 %

The tax effect of temporary differences and loss for to be carried forward that has formed the basis for deferred tax and deferred tax advantages, specified on type of temporary differences.

	2020	2019	Difference
Tangible assets	-31,625,209	-41,167,127	-9,541,918
Production contracts	21,823,000	-89,623,000	-111,446,000
Lease agreement brought to the balance	-5,738,532	-14,031,390	-8,292,858
Profit and loss account	4,380,260	5,475,325	1,095,065
Allocation and more	-18,273,584	-28,941,548	-10,667,963
Pension premium / liabilities	-11,496,074	-21,507,351	-10,011,277
Other differences	-21,714,355	28,369,618	50,083,973
Total	-62,644,494	-161,425,473	-98,780,978
Accumulated loss to be brought forward	-230,410,687	-146,562,405	83,848,282
Cut interest deduction	-15,030,176	-9,881,944	5,148,232
Basis for deferred tax assets	-308,085,357	-317,869,822	-9,784,465
Deferred tax assets (22%)	-67,778,779	-69,931,361	-2,152,582
Adjustment group contribution 2019 booked opening balance			27,293,720
Tax OCI			1,407,000
Changes in deferred tax assets			26,548,138



Note 14 Items that are aggregated in the accounts

Other Financial Income	2020	2019
Gain on exchange (agio)	236,049,659	183,669,114
Total Other Financial Income	236,049,659	183,669,114

Other Financial Expenses	2020	2019
Loss on exchange (disagio)	268,535,615	126,278,659
Other financial costs	228,337	246,263
Total Other Financial Expenses	268,763,952	126,524,923

Other provisions for liabilities	2020	2019
Uncertain tax costs	42,678,339	38,909,339
Bonus	0	9,052,279
Provisions for losses on contracts	17,735,355	0
Other provisions	175,430	2,388,502
Total other provisions for liabilities	60,589,124	50,350,120

Note 15 Financial Instruments

The Company's main financial asset is trade and other receivables, intercompany receivables and derivative financial instruments. The financial liabilities include trade and payables, intercompany payable, lease liabilities and derivative financial instruments.

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.

Financial instruments at Market Fair Value

31.12.2020

Assets

Embedded Derivatives - Short Term	15,000,770
Embedded Derivatives - Long Term	57,970
Total Embedded Derivatives Assets	15,058,740

31.12.2020

Liabilities

Embedded Derivatives - Short Term	-9,250,410
Embedded Derivatives - Long Term	-175,430
Total Embedded Derivatives	-9,425,840

Liabilities



Note 16 Right-of-use assets

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	Vessels	Land and buildings	Other facilities	Other operating equipment	Total
Gross RoU					
At 1 January 2020	646.206.899	89.311.923	2.953.241	258.865	738.730.928
Additions	49.070.551	1.632.145	0	-85.159	50.617.537
At 31 December 2020	695.277.450	90.944.068	2.953.241	173.706	789.348.465
Accumulated amortisation					
At 1 January 2020	93.085.401	13.210.100	711.056	153.704	107.160.261
Charge for the year	105.565.299	17.636.330	792.634	-4.675	123.989.587
At 31 December 2020	198.650.700	30.846.430	1.503.690	149.028	231.149.848
Carrying amount at 31 December 2020	496.626.750	60.097.638	1.449.551	24.677	558.198.617

Note 17 Other financial information

Lease obligations

The Company has entered into lease agreements regarding the lease of vessels, commercial buildings, storage space, parking space and other operating assets. The lease period for these is between 1-10 years, with options for a further 1-10 years related to vessels, commercial buildings and storage areas. Liabilities related to these as of 31.12.2020 amount to NOK 565.0 million.

	(All figures in NOK '000)		
	Year 1	Year 2-5	more than 5 years
Estimated lease payment nominal	141 260	464 669	40 244
Net present value	135 483	404 989	22 545

Bank guarantees

The Company has bank guarantee liabilities to the Tax Collector in Sola of NOK 40M, Equinor NOK 434M and USD 1.3M, Aker BP ASA NOK 240M and USD 17.2M, HMRC GBP 40K.

Note 18 Post Balance Sheet events

There have been no project-related events after the balance sheet date that have an accounting impact for 2020.



Statsautoriserte revisorer
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Subsea 7 Norway AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Subsea 7 Norway AS, which comprise the balance sheet as at 31 December 2020, the income statement and statements of cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2020 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations 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.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the audit of the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider 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, we are required to report that fact. We have nothing to report in this regard.

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 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 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 to cease operations, or has no realistic alternative but to do so.



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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 laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (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 law, regulations and generally accepted auditing principles in Norway, including 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 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 ability to 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 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.

We communicate with those charged with governance 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.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and the going concern assumption and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Independent auditor's report - Subsea 7 Norway AS

A member firm of Ernst & Young Global Limited



Stavanger, 30 August 2021
ERNST & YOUNG AS

Stig Tore Strand
State Authorised Public Accountant (Norway)