



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

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

Regnskapsår

Årsregnskapets periode:	01.01.2021 - 31.12.2021
-------------------------	-------------------------

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Thomas Rønningen
Dato for fastsettelse av årsregnskapet:	08.04.2022

Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

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, 25.06.2023



Resultatregnskap

Beløp i: USD	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Annen driftsinntekt		7 000 000	0
Sum inntekter		7 000 000	0
Kostnader			
Annen driftskostnad		4 000 000	2 000 000
Sum kostnader		4 000 000	2 000 000
Driftsresultat		3 000 000	-2 000 000
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern		2 000 000	0
Annen finansinntekt			4 000 000
Sum finansinntekter		2 000 000	4 000 000
Netto finans		2 000 000	4 000 000
Ordinært resultat før skattekostnad		5 000 000	2 000 000
Ordinært resultat etter skattekostnad		5 000 000	2 000 000
Årsresultat		5 000 000	2 000 000



Balanse

Beløp i: USD	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Finansielle anleggsmidler			
Investering i datterselskap		972 000 000	208 000 000
Sum finansielle anleggsmidler		972 000 000	208 000 000
Sum anleggsmidler		972 000 000	208 000 000
Omløpsmidler			
Varer			
Fordringer			
Andre fordringer		7 000 000	0
Konsernfordringer		33 000 000	53 000 000
Sum fordringer		40 000 000	53 000 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		1 000 000	6 000 000
Sum bankinnskudd, kontanter og lignende		1 000 000	6 000 000
Sum omløpsmidler		41 000 000	59 000 000
SUM EIENDELER		1 013 000 000	267 000 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital		5 000 000	1 000 000
Overkurs		958 000 000	263 000 000
Annen innskutt egenkapital		1 000 000	1 000 000
Sum innskutt egenkapital		964 000 000	265 000 000



Balanse

Beløp i: USD	Note	2021	2020
Opptjent egenkapital			
Annen egenkapital		7 000 000	2 000 000
Sum opptjent egenkapital		7 000 000	2 000 000
 Sum egenkapital		 971 000 000	 267 000 000
 Sum langsiktig gjeld		 0	 0
 Kortsiktig gjeld			
Kortsiktig konserngjeld		1 000 000	
Annen kortsiktig gjeld		41 000 000	1 000 000
Sum kortsiktig gjeld		42 000 000	1 000 000
 Sum gjeld		 42 000 000	 1 000 000
 SUM EGENKAPITAL OG GJELD		 1 013 000 000	 268 000 000



Konsernets resultatregnskap

Beløp i: USD	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt		1 260 000 000	631 000 000
Sum inntekter		1 260 000 000	631 000 000
Kostnader			
Annen driftskostnad		1 299 000 000	671 000 000
Sum kostnader		1 299 000 000	671 000 000
Driftsresultat		-39 000 000	-40 000 000
Finansinntekter og finanskostnader			
Annen finansinntekt			1 000 000
Sum finansinntekter			1 000 000
Annen finanskostnad		9 000 000	6 000 000
Sum finanskostnader		9 000 000	6 000 000
Netto finans		-9 000 000	-5 000 000
Ordinært resultat før skattekostnad		-48 000 000	-45 000 000
Skattekostnad på ordinært resultat		14 000 000	5 000 000
Ordinært resultat etter skattekostnad		-62 000 000	-50 000 000
Årsresultat		-62 000 000	-50 000 000
Andre resultatkomponenter for IFRS-foretak		1 000 000	5 000 000
Sum resultatkomponenter for IFRS-foretak		1 000 000	5 000 000
Totalresultat		-61 000 000	-45 000 000



Konsernets balanse

Beløp i: USD	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel		1 000 000	
Goodwill		70 000 000	
Sum immaterielle eiendeler		71 000 000	
Varige driftsmidler			
Skip, rigger, fly og lignende		954 000 000	605 000 000
Sum varige driftsmidler		954 000 000	605 000 000
Finansielle anleggsmidler			
Andre fordringer			2 000 000
Sum finansielle anleggsmidler			2 000 000
Sum anleggsmidler		1 025 000 000	607 000 000
Omløpsmidler			
Varer			
Varer		6 000 000	1 000 000
Sum varer		6 000 000	1 000 000
Fordringer			
Kundefordringer		115 000 000	51 000 000
Andre fordringer		181 000 000	100 000 000
Sum fordringer		296 000 000	151 000 000
Investeringer			
Andre markedsbaserte finansielle instrumenter		2 000 000	
Sum investeringer		2 000 000	
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		23 000 000	8 000 000
Sum bankinnskudd, kontanter og lignende		23 000 000	8 000 000
Sum omløpsmidler		327 000 000	160 000 000



Konsernets balanse

Beløp i: USD	Note	2021	2020
SUM EIENDELER		1 352 000 000	767 000 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital		5 000 000	1 000 000
Overkurs		754 000 000	59 000 000
Annen innskutt egenkapital		54 000 000	405 000 000
Sum innskutt egenkapital		813 000 000	465 000 000
Opptjent egenkapital			
Fond		-9 000 000	-9 000 000
Annen egenkapital		60 000 000	122 000 000
Sum opptjent egenkapital		51 000 000	113 000 000
Sum egenkapital		864 000 000	578 000 000
Gjeld			
Langsiktig gjeld			
Utsatt skatt		1 000 000	1 000 000
Andre avsetninger for forpliktelser		22 000 000	
Sum avsetninger for forpliktelser		23 000 000	1 000 000
Annen langsiktig gjeld			
Øvrig langsiktig gjeld		7 000 000	6 000 000
Sum annen langsiktig gjeld		7 000 000	6 000 000
Sum langsiktig gjeld		30 000 000	7 000 000
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner		37 000 000	0
Leverandørgjeld		276 000 000	112 000 000
Betalbar skatt		5 000 000	2 000 000
Kortsiktig konserngjeld		64 000 000	35 000 000
Derivater		1 000 000	0
Leasing forpliktelser		20 000 000	3 000 000



Konsernets balanse

Beløp i: USD	Note	2021	2020
Avsetning for forpliktelser		14 000 000	2 000 000
Annen kortsiktig gjeld		42 000 000	27 000 000
Sum kortsiktig gjeld		459 000 000	181 000 000
 Sum gjeld		 489 000 000	 188 000 000
 SUM EGENKAPITAL OG GJELD		 1 353 000 000	 766 000 000



seaway⁷



A market leader
in offshore wind

Seaway 7
Annual Report 2021



Our vision

Business combination

On 1 October 2021, Subsea 7's Renewables business unit was combined with OHT ASA and renamed Seaway 7 ASA.

The combination formed a pure-play renewables service company, focused on fixed offshore wind with a market-leading combination of assets, capabilities, scale and record of accomplishment.

Seaway 7 ASA retained OHT ASA's listing on Euronext Growth. The composition and members of the Board of Directors and executive management team changed with the combination. Details of the Board of Directors and executive management team can be found on page 8 and 9.

The Consolidated Financial Statements contained in this annual report reflect the results of Subsea 7's Renewables business unit for the full year and the former OHT business results for the fourth quarter.

Seaway 7 is a global company, headquartered in Oslo, Norway with local presence in all key regions for fixed offshore wind.



Contents

Chairperson's Statement	1
Chief Executive Officer's Statement	2
Seaway 7 in Action	4
Board of Directors' Report	10
Consolidated Financial Statements	41
Seaway 7 ASA Financial Statements	88
Independent Auditor's Report	98
Responsibility Statement	101

Chairperson's Statement

To the shareholders of Seaway 7 ASA



2021 has been a transformative year for Seaway 7. The combination of the Renewables business unit of Subsea 7 with the state-of-the-art new builds and heavy transportation fleet of OHT ASA, has created Seaway 7 ASA, a market-leading, pure-play fixed offshore wind service provider.

Seaway 7's results for 2021 reflect the challenges of our industry, driven in part by the continued Covid-19 pandemic. Revenues doubled as activity on the major Seagreen project increased with good progress and strong delivery. However, Seaway 7 margins remained low due to specific project challenges, primarily in Taiwan.

Seaway 7 has approximately 600 employees onshore and an offshore workforce of approximately 400 people. Seaway 7 has offices and project delivery capabilities across Europe, US and in Asia Pacific. We have a strong asset base and have demonstrated an ability to source from a global supply chain managing the fabrication and delivery of components from Europe, China and the Middle East into large-scale projects in Europe. We are well positioned to assist our clients in their plans to meet the industry growth targets for the next decade.

We have announced three new contract awards since the date of the combination – including our first award for the installation of wind turbines, which is further confirmation of our clients' confidence in Seaway 7.

I would like to take this opportunity to thank the management and directors of OHT ASA for their leadership prior to the combination, and to welcome our new executive management team and directors to Seaway 7 ASA as we enter an exciting new phase of the Company.

Positioning ourselves for a growing market

Fixed offshore wind is anticipated to show strong growth over the coming decade and beyond. Seaway 7's positioning in this market is built on half a century of experience within marine contracting, and more than a decade of track record within the fixed offshore wind sector. This experience is combined with a diverse fleet of enabling assets, project management and execution capabilities, a strong balance sheet, significant backlog and positive cash generation. Our proven experience in managing and engineering complex projects and our breadth of service offering allows us to execute large-scale projects over a wide geography.

New builds

With two high-specification new build vessels under construction, Seaway 7 ASA is well positioned to capture an enhanced share of this high-growth market. Our existing foundation installation vessels include *Seaway Strashnov* and *Seaway Yudin* and we look forward to adding the innovative *Seaway Alfa Lift* to the fleet. It represents a significant step change to the foundation installation market, capable of handling monopiles with an efficiency that enables our clients to improve project economics and reduce risk. We are also focused on meeting the challenge of installing larger wind turbine generators – our latest new build, the jack-up vessel *Seaway Ventus* (under construction), is designed to install the next-generation wind turbines.

Financial discipline

Seaway 7's financial position is strong and we expect to maintain a prudent approach to further investments. The Board will maintain its capital discipline, ensuring that any investment in further assets will be underpinned by demonstrable client demand, a positive market outlook and an adequate return on the investment. Seaway 7 ASA retained OHT ASA's listing on Euronext Growth. At the appropriate time, the expectation is to migrate the Seaway 7 ASA listing to the Oslo Stock Exchange main market, with an associated increase in trading liquidity.

Seaway 7 has the vision to lead the way in the delivery of fixed offshore wind farm solutions, contributing to an efficient and sustainable energy supply for the future. In a growing market, with new geographies, and projects increasing in size and complexity, Seaway 7 ASA is well placed to capture these opportunities and deliver significant value to our clients, employees and our shareholders.

Rune Magnus Lundetrø
Chairperson

[Find out more](#)

Chief Executive Officer's Statement

Building on our legacy



In October, I started my new role as Chief Executive Officer in the newly combined company, Seaway 7 ASA. I am pleased to report that the combination has been well received by our clients, investors and our employees.

The Seaway 7 journey started over thirty years ago when we laid our own foundations through the creation of Seaway Heavy Lifting. We built a strong reputation for heavy lifting expertise, which we have transferred from oil and gas into fixed offshore wind. Through the addition of Siem Offshore Cables we further strengthened our offering, bringing core cable execution expertise in-house to provide a complete

transportation and installation package. Our industry-leading reputation for engineering and project management was built with the support of Subsea 7's large-scale project delivery know-how. Through the OHT combination, we have added heavy transportation and attractive and innovative new build assets to our offering, and we now present our clients with an exceptional range of capabilities.

Our 2021 performance

Revenue of \$1.3bn reflected the impact of good progress on the Seagreen project. Adjusted EBITDA of \$24m resulted in a margin of 2%. This resulted in a net loss per share of less than \$0.18. Net funds from operations for the year was \$39m with generally positive performance in Europe offset by difficult operating conditions in Taiwan. Fleet utilisation was 70%, with normal lower utilisation of heavy lift assets during Q4 being offset by the inclusion of highly utilised heavy transport fleet. Backlog as at 31 December 2021 was \$1.2bn including the three new awards since the combination.

European projects offshore in 2021 included Hornsea 2, Hollandse Kust Zuid and Seagreen, whilst Taiwan projects offshore included Formosa 2, Yunlin and Chang Fang and Xidao. Projects with significant preparatory work in 2021 included Dogger Bank A and B in the UK and Kaskasi in the German sector.

Performance highlights included the Seagreen project which saw foundation jacket fabrication continue in China and the Middle East, the completion of the inner-array cable manufacturing and the first jackets installed. *Seaway Aimery* and *Seaway Moxie* completed inner-array cable-laying operations on the world's largest wind farm project, Hornsea 2, with more than 300 kilometres of cables installed.

In Taiwan, a combination of unforeseen and challenging site conditions and strong local government actions to restrict the spread of the Covid-19 virus, impacted the Formosa 2 project and resulted in operational delays and cost overruns on the project. The challenging operating environment significantly impacted our results.

The heavy transportation business saw continued high vessel utilisation throughout the year. This day-rate market showed signs of improved price levels towards the end of the year.

We added to the cable-lay fleet capacity with the successful conversion of *Seaway Phoenix*, providing flexibility and redundancy in our project execution and allowing us to better serve the globalising market. *Seaway Phoenix* began operation in Taiwan in Q2 2021. In response to the significant cable workload in hand, we also chartered a third cable-lay vessel in Q4 2021, the *Maersk Connector*, to support on projects in both Europe and Asia Pacific.

Seaway 7's operational focus in 2022 will be to deliver on its existing backlog of work, including the Kaskasi, Dogger Bank A and B and Hollandse Kust Zuid projects in Europe, as well as the Formosa 2, Yunlin, Zhong Neng and Chang Fang and Xidao projects in Taiwan. We also expect to complete the installation of the remaining jackets and cables on the Seagreen project.

Delivery of new builds

The construction of the *Seaway Alfa Lift* foundation installation vessel continued through 2021 with commissioning of marine systems progressing as expected. The vessel departed for sea trials in early January 2022.

On 18 October 2021, an incident occurred with the A-frame on the 3,000t Liebherr crane. The A-frame has been removed from the vessel, inspected, and is now under repair at the yard. Crane repairs are expected to be complete during the second half of 2022. As a result of key supplier delays, the final installation, testing and commissioning of the mission equipment

\$1.3bn

Revenue

70%

Vessel utilisation

\$1.2bn

Backlog

for the upending and lowering of monopiles is expected to represent the critical path to vessel delivery and readiness for operations. We do not expect the vessel will be operational on projects during 2022. A contingency scenario is activated which utilises *Seaway Strashnov* to progress the committed work on the Dogger Bank A project in the second half of 2022.

The shipbuilding contract for *Seaway Ventus*, the Group's first wind turbine installation vessel continues in the detailed design phase – all main equipment has been selected and first steel cutting occurred in November 2021. Delivery is scheduled for mid-2023 with the vessel anticipated to the start in first half of 2024 on Ørsted's Borkum Riffgrund 3 and Gode Wind 3 in Germany.

Differentiation through integrated projects and EPCI delivery

Current bidding levels are at an all-time high and this is largely on work for installation in 2024 and beyond. We see clients seeking to commit key assets earlier than in previous years to secure capacity. Awards that were delayed in 2021 are now expected to materialise in 2022.

Clients are showing increased interest in both integrated and EPCI projects, where we provide services across multiple segments and internalise certain interfaces on their behalf. This reduces both *Seaway 7* and client risk and allows for accelerated execution plans. As supply chains globalise, this integration increasingly includes heavy transportation, which represents a further unique positioning for *Seaway 7*. The single-party offering simplifies the contract structure and administration, and reduces the client's resource requirements on the projects. This is a client decision driver as their resources become more constrained with increasing activity levels.

Looking forward

As the industry looks to fulfil significantly growing demand resulting from client capital expenditure plans through to 2030, we will be looking to ensure the risk and reward balance is appropriate for the role we choose to play. *Seaway 7* will maintain a disciplined approach to contracting principles, supply chain and new geographical market entries, accepting only those risks which we can manage for a fair return.

The expected fixed offshore wind market evolution will require growing investment, larger and more complex projects, new regions and new clients. Experienced contractors such as *Seaway 7* with scale, breadth of service offering, and the capability and track record for managing complex projects will be uniquely well positioned to deliver in this context.

Stuart Fitzgerald
Chief Executive Officer

Our Values



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



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



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



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



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



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



Clients are showing increased interest in integrated projects where we provide services across multiple segments, and internalise certain interfaces on their behalf.



Breadth of exp

Seaway 7's offshore experience in the energy sector spans three decades, transferring offshore operational knowledge and complex project management experience to successfully deliver more than 30 offshore wind projects.

Seaway 7 has been active in the fixed offshore wind industry since 2009, when the Group installed its first monopile foundation for offshore wind in the UK, and has since built an industry-leading track record in installing foundations, substations and inner-array cables for many of the key offshore wind developers in Europe, Taiwan and the US.

The track record and secured backlog of the Group now extends to over 1,250 foundations, 30 substations and more than 3,350 kilometres of cables.

30+

30+

1,250+

3,350+

1,200+

Figures represent installed projects plus projects in hand.



Find out more
seaway7.com

Seagreen Offshore Wind Farm

As the main contractor for Seagreen Offshore Wind Farm, Seaway 7 is responsible for the Engineering, Procurement, Construction and Installation (EPCI) of the foundations and inner-array cables. The project is one of the greatest logistical efforts in fixed offshore wind to date.

Client: Seagreen Wind Energy Ltd.

Project scope: EPCI of 114 jacket foundations and approximately 300 kilometres of inner-array cables.

Location: Scotland. Over 27 kilometres from the Angus coastline at its nearest point.

Water Depth: Ranging between 40-60 metres

Worksites: The fabrication work scope for foundations is executed across multiple sites in the UAE and China. Inner-array cables were manufactured in Greece.

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

Assets: The marine spread comprises a wide range of vessels from the Seaway 7 fleet and third-party chartered vessels: heavy transportation vessels, including Seaway *Osprey*, scour protection vessels, a crane vessel for foundation installation, cable-lay vessels including Seaway *Aimery* and Seaway *Phoenix*; and installation support vessels.

Date awarded: June 2020.

Completion date: Ongoing. Seagreen will be operational by early 2023.

Project at a glance

The Seagreen Offshore Wind Farm is a joint venture project between TotalEnergies (51%) and SSE Renewables (49%). On completion, Seagreen will be Scotland's largest and the world's deepest offshore wind farm.

The project will have an installed capacity of 1,075MW, providing enough green energy to power more than 1.6 million homes, equivalent to two thirds of all Scottish homes. It will displace over 2 million tonnes of carbon dioxide from electricity generated by fossil fuels every year.

Highlights

- First of 114 jacket foundations delivered just one year on from contract signature
- First jacket superstructures arrived at the Port of Nigg in August 2021
- First jacket foundation installed in October 2021
- First-ever gigawatt-scale deployment of suction caisson technology to fix offshore wind turbine foundations to the seabed
- Seaway 7 has helped SSE Renewables to double capacity on Seagreen at a similar cost to Beatrice Offshore Wind Farm just three years earlier
- World's tallest offshore wind foundations in the world's deepest site, with a record 2,400 tonnes of steel for the largest units.

Technology and innovation

Seaway 7 has facilitated innovative foundation technology on the Seagreen project, as the first-ever gigawatt-scale deployment of suction caisson technology to fix offshore wind turbine foundations to the seabed. The Suction Caisson Jacket design overcomes the difficult and variable soil conditions on the project and was a key contributor to cost reduction.

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



As the main contractor constructing Seagreen, we are pleased to be contributing to Scotland's offshore wind sector and an efficient and sustainable energy supply for the future.

Lloyd Duthie
Managing Director, EPCI Projects at Seaway 7



Seaway 7 in Action

Technology and innovation

Monopile installation in DP mode

Following a multi-year innovation programme, Seaway 7 developed and successfully tested a technique for installing monopile foundations in dynamic positioning (DP) mode. In 2019, the Group confirmed the feasibility of this installation technique following a demonstration project off the coast of The Netherlands. As the first heavy lift crane vessel to do so, Seaway Strashnov successfully installed and removed a 6.5 metre diameter, 600 tonne monopile whilst in DP mode, remaining within inclination tolerances, using a motion-compensated gripper.

Installing large monopiles from a floating vessel controlled by a DP system has long been a challenge because of residual vessel motions due to environmental conditions. Monopile foundations have historically been installed by a jack-up vessel or a floating anchor-moored heavy lift vessel.

Installation on DP reduces installation cycle times and hence the overall project duration and associated cost. Furthermore, limitations with regards to impacting the seabed or local infrastructure have been removed.

Seaway 7 has continued to develop the technology and its associated customised equipment, and is preparing for the first commercial deployment in early 2022 in the North Sea.

In addition, Seaway 7 has developed new custom-built heavy lift vessel – *Seaway Alfa Lift*, which has also been designed to install monopiles in DP mode.



Motion-compensated gripper is transported onto a barge, in preparation for lifting on board Seaway Strashnov, in readiness for the first commercial monopile installation in DP mode.



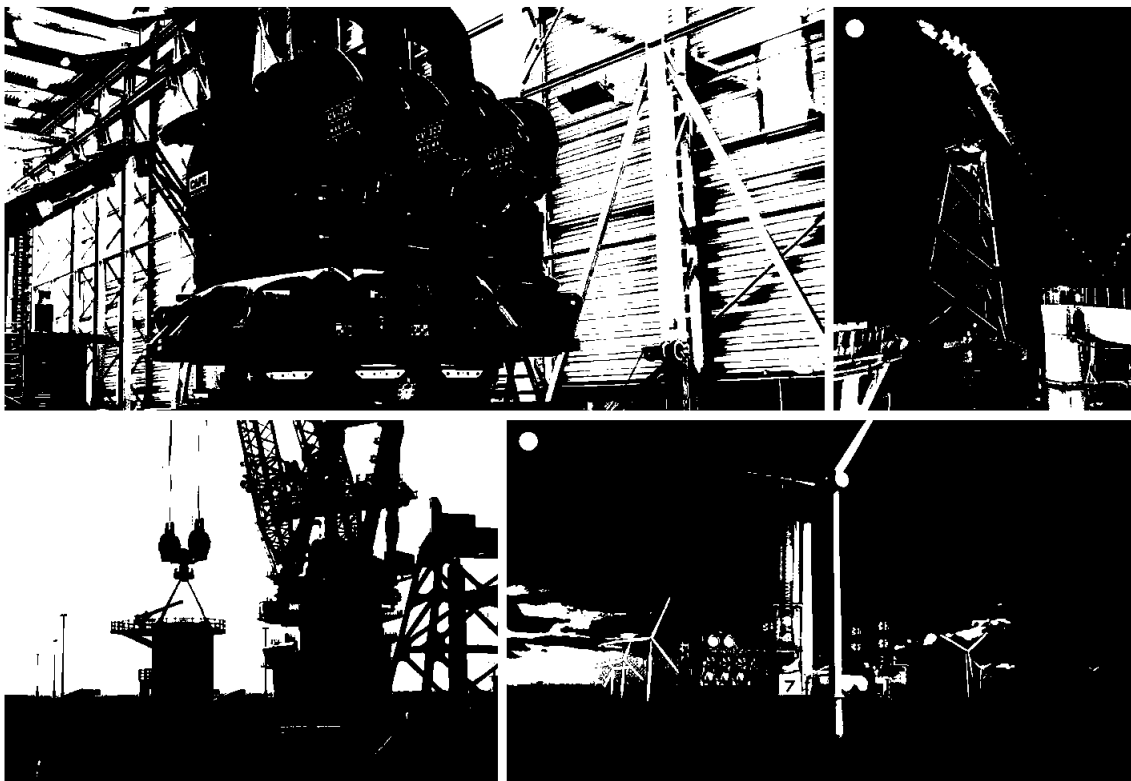
Preparing for the industry's first commercial monopile installation in DP mode

Pioneering new noise-mitigating installation techniques

First large-scale deployment of suction caisson technology for WTG foundations

World's most innovative, custom-built foundation installation vessel, with revolutionary deck transportation system

Next-generation WTG installation vessel under construction



Vibro-hammer

Seaway 7 is proud to be pioneering new installation techniques to help mitigate noise propagation during the installation of monopile foundations. The Group has worked together with specialist vibro-hammer provider CAPE Holland to develop the largest vibro-hammer in the world to date, to minimise the environmental impact during the installation of monopiles on the Kaskasi Offshore Wind Farm, which will commence in early 2022. This will be the first commercial offshore wind project with monopiles being driven to final penetration with a vibro-hammer.

Suction caisson technology

Seaway 7 has facilitated innovative foundation technology on the Seagreen Offshore Wind Farm. Seagreen will be the first ever gigawatt-scale deployment of suction caisson technology to fix offshore wind turbine foundations to the seabed. This technology has a number of advantages over conventional monopile and jacket designs. They can be installed more quickly and with less noise – but are suitable only for certain soil types. On Seagreen the suction caisson jacket design overcome the difficult and variable soil conditions and was a key contributor to cost reduction. This helped the client to bring down the Levelised Cost of Energy (LCoE). Installation for the project has been achieved at a similar cost to the client's Beatrice project three years earlier, despite being double the capacity.

Seaway Alfa Lift

Seaway 7 is bringing to market the largest and most innovative, custom-built offshore wind foundation installation vessel in the world.

Seaway Alfa Lift is designed around Seaway 7's vision for an industrialised approach to installation. Foundations will be installed using an innovative mechanised deck transportation system and fully integrated foundation handling equipment, whilst on DP2. With superior carrying capacity, Seaway Alfa Lift can eliminate the need for marshalling facilities and significantly increase installation efficiency, whilst reducing overall project costs.

The vessel also utilises advanced technologies to minimise emissions and maximise efficiency of the vessel, including the latest common rail eco-mapping engines to reduce CO₂, and hybrid scrubbers and selective catalytic reduction to significantly reduce SOx and NOx. In addition, Seaway 7 has the capability to upgrade to a state-of-the-art battery-hybrid system to further reduce emissions. Seaway Alfa Lift will be the world's largest vessel with this technology.

Seaway Ventus

In 2021, Seaway 7 cut steel on its first wind turbine installation vessel – Seaway Ventus. The vessel will be amongst the largest self-propelled jack-up installation vessels in the world, designed specifically to transport and install the next generations of offshore wind turbines and XL monopile foundations.

Seaway Ventus will feature a state-of-the-art telescopic main crane, with 1,600t capacity in extended mode and 2,500t in retracted mode.

Special emphasis has been placed on providing a class-leading environmental footprint by way of energy and heat recovery, battery hybrid solutions as well as a sophisticated electrical and control system, reducing CO₂ emissions by 20% compared to similar units. The vessel will be prepared for hydrogen fuel cells which will cut emissions even further when such technology becomes available. Seaway Ventus will be delivered mid-2023.



Board of Directors

Rune Magnus Lundetrae

Chairperson

Born: 1977

Nationality: Norwegian

Member of Board since: September 2020

Audit Committee membership: Yes

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

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

Kristian Siem

Director

Born: 1949

Nationality: Norwegian

Member of Board since: October 2021

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

John Evans

Director

Born: 1963

Nationality: British

Member of Board since: October 2021

John is the Chief Executive Officer of Subsea 7 and has over 30 years of experience in the oil and gas services industry, primarily in the SURF and offshore engineering and construction sectors. He started his career in 1986, working with Brown and Root, and built a successful track record in general management, and commercial and operational roles in the offshore oil and gas industry. Prior to his appointment as Chief Executive Officer, from July 2005, John held the position of Chief Operating Officer of Subsea 7.

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

Nathalie Louys

Director

Born: 1963

Nationality: Belgian

Member of Board since: October 2021

Nathalie is the current General Counsel of Subsea 7 and started her career in 1986, working with Saint-Gobain and Eurotunnel, gaining extensive legal experience across various industries. In 1996 she joined Technip, based in Paris, progressing to the role of Vice President Legal – Offshore. In 2006 Nathalie joined Subsea 7 performing senior corporate and operational legal roles, including Vice President Legal – Commercial. Nathalie has been admitted to the Paris Bar and has legal qualifications from University Paris I – Panthéon Sorbonne and Paris XI in France and the University of Kent in the UK. Nathalie has been General Counsel of Subsea 7 since April 2012.

Monica Bjørkmann

Director

Born: 1969

Nationality: Norwegian

Member of Board since: October 2021

Audit Committee membership: Yes

Monica is the Vice President of Subsea 7 Norway AS. She has more than 25 years of experience in the oil and gas service industry. Monica has had several roles within Subsea 7, working in Norway, UK and Australia. She holds a degree in economics, marketing, entrepreneurial and strategy studies from the University of Stavanger and the Aalborg University in Denmark. Monica is also a Chairperson of Norwegian Oil and Gas Association, as well as Head of the Top Manager's Forum for Suppliers, and Managing Director of Subsea 7 Norway's entities. She was previously on the Board of NORWEP, and a Board Member of IRIS (International Research Institute of Stavanger).



Executive Management Team

Stuart Fitzgerald

Chief Executive Officer

Born: 1969

Nationality: Australian

Date of appointment: October 2021

Stuart began his career with a specialist marine engineering consultancy, progressing to Worley Engineering in Australia and Brunei. Stuart joined Subsea 7 in 1998 and held operating and leadership positions within engineering, project management, and sales, at a Norway regional level until 2009, when he was appointed Vice President for Norway. From 2014 to 2018 he held the roles of Vice President Sales and Marketing and subsequently Vice President Strategy and Technology. In January 2018, Stuart joined the Subsea 7 executive team as Executive Vice President responsible for Strategy and Commercial and then from 2019 for Alliances and Strategy, including the role of CEO for the Subsea Integration Alliance between Subsea 7 and OneSubsea, a Schlumberger company. Stuart has a Bachelor of Engineering degree in Mechanical Engineering and a Bachelor of Science degree in Applied Mathematics from Monash University in Melbourne, Australia.

Mark Hodgkinson

Chief Financial Officer

Born: 1961

Nationality: Australian

Date of appointment: October 2021

Before joining Seaway 7 Mark Hodgkinson was VP Treasury and Commercial Finance at Subsea 7 SA. Prior to this he was Group Treasurer at First Quantum Minerals – a multinational copper mining company, and with Royal Dutch Shell's Group Treasury for eight years, where he was General Manager of Shell's Group Treasury operations in Asia / Pacific based in Singapore. Mark has also worked in the UK and Australian Financial Services sectors in finance, risk management and operational roles. He is a Chartered Accountant (ACA) and a Member of the Association of Corporate Treasurers (FCT).

Harke Jan Meek

Chief Commercial Officer

Born: 1976

Nationality: Dutch

Date of appointment: October 2021

Harke started his career at Shell working on LNG projects and progressing to business development roles at SBM offshore and then to senior commercial roles at Heerema Marine Contractors. In 2018 Harke was appointed as Chief Commercial Officer of Seaway 7, responsible for strategy, business planning, business development and tendering activities worldwide. Harke holds a MSc degree in Offshore Engineering from Delft University of Technology, Netherlands, and an MBA from the University of Texas, US.

Steph McNeill

Chief Operating Officer

Born: 1969

Nationality: British

Date of appointment: October 2021

Steph began his career in the offshore energy sector in 1990, subsequently working in various technical, commercial and management roles for Brown and Root Vickers, Det Norske Veritas, Saipem and Kellogg Brown and Root, in a number of countries. Steph joined Subsea 7 in 2005 and has held the positions of; Vice President Offshore Resources, Vice President UK and Canada; Vice President Project Management, Engineering, Supply Chain Management and HSSEQ. In January 2018 Steph was appointed Vice President Renewables and Heavy Lifting before taking on the role of Subsea 7 Executive Vice President Renewables. Steph has a Bachelor of Engineering degree in Naval Architecture and Offshore Engineering from the University of Strathclyde, Glasgow, Scotland, is a Chartered Engineer and a Fellow of the Royal Institution of Naval Architects.

Torgeir E. Ramstad

EVP Vessels & Offshore Resources

Born: 1959

Nationality: Norwegian

Date of appointment: October 2021

Torgeir has extensive top-level management experience from offshore contracting, construction and marine operations in the oil and gas and renewables sectors. Most recently he held the role of Chief Executive Officer of OHT Management AS since 2015. Previously he had various executive roles in Fred. Olsen related companies working within offshore wind. Torgeir holds a M.Sc. degree in Marine Engineering and Naval Architecture from NTNU in Trondheim.



Board of Directors' Report

In October 2021 Seaway 7 was created, a global leader in the delivery of fixed offshore wind farm solutions, committed to contributing to an efficient and sustainable energy supply for the future.



Contents

Strategy	11
Understanding our commercial opportunities and outlook	12
Business review	14
Our people	18
Sustainability	20
EU Taxonomy disclosure	21
Financial review	23
Risks	26
Corporate Governance	36

Strategy

The fixed offshore wind market is growing rapidly, with both governments and operators setting ambitious targets. Seaway 7 aims to support these ambitions through first-class project execution and use of our fleet of enabling assets. Operating across multiple segments in the value chain enables a differentiated position in the delivery of integrated projects, thereby creating efficiencies and reducing risk for Seaway 7 and for our clients.

Creating value for our clients throughout the whole project lifecycle



Engage early to deliver value
Creating value for clients in the earliest stages of project; development options evaluation, scope definition, setting the contracting strategy, local content planning, project scheduling



Concept
Input at concept allows for optimisation of facilities incorporating fabrication, transportation and installation considerations



Engineering
Detailed engineering by experienced personnel to deliver the best solutions



Procurement and fabrication
Efficient procurement sourced in global market for best price levels, and high-quality WTG foundation fabrication delivered at competitive pricing and on time

Transportation
In-house control of key assets for timely delivery of critical components from any location worldwide to project site

Installation and commission
Safe, predictable and cost-efficient installation by using state-of-the-art vessels

Scale

We have 600 people working onshore, delivering our engineering, project management and operational functions in-house. Our offshore workforce is made up of 400 crew, many with long experience on the Seaway 7 fleet of vessels.

Global presence

Seaway 7 has a local presence in our major fixed offshore wind markets.

~600

Onshore personnel

~400

Offshore crew

5

Sales offices

7

Operational offices

Key enabling assets

Seaway 7 has the key enabling assets to deliver offshore installation. The combination of these assets is a key benefit to our clients as we can de-risk projects by controlling the key required assets.



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



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



Cables
Cable installation vessels including *Seaway Airnery*, *Seaway Moxie* and *Seaway Phoenix*.



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



Understanding our commercial opportunities and outlook

Seaway 7 is a global leader in the delivery of fixed offshore wind projects, offering standalone or integrated foundation, offshore substation, submarine cable and wind turbine generator installation services through various contracting models.

Our position in the global offshore wind market

Seaway 7 supports developers to bring sustainable, renewable energy to the world through the delivery of fixed offshore wind projects. With extensive expertise in project management, engineering, procurement, and fabrication, as well as a state-of-the-art fleet and specialist technologies, the Group can deliver its services through a comprehensive array of contractual structures including Engineering, Procurement, Construction and Installation (EPCI), Transportation and Installation (T&I) and Balance of Plant (BoP).

Seaway 7 offers the following services:

- Wind turbine generator installation
- Offshore foundation installation
- Offshore substation installation
- Offshore submarine cable installation
- Heavy transportation.

This makes Seaway 7 a versatile and highly capable partner for the delivery of complete offshore wind projects.

The offshore wind market

Overall tendering levels for fixed offshore wind projects remained high in 2021, focusing on European and US markets. These markets have been stimulated by political and social pressures to fast-track the transition to low-carbon sources of energy.

The outlook for capital expenditure in the fixed offshore wind market is strong, with a compound annual growth rate of 16% between 2020 and 2035, estimated by Bloomberg. By 2035, a global installed offshore wind capacity of 269 gigawatts is forecast, which is around 11 times the 25 gigawatts capacity that was globally installed by the end of 2020.

The step up in forecast activity is translating to demand from clients who are already firming up installation capacity for 2025 and onwards, and this is expected to lead to an improvement in pricing and higher long-term vessel utilisation.

Northern Europe continues to be the leading global market in fixed offshore wind (excluding China). In this core market, the Group's main tendering activities were for projects in the UK, Germany and the Netherlands, which continue to sustain high levels of growth and ambition. Many of these tendering activities supported the Group's clients in their respective subsidy or lease bids to the local governments, a trend that contributes to lengthy tender processes. Delays in UK Government's Contracts for Difference ("CFD") rounds in 2021 impacted

the timing of a number of awards to market through the year.

The Group saw tender activity pick up in the new markets of Poland and Ireland. The Polish market is developing quickly, with the first five CFD being awarded in 2021 and the first offshore installation activity expected in 2024/25. Ireland's subsidy regime has yet to be finalised by the government before its first CFD round can be initiated.

In the US, the list of prospective major wind projects off the Northeast coast increased further during 2021, and the first three projects were awarded to the market. More than 12 projects are currently in the planning stages in the US, representing around 20 gigawatts installed capacity for the 2025-2028 period, which is around 40% of the currently installed global offshore wind base. The main challenge for this market remains delivering on local content expectations, the maturity of the supply chain in the region, and ensuring execution strategies which are Jones Act-compliant in combination with use of certain specialised non-US vessels. In light of these factors, appropriate risk management will be a key success factor for both developers and contractors in this emerging market.

In the Asia Pacific region, China is the single biggest market. As the Chinese market is mainly served by national service providers, there currently is limited value that can be added and therefore the focus on this market

Capabilities and contract models – aligned with market requirements

	Export cables	Offshore substation	Inner-array cables	WTG Foundations Jackets	WTG Foundations Monopiles	Wind turbine generators
Project Management and Engineering			seaway ⁷	seaway ⁷	seaway ⁷	
Procurement			seaway ⁷	seaway ⁷	seaway ⁷	
Construction/ Manufacturing				seaway ⁷	seaway ⁷	
Transport/ Installation		seaway ⁷	seaway ⁷	seaway ⁷	seaway ⁷	seaway ⁷
Commissioning			seaway ⁷	seaway ⁷	seaway ⁷	

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

is limited. However, tendering activities have started to pick up for new markets such as Japan, Korea and Vietnam, whilst Taiwan remains the largest and most active market in the region (excluding China). Common challenges within the region include strong local content requirements and underdeveloped supply chains – which impact project costing and the project risk profile. As such, a selective tendering approach is being applied, focused on known clients and early engagement, to ensure a full understanding of technical, supply chain and new country operating risks.

As European, US and Asian markets each gain critical mass, it is envisaged that the Group and its competitors will begin to dedicate vessels to particular regions, resulting in reduced transit times between projects with a further benefit to utilisation and reduced costs. In addition to utility and specialist companies developing offshore wind projects, the Group has seen a significant shift in the client base in 2021, with “traditional” oil and gas companies also actively moving into offshore wind, generating even more investment in the sector. This provides the Group with excellent opportunities to leverage the existing relationships from its legacy work in the offshore oil and gas sector.

The heavy transportation market

The heavy transportation fleet has continued to operate in the spot market. The Group has seen a consistently high number of requests for transportation projects, with approximately 1,000 received during 2021, which underpins the high vessel utilisation rate in the fleet.

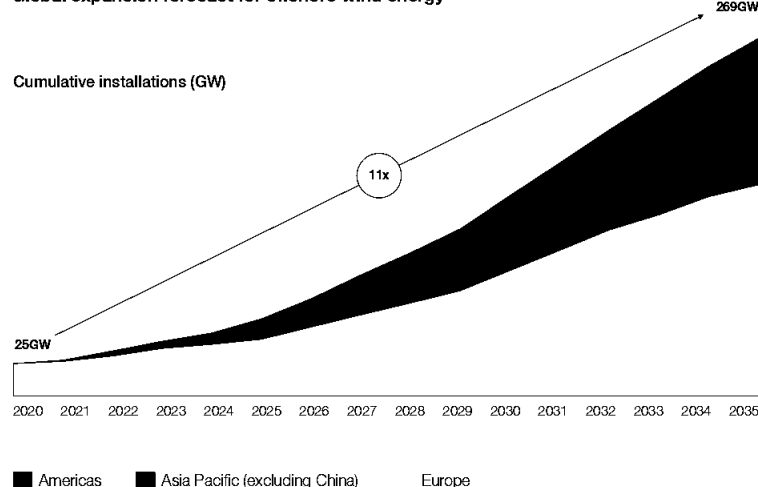
The Group continues to operate the transportation fleet in multiple markets, including fixed offshore wind, oil and gas, marine, dredging and heavy construction markets. The share of offshore wind-related projects being tendered for execution from 2022 to 2027 is growing, dominated by transportation of jackets, monopiles and transition pieces from Asia to Europe and monopiles/transition pieces from Europe to the US.

The other transportation markets continue to show signs of recovery following a two- to three-year period with reduced activity in oil and gas which has led to a pressure on prices.

Segments that now see growth include jack-up drilling rig moves, oil and gas decommissioning and gas projects in the Middle East. Medium to long term, transportation of offshore wind components represents by far the highest growth segment.

In the course of Q2 2021, the Group observed evidence of a material reduction of available semi-submersible capacity in the market, due to competitors undertaking large projects in the oil and gas market which the Group did not compete for. This could lead to a clear shortfall in capacity to serve the many offshore wind projects that need the same type of capacity. The Group regards being in control over this type of capacity as strategically important to support its pursuit of large, integrated installation projects. This market imbalance will in the first instance last until 2023, and in certain periods the supply of tonnage is expected to drop to levels around 50% of today's available world fleet. This will place the Group in a good position to secure future work, primarily for long-distance transportation of offshore wind foundation components.

Global expansion forecast for offshore wind energy



Numbers exclude floating wind

Source: BloombergNEF, December 2021 Market Outlook

“ Looking forward to the expected market evolution of offshore fixed wind, we see growing investment, larger and more complex projects, new regions and new clients.

Business review

During 2021, the Group made good progress in the execution of its significant Seagreen contract covering the EPCI of 114 wind turbine foundations, 300 kilometres of inner-array cables and associated infrastructure off the east coast of Scotland. By the end of 2021, fabrication of the foundations was 50% delivered and a total of 10 foundations had been installed, with the remainder scheduled for installation in 2022. The Seagreen project extends Seaway 7's collaborative relationship with developer SSE and follows its successful execution of SSE's Beatrice EPCI project completed in 2019.

In April, *Seaway Aimery* and *Seaway Moxie* commenced the installation campaign on Ørsted's Hornsea 2 project which is located 89 kilometres off the Yorkshire coast in the North Sea. The scope, which consists of the installation of 380 kilometres of inner-array grid cables, was successfully completed in November.

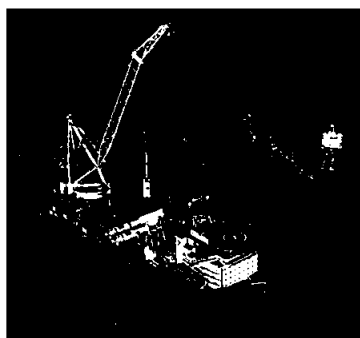
In Q2 2021, *Seaway Phoenix* was successfully converted into a cable-laying vessel, taken into service and mobilised to Taiwan for the Yunlin project. The offshore wind farm Yunlin consists of 80 8MW wind turbine generators and the Group's scope includes the installation of 272 kilometres of inner-array cables. During 2021, cable installation commenced and activities will continue in Q2 2022.

In Q1 2021, *Seaway Strashnov* mobilised for Vattenfall's Hollandse Kust Zuid Project. The 1.5GW Hollandse Kust Zuid is the first subsidy-free offshore wind project to reach this stage of development. The wind farm will also be the world's largest in operation once it is fully commissioned by the summer of 2023. The scope consists of transporting and installing the wind farm's 140 monopile foundations and 315 kilometres of 66 kV inner-array grid cables. The Group made good progress in the execution of the foundation installation during the first campaign and will recommence its installation activities in Q2 2022.

Seaway Yudin continued working in Taiwan on the Formosa 2 project for Jan de Nul. The installation of the 188 pin piles has been severely impacted by adverse site conditions and Covid-19, installation will continue early 2022.

The heavy transportation fleet has continued to avoid major operational disruptions from the Covid-19 pandemic, with delayed and cumbersome crew change procedures and restrictions on travelling being the only negative effects. It has also successfully delivered a number of complex projects without serious incidents or accidents, and with no unplanned environmental spills.

All vessels in the heavy transportation fleet have traded in the spot market during 2021, transporting power barges, liftboats, cable-lay barges, jack-up drilling rigs, floating dry-docks and other floating equipment. The spot market remains somewhat affected by the Covid-19 pandemic through hesitation in clients' willingness to execute their transportation requirements due to travel restrictions and project delays.



Contract awards

Ørsted WTG installation

Seaway 7 has been awarded a contract by Ørsted for the transport and installation of wind turbine generators for part of the Gode Wind 3 and Borkum Riffgrund 3 offshore wind farms in Germany. The installation will utilise the Group's jack-up installation vessel *Seaway Ventus*, and the projects are expected to be fully commissioned in 2024 and 2025. The contract was announced on 7 October 2021 and Ørsted took final investment decision in December 2021.

Dogger Bank C foundation installation

Seaway 7 announced on 12 November 2021, that it has been awarded a contract by Dogger Bank Wind Farm for the transport and installation of monopile foundations and transition pieces on the third phase of the development Dogger Bank C. The Group will utilise its specialist heavy lift vessel *Seaway Alfa Lift*, and offshore installation will commence in 2024 following the installation of the Dogger Bank A and B phases. The Dogger Bank C project reached financial close in December 2021.

Dogger Bank C is a joint venture between SSE Renewables (40%), Equinor (40%) and Eni (20%).

Zhong Neng cable installation

On 8 December 2021, Seaway 7 confirmed the award of a contract by China Steel Power Corporation Ltd for the transport and installation of the submarine cable system of the Zhong Neng Offshore Wind Farm in Taiwan. The award, first announced on 16 July 2020, was confirmed when the project developers reached final investment decision, and is now included in the Group's backlog. Offshore installation activities are expected to commence in 2023.

China Steel Power Corporation Ltd. Is a joint venture company between China Steel Corporation and Copenhagen Infrastructure Partners.

11x

Total installed capacity
by 2035

16%

Offshore wind compound
annual growth rate

New builds

Seaway Alfa Lift

Seaway Alfa Lift is a purpose-built offshore wind turbine foundation installation vessel, which industrialises the installation process and significantly reduces the time required per unit installed. With superior payload capacity, a mechanised deck and operating in dynamic positioning mode, the vessel's competitiveness has been demonstrated through the contract award for the world's largest wind farm – Dogger Bank A and B in Q4 2019, with further confirmation through the award of Dogger Bank C in Q4 2021.

Commissioning and completion activities for marine elements of the vessel are progressing satisfactorily, with all key systems fully commissioned, generator sets tested to full power, the accommodation areas fully functional and navigation and operations bridges operational. The vessel departed for sea trials early January 2022.

On 18 October 2021, an incident occurred with the A-frame on the 3,000t Liebherr crane. The A-frame has been removed from the vessel, inspected, and is now under repair at the yard. Crane repairs are expected to be complete during the second half of 2022. As a result of key supplier delays, the final installation, testing and commissioning of the mission equipment for the upending and lowering of monopiles is

expected to represent the critical path to vessel delivery and readiness for operations. We do not expect the vessel will be operational on projects during 2022. A contingency scenario is activated which utilises Seaway Strashnov to progress the committed work on the Dogger Bank A project in the second half of 2022.

Seaway Ventus

Seaway Ventus is a specialised jack-up installation vessel of GustoMSC design and is the Group's first wind turbine installation vessel (WTIV) which, due to the superior design and capacity of the crane, will also be suitable for installation of foundations. The vessel is designed to efficiently handle all current and known future designs of Wind Turbine Generators (WTG) and completes the Group's offering for Integrated projects.

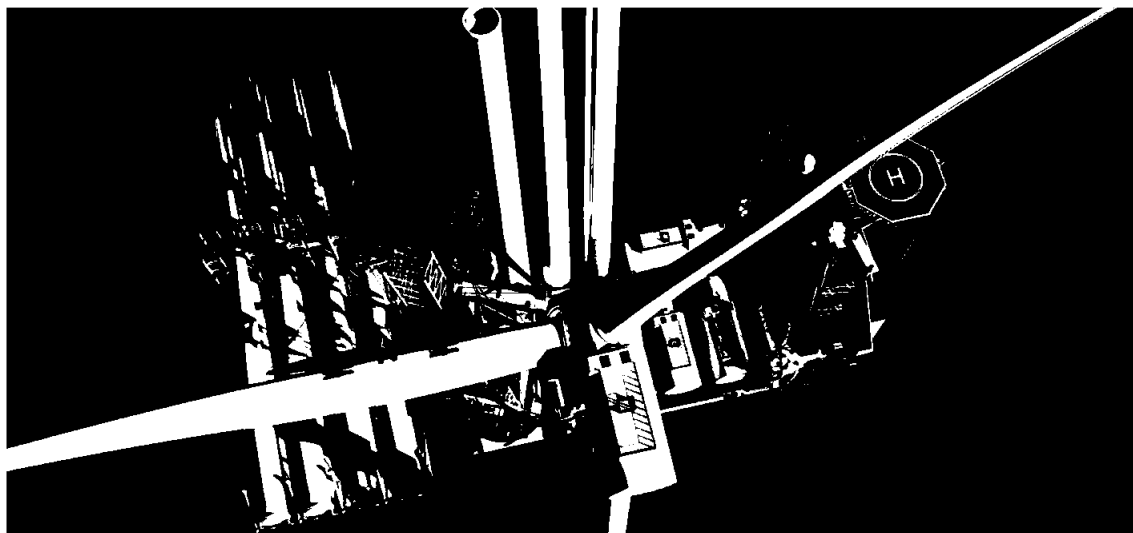
The shipbuilding contract for Seaway Ventus became effective on 30 November 2020 and is progressing towards completion of detailed design. The important steel cutting milestone was achieved according to plan on 25 November 2021, followed by payment of the second instalment of 10% of the shipbuilding price. Fabrication of hull blocks, crane pedestal and leg sections/jacking gears are ongoing. Selection of all main equipment has been completed. Focus continues on maximising Variable Deck Load ("VDL")

capacity by optimising component and material weights as much as possible, with VDL capacity targeted to be improved from "as-sold" of 8,750t to at least 10,000t. Delivery is on track for mid-2023, and the vessel has secured its first WTG installation contract on Borkum Riffgrund 3/Gode Wind 3 for Ørsted.

Please see Note 14 'Property, Plant and Equipment' and Note 27 'Commitments and Contingent Liabilities' to the Consolidated Financial Statements which provides more details of the incurred capital expenditures as well as capital commitments on the new build vessels.

3

new sizeable contracts awarded in 2021





Fleet overview





Contents

Seaway Eagle

Type: Semi-submersible heavy transportation vessel

Converted/Built: 2006/1981

Falcon

Type: Semi-submersible heavy transportation vessel

Converted/Built: 2007/1981

Albatross

Type: Semi-submersible heavy transportation vessel

Converted/Built: 2015/1993

Seaway Osprey

Type: Semi-submersible heavy transportation vessel

Converted/Built: 2008/1989

Seaway Hawk

Type: Semi-submersible heavy transportation vessel

Converted/Built: 2008/1989

Seaway Aimery

Type: Cable-laying vessel

Converted/Built: 2016

Seaway Moxie

Type: Cable-laying vessel

Converted/Built: 2014

Seaway Phoenix

Type: Cable-laying vessel

Converted/Built: 2021/2003

Seaway Strashnov

Type: Heavy Lift vessel

Converted/Built: 2011

Seaway Yudin

Type: Heavy Lift vessel

Converted/Built: 1985 (LTE 2014)

Seaway Alfa Lift

Type: Heavy Lift vessel

Converted/Built: Under construction

Seaway Ventus

Type: Turbine Generator Installation vessel

Converted/Built: Under construction

Our people

The skills, knowledge and experience of Seaway 7's people are core to the Group's success, bringing sustainable value to the market as the offshore wind industry's project partner of choice.

Seaway 7 is committed to creating a stimulating environment to nurture a motivated and healthy workforce, attracting and retaining the best talent and supporting employees to achieve their full potential.

Seaway 7 listens to its people through regular employee surveys – utilising a new platform to make it easier to listen to the feedback and set actions.

Every employee counts, working together for a common goal: delivering an efficient and sustainable energy supply for the future.

Our global workforce

Seaway 7 is a global company with local presence in all the key regions, to be close to the clients and markets. As a multi-location organisation, the Group has a globally diverse group of experts with over 43 nationalities across 14 countries.

Seaway 7's workforce is highly skilled and experienced. A large proportion of the employees have roles in engineering and project management with strong technical backgrounds. In addition, the Group has a large number of experts and skilled employees across all business functions.

The Group has approximately 600 people employed onshore and an offshore workforce of approximately 400 people.

Continuous learning

Seaway 7 uses a well-established range of learning and development tools to help its people grow their knowledge and abilities in different areas of the business. Development schemes, behavioural models, webinars, and a variety of learning content are easily accessible via digital platforms, designed to promote inclusive and equal learning opportunities amongst employees. Employees are encouraged to take charge of their careers and, through one-to-one meetings supported by their direct managers, career development plans are created and reviewed on a regular basis. Areas for development are identified and can be supported by the Group's learning and development tools. The process is driven by the individuals and supported by their functional managers.

Diversity and inclusion

Seaway 7 believes that everyone has the right to be treated fairly, with dignity and respect, and to have equal opportunities in a supportive, friendly and inclusive environment, free from all forms of discrimination, harassment or bullying. Fair employment practices, fair treatment for all individuals and equal opportunity on the basis of merit are the foundation of the Group's development programmes. Seaway 7 values and promotes diversity and provides regular learning content on diversity and inclusion for managers. These principles are well established and form part of the Group's Human Rights Policy Statement and are further detailed in an equal opportunities and diversity employment policy.

To support the Group's ambition to provide equal opportunities to everyone in the organisation, a Diversity and Inclusion Steering Committee was established for 2021. The Committee has representatives from different regions and parts of the business. The Committee's aim is to role model diverse and inclusive behaviour, influence others and spearhead the agenda, as well as set the Group's framework for success, ensuring the topic remains a priority and adapting the focus as the Group evolves.



Every employee counts, working together for a common goal: delivering an efficient and sustainable energy supply for the future.



Wellbeing

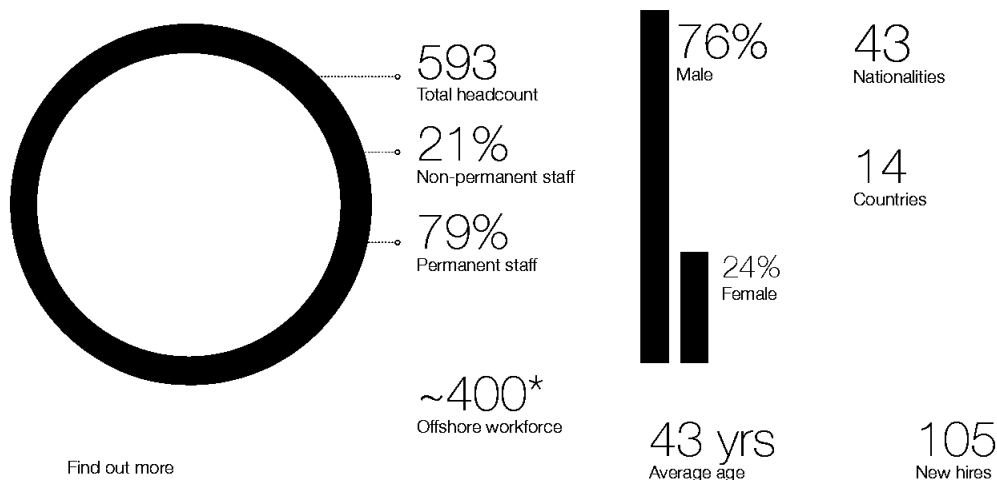
Health, safety and wellbeing is a top priority for Seaway 7.

The Group promotes a healthy work-life balance through a combination of wellbeing initiatives, protecting against occupational health hazards and supporting employees when they need it most. Seaway 7 recognises the importance of mental and physical health and support this with resilience training and local initiatives such as education in financial wellbeing and regular sports and social activities. All the Group's employees have access to a confidential Employee Assistance Programme (EAP) that provides support for coping with life's challenges including health and wellbeing, financial problems, stress or anxiety and family issues.

2021 was again a year in which the global Covid-19 pandemic presented great challenges for the Group's people both onshore and offshore – challenges which were met with great resilience. The Group worked hard to ensure employees were supported through these challenging times, providing additional content and virtual programmes focused on health and wellbeing, and increasing internal communications to keep people connected.



Onshore workforce in numbers



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

Sustainability

Seaway 7 supports developers to bring sustainable, renewable energy to the world. The Group is equally committed to ensuring sustainable practices run throughout the business. The Group's sustainability strategy is guided by the six priorities in line with the priorities of the major shareholder, Subsea 7.

Health, safety and wellbeing

The safety of people is Seaway 7's first priority. The Group aims for an incident-free workplace every day, everywhere and policies are continually reviewed to seek to improve safety performance. Seaway 7 believes that all people working on its sites anywhere in the world are entitled to the same level of protection. The Group's Business Management System underpins the way in which safety training, reporting, procedures and assessments are conducted.

The Group records all incidents and near misses in detail and investigates every event. During the year no fatalities were recorded, the lost-time incident rate was 0.06 and the recordable incident frequency was 0.47. Seaway 7 checks activities against internal standards and processes as well as regulatory and legislative requirements.

Of the directly employed personnel in the Group, total sick leave during the year was 1.4%.

In 2021, the Group conducted a worksite sponsor programme to ensure that the vessels and worksites are being properly supported by the organisation, that high-priority HSEQ actions are being attended to and that senior management has a first-hand appreciation of the current situation and any critical issues on the worksites.

The Group has a wellbeing framework that is focused on wellbeing at home and in the workplace. In addition, the Group included six wellbeing questions within the new employee

survey which will allow us to understand the impact of the wellbeing tools and initiatives. To ensure the safety of all the Group's people offshore, a health screening programme was implemented to protect the most vulnerable from the impacts of the Covid-19 virus. Moreover, Covid management plans tailored to the site and region were issued.

Energy transition

As a pure-play renewables services company, Seaway 7 aims to support its clients to accelerate the energy transition. The Group utilises its skilled people and wealth of marine construction expertise together with construction vessels, equipment and facilities, to develop and deliver the best and most cost-efficient offshore wind projects. The Group has many years of experience in heavy lifting and cable-laying in harsh marine environments that is invaluable for the installation of offshore wind farms.

Labour practices and human rights

Treating people with respect is fundamental to the way that Seaway 7 works. The Group is committed to fulfilling its responsibility to respect and uphold human rights including preventing modern slavery, human trafficking and other forms of forced or involuntary labour anywhere in the business or supply chain.

Respecting human rights and adopting good labour practices helps the Group to live its Values. Having a robust Speak Up procedure and channels for people to raise concerns enables the Group to deliver on this commitment. Everyone at Seaway 7 must abide by its Code of Conduct which makes it clear that we will not accept any abuse of human rights and will not work with suppliers that do so.

Seaway 7 is committed to fair and lawful employment practices across the Group and throughout the Group's supply chain. As an equal opportunities employer, the Group seeks to protect its people from discrimination, bullying and harassment. As a minimum, the Group complies with national legal requirements regarding wages and working hours everywhere they have operations. The Group also applies the International Labour Organization's standards regarding child labour and the minimum working age. The Group supports the rights of its people to freedom of association and collective bargaining.

In 2021, the Group continued to focus on enhancing the understanding of how to identify and manage labour practices and human rights risks, both within the organisation and the supply chain aligned with international standards.

Business ethics

Seaway 7's Ethics Policy Statement sets out its commitment to acting honestly, fairly and with integrity at all times, to comply with the law, and to treat people with respect. The Group conducts its business in accordance with all applicable laws and regulations and in an ethically responsible manner. The Group's Code of Conduct, which applies to all its people, sets out the key principles that all employees are committed to upholding and which line management are responsible for communicating and implementing.

Seaway 7 has a clear Speak Up policy, which offers various channels for raising concerns, including an externally administered and monitored confidential reporting line, Safecall, which is extensively promoted within the Group.

Operational eco-efficiency

Seaway 7 recognises the impacts of climate change and its potential effect on the business, on its end markets and on society. The Group therefore focuses on improving the environmental efficiency of operations and solutions in terms of greenhouse gas emissions and energy use.

Ecological impacts

Seaway 7's operational activities can have an impact on the environments that surround them. The Group conducts business in a way that considers the environment, and which aims to keep any negative impact to a minimum, putting in place procedures to protect biodiversity and the ecosystems we work in. Seaway 7 has a Group Health, Safety, Environment and Security policy which pays close attention to achieving regulatory compliance and to continually improving its environmental performance. The Group's line managers are responsible for implementation of and compliance with policies within the Group's Business Management System, and for ensuring that all employees and contractors are aware of their responsibilities.

Find out more in Seaway 7's
2021 Sustainability Report at

EU Taxonomy disclosure

On 18 June 2020, the European Union (the "EU") issued Regulation 2020/852 on the establishment of a framework to facilitate investment for companies registered within the EU. Under this EU regulation and its delegated acts (the "EU Taxonomy"), EU companies are required to publish, for the 2021 financial year, eligibility indicators highlighting the proportion of their revenue, capital expenditure ("CAPEX") and operating expenditure ("OPEX"), (collectively, key performance indicators "the KPIs") resulting from economic activities considered as sustainable, as defined by the EU Taxonomy regulation for the first two climate objectives of *climate change mitigation* and *climate change adaptation*.

The EU Taxonomy regulation is not yet adopted by Norway at the time of reporting. The Seaway 7 Group has elected to proactively disclose the proportion of eligibility under EU Taxonomy for its KPIs in its 2021 Annual Report.

This initial assessment of eligibility was performed based on a detailed analysis of all

the Group's economic activities performed in the period, assessed against:

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

The Group conducted an exercise to identify each economic activity performed which contributes to the Consolidated Financial Statements prepared by the Group. The identification exercise included Seaway 7 ASA and all entities controlled by the Company (its subsidiaries).

The Group applied an analytical methodology which involves definitions, assumptions and estimates, the main elements of which are

described below. The Group will continue to develop its analytical methodology in accordance with the EU Taxonomy evolution.

Eligible economic activities under the EU Taxonomy

As per the EU Taxonomy regulation, the Group has identified all eligible economic activities for each of the first two published climate objectives: climate change mitigation and climate change adaptation. The economic activities identified resulted from a comprehensive review of the Group's activity portfolio for 2021.

Where the Group's eligible economic activities are cited in both the climate change mitigation and climate change adaptation objectives, it was determined that these activities primarily contributed towards, and therefore should be allocated to, the climate change mitigation objective. In this year's exercise, the Group has concluded that all eligibility falls under the climate change mitigation objective.

The Group's activities evaluated to be eligible for the climate change mitigation objective under the EU Taxonomy regulation as follows:

Environmental objective	Activity covered by the EU Taxonomy Code	Associated NACE code	Definition of the activity	Corresponding Group activity
Climate change mitigation	4.3 Electricity generation from wind power	D35.11 and F42.22	Construction or operation of electricity generation facilities that produce electricity from wind power.	The Group includes activities related to the delivery of fixed offshore wind farm projects. This includes the procurement and installation of offshore wind turbine foundations and inner-array cables, as well as heavy lifting operations and heavy transportation services for renewables structures.
Climate change mitigation	7.6 Installation, maintenance and repair of renewable energy technologies	F42.22	Installation, maintenance and repair of wind turbines and the ancillary technical equipment.	The Group includes activities related to the delivery of fixed offshore wind farm projects. This includes the procurement and installation of offshore wind turbine foundations and inner-array cables, as well as heavy lifting operations and heavy transportation services for renewables structures.

The EU Taxonomy regulation requires eligible activity to be analysed for alignment with the published technical criteria of significant contribution to the objective, the 'do not significantly harm' (DNSH) other EU Taxonomy objective criteria, as well as the Social Safeguard criteria. The notion of alignment is not mandatory for first reporting. The Group will further develop its analysis of eligible activities during 2022.



EU Taxonomy disclosure

Eligibility indicators

The Group has calculated the eligibility indicators in accordance with the provisions of the EU Taxonomy based on its existing processes and reporting systems, including assumptions made by management. In this year's exercise, 2021, the Group has concluded that all eligibility indicators for revenue, CAPEX and OPEX should be reported under the climate change mitigation objective, with nil to be reported under climate change adaptation.

KPIs for climate change mitigation objective as of 31 December 2021	Revenue	CAPEX ¹	OPEX
Numerator (eligibility) (\$m)	1,237	413	12
Numerator (Non-eligible) (\$m)	23	1	1
Denominator (\$m)	1,260	414	13
Eligible indicator expressed	98.2%	99.8%	94.7%
Non-eligible indicator expressed	1.8%	0.2%	5.3%

1. As a result of the business combination with OHT ASA (renamed Seaway 7 ASA) on 1 October 2021, the Group acquired \$292m of assets reportable under the "addition of asset through acquisition" criteria under the EU Taxonomy. This amount is included in both the Numerator and Denominator.

The eligibility indicator review covered all Group economic activities included in the Group's Consolidated Financial Statements as of 31 December 2021. In the period, 100% of the eligible revenue relates to the installation, maintenance and repair of wind turbines and the ancillary technical equipment. The eligible capital expenditure and operating expenditures relate exclusively to supporting the offshore wind project activities.

All activities by the Heavy Transportation fleet were deemed non-eligible due to the exclusion of fossil fuel extraction activities from the EU Taxonomy target scope. The EU has clarified that support activities to economic activities excluded from the regulation scope are also considered out of scope.

Methodology for calculating the indicators

The financial information used for this first EU Taxonomy report is based on the Group's Consolidated Financial Statements as of 31 December 2021. The financial information used was sourced from the Group's financial information systems at the period end. It was subject to internal review and assurance by the central finance function to avoid double counting between the reported KPIs and to ensure consistency with the revenue, OPEX, and CAPEX information reported in the Group's 2021 Annual Report.

The Group's share of eligible revenue is determined by dividing the sum of the revenues of eligible activities by the total revenue of all activities as reported in the Group's Consolidated Financial Statements as of 31 December 2021. The Group's eligible and total revenue relates mainly to engineering, procurement, construction and installation contracts, recognised in accordance with Note 3 'Significant Accounting Policies' of the Group's Consolidated Financial Statements as of 31 December 2021.

The Group's share of eligible CAPEX is determined by dividing the sum of the capital expenditure of eligible activities by the total of additions to intangible assets, additions to property, plant and equipment, and increase in right-of-use assets as reported in the Consolidated Financial Statements as of 31 December 2021. These include additions acquired as a result of business combinations. For further details please refer to Notes 13, 14 and 15 of the Group's Consolidated Financial Statements. In this exercise the Group only included as eligible those capital expenditures allocated in full to supporting the execution of eligible activities.

The Group's share of eligible OPEX is determined by dividing the sum of the OPEX of eligible activities by the total OPEX of all activities for the Group during fiscal year 2021. The operating expenses reported under the numerator and denominator for the Group include:

- Expenses that relate to the maintenance and repair of property plant and equipment
- Research and development expenses, including direct personnel costs.

In this exercise the Group only included as eligible those operating expenses allocated in full to supporting the execution of eligible activities. The expenses already accounted for under the capital expenditure KPI have been excluded from the operating expenditure KPI numerator and denominator.



Financial review

Basis of preparation and presentation of results

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

- For the three-month period ended 31 December 2021, financial information represents the Consolidated Financial Statements of Seaway 7 ASA and its subsidiaries
- For the nine-month period ended 30 September 2021 and for the year ended 31 December 2020 ('the carve-out periods'), financial information represents the results and financial position of Subsea 7 S.A. Group's Renewables business unit.

Financial highlights.

At a glance

- Completion on 1 October 2021 of business combination between OHT ASA and Subsea 7's fixed offshore wind business to create Seaway 7 ASA
- Revenue of \$1.3 billion up 100% year-on-year
- Adjusted EBITDA of \$24 million, equating to a margin of 2%
- Net loss of \$63 million compared to net loss of \$50 million in 2020
- Diluted loss per share of \$0.18 compared to diluted loss per share of \$0.16 in 2020
- Cash and cash equivalents of \$22 million and net debt (including lease liabilities) of \$106 million at year end
- Backlog of \$1.2 billion, with order intake of \$493 million.

Summary

For the year ended 31 December 2021, revenue was \$1.3 billion, an increase of \$629 million or 100% compared to the prior year. The revenue increase was driven by the Seagreen project, UK.

Adjusted EBITDA and Adjusted EBITDA margin for the year were \$24 million and 2% respectively, compared to Adjusted EBITDA of \$12 million and Adjusted EBITDA margin of 2% in 2020. The increase in Adjusted EBITDA was mainly due to increased activities on the Seagreen project and the heavy transportation activity following the business combination in Q4 2021, partly offset by ongoing challenges in Taiwan. After taxation of \$14 million, equating to an effective tax rate of 30%, the net loss for the year was \$63 million, compared to net loss of \$50 million in 2020. Diluted loss per share was \$0.18 in 2021 compared to diluted loss per share of \$0.16 in 2020.

The formation of the Seaway 7 Group created a market leader in fixed offshore wind, with a comprehensive fleet and experienced management team. The Group's position in this growing market is built on half a century of experience within marine contracting, and more than a decade of track record within the fixed offshore wind sector.

In a year of high operational activity and associated revenue, the Group's operational and financial performance was adversely impacted by the ongoing challenges posed by the Covid-19 pandemic, with worksite conditions adversely impacting certain projects in Taiwan. A new challenge emerged during the year, as global supply chains tightened across many industries. The Group mitigates the majority of this exposure through a variety of mechanisms, including back-to-back supplier contracts and index-linked pricing.

At 31 December 2021, backlog was \$1.2 billion, compared to \$2.0 billion at 31 December 2020. Order intake during the year was \$337 million (excluding \$156 million of acquired backlog), equivalent to a book-to-bill ratio of 0.3. New order intake included the Dogger Bank C project, UK, the Borkum Riffgrund 3 and Gode Wind 3 projects, Germany, the Zhong Neng project in Taiwan and escalations of \$111 million.

During the year, net cash generated from operations was \$39 million, which included favourable movements of \$23 million related to working capital due to Covid-19 challenges and delays, as well as the timing of milestone payments on certain projects. Capital expenditure of \$53 million was mainly related to the new build vessels, *Seaway Ventus* and *Seaway Alfa Lift*, and operating equipment, financed through a short-term loan from the Group's ultimate parent undertaking, Subsea 7 S.A. Group.



Financial review continued

Income Statement

For the year ended (in \$ millions, except Adjusted EBITDA margin, share and per share data)	2021 31 Dec	2020 31 Dec
Revenue	1,260	631
Adjusted EBITDA ¹	24	12
Adjusted EBITDA margin ¹	2%	2%
Net operating loss	(39)	(40)
Net loss	(63)	(50)
Earnings per share – in \$ per share		
Basic	(0.18)	(0.16)
Diluted ²	(0.18)	(0.16)

At (in \$ millions)	2021 31 Dec	2020 31 Dec
Backlog ³	1,238	1,987
Cash and cash equivalents	22	8
Borrowings	101	(35)
Net cash/(debt) excluding lease liabilities ⁴	(79)	(27)
Net cash/(debt) including lease liabilities ⁴	(106)	(35)

1. For explanations and reconciliations of Adjusted EBITDA and Adjusted EBITDA margin refer to page 67 'Adjusted EBITDA and Adjusted EBITDA margin'.
2. For the explanation and a reconciliation of diluted earnings per share and Adjusted diluted earnings per share refer to Note 11 'Earnings per share' to the Consolidated Financial Statements.
3. Backlog at 31 December 2021 and 31 December 2020 is unaudited and is a non-IFRS measure.
4. Net cash is a non-IFRS measure and is defined as cash and cash equivalents less borrowings.

Revenue

Revenue for the year was \$1.3 billion, an increase of \$629 million or 100% compared to the prior year. This was primarily driven by increased revenue related to the Seagreen offshore wind project, UK.

Adjusted EBITDA

Adjusted EBITDA and Adjusted EBITDA margin for the year were \$24 million and 2% respectively, compared to Adjusted EBITDA of \$12 million and Adjusted EBITDA margin of 2% in 2020.

Net operating loss

Revenue for the year was \$1.3 billion compared to \$631 million in 2020. The increase in revenue was due to increased activity, particularly in relation to the Seagreen fixed offshore wind farm project, UK. Net operating loss for the year was \$39 million which was in line with 2020. Net operating loss in 2021 reflected continued delays to projects offshore Taiwan, driven by restrictions imposed by the government to control the spread of Covid-19, environmental conditions at the worksite and a number of changes in scope.

At 31 December 2021 there were 13 vessels in the Group's fleet, comprising 11 active vessels and 2 vessels under construction (2020: 4 vessels).

Net operating loss for the year was \$39 million, which was in line with 2020. Net operating loss was driven by:

- Continued delays to projects offshore Taiwan; and
- Net costs of \$1.2 million related to the Covid-19 pandemic compared to net costs of \$0.3 million in 2020.

Net loss

Net loss for the year was \$63 million, compared to net loss of \$50 million in 2020, and was driven by:

- Net operating loss of \$39 million
- Net losses of \$5 million within other gains and losses, mainly related to net foreign currency losses
- Finance costs of \$5 million; and
- Taxation of \$14 million.

The tax charge for the year ended 31 December 2021 of \$14 million reflected taxes in the UK, which was mainly driven by activities on the Seagreen project, and the impact of losses incurred in certain jurisdictions where tax credits could not be recognised.

Earnings per share

Diluted loss per share was \$0.18 in 2021 compared to a diluted loss per share of \$0.16 in 2020, calculated using a weighted average number of shares of 345 million in 2021, and 314 million in 2020.



Cash flow

Cash and cash equivalents

Movements in cash and cash equivalents are summarised as follows:

For the year ended (in \$ millions)	2021 31 Dec	2020 31 Dec
Cash and cash equivalents at the beginning of the year	7.7	5.1
Net cash generated from/(used in) operating activities	38.6	(3.0)
Net cash used in investing activities	(38.0)	(16.9)
Net cash generated from financing activities	15.2	23.4
Increase in restricted cash	(1.3)	–
Effect of exchange rate changes on cash and cash equivalents	(0.2)	(0.9)
Cash and cash equivalents at the end of the year	22.0	7.7

Net cash generated from operating activities was \$39 million (2020: Net cash used in operating activities \$3 million) which included a net increase in operating assets and liabilities of \$23 million (2020: net decrease \$14 million).

Net cash used in investing activities was \$38 million compared with \$17 million in 2020. This was mainly related to expenditure on property, plant and equipment of \$53 million (2020: \$17 million) offset by \$12 million cash acquired in the combination.

Net cash generated from financing activities was \$15 million (2020: \$23 million), which was mainly driven by an increase in the loan from the Group's ultimate parent Subsea 7 S.A. Group.

Balance sheet

Goodwill

At 31 December 2021, goodwill was \$70 million and related to the business combination between OHT ASA and Subsea 7 S.A. Group's Renewables business unit.

Property, plant and equipment

During 2021 additions to property, plant and equipment totalled \$94 million (2020: \$23 million) which included progress payments related to *Seaway Ventus*, *Seaway Alfa Lift* and operating equipment.

Borrowings and lease liabilities

At 31 December 2021, total borrowings were \$101 million (2020: \$35 million). The increase in borrowings of \$66 million during the year was due to the recognition of a revolving credit facility of \$37 million at the date of the business combination and an increase in the loan from the Subsea 7 Group of \$29 million.

Equity

At 31 December 2021 total equity was \$864 million (2020: \$578 million). The increase of \$286 million during the year reflects:

- Share issuance of \$348 million in relation to the business combination
- Fair value adjustment of other financial assets of \$1million

partly offset by:

- Net loss of \$63 million.

Research and development

During the year, research and development costs were \$0.2 million compared to \$1.6 million in 2020.

Backlog

At 31 December 2021 backlog was \$1.2 billion, compared to \$2.0 billion at 31 December 2020. Order intake totalling \$493 million was recorded in the year, including \$156 million of acquired backlog from the business combination and \$111 million of escalations. Favourable foreign exchange movements of \$18 million were recognised. \$882 million of the backlog is expected to be executed in 2022 and \$356 million in 2023 and thereafter.

Dividends

During the year ended 31 December 2021, no dividends were declared or paid to shareholders of the parent company.

Liquidity and covenant compliance

At 31 December 2021, the Group's borrowing facilities consisted of a revolving credit facility of \$50 million of which \$37 million was drawn at year end. The revolving credit facility was subject to financial covenants among other conditions and, as a result of the combination, a waiver was sought and granted by the lenders pending the full repayment of the facility which was completed in January 2022. During the year ended 31 December 2021 the Group was in compliance with all covenants prior to the combination date. The Group has access to funding from the Subsea 7 Group by means of an unsecured working capital facility agreement of which \$64 million was drawn at year end 2021 (2020: \$35 million).

Post balance sheet events

On 18 January 2022, the Group repaid in full the amount outstanding under the revolving credit facility of \$37 million.

Allocation of net profit –

Seaway 7 ASA

The parent company, Seaway 7 ASA, reports a net profit of \$5.1 million in 2021. The Board proposes that the net profit is allocated to retained earnings.

Risks

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

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

Seaway 7 is a global leader in the delivery of fixed offshore wind farm solutions, from foundations installation and inner-array cable-laying services, to the provision of heavy transportation services. With the delivery of two new assets, the Group will expand its existing foundation installation capabilities as well as providing assets to support the installation of wind turbines. The Group is one of a few contractors that can provide EPCI expertise for the execution of offshore wind projects, which are, with increasing frequency, contracted on a lump-sum basis.

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

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

Roles and responsibilities

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

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

Principal risks and uncertainties

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

The means which the Group employs to mitigate or eliminate these risks are shown on pages 27 to 35.

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

Risk management and internal control

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

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

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

The Group sources its internal audit function from Subsea 7. The internal audit function, which reports directly to the Seaway 7 Audit Committee, performs independent reviews of key business financial processes and controls and other areas considered to be of high business risk. The Audit Committee annually reviews and approves the internal audit plan and receives regular updates on internal audit's findings and the actions taken by management to address these.

Directors' and officers' liability insurance

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



Market risk

Risk

Mitigation

Strategic

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

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

Economic

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

The level of activity in the fixed offshore wind market is dependent on continued government support in the form of CFDs. Reduced availability or delays in providing CFDs can impact the level of demand for our services.

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

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

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

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

The Group closely monitors market activity and collaborates with clients to understand their future project and expenditure plans. Early engagement in the design phase of an energy project enables the Group to better assess the risks and opportunities and their economic implications of the projects as they progress towards construction. During the tender, the Group's risk management processes set out the level of due diligence and investigation required to address the financial strength and solvency of the Group's clients, their approach to project-specific financing and the credit strength of the key suppliers. Only once this due diligence process is complete, and a decision as to the acceptable level of risk is made by the executive management, is the contract signed.



Risks continued

Market risk continued

Risk

Mitigation

Competition

The Group faces competition to win contracts needed to assure a sustainable backlog of future work across the business units. This competition may result in pricing pressures or a change to a contractor's risk profile, as competitors strive to win contracts and secure work. Contractual terms which are more onerous for the contractor may increase liabilities, both actual and contingent, and adversely impact the Group's financial performance and position.

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

Competition in Seaway 7's sector is strong, however the Group is confident that it can leverage its expertise and capabilities in the delivery and execution of complex projects, and market the Group's EPCL track record and versatile fleet as differentiators over smaller contractors or new entrants.

Business environment risks

Risk

Mitigation

Geographic

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

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

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

Technological innovation

The Group's clients seek cost-effective solutions to develop renewable energy resources, particularly in challenging offshore environments. The Group's experience of designing and executing projects across the globe helps optimise developments, in order to maximise return on investment for clients while minimising carbon emissions. Technology advancements are important to the Group's business – the risks to the Group include investing or developing technology which becomes superseded or immediately obsolete, for example vessel fuel sources.

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

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

In developing new technologies, systems and products, the risks associated with selecting and pursuing appropriate technological solutions, technical completion, commercialisation and successful implementation are carefully considered and addressed through 'gate controls' operated by knowledgeable and experienced Seaway 7 personnel.

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



Organisation and management risks

Risk

Mitigation

Environmental sustainability

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

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

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

Climate

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

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

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

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



Risks continued

Organisation and management risks continued

Risk

Mitigation

People

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

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

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

The Group recognises the importance of health and wellness of its workforce at all times. This has been a key priority during 2021 as a result of the ongoing Covid-19 pandemic. The Group has continued focusing on the importance of physical and mental health, flexible working and adaptability in the workplace, and ensured employees had access to Employee Assistance Programmes as well as making online seminars and health initiatives available across its locations and vessels. Employees working offshore on a rotational basis were particularly affected by constraints imposed by various governments in response to the Covid-19 pandemic. The Group took several specific measures to mitigate the disruption and stress caused by travel restrictions and quarantining on their rotation schedules, and travel to and from their assignments offshore.

The Group is aware of the benefits of offering modern and flexible working arrangements in order to be an employer of choice. Policies setting out the Group's flexible working arrangements and measures for onshore personnel were enhanced in 2021. Technology rollouts which make communication and collaboration between colleagues uniform, whether in the office or a home office, has mitigated the risk of reduced communication or less collaboration.

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

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

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

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

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



Organisation and management risks continued

Risk

Mitigation

Compliance and ethics

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

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

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

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

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

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

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

Information technology and operational systems, cyber risks and security

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

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

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

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

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

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

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



Risks continued

Delivery and operational risks

Risk

Mitigation

Bidding

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

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

Realisation and renewal of backlog

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

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

Project execution

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

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

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

The Group's Heavy Transportation fleet is subject to risks related to marine operations, including cargo, capsizing, grounding, collision and loss and damage to the vessels from harsh weather conditions. Such circumstances may result in severe damages to the vessels and/or damage to other property, the environment, or people.

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

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



Delivery and operational risks continued

Risk

Mitigation

Supply chain

Failure of a key supplier could result in disruption to the Group's ability to complete a project in a timely manner. A significant period of interruption affecting elements of the supply chain, arising from factors such as pandemics, extreme weather, financial uncertainty or other unforeseen external factors, would have an impact on the Group's ability to deliver the client's projects and could cause disruption to ongoing Group capital expenditure initiatives such as vessel construction, dry-dockings and upgrades.

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

Unexpected increases in supply chain costs could result in higher project costs that impact the Group's financial performance.

The resultant time delays or increased costs could lead to irrecoverable costs to the Group and the imposition of financial penalties by clients as well as reputational damage and reduced competitiveness. At a time where cost reductions are essential, and cost is a necessary consideration in the selection of key suppliers by the Group's clients, quality and control assurance is a risk. Faulty or damaged components could result in additional project costs which may not be fully recoverable from the supplier and will be incurred by the Group.

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

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

Communicable or infectious diseases including pandemics

Communicable or infectious diseases, such as the Covid-19 pandemic, can expose the Group to operational disruption and increased costs as a result of measures required to be undertaken to ensure the safe continuation of the business, but also as a result of unexpected business interruptions. The risks to the Group include additional operational costs to continue normal operational activities, as well as enhanced working arrangements to work safely in accordance with the changes made in law, quarantining crew and logistical issues associated with the international transit of vessels and people. These costs are not included in fixed-price contracts and therefore pose a financial risk to the Group if they cannot be recovered as a result of exercising the contractual rights. The financial performance of the Group is further impacted by clients' reduced capital expenditure, reduced project award activity or the re-phasing of awarded projects during a pandemic. The risk of a reduced workforce, breaching minimum staffing levels or vessel stand-by or quarantine exposures could impact the Group's financial and operational results. The Group is at risk of an interruption caused to the supply chain which is also likely to be impacted.

The Group first and foremost adheres to the law, guidelines, protection and mitigation measures set out by each country in which the Group operates and in accordance with the vessel flag state. Where working from home is not possible, such as for certain onshore fabrication facilities and the offshore vessels, the risk of incurring a significant or severe outbreak of illness is mitigated through the implementation of health screening and additional cleaning and sanitisation measures as part of infection control and prevention. The Group aims to establish safe working environments for the continuation of critical activities in the energy sector. To achieve this, new working procedures are required, including in some cases chartering aircraft to support crew transfers when commercial flights are grounded, extending the period of crew rotations offshore, and imposing periods of quarantine prior to embarkation. Reduced workforce numbers and social distancing measures are built into the operational procedures for onshore and offshore locations. Where possible, the Group aims to mitigate some of the additional project cost exposures in complying with changes in the law, by exercising its contractual rights to issue variation order requests to clients.



Risks continued

Delivery and operational risks continued

Risk

Mitigation

Health, safety, security, environmental and quality

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

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

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

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

Fleet management

The Group has a fleet of vessels which are required for the successful delivery of its projects. These vessels operate in a number of regions which are subject to political, fiscal, legal and regulatory risks. This also includes regulatory requirements related to the crewing of the vessels in the territories where they are operating. Failure to manage such risks could lead to an adverse impact on the Group's financial performance and position.

Lack of vessel availability is a risk. Uncertainty in operational vessel schedules may lead to non-availability for other projects in the tendering or execution phase. Vessel availability could also be negatively impacted by delays to vessel construction, completion of maintenance, vessel upgrading and dry-docking activities.

In extreme circumstances, the non-availability of a vessel or multiple vessels through loss or irreparable damage could compromise the Group's ability to meet its contractual obligations and cause financial loss. Conversely an underutilisation of the vessel fleet exposes the Group to a risk of under-recovery of the total fleet costs.

To maintain the competitiveness of the fleet, the Group from time to time makes significant investments in the construction or acquisition of new vessels. If the anticipated demand for those vessels does not materialise, such investments may not generate the intended financial return.

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

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

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

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

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



Financial risks

Risk

Mitigation

Revenue and margin recognition

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

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

Project performance is monitored by means of Project Monthly Status Reports (PMSRs) which record actual costs of work performed, the estimated cost to complete a project and the estimated full-life project revenue. The PMSR allows management to reliably estimate the most likely full-life profitability of each project. These PMSRs are subject to rigorous review and challenge, which include the impact of the Covid-19 pandemic at key levels of management within the Group. Note 4, 'Critical accounting judgements and key sources of estimation uncertainty', to the Consolidated Financial Statements provides more detail of the Group's approach to revenue recognition on long-term contracts.

Cash flow and liquidity

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

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

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

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

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

In addition to using its cash and cash equivalents, the Group seeks, through committed facilities negotiated with various financial institutions and/or debt raised from the capital markets, to meet its working capital needs and to finance the acquisition or construction of new assets. The Group's cash position, access to liquidity and debt leverage are monitored closely by both the executive management team and the Board of Directors.

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

To mitigate counterparty risk towards the shipyard, refund guarantees are held for all moneys paid to the shipyard under the new build vessel construction contracts.

Corporate Governance

Seaway 7 focuses continuously on having good corporate governance to support achievement of the Group's core objectives. The manner in which the Group is governed is vital to its value creation over time and achievement of a sustainable profitability. The Group believes that good corporate governance involves transparent and trustful cooperation between all stakeholders involved with the Group and its business. This includes the Company's shareholders, Board of Directors and executive management team, employees, clients, suppliers, and other business partners, as well as public authorities and society at large.

Implementation and reporting on corporate governance

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

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

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

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

In pursuit of the six Values, the Group has an Ethics Policy Statement and a Code of Conduct which reflect its commitment to clients, shareholders, employees and other stakeholders to conduct business legally and with integrity and honesty. The Ethics Policy Statement and the Code of Conduct were approved by the Board of Directors and have been issued to all Directors, officers and employees and are subject to periodic review and updating. The Code of Conduct is available on www.seaway7.com.

The Norwegian Code of Practice for Corporate Governance is available at www.nues.no.

Business

The Company's objective is defined in the Company's articles of association: "The Company's business objective is offshore activity, shipping and other economic operations, including acquisition, administration, leasing and sale of capital assets within the offshore and shipping industry, investment in shares, obligations and interest placements of any kind. The business may also be conducted through participation or cooperation with other companies".

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



Equity and dividends

Total shareholders' equity at 31 December 2021 was \$864 million (\$578 million in 2020) which the Board believes is satisfactory given the Group's strategy, objectives and risk profile.

No dividends were paid in 2021 and the Company does not intend to declare or pay any dividends in the near future, due to significant recent investments in new build vessels. When the Company receives net positive cash flows from firm contracts, the Company intends to distribute a share of its future earnings, if any, to the shareholders and retain the remaining to fund its operations and to develop and grow its business. The Company's future dividend policy is within the discretion of the Board, but, if the markets develop as expected, the Company will balance dividends to shareholders with other various factors that the Board deems relevant, including the Company's results of operations, financial condition, capital requirements and investment opportunities.

At the annual general meeting held on 20 May 2021, the Board was authorised to issue up to 61,118,760 new shares. The proxy expires on 20 May 2023, and not at the AGM in 2022 as recommended by the Code.

Equal treatment of shareholders

The Company has one class of shares.

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

Shares and negotiability

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

General meetings

It is the Company's goal that as many shareholders as possible are given the opportunity to participate in its general meetings. Notices of general meetings are made available on the Company's website, and through a separate stock exchange release at least 14 days in advance of the general meeting. All shareholders with a known address are notified of general meetings two weeks in advance. Only companies listed on a regulated market, such as the Oslo Stock Exchange, are required to notify the shareholders 21 days in advance as recommended by the Code. The notice will contain detailed information on the resolutions proposed and matters to be considered at the general meeting. It will include the deadline for shareholders to register their intention to attend the general meeting, as well as instructions on how they can cast their votes by proxy. Shareholders will be able to vote on each individual matter, including on each individual candidate nominated for election, and the proxy forms will be drafted accordingly. The deadline for registration is set as close to the date of the general meeting as possible. The Chair of the Board, the CEO and the external auditor shall all be present at the annual general meeting (the "AGM"). The AGM elects a chair to preside over the meeting.

2021 meeting attendance¹

Name	Rune Magnus Lundetræ	Kristian Siem	John Evans	Nathalie Louys	Monica Bjørkmann
Attendance at Board meetings in 2021 (since appointed to the BOD):	10/10	4/4	4/4	4/4	4/4

1. Up to closing of the business combination on 1 October 2021, the Board consisted of Rune Magnus Lundetræ, Marianne Blystad and Fredrik Platou, and six Board meetings were held up until such date.

Corporate Governance continued

Nomination committee

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

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

Board of Directors: composition and independence

According to the Company's articles of association, the Company shall have a Board consisting of a minimum of three and a maximum of seven members. The Chair of the Board shall be elected by the general meeting. Board members are elected for a period of two years at a time. At present, the Board consists of five members. All Board members are considered independent of the Company's executive management. None of the Board members are considered independent of the Company's largest shareholders.

The members of the Board are presented in this Annual Report on page 8. The shareholdings of Board members are listed in Note 29 'Related party transactions' to the Consolidated Financial Statements. The Board is of the opinion that it has sufficient expertise and capacity to perform its duties in a satisfactory manner.

Work of the Board of Directors

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

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

The Board works with the executive management with emphasis on clear internal allocation of responsibilities and duties. The Board and executive management handle agreements with related parties in accordance with the Norwegian Public Limited Liability Companies Act, including whether an independent valuation must be obtained.

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

Risk management and internal control

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

The Group adopts internal controls appropriate to its business activities and geographical spread. The key components of the Group's system of risk management and internal control are described in the Risk Management section on pages 26 to 35. The Group has in place clearly defined lines of responsibility and limits of delegated authority. Comprehensive procedures provide for the appraisal, approval, control and review of capital expenditure. The executive management team also meets with functional senior management on a regular basis to discuss particular issues, including key operational and commercial risks, health and safety performance, sustainability, environmental factors, and legal and financial matters.

The Group has a comprehensive annual planning and management reporting process. A detailed annual budget is prepared in advance of each year and supplemented by forecasts updated during the course of the year. Financial results are reported monthly to the executive management team and quarterly to the Board and compared to budget, forecasts, market consensus and prior year results.

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

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



Remuneration of the Board

Remuneration for the members of the Board is determined by the AGM based on a proposal from the Board. The remuneration reflects the Board's responsibility, expertise, time, commitment and the complexity of the Company's activities. Remuneration is not linked to the Company's performance. The fee paid to the members of the Board is fixed for each 12-month period (from AGM to AGM). The remuneration paid to members of the Board is disclosed in Note 29 'Related party transactions' to the Consolidated Financial Statements. Warrants giving rights to subscribe for shares have been granted to the chairperson of the Board, see in Note 29 'Related party transactions' to the Consolidated Financial Statements for further details.

Remuneration of executive management

Remuneration of the Company's CEO and the executive management team is disclosed in Note 29 'Related party transactions' to the Consolidated Financial Statements. Warrants giving rights to subscribe for shares have been granted to Torgeir E. Ramstad, EVP Vessels and Offshore Resource, see in Note 29 'Related party transactions' to the Consolidated Financial Statements for further details. As a company listed on Euronext Growth, the Company is not required to prepare guidelines for salary and other remuneration to executive management or a report on compliance with such guidelines pursuant to the Norwegian NPLCA, and has not done so. This represents a deviation from the Code.

Information and communications

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

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

Take-overs

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

Auditor

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

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

The Audit Committee recognises that it is occasionally in the interest of the Group to engage its external auditor to undertake certain other non-prohibited non-audit assignments. Fees paid to the external auditor for audit and non-audit services are reported in Note 6 'Net operating income' to the Consolidated Financial Statements, which are in turn approved at the AGM. The Audit Committee also requests the external auditor to confirm annually in writing that the external auditor remains independent.



Forward-Looking Statements: This report may contain 'forward-looking statements'. These statements relate to our current expectations, beliefs, intentions, assumptions or strategies regarding the future and are subject to known and unknown risks that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Forward-looking statements may be identified by the use of words such as 'anticipate', 'believe', 'estimate', 'expect', 'future', 'goal', 'intend', 'likely', 'may', 'plan', 'project', 'seek', 'should', 'strategy', 'will', and similar expressions. The principal risks which could affect future operations of the Group are described in the 'Risk' section of the Group's Annual Report and Consolidated Financial Statements for the year ended 31 December 2021. Factors that may cause actual and future results and trends to differ materially from our forward-looking statements include (but are not limited to): (i) our ability to deliver fixed price projects in accordance with client expectations and within the parameters of our bids, and to avoid cost overruns; (ii) our ability to collect receivables, negotiate variation orders and collect the related revenue; (iii) our ability to recover costs on significant projects; (iv) unanticipated delays or cancellation of projects included in our backlog; (v) competition and price fluctuations in the markets and businesses in which we operate; (vi) the loss of, or deterioration in our relationship with, any significant clients; (vii) the outcome of legal proceedings or governmental inquiries; (viii) uncertainties inherent in operating internationally, including economic, political and social instability, boycotts or embargoes, labour unrest, changes in foreign governmental regulations, corruption and currency fluctuations; (ix) the effects of a pandemic or epidemic or a natural disaster; (x) changes in, or our failure to comply with, applicable laws and regulations (including regulatory measures addressing climate change); (xi) operating hazards, including spills, environmental damage, personal or property damage and business interruptions caused by adverse weather; (xii) equipment or mechanical failures, which could increase costs, impair revenue and result in penalties for failure to meet project completion requirements; (xiii) the timely delivery of vessels on order and the timely completion of ship conversion programmes; (xiv) our ability to keep pace with technological changes and the impact of potential information technology, cyber security or data security breaches; and (xv) the effectiveness of our disclosure controls and procedures and internal control over financial reporting. Many of these factors are beyond our ability to control or predict. Given these uncertainties, you should not place undue reliance on the forward-looking statements. Each forward-looking statement speaks only as of the date of this report. We undertake no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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

Oslo, March 2, 2022

The Board of Directors of Seaway 7 ASA

Sign.
Rune Magnus Lundetræ
Chairperson

Sign.
Kristian Siem
Director

Sign.
John Evans
Director

Sign.
Nathalie Louys
Director

Sign.
Monica Bjørkmann
Director

Sign.
Stuart Fitzgerald
Chief Executive Officer



Consolidated Financial Statements

for Year Ended 31 December 2021

	Page
Consolidated Income Statement	43
Consolidated Statement of Comprehensive Income	44
Consolidated Balance Sheet	45
Consolidated Statement of Changes in Equity	46
Consolidated Cash Flow Statement	48



Consolidated Financial Statements contents

Notes to the Consolidated Financial Statements	Page
1. General information	49
2. Adoption of new accounting standards	51
3. Significant accounting policies	51
4. Critical accounting judgements and key sources of estimation uncertainty	58
5. Segment information	60
6. Net operating income	61
7. Other gains and losses	61
8. Finance income and finance costs	62
9. Taxation	62
10. Dividends	64
11. Earnings per share	64
12. Business Combination	65
13. Goodwill	66
14. Property, plant and equipment	68
15. Right-of-use assets	69
16. Advances and receivables	69
17. Inventories	70
18. Trade and other receivables	70
19. Other accrued income and prepaid expenses	70
20. Construction contracts	71
21. Cash and cash equivalents	72
22. Issued share capital	72
23. Borrowings	72
24. Lease liabilities	73
25. Trade and other liabilities	73
26. Provisions	73
27. Commitments and contingent liabilities	74
28. Financial instruments	74
29. Related party transactions	83
30. Share-based payments	85
31. Retirement benefit obligations	85
32. Post balance sheet events	85
33. Wholly-owned subsidiaries	86



Consolidated Income Statement

For the year ended (in \$ millions, except per share data)	Notes	2021 31 Dec	2020 31 Dec
Revenue	5	1,260.0	631.4
Operating expenses	6	(1,270.6)	(645.7)
Gross loss		(10.6)	(14.3)
Administrative expenses	6	(28.3)	(25.4)
Net operating loss		(38.9)	(39.7)
Finance income	8	–	0.1
Other gains and losses	7	(4.4)	0.7
Finance costs	8	(4.8)	(5.5)
Loss before taxes		(48.1)	(44.4)
Taxation	9	(14.4)	(5.1)
Net loss		(62.5)	(49.5)

Earnings per share	Notes	\$ per share	\$ per share
Basic	11	(0.18)	(0.16)
Diluted ^(a)	11	(0.18)	(0.16)

(a) For explanation and a reconciliation of earnings per share and diluted earnings per share please refer to Note 11 'Earnings per share' within Notes to the Consolidated Financial Statements.



Consolidated Statement of Comprehensive Income

For the year ended (in \$ millions)	Notes	2021 31 Dec	2020 31 Dec
Net loss		(62.5)	(49.5)
<i>Items that may be reclassified to the income statement in subsequent periods:</i>			
Net foreign currency translation gains		-	5.2
<i>Items that will not be reclassified to the income statement in subsequent periods:</i>			
Fair value adjustments on other financial assets	28	1.2	-
Other comprehensive income		1.2	5.2
Total comprehensive loss		(61.3)	(44.3)



Contents

Consolidated Balance Sheet

For the year ended 31 December 2021

At (in \$ millions)	Notes	2021 31 Dec	2020 31 Dec
Assets			
Non-current assets			
Goodwill	13	70.0	–
Property, plant and equipment	14	929.6	597.3
Right-of-use assets	15	24.9	8.1
Advances and receivables	16	–	0.8
Other financial assets	28	–	1.6
Deferred tax assets	9	0.6	–
		1,025.1	607.8
Current assets			
Inventories	17	5.9	1.0
Trade and other receivables	18	114.8	50.8
Derivative financial instruments	28	2.3	–
Construction contracts – assets	20	177.4	94.2
Other accrued income and prepaid expenses	19	3.9	5.5
Restricted cash		1.3	–
Cash and cash equivalents	21	22.0	7.7
		327.6	159.2
Total assets		1,352.7	767.0
Equity			
Issued share capital	22	4.9	1.3
Paid in surplus		753.9	58.5
Translation reserve		(8.6)	(8.6)
Other reserves		53.9	405.4
Retained earnings		60.2	121.5
Total equity		864.3	578.1
Liabilities			
Non-current liabilities			
Lease liabilities	24	6.0	6.0
Deferred tax liabilities	9	1.3	1.3
Provisions	26	21.9	–
Derivative financial instruments	28	0.7	–
		29.9	7.3
Current liabilities			
Trade and other liabilities	25	275.5	111.8
Derivative financial instruments	28	1.0	–
Current tax liabilities	9	4.6	2.4
Borrowings	23	101.2	35.1
Lease liabilities	24	20.4	2.7
Provisions	26	14.2	2.4
Construction contracts – liabilities	20	41.6	27.2
		458.5	181.6
Total liabilities		488.4	188.9
Total equity and liabilities		1,352.7	767.0

Oslo, March 2, 2022

The Board of Directors of Seaway 7 ASA

Sign.

Rune Magnus Lundetræ
Chairperson

Sign.

Kristian Siem
Director

Sign.

John Evans
Director

Sign.

Nathalie Louys
Director

Sign.

Monica Bjørkmann
Director

Sign.

Stuart Fitzgerald
Chief Executive Officer



Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

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



Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

(in \$ millions)	Issued share capital	Paid in surplus	Translation reserve	Other reserves	Retained earnings	Total
Balance at 1 January 2020	1.3	58.5	(13.8)	404.9	171.5	622.4
Comprehensive loss						
Net loss	–	–	–	–	(49.5)	(49.5)
Net foreign currency translation gains	–	–	5.2	–	–	5.2
Total comprehensive loss	–	–	5.2	–	(49.5)	(44.3)
Transactions with owners						
Reclassification of deferred tax on defined benefit pension schemes	–	–	–	0.5	(0.5)	–
Total transactions with owners	–	–	–	0.5	(0.5)	–
Balance at 31 December 2020	1.3	58.5	(8.6)	405.4	121.5	578.1



Consolidated Cash Flow Statement

For the year ended (in \$ millions)	Notes	Year Ended	
		31 Dec 2021	31 Dec 2020
Cash flow from operating activities:			
Loss before taxes		(48.1)	(44.4)
Adjustments for non-cash items:			
Depreciation of property, plant and equipment	14	53.1	46.8
Amortisation of right-of-use assets	15	10.2	4.5
Adjustments for investing and financing items:			
Net gain on disposal of property, plant and equipment	7	(0.1)	–
Finance income	8	–	(0.1)
Finance costs	8	4.8	5.5
		19.9	12.3
Changes in operating assets and liabilities:			
(Increase)/decrease in inventories		(0.2)	0.2
Increase in operating receivables		(135.6)	(60.5)
Increase in operating liabilities		158.8	46.7
		23.0	(13.6)
Income taxes paid		(4.3)	(1.7)
Net cash generated from/(used in) operating activities		38.6	(3.0)
Cash flows from investing activities			
Purchases of property, plant and equipment		(52.9)	(17.0)
Interest received	8	–	0.1
Proceeds from sale of other financial assets		2.8	–
Acquisition of businesses (net of cash acquired)		12.1	–
Net cash used in investing activities		(38.0)	(16.9)
Cash flows from financing activities			
Interest paid		(3.9)	(5.5)
Payments related to lease liabilities	24	(10.0)	(4.0)
Short-term loan from related party		29.1	32.9
Net cash generated from financing activities	28	15.2	23.4
Net increase in cash and cash equivalents		15.8	3.5
Cash and cash equivalents at beginning of year	21	7.7	5.1
Increase in restricted cash		(1.3)	–
Effect of foreign exchange rate movements on cash and cash equivalents		(0.2)	(0.9)
Cash and cash equivalents at end of year	21	22.0	7.7



Notes to the Consolidated Financial Statements

1. GENERAL INFORMATION

Seaway 7 ASA is a company registered in Norway whose shares trade on the Oslo Stock Exchanges' marketplace, Euronext Growth (Merkur Market). The address of the registered office is Haakon Vlls Gate 1, 11th Floor Oslo, 0161 Norway.

On 1 October 2021 OHT ASA changed its name to Seaway 7 ASA. The Seaway 7 Group (the 'Group') consists of Seaway 7 ASA and its subsidiaries at 31 December 2021.

Agreement to combine the Subsea 7 S.A. Group's Fixed Offshore Wind Business with OHT ASA

On 8 July 2021 Seaway 7 ASA (formerly named OHT ASA), announced it had entered into an agreement to combine with the Subsea 7 S.A. Group's Renewables business unit (consisting of the Subsea 7 S.A. Group's fixed offshore wind business), the transaction was completed on 1 October 2021. The business combination met the criteria to be treated as a reverse acquisition with the deemed accounting acquirer being the Subsea 7 S.A. Group's Renewables business unit. The transaction resulted in the recognition of goodwill of \$70.0 million in Seaway 7 ASA's Consolidated Balance Sheet at the date of the transaction.

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

Preparation of carve-out financial statements and reverse acquisition considerations

In accordance with IFRS 3 'Business Combinations' (IFRS 3), a reverse acquisition occurs when the entity that issues securities in relation to the business combination is identified as the acquirer for accounting purposes. After considering the relative size of the combining entities and other facts and circumstances, such as the composition of the Board of Directors, management concluded that the business combination qualified as a reverse acquisition and the application of IFRS 3 resulted in the Subsea 7 S.A. Group's Renewables business unit being deemed to be the accounting acquirer, with the former OHT ASA Group being deemed to be the accounting acquiree. The legal acquirer, and legal parent, is Seaway 7 ASA (formerly named OHT ASA). The recognition and measurement principles of IFRS 3 were applied to the recognisable assets and liabilities of the acquiree, the former OHT ASA Group, at the date of the business combination.

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

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

- For the nine-month period ended 30 September 2021 and for the year ended 31 December 2020 ('the carve-out periods'), financial information represents the results and financial position of the Subsea 7 S.A. Group's Renewables business unit;
- For the three-month period ended 31 December 2021, financial information represents the Consolidated Financial Statements of Seaway 7 ASA and its subsidiaries.

The Subsea 7 S.A. Group's Renewable business unit, which was contributed as part of the business combination, included the wholly-owned subsidiaries as disclosed in Note 33 'Wholly-owned subsidiaries'. In addition the results of certain projects, contracted through other entities of the Subsea 7 S.A. Group, which were not contributed as part of the business combination, are included in the carve-out Consolidated Financial Statements. The financial information for the carve-out periods represent the financial performance of the Subsea 7 S.A. Group's Renewables business unit with adjustments made to eliminate intragroup transactions. The preparation of the carve-out financial information required significant management judgements as described below:

- *Allocation of corporate costs* – for the carve-out periods, costs allocated to the Subsea 7 S.A. Group's Renewables business unit, as presented in the Subsea 7 S.A. Group's segmental reporting, have been recognised in the carve-out financial statements using the methodology applied by the Subsea 7 S.A. Group for the purposes of its segmental reporting. From 1 October 2021 all charges related to services provided by the Subsea 7 S.A. Group to Seaway 7, and vice versa, were agreed on an arm's length basis;
- *Transfer of historical purchase price adjustments* – the acquisition of Seaway Heavy Lifting Holding Limited by the Subsea 7 S.A. Group in 2017, resulted in purchase price allocation adjustments being recognised in the segmental results of the Subsea 7 S.A. Group's Renewables business unit. These adjustments have been included in the carve-out financial information. The Group recognised the carrying amount of these adjustments in its Consolidated Financial Statements and the associated depreciation charges;
- *Vessels and equipment* – carrying amounts, and the associated depreciation charges and running costs, associated with vessels and equipment allocated to the Subsea 7 S.A. Group's Renewables business unit segmental results have been included in the carve-out financial statements. These vessels and equipment were owned by the Subsea 7 S.A. Group entities during the carve-out periods and were contributed to Seaway 7 ASA on 1 October 2021 as part of the business combination;
- *Finance income and finance costs* – the carve-out financial statements include finance income and finance costs related to the legal entities principally comprising the Subsea 7 S.A. Group's Renewables business unit during the carve-out periods. From 1 October 2021, finance income and finance costs in the Group's Consolidated Financial Statements are for Seaway 7 ASA and its subsidiaries.
- *Employee benefits* – the financial statements for the carve-out periods include employee benefits and associated costs for personnel employed by the legal entities principally comprising the Subsea 7 S.A. Group's Renewable business unit during the carve-out periods. From 1 October 2021, employee benefits and associated costs recognised in the Group's Consolidated Financial Statements are for Seaway 7 ASA and its subsidiaries.

Notes to the Consolidated Financial Statements continued

1. GENERAL INFORMATION CONTINUED

- **Taxation** – the financial statements for the carve-out periods include management's estimates of the taxation charges/(credits) applied to the results of the Subsea 7 S.A. Group's Renewables business unit. From 1 October 2021 the taxation charge/(credit) recognised in the Group's Consolidated Financial Statements relate to Seaway 7 ASA and its subsidiaries.
- **Equity** – share capital and paid-in-surplus have been retrospectively adjusted to reflect the share capital of the former OHT ASA Group, as legal acquirer. The movement within equity, representing the aggregation of the share capital and paid in surplus of the Subsea 7 S.A. Group's Renewables business unit wholly-owned subsidiaries, was recognised within the reverse acquisition reserve, included within other reserves on the Consolidated Balance Sheet.

From the period from 1 October 2021 to 31 December 2021 the Consolidated Financial Statements of Seaway 7 ASA represent the results and financial position of Seaway 7 ASA and its subsidiaries.

Authorisation of Consolidated Financial Statements

Under Norwegian law, the Consolidated Financial Statements are approved by the shareholders at the Annual General Meeting. The Consolidated Financial Statements were authorised for issue by the Board of Directors on 2 March 2022.

Presentation of Consolidated Financial Statements

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

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

The Consolidated Financial Statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments and balances required to be measured at fair value. The principal accounting policies adopted are consistent with the Group's ultimate parent undertaking, the Subsea 7 S.A. Group's Consolidated Financial Statements for the year ended 31 December 2021, except where noted in Note 2 'Adoption of new accounting standards'.

Going Concern

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

The global economy remains impacted by the unprecedented health and economic crisis following the outbreak of the Covid-19 pandemic. Management continues to monitor the potential operational, market and financial impacts to the Group including the mitigating impacts of the vaccination roll-out. Despite the remaining uncertainty regarding the potential impacts of the Covid-19 pandemic, management considers that there are no significant doubts over the application of the going concern assumption and no disclosable material uncertainties which cast doubt upon the Group's ability to continue as a going concern.

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

The Group is a non-wholly owned subsidiary of the Subsea 7 S.A. Group and has access to working capital funding arrangements. Borrowings at 31 December 2021 were \$37.0 million in relation to the facility acquired following the business combination with OHT ASA. This amount was repaid during January 2022. The Group has access to funding from the Subsea 7 S.A. Group by means of an unsecured working capital facility agreement of which \$64 million was drawn at year end 2021. The Group closed the year with an order backlog of \$1.2 billion and tendering activity remains high in the expanding fixed offshore wind market. Forecasts demonstrate that the Group will generate cash flows from operations more than sufficient to support the assumption that the Group will continue as a going concern. Management has performed stress tests of future cash flow forecasts to evaluate the impact of plausible downside scenarios. These include potential operational and Covid-19 related issues which could adversely impact the Group. Management has also performed reverse stress testing through modelling of anticipated reasonable worst-case scenarios. In all scenarios management demonstrated sufficient liquidity to allow the Group to continue to operate as a going concern.

As a Group, operational risks and resultant financial exposures arising due to the Covid-19 pandemic are described below. Management will continue to monitor these risks during 2022.

Onerous contract provisions

Onerous contract provisions were assessed in light of the requirements of IFRS 15 'Revenue from Contracts with Customers' and IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'. Certain inefficiencies were identified as a direct consequence of additional costs incurred, and expected to be incurred, as a result of the Covid-19 pandemic. Management concluded that these costs did not contribute to the overall progression of contracts and were recognised as incurred. Costs of this nature will continue to be monitored by management during 2022.

Credit impairment and expected credit losses

During 2021, no material credit impairments were recognised as a result of the Covid-19 pandemic and the associated impacts on the global economy. The Group's expected credit loss allowances, calculated in accordance with IFRS 9 'Financial Instruments', were reviewed and individual assessments were undertaken where appropriate. Although this calculation utilises market-based credit analytics incorporating market and financial information which enables forward-looking analysis of the probability of default, the Group does not consider the actual risk of credit impairment to be materially higher than before the pandemic. The Group does not have a significant exposure to any single counterparty and this is expected to continue to be the case during 2022.

**Asset impairment, including goodwill and right-of-use assets**

The Group's annual impairment review was performed during the fourth quarter of 2021, no significant impairments were recognised in relation to goodwill, intangible assets, property, plant and equipment and right-of-use assets.

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

No new International Financial Reporting Standards (IFRS) were adopted by the Group for the financial year beginning 1 January 2021. Several amendments to IFRS were applied for the first time in 2020 but did not have an impact on the Consolidated Financial Statements of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES**Basis of consolidation**

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

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

Subsidiaries

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

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

Foreign currency translation

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

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

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

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

The assets and liabilities of operations which have a non-US Dollar functional currency are translated into the Group's reporting currency, US Dollar, at the exchange rate prevailing at the balance sheet date. The exchange rate differences arising on the translation are recognised in the translation reserve in equity. Income and expenditure items are translated at the weighted average exchange rates for the year. On disposal of an entity with a non-US Dollar functional currency the cumulative translation adjustment previously recognised in the translation reserve in equity is reclassified to the Consolidated Income Statement. At 31 December 2021, the exchange rates of the main currencies used throughout the Group, compared to the US Dollar, were as follows:

GBP	0.749
EUR	0.883
NOK	8.879
TWD	27.796

Revenue from Contracts with Customers

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

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

Notes to the Consolidated Financial Statements continued

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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

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

Fixed offshore wind contracts apply the input method to progressively recognise revenue over time based upon percentage-of-completion whereby total costs incurred to date are compared with total forecast costs at completion of the contract. This method provides a faithful depiction of the transfer of the goods and services to the customer. Any significant upfront procurement which is not customised for the particular project is not included within the actual cost of work performed at each period end. An adjustment to the measure of progress may be required where significant inefficiencies occur which were not reflected in the price of the contract. Typically payment is due from the client approximately 30-45 days following the issuance of the invoice although this may be longer depending upon the client or customary payment terms in certain geographies. These contracts have no significant financing component as the period between when the Group transfers the promised goods or services to the customer and when the customer pays for those goods or services will be one year or less. In circumstances where the Group has recognised revenue, but not issued an invoice, the entitlement to consideration is recognised as a construction contract asset. The construction contract asset is transferred to receivables in accordance with the agreed milestone schedule which reflects the unconditional entitlement to payment. Construction contract liabilities arise when progress billings exceed project revenues. Assurance type warranty periods commence at the completion of the contractual obligations. Construction contract asset and liability balances at 31 December 2021 and 2020 are disclosed within Note 20 'Construction contracts'.

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

Advances received from customers

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

Principal versus agent

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

Variable consideration

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

Warranty obligations

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

Borrowing costs

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

**Finance costs**

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

Retirement benefit costs

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

Taxation

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

Current tax

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

Current tax assets or liabilities are representative of taxes being owed by, or owing to, local tax authorities. In determining current tax assets or liabilities the Group takes into account the impact of uncertain tax treatments and whether additional taxes or penalties may be due.

Deferred tax

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

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

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

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

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

Uncertain tax treatments

In accordance with IFRIC 23 a provision for an uncertain tax treatment is made where the ultimate outcome of a particular tax matter is uncertain. In calculating a provision the Group assesses the probability of the liability arising and, where a reasonable estimate can be made, recognises a provision for the liability it considers probable to be required to settle the present obligation. Provisions are based on experience of similar transactions, internal estimates and appropriate external advice.

Dry-dock, mobilisation and decommissioning expenditure

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

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

Notes to the Consolidated Financial Statements continued

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Business combinations and goodwill

Business combinations

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

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

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

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

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

Goodwill

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

Intangible assets other than goodwill

Overview

Intangible assets acquired separately are measured at cost at the date of initial acquisition. Following initial recognition, intangible assets are measured at cost less amortisation and impairment charges. Intangible assets acquired as part of a business combination are measured at fair value at the date of acquisition. Following initial recognition, intangible assets acquired as part of a business combination are measured at acquisition date fair value less amortisation and impairment charges.

Internally generated intangible assets are not capitalised, with the exception of development expenditure which meets the criteria for capitalisation specified in IAS 38 'Intangible Assets'.

Intangible assets with finite lives are amortised over their useful economic life and are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for intangible assets with finite useful lives are reviewed annually. Changes in the expected useful life are accounted for by changing the amortisation period or method, and are treated as changes in accounting estimates. The amortisation expense related to intangible assets with finite lives is recognised in the Consolidated Income Statement in the expense category consistent with the function of the intangible asset.

Research and development costs

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

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



Property, plant and equipment

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

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

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

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

Land is not depreciated.

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

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

Impairment of non-financial assets

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

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

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

Goodwill

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

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

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

Notes to the Consolidated Financial Statements continued

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Financial Instruments

Classification and measurement

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

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

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

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

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

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

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

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

Impairment of financial assets and construction contract assets

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

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

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

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

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

Inventories

Inventories comprise consumables, materials and non-critical spares and are valued at the lower of cost and net realisable value.



Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past transaction or event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised represents the best estimate of the expenditure expected to be required to settle the present obligation. Estimates are determined by the judgement of management supplemented by the experience of similar transactions, and, in some cases, advice from independent experts. Contingent liabilities are disclosed in Note 27 'Commitments and contingent liabilities' to the Consolidated Financial Statements, but not recognised until they meet the criteria for recognition as a provision. Where the Group is virtually certain that some or all of a provision will be reimbursed, that reimbursement is recognised as a separate asset. The expense relating to any provision is reflected in the Consolidated Income Statement at an amount reflective of the risks specific to the liability. Where the provision is discounted, any increase in the provision due to the passage of time is recognised as a finance cost in the Group's Consolidated Income Statement.

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

Onerous contracts

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

Legal claims

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

Share-based payments

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

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

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

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

Earnings per share

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

Lease liabilities and right-of-use assets

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

Notes to the Consolidated Financial Statements continued

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Right-of-use assets

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

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

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

Lease liabilities

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

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

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively in the period in which the estimate is revised.

Revenue recognition

The Group's accounting policies under IFRS 15 'Revenue from Contracts with Customers' are detailed in Note 3 'Significant accounting policies'.

Revenue recognition on long-term construction contracts

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

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



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

Revenue recognition on variable consideration

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

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

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

Goodwill carrying amount

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

Property, plant and equipment and impairment assessment

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

Recognition of provisions and disclosure of contingent liabilities

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

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

Management uses its judgement in determining whether the Group should recognise a provision or disclose a contingent liability. These judgements include whether the Group has a present obligation and the probability that an outflow of economic resource is required to settle the obligation. Management may also use its judgement to determine the amount of the obligation or contingent liability. Management uses external advisers to assist with some of these judgements. Further details relating to provisions and contingent liabilities are shown in Note 26 'Provisions' and Note 27 'Commitments and contingent liabilities'.

Measurement of fair value adjustments in business combinations

Management uses judgement to determine the fair value adjustments to identifiable assets acquired and liabilities assumed in a business combination. Where available, independent market value assessments are obtained for vessels to provide an estimate of fair value.

Fair value adjustments to part-built assets requires significant judgement, including an assessment of the forecast full costs at completion of the assets. Independent market value assessments are generally not readily available. Management applies judgement in order to determine the fair value of part-completed assets taking into consideration the underlying strategic rationale for the business combination and the additional opportunities the acquisition of the vessels will bring to the Group.

Measurement of onerous fixed-price contract provisions in business combinations

The Group recognises provisions for onerous fixed-price contracts where the required fair value exercise indicates that the costs of completing a project acquired in a business combination exceed the economic benefit. Judgement is applied to determine the underlying events or conditions leading to the contract becoming onerous to ensure that the facts and circumstances existed at the date of the business combination. Onerous fixed-price contract provisions are assessed in accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'. Fixed-price onerous provisions are calculated on a least net cost basis, which includes unavoidable costs only, while comparing these costs to the cost of cancelling a contract and incurring early termination fees.



Notes to the Consolidated Financial Statements continued

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY CONTINUED

Taxation

The Group is subject to taxation in numerous jurisdictions and significant judgement is required in calculating the consolidated tax position. There are transactions for which the ultimate tax determination is uncertain and for which the Group makes provisions based on an assessment of internal estimates and appropriate external advice, including decisions regarding whether to recognise deferred tax assets in respect of tax losses. Each year management completes a detailed review of uncertain tax treatments across the Group and makes provisions based on the probability of the liability arising. Where the final outcome of these matters differs from the amounts that were initially recorded, the difference will impact the taxation charge in the period in which the outcome is determined. Details of key judgements and other issues considered are set out in Note 9 'Taxation'.

5. SEGMENT INFORMATION

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

Disclosure of geographical information from external clients is provided below. The disaggregation of the Group's revenue from contracts with customers, all recognised over time, represents \$1,259.8 million fixed-price (2020: \$630.3 million) and \$0.2 million day-rate (2020: \$1.1 million).

Geographic information

Revenue from external clients

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

For the year ended (in \$ millions)	2021 31 Dec	2020 31 Dec
United Kingdom	793.8	278.0
Netherlands	173.2	166.4
Taiwan	172.0	126.7
Germany	86.3	30.6
Norway	32.6	0.5
United States of America	1.9	29.2
Other countries	0.2	–
	1,260.0	631.4

Non-current assets

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

At (in \$ millions)	2021 31 Dec	2020 31 Dec
Netherlands	480.6	498.6
Norway	452.2	0.8
Germany	20.9	6.6
United Kingdom	–	37.4
Other countries ^(a)	0.8	64.4
	954.5	607.8

(a) Comparative information for the year ended 31 December 2020 includes non-current assets of \$64.2 million held by the Group's subsidiaries or branches with a registered office in the Isle of Man.



Contents

6. NET OPERATING INCOME

Net operating loss includes:

For the year ended (in \$ millions)	2021 31 Dec	2020 31 Dec
Research and development costs	0.2	1.6
Employee benefits	70.5	76.9
Depreciation of property, plant and equipment (Note 14)	53.1	46.8
Amortisation of right-of-use assets (Note 15)	10.2	4.5
Lease expense for short-term leased assets	160.0	62.1
Variable lease payments not included within lease liabilities	1.0	2.6
Net increase in allowances for expected credit losses for financial assets	0.1	–
Net increase in allowances for expected credit losses for construction contract assets (Note 20)	0.2	–
Auditor's remuneration	1.1	0.5

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

For the year ended (in \$ millions)	2021 31 Dec	2020 31 Dec
Audit fees	1.0	0.5
Tax fees	0.1	–
	1.1	0.5

Audit fees constitute charges incurred for professional services rendered by the Group's principal auditor and member firms. Charges were incurred for the audit of the consolidated and statutory financial statements of Seaway 7 ASA and certain subsidiaries. Fees were incurred in connection with the year ended 31 December 2021 and, in addition, the audit of the carve-out financial statements for the year ended 31 December 2020.

Tax fees constitute charges incurred for professional services rendered by the Group's principal auditors and their member firms relating to the provision of tax advice and tax compliance services for work undertaken during the year ended 31 December 2021. Fees were primarily incurred in connection with the year ended 31 December 2021.

The Group's Audit Committee policy requires pre-approval of audit and non-audit services prior to the appointment of the providers of professional services together with highlighting excluded services which the Group's principal auditor cannot provide. The Audit Committee delegates approval to the Chief Financial Officer based on predetermined limits. The Audit Committee pre-approved or, in cases where pre-approval was delegated, ratified all audit and non-audit services, provided by the Group's principal auditor, to Seaway 7 ASA and its subsidiaries during the year ended 31 December 2021.

Reconciliation of operating expenses and administrative expenses by nature

For the year ended (in \$ millions)	31 Dec 2021			31 Dec 2020		
	Operating expenses	Administrative expenses	Total expenses	Operating expenses	Administrative expenses	Total expenses
Direct project related costs, including procurement	935.5	–	935.5	450.5	–	450.5
Employee benefits	54.2	16.3	70.5	63.8	13.1	76.9
Depreciation, amortisation and mobilisation	60.8	2.5	63.3	48.9	2.4	51.3
Lease expense for short-term leased assets	160.0	–	160.0	62.1	–	62.1
Variable lease expense not included within lease liabilities	1.0	–	1.0	2.6	–	2.6
Net increase in allowances for expected credit losses for financial assets	0.1	–	0.1	–	–	–
Net increase in allowances for expected credit losses for construction contract assets	0.2	–	0.2	–	–	–
Other expenses	58.8	9.5	68.3	17.8	9.9	27.7
Total	1,270.6	28.3	1,298.9	645.7	25.4	671.1

7. OTHER GAINS AND LOSSES

For the year ended (in \$ millions)	2021 31 Dec	2020 31 Dec
Gains on disposal of property, plant and equipment	0.1	–
Net foreign currency exchange (losses)/gains	(4.5)	0.7
Total	(4.4)	0.7

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



Notes to the Consolidated Financial Statements continued

8. FINANCE INCOME AND FINANCE COSTS

For the year ended (in \$ millions)	2021 31 Dec	2020 31 Dec
Interest on financial assets measured at amortised cost	–	0.1
Total finance income	–	0.1

For the year ended (in \$ millions)	2021 31 Dec	2020 31 Dec
Interest and fees on financial liabilities measured at amortised cost	4.5	5.2
Total borrowing costs	4.5	5.2
Less: amounts capitalised and included in the cost of qualifying assets	(0.6)	–
	3.9	5.2
Interest on lease liabilities	0.9	0.3
Total finance costs	4.8	5.5

Borrowing costs included in the cost of qualifying assets during the year were calculated by applying to expenditure on such assets at an average capitalisation rate of 4.3% dependent on the funding source (2020: nil).

9. TAXATION

Tax recognised in the Consolidated Income Statement

For the year ended (in \$ millions)	2021 31 Dec	2020 31 Dec
Tax charged/(credited) in the Consolidated Income Statement		
Current tax:		
Corporation tax on income for the year	13.7	5.7
Adjustments in respect of prior years	1.4	(2.3)
Total current tax	15.1	3.4
Deferred tax charge	0.2	0.8
Adjustments in respect of prior years	(0.9)	0.9
Total	14.4	5.1

Reconciliation of the total tax charge

Income taxes have been provided for in accordance with IAS 12 'Income Taxes', based on the tax laws and rates in the countries where the Group operates and generates taxable income.

The reconciliation below uses a tax rate of 22% (2020: 22%) which represents the Norwegian corporate tax rate applicable to Seaway 7 ASA.

For the year ended (in \$ millions)	2021 31 Dec	2020 31 Dec
Loss before taxes	(48.1)	(44.4)
Tax at the Norwegian corporate tax rate of 22% (2020: 22%)	(10.6)	(9.8)
Effects of:		
Different tax rates of subsidiaries operating in other jurisdictions	3.2	(3.6)
Tax effect of foreign exchange differences	(0.1)	–
Net effect of tonnage tax regimes	7.5	11.0
Non-deductible expenses and other permanent differences	3.4	0.3
Losses for which no tax benefit is recognised	1.5	2.5
Movement in unprovided deferred tax	9.9	6.0
Revisions to uncertain tax positions	(0.9)	–
Withholding taxes	–	(0.1)
Adjustments related to prior years	0.5	(1.2)
Tax charge in the Consolidated Income Statement	14.4	5.1



Contents

Deferred tax

Movements in the net deferred tax balance were:

(in \$ millions)	2021	2020
At year beginning	(1.3)	0.4
Charged to:		
Consolidated Income Statement	0.7	(1.7)
Exchange differences	(0.1)	–
At year end	(0.7)	(1.3)

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

At 31 December 2021

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

At 31 December 2020

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

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

At (in \$ millions)	2021 31 Dec	2020 31 Dec
Deferred tax assets	0.6	–
Deferred tax liabilities	(1.3)	(1.3)
Total	(0.7)	(1.3)

At 31 December 2021, the Group had tax losses of \$91.2 million available for offset against future taxable income. No deferred tax asset has been recognised in respect of these losses as it is not considered probable that there will be sufficient future taxable income available for offset in the foreseeable future. In addition, the Group has other unrecognised deferred tax assets of \$31.5 million in respect of other temporary differences.

Tonnage tax regime

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

In 2021, net losses incurred on activities taxed under these regimes resulted in a negative impact on the Group's tax charge of \$7.5 million (2020: \$11.0 million).

Net operating losses

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

At (in \$ millions)	2021 31 Dec
11 to 20 years	0.1
Without time limit	91.1
Total	91.2

Included in the above were \$25.7 million of NOLs relating to Netherlands, \$52.9 million relating to Germany and \$12.0 million relating to Norway.



Notes to the Consolidated Financial Statements continued

9. TAXATION CONTINUED

Uncertain tax treatments

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

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

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

In the year ended 31 December 2021, the Group recorded a net decrease in its tax contingencies of \$0.9 million (2020: \$nil) as a result of the resolution of certain matters with the relevant tax authorities.

10. DIVIDENDS

During the year ended 31 December 2021 no dividends were approved or paid (2020: \$nil).

11. EARNINGS PER SHARE

Basic and diluted earnings per share

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

As a result of the business combination between Subsea 7 S.A. Group's Renewables business unit and OHT ASA qualifying as a reverse acquisition, the weighted average number of shares used in the calculation is based on 314,325,054 shares for the nine-month period ended 30 September 2021, and for the full year 2020, and 436,562,575 shares for the three-month period ended 31 December 2021.

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

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

For the year ended (in \$ millions)	2021 31 Dec	2020 31 Dec
Net loss attributable to shareholders of the parent company	(62.5)	(49.5)
Earnings used in the calculation of diluted earnings per share	(62.5)	(49.5)

For the year ended	2021 31 Dec Number of shares	2020 31 Dec Number of shares
Weighted average number of common shares used in the calculation of basic earnings per share	344,884,434	314,325,054
Weighted average number of common shares used in the calculation of diluted earnings per share	344,884,434	314,325,054

For the year ended (in \$ per share)	2021 31 Dec	2020 31 Dec
Basic earnings per share	(0.18)	(0.16)
Diluted earnings per share	(0.18)	(0.16)

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

For the year ended	2021 31 Dec Number of shares	2020 31 Dec Number of shares
Performance shares	1,018,935	—



Contents

12. BUSINESS COMBINATIONS

On 8 July 2021 Seaway 7 ASA (formerly named OHT ASA), announced it had entered into an agreement to combine with the Subsea 7 S.A. Group's Renewables business unit (consisting of the Subsea 7 S.A. Group's fixed offshore wind business). The transaction was completed on 1 October 2021. The business combination met the criteria to be treated as a reverse acquisition with the deemed accounting acquirer being the Subsea 7 S.A. Group's Renewables business unit. The transaction resulted in the recognition of goodwill of \$70.0 million in Seaway 7 ASA's Consolidated Balance Sheet at the date of the transaction.

The former OHT ASA Group was a leading heavy transportation contractor and a new entrant to the fixed offshore wind market. The primary reason for the transaction was to strengthen the Subsea 7 S.A. Group's renewables business with the addition of two new-build vessels under construction, *Seaway Alfa Lift*, an offshore wind foundation installation vessel and *Seaway Ventus*, an offshore wind turbine installation vessel.

Provisional fair values

The provisional fair values of the acquired identifiable assets and assumed liabilities at 1 October 2021 are shown below. This table includes fair value adjustments recognised in accordance with IFRS 3 'Business combinations' which reflect conditions existing at the date of the transaction. A downward fair value adjustment of \$32.3 million was applied to the acquired net assets resulting from an onerous fixed-price contract provision existing at the date of the business combination. As a result of supplier delays, the final installation, testing and commissioning of the equipment for the upending and lowering of monopiles, resulted in delays to the construction of *Seaway Alfa Lift*. The use of an alternative vessel has resulted in the recognition of an onerous fixed-price contract provision.

Stamp duty and other expenses incurred in connection with the acquisition have been accounted for separately and recorded within administrative expenses in the Group's Consolidated Income Statement.

(in \$ millions)	At 1 October 2021
Assets	
Property, plant and equipment	291.7
Right-of-use assets	3.0
Inventories	4.6
Trade and other receivables	10.3
Construction contracts – assets	8.9
Cash and cash equivalents	12.1
	330.6
Liabilities	
Trade and other liabilities	3.6
Derivative financial instruments	1.0
Borrowings	37.0
Lease liabilities	3.3
Construction contracts – liabilities	46.3
Provisions	32.3
	123.5
Identifiable net assets at fair value	207.1
Goodwill arising on acquisition	70.0
	277.1
Consideration comprised	
Share-based consideration	277.1
Total consideration	277.1

Goodwill

Management has recognised goodwill in accordance with the criteria within IFRS 3 'Business combinations'. Aggregate goodwill of \$70.0 million comprised the value of intangible assets which did not meet the criteria for separate recognition, including the assembled workforce and complementary service capabilities.

The following estimates and judgements were used by management to calculate goodwill:

Consideration

Consideration of \$277.1 million was calculated using a price per share for OHT ASA (renamed Seaway 7 ASA on 1 October 2021) agreed between both parties, which was representative of the share price on the date of the combination, multiplied by the number of shares outstanding immediately prior to the business combination, with adjustments for outstanding share warrants. The business combination was a non-cash share only transaction and the consideration at the date of completion reflected an increase of approximately \$38.0 million in the market capitalisation of OHT ASA between 8 July 2021, the date of announcement of the business combination, and 1 October 2021, the date of completion.

Notes to the Consolidated Financial Statements continued

12. BUSINESS COMBINATIONS CONTINUED

Fair value of acquired assets and assumed liabilities

Property, plant and equipment:

- Heavy transportation vessels – OHT ASA operated a fleet of owned vessels which at the date of the business combination had an aggregate carrying amount of \$122.6 million. Management obtained independent market value assessments for these vessels and as a result the fair value of the vessels was considered to be \$129.2 million, which was within the range of the market value assessments;
- Assets under construction – Seaway Alfa Lift and Seaway Ventus (formerly named Vind 1) were part-completed new-build vessels at the date of the business combination with an aggregate carrying amount of \$152.9 million. The fair valuation of part-build assets requires significant judgements, including an assessment of the forecast full costs at completion of the assets. Independent market value assessments were not readily available for these vessels. Management considers that a fair value for these assets of \$161.3 million at the date of the business combination was appropriate. The \$8.4 million uplift, compared to the historical carrying amounts, represents management's judgement of the additional fair value of these part-completed assets when considering the underlying strategic rationale for the business combination and the additional opportunities that the acquisition of these vessels will offer the Group.

Trade and other receivables

Trade and other Receivables are shown at fair value and represent the gross contractual amounts receivable.

Provisions

Management recognised a downward fair value adjustment of \$32.3 million resulting from an onerous fixed-price contract provision existing at the date of the business combination.

As described in Note 13 'Goodwill' management performed an impairment review of the carrying amount of goodwill. No impairment indicators were identified.

Trade and other receivables

Trade and other receivables are shown at fair value and represent the gross contractual amounts receivable.

Financial performance

The financial performance of the accounting acquiree, from the date of combination to 31 December 2021, was \$32.3 million of revenue and \$0.7 million of net income. If the combination had taken place at the beginning of the year, the 2021 Group revenue and loss before tax would have been \$1,306.9 million and \$54.9 million respectively.

13. GOODWILL

(in \$ millions)

	Total
Cost	
At 1 January 2021	–
Business combination	70.0
At 31 December 2021	70.0
Accumulated impairment	
At 31 December 2020 and 2021	–
Carrying amount	
At 31 December 2020	–
At 31 December 2021	70.0

On 8 July 2021, Seaway 7 ASA (formerly named OHT ASA), announced it had entered into an agreement to combine with the Subsea 7 S.A. Group's Renewables business unit (consisting of the Subsea 7 S.A. Group's fixed offshore wind business). The transaction was completed on 1 October 2021. The business combination met the criteria to be treated as a reverse acquisition with the deemed accounting acquirer being the Subsea 7 S.A. Group's Renewables business unit. The transaction resulted in the recognition of goodwill of \$70.0 million in the Group's Consolidated Balance Sheet at the date of the transaction.

For financial management and reporting purposes, the Group is organised into one management region. The Group performed its annual goodwill impairment test at 31 December 2021.

The recoverable amount of the Group was determined based on a value-in-use calculation using pre-tax, risk adjusted cash flow projections approved by the Executive Management Team covering a five-year period from 2022 to 2026. These projections included certain considerations for climate change related risks and opportunities on the period. Cash flows beyond this five-year period were extrapolated in perpetuity using a 2.0% growth rate to determine the terminal value. The pre-tax discount rate applied to the risk adjusted cash flow projections was 10.6%.

Following the annual impairment review, no impairment charges were recognised for the year ended 31 December 2021.



Key assumptions used in value-in-use calculations

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

- EBITDA forecasts;
- the pre-tax discount rate; and
- the growth rate used to extrapolate cash flows.

EBITDA forecast – The EBITDA forecast for the Group is dependent on a combination of factors including market size, market share, contractual backlog, gross margins, future project awards, asset utilisation and an assessment of the impacts of competition within the renewables market. Assumptions are based on a combination of internal and external studies, management judgements and historical information, adjusted for any foreseen changes in market conditions.

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

Growth rate estimates – The 2.0% growth rate used to extrapolate the cash flow projections beyond the five-year period is broadly consistent with market expectations for long-term growth in the industry and assumes no significant change in the Group's market share and the range of services and products provided.

Sensitivity to changes in key assumptions

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

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

- an increase in the pre-tax discount rate by 1 percentage point;
- a decrease in the pre-tax discount rate by 1 percentage point;
- an increase in the long-term growth rate by 1 percentage point;
- a decrease in the long-term growth rate by 1 percentage point;
- a 10% increase in the forecast EBITDA assumptions during the five-year period from 2022 to 2026, and the EBITDA upon which terminal values have been calculated; and
- a 10% decrease in the forecast EBITDA assumptions during the five-year period from 2022 to 2026, and the EBITDA upon which terminal values have been calculated.

Changes to any of the key assumptions used in the sensitivity analysis would not, in isolation, cause the recoverable amount of the Group to be materially less than their carrying amount.



Notes to the Consolidated Financial Statements continued

14. PROPERTY, PLANT AND EQUIPMENT

(in \$ millions)	Vessels	Operating equipment	Land and buildings	Other assets	Total
Cost					
At 1 January 2020	685.3	92.7	18.4	3.6	800.0
Additions	22.2	–	0.7	0.1	23.0
Exchange differences	0.1	(0.1)	–	–	–
Disposals	–	(45.3)	(1.6)	–	(46.9)
At 31 December 2020	707.6	47.3	17.5	3.7	776.1
Additions	73.6	17.3	–	3.0	93.9
Acquisition of businesses	290.5	–	–	1.2	291.7
Exchange differences	0.4	0.1	–	(0.2)	0.3
Transfers	(6.0)	2.9	–	3.1	–
Disposals	–	–	(0.2)	(0.9)	(1.1)
At 31 December 2021	1,066.1	67.6	17.3	9.9	1,160.9
Accumulated depreciation and impairment					
At 1 January 2020	101.2	67.8	1.5	2.3	172.8
Charge for the year	40.2	5.1	0.9	0.6	46.8
Exchange differences	3.3	(1.3)	–	–	2.0
Eliminated on disposals	(2.8)	(38.3)	(1.6)	(0.1)	(42.8)
At 31 December 2020	141.9	33.3	0.8	2.8	178.8
Charge for the year	39.8	11.7	1.0	0.6	53.1
Exchange differences	0.4	0.1	–	–	0.5
Transfers	1.5	(1.8)	–	0.2	(0.1)
Eliminated on disposals	–	–	(0.1)	(0.9)	(1.0)
At 31 December 2021	183.6	43.3	1.7	2.7	231.3
Carrying amount:					
At 31 December 2020	565.7	14.0	16.7	0.9	597.3
At 31 December 2021	882.5	24.3	15.6	7.2	929.6

The table above includes assets under construction of \$226.0 million at 31 December 2021 (2020: \$16.1 million).

An impairment test was performed on the balances of property, plant and equipment at 31 December 2021, no impairment charges were recognised (2020: \$nil).



Contents

15. RIGHT-OF-USE ASSETS

(in \$ millions)	Vessels	Operating equipment	Land and buildings	Other assets	Total
Cost					
At 1 January 2020	–	4.0	6.9	1.8	12.7
Additions	–	–	3.2	0.4	3.6
Exchange differences	–	0.3	0.4	0.1	0.8
Remeasurement	–	–	(0.2)	–	(0.2)
Disposals	–	(4.3)	(0.2)	(0.2)	(4.7)
At 31 December 2020	–	–	10.1	2.1	12.2
Additions	16.2	8.6	0.4	0.2	25.4
Acquisition of businesses	–	–	3.0	–	3.0
Exchange differences	(0.4)	(0.6)	(0.4)	0.1	(1.3)
Remeasurement	–	–	(0.3)	(0.1)	(0.4)
Disposals	–	–	–	(0.3)	(0.3)
At 31 December 2021	15.8	8.0	12.8	2.0	38.6
Accumulated amortisation and impairment					
At 1 January 2020	–	2.0	1.4	0.5	3.9
Charge for the year	–	2.0	1.9	0.6	4.5
Exchange differences	–	0.2	0.1	–	0.3
Eliminated on disposals	–	(4.2)	(0.2)	(0.2)	(4.6)
At 31 December 2020	–	–	3.2	0.9	4.1
Charge for the year	3.2	4.3	2.2	0.5	10.2
Exchange differences	(0.1)	(0.3)	–	–	(0.4)
Eliminated on disposals	–	–	–	(0.2)	(0.2)
At 31 December 2021	3.1	4.0	5.4	1.2	13.7
Carrying amount:					
At 31 December 2020	–	–	6.9	1.2	8.1
At 31 December 2021	12.7	4.0	7.4	0.8	24.9

The Group leases vessels, operating equipment and properties with contracts which are typically for fixed periods but may have extension options used to maximise operational flexibility. The majority of extension and termination options held are exercisable only by the Group not the respective lessors. Lease liabilities are disclosed within Note 24 'Lease liabilities'. Commitments to leases which have not yet commenced are disclosed within Note 27 'Commitments and contingent liabilities'.

An impairment test was performed on the balances at 31 December 2021, no impairment charges were recognised (2020: \$nil).

16. ADVANCES AND RECEIVABLES

At (in \$ millions)	2021 31 Dec	2020 31 Dec
Deposits held by third parties	–	0.8
Total	–	0.8



Notes to the Consolidated Financial Statements continued

17. INVENTORIES

At (in \$ millions)	2021 31 Dec	2020 31 Dec
Materials and non-critical spares	1.3	0.6
Consumables	4.6	0.4
Total	5.9	1.0

For the year ended (in \$ millions)	2021 31 Dec	2020 31 Dec
Total cost of inventory charged to the Consolidated Income Statement	5.3	4.2
Write-down of inventories charged to the Consolidated Income Statement	–	–
Reversal of provision for obsolescence credited to the Consolidated Income Statement	–	–

At 31 December 2021 inventories included a provision for obsolescence of \$1.1 million (2020: \$0.9 million). There were no inventories pledged as security.

18. TRADE AND OTHER RECEIVABLES

At (in \$ millions)	2021 31 Dec	2020 31 Dec
Trade receivables	104.4	42.7
Allowance for expected credit losses	(0.2)	–
	104.2	42.7
Other receivables	2.3	8.0
Advances to suppliers	0.3	0.1
Other taxes receivable	8.0	–
Total	114.8	50.8

Details of how the Group manages its credit risk and further analysis of the trade receivables balance, allowances for expected credit losses and allowances for credit impairment are shown in Note 28 'Financial instruments'.

Other receivables include insurance receivables, customer retentions and deposits.

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

19. OTHER ACCRUED INCOME AND PREPAID EXPENSES

At (in \$ millions)	2021 31 Dec	2020 31 Dec
Prepaid expenses	3.9	5.5
Total	3.9	5.5

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



Contents

20. CONSTRUCTION CONTRACTS

(in \$ millions)	Construction contracts – assets	Construction contracts – liabilities
At 31 December 2021		
Current	178.4	(41.6)
Allowance for expected credit losses	(1.0)	–
Total	177.4	(41.6)
(in \$ millions)	Construction contracts – assets	Construction contracts – liabilities
At 31 December 2020		
Current	94.2	(27.2)
Total	94.2	(27.2)
(in \$ millions)	2021 31 Dec	2020 31 Dec
Revenue recognised which was included in construction contract liabilities at beginning of year	27.2	35.4
Revenue recognised from performance obligations satisfied in previous periods	1.9	2.7

Revenue recognised which was included in construction contract liabilities at the beginning of the year of \$27.2 million (2020: \$35.4 million) represents amounts included within the construction contract liabilities balance at 1 January 2020 which have been recognised as revenue during the year. Revenue recognised from performance obligations satisfied in previous periods of \$1.9 million (2020: \$2.7 million) represents revenue recognised in the Consolidated Income Statement for projects which were considered operationally complete at the prior year end.

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

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

The increases during 2021 in construction contract assets and construction contract liabilities of \$83.2 million and \$14.4 million respectively were driven primarily by an increase in activity in Taiwan.

Construction contract assets

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

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

(in \$ millions)	2021 31 Dec	2020 31 Dec
Allowance for expected credit losses		
Balance recognised at 1 October 2021	(0.8)	–
Increase in allowance recognised in profit or loss	(0.2)	–
At year end	(1.0)	–

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

At 31 December 2021 the allowance for credit impairment recognised in connection with construction contract assets was \$nil (2020: \$nil).



Notes to the Consolidated Financial Statements continued

20. CONSTRUCTION CONTRACTS CONTINUED

Transaction price allocated to the remaining performance obligations

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

At 31 December 2021

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

At 31 December 2020

(in \$ millions)	Expected year of execution				Total
	2021	2022	2023	2024 and beyond	
Renewables	1,258.4	643.6	84.2	0.4	1,986.6
Total	1,258.4	643.6	84.2	0.4	1,986.6

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

21. CASH AND CASH EQUIVALENTS

At (in \$ millions)	2021 31 Dec	2020 31 Dec
Cash and cash equivalents	22.0	7.7

22. ISSUED SHARE CAPITAL

Authorised shares

	2021 31 Dec Number of shares	2021 31 Dec in \$ millions	2020 31 Dec Number of shares	2020 31 Dec in \$ millions
Authorised common shares, NOK 0.10 par value	436,562,575	4.9	122,237,251	1.3

Issued shares

	2021 31 Dec Number of shares	2021 31 Dec in \$ millions	2020 31 Dec Number of shares	2020 31 Dec in \$ millions
Fully paid and issued common shares	436,562,575	4.9	122,237,251	1.3

On 1 October 2021, as a result of the business combination which was treated as a reverse acquisition, the Group issued 314,325,324 shares at a par value of NOK 0.10 per share. Share premium was recognised equivalent to \$695.4 million.

23. BORROWINGS

At (in \$ millions)	2021 31 Dec	2020 31 Dec
Revolving Credit Facility – current	37.0	–
Loan from related party	64.2	35.1
Total	101.2	35.1

Commitment fees expensed during the year in respect of unused lines of credit totalled \$0.5 million (2020: \$nil).

Facilities

Seaway 7 ASA Revolving Credit Facility

As part of the business combination to combine the Subsea 7 S.A. Group's Renewables business unit with OHT ASA (renamed Seaway 7 ASA), the Group recognised the OHT ASA Revolving Credit Facility. Further details are disclosed in Note 12 'Business combinations'.

At 31 December 2021, the amount outstanding under the facility was \$37.0 million, this was repaid in full in January 2022.

Loan from related party

The Group has access to funding from its ultimate parent undertaking, Subsea 7 S.A. Group, by means of an unsecured working capital facility agreement of which \$64.2 million was drawn at 31 December 2021 (2020: \$35.1 million). Funding was utilised by the Group to finance capital expenditure commitments and working capital requirements. The facility is repayable on demand.



Contents

24. LEASE LIABILITIES

At (in \$ millions)	2021 31 Dec	2020 31 Dec
Maturity analysis – contractual undiscounted cash flows		
Within one year	21.8	2.3
Years two to five inclusive	11.4	6.1
After five years	0.7	1.3
Total undiscounted lease liabilities	33.9	9.7
Effect of discounting	(7.5)	1.0
Discounted lease liabilities	26.4	8.7
Consisting of:		
Non-current	6.0	6.0
Current	20.4	2.7
Total discounted lease liabilities	26.4	8.7

Amounts recognised within the Consolidated Income Statement in relation to short-term and low-value leases are disclosed within Note 6 'Net operating income'. Payments related to lease liabilities disclosed within the Consolidated Cash Flow statement for the year ended 31 December 2021 were \$10.0 million (2020: \$4.0 million).

25. TRADE AND OTHER LIABILITIES

At (in \$ millions)	2021 31 Dec	2020 31 Dec
Accruals	76.7	69.2
Trade payables	31.9	30.0
Amounts due to related parties	153.1	–
Accrued salaries and benefits	7.6	5.5
Withholding taxes	0.1	7.1
Other taxes payable	4.8	–
Other current liabilities	1.3	–
Total	275.5	111.8

The Group has access to funding from its ultimate parent undertaking, Subsea 7 S.A. Group. At 31 December 2021, amounts due to related parties principally represents net amounts payable to the Subsea 7 S.A. Group in relation to working capital adjustments arising from the business combination between the Subsea 7 S.A. Group's Renewables business unit and OHT ASA.

26. PROVISIONS

(in \$ millions)	Restructuring	Onerous fixed-price contracts	Other	Total
At 1 January 2020	1.1	–	1.0	2.1
Additional provision in the year	–	–	2.0	2.0
Utilisation of provision	(1.1)	–	(0.6)	(1.7)
At 31 December 2020	–	–	2.4	2.4
Additional provision in the year	–	9.5	0.5	10.0
Acquired on business combinations	–	32.3	–	32.3
Utilisation of provision	–	(6.9)	(1.5)	(8.4)
Exchange differences	–	–	(0.2)	(0.2)
At 31 December 2021	–	34.9	1.2	36.1

At (in \$ millions)	2021 31 Dec	2020 31 Dec
Consisting of:		
Non-current provisions	21.9	–
Current provisions	14.2	2.4
Total	36.1	2.4

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

Notes to the Consolidated Financial Statements continued

27. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments

The Group's commitments at 31 December 2021 consisted of:

- commitments to purchase property, plant and equipment from external suppliers of \$360.6 million (2020: \$nil), including commitments related to *Seaway Alfa Lift*, an offshore wind foundation installation vessel and *Seaway Ventus*, an offshore wind turbine installation vessel; and
- short-term lease commitments totalling \$0.1 million (2020: \$nil).

Contingent liabilities

Contingent liabilities not recognised in the Consolidated Balance Sheet

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

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

28. FINANCIAL INSTRUMENTS

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

Classification of financial instruments

Financial instruments are classified as follows:

At (in \$ millions)	2021 31 Dec Carrying amount	2020 31 Dec Carrying amount
Financial assets		
Restricted cash	1.3	–
Cash and cash equivalents (Note 21)	22.0	7.7
Financial assets mandatorily measured at fair value through profit or loss:		
Embedded derivatives	2.3	–
Financial assets elected to be measured at fair value through other comprehensive income:		
Other financial assets – financial investments	–	1.6
Financial assets measured at amortised cost:		
Net trade receivables (Note 18)	104.2	42.7
Other financial receivables	2.1	0.4
Financial liabilities		
Financial liabilities mandatorily measured at fair value through profit or loss:		
Embedded derivatives	(1.7)	–
Financial liabilities measured at amortised cost:		
Trade Payables (Note 25)	(31.9)	(30.0)
Lease liabilities (Note 24)	(26.4)	(8.7)
Borrowings (Note 23)	(101.2)	(35.1)
Other financial payables	(0.9)	–

Fair value

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



Contents

Financial instruments – gains and losses recognised within profit or loss

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

For the year ended (in \$ millions)	2021 31 Dec	2020 31 Dec
Interest income from financial assets measured at amortised cost	–	0.1
Net fair value gains on financial assets measured at fair value through profit or loss	2.3	–
Net fair value losses on financial liabilities measured at fair value through profit or loss	(1.7)	–

Fees incurred in connection with financial instruments

Total fees incurred during the year in connection with financial instruments measured at amortised cost were \$0.5 million (2020: \$nil).

Cash and cash equivalents

At 31 December 2021 the Group held cash and cash equivalents on demand of \$22.0 million (2020: \$7.7 million).

Financial instruments mandatorily measured at fair value through profit or loss

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

- debt instruments that do not qualify for measurement at either amortised cost or at fair value through other comprehensive income;
- equity investments that are held for trading; or
- equity investments for which the entity has not elected to recognise fair value gains and losses through other comprehensive income.

Financial instruments elected to be measured at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income comprise investments in equity securities not held for trading, and for which the Group has made an irrevocable election, at initial recognition, to recognise changes in fair value through other comprehensive income rather than profit or loss as these investments are strategic in nature.

Management concluded that due to the nature of these investments, there are a wide range of possible fair value measurements and in some cases there may be insufficient recent information available to enable the Group to accurately measure fair value. Management reviews investments at least annually to ensure the carrying amount can be supported by expected future cash flows and has concluded that cost is considered to represent the best estimate of fair value of each investment within a range of possible outcomes. During the year ended 31 December 2021, a fair value gain was recognised within other comprehensive income (2020: \$nil) and an associated transfer of cumulative gains within equity.

Financial assets measured at amortised cost

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

Financial risk management objectives

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

Derivative financial instruments are used exclusively for hedging purposes and not as trading or speculative instruments. During the years ended 31 December 2021 and 31 December 2020 the Group did not apply hedge accounting.

Market risk

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

In the year ended 31 December 2021, there was no significant change to the Group's exposure to market risks or the manner in which it managed and measured the risk.

Foreign currency risk

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

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

Notes to the Consolidated Financial Statements continued

28. FINANCIAL INSTRUMENTS CONTINUED

Foreign currency sensitivity analysis

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

At 31 December 2021 the Group performed a sensitivity analysis to indicate the extent to which net income/(loss) and equity would be affected by changes in the exchange rate between the US Dollar and other currencies in which the Group transacts. The analysis is based on a strengthening of the US Dollar by 10% against each of the other currencies in which the Group has significant assets and liabilities at the end of each respective period. A movement of 10% reflects a reasonably possible sensitivity when compared to historical movements over a five-year time-frame. The Group's analysis of the impact on net income/(loss) in each year is based on monetary assets and liabilities in the Consolidated Balance Sheet at the end of each respective year.

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

A 10% strengthening in the US Dollar exchange rate against other currencies in which the Group transacts would increase net foreign currency exchange gains reported in other gains and losses and equity by \$3.3 million for the year ended 31 December 2021 (2020: losses of \$3.2 million).

Forward foreign exchange contracts

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

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

Hedge accounting

At 31 December 2021 and at 31 December 2020 none of the Group's outstanding external forward foreign exchange contracts had been designated as hedging instruments.

Embedded derivatives

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

The fair values of the embedded derivatives at 31 December 2021 amounted to \$2.3 million related to financial assets (2020: \$nil) and \$1.7 million related to financial liabilities (2020: \$nil). The effects on the Consolidated Income Statement were reflected in net foreign currency gains and losses within other gains and losses.

Commodity hedging

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

Interest rate risk management

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

Interest rate sensitivity analysis

At 31 December 2021, the Group had cash and cash equivalents on demand and borrowings. A 1% increase in interest rates would not have a significant impact on the Group's finance cost or finance income.

The Group continues to monitor the reform of the Interbank Offering Rate (IBOR) and will actively manage the associated outcome.

Credit risk management

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

The maximum exposure of the Group to credit-related loss of financial instruments is the aggregate of the carrying amount of the financial assets as summarised on page 74.



Financial instruments and cash deposits

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

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

Trade receivables and contract assets

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

Expected credit loss assessment for financial assets

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

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

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

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

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

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

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

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



Notes to the Consolidated Financial Statements continued

28. FINANCIAL INSTRUMENTS CONTINUED

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

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

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

At (in \$ millions)	2021 31 Dec	2020 31 Dec
Performing	99.9	40.7
Monitored	4.5	2.0
Gross carrying amount	104.4	42.7

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

Other financial assets are not subject to the Group's credit risk grading framework. The Group assesses the credit risk of these financial assets on a case-by-case basis using all relevant available historical and forward-looking information. Allowances for expected credit losses or credit impairment are recorded when required.

Trade receivables

At (in \$ millions)	2021 31 Dec	2020 31 Dec
Gross carrying amount	104.4	42.7
Allowance for expected credit losses	(0.2)	–
Net carrying amount	104.2	42.7

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

At 31 December 2021

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

At 31 December 2020

(in \$ millions)	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Gross carrying amount	40.7	–	2.0	–	42.7
Allowance for expected credit losses	–	–	–	–	–
Net carrying amount	40.7	–	2.0	–	42.7



Contents

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

(in \$ millions)	2021 31 Dec	2020 31 Dec
Allowance for expected credit losses		
Opening balance established at 1 October 2021	(0.1)	–
Increase in allowance recognised in profit or loss	(0.1)	–
At year end	(0.2)	–

At 31 December 2021 the allowances for credit impairment recognised in connection with trade receivables were \$nil (2020: \$nil).

Other financial assets at amortised cost

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

At 31 December 2021 the allowances for expected credit losses and credit impairment recognised in connection with other financial assets at amortised cost were \$nil (2020: \$nil).

Concentration of credit risk

Credit risk is primarily associated with trade receivables. Net trade receivables (Note 18 'Trade and other receivables') primarily arise from a small number of clients which are owned, wholly or jointly, by independent and national energy companies which may, in turn, be funded by large financial institutions. Continual credit evaluation is performed on the recoverability of trade receivables. The following table classifies outstanding balances into three categories:

At	2021 31 Dec Category percentage	2020 31 Dec Category percentage
Clients wholly or jointly owned by national and international energy companies	61%	65%
Independent companies	39%	35%
Total	100%	100%

National energy companies are either partially or fully-owned by or directly controlled by the government of their respective country of incorporation. Both international and independent energy companies are mainly publicly or privately owned. International energy companies are generally larger in size and scope than independent companies.

The five largest receivables balances by client are shown below:

At (in \$ millions)	31 Dec 2021
Client A	42.1
Client B	18.2
Client C	14.5
Client D	12.2
Client E	3.4

At (in \$ millions)	31 Dec 2020
Client A	27.5
Client B	15.0
Client C	0.1
Client D	0.1
Client E	–

The client mix for outstanding accounts receivable balances at 31 December 2021 is not the same as at 31 December 2020. The Group did not have any significant credit exposure to any single counterparty at 31 December 2021 or 31 December 2020.



Notes to the Consolidated Financial Statements continued

28. FINANCIAL INSTRUMENTS CONTINUED

Liquidity risk management

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

Liquidity tables

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

At 31 December 2021

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

At 31 December 2020

(in \$ millions)	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Total
Borrowings	35.1	–	–	–	35.1
Trade payables	30.0	–	–	–	30.0
Lease liabilities	0.2	0.4	1.7	7.4	9.7
Total	65.3	0.4	1.7	7.4	74.8

The following table details the Group's liquidity profile for its derivative financial instruments. The table has been prepared based on the undiscounted net cash payments and receipts on the derivative instruments that settle on a net basis. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the balance sheet date. At 31 December 2020 there were no derivative financial liabilities.

At 31 December 2021

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



Contents

Capital risk management

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

The capital structure of the Group consists of debt, which includes borrowings disclosed in Note 23 'Borrowings', cash and cash equivalents disclosed in Note 21 'Cash and cash equivalents' and equity attributable to shareholders of the parent company, comprising issued share capital, paid in surplus, reserves and retained earnings.

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

Reconciliation of movements in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows are classified in the Consolidated Cash Flow Statement as cash flows from financing activities.

(in \$ millions)	Liabilities		Other	Total
	Borrowings	Lease liabilities		
Balance at 1 January 2021	35.1	8.7	-	43.8
Financing cash flows				
Interest paid	-	-	(3.9)	(3.9)
Proceeds from borrowings	29.1	-	-	29.1
Payments related to lease liabilities	-	(10.0)	-	(10.0)
Total financing cash flows	29.1	(10.0)	(3.9)	15.2
Non-cash changes				
Additions of borrowings	37.0	-	-	37.0
Addition of lease liabilities	-	28.7	-	28.7
Remeasurement of lease liabilities	-	(0.4)	-	(0.4)
Interest charges	-	0.9	3.9	4.8
Exchange differences	-	(1.5)	-	(1.5)
Total non-cash changes	37.0	27.7	3.9	68.6
Balance at 31 December 2021	101.2	26.4	-	127.6

(in \$ millions)	Liabilities		Other	Total
	Borrowings	Lease liabilities		
Balance at 1 January 2020	2.2	8.9	0.3	11.4
Financing cash flows				
Interest paid	-	-	(5.5)	(5.5)
Proceeds from borrowings	32.9	-	-	32.9
Payments related to lease liabilities	-	(4.0)	-	(4.0)
Total financing cash flows	32.9	(4.0)	(5.5)	23.4
Non-cash changes				
Disposal of lease liabilities	-	-	-	-
Addition of lease liabilities	-	3.4	-	3.4
Remeasurement of lease liabilities	-	-	-	-
Interest charges	-	0.3	5.2	5.5
Exchange differences	-	0.1	-	0.1
Total non-cash changes	-	3.8	5.2	9.0
Balance at 31 December 2020	35.1	8.7	-	43.8



Notes to the Consolidated Financial Statements continued

28. FINANCIAL INSTRUMENTS CONTINUED

Fair value hierarchy

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value measurement

During the year ended 31 December 2021 there were no transfers between levels of the fair value hierarchy. The Group recognises transfers between levels of the fair value hierarchy from the date of the event or change in circumstances that caused the transfer.

Assets and liabilities which are measured at fair value in the Consolidated Balance Sheet and their level of the fair value hierarchy were as follows:

At (in \$ millions)	2021 31 Dec Level 1	2021 31 Dec Level 2	2021 31 Dec Level 3	2020 31 Dec Level 1	2020 31 Dec Level 2	2020 31 Dec Level 3
Recurring fair value measurements						
Financial assets:						
Financial assets at fair value through profit or loss – embedded derivatives	–	2.3	–	–	–	–
Financial liabilities:						
Financial liabilities at fair value through profit or loss – embedded derivatives	–	(1.7)	–	–	–	–

Recurring fair value measurements

Financial assets and financial liabilities

Financial assets and financial liabilities which are remeasured to fair value on a recurring basis are determined as follows:

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- the fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and quotes for similar instruments;
- the fair values of embedded derivatives are calculated using quoted foreign exchange rates and yield curves derived from quoted interest rates matching maturities of the contract. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivative financial instruments.

Non-recurring fair value measurements

Assumptions used in determining fair value of financial assets and financial liabilities which are not remeasured to fair value on a recurring basis are as follows:

- the fair value of receivables and payables is based on their carrying amount which is representative of contractual amounts due and, where appropriate, incorporates expectations about future expected credit losses.
- other financial assets which are classified as non-current include equity investments in unlisted companies which are strategic in nature. Management concluded that due to the nature of these investments, there are a wide range of possible fair value measurements and in some cases there may be insufficient recent information available to enable the Group to accurately measure fair value. Management review investments annually to ensure the carrying amount can be supported by expected future cash flows and has concluded cost is considered to represent the best estimate of fair value of each investment within a range of possible outcomes.



29. RELATED PARTY TRANSACTIONS

Key management personnel

Key management personnel include the Board of Directors and the Executive Management Team. Key management personnel at 31 December 2021 included 10 individuals.

The Board of Directors and the Executive Management Team were formed on 1 October 2021 following the business combination between the Subsea 7 S.A. Group's Renewables business unit and OHT ASA. Prior to 1 October 2021 the Group was a reporting business unit of the Subsea 7 S.A. Group and did not have a separate Board of Directors or Executive Management Team.

Non-Executive Directors

Each member of the Board of Directors is entitled to receive an annual fee of NOK 225,000 (equivalent to \$31,000) pro-rated for the period of office. In addition, Rune Magnus Lundetrae, chairman of Seaway 7 ASA, received consultancy fees of \$0.2 million (2020: \$0.1 million). Mr Lundetrae's fee is included within payments made to Primato AS as detailed in "Other related party transactions" on page 84.

Shares and performance shares

No shares were directly held in Seaway 7 ASA by Non-Executive Directors at 31 December 2021.

At 31 December 2021, Turbin Capital AS which is a company that Rune Magnus Lundetrae is chairman of the Board of Directors and a 33.3% shareholder, owned 1,042,155 shares in Seaway 7 ASA, representing 0.2% of total common shares of the Company.

Members of the Seaway 7 ASA Board of Directors held a total of 144,848 shares at 31 December 2021 in Subsea 7 S.A., the ultimate parent company of Seaway 7 ASA. Details of this shareholding can be found in the Subsea 7 S.A. Group's Consolidated Financial Statements.

Key management

The remuneration of the Executive Management Team, since the date of the business combination was as follows:

For the year ended (in \$ millions)	2021 31 Dec ^(a)	2020 31 Dec ^(a)
Salaries and other short-term employee benefits ^(b)	0.6	–
Other long-term benefits ^(c)	0.3	–
Post-employment benefits ^(d)	–	–
Total	0.9	–

(a) Amounts represent payments made to members of the Executive Management Team and associated costs incurred by the Group.

(b) Salaries and other short-term employee benefits represents payments made during the year in respect of base salary, short-term bonus payments, other short-term benefits, including private healthcare and car allowances, and the associated social security contributions made by the Group.

(c) Other long-term benefits represents the market value of the shares transferred to the participants during the year under the Subsea 7 S.A. Group's Long-term Incentive Plans. Shares transferred represent performance shares which have vested under the 2013 and 2018 Long-term Incentive Plans. The shares were transferred when the participant met the service criteria associated with the plans. Details of the Long-term Incentive Plans can be found in the Subsea 7 S.A. Group's Consolidated Financial Statements.

(d) Post-employment benefits represent the cash value of defined pension contribution payments made by the Group during the year totalling less than \$0.1 million (2020: \$nil).

(e) In addition to the above amounts, a bonus payment was made to a member of the Executive Management Team totalling \$1.5 million.

The remuneration for each member of the Executive Management Team since the date of business combination was as follows:

	Stuart Fitzgerald (Chief Executive Officer)	Mark Hodgkinson (Chief Financial Officer)	Stephen McNeill (Chief Operating Officer)	Harke Jan Meek (Chief Commercial Officer)	Torgeir E. Ramstad (Executive Vice President – Vessels and Offshore Resources)
For the year ended (in \$ thousands)	2021 31 Dec ^{(a)(b)}	2021 31 Dec ^{(a)(b)}	2021 31 Dec ^{(a)(b)}	2021 31 Dec ^{(a)(b)}	2021 31 Dec ^{(a)(b)}
Base salary	149.4	61.7	91.2	99.9	84.0
Short-term incentive bonus ^(c)	40.4	11.2	35.1	14.0	–
Taxable benefits ^(d)	24.0	12.1	39.3	19.1	12.0
Other long-term benefits ^(e)	103.8	56.2	121.2	17.3	–
Pension contributions made by employer ^(f)	4.4	6.1	9.2	8.3	4.6
Total	322.0	147.3	296.0	158.6	100.6

(a) Amounts in the table are shown gross before deductions of income taxes and social security costs borne by the employee.

(b) Payments are made in GBP, EUR and NOK. Amounts have been translated to USD using an average rate for the year. Amounts represent cash paid in respect of the year.

(c) Short-term incentive bonus in respect of performance during the year.

(d) Taxable benefits represent the taxable value of benefits provided during the year, including private healthcare insurance and car allowances.

(e) Other long-term benefits represent the market value of the shares transferred to the participants during the year which vested under the Subsea 7 S.A. Group's 2013 and 2018 Long-term Incentive Plans. The shares were transferred when the participant met the service criteria associated with the plans. Details of the Long-term Incentive Plans can be found in the Subsea 7 S.A. Group's Consolidated Financial Statements.

(f) Employer pension contributions represents the cash value of defined pension contribution payments made by the Group during the year.



Notes to the Consolidated Financial Statements continued

29. RELATED PARTY TRANSACTIONS CONTINUED

Shareholdings held in Seaway 7 ASA at 31 December 2021 were as follows:

Shares and performance shares

Name	Total owned shares
Stuart Fitzgerald	–
Steph McNeill	–
Harke Jan Meek	–
Mark Hodgkinson	–
Torgeir E. Ramstad	397,372

Members of the Executive Management Team held a total of 50,991 shares at 31 December 2021 in Subsea 7 S.A., the ultimate parent company of Seaway 7 ASA. Details of this shareholding can be found in the Subsea 7 S.A. Group's Consolidated Financial Statements.

Other related party transactions

Transactions with the Subsea 7 S.A. Group

Prior to the business combination between the Subsea 7 S.A. Group's Renewables business unit and OHT ASA, on 1 October 2021, members of the Subsea 7 S.A. Group were not considered related parties. Transactions between members of the Subsea 7 S.A. Group and the Subsea 7 S.A. Group's Renewables business unit which have taken place prior to the business combination have not been considered related party transactions.

During the period following the business combination the Group undertook related party transactions, all of which were conducted on an arm's length basis.

The Group is a non-wholly owned subsidiary of the Subsea 7 S.A. Group and the Group's results are recognised within the Subsea 7 S.A. Group's Consolidated Financial Statements.

Purchases by the Group from companies ultimately controlled by Subsea 7 S.A. including vessel charters, equipment rental, personnel charges and associated services totalling \$36.4 million.

Revenue generated by the Group from companies ultimately controlled by Subsea 7 S.A. including vessel charters, personnel charges and associated services totalling \$0.5 million was recognised.

At 31 December 2021, the Group had outstanding balances payable to companies ultimately controlled by Subsea 7 S.A. of \$153.1 million and a short-term borrowings of \$64.2 million.

Transactions with the Siem Group

Mr Siem is a Director of Seaway 7 ASA and is chairman of the Board of Directors of Siem Industries S.A.

Purchases by companies ultimately controlled by Siem Industries S.A. including vessel charters, provision of crew, associated services and property rental totalling \$9.4 million were made during the year (2020: less than \$0.1 million).

Revenue generated by the Group from companies ultimately controlled by Siem Industries S.A. including equipment rental totalling less than \$0.1 million was recognised during the year (2020: \$0.1 million).

At 31 December 2021, the Group had outstanding balances payable to a company ultimately controlled by Siem Industries S.A. of less than \$0.1 million (2020: \$nil).

Transactions with Primato AS

Mr Lundetør, the chairman of Seaway 7 ASA, holds a 50% shareholding in Primato AS and is a member of its Board of Directors.

Payments were made during the year to Primato AS in relation to consultancy services totalling \$0.2 million (2020: \$0.1 million).



30. SHARE-BASED PAYMENTS

Share warrants

On 17 September 2020, Seaway 7 ASA (formerly OHT ASA) granted 1,018,935 equity-settled share warrants to certain key management. The warrants give the holders the right, but not the obligation, to subscribe for additional shares at a price of NOK 0.10 per share once the share price reaches a pre-determined value. The warrants are valid for five years from the date of award, expiring on 17 September 2025.

The share warrants are divided into three tranches; each tranche vests at the share price listed below:

	Number of share warrants	Share price ^(a) (NOK)
Tranche 1	339,645	24.00
Tranche 2	339,645	28.00
Tranche 3	339,645	32.00

(a) The share price, for the purposes of determining whether a tranche vests, is calculated based on a 10-day weighted average as quoted on the exchange on which the shares are listed.

During the year no share warrants were exercised, forfeited or granted.

The weighted average remaining contractual life for the share warrants outstanding was 3.7 years (2020: 4.7 years).

The IFRS 2 'Share-based Payments' fair value of each share warrant granted was estimated at the award date using a Monte Carlo simulation model taking into account the terms and conditions of the share warrants. As the share warrants do not include any service or performance requirements, the associated expense was recognised in full at the grant date. There were no expenses recognised in 2021 (2020: \$1.1 million).

31. RETIREMENT BENEFIT OBLIGATIONS

The Group operates defined contribution pension plans.

The Group's contributions under the defined contribution pension plans are determined as a percentage of individual employee's pensionable salaries. The expense relating to these plans for the year was \$4.4 million (2020: \$4.4 million).

32. POST BALANCE SHEET EVENTS

On 18 January 2022, the Group repaid in full the amount outstanding under the revolving credit facility of \$37.0 million.



Notes to the Consolidated Financial Statements continued

33. WHOLLY-OWNED SUBSIDIARIES

Seaway 7 ASA had the following wholly-owned subsidiaries at 31 December 2021.

Name	Registered in	Nature of business
Wholly-owned subsidiaries included in the Subsea 7 S.A. Group's Renewables business unit:		
SHL Contracting France S.A.S.	France	General Trading
SHL Contracting Germany GmbH	Germany	General Trading
Seaway Heavy Lifting Contracting Limited	Cyprus	General Trading
Seaway Heavy Lifting Engineering B.V.	Netherlands	General Trading
Seaway Heavy Lifting Limited	Cyprus	General Trading
Seaway Heavy Lifting Offshore Crew B.V.	Netherlands	General Trading
Seaway Heavy Lifting Shipping Limited	Cyprus	Vessel Owning
SHL Stanislav Yudin Limited	Cyprus	Vessel Owning
Seaway Offshore Cables GmbH ^(a)	Germany	General Trading
Seaway Offshore Cables Limited	United Kingdom	General Trading
Seaway Vessels B.V.	Netherlands	Vessel Owning
SHL Contracting UK Limited	United Kingdom	General Trading
SHL Contracting US Inc.	United States	General Trading
SHL Holding NL B.V. ^(a)	Netherlands	Holding
SHL Offshore Contractors B.V.	Netherlands	General Trading
Seaway Moxie AS ^(a)	Norway	Vessel Owning
Seaway Airmer AS ^(a)	Norway	Vessel Owning
Seaway Phoenix AS ^(a)	Norway	Vessel Owning
Seaway 7 Chartering AS	Norway	General Trading
Wholly-owned subsidiaries contributed by OHT ASA as part of the business combination:		
VIND Offshore Installation AS ^(a)	Norway	Vessel Owning
VOI Option 4 AS	Norway	Special Purpose
VOI Option 3 AS	Norway	Special Purpose
VOI Option 2 AS	Norway	Special Purpose
VOI Option 1 AS	Norway	Special Purpose
VOI Management AS	Norway	Special Purpose
VOI Vessel 1 AS	Norway	Special Purpose
VOI Vessel 2 AS	Norway	Special Purpose
Offshore Heavy Transport AS ^(a)	Norway	General Trading
Seaway Eagle AS	Norway	Vessel Owning
Seaway Falcon AS	Norway	Vessel Owning
Seaway Albatross AS	Norway	Vessel Owning
Seaway Osprey AS	Norway	Vessel Owning
Seaway Hawk AS	Norway	Vessel Owning
OHT Alfa Lift AS	Norway	Vessel Owning
OHT Management AS	Norway	General Purpose
OHT Renewables DK A/S	Denmark	General Purpose
OHT Renewables UK Limited	United Kingdom	General Purpose
OHT USA LLC	United States	General Purpose

(a) Wholly-owned subsidiaries directly owned by the parent company, Seaway 7 ASA

For all entities, the principal place of business is consistent with the place of registration.

All subsidiary undertakings are included in the Consolidated Financial Statements of the Group. The proportion of the voting rights in the subsidiary undertakings held directly by the immediate parent company do not differ from the proportion of shares held.

Details of the addresses of the registered office of each of the wholly-owned subsidiaries are available on request from Seaway 7 ASA, registered office, Haakon VII's Gate 1, 11th Floor, Oslo, 0160 Norway.



ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN

Adjusted earnings before interest, taxation, depreciation and amortisation (Adjusted EBITDA) is a non-IFRS measure that represents net income before additional specific items that are considered to impact the comparison of the Group's performance either period-on-period or with other businesses. The Group defines Adjusted EBITDA as net income adjusted to exclude depreciation and amortisation costs, including amortisation of prepaid mobilisation expenses, finance income, other gains and losses (including foreign exchange gains and losses, gains on disposal of subsidiaries and gains on distributions), finance costs and taxation. Adjusted EBITDA margin is defined as Adjusted EBITDA divided by revenue, expressed as a percentage.

The items excluded from Adjusted EBITDA represent items which are individually or collectively material, but which are not considered representative of the performance of the business during the periods presented. Other gains and losses principally relate to disposals of investments, property, plant and equipment and net foreign exchange gains or losses.

Adjusted EBITDA and Adjusted EBITDA margin are not recognised as a measurement of performance under IFRS as adopted by the EU. These measures exclude items that can have a significant effect on the Group's income or loss and therefore should not be considered as an alternative to, or more meaningful than, net income (as determined in accordance with IFRS) as a measure of the Group's operating results or cash flows from operations (as determined in accordance with IFRS) as a measure of the Group's liquidity.

Management believes that Adjusted EBITDA and Adjusted EBITDA margin are important indicators of the operational strength and the performance of the Group. These non-IFRS measures provide management with a meaningful comparative for its business units, as they eliminate the effects of financing, depreciation, amortisation, taxation and other gains and losses in the Consolidated Income Statement. Management believes that the presentation of Adjusted EBITDA is also useful as it is similar to measures used by companies within Seaway 7's peer group and therefore believes it to be a helpful calculation for those evaluating companies within Seaway 7's industry. Adjusted EBITDA margin may also be a useful ratio to compare performance to its competitors and is widely used by shareholders and analysts following the Group's performance. Notwithstanding the foregoing, Adjusted EBITDA and Adjusted EBITDA margin as presented by the Group may not be comparable to similarly titled measures reported by other companies.

Reconciliation of net operating loss to Adjusted EBITDA and Adjusted EBITDA margin:

For the year ended (in \$ millions)	2021 31 Dec	2020 31 Dec
Net operating loss	(38.9)	(39.7)
Depreciation, amortisation and mobilisation	63.3	51.3
Adjusted EBITDA	24.4	11.6
Revenue	1,260.0	631.4
Adjusted EBITDA %	1.9%	1.8%

Reconciliation of net loss to Adjusted EBITDA and Adjusted EBITDA margin:

For the year ended (in \$ millions)	2021 31 Dec	2020 31 Dec
Net loss	(62.5)	(49.5)
Depreciation, amortisation and mobilisation	63.3	51.3
Finance income	–	(0.1)
Other gains and losses	4.4	(0.7)
Finance costs	4.8	5.5
Taxation	14.4	5.1
Adjusted EBITDA	24.4	11.6
Revenue	1,260.0	631.4
Adjusted EBITDA %	1.9%	1.8%



Flow Statement

91

Notes to the Financial Statements

92



Seaway 7 ASA Income Statement

For the year ended (\$ in millions)	Notes	2021 31 Dec	2020 31 Dec
Other income		7.2	–
Other operating expenses	9	(3.6)	(1.9)
Operating profit/(loss)		3.6	(1.9)
Interest income from subsidiaries	5	1.5	0.2
Foreign currency exchange gain		–	3.7
Net financial income		1.5	3.9
Profit before taxes		5.1	2.0
Income tax expense	10	–	–
Net profit		5.1	2.0



Seaway 7 ASA Balance Sheet

At (\$ in millions)	Notes	2021 31 Dec	2020 31 Dec
Assets			
Fixed assets			
Shares in subsidiaries	3	972.0	208.2
Current assets			
Receivables from subsidiaries	5	33.4	52.8
Other receivables	6	7.3	0.1
Cash and cash equivalents	7	1.0	6.4
Total assets		1,013.7	267.5
Equity and liabilities			
Equity			
Issued share capital	4	4.9	1.3
Paid-in surplus	4	957.8	262.5
Other reserves	4	1.1	1.1
Retained earnings	4	7.1	2.0
Total equity		971.0	267.0
Liabilities			
Amounts owed to subsidiaries	5	1.3	–
Trade payables		0.4	0.1
Other current liabilities	8	41.0	0.4
Total liabilities		42.7	0.5
Total equity and liabilities		1,013.7	267.5

Oslo, March 2, 2022

The Board of Directors of Seaway 7 ASA

Sign.

Rune Magnus Lundetræ
Chairperson

Sign.

Kristian Siem
Director

Sign.

John Evans
Director

Sign.

Nathalie Louys
Director

Sign.

Monica Bjørkmann
Director

Sign.

Stuart Fitzgerald
Chief Executive Officer



Seaway 7 ASA Cash Flow Statement

For the year ended (\$ in millions)	Notes	2021 31 Dec	2020 31 Dec
Cash flow from operating activities:			
Profit before taxes		5.1	2.0
Adjustments for non-cash items:			
Employee benefit expenses in connection with issuance of warrants		-	1.1
Adjustments for financing items:			
Finance income	5	(1.5)	(3.7)
		3.6	(0.6)
Changes in operating assets and liabilities:			
Increase in operating assets	6	(7.2)	-
Increase in operating liabilities		1.8	0.6
Net cash flow from operating activities		(1.8)	-
Cash flows from investing activities:			
Investment in subsidiaries		-	(0.2)
Net payments on group receivables		(3.5)	(52.8)
Net cash used in investing activities		(3.5)	(53.0)
Cash flows from financing activities:			
Proceeds from issuance of shares		-	57.6
Share issuance costs		(0.1)	(1.9)
Foreign exchange gains from share issuance		-	3.7
Net cash from financing activities		(0.1)	59.4
Net change in cash and cash equivalents		(5.4)	6.4
Cash and cash equivalents at beginning of year	7	6.4	-
Cash and cash equivalents at end of year	7	1.0	6.4

Notes to the Financial Statements

1. GENERAL INFORMATION

Seaway 7 ASA is a company registered in Norway whose shares trade on the Oslo Stock Exchanges' marketplace, Euronext Growth (Merkur Market). The address of the registered office is Haakon Vlls Gate 1, 11th Floor Oslo, 0161 Norway.

On 1 October 2021 OHT ASA changed its name to Seaway 7 ASA. The Seaway 7 Group (the 'Group') consists of Seaway 7 ASA and its subsidiaries at 31 December 2021.

Agreement to combine the Subsea 7 S.A. Group's Fixed Offshore Wind Business with OHT ASA

On 8 July 2021 Seaway 7 ASA (formerly named OHT ASA), announced it had entered into an agreement to combine with the Subsea 7 S.A. Group's Renewables business unit (consisting of the Subsea 7 S.A. Group's fixed offshore wind business), the transaction was completed on 1 October 2021. As a result of the business combination, Seaway 7 ASA became a global leader in the delivery of fixed offshore wind solutions. The Group offers specialist foundation, offshore substation, submarine cable and wind turbine installation services and heavy transportation for the offshore renewables market.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with the Norwegian Accounting Act and Norwegian general accepted accounting principles.

2.1 Functional and presentation currency

The financial statements are presented in US Dollars (\$), which is also the functional currency for the company. Monetary items in foreign currencies are recorded at year end exchange rates. Realised currency exchange gains or losses are recorded at the time of payment.

2.2 Estimates

Management has used estimates and assumptions that may have an effect on costs and the valuation of assets and liabilities in the reporting of the annual financial statements.

2.3 Measurement of revenues and cost

Revenues are recognised as they are earned. Costs are recognised in the same reporting period as the corresponding revenues.

2.4 Classification and evaluation of balance sheet items

Current assets and short-term liabilities consist of items due for payment within a year after recognition. Other items are recognised as non-current assets or liabilities.

Current assets are valued at the lowest of acquisition value or fair value. Current liabilities are recorded at the nominal value at the time of recognition.

2.5 Shares in subsidiaries

Investment in shares in subsidiaries is accounted for using the cost method in the statutory accounts. An impairment loss is recognised if the fair value is lower than book value and this is viewed as non-temporary. The impairment loss is reversed to the degree that the fair value improves, and that the improvement is not assumed to be of a short-term nature.

2.6 Taxation

The income tax in the statement of income consists of taxes payable and changes in deferred taxes. Deferred tax and deferred tax benefit is calculated based on temporary differences between tax bases of assets and liabilities and their carrying amount for financial reporting purposes and is based on nominal values. Net deferred tax benefit is recorded in the statement of financial position only in the event that it is probable that it can be utilised in the foreseeable future.



Contents

3. SHARES IN SUBSIDIARIES

Seaway 7 ASA had the following wholly-owned subsidiaries at 31 December 2021.

Name	Registered in	Nature of business
Seaway Offshore Cables GmbH	Germany	General Trading
SHL Holding NL B.V.	Netherlands	Holding
Seaway Moxie AS	Norway	Vessel Owning
Seaway Almy AS	Norway	Vessel Owning
Seaway Phoenix AS	Norway	Vessel Owning
VIND Offshore Installation AS	Norway	Vessel Owning
Offshore Heavy Transport AS	Norway	General Trading

For all entities, the principal place of business is consistent with the place of registration.

All subsidiary undertakings are included in the Consolidated Financial Statements of the Group. The proportion of the voting rights in the subsidiary undertakings held directly by the immediate parent company does not differ from the proportion of shares held.

Details of the addresses of the registered office of each of the wholly-owned subsidiaries are available on request from Seaway 7 ASA, registered office, Haakon VII's Gate 1, 11th Floor, Oslo, 0160 Norway.

4. CAPITAL AND RESERVES

(\$ in millions)	Issued share capital	Paid-in surplus	Other reserves	Retained earnings	Total
Incorporation 21 February 2020	0.1	–	–	–	–
Capital contributions in the year	1.2	264.4	–	–	265.6
Share issuance costs	–	(1.9)	–	–	(1.9)
Value of issued warrants	–	–	1.1	–	1.1
Net profit	–	–	–	2.0	2.0
Balance at 31 December 2020	1.3	262.5	1.1	2.0	267.0
Share issuance	3.6	695.4	–	–	699.0
Share issuance costs	–	(0.1)	–	–	(0.1)
Net profit	–	–	–	5.1	5.1
Balance at 31 December 2021	4.9	957.8	1.1	7.1	971.0



Notes to the Financial Statements continued

4. CAPITAL AND RESERVES CONTINUED

Authorised shares

	2021 31 Dec Number of shares	2021 31 Dec in \$ millions	2020 31 Dec Number of shares	2020 31 Dec in \$ millions
Authorised common shares, NOK 0.10 par value	436,562,575	4.9	122,237,251	1.3

Issued shares

	2021 31 Dec Number of shares	2021 31 Dec in \$ millions	2020 31 Dec Number of shares	2020 31 Dec in \$ millions
Fully paid and issued common shares	436,562,575	4.9	122,237,251	1.3

On 1 October 2021, as a result of the business combination, the Company issued 314,325,324 shares at a par value of NOK 0.10 per share. Share premium was recognised equivalent to \$695.4 million.

Shareholders

The 20 largest shareholders at 31 December 2021 and their beneficial ownership as a percentage of the total fully paid and issued common shares of the Company were:

	%
Subsea 7 Blue Space Limited	72.0
Songa Corp.	14.3
Lotus Marine AS	7.2
Skagen Vekst Verdipapirfond	0.8
Klaveness Marine Finance AS	0.5
Verdipapirfondent Nordea Norge Verd	0.4
Goldman Sachs & Co. LLC	0.4
Morgan Stanley & Co. LLC	0.4
Morgan Stanley & Co. Int. Plc.	0.4
J.P. Morgan Bank Luxembourg S.A.	0.3
Seb Cmu/Secfin Pooled Account	0.3
Turbin Capital AS	0.2
Danske Invest Norge Vekst	0.2
Nordnet Livsforsikring AS	0.1
Ulsmo Finans AS	0.1
Feen Marine AS	0.1
Ramstad Torgeir E	0.1
Brødrene Kvemeland AS	0.1
J.P. Morgan Chase Bank, National Association of London	0.1
Clearstream Banking S.A.	0.1



Contents

5. GROUP RECEIVABLES AND LIABILITIES

At (\$ in millions)	2021 31 Dec	2020 31 Dec
Receivables from other entities within the Seaway 7 Group	33.4	52.8

During the year ended 31 December 2021, interest income of \$1.5 million was recognised by the Company (2020: \$0.2 million).

The Company has accrued \$1.3 million for corporate allocation costs at year end 2021, represented by a current liability to subsidiaries.

6. OTHER RECEIVABLES

At (\$ in millions)	2021 31 Dec	2020 31 Dec
Receivables from entities within the Subsea 7 S.A. Group	7.2	–
Other current receivables	0.1	0.1
Total	7.3	0.1

7. CASH AND CASH EQUIVALENTS

At (in \$ millions)	2021 31 Dec	2020 31 Dec
Cash and cash equivalents	1.0	6.4

8. OTHER CURRENT LIABILITIES

At (\$ in millions)	2021 31 Dec	2020 31 Dec
Liabilities to entities within the Subsea 7 S.A. Group	40.5	–
Other current liabilities	0.5	0.4
Total	41.0	0.4

9. OTHER OPERATING EXPENSES

For the year ended (\$ in millions)	2021 31 Dec	2020 31 Dec
Corporate allocations within the Group	2.6	–
Compensations received under business combination agreement	(7.2)	–
Professional fees	0.8	0.5
Other operating expenses	0.2	0.3
Share-based payments (value of issued warrants)	–	1.1
Total	(3.6)	1.9
Audit fees		
Statutory audit fees	0.4	0.1
Other fees to auditors	–	0.1
Total	0.4	0.2



Notes to the Financial Statements continued

10. TAXATION

Tax recognised in the Income Statement for the year ended 31 December 2021 was \$nil (2020: \$nil).

Reconciliation of the total tax charge

The reconciliation below uses a tax rate of 22% (2020: 22%) which represents the Norwegian corporate tax rate applicable to Seaway 7 ASA.

For the year ended (in \$ millions)	2021 31 Dec	2020 31 Dec
Profit before taxes	5.1	2.0
Tax at the Norwegian corporate tax rate of 22% (2020: 22%)	1.1	0.4
Effects of:		
Tax effect of foreign exchange differences	0.2	(1.5)
Non-deductible expenses and other permanent differences	(1.5)	0.3
Items recognised directly in equity	–	(0.5)
Losses for which no tax benefit is recognised	0.2	1.2
Tax charge in the Income Statement	–	–

Deferred tax

At 31 December 2021, the Company had a net deferred tax balance of \$nil (2020: \$nil). At 31 December 2021, the Company had tax losses of \$5.9 million available for offset against future taxable income. No deferred tax asset has been recognised in respect of these losses as it is not considered probable that there will be sufficient future taxable income available for offset in the foreseeable future.

11. RELATED PARTY TRANSACTIONS

Key management personnel

Key management personnel include the Board of Directors and the Executive Management Team of the Group.

Non-Executive Directors

Each member of the Board of Directors is entitled to receive an annual fee of NOK 225,000 (equivalent to \$31,000) pro-rated for the period of office.

No shares were directly held in Seaway 7 ASA by Non-Executive Directors at 31 December 2021.

At 31 December 2021, Turbin Capital AS which is a company that Rune Magnus Lundetree is chairman of the Board of Directors and a 33.3% shareholder, owned 1,042,155 shares in Seaway 7 ASA, representing 0.2% of total common shares of the Company.

Key management

The remuneration of the Group Executive Management Team is conducted by other entities within the Group.

Shareholdings held in Seaway 7 ASA at 31 December 2021 were as follows:

Shares and performance shares

Name	Total owned shares
Stuart Fitzgerald	–
Steph McNeill	–
Harke Jan Meek	–
Mark Hodgkinson	–
Torgeir E. Ramstad	397,372

12. SHARE-BASED PAYMENTS

Share warrants

On 17 September 2020, Seaway 7 ASA (formerly OHT ASA) granted 1,018,935 equity-settled share warrants to certain key management. The warrants give the holders the right, but not the obligation, to subscribe for additional shares at a price of NOK 0.10 per share once the share price reaches a pre-determined value. The warrants are valid for five years from the date of award, expiring on 17 September 2025.

The share warrants are divided into three tranches; each tranche vests at the share price listed below:

	Number of share warrants	Share price ^(a) (NOK)
Tranche 1	339,645	24.00
Tranche 2	339,645	28.00
Tranche 3	339,645	32.00

(a) The share price, for the purposes of determining whether a tranche vests, is calculated based on a 10-day weighted average as quoted on the exchange on which the shares are listed.



During the year no share warrants were exercised, forfeited or granted.

The weighted average remaining contractual life for the share warrants outstanding was 3.7 years (2020: 4.7 years).

The IFRS 2 'Share-based Payments' fair value of each share warrant granted was estimated at the award date using a Monte Carlo simulation model taking into account the terms and conditions of the share warrants. As the share warrants do not include any service or performance requirements, the associated expense was recognised in full at the grant date. There were no expenses recognised in 2021 (2020: \$1.1 million).

13. FINANCIAL RISK MANAGEMENT

The Company is exposed to a variety of risks through operations and activities in its subsidiaries. This section focuses on financial risk management within the Group.

Financial risk management objectives

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

Derivative financial instruments are used exclusively for hedging purposes and not as trading or speculative instruments. During the years ended 31 December 2021 and 31 December 2020 the Group did not apply hedge accounting.

Market risk

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

In the year ended 31 December 2021, there was no significant change to the Group's exposure to market risks or the manner in which it managed and measured the risk.

Foreign currency risk

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

Credit risk management

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

Liquidity risk management

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

Capital risk management

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

14. POST BALANCE SHEET EVENTS

On 18 January 2022, the Group repaid in full the amount outstanding under the revolving credit facility of \$37.0 million.



Statsautoriserte revisorer
Ernst & Young AS

Dronning Eufemias gate 6a, 0191 Oslo
Postboks 1156 Sentrum, 0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
Medlemmer av Den norske Revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Seaway 7 ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Seaway 7 ASA (the Company) which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise the balance sheet as at 31 December 2021 and the income statement and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise the balance sheet as at 31 December 2021, the income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable legal requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021 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,
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 1 year from the election by the general meeting of the shareholders on 30 September 2021 for the accounting year 2021.

Other matters

The separate financial statements for the year ended 31 December 2020, were audited by another auditor who expressed an unmodified opinion on those statements on 29 April 2021. The consolidated financial statements are carve-out financial statements, and we refer to information included in note 1 for information on the basis for consolidation.



Building a better
working world

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and the Chief Executive Officer) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility contain the information required by applicable legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information or that the information required by applicable legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility are consistent with the financial statements and contain the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway and of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



Building a better
working world

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Oslo, 2 March 2022
ERNST & YOUNG AS

The auditor's report is signed electronically

Johan Lid Nordby
State Authorised Public Accountant (Norway)



Directors' and Chief Executive Officer's Responsibility Statement

We confirm that, to the best of our knowledge, the Consolidated Financial Statements and the Unconsolidated Financial Statements for the year ended 31 December 2021 have been prepared in accordance with current applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and the Group taken as a whole. We also confirm that, to the best of our knowledge, the 2021 Annual Report, Consolidated Financial statements, and Unconsolidated Financial Statements include a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties facing the Group. By Order of the Board of Directors of Seaway 7 ASA.

Oslo, March 2, 2022

The Board of Directors of Seaway 7 ASA

Sign.

Rune Magnus Lundetrø
Chairperson

Sign.

Kristian Siem
Director

Sign.

John Evans
Director

Sign.

Nathalie Louys
Director

Sign.

Monica Bjørkmann
Director

Sign.

Stuart Fitzgerald
Chief Executive Officer



Glossary

Term	Description
AGM	Annual General Meeting
Backlog	Expected future revenue from in-hand projects only where an award has been formally signed.
BoP	Balance of Plant
CEO	Chief Executive Officer
CFD	Contracts for Difference
CO₂	Carbon Dioxide
Company	Seaway 7 ASA
DP	Dynamic Positioning. A technique used to automatically maintain a vessel in its position and/or heading or on a predefined track by use of its thrusters and/or rudders.
Dry-dock	A facility for the construction, maintenance, and repair of vessels.
EAP	Employee Assistance Program
EPCI	Engineering, Procurement, Construction and Installation
EPIC	Engineering, Procurement, Installation and Commissioning
EU	European Union
Group	Seaway 7 ASA and its subsidiaries
GW	Gigawatts
HSEQ	Health, Safety, Environment and Quality
IMO	International Maritime Organisation
Inner-array cables	Cables that run between the individual wind turbine foundations and substations
ISO	International Organisation for Standardization
Jacket	A steel structure, typically comprised of an x-braced configuration between four steel legs. Jackets are one type of design of foundation for wind turbine generators.
Km	Kilometres
LCO	Levelised Cost of Electricity
LNG	Liquefied natural gas
Monopile foundation	A single, cylindrical, steel structure that can be used as a foundation for a wind turbine generator or offshore substation.
MW	Megawatt
NO_x	Nitrous Oxide
PMSR	Project Monthly Status Report
Seaway 7	Seaway 7 ASA
SO_x	Sulphur Oxide
T&I	Transportation and Installation
UK	United Kingdom
UN	United Nations
Wind turbine foundation	A base on to which a wind turbine generator is installed.
Wind turbine generator	A wind-driven power generation unit.
WTG	Wind Turbine Generators
WTIV	Wind Turbine Installation Vessel
XL	Extra-large





seaway⁷

Seaway 7 ASA

is listed on Euronext Growth Oslo (SEAW7)

ISIN: NO0010893803. LEI: 984500D47BF2D47T7F41.

Registered office:

Haakon Vlls gate 1

0161 OSLO,

Norway

seaway7.com



Skatteetaten

Vår dato
21.01.2021

Din/Deres dato
31.12.2020

Saksbehandler
Vibeke Horne

800 80 000
Skatteetaten.no

Din/Deres referanse
AR407543259

Telefon
90518192

Org.nr
974761076

Vår referanse
2021/5013786

Postadresse
Postboks 9200 Grønland
0134 OSLO

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

Att. Thomas Rønning

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

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

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

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

Bakgrunn

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

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

Skattekontorets vurdering

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

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

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



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

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

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

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

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Vibeke Horne
rådgiver
Brukerdialog, brukerkontakt
Skatteetaten

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.