subsea 7

MAKE POSSIBLE

Annual Report 2022

Contents

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2022 Financial Performance

Revenue	Adjusted EBITDA	Net income	Diluted earnings per share
$5.1bn	$559m	$36m	$0.19
2021: $5.0bn	2021: $521m	2021: $36m	2021: $0.11

Cash and cash equivalents	Dividends and share repurchases	Order intake	Backlog
$646m	$78m	$7.1bn	$9.0bn
2021: $598m	2021: $93m	2021: $6.1bn	2021: $7.2bn

Our vision and values framework

Our vision

To make possible the global delivery of offshore energy for today and tomorrow.

Our strategy

We create sustainable value by delivering the offshore energy transition solutions the world needs.

Our Values

- Safety
- Integrity
- Sustainability
- Performance
- Collaboration
- Innovation

How we make possible

/ Early engagement and system innovation

/ Collaboration and partnerships

/ Integrated services

/ Sustainable delivery

/ Digital solutions

/ Enabling products

Positioned to thrive through the energy transition

Kristian Siem Chairman

Subsea7 delivered a good performance in 2022 driven by an accelerating recovery in the subsea market.

To the shareholders of Subsea 7 S.A.

In 2022, our Group revenue increased 3% to $5.1 billion, driven by higher activity in the subsea business, offsetting a decline in renewables. Group Adjusted EBITDA of $559 million resulted in an EBITDA margin of 11%, broadly in line with last year. Diluted earnings per share were $0.19, an improvement from $0.11 in 2021. Order intake increased 17% year-on-year to $7.1 billion, taking the backlog above $9.0 billion for the first time since 2014, with improved pricing in both subsea and renewables.

Positive outlook underpinned by the drive for energy security

We began 2022 with a positive view of the outlook for the Group, supported by a solid backlog and a significant increase in tendering activity. After years of under-investment by oil and gas producers, growing global energy demand, and with limited threat of new vessel additions by the industry, the stage was set for durable improvement in the dynamics of the subsea market. At the same time, the pipeline of opportunities in fixed offshore wind continued to expand.

The world was shaken by the conflict in Ukraine that began in February 2022. The consequent threat to Europe's energy security underscored the need for investment in energy infrastructure, both traditional and renewable. The coincident increase in raw material prices, compounded by a rise in general inflation and interest rates, presented challenges for industries globally, including our own, and a handful of the industry's marginal projects were postponed. However, there remains a vast portfolio of potential developments in both subsea and offshore wind with attractive economics, all of which will be necessary if the industry is to meet the demand for global energy and provide energy security in Europe.

Making the energy transition possible

Subsea7 is well-positioned to help the world meet this challenge while working towards Net Zero, with a strong position across the offshore energy landscape from lower-carbon oil and gas, carbon capture and fixed offshore wind, to emerging energy sources such as floating wind and future opportunities in hydrogen. We are playing a key role in supporting our stakeholders, and the world, in achieving these energy transition goals.

With decades of experience in the traditional energy market we are working alongside our clients and supply chain to reduce the emissions intensity of offshore hydrocarbon developments, both during the installation phase and over the life of the field. Our own emissions will be reduced through hybridisation and digitalisation of our vessels, as well as through the use of biofuels, where available. Our subsidiaries, Xodus and 4Subsea, are helping us to deliver solutions that reduce the carbon emissions of our clients' developments and we utilise our Carbon Estimator tool in every study we undertake. We are also actively involved in installing new carbon capture, utilisation and storage (CCUS) infrastructure to increase the availability of carbon sequestration, which will be key to the world's efforts to tackle climate change. The lower-carbon oil and gas and CCUS markets are key opportunities for Subsea Integration Alliance, our partnership with SLB (formerly Schlumberger), which will be strengthened by SLB's agreement with Aker Solutions to form a new subsea hardware company.

While hydrocarbons are likely to remain part of the energy mix for some time, with lower-carbon gas replacing more highly polluting fuels such as coal, offshore wind will be an important contributor to the world's push to Net Zero. Over the past 10 years we have supported major developers in the construction of over 10GW of offshore wind power – enough to power 12 million homes – including the installation of over 1,000 wind turbine foundations and nearly 2,000 kilometres of inner-array cables. Towards the end of 2023 we will take delivery of two state-of-the-art installation vessels that will enable larger turbines to be installed more efficiently, helping to improve wind farm economics and provide cost-efficient, renewable energy for communities in Europe, Asia and the US. In common with many industries in the early stages of development, the offshore wind market is taking time to find a balance in the sharing of risk and reward between its stakeholders. In 2022, Subsea7 executed some challenging projects and we have applied the learnings to further enhance our processes. I am confident that this industry will offer the Group a valuable source of long-term growth with an attractive returns profile. In addition, our strategies in emerging energies will continue to place Subsea7 at the heart of the energy transition for decades to come.

Progress in delivering our sustainability targets

Sustainability is one of our core Values and underpins our strategy. This year we continued to make progress against our ambitions across our six priority areas, as well as in our sustainability disclosure, and it is gratifying to see this recognised by the ESG rating agencies. In December, Subsea7 achieved the fifth highest score of the 92 companies in the sector assessed by

S&P Global. This is material progress from our position last year and indicative of our commitment to advance our sustainability performance. The Group's fourth Sustainability Report, including our TCFD disclosure, is published concurrently with this Annual Report. Our fleet of 36 vessels accounts for over 90% of Subsea7's emissions and is therefore the focus of many of our strategies behind our ambition to target Net Zero by 2050. The adoption of cleaner fuels is a key component of our pathway to reduce our fleet emissions and this year I was pleased that we completed a successful trial of biofuels on *Seven Oceanic*, with an estimated CO_2 saving of around 30%. Being able to demonstrate this capability and operability is vital in promoting lower-carbon alternatives, as they become more widely available at scale to the market.

Inspiring people

In May 2022 we published 'Inspiring People: The Story of Subsea7' which celebrates 20 years of our company and 75 years of history through the predecessor companies that combined to make the Subsea7 of today. Our rich heritage of entrepreneurial spirit and innovation has enabled us to achieve major milestones, from deploying the industry's first dedicated pipelay barge in the shallow water Gulf of Mexico, to installing Angola's first real deepwater field and Brazil's first subsalt development. The industry is constantly evolving, but our passion for tackling challenges and engineering solutions will ensure Subsea7 remains at the forefront of the offshore energy landscape. An online copy of the book is available on our website.

Shareholder returns

In 2022, Subsea7 generated net cash of $55 million and ended the year with a strong balance sheet with $33 million of net cash including lease liabilities of $257 million. During the year we returned $78 million to shareholders through dividends and share repurchases, including our first regular dividend of NOK 1.00 per share.

In the year ahead, the Group will invest in enhancing its wind fleet, as well as in the subsea hardware joint venture between SLB and Aker Solutions. It is also expected that the subsea business will invest in working capital associated with two projects in Brazil and Saudi Arabia. While these investments dampen the potential for excess cash generation by the Group, the Board will recommend a NOK 4.00 per share dividend at the AGM on 18 April 2023. In arriving at this proposal, the Board took into consideration the financial performance and prospects of the Group, the NOK 1.00 regular dividend policy commitment and the status of the 2022 share repurchase programme. One of our main objectives for the future is to improve the Group's return on capital employed, which remains low while our clients enjoy the benefits of higher energy prices and industry efficiencies, including the services we provide. This process has already begun, with higher prices and margins embedded in recent awards and ongoing tenders, including in fixed offshore wind. It is envisaged that the Group will be capable of generating significant excess free cash flow from 2024 onwards and the Board is committed to returning excess cash to shareholders.

As well as delivering on our strategy to return capital to shareholders, Subsea7 is committed to paying taxes in a fair and transparent manner in the countries in which it operates. In 2022, our operations resulted in a corporate cash tax contribution to tax authorities around the world of $103 million (with an effective tax rate of 73%), bringing our total corporation tax contribution over the past decade to $1.2 billion.

Our Values

Safety

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

Integrity

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

Sustainability

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.

Performance

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

Collaboration

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.

Innovation

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.

My thanks

On behalf of the Board of Directors, I would like to thank our people across the globe for their continued dedication and efforts in delivering the complex projects that are the bedrock of Subsea7. I am also grateful for our strong relationships with both our clients and our suppliers. Together we have navigated the challenges of 2022 and I look forward to sharing in the successes of the years ahead. Finally, I would like to thank our shareholders for their ongoing support as we execute a strategy that embraces the energy transition to deliver long-term value accretion.

Kristian Siem
Chairman

Gathering momentum

John Evans Chief Executive Officer

Our Subsea and Conventional business experienced continued positive momentum in 2022. High tendering activity resulted in another year of strong order intake, and tightening vessel availability supported an improvement in pricing over the course of the year.

In our Renewables business, the pricing and risk-sharing of new offshore wind contracts improved during the year, driven by high forecast demand for our services and a shortage of installation vessel capacity.

A good performance in a volatile macro environment

Overall, Group revenue increased 3% to $5.1 billion, driven by growth in Subsea and Conventional, partially offset by a decline in Renewables. Revenue in Subsea and Conventional increased 6% and the Adjusted EBITDA margin improved slightly from last year to 13.6% as we continued to execute contracts awarded prior to the market recovery. Good progress was made on the fast-track Sakarya project in Türkiye, as well as Bacalhau and Mero 3 in Brazil. Revenue in Renewables fell 11%, driven by the phasing of the major Seagreen project, which neared completion at the year end. The Renewables margin remained low at 0.4% and was adversely impacted by challenging projects in Taiwan and Europe. Overall, the Group's Adjusted EBITDA increased 7% to $559 million.

Cash generated by the Group benefited from a better-than-expected reduction in working capital of $28 million due to a shift in scheduling of certain projects with extended payment terms, as well as active cash management. Capital expenditure of $231 million related mainly to our two new build offshore wind vessels. Net cash was $33 million, including lease liabilities of $257 million, an improvement from a net debt position of $55 million in the prior year.

Our tendering teams were very active in 2022 and new order intake reached $7.1 billion, equivalent to a book-to-bill of 1.4. This resulted in a backlog of over $9 billion, the highest level since 2014, and a tightening of vessel availability for 2024 onwards, allowing an increase in pricing. Significant new awards during the year included Búzios 8 in Brazil, the Yggdrasil (formerly NOAKA) project in Norway, and selection as preferred supplier for the East Anglia THREE offshore wind project in the UK.

Reaffirming our market-leading capabilities

In 2022, we enhanced our subsea strategy with the announcement of an agreement to invest in a new subsea hardware joint venture between SLB (formerly named Schlumberger) and Aker Solutions. Upon completion of the transaction in 2023, the joint venture will replace SLB as our partner in Subsea Integration Alliance, which will be extended to 2033. The planned investment by Subsea7 of $306.5 million for a 10% stake in the joint venture will strengthen the relationship with our partners in the alliance as well as yielding an attractive expected return on investment on a standalone basis.

Integrated solutions, offered through Subsea Integration Alliance, have been a cornerstone of our subsea strategy, yielding contract awards worth $4 billion since January 2020, and our investment will ensure this remains a durable source of competitive differentiation. Alongside our strategies to digitalise and hybridise our fleet, and the continual investment in product innovation, the evolution of our integrated offering will ensure that Subsea7 remains a market leader in the subsea sector, positioned to deliver strong cash flow and returns for shareholders.

Our renewables business experienced a hiatus in new awards for much of 2022, largely due to the delay to the UK contract for difference allocation round, but underlying interest in our services remained strong. Tendering activity remained high and we were selected as preferred supplier for two major UK EPCI projects, together worth over $1 billion – SSE's Seagreen 1A and ScottishPower Renewables' East Anglia THREE. These are expected to convert to firm EPCI awards upon client sanction in 2023. In 2022, we continued to demonstrate the benefits of our EPCI contracting model to our clients with progress on the first phase of the Seagreen project running on time and to budget. The adoption of this mode of contracting for Seagreen 1A and for the East Anglia THREE development further validates this strategy that allows us greater visibility and control in the delivery of these complex projects.

A positive market outlook

With established positions in the traditional oil and gas, maturing fixed offshore wind and emerging floating wind markets, Subsea7 is well-positioned for both near-term and long-term growth. In 2023 we expect revenue and Adjusted EBITDA margins to be higher than 2022. We expect the growth and cash generation of both the subsea and wind businesses to accelerate from 2024 onwards.

In Subsea and Conventional we are focused on capitalising on the current upturn in the oil and gas industry to maximise cash generation and increase returns to shareholders. This has been enabled by our investment over the past decade in the industry's most capable and modern fleet of vessels that can address the full subsea installation market, including carbon capture, with a low requirement for ongoing investment. Bidding activity in the subsea market remains high, with a tender pipeline of around $15 billion, up 20% on the prior year. Availability of installation capacity is already tight for 2024, and tightening for 2025, resulting in improved margins on contracts recently awarded and under negotiation.

In Renewables we saw a positive move in the pricing and risk profile of contracts during 2022 and I am confident that recent awards will drive an improvement in our margins and returns in fixed offshore wind. The delivery in the next year of two new build state-of-the-art installation vessels will enable us to capture a leading share of this high-growth market over the coming decade. This will be augmented by our involvement in the nascent markets for emerging energies.

Overall, I am pleased with the progress that Subsea7 made in 2022 and confident that the Group is well-positioned to capture both near-term and longer-term opportunities as we deliver the infrastructure required to move molecules and electrons across the energy landscape.

John Evans
Chief Executive Officer

Make Possible

In 2022 we launched Make Possible, a new way of defining our strategy and our energy transition journey. The dual elements of 'Lower-Carbon Oil and Gas' and 'Renewables and Emerging Energy' are illustrated on pages 10 and 11 and discussed on pages 12 to 15.

Stronger together

Collaborations and partnerships are firmly part of our DNA and strategic priorities. They enable us to form deep relationships with clients, manage a large and complex supply chain and work with local stakeholders, communities and industry bodies. Through collaborations, partnerships and alliances the energy industry will more effectively meet the challenge of climate change and the energy transition.

Aker BP Subsea Alliance

In December 2022, Aker BP sanctioned the development of its Yggdrasil (formerly NOAKA), Skarv and Valhall PWP-Fenris projects with a strong focus on low emissions. Through early engagement with Aker BP, and subsea alliance partner Aker Solutions, together we optimised field economics against the backdrop of above-normal cost inflation while minimising the development's carbon footprint including the use of power from shore.

The awards, worth approximately $1.8 billion to Subsea7, are testament to the benefits of a collaboration that enriches the engineering and design process with the alliance's collective experiences and know-how built up over decades of successful operations in the subsea industry.

Siemens Energy

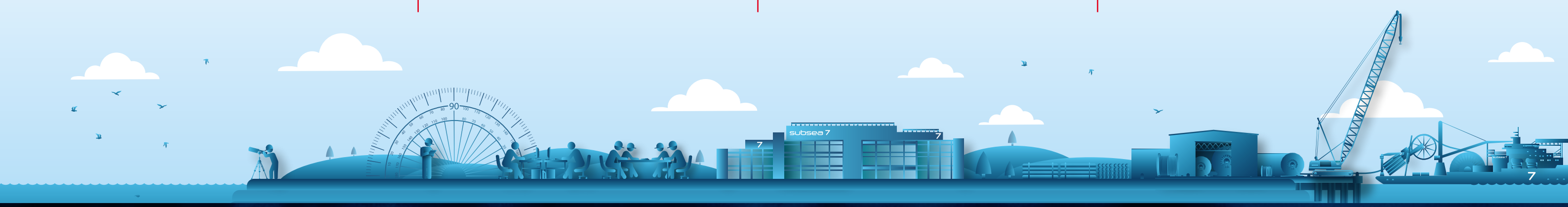
In January 2023, we announced a new partnership with Siemens Energy to develop innovative technology for the floating wind market. The technology will enable the connection of multiple wind turbines into one subsea hub, allowing for more flexibility in floating wind farm architecture and construction. The flexibility offered will contribute to lowering the cost of developments, while also delivering higher power availability by enabling efficient maintenance of floating wind systems.

Integrating the skills and capabilities of two industry leaders allows us to accelerate innovation and provide the industry with the next generation of enabling products to unlock the potential of floating wind energy.

Full service across the field lifecycle

Subsea7 provides project management, engineering and construction expertise across the full field lifecycle. These services are delivered to clients across the energy landscape, in oil and gas, offshore wind and emerging energies.

Concept	Design	Engineer	Procure and Fabricate
Input at the concept phase allows for optimisation of later lifecycle stages.	**Robust FEED ensures minimal change and accurate forecasting during design.**	**Detailed engineering by experienced personnel delivers the best solution.**	**Efficient procurement and high-quality fabrication optimise costs.**
What we do			
Being involved at the earliest stage of developments enables us to deliver maximum value, whether in oil and gas, wind or emerging energies. The concept stage is key to lowering costs and emissions during development and in the later lifecycle stages.	We deliver front-end engineering and design (FEED) for our clients. These services are essential in selecting the right solution to fully optimise the development.	Engineering is at the core of what we do. Detailed engineering involves taking the initial solutions developed in the concept and FEED stage and refining these for execution. For EPCI wind projects, our engineering teams support clients in their bids for offshore licences.	Our teams are able to execute large EPCI projects in all our business units and in all geographies. The scale and global reach of our supply chain management differentiates us.
How we add value			
We incorporate new technologies and standardisation into the design to lower the total cost of development and optimise emissions. Our Carbon Estimator is used in all our significant studies.	We work with our alliance and client partners to optimise solutions, align schedules and accurately forecast full lifecycle costs.	Our global teams of experts have a track record for designing the best solutions and executing them. This stems from our ability to solve problems and engineer solutions.	We have a clear understanding of the risks and opportunities that exist when working with a large, global supply chain network.



Creating better outcomes for our stakeholders

Our clients
Our collaborative way of working helps us to develop the best solutions for our clients' needs. We are able to lower our clients' costs by utilising our technology, our assets and efficient work processes. Our culture ensures good performance without compromising safety.

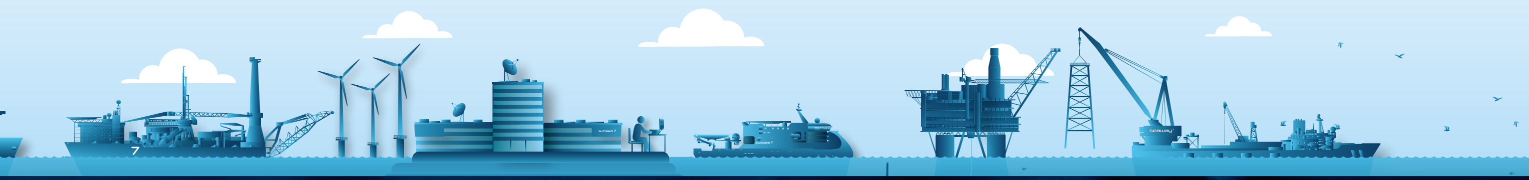
103

clients supported by Subsea7 in 2022

Our shareholders
We seek to create long-term value for our shareholders in all that we do. We have a disciplined approach to capital allocation and a commitment to good governance. Through roadshows and conferences, we aim to communicate effectively with our existing and potential new shareholders.

139

investment firms met in 2022



Install and Commission

World-class vessels enable safe, on-schedule and cost-efficient installation.

We install and commission subsea infrastructure for hydrocarbon and renewable energy developments in all water depths. We install foundations and inner-array cables for fixed and floating wind farms.

Our fleet of high specification vessels allows us to install market-leading solutions. Our onshore and offshore experts have the experience to deliver these solutions safely and efficiently.

Maintain

Effective and responsive maintenance reduces the cost of ownership.

We specialise in maintaining offshore infrastructure through use of our fleet of ROVs. Our digital products and services help optimise maintenance and reduce downtime and unplanned outages.

We incorporate our maintenance knowledge and digital monitoring into the design of the field, lowering the total cost of ownership for our clients.

Extend

New technologies extend the life of the field development and maximise return on investment.

We have a growing portfolio of technologies that enable clients to extend the life of their assets through production enhancement as well as the tie-in of satellite reserves.

Our technology portfolio offers a range of solutions for all field extension needs. We collaborate with partners across the supply chain to deliver these solutions.

Decommission

Facilitation of abandonment, decommissioning and re-use of infrastructure.

We have the capacity to decommission large-scale infrastructure in both oil and gas and wind markets. We can manage all aspects including regulation, technology, environment, planning, execution and costs.

We draw on our skills in engineering and project management as well as our enabling vessels to decommission fields, with high standards of safety and sustainability as a priority.

Our people

Our people are the foundation of our business. Our experts, onshore and offshore, can deliver solutions around the world, leading the industry in know-how and the ability to innovate. We invest in our people, giving them opportunities to learn and grow.

~5,000

attendees at the Festival of Learning in 2022

Society

We engage with the societies in which we work. Through local partnerships we create and develop local content opportunities, and contribute to communities. With Integrity as a Value we have a zero tolerance attitude towards non-compliant business practices.

6,691

employees receiving compliance and ethics training in 2022

Understanding our operating environment

The oil and gas market

Commodity prices were volatile during 2022, driven by changing investor sentiment regarding the outlook for global economic growth, including the demand for oil and gas. The Brent oil price ended the year up 10% at $86 per barrel, but ranged from $75 to $137 per barrel during the year. Likewise, the European (TTF) gas price ranged from €68 to €339 per megawatt hour. The primary drivers of volatility included the availability and acceptability of energy supplies from Russia, and Covid-19-related restrictions and weather which both impacted expected demand.

Despite the volatile economic backdrop, the market for subsea and conventional services strengthened throughout the year, supported by the drive for long-term energy security in Europe. Tendering activity remained at high levels, although it continued to be concentrated in Brazil, Norway and the Gulf of Mexico. The pace of contract awards increased in 2022 and, overall, the three main players in Subsea7's subsea market recorded order intake of $23 billion in 2022, up 50% from $15 billion in 2021.

Assuming no material change in the economic outlook, the market for Subsea and Conventional is expected to continue recovering over the coming years. As illustrated below, the global subsea market is expected to grow from $25 billion in 2022 to $28 billion in 2023 and $32 billion by 2025, equating to a compound annual growth rate of 8%.

The hydrocarbon industry remains a key provider of energy under all probable energy transition scenarios, with those markets benefiting from the most attractive returns – including deepwater provinces of Brazil and the Gulf of Mexico, certain basins onshore North America, and the Middle East – likely to remain most resilient over the very long term. Against this backdrop we anticipate continued demand for our subsea services into the next decade, with a growing emphasis on lower-carbon gas, and an accelerating push to minimise the emissions footprint of our clients' developments, including through carbon capture and electrification.

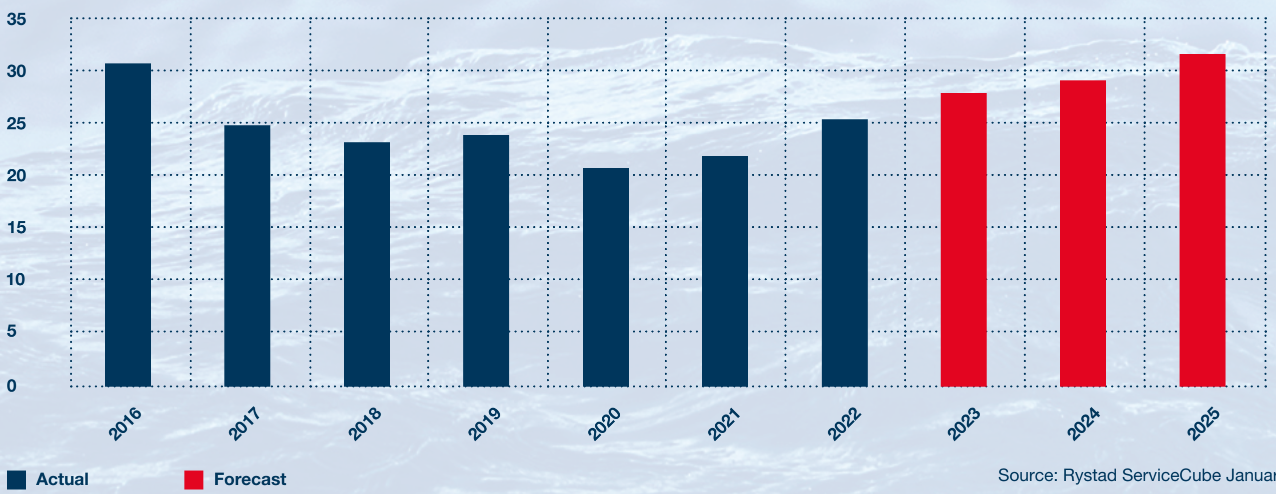
The offshore wind market

The outlook for renewable energy remains positive for the decade ahead as the world transitions to cleaner sources of energy. Growth in the offshore wind market has accelerated, driven by ambitious national targets for installed capacity and generally supportive political and regulatory regimes. This has been underpinned by pressure to address climate change and, more recently, the drive for energy security. Continually improving economies of scale have made offshore wind an attractive source of renewable energy.

The outlook for new annual installations and associated capital expenditure in the fixed offshore wind market is strong, with an anticipated compounded annual growth rate of 18% between 2020 and 2035. By 2035, a global installed offshore wind capacity of over 300GW is forecast, approximately 12 times the 25GW capacity that was globally installed by the end of 2020. Tendering activity for fixed offshore wind projects remained high in 2022 with a focus on the European and US markets.

The main challenges remain the pace of permitting, the maturity of the supply chain in certain regions, and, in the US, ensuring that execution strategies are Jones Act compliant.

Global subsea market
Billion USD



Source: Rystad ServiceCube January 2023

Risk management will be key to profitability in the wind market, and a selective tendering approach is required, focused on known clients, early engagement, specific scopes and acceptable risk profiles, to ensure a full understanding of technical, supply chain and operating risks.

Emerging energy markets

Subsea7's strategy includes longer-term opportunities in certain emerging energy markets including carbon capture and floating wind. Carbon capture, utilisation and storage (CCUS) is likely to be a key component of the world's ability to reach Net Zero carbon emissions and Rystad estimates that the amount of CO_2 captured per year will near 700 million tonnes by 2030 from 40 million tonnes in 2022. While the precise size of the CCUS market for Subsea7 is not yet fully-defined, it represents an incremental opportunity for our existing subsea business. The market for floating wind remains nascent, with most activity focused on pilot, non-commercial developments. However, this market is expected to make a strong contribution to growth in the offshore wind market, representing over 26GW by 2035. In the long term, hydrogen potentially will become a significant market, and we are in the process of defining the size of the opportunity.

Inflation and our supply chain

As a consequence of the conflict in Ukraine, as well as a sharp uptick in general inflation, the price of raw materials and labour increased in 2022. Subsea7 managed the risk of supply chain price inflation through various contractual mechanisms including back-to-back supplier pricing, index-linked pricing and escalation clauses in our contracts.

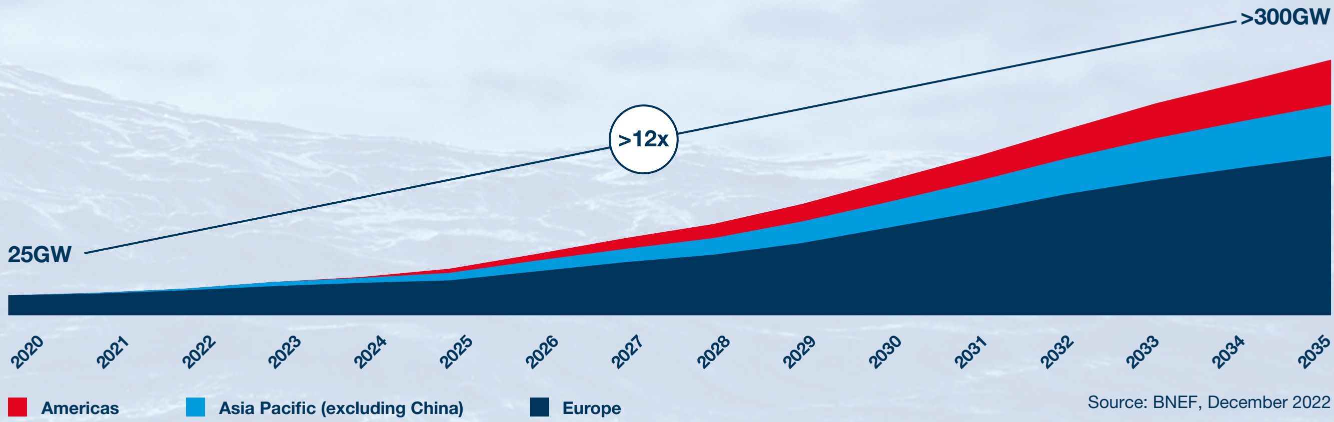
Supply chain management is a core competency of Subsea7 in its delivery of complex projects with vast global supply chains and, while the environment was challenging, we experienced no material detrimental impact on our results. Subsea7's main exposure to inflation lies in its own labour cost, which in 2022 represented 23% of our total operating expenses. Budgeted wage inflation is factored into our project tenders or may be passed to the clients through escalation clauses.

The re-opening of China in 2023 may drive another increase in raw material prices, which could affect tendering for projects with marginal economics. However, we expect the majority of bids to continue to proceed, supported by favourable return on investment for our clients. A greater challenge has been the reduction in depth and quality of certain areas of our supply chain, with the departure from the subsea industry of some key suppliers, along with the financial fragility of some remaining suppliers. The Group actively monitors the financial health and performance of its subcontractors and suppliers and, to date, has been able to manage this risk effectively.

Windfall taxes

As high energy prices impacted the cost of living around the world in 2022, governments sought to finance consumer subsidies through the introduction of windfall taxes on energy producers. The uncertainty this has introduced to project economics may have the greatest impact on our clients in the UK. While our subsea activity in the UK was already low, the threat of windfall taxes may affect the few projects in the tender pipeline in the UK North Sea. The impact may also be felt in our UK offshore wind business, where our clients are reviewing project economics.

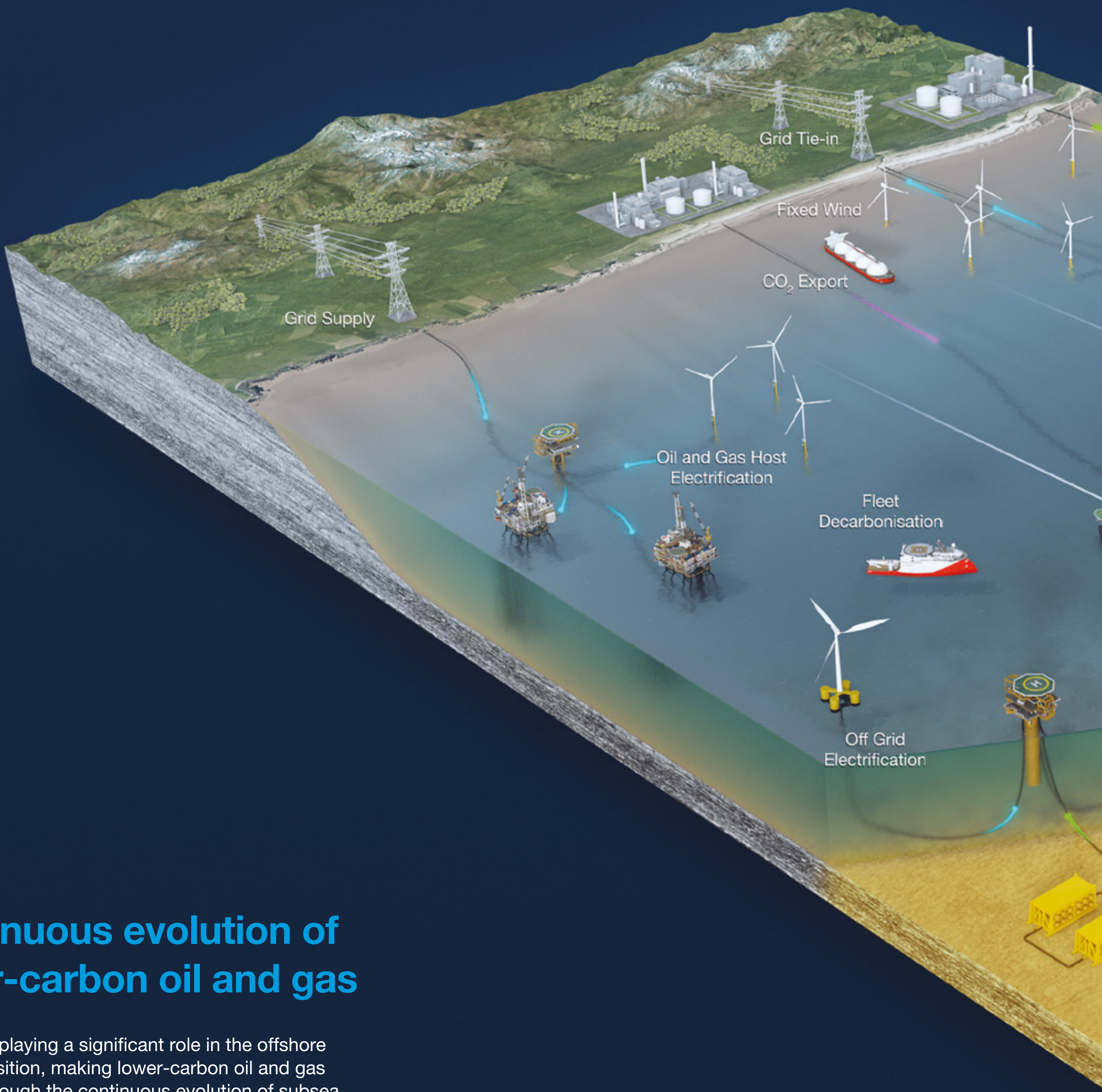
Global fixed offshore wind market
Cumulative installations (GW)



Source: BNEF, December 2022

Our world

Subsea7 creates sustainable value by delivering the offshore energy transition solutions the world needs.

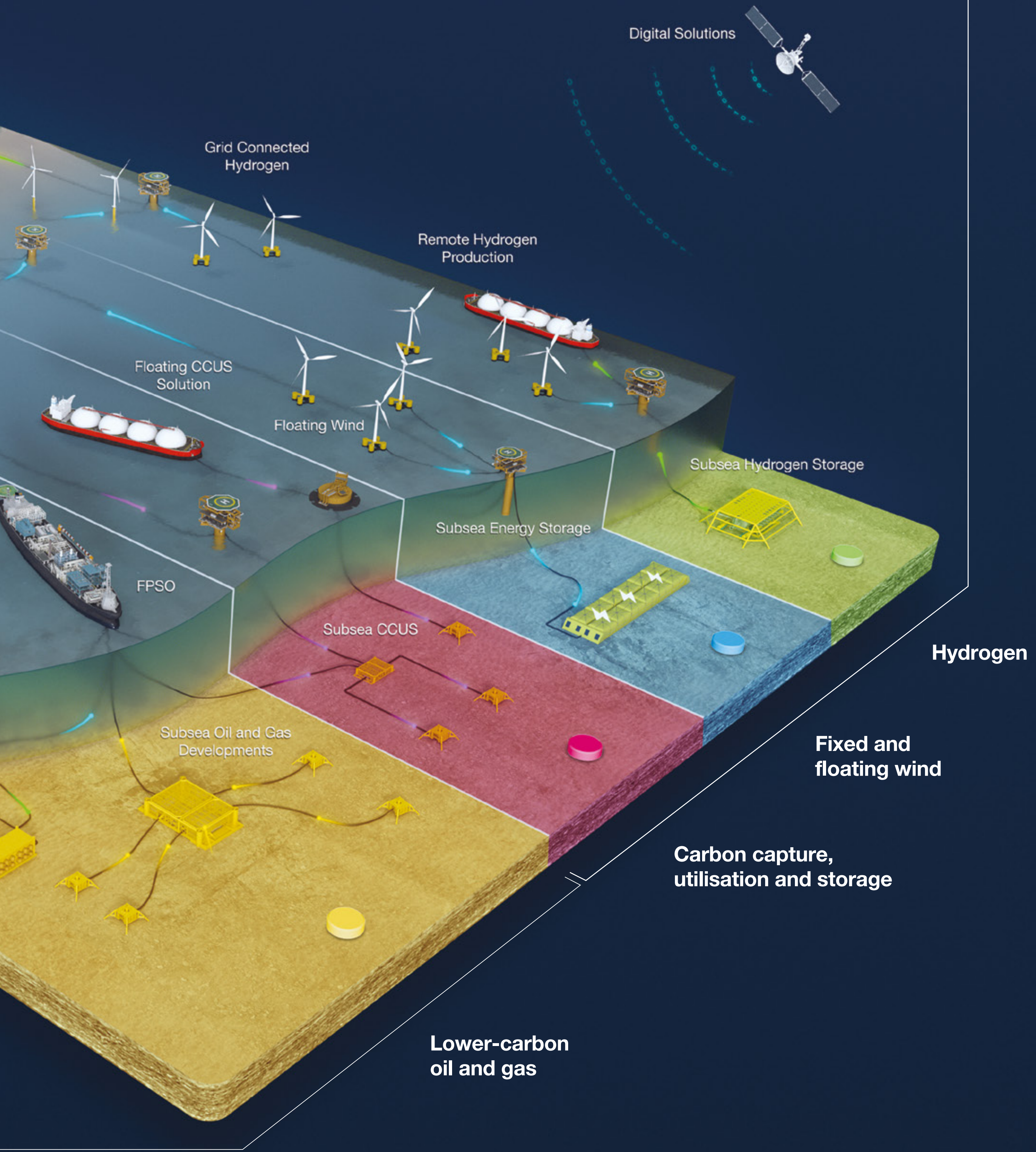


Continuous evolution of lower-carbon oil and gas

Subsea7 is playing a significant role in the offshore energy transition, making lower-carbon oil and gas possible through the continuous evolution of subsea and conventional developments, life-of-field services and the electrification of offshore facilities.

Enabling the growth of renewables and emerging energy

Subsea7 is making renewables and emerging energy possible by enabling the change and innovation required to deliver projects in offshore wind, carbon capture and hydrogen.



Continuous evolution of lower-carbon oil and gas

Subsea7 is playing a significant role in the offshore energy transition, enabling lower-carbon oil and gas through the continuous evolution of subsea and conventional developments, life-of-field services and the electrification of offshore facilities.

Integrated SPS-SURF solutions

$4bn

Awards net to Subsea7 since January 2020

Carbon Estimator

100%

Studies that included an emissions assessment

Our ambition for the continuous evolution of lower-carbon oil and gas

Subsea and Conventional developments

Subsea7 is a global leader in the provision of subsea installation services. We design and install subsea systems that leverage pioneering enabling products, digitalisation and lower-carbon intensity solutions to deliver optimal field architectures. In addition to standalone SURF services we offer an integrated SPS-SURF package though Subsea Integration Alliance, our partnership with SLB.

During 2022, we agreed to invest in the new subsea hardware joint venture between SLB and Aker Solutions that will become our new partner in Subsea Integration Alliance. The transaction is expected to close in 2023. Subsea Integration Alliance will continue to focus on utilising new technologies to deliver optimal subsea performance while reducing carbon emissions, including digitalisation of subsea projects, and the incorporation of carbon capture.

Electrification of offshore facilities

Offshore electrification, including subsea power distribution and host facility electrification, are transformative solutions in the drive to produce lower-carbon oil and gas. Clean power can be sourced from onshore grids or direct from offshore renewable energy sources such as offshore fixed and floating wind. Combining our ability to assess greenhouse gas emissions using our Carbon Estimator, coupled with over a decade of experience in offshore wind, we are well positioned to bring traditional and new energy systems together. During the year we installed inner-array cables on the Hywind Tampen floating wind project, which will supply clean energy to the Snorre and Gullfaks fields in the North Sea.

In early 2023 we agreed with Siemens Energy to jointly develop electrification solutions for floating wind developments.

Life-of-field services

Subsea7 provides fully-integrated solutions, engineering services and enabling products that protect the integrity and optimise the performance of subsea infrastructure throughout the life of a field.

Working together with our autonomous subsidiaries, 4Subsea and Xodus, we are developing digital solutions for asset integrity management, condition monitoring and remote operations.

Our combined capabilities allow clients to maximise recovery rates across the life of a field, enabling the highest levels of uptime and availability, at an optimised cost.

Our progress this year

- Leveraged the tightening market for our engineering, project management and vessels to improve the pricing and payment terms of our subsea contracts
- Agreed to take a 10% stake in the new subsea hardware joint venture between SLB and Aker Solutions and extend the Subsea Integration Alliance partnership to 2033
- Advanced our digitalisation strategy with the roll-out of digital fuel systems and the development of digital twins
- Delivered a strong safety performance with one lost-time injury during the year (2021: 14)

Strategic priorities for the year ahead

- Continue to improve future profitability through selective tendering
- Closely monitor and manage the subsea supply chain
- Execute major EPCI projects of Subsea Integration Alliance including Bacalhau, Sakarya, Sangomar and Scarborough
- Optimise fleet utilisation and reduce emissions by dedicating vessels to specific regions, reducing transit times, and transiting in ‘eco mode’
- Restart of the Ubu spoolbase to service the Brazilian market

Spotlight: Sangomar, Senegal

Project at a glance

Delivering the first offshore oil development in Senegal, enabled through our core strategies of early engagement and alliances.

- Subsea Integration Alliance responsible for the full subsea scope for the 23-well development, with a complex field layout including 44 flowline structures
- Senegalese team and suppliers established to develop local expertise and deliver comprehensive local content
- One year of continuous offshore operations with strategic assets *Seven Vega, Seven Oceans, Seven Seas* and *Seven Sisters*

Digitalisation of Sangomar

- Leveraging vessel and environmental data and analysis to enhance vessel uptime and operability during the installation phase
- Working towards the creation of a Digital Twin, including as-built (Project Twin) and life-of-field (Service Twin) data covering pipelines, to enable optimisation and streamlining of maintenance and to reduce outages
- Using digital flowmeters to provide real-time fuel consumption data from our vessels to remote dashboards, enabling analysis and optimisation

Enabling the growth of renewables and emerging energy

Subsea7 is making renewables and emerging energy possible by enabling the change and innovation required to deliver projects in offshore wind, carbon capture and hydrogen.

Offshore wind

10.5GW

Cumulative installations supported by year end 2022

Hydrogen studies

~25

Completed by Xodus in 2022

Our ambition for enabling the growth of renewables and emerging energy

Offshore wind

Seaway7, part of the Subsea7 Group, is a leader in fixed offshore wind with over 10 years' experience in delivering offshore wind projects. To date, it has contributed to the production of 10.5GW through the installation of foundations and inner-array cables in Europe, Asia and the US. Seaway7 is recognised as one of the most experienced partners for clients working on either a full 'engineer, procure, construct and install' basis or on a 'transport and install' scope.

Separately, Subsea7 has executed several floating wind cable lay projects, has invested in floating wind technology and continues to develop cost effective innovative solutions.

Carbon capture, utilisation and storage

Carbon capture, utilisation and storage (CCUS) will be essential to the world's drive to reduce CO_2 in our ecosystems.

In 2022, Subsea7 began work on a contract for Equinor's Northern Lights project that will involve the installation of a pipeline supporting the storage of 1.5mt CO_2 per year.

Xodus is currently supporting clients in the evaluation of carbon capture projects in the UK, Europe and Australia and our in-house Field Development Group has a number of early engagement scopes underway with clients on carbon capture projects.

Subsea Integration Alliance is actively developing integrated solutions that include CCUS.

Hydrogen

Subsea7 aims to play a key role in making offshore hydrogen possible, supporting the delivery of i) optimised and integrated solutions used in wind-to-hydrogen, ii) offshore CCUS to support onshore hydrogen and ammonia production and iii) offshore transportation of hydrogen.

In 2022 our Field Development Group completed our first client studies and patents in hydrogen.

Through Xodus, we are providing consulting services for hydrogen projects in a number of regions.

We will continue to work to build our position for this future market.

Our progress this year

- Reached 97% completion of the $1.4 billion Seagreen fixed offshore wind project on time and on budget
- Awarded preferred supplier status for two major fixed offshore wind developments in the UK, worth over $1 billion
- Ørsted joined the Salamander floating wind project as a strategic investor
- Moved into execution phase on Northern Lights carbon capture project
- Secured funding for Seaway7's new build vessel programme and working capital needs

Strategic priorities for the year ahead

- Rebalance the risk-reward of our offshore wind business to ensure improved returns
- Convert the pre-backlog of over $1 billion in fixed offshore wind to firm awards
- Secure a major fixed offshore wind project in the US at an attractive risk-return
- Implement the carbon capture offering of Subsea Integration Alliance
- Take a focused and selective approach to floating wind that optimises risk and return in this new market
- Build on the success of our initial hydrogen studies to establish our position in this market

Spotlight: Hywind Tampen floating wind

Project at a glance

The world's first project to develop renewable power for offshore oil and gas, providing electricity to the Snorre and Gullfaks fields in the Norwegian North Sea.

- An essential step in commercialising floating wind
- 140 kilometres offshore Norway in water depths of up to 300 metres
- Eleven 8.6MW floating turbines, for a capacity of 95MW
- Estimated to meet approximately 35% of the annual electrical power demand of the five Snorre and Gullfaks platforms
- Started producing power in 2022

Subsea7's scope

- Worked in close collaboration with Equinor and other contractors since the early design phase on installation engineering verification, hydrodynamic analysis and hazards assessment
- Utilised *Seven Pacific* from our subsea fleet to install six inner-array cables, totalling 13 kilometres, with a capacity of 66kV
- Installed two export cables, totalling 28 kilometres, to the Gullfaks and Snorre platforms
- Followed the success of our scope for the Hywind Scotland demonstrator project in 2017

Delivering across our business units

2022 operational highlights

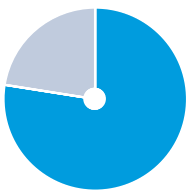
Subsea and Conventional

- 6,533 days of vessel activity with 98% up-time, equivalent to 79% utilisation
- Installed 346 kilometres of pipelines and 56 subsea structures
- Fabricated 238 kilometres of pipe at spoolbases at Vigra in Norway, Ingleside in the US and Ubu in Brazil
- Managed a supply chain comprised of over 7,500 entities in 70 countries

Renewables

- Supported the installation of 2.9GW renewables energy, capable of powering three million homes
- Installed 237 wind turbine foundations and 210 inner-array cables
- Completed the fabrication of 114 jackets for Seagreen in China and the UAE
- Performed the wind industry's first commercial monopile installation using dynamic positioning

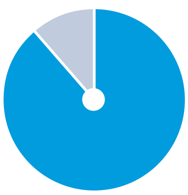
2022 financial highlights



Group revenue

Subsea and Conventional
$3,903m

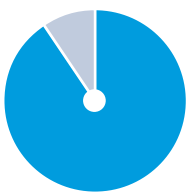
Renewables
$1,117m



Order intake

Subsea and Conventional
$6,185m

Renewables
$783m



Backlog

Subsea and Conventional
$8,141m

Renewables
$844m

Subsea7 reports financial results of three business units: Subsea and Conventional, Renewables and Corporate. The Corporate business unit includes our early-stage activities in floating wind and hydrogen. While these form an important part of our strategy for the future, they did not make a significant contribution to the financial results in 2022.

Subsea and Conventional

Our Subsea and Conventional business unit is a world leader in delivering complex offshore projects to the oil and gas industry. It operates under the Subsea7 brand.

We deliver a full range of early concept and design, engineering, procurement, construction and installation (EPCI) services that integrate pioneering products, and digital and lower-carbon intensity solutions into oil and gas subsea field architectures. We create value for our clients by accelerating field development and lowering the total expenditure over the life of the field to optimise field economics and reduce carbon footprints.

Under most energy transition scenarios oil and gas remains a crucial component in the long-term mix of energy and therefore the drive to reduce emissions from the subsea sector is an important part of the world's climate change challenge. Subsea7's **lower-carbon oil and gas** strategy is two-pronged, enabling decisions by our clients that reduce the carbon footprint of their developments as well as measuring and reducing the emissions of our own operations. Our Carbon Estimator enables an evaluation of the impact of design options on lifetime carbon emissions and has gained rapid adoption by our clients since its launch in 2021. In 2022, all our significant field development studies included analysis using the Carbon Estimator.

As well as engineering the solutions that enable our clients to reduce their carbon footprints, our strategy for **lower-carbon oil and gas** encompasses the reduction of emissions from our own operations, primarily our vessels. In 2022 we made a commitment to convert *Seven Arctic* to hybrid power which will take place at the time of the vessel's class survey in 2024. In 2022, we also ran a successful trial of biofuels on *Seven Oceanic*, proving the viability of this option with estimated CO_2 savings of around 30%. This is a significant step forward in introducing clean fuels as standard, although the challenge remains the cost and global availability at the scale we would require for our fleet.

The Subsea and Conventional business unit is also well-placed to enable our **renewables and emerging energies** strategy regarding carbon capture, utilisation and storage, utilising the same engineering skillset and vessel capabilities as our traditional activities. We are already actively involved in the pipelay scope of Equinor's Northern Lights project that will enable the storage of up to 1.5 million tonnes of CO_2 a year from mid-2024, and this potentially high-growth market is likely to be an important source of opportunity for Subsea7. Carbon capture is also an important element of our integrated SPS-SURF offering through Subsea Integration Alliance.

In 2022, capital expenditure in Subsea and Conventional was low, reflecting maintenance of the existing fleet of vessels as well as investment in our digitalisation strategies. Our primary focus is on maximising the long-term cash generation from our highly capable, modern asset base to support the return of capital to shareholders.

Financial results

In 2022, revenue from the Subsea and Conventional business unit increased 6% to $3.9 billion, and the Adjusted EBITDA margin improved year-on-year to 13.6% from 12.7% reflecting the early stages of the recovery in the oil and gas industry. Work on the fast-track Sakarya project made good progress during the year and reached 89% completion by year end. We completed operations on several projects in the Gulf of Mexico including King's Quay, Mad Dog 2 and Jack St Malo 4, as well as the HOD project in Norway, Jubilee in Ghana, and three projects in Saudi Arabia.

In 2022, our Subsea and Conventional backlog grew 37% to $8.1 billion and embeds improved project margins that are expected to drive growth in Adjusted EBITDA in the coming years. Notable new awards included the major Búzios 8 project in Brazil and contracts worth over $1.8 billion in Norway as part of the subsea alliance with Aker BP and Aker Solutions.

Renewables

Subsea7's Renewables business unit primarily comprises Seaway 7 ASA, which is listed on the Euronext Growth market (ticker SEAW7).

Seaway7 is a top-tier service provider for the offshore wind industry and is a fundamental part of our strategy for **renewables and emerging energies**. It has a presence in all the major fixed offshore wind markets of the world and offers services across the fixed offshore wind value chain focused on wind turbine foundations, inner-array cables and heavy transportation. It achieves this through various contract models ranging from single-scope transport and installation (T&I) to integrated multi-scope T&I and turnkey (EPCI) delivery.

Seaway7's client base is comprised mainly of utility companies and dedicated offshore wind project developers but new players have been entering the offshore wind market, notably the major oil companies. This provides the Group opportunities to leverage its existing relationships from its legacy work in the offshore oil and gas sector.

During 2022, the Group made good progress on the Seagreen EPCI project in the UK covering 114 wind turbine foundations, 300 kilometres of inner-array grid cables and associated infrastructure off the east coast of Scotland. By the end of 2022, fabrication of the foundation jackets was completed and a total of 93 foundation jackets and 50% of the inner-array grid cables were installed, with the remainder scheduled for installation in 2023. The Seagreen project extends Seaway7's collaborative relationship with developer SSE and follows its successful execution of SSE's Beatrice EPCI project completed in 2019.

During 2022, construction of two high-specification, hybrid power vessels continued. *Seaway Alfa Lift*, a foundation installation vessel, completed sea trials but delivery of the mission equipment for installing monopiles was delayed. Under a revised schedule construction is expected to be completed in Europe in 2023 and it should join the active fleet by early 2024 on the Dogger Bank A and B project. *Seaway Ventus* is a new build jack-up wind turbine installation vessel that will also be capable of installing foundations. In 2022, good progress was made in its construction and it is expected to join the active fleet by early 2024 on the Gode Wind 3 and Borkum Riffgrund 3 project.

Financial results

In 2022, revenue from the Renewables business unit decreased 11% to $1.1 billion, as the Seagreen project neared completion. The Adjusted EBITDA margin remained low and broadly unchanged year-on-year at 0.4% reflecting challenges on the Formosa 2 project in Taiwan and the Hollandse Kust Zuid monopiles project in the Netherlands, both of which were completed during the year.

In 2022, notable new awards included preferred supplier selection for the East Anglia THREE and Seagreen 1A projects in the UK. These awards are expected to be recorded in backlog after the clients' final investment decisions, anticipated during 2023. Excluding this, our Renewables backlog declined 32% to $0.8 billion but tendering activity remains high and we are confident in the long-term potential for backlog growth.

Contractual risk-reward mechanisms across the whole offshore wind value chain have been unbalanced in recent years, impacting the financial performance of almost all contractors. However, driven by the growth in demand, this is now improving and we are confident that this positive development will have a favourable impact on profitability.

COMMITTED TO OPERATING IN A SAFE, ETHICAL AND RESPONSIBLE MANNER

Subsea7 has a strong Values-led culture and believes that operating in a safe, ethical and responsible manner is at the heart of creating sustainable value for all our stakeholders. Below are some key figures from 2022 across all sustainability dimensions.

Our KPIs

We have been focusing on our sustainability priorities and report on our progress in the following sections. An important part of driving and monitoring our progress is the use of relevant KPIs.

Lost-time injury frequency

0.01

rate per 200,000 hours worked
(2021: 0.12; target <0.05)

Percentage of suppliers with a contract that included human rights clauses

81%

(2021: 86%)

Number of employees completing compliance and ethics e-learning including anti-corruption

6,691

96% of target population
(2021: 5,067, 98% of target population)

Cumulative power capacity of renewables projects supported to end of 2022

10.5GW

(2021: 7.5GW)

Scope 1 greenhouse gas emissions

617,309

tonnes of CO_2e emissions
(2021: 483,987)

% of waste reused or recycled from onshore owned sites

85%

(2021: 77%)

Environmental incident frequency

1.06

rate per 200,000 hours worked
(2021: 1.18; target: <0.70)

Environmental spill

16

litres per 200,000 hours worked
(2021: 16; target: <25 litres)

Please see Subsea7's 2022 Sustainability Report available at www.subsea7.com

Our sustainability priorities

Health, safety and wellbeing

The safety of our people is our first priority. We aim for an incident-free workplace every day, everywhere and our ways of working are continually reviewed to seek to improve our safety performance. We believe that all people working on our sites anywhere in the world are entitled to the same level of protection. Subsea7's Business Management System underpins the way in which we conduct safety training, reporting, procedures and assessments. Subsea7's line managers are responsible for implementation and compliance with the system and ensuring that all employees and contractors are aware of their responsibilities. We record all incidents and near misses in detail and investigate every event. Subsea7 checks activities against our internal standards and processes as well as regulatory and legislative requirements. Supporting the wellbeing of our people both for their own health as well as for the Group as a whole is very important. All our employees have access to a confidential Employee Assistance Programme.

Progress in 2022

Safety performance improved considerably this year reflecting a strong focus on the fundamentals. This included interactive safety leadership training and reinforcing frequent visits with our vessels and sites.

We applied significant focus on our quality assurance programme to support improved predictable performance with the intention of reducing unexpected events leading to incidents.

Our wellbeing framework has been adopted across our business and supported through global communications.

We worked with a broad spectrum of industries to develop our Human and Organisational Performance (HOP) programme for 2023.

Energy transition

As global demand for energy continues to grow so too does the drive to address climate change and deliver lower-carbon sources of energy. Subsea7 plays a leading role in the delivery of sustainable offshore energy developments around the world and our renewables business generated 22% of Subsea7's revenue in 2022.

Floating wind farms are expected to become a significant contributor to the energy transition in the next decade. Floating wind offers the possibility to further support energy transition by allowing a greater number of offshore wind farms to be developed in deeper water. Subsea7 has invested in floating wind technology and continues to grow technical capability and expertise in this area to develop cost-effective innovative solutions.

Lower-carbon oil and gas has an important role in the transition. Our proprietary technology and engineering capability support our clients in developing these fields cost-effectively and efficiently.

Progress in 2022

Within fixed offshore wind Seaway7 supported 10.5GW of cumulative power capacity of renewables projects. Within floating wind, Subsea7 successfully supported Equinor to generate first power on the world's largest floating wind farm, Hywind Tampen.

In carbon capture, utilisation and storage (CCUS) we continued to build our knowledge and experience, having moved into offshore execution on the Northern Lights project for Equinor which will continue into 2023.

Our subsidiaries Xodus and 4Subsea are helping us to deliver engineering solutions that reduce the carbon footprint of our clients' developments.

Subsea7 continued to proactively participate in industry forums.

Labour practices and human rights

Treating our people and those that work with us fairly and with dignity is fundamental to the way that we work. We are committed to fulfilling our responsibility to respect and protect human rights including the prevention of modern slavery and human trafficking anywhere in our business or supply chain. We have a Human Rights Policy Statement and a Slavery and Human Trafficking Statement that summarise Subsea7's commitment and efforts to improve our understanding and management of the potential human rights impacts of our business activities and, more specifically, to respond to the UK Modern Slavery Act. We are committed to fair and lawful employment practices. We are an equal opportunities employer and seek to protect our people from discrimination and bullying. These principles are embedded within our policies and procedures in our Business Management System, and our people are encouraged to raise any questions or concerns related to any conduct inconsistent with our policies. Our people must abide by our Code of Conduct, which is clear that we will not accept any abuse of human rights and we will not work with suppliers that do so. We are a signatory to the UN Global Compact and a board member of the Building Responsibly organisation.

Progress in 2022

We implemented a new process for assessing human rights risks within our operations to identify the highest risks.

While our existing process already screens suppliers for human rights risks, we developed an enhanced human rights assessment and due diligence questionnaire for high-risk suppliers and aim to be able to progress further down our supply chain faster.

We trained 83% of relevant employees on human rights and we added human rights to the agenda for our Supplier Integrity events.

Business ethics

We are committed to complying with applicable laws and applying the highest ethical standards in everything we do, treating all our stakeholders fairly and with respect. All employees are required to uphold our Code of Conduct, which integrates our three key policy statements on Ethics, Human Rights and Health, Safety, Environment and Quality (HSEQ). Our Speak Up policy establishes a mechanism for anyone with concerns to raise them without fear of retaliation or detriment, and for cases to be investigated conscientiously and without bias. This includes an externally administered and confidential reporting helpline. Our compliance and ethics programme has been developed to prevent bribery, corruption and other compliance and ethics breaches by the Company and all who work for us – including suppliers and other third parties. Our Code of Conduct for Suppliers sets out the key principles of ethical business conduct that our suppliers are required to uphold. Subsea7's Chief Ethics and Compliance Officer provides regular reports to the Corporate Governance and Nominations Committee of the Board and to the Executive Ethics Committee to ensure management understands, accepts and fulfils its accountability for compliance and ethics.

Progress in 2022

We held our fifth Global Integrity Day event and hosted panel discussions with our Regional Vice Presidents.

We continued to engage an external expert firm to perform independent assessments of our anti-bribery/anti-corruption programme across the Group and at the end of 2022, this covered 86% of our business.

Efforts continued to coalesce our industry around a common anti-bribery standard and a common approach to providing assurance and we underwent a successful compliance audit.

Operational eco-efficiency

Subsea7 recognises the risks and opportunities of climate change and its potential effect on our business and stakeholders. Over 90% of our Scope 1 emissions come from our vessels such that our emissions correlate strongly with our offshore activity levels and we must seek to reduce these in line with our targets. In addition, the reduction in Scope 3 emissions arising from our supply chain is fundamental to delivering a lower-carbon industry.

We measure key environmental data against internal targets including fuel and energy consumption and carbon emissions reduction. We have a comprehensive risk management system with procedures and tools that identify, analyse, report and manage business risks that are related to environmental exposure and the effects of climate change. In 2022, Subsea7's environmental management systems were successfully re-certified by DNV to the requirements of the international standard ISO 14001:2015 verifying effective implementation of all mandatory requirements of the standard.

Progress in 2022

Our Scope 1 emissions increased in 2022 to 617,309 tonnes (2021: 483,987 tonnes). This was a result of both an increase in operational activity and the addition of six heavy transportation vessels as part of the combination with OHT ASA completed in the fourth quarter 2021. However, lowering the carbon impact from our operations remains a key focus and in 2022 we continued to invest in our fleet by successfully trialling lower-carbon fuel and committing to convert our largest construction vessel *Seven Arctic* to hybrid power.

We extended the use of our Carbon Estimator tool to pilot projects to track our actual emissions during project delivery.

We established an estimation of our Scope 3 emissions to assess where our largest contributions come from.

Ecological impacts

Subsea7's fabrication and construction activities, offshore and onshore, have an impact on the environments that surround them. We conduct our business in a way that considers the environment, and aims to keep any negative impact to a minimum, and put in place procedures to protect biodiversity and the ecosystems we work in. Our HSEQ policy focuses on ensuring regulatory compliance and improving our environmental performance through careful selection of consumables and working practices designed to reduce waste, energy consumption and emissions. Subsea7's line managers are responsible for implementation and compliance with this policy and that all employees and contractors are aware of their responsibilities. We take responsibility for our own end-of-life assets, with all vessels recycled in accordance with the Hong Kong Accord.

Progress in 2022

We recycled 85% of onshore waste and segregated for recycling 66% of non-hazardous offshore waste. Throughout 2022 we conducted waste contractor health checks across four of our regions to identify how our waste is handled at our contractors' facilities.

We deployed a BORAbox® prototype (a sensor to collect ocean data) on *Normand Subsea* and recorded over 700 hours of accumulated deployment time. The collected data are being reviewed and analysed by scientists at the National Oceanography Centre. We fitted a further two BORAbox® sensors on *Seven Falcon* and *Seven Pacific*, to collect data through projects in Brazil and Norway.

We utilised our Group-wide single-use plastic dashboard to discover where we need to reduce our consumption. We continued efforts from last year to phase out a further two categories.

A focus on our people

Our people are our greatest asset, the heart of our business and everything we do. Being7 is our employer brand and the backbone of our culture. It's the thing that matters to us and makes us unique.

At Subsea7 we offer our people a career they can be proud of, a place for innovation and an environment where they can thrive. Our Being7 offer is supported through our Learning and Development, Diversity and Inclusion (D&I) and Health and Wellbeing strategies, with a regular survey, allowing us to understand where we need to focus our efforts to continually improve Subsea7.

Learning and development

Our focus and investment in learning and development continued in 2022 with the addition of a Project Manager Diploma and a Leadership programme. Listening to the feedback from our employee survey in September 2021, we provided clarity to our onshore people on the tools and processes available to support their career planning and we launched a Career Development Programme. We continued to encourage a culture of learning through the annual Festival of Learning, with the 2022 theme being 'Make Possible'. In 2022 we had a calendar of activities targeting our onshore and offshore people, with nearly 5,000 taking part in 59 sessions offered globally, an increase of 2,000 people from the 2021 Festival.

Diversity and inclusion

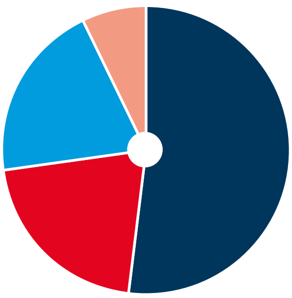
In 2022, we launched the Subsea7 Diversity & Inclusion (D&I) framework focused on four pillars: inclusive culture, gender balance, nationality balance and the recruitment pipeline.

Our framework incorporates our ambitions which include increasing female representation and under-represented nationalities in our leadership. In the longer term our leadership should reflect fair representation of our onshore population. We have continued our active participation with the POWERful Women initiative that seeks to address the continued under-representation of women at the top of the UK energy industry and in the leadership pipeline.

Health and wellbeing

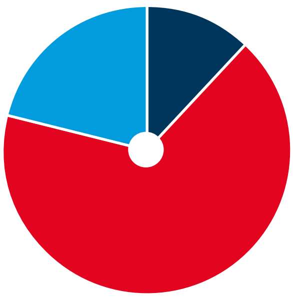
As an employer that truly cares about our people, we recognise the importance of providing health and wellbeing support across work, life and home. In 2022 our offshore management teams and medics were provided with access to training in mental health to support greater awareness of this topic. Onshore, our local activity continued with one example being in our Gulf of Mexico region, where they launched a mental wellness platform.

Nationality mix



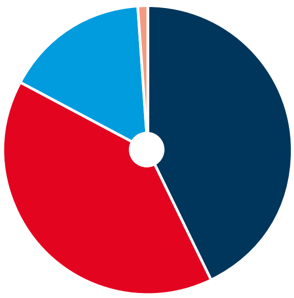
- Europe (52%)
- Asia/Pacific (21%)
- Americas (20%)
- Africa (7%)

Age mix



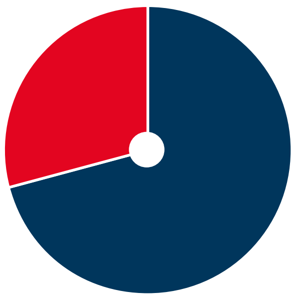
- Under 30 (12%)
- 30-50 (67%)
- Over 50 (21%)

Gender mix



- Onshore male (43%)
- Offshore male (40%)
- Onshore female (16%)
- Offshore female (1%)

Executive Management



- Male (71%)
- Female (29%)

EU Taxonomy Disclosure

KPIs for climate change mitigation objective for the year ended 31 December	Revenue			CAPEX			OPEX		
$m	2022	2021	Var	2022	2021	Var	2022	2021	Var
Numerator for Eligible	1,106	1,239	(133)	122	403	(281)	18	31	(13)
Numerator for Aligned[(a)]	1,061	n/a	n/a	122	n/a	n/a	17	n/a	n/a
Numerator for Non-Eligible	4,030	3,771	259	252	115	137	87	81	6
Denominator	5,136	5,010	126	374	518	(144)	105	112	(7)
Eligible proportion	22%	25%		33%	78%		17%	28%	
Aligned proportion[(a)]	21%	n/a		33%	n/a		16%	n/a	
Non-Eligible proportion	78%	75%		67%	22%		83%	72%	

(a) Alignment activities not reported in 2021.
(b) Full regulatory tables showing taxonomy-eligible and aligned activities are disclosed on pages 147 to 149 of Additional Information.

Revenue (Turnover)

The primary source of revenue contributing to the numerator of the taxonomy revenue KPIs was generated from the installation of offshore wind farm facilities. The proportion of the Group's total revenue which was taxonomy-eligible in 2022 was 22% compared to 25% in 2021; the decrease reflected lower revenue in the Group's Renewables business unit, mainly due to phasing on the Seagreen project, UK, as it neared completion. The proportion of the Group's total revenue that was taxonomy-aligned in 2022 was 21% (2021: not disclosed).

CAPEX

All CAPEX contributing to taxonomy KPIs, which included additions of vessels to the Group's fleet and right-of-use assets, was in support of the Group's activities related to the offshore wind business. The CAPEX was invested in line with the Group's long-term strategy and planning objectives. The Group's taxonomy-eligible and taxonomy-aligned CAPEX in 2022 represented 33% of the total CAPEX of the Group (2021: taxonomy-eligible 78%; taxonomy-aligned not disclosed). The year-on-year reduction in taxonomy-eligible CAPEX was primarily due to the absence of business combinations in 2022 compared to 2021 when OHT ASA (renamed Seaway 7 ASA) was acquired by the Group. Through this combination the Group acquired $295 million of assets, including right-of-use-assets, reportable under the "addition of assets through acquisition" criteria under the EU taxonomy. This amount is included in the numerator and denominator for 2021.

OPEX

OPEX contributing to taxonomy KPIs included maintenance and repair costs directly related to vessels operating exclusively on offshore wind activities and research and development (R&D) costs with a direct link to expected future revenue within the offshore wind sector. The proportion of the Group's OPEX which was taxonomy-eligible in 2022 was 17% compared to 28% in 2021. The year-on-year reduction was primarily due to the absence of spend relating to the conversion of *Seven Phoenix* to a cable lay vessel which took place in 2021. The proportion of the Group's total OPEX that was taxonomy-aligned in 2022 was 16% (2021: not disclosed).

A portion of the taxonomy-eligible R&D OPEX related to subsea hydrogen storage, however due to the early stages of this activity, the Group is not yet in a position to state whether alignment criteria were met. Management will continue to review this for reporting in future periods.

EU regulation

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 regulation and its delegated acts (the 'EU Taxonomy'), the Subsea 7 S.A. Group (the 'Group') is required to publish, for the 2022 financial year, eligibility and alignment indicators highlighting the proportion of its revenue, capital expenditure (CAPEX) and operating expenditure (OPEX), collectively, key performance indicators (the 'KPIs') resulting from economic activities considered as sustainable as defined by the EU Taxonomy.

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

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

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

Management performed an exercise to identify each economic activity which contributed to the Group's Consolidated Financial Statements, which include Subsea 7 S.A. (the 'Company') and all entities controlled by the Company (its 'subsidiaries').

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

Eligible economic activities under the EU Taxonomy

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

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

Management engaged with stakeholders within the Group to analyse all third-party revenue-generating activities, as well as any activities for which there was CAPEX which may generate revenue in future periods, and OPEX such as research and development (R&D) spend.

The Group's activities which were assessed to be EU Taxonomy eligible for the climate change mitigation objective are shown in the table below.

Environmental objective	Activity covered by the EU Taxonomy Code	Associated NACE code	Definition of the activity	Corresponding Group activity
Climate change mitigation	4.3 Electricity generation from wind power	D35.11 F42.22	Construction or operation of electricity generation facilities that produce electricity from wind power.	Activities related to the delivery of fixed and floating offshore wind farm projects. This includes the procurement and installation of offshore wind turbine foundations and inner-array cables as well as heavy lifting operations and heavy transportation services of renewables structures.
Climate change mitigation	5.11 Transportation of CO_2	F42.21 and H49.50	CO_2 is delivered to a permanent CO_2 storage site that meets the criteria for underground geological storage of CO_2.	The Group participates in a carbon capture project leading to permanent storage of CO_2, offshore Norway from an industrial source. This scope includes engineering, fabrication and installation of approximately 100km pipeline that will connect the CO_2 collection facility to the CO_2 storage site.
Climate change mitigation	9.1 Close to market research, developments and innovation	M71.1.2 and M72.1	R&D surrounding subsea hydrogen storage.	The Group is currently involved in R&D activities relating to the construction of hydrogen storage facilities.

The classification of activities in 2022 differs from that reported in 2021 where 7.6 'Installation, maintenance and repair of renewable energy technologies' was reported. Following a review by management and clarifications through 'Frequently Asked Questions' (question number 139), published by the EU in December 2022, it was considered that 4.3 'Electricity generation from wind power' was more appropriate for the Group. This change did not impact the value of eligible activities reported in 2021 and activities under 5.11 'Transportation of CO_2' remained unchanged.

Eligible CAPEX and OPEX are also included primarily in the activity 4.3 'Electricity generation from wind power' with a small amount of OPEX linked to activity 9.1 'Close to market research, development and innovation' which considers expenses linked to R&D, in this case R&D surrounding green hydrogen storage.

In the assessment for 2022, management 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.

The review of eligibility indicators covered all of the Group's economic activities included in the Group's Consolidated Financial Statements for the year ended 31 December 2022. In the year 96% of the eligible revenue related to the construction of electricity generation facilities that produce electricity from wind power, with the balance consisting of the Group's participation in a carbon capture project in Norway.

For clarity, the oil and gas related economic activities of the Group's Subsea and Conventional and Corporate business units were assessed as non-eligible under the EU Taxonomy. All oil and gas related activities were deemed non-eligible due to the exclusion of fossil fuel extraction activities from the EU Taxonomy target scope. Notwithstanding this, the Group's non-eligible activities included activities contributing to reducing the carbon intensity of the energy transition such as carbon footprint optimisation, studies related to carbon capture systems in the oil and gas sector, a project for the electrification of an offshore platform using floating wind technology, and other less significant carbon footprint reducing activities.

Alignment assessment for revenue-generating activities

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

Substantial Contribution

Activity 4.3 Electricity generation from wind power

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

Activity 5.11 Transport of CO_2

The following substantial contribution criteria were assessed in order to demonstrate alignment of the Group's carbon capture project in Norway:

- CO_2 was transported from the installation where it was captured to the injection point with less than 0.5% CO_2 leakages; and
- CO_2 was delivered to a permanent CO_2 storage site meeting criteria for underground geological storage of CO_2.

Activity 9.1 Close to market research, development and innovation

Substantial contribution criteria was met as the OPEX under this activity relates to the construction of subsea hydrogen storage facilities. This project is in its early stages, with activities mainly related to R&D spend, and as such management concluded that it was not yet in a position to classify the activity as taxonomy-aligned.

Do No Significant Harm (DNSH)

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

Protection of biodiversity and ecosystems (activities 4.3 and 5.11)

For all of the Group's eligible activities, ISO 14001 certified environmental management plans are implemented. These plans provide a framework to allow management to monitor and mitigate the environmental impacts of the Group's business operations and meet the requirements of all applicable regulations. Within the plans a number of standards and procedures are maintained in order to meet the DNSH assessment criteria for EU Taxonomy requirements. These plans incorporate inputs from the Group's clients. All issues identified and requirements defined in the original environmental impact assessments are considered to establish the consent requirements for the activity; these are then incorporated into the client's environmental management plans, and finally into the Group's environmental management plans.

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

Transition to a circular economy (activity 4.3)

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

Sustainable use and protection of water and marine resources (activities 4.3 and 5.11)

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

Adaptation to climate change (activities 4.3 and 5.11)

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

Minimum Safeguards

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

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

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

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

Methodology for calculating KPIs

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

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

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

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

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

To avoid double-counting, management only included as eligible those operating expenditures allocated in full to supporting the execution of eligible activities. The expenses already included under the CAPEX taxonomy-aligned KPIs have been excluded from the OPEX taxonomy-aligned KPIs numerator and denominator.

Principal risks and uncertainties

Effective risk management is fundamental to the Group's performance and creates sustainable value for our 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 our day-to-day activities.

The Group's operations, its strategy for lower-carbon oil and gas, renewables and emerging energies sources are driven by three business units: the Subsea and Conventional business unit focuses on lower-carbon offshore oil and gas and carbon capture and storage, the Corporate business unit focuses on early-stage activities in both floating wind and subsea hydrogen and emerging energy markets, while Renewables – through Seaway 7 ASA – is focused on fixed offshore wind. Climate-related risks, challenges and pressures are a key consideration in the Group delivering its strategic objectives and are therefore subject to ongoing assessment as part of the risk management processes in place.

Our Subsea and Conventional business unit executes large and complex offshore projects to the energy industry, in all water depths, under the Subsea7 brand. Our focus on the continuous evolution of lower-carbon oil and gas is delivered through our subsea and conventional developments in which the Group offers a full range of early concept and design, engineering, procurement, construction and installation (EPCI) services utilising pioneering products as well as digital and lower-carbon intensity solutions for its clients. These solutions can be provided as an integrated solution through alliance partnerships. Through the Group's life-of-field services, it provides fully integrated solutions that protect the integrity and optimise the performance of clients' field infrastructure as well as supporting digital solutions for the purpose of asset integrity management, condition monitoring and remote operations. The Group's experience in offshore project execution positions it well to support the offshore electrification of facilities which will enable transformative solutions that also support lower-carbon oil and gas fields.

Our Renewables business – mainly comprised of Seaway 7 ASA – is a top tier service provider in the fixed offshore wind industry. It has a presence in all of the major fixed offshore wind markets, offers services including installation of foundations, inner-array cables and substations, and has a fleet of heavy transportation vessels, transporting components and infrastructure to support the wind industry. With the delivery of two new assets towards the end of 2023, this business unit will further expand its existing foundation installation capabilities and extend its capabilities to support the installation of wind turbines. Seaway7 can offer different contracting models from single source transportation and installation contracts to integrated multi-scope transportation and installation scopes. However, it is one of only a few contractors that can provide EPCI expertise for the execution of offshore wind farm projects. It continues to promote and strive for contracting terms that establish a balanced allocation of risks between all stakeholders, particularly as such contracts continue to be contracted on a fixed-price basis.

As each country presses forward to meet its Net Zero targets and a transition to cleaner energy sources, growth in the offshore fixed wind market continues to accelerate, driven by national targets to achieve installed capacity but also supported by political and regulatory regimes to address climate change as well as to achieve greater energy security. The contractual landscape continues to evolve and with the entrance of more traditional energy clients into this market along with a tightening of available installation assets, the ambition is for a more balanced risk profile to be achieved across the market. Foundation sizes continue to increase to accommodate larger wind turbines, further reducing the number of assets capable of installing these.

Offshore operations are required for both Subsea and Conventional as well as Renewables projects. These involve large, highly complex, technologically rich systems in diverse locations, where the Group often faces harsh and challenging conditions. Weather is of greater concern as the world experiences more extreme climate-related events. With the exception of certain long-term contracts and day-rate IRM work, the Group generally contracts on a fixed-price basis. The costs and margins realised on projects can vary from the original estimated amounts due to a number of factors, sometimes resulting in a reduced margin or loss. Additional operating costs incurred as a result of increases in the supply chain as well as general inflation is an example of how certain external factors can negatively impact margins. The Group continuously assesses the risks involved in fixed-price contracts and uses its negotiated contract terms to mitigate certain aspects of these risks.

The Group operates in a predominantly cyclical industry where activity is strongly influenced by the current and forecast price of energy, as well as the impact of decisions taken by governing bodies, particularly regarding regulation, climate change, mitigation and adaptation, subsidies and fiscal incentives.

The Group's risk management processes assist the Group to respond to changes in activity levels and apply appropriate measures to adjust its cost base as far as practical, while at the same time ensuring that an acceptable risk profile is maintained.

Roles and responsibilities

The Board of Directors has oversight of the Group's risk management activities and internal control processes. The Executive Risk Committee is responsible for monitoring and managing operational and enterprise risk in pursuit of the Group's business objectives and reports to the Board of Directors. 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 by region, country 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 28 to 42.

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.

Market risk

Risk

Strategic

The Group recognises that technology, engineering capabilities and providing the right solutions to meet clients' demands are market differentiators and are key to delivering on its lower-carbon oil and gas development strategy. The Group's strategy is to create sustainable value by delivering the offshore energy transition solutions the world needs. By continuing to improve our solutions and the way we deliver them we can continue the evolution towards lower-carbon oil and gas, as well as enabling the growth of renewables and emerging energy.

The role the Group takes in making lower-carbon oil and gas developments possible is centred around three pillars: subsea and conventional developments, life-of-field services, and electrification of offshore facilities where new products and solutions are required to make this possible. This brings with it the risk that demand for innovative designs, systems, products and solutions accelerates into the construction and installation phase without sufficient time to transition from development to production.

Integrated solutions continue to be an attractive contracting model across both new subsea developments and life-of-field work scopes and are offered through Subsea Integration Alliance with OneSubsea®, the subsea technologies, production and processing business of SLB. It is a preferred option for many clients, particularly for large greenfield projects, and is an important component of the Group delivering on its lower-carbon oil and gas strategy. Risks associated with this contracting model include either party encountering an interruption in work activities because of the other, which impacts the overall project delivery. Integrated solutions consolidate risk into one shared contractual framework, meaning that the risk profile to the Group is wider than through standalone offerings. While the Group has developed the knowledge and ability to identify, manage and mitigate the risks associated with integrated solutions, they may still threaten the Group's performance. A failure of our strategy to offer seamless integrated solutions with our alliance partner, appropriate design led solution, or other systems and products could impact the Group in winning work and affect its position as a market leader.

The Group continues to advance its strategy in the growth of renewables and emerging energy, in both the established renewables market and emerging energy sectors. Subsea7 is actively involved in a project for the pipeline installation work for a carbon capture, utilisation and storage project as well as supporting clients with their evaluation of carbon capture projects around the globe. The Group also aims to play a key role in making offshore subsea hydrogen possible. Finding the correct solutions and delivering on these is key, as is achieving a balanced risk profile across these evolving sectors and with new clients. Seaway7 is well-positioned to capture an enhanced share of the high-growth fixed offshore wind market. As the fixed 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 current expertise, capabilities or asset base. The challenging contractual landscape, which has been unbalanced in recent years and which has impacted the financial performance of many contractors across the sector, has started to turn. With the growth in demand and finite offshore assets that can perform the work, a move towards improving contractual terms is expected.

From time-to-time the Group may engage in strategic combinations, partnerships, joint ventures and acquisitions to support growth. This brings risk in the form of incorrect assessments of the target market, new and inherited legal and contractual liabilities, as well as risks that are operational and financial in nature. It also carries the risk of failure to integrate new business combinations and their resources into the Group and failing to deliver the Group's strategic objectives.

Mitigation

Technology-related risks are mitigated by employing qualified personnel, as well as working to industry and professional engineering standards combined with strict adherence to the Group's engineering management and control systems and procedures. The Group has a multi-stage gate process for the implementation of new technologies and products. For integrated solutions, the Group's risks are mitigated through considered selection of alliance and collaborative partners and pre-identified ways of working. In addition, the Group has a procedure to establish, at tender stage, a risk-sharing methodology to complement the project. It continues to maintain disciplined contracting principles to mitigate project and operating risks.

The Group brings extensive experience and engineering capabilities from a proven track record of project management and execution in the oil and gas sector to the offshore wind and emerging energy sectors through investing in the right people and having the right technical capabilities and support assets, as well as keeping pace with engineering developments, technologies and installation methodologies. The Group values partnering with experienced clients to better control the risks involved in the energy transition as well as striving for and promoting an industry-leading balanced contractual risk profile.

The Group has internal resources and external advisers to engage in thorough due diligence and ensures that an experienced management team is deployed to manage merger and acquisition opportunities. This team ensures operational management is engaged in the integration process immediately after a corporate transaction to ensure successful execution.

Market risk continued

Risk

Economic

The Group's business depends on the level of activity in the segments of the energy industry in which it operates 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, position and prospects. Global energy demand continues to grow but with society looking for cleaner and more sustainable energy sources to meet its needs, the Group's strategy is to be a proactive participant in the energy transition and contribute to the evolution of lower-carbon oil and gas developments. This involves setting and continuing to focus on our own lower-carbon targets as well as supporting our clients in their lower-carbon targets through working with the supply chain, by investing in our own fleet and looking for new technology to reduce our own carbon footprint. Legislative changes and society pressures, led by Environmental, Social and Governance (ESG) desires for cleaner energy, could impact the Group's ability to partner with stakeholders such as investors, insurers and other key suppliers, that would no longer offer services to the Group while it continues to work in the oil and gas sector.

A rapid increase or decrease in demand for the Group's services can outpace the Group's ability to resize its capacity for service provision. Furthermore, our supply chain is impacted by world events and rising inflation as well as increased demand. The risk is that there are price increases and availability issues that prevent the Group from meeting client demands. Any default by the supply chain or increase in pricing could impact a project's schedule as well as negatively impacting the Group's financial performance.

Our clients' financial strength and the economic viability of their projects can be impacted by the fluctuation of energy prices and energy mix, which can be driven by political conditions, technological development, global demand and ESG considerations. These, as well as other variable factors, are outside the Group's control but can have a direct impact on the operational and financial performance of the Group.

Furthermore, the expansion of offshore wind globally brings potential economic risks associated with establishing an industry in multiple nascent markets. 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 and development of renewables projects.

Mitigation

The Group closely monitors market activity and collaborates with clients to understand their future project and expenditure plans. Early engagement in the design phase of an energy project enables the Group to better assess the risks and opportunities and the economic implications of the projects as they progress towards construction. Following award, the Group can implement cost reduction measures to adapt the projects to market conditions and work within the terms of the contracts to mitigate the effect of client-led changes to project schedules or work scopes. The Group has trialled alternative fuels on various vessels across the fleet and is positioned to make a change once a globally available alternative is determined. Further vessels in the fleet have been identified for hybridisation conversion for which the work will commence during 2023. As well as this the Group utilises its Carbon Estimator tool in all client FEED and study work scopes to enable its clients to reduce the impact of the fleet during the project installation phase.

The financial strength and solvency of our clients and suppliers is a specific area of focus before entering into contracts. The Group has successfully managed its cost base and continues to look for ways to improve efficiency and delivery through the implementation of digitalisation and standardisation. A potential increase in demand is managed through supplementing the fleet with the use of third-party vessels. Beyond the fleet, the Group engages with key stakeholders to explain the Group's approach and initiatives on energy transition, climate change and ESG to maintain long-term alignment on economic activities. We also work with our clients and suppliers to ensure that the risk on pricing and availability is addressed through contractual measures.

The Group seeks to diversify selectively into new markets, including emerging energy markets, and has a diverse portfolio of projects which allows an element of mitigation across its global markets.

Market risk continued

Risk

Competition

The Group faces competition from time-to-time to win contracts to ensure 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. Depending on the market cycle, less favourable 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.

Furthermore, the competitive landscape could include further alliances as well as vertical and horizontal consolidations, to achieve economies of scale and scope and wider control of the value chain. Such initiatives could represent a threat to the Group's profile as a specialised offshore service provider.

Mitigation

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 and proprietary technology and digital delivery offerings, help it respond effectively to challenges from competitors. The Group seeks, within the framework of the business's contractual risk profile, to promote and maintain industry-recognised balanced contracting forms.

The Group continues to partner with key clients and form alliances with other oilfield services companies to offer packaged solutions and to contribute to the early development stages of projects, as well as offering cost-effective and efficient technical solutions.

Competition in the fixed offshore wind sector is high, however through Seaway7 the Group remains strong and has the necessary expertise and capabilities to deliver complex projects and market its EPCI track record. Its versatile fleet and track record are differentiators over smaller contractors or new entrants and position the Group well to remain committed to working with clients in this sector where there is a balanced manageable risk profile.

Risk

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, targets and measures to address climate control
- Onerous local content obligations
- Sanction and export controls
- Civil or political unrest, including war
- Regime change

Mitigation

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.

Business environment risks

Risk	Mitigation
Technological innovation Our clients seek cost-effective solutions to develop energy resources, particularly in deep waters and challenging offshore environments, to enhance the full field lifecycle. The Group's experience of designing and executing projects across the globe helps create sustainable value by delivering offshore energy transition solutions. To make this possible the Group differentiates itself by focusing on early engagement and system innovation, collaboration and partnerships, integrated services, sustainable delivery, digital solutions, and enabling-products. Any failure by the Group to anticipate or respond appropriately to any of these elements could adversely affect the Group's ability to compete effectively for, and win, new work or achieve its targets and objectives of making possible the delivery of offshore energy for today and tomorrow. The Group's ambition for proactive participation in the energy transition is focused through two key areas: lower-carbon oil and gas, and renewables and emerging energy. Technology advancements are key to progressing in these areas where the risks include investing or developing technology for one or multiple areas identified which becomes superseded or immediately obsolete. Introducing technology, systems or products that are insufficiently mature or unsatisfactorily implemented when selected by our 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 adherence to industry engineering standards and codes, technical readiness levels and contractual gate controls operated by knowledgeable and experienced Subsea7 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.
Environmental sustainability The Group is committed to delivering onshore and offshore solutions to meet the needs of its clients as well as its own strategy that supports sustainable energy sources. The Group is committed to facilitating the transition towards lower-carbon and renewable energy supplies. The risks to the Group are that society, interested bodies and their carbon neutral commitments are moving at a pace that will require very timely and effective change which will require the Group to deliver at a pace that must be integrated with operational delivery commitments to its clients. External stakeholders such as the financial markets, insurers, investors and suppliers may have their own Environmental, Social and Governance commitments that include reducing their involvement with oil and gas-related companies in favour of other energy sources.	The Group is committed to proactively participating in the energy transition in a safe, ethical and responsible manner. The Group has invested, and continues to invest, in new technologies, innovative programmes and industry sector diversification that reduce both the Group's and its clients' carbon emissions. Furthermore, the Group has established its framework for an Environmental Management System that will underpin and consolidate its efforts in meeting its targets and expectations. The Group participates in the CDP, the UN Global Compact and the Building Responsibly frameworks and will increase its alignment with the recommendations of the Task Force on Climate-related Financial Disclosures. More information on the Group's efforts and initiatives can be found in the Group's 2022 Sustainability Report.

Organisation and management risks

Risk	Mitigation

Climate

Risk

The Group is focused on climate change and meeting its own targets to reduce Scope 1 and 2 emissions by 50% by 2035 and to be Net Zero by 2050. It is also committed to delivering its strategy for the energy transition, demonstrating commitment to a more sustainable business environment both internally but also to support its clients' objectives. The Group recognises the impacts of climate change and the potential effect on its business, end markets and society and acknowledges the risks and potential effects on the business's future associated with not taking steps to mitigate its impact. These risks include:

- Operational and financial risks relating to the effect of climate change, for example cost increases associated with alternative onsite fuel sources, or the introduction of carbon taxes
- Regulation and supervision of climate-related risk in the financial sector could lead to challenges in accessing financial capital
- The speed with which society, governing bodies and countries require alternative fuel sources and our ability to keep pace with the timescale required to provide emerging energies in a sustainable and cost-efficient way
- Reducing Scope 1 and 2 emissions and sourcing, developing and upgrading our assets to support this aim

Mitigation

The Group is committed to engaging in more efficient ways of working and investing in solutions that lower the Group's greenhouse gas emissions. Most 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 on low sulphur fuel, in line with International Maritime Organization (IMO) guidelines and regulations. The Group has committed to the next phase of its hybridisation programme – which includes designing and procuring a hybrid package for *Seven Arctic*. Two trials have been completed on other vessels utilising alternative fuels which confirm compatibility once such fuels become available on a commercial scale. Onshore, the Group is implementing a programme which includes a transition to clean energy.

We are well-positioned from an asset and project execution perspective to continue to be the contractor of choice for subsea construction and installation for traditional and alternative energies where there continues to be a requirement for a subsea infrastructure.

People

Risk

The Group, like many businesses, carries the risk of failing to attract and retain suitably skilled and capable personnel across all business units at a time where societal preferences, particularly in the younger demographic, are towards opportunities in the energy transition rather than oil and gas. Failure to attract or retain talent could adversely impact the Group's ability to execute projects and its future growth prospects.

The Group is a signatory to the UN Global Compact and committed to its 10 principles that summarise responsibilities to respect human rights, and to avoid and address any adverse impacts on the Group's business activities. 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 its suppliers and subcontractors 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.

Mitigation

The Group's commitment to lowering its own emissions but also finding solutions to support a lower-carbon energy transition and its strong presence across all offshore energy types including renewables and emerging energies is a differentiator. Having the ability to offer career opportunities across both business units continues to generate positive employer engagement.

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.

The Group is enhancing its risk assessment activities relating to its 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. With the support of external experts, it has designed in-person training for delivery to targeted audiences across the Group and conducted 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 reinforces the importance of compliance with the Group Code of Conduct and Code of Conduct for Suppliers by internal personnel and the supply chain respectively. Both documents include clear guidance and expectations regarding human rights standards.

Organisation and management risks continued

Risk

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 assesses such risks which vary across its 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 interests in local partners or suppliers that local content laws require us to use
- Bribery to win work
- Bribery to get variation orders approved
- Bribery to get work certified or paid

The above risks may increase when working with partners or third parties. These risks are inherent in our sector, in particular in countries where local content requirements are significant.

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.

Mitigation

The Group is confident that the risks identified are adequately managed by our compliance and ethics programme, and in many cases by our 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 for it (including suppliers and other third parties). These policies are periodically updated to ensure they remain current.

The Group has a compliance and ethics programme underpinned by its Values and designed in accordance with international best practice 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 and an annual Integrity Day for employees raise awareness and encourage compliance. Employees are encouraged to raise concerns about possible non-compliance through an externally administered whistleblowing line. There is a strong focus on a culture of ethics and integrity. More information can be found on our website and in our Sustainability Report.

A committee comprising members of the Executive Management Team sets objectives for the implementation and continual improvement of the programme and monitors progress. Regular reports are provided to the Board of Directors.

The Group regularly engages an independent third-party assurance provider to benchmark its compliance and ethics programme against best practice, including international standard ISO 37001-2016.

Organisation and management risks continued

Risk	Mitigation
Information and operational technology cyber risks The Group's operations depend on the availability and security of a number of key Information Technology (IT) and Operational Technology (OT) systems. The Group's investment in its digitalisation programme combined with the acquisition of data-driven businesses means the risk of these systems being disrupted or compromised by a general failure or by cyber-attacks is increasingly relevant. Such risks include but are not limited to: – Unauthorised access to key operational, financial or corporate systems – Malware – Theft and misappropriation of sensitive information – 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, potential physical harm, loss of client and shareholder confidence and regulatory fines.	The Group recognises the increased frequency of cyber security threats and events and takes this risk seriously. It reviews its infrastructure, suppliers, policies, procedures and defences to mitigate associated risks and keep abreast of risk intelligence by engaging market-leading specialists where appropriate. It assesses the technology framework against approved independent standards and maintains a programme of investment in new hardware, software and systems to ensure the integrity of its IT security defences. The Group works with 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 Group's Executive Vice President of Projects & Operations has responsibility for ensuring the setting and implementation of the Group's cyber security strategy. This is reported through the Executive Risk Committee which reports to the Group's CEO on all matters of risk and to the Board of Directors on a bi-annual basis.

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; such risks include the inability to maintain price validity from our supply chain if there is commodity price fluctuation, rapid price escalation, 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. Where possible key supply chain or subcontractor terms and conditions are negotiated alongside the main client contract to reduce the risk of non-alignment of contracting terms or the absence of price certainty. Volatility in commodity prices can be mitigated by including contractual adjustment mechanisms with both clients and suppliers. Before the tender is submitted, a formal multi-gate review process is performed. Tenders are first reviewed at a regional level where the technical, operational, legal and financial aspects of the proposal are considered in detail. Completion of the regional review process requires the formal approval of the appropriate level of management. Dependent on the tender value and complexity (such as technology and partnering), 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, re-phasing or changes to scope or content 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 contractual terms, including, where possible, provision for cancellation fees or early termination payments.
Joint ventures The Group may engage in commercial joint ventures with selected partners to obtain necessary expertise or local knowledge and contract or partner with specialist companies to develop new or emerging business opportunities. A failure to find an appropriate joint venture partner or a failure by a joint venture partner to perform to the standards required by the joint venture agreement could result in negative financial and reputational impact to the Group. Misalignment between Subsea7 and a joint venture partner on strategic matters could lead to a deadlock, impacting negatively, inter alia, on project execution. In addition, the failure of a joint venture partner to meet its financial obligations could result in an adverse impact on the Group's financial performance and position.	The Group seeks to ensure that selected joint venture partners not only have the necessary expertise, local knowledge and suitable financial profile but are also able to meet the Group's health, safety, security, environmental and quality standards (HSSEQ) and its Code of Conduct obligations. The Group has established appropriate governance and oversight mechanisms to monitor the performance of its joint ventures and joint venture partners with regard to such matters.

Delivery and operational risks continued

Risk

Project execution

The Group executes complex projects and a failure to have the best people, assets and technological solutions and engineering procedures to deliver these could result in failure and be damaging to the Group both reputationally and financially. As well as project execution, a failure to meet and achieve the necessary contractual requirements could have several adverse consequences, including contract disputes, rejected claims and cost overruns, which could expose the Group to operational and financial losses that are material to the Group's overall performance, position and reputation.

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 scheduling adjustments, damage to vessels and equipment, repair or rework, injury to those working offshore or financial loss.

The Group must continue to innovate and develop products and solutions that allow it to deliver lower-carbon developments as well as enabling the growth of renewables and emerging energies. Errors or defects in product design and production can expose the Group to additional warranty or product liability risks.

Mitigation

The Group assigns a project management team to every project. Every project is assessed by regional management 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, risk exposure, allowances and contingency analysis. The Group continues to promote a balanced approach to risk allocation and has supported the International Maritime Contractors Association in producing a set of contractual principles for the renewables industry. The Group is selective of which projects it undertakes, ensuring that it does so with a balanced risk profile where the risks retained are understood and can be managed.

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.

Innovative products are commercialised after rigorous testing that is subject to a hierarchy of industry recognised technical readiness level reviews.

Delivery and operational risks continued

Risk

Supply chain

In the current period 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 insufficient capacity causes a deterioration in the quality of the product or service, extended lead times or the inability to secure products. The Group is also at risk of reduced supplier choice as the supply chain adapt their own business strategies towards sustainable and alternative energies. A severely diminished pool of suppliers will affect the Group's operational and financial performance.

Failure of a key supplier to perform predictably could result in disruption to the Group's ability to complete a project in a timely manner. Suppliers can run into financial difficulty affecting their ability to perform and in more severe scenarios result in suppliers being made insolvent. Other factors such as pandemics, extreme weather, financial uncertainty, civil unrest, war or other unforeseen external factors could cause significant interruption affecting elements of the supply chain, affecting our ability to deliver our clients' projects, and could cause disruption to ongoing Group capital expenditure initiatives such as vessel construction, dry-dockings and upgrades.

The war in Ukraine and consequent Russian sanctions continue to impact on energy shortage and the impact of Covid-19 disruption continues to exist. These contributing factors to rising general inflation globally, resulting in increased costs as well as more cost volatility within our direct and indirect supply chain and unexpected increases in supply chain pricing, 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. Cost is a necessary consideration in the selection of key suppliers and balancing this with 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.

Failure of suppliers to reliably record and control their carbon emissions or other ESG performance indicators, such as business ethics, labour practices and human rights, could limit the Group's ability to accurately report its own performance.

Mitigation

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. Long-term contractual arrangements and the use of collaboration models (as appropriate) allow us to secure supplier commitment and access in the current market as well as into the future, especially with our key category suppliers. We are developing supplier strategies and partnerships with key suppliers to service our energy transition clients. We are diversifying our supply chain by finding new suppliers, in some cases in different industries and new regions, which helps the Group to mitigate the risk of key suppliers exiting the sector.

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 entering into project-related commitments. We are leveraging digital tools such as SAP Ariba throughout the entire supplier lifecycle, to improve productivity and maintain reasonable levels of assurance that we can continue working with such suppliers. 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, including back-to-back supplier pricing, index linked pricing and a balanced cost escalation mechanism where appropriate.

If necessary, appropriate guarantees or performance-related bonds are requested from our key suppliers. As part of the supplier selection process the Group engages qualified quality assurance and quality control specialists and there is close collaboration between supply chain management and engineering. Both quality and engineering functions also play an active role throughout the duration of a project with 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.

We are engaging with our key suppliers to better understand their ESG commitments and where they are in their roadmap towards meeting their objectives. This allows us to prioritise and focus on ensuring that we work with a sustainable supply chain, in line with the Group's own priorities and focus areas.

Delivery and operational risks continued

Risk	Mitigation
Communicable or infectious diseases including pandemics Communicable or infectious diseases can expose the Group to operational disruption and increased costs as a result of unexpected business interruptions or measures required to be undertaken to ensure the safe continuation of the business. 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 or isolating crew and logistical issues associated with the international transit of vessels and people. These costs are not included in all fixed-price contracts and therefore pose a financial risk to the Group if they cannot be recovered as a result of exercising our contractual rights. The risk of a reduced workforce, unable to maintain minimum manning 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, health and mitigation measures set out by each country in which the Group operates and in accordance with the vessel flag state. Where flexible working arrangements including working from home are 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, cleaning regimes and sanitisation measures as part of infection control and prevention. The Group aims to establish safe working environments. To achieve this, some changes to procedures are required, including in some cases extending the period of crew rotations offshore and imposing periods of quarantine prior to embarkation and the workforce returning home. 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.
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 our people and those who work with us to security breaches, illness, 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 the potential for significant health risks and disruption to our 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, wellbeing 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 our vessels.

Delivery and operational risks continued

Risk

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.

Mitigation

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 rather than at a business unit or region level. 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

Risk

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 complex and subject to increased volatility as changes unfold.

Mitigation

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 includes the impact of worldwide pandemics, 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

Risk

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 achievements 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 certain guarantees, e.g. performance, advance payments and bid bonds. Access to those unsecured bi-lateral guarantee arrangements from financial institutions in support of these instruments is fundamental to the Group's ability to compete, particularly for large EPIC contracts.

In rare instances clients may request specific payment terms such as extended payment terms or 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, reduced or withdrawn, the Group's activities would be significantly constrained.

Mitigation

In addition to using its cash and cash equivalents balance and cash generated from operations, the Group has access to committed financing facilities to meet its core financing and working capital needs. The Group's cash position, liquidity, debt leverage and credit rating-related metrics 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.

Risk management and internal control

The Board of Directors is responsible for oversight of the Group's system of risk management and internal control and for reviewing its effectiveness. The Board of Directors recognises that any system of internal control 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 control 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
- Data Governance Council – reviews and monitors the Data Privacy Council (DPC) work in ensuring the Group's adherence to GDPR
- Quarterly reporting to the Executive Management Team from the Global Applications and Systems Steering Committee (GASSC) on the integrity and security of its business and IT systems, including cyber risk
- Cyclical reviews of all non wholly-owned subsidiaries, joint ventures and associates by the Joint Venture Steering Committee

The Group's internal audit function, which reports directly to the 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. The role of the Executive Risk Committee is to meet quarterly to review the risks identified as impacting or having the potential to impact the Group's operations and strategic objectives as well as discussing emerging risks.

Corporate governance to make the energy transition possible

David Mullen
Chairman of the Corporate Governance and Nominations Committee

As Chairman of the Corporate Governance and Nominations Committee and Senior Independent Director my goal is to provide independent oversight and to ensure that the Company has the right corporate governance in place to meet the key strategic objectives of the Group and address the challenges of the energy transition.

The work of the Board during 2022

During 2022 the Board oversaw a number of strategic projects that were consistent with the Company's long-term goals. In Subsea and Conventional, the Board oversaw the entry into an agreement with SLB and Aker Solutions to form a joint venture which will deliver a step change in subsea production economics by helping customers unlock reserves, reduce time to first oil and lower development costs while simultaneously delivering on decarbonisation objectives. Although still subject to regulatory approvals, the joint venture is expected to close during the second half of 2023 and when completed it will comprise the subsea businesses of SLB and Aker Solutions, with Subsea7 holding a 10% stake. This is an exciting development for Subsea7 and key to ensuring that Subsea7 remains a market leader in the subsea sector. On the renewables side, reaffirming the Board of Directors' confidence in the long-term outlook for the fixed offshore wind market, Subsea7 subscribed to 72% of new Seaway7 shares issued by Seaway7 in a rights issue underwritten by Seaway7's three largest shareholders.

Board diversity

Following the implementation of the Board Diversity Policy in 2021, Board diversity has been a focus area for the Board of Directors during 2022, and in particular the need to improve gender diversity on the Board of Directors. Our overriding objective continues to be to ensure an inclusive and diverse membership of the Board of Directors with the skills, expertise and experience to guide Subsea7. While we believe that the Board of Directors has the necessary skills, expertise and experience to guide Subsea7, we recognise gender diversity as an area of weakness and during 2022 the Corporate Governance and Nominations Committee was actively engaged in identifying female candidates with the range of skills needed to enhance the Board. At the end of 2022, there was only one female Director on the Board, however, building upon the work carried out in 2022, we are committed to there being 30% female representation on the Board of Directors in 2023, and the intention is for an additional female candidate to be presented for election by the shareholders of the Company at the 2023 AGM.

Board appointments

In 2022, in recognition of both the risks and the opportunities of the energy transition for Subsea7, the Board of Directors appointed both a Risk Expert and a Sustainability Expert from amongst its members. Given Mr Sætre's previous experience in transitioning Equinor into a company focused on lower-carbon strategies and new energy solutions and also his advisory role at Nysnø Climate Investments, he has been appointed as the Board's Sustainability Expert including on climate-related matters.

Similarly, Mr Kirk has many years of experience of the energy sector and overlaying this with his international corporate and structured financial risk management experience, he is well placed to guide and advise the Group on its risk management framework and has been appointed as the Board's expert on Risk.

2022 was a productive year and as a Board, we focused on corporate governance that supports the strategic goals of the Company and that will make the energy transition possible.

Governance at a glance

The areas listed below, on which we report on the pages indicated, are aligned with the Norwegian Code of Practice for Corporate Governance.

Board of Directors

Director	**Kristian Siem**	**David Mullen**	**Dod Fraser**
Role	Chairman	Senior Independent Director*	Independent Director*
Committee membership	C T G	G A	A
Skills and experience	Mr Siem 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 chairman of public companies listed in the US, UK and Norway. Mr Siem is the founder of the Siem Industries Group and has been Director and Chairman of Siem Industries since 1982. Prior to joining the Group, he held several management positions with the Fred. Olsen Group in the US and Norway. Mr Siem has previously held directorships and executive positions at Kvaerner ASA, Transocean Inc. and Norwegian Cruise Line. He holds a degree in Business Economics.	Mr Mullen brings over 40 years' experience in the oil services business. He has previously held the position of CEO at two other companies in the subsea industry, Wellstream Holdings PLC and Ocean Rig ASA. Prior to these appointments he was Senior Vice President of Global Marketing, Business Development and M&A at Transocean from 2005 to 2008. Mr Mullen also had a 23-year career at Schlumberger, including as President of Oilfield Services for North and South America. He holds a Bachelor of Arts degree in Geology and Physics from Trinity College, Dublin, and an MSc degree in Geophysics from the National University of Ireland.	Mr Fraser brings comprehensive experience in corporate finance and investment banking both internationally and in the United States. This is supplemented by extensive knowledge of corporate governance in his current and prior appointments as audit committee member. Mr Fraser served as a Managing Director and Group Executive with Chase Manhattan Bank, now JP Morgan Chase, leading the global oil and gas group from 1995 until 2000. Until 1995 he was a General Partner of Lazard Frères & Co. Mr Fraser has been a trustee of Resources for the Future, a Washington-based environmental policy think-tank. He is a graduate of Princeton University.
Date of appointment	Appointed Director and Chairman from January 2011. Prior to the merger of Acergy S.A. and Subsea 7 Inc. in January 2011 Mr Siem was Chairman of Subsea 7 Inc. from January 2002.	Appointed a Non-Executive Independent Director from April 2018 and appointed Senior Independent Director from January 2021.	Appointed a Non-Executive Independent Director from December 2009 (then named Acergy S.A.).
Key external appointments	Chairman of Siem Industries S.A., director of Siem Offshore Inc., Siem Shipping Inc. (formerly Star Reefers Inc.) and Frupor S.A.	CEO and Director of Shelf Drilling Limited. Chairman and Director of Shelf Drilling North Sea Limited.	Non-Executive Chairman of Rayonier Inc. Director of Fleet Topco Limited, the private holding company of Argus Media Ltd., and director of OCI N.V.
Nationality and date of birth	1949	1958	1950
Tenure	Re-elected by shareholders on 14 April 2021 until the 2023 AGM.	Re-elected by shareholders on 12 April 2022 until the 2024 AGM.	Re-elected by shareholders on 14 April 2021 until the 2023 AGM.

Committee key

- Chairman
- C Compensation Committee
- G Corporate Governance and Nominations Committee
- A Audit Committee
- T Tender Committee

Jean Cahuzac

Director

C T

Mr Cahuzac has wide multi-country technical, commercial and general management experience in senior executive roles in the oil and gas services sector spanning a period of 40 years. He was appointed Chief Executive Officer of Acergy S.A. in 2008 and in 2011, post-merger, became the Chief Executive Officer of Subsea 7 S.A., a position he held until his retirement in December 2019. Mr Cahuzac was Chief Operating Officer and then President at Transocean from 2000 to 2008. He worked at Schlumberger from 1979 to 1999 in various field management positions and then as President of Sedco Forex. He holds a Master's degree in Engineering from École des Mines de St-Étienne and is a graduate of the French Petroleum Institute in Paris.

Appointed a Director from May 2008 (then named Acergy S.A.).

Member of the Supervisory Board of Société Phocéenne de Participations. Member of the Board of Directors of Seadrill Limited.

1954

Re-elected by shareholders on 12 April 2022 until the 2024 AGM.

Niels Kirk

Independent Director*

C G

Mr Kirk brings to the role over 35 years of international corporate and structured finance experience combined with extensive knowledge of the energy, power and resource sectors at executive level.

He is a co-founder and Chief Executive of the energy advisory firm Kirk, Lovegrove and Company Ltd. Prior to this, he worked at Citibank and Banque Paribas. Mr Kirk holds an MBA in Finance and International Business from the Stern School at New York University.

Mr Kirk is the Board's expert on Risk.

Appointed a Non-Executive Independent Director from April 2018.

Co-founder and CEO of Kirk, Lovegrove and Company Ltd.

1962

Re-elected by shareholders on 12 April 2022 until the 2024 AGM.

Eldar Sætre

Independent Director*

A T

Mr Sætre brings a wealth of experience in the energy sector combined with extensive knowledge of accounting and finance. Mr Sætre was President and CEO of Equinor from February 2015 until he stepped down in November 2020. As CEO he was extensively engaged in transforming the cost base in the company and creating a more resilient global business, as well as transitioning Equinor into a broader energy company focused on lower-carbon strategies and new energy solutions. Prior to becoming CEO, Mr Sætre held several senior management positions in the company, mainly in the fields of accounting, finance and performance management as well as marketing and trading. Mr Sætre has an MA in Business Economics from the Norwegian School of Economics and Business Administration (NHH) in Bergen.

Mr Sætre is the Board's expert on Sustainability including climate-related matters.

Appointed a Non-Executive Independent Director from June 2021.

Director of Fjord Base Holding AS and Trucknor AS. Chairman of the boards of Strømberg Gruppen AS, Vartdal Holding AS and Vartdal Plastindustri AS. Chairman of the Advisory Board of Vard Group AS and advisory role at Nysnø Climate Investments.

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Elected by shareholders on 14 April 2021, with effect from 1 June 2021, until the 2023 AGM.

Louisa Siem

Director

Ms Siem brings youth and a different perspective to the Board as an artist who holds a Bachelor of Fine Arts degree from the Ruskin School of Art at Oxford University. She has exhibited her work around the world and worked as a studio manager for world-renowned painter Harold Ancart in New York and Los Angeles.

Ms Siem is the daughter of Mr Kristian Siem and has been selected by Siem Industries S.A. in accordance with the relationship agreement entered into between Subsea 7 Inc., Subsea 7 S.A. (then Acergy S.A.), and Siem Industries S.A. (then Siem Industries Inc.) on 20 June 2010, in respect of the combination of Subsea 7 Inc. and Acergy S.A., which was completed on 7 January 2011.

Appointed a Non-Executive Director from June 2021.

Director of Siem Industries S.A.

1992

Elected by shareholders on 4 June 2021 until the 2023 AGM.

* 'Independent' is defined by the rules and codes of corporate governance of the Oslo Børs Stock Exchange on which Subsea 7 S.A. is listed, which the Board must satisfy, in particular the Norwegian Code of Practice for Corporate Governance. Under the terms of the Company's Articles of Incorporation, Directors may be elected for terms of up to two years and serve until their successors are elected. Under the Company's Articles of Incorporation, the Board must consist of not fewer than three Directors.

Executive Management Team

Name	John Evans	Mark Foley	Olivier Blaringhem
Role	Chief Executive Officer	Chief Financial Officer	Executive Vice President – Subsea and Conventional
Skills and experience	John has over 35 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 & 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 current appointment, from July 2005, John held the position of Chief Operating Officer of Subsea7. John has a Bachelor of Engineering degree in Mechanical Engineering from Cardiff University, is a Chartered Mechanical and Marine Engineer and a Chartered Director.	Mark started his career in 1996 with the UK's Government Economic Service. In 2000, he joined Royal Dutch Shell and held several finance positions with increasing responsibility. Between 2011 and 2012, he was Vice President Finance for Baker Hughes in Europe and, from 2012 to 2017, he was Group Financial Controller for Subsea7. In October 2021, he returned to Subsea7 from Petrofac where he was Group Financial Controller and Senior Vice President Finance for its Engineering & Construction business unit. Mark has undergraduate and postgraduate degrees in Economics from the Universities of Stirling and Strathclyde respectively, an MBA from the University of Warwick and is a Fellow of the Association of Chartered Certified Accountants.	Olivier started his career in the oil and gas engineering and contracting sector in 1995, working for seven years with Entrepose Contracting in project management and commercial roles, based in Nigeria, China and France. Since joining Subsea7 in 2002, Olivier has held a number of country, regional and corporate management positions based in the North Sea, Africa, Asia and the Middle East. In 2016, Olivier was appointed Vice President of Asia Pacific and the Middle East until his appointment to Executive Vice President – Subsea and Conventional in January 2020. Olivier has a degree in Mechanical and Electrical Engineering from the École Spéciale des Travaux Publics in Paris.
Date of appointment	John has been Chief Executive Officer of Subsea7 since January 2020 and on the Board of Directors of Seaway 7 ASA since October 2021.	Mark has been Chief Financial Officer since January 2022.	Olivier was appointed Executive Vice President – Subsea and Conventional in January 2020.
Nationality and date of birth	1963	1973	1970

Phillip Simons

Executive Vice President – Projects and Operations

Phil began his career in 1987 in offshore drilling until 1992 when he became an engineer for pipeline installation contractor European Marine Contractors. Phil has more than 20 years' experience in the subsea pipelines business.

Phil joined Subsea7 in Aberdeen in 2004 as a senior project manager and in 2011 was appointed Vice President for Canada, Mediterranean and Russia. In 2013 he was appointed Vice President UK and Canada before taking up the role of Vice President for North Sea and Canada in 2016. In 2018 Phil was appointed Senior Vice President Global Projects and Operations.

Phil has a Bachelor of Engineering degree in Mining Engineering from the University of Leeds.

Phil was appointed Executive Vice President – Projects and Operations in January 2020.

 1966

Nathalie Louys

General Counsel

Nathalie began her legal career in 1986, working with Saint-Gobain and Eurotunnel, gaining extensive legal experience across various industries. In 1996 she joined Technip, based in Paris, progressing to the role of Vice President Legal – Offshore.

In 2006 Nathalie joined Subsea7 performing senior corporate and operational legal roles. Prior to her current appointment Nathalie was Vice President Legal – Commercial.

Nathalie has been admitted to the Paris Bar and has legal qualifications from University Paris I – Panthéon Sorbonne and Paris XI in France and the University of Kent in the UK.

Nathalie has been General Counsel of Subsea7 since April 2012 and on the Board of Directors of Seaway 7 ASA since October 2021.

 1963

Katherine Lyne

Executive Vice President – Human Resources

Kate began her career in the power generation sector with Alstom, where she held roles in Belgium, France, the UK and the US. In 2004 she moved to Imerys where she was initially HR Director for the Paper division before being appointed as HR Director for the Ceramics, Refractories, Abrasives, and Foundry business based in Paris.

In 2012 Kate joined Subsea7 as Vice President Group Human Resources which she held until her current appointment.

Kate has a business degree from the University of Brighton and is a fellow of the Chartered Institute of Personnel and Development.

Kate has been Executive Vice President – Human Resources since September 2019.

 1969

Marcelo Xavier

Executive Vice President – Strategy and Sustainability

Marcelo began his career in Subsea7 in 2001 as a pipeline engineer and over the last 20 years has held a number of operational and commercial roles within the Subsea7 Group.

In 2017, Marcelo was appointed Vice President for Brazil after three years working for the Africa region. In 2021, he was appointed Group Vice President for Sales and Marketing based in the UK.

Marcelo holds a Master's degree in Subsea Engineering from the Universidade Federal do Rio de Janeiro. He also holds a graduate degree in Mechanical Engineering from the Universidade Federal Fluminense in Brazil.

Marcelo has been Executive Vice President – Strategy and Sustainability since April 2022.

 1980

2022 Corporate Governance Report regulatory compliance

This section sets out the arrangements the Board has put in place to help ensure that it fulfils its corporate governance obligations, including the application of the principles of the Norwegian Code of Practice for Corporate Governance.

Legal and regulatory framework

Subsea 7 S.A. is a 'société anonyme' organised in the Grand Duchy of Luxembourg under the Company Law of 1915, as amended, being incorporated in Luxembourg in 1993, and acts as the holding company for all of the Group's entities.

Subsea 7 S.A.'s registered office is located at 412F, route d'Esch, L-1471 Luxembourg. The Company is registered with the Luxembourg Register of Commerce and Companies under the designation 'R.C.S. Luxembourg B 43172'. As a company incorporated in Luxembourg and with shares traded on the Oslo Stock Exchange and ADRs traded over-the-counter in the US, Subsea 7 S.A. is subject to Luxembourg laws and regulations with respect to corporate governance.

As a company listed on the Oslo Stock Exchange, where its shares are actively traded, the Company follows the Norwegian Code of Practice for Corporate Governance on a 'comply or explain' basis, where this does not contradict Luxembourg laws and regulations. The Norwegian Code of Practice for Corporate Governance is available at www.nues.no.

The Group's corporate governance policies and procedures are explained below, with reference to the principles of corporate governance as set out in the sections identified in the Norwegian Code of Practice for Corporate Governance dated 14 October 2021.

Articles of Incorporation – nature of the Group's business

As stated in its Articles of Incorporation, Subsea 7 S.A.'s business activities are as follows:

"The objects of the Company are to invest in subsidiaries which predominantly will provide subsea construction, maintenance, inspection, survey and engineering services, in particular for offshore energy related industries. The Company may further itself provide such subsea construction, maintenance, inspection, survey and engineering services, and services ancillary to such services.

The Company may, without restriction, carry out any and all acts and do any and all things that are not prohibited by law in connection with its corporate objects and to do such things in any part of the world whether as principal, agent, contractor or otherwise. More generally, the Company may participate in any manner in all commercial, industrial, financial and other enterprises of Luxembourg or foreign nationality through the acquisition by participation, subscription, purchase, option or by any other means of all shares, stocks, debentures, bonds or securities; the acquisition of patents and licences which it will administer and exploit; it may lend or borrow with or without security, provided that any monies so borrowed may only be used for the purposes of the Company, or companies which are subsidiaries of or associated with or affiliated to the Company; it may grant assistance, including, without limitation, grant parent company guarantees, to any affiliated company and take any measure for the control and supervision of such companies; in general it may undertake any operations directly or indirectly connected with these objects."

The full text of the Company's Articles of Incorporation, as amended, is available on Subsea7's website.

Business

The Board of Directors has set strategies and targets for the Company's business. Since 1 January 2021, the Group has structured itself around its diversified strengths, reporting through two operational business units: Subsea and Conventional, and Renewables.

The Subsea and Conventional business unit is a global leader in offshore energy services delivering design, engineering, procurement, construction and installation (EPCI), and decommissioning projects in all water depths, operating under the Subsea7 brand.

The Renewables business unit is an experienced partner for the delivery of offshore wind farm projects and specialist foundations and cable lay services, mainly operating under the Seaway7 brand.

Further details of the Group's business units are outlined in the 'Our Strategy' and 'Business Review' sections on pages 10 to 17.

Board of Directors: composition and independence

As a Luxembourg incorporated entity, the Company does not have a corporate assembly.

The Board of Directors comprises seven Directors. The majority of the Directors were, during the year ended 31 December 2022, considered independent in accordance with the rules of the Oslo Stock Exchange on which Subsea 7 S.A. is listed and the independence criteria of the Norwegian Code of Practice for Corporate Governance.

The Board has a Senior Independent Director elected from among its independent members to provide a sounding board for the Chairman and to serve as an intermediary for the other Directors when necessary.

Biographies of the individual Directors are detailed on pages 44 to 45.

Board of Directors

KRISTIAN SIEM Chairman	**DAVID MULLEN** Senior Independent Director	**JEAN CAHUZAC** Director	**DOD FRASER** Independent Director
NIELS KIRK Independent Director	**ELDAR SÆTRE** Independent Director	**LOUISA SIEM** Director	

The charters of the permanent committees do not permit executive management to be members. The composition of the Company's Board of Directors and the controls to avoid conflicts of interest are in accordance with both Luxembourg company law and good corporate governance practice.

The Board of Directors has adopted a Board Diversity Policy, the purpose of which is to ensure an inclusive and diverse membership of the Board of Directors and that the Board as a whole has the skills, expertise and experience to guide the business and strategy of the Company for the benefit of its shareholders as a whole, having regard to the interests of all its stakeholders.

The Board Diversity Policy is applicable to the Board only but sits alongside the Company's Code of Conduct and associated global policies, which set out the Company's broader commitment to diversity and inclusion. Other details of the Company's practices and initiatives in relation to diversity are disclosed on page 21.

The Board of Directors aspires to ultimately have 30% female representation on the Board, with a commitment to have at least one female Director while recognising that periods of change in Board composition may result in periods when this balance is not achieved.

The Corporate Governance and Nominations Committee is responsible for ensuring that the Board has the right balance of skills, experience and knowledge and shall, among other things, report annually, in the Company's Annual Report, on the implementation of the Board Diversity Policy and other matters as required by regulatory and statutory requirements applicable to the Company.

Prior to proposing candidates to the relevant general meeting for election to the Board of Directors, the Corporate Governance and Nominations Committee seeks to consult with the Company's major shareholders before recommending candidates to the Board of Directors.

Directors are elected by a general meeting for a term not exceeding two years and may be re-elected. Directors need not be shareholders. At a general meeting the shareholders may dismiss any Director, with or without cause, at any time notwithstanding any agreement between the Company and the Director. Such dismissal may not prejudice the claims that a Director may have for indemnification as provided for in the Articles of Incorporation or for a breach of any contract existing between him or her and the Company.

If there is a vacancy on the Board of Directors, the remaining Directors appointed at a general meeting have the right to appoint a replacement Director until the next meeting of shareholders, who will be asked to confirm such appointment.

With the exception of a candidate recommended by the Board of Directors, or a Director whose term of office expires at a general meeting of the Company, no candidate may be appointed unless at least three days and no more than 22 days before the date of the relevant meeting, a written proposal, signed by a duly authorised shareholder, shall have been deposited at the registered office of the Company together with a written declaration, signed by the proposed candidate, confirming his or her wish to be appointed.

The Directors of the Board are encouraged to hold shares in the Company as the Board of Directors believes it promotes a common financial interest between the members of the Board of Directors and the shareholders of the Company. Details of the Directors' shareholdings are on page 63.

Work of the Board of Directors

The Board of Directors adheres to a Board Charter which sets out the instructions for the Board.

The main responsibilities of the Board of Directors are:

1. Setting the Values used to guide the affairs of the Group. This includes the Group's commitment to achieving its health and safety vision and the Group's adherence to the highest ethical standards in all of its operations worldwide.
2. Integrating environmental improvement into business plans and strategies, and seeking to embed sustainability and climate-related matters into the Group's business processes.
3. Overseeing the Group's compliance with its statutory and regulatory obligations and ensuring that systems and processes are in place to enable these obligations to be met.
4. Setting the strategy and targets of the Group.
5. Establishing and maintaining an effective corporate structure for the Group.
6. Overseeing the Group's compliance with financial reporting and disclosure obligations.
7. Overseeing the risk management of the Group.
8. Overseeing Group communications.
9. Determining its own composition, subject to the provisions of the Company's Articles of Incorporation.
10. Ensuring the effective corporate governance of the Group.
11. Setting the Remuneration Policy for the Directors, including the Non-Executive Directors' fees, as well as the CEO's remuneration, and approving the Remuneration Report as proposed by the Compensation Committee.
12. Setting and approving policies.

The Board of Directors' Charter is available on the Subsea7 website.

Responsibilities during the year

During the year, the Board of Directors sets a plan for its work for the following year, which includes a review of strategy, objectives and their implementation, the review and approval of the annual budget and the review and monitoring of the Group's current year financial performance. In 2023, the Board of Directors is scheduled to convene on seven occasions, but the schedule is flexible to react to operational or strategic changes in the market and circumstances affecting the Group.

The Board of Directors has overall responsibility for the management of the Group and has delegated the daily management and operations of the Group to the CEO, who is appointed by and serves at the discretion of the Board of Directors. The CEO is supported by the other members of the Executive Management Team, further details of which are on pages 46 to 47.

The Executive Management Team has the collective duty to deliver Subsea7's strategic, financial and other objectives, as well as to safeguard the Group's assets, organisation and reputation. The Board of Directors has internal regulations for its own operation and approves objectives for its own work, as well as the work of the Executive Management Team, with particular emphasis on clear internal allocation of responsibility and duties.

2022 Meeting attendance

	Board	Audit Committee[a]	Corporate Governance and Nominations Committee[a]	Compensation Committee
Kristian Siem	10/10		4/4	5/5
David Mullen	10/10	6/6	4/4	
Jean Cahuzac	10/10	3/3		2/2
Dod Fraser	9/10	6/6		
Niels Kirk	10/10		4/4	5/5
Eldar Sætre	10/10	3/3		3/3
Louisa Siem	10/10			
Total meetings in 2022[b]	10	6	4	5

a. A joint session of the Audit Committee and the Corporate Governance and Nominations Committee was held on 1 March 2022 at which all members of both committees were present.
b. Each Director's attendance is shown as a proportion of the total number of meetings they were eligible to attend.

It is the duty of the Executive Management Team to provide the Board of Directors with appropriate, precise and timely information on the operations and financial performance of the Group, in order for the Board of Directors to perform its duties. The Board of Directors has established a Corporate Governance and Nominations Committee, a Compensation Committee, a Tender Committee and an Audit Committee, each of which has a charter approved by the Board of Directors. Matters are delegated to the committees as appropriate. The Directors appointed to these committees are selected based on their experience and to ensure the committees operate in an effective manner. The minutes of all committee meetings are circulated to all Directors.

The performance and expertise of the Board of Directors is monitored and reviewed annually, including an evaluation of its composition and the manner in which its members function, both individually and as a collegiate body. In line with best practice, the evaluation of the performance of the Board of Directors is conducted by an external facilitator every third year. During 2022, the evaluation of the performance of the Board of Directors was conducted internally and the results of the evaluation were shared with the Corporate Governance and Nominations Committee. The most recent external review was conducted in respect of the year 2021; accordingly, the next external review is due at the end of 2024.

Risk management and internal control

The Board of Directors 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 of Directors 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 42. 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. An Executive Risk Committee meets on a quarterly basis to review and discuss the Group's risk and risk management procedures and reports to the Board. 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 and climate-related matters, 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 of Directors and compared to budget, forecasts, market consensus and prior year results.

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

The Board of Directors derives further assurances from the reports of the Audit Committee. The Audit Committee has been delegated responsibility to review the effectiveness of the internal financial control systems implemented by management and is assisted by the internal audit function and the external auditor where appropriate.

Sustainability

The Board of Directors is responsible for guiding the Company's strategy in relation to sustainability and climate-related matters, and when defining the objectives, strategies and risk profiles for the Company's business activities, sustainability risks and opportunities are considered. Sustainability and climate-related matters represent a permanent feature on every Board agenda, and this is in line with the Board's aim to carry out business in a manner that is sustainable for the Company's shareholders, having regard to financial, social and environmental considerations.

Corporate Governance and Nominations Committee

Committee members
David Mullen
Committee Chairman

Kristian Siem
Niels Kirk

The Board of Directors has established a Corporate Governance and Nominations Committee. The composition of this Committee is for the Board of Directors to determine in accordance with the Company's Articles of Incorporation. The Board of Directors believes that the Committee, comprising certain members of the Board of Directors, the majority of whom are independent of the Company's main shareholders, has the most suitable level of understanding of the Company to carry out the duties of the Committee.

The Corporate Governance and Nominations Committee's main responsibilities are:

1. Actively seeking and evaluating individuals qualified to become Directors of the Company and nominating candidates to the Board of Directors.
2. Periodically reviewing the composition and duties of the Company's permanent committees and recommending any changes to the Board of Directors.
3. Periodically reviewing the compensation of the Non-Executive Directors and making any recommendations to the Board of Directors.
4. Annually reviewing the duties and performance of the Chairman of the Board and recommending to the Board of Directors a Director for election by the Board of Directors to the position of Chairman of the Board.
5. Annually reviewing the Company's corporate governance guidelines, procedures and policies for the Board of Directors and recommending to the Board of Directors any changes and/or additions thereto that it believes are desirable and/or required. These governance guidelines include the following:
   - How the Board of Directors is selected and compensated (for example, the size of the Board, Directors' compensation, qualifications, independence, retirement and conflicts of interest).
   - How the Board of Directors functions (for example, procedures for Board meetings, agendas, committee structure and format and distribution of Board materials).
   - How the Board of Directors interacts with shareholders and management (for example, selection and evaluation of the CEO, succession planning, communications with shareholders and access to management).
6. Overseeing the annual evaluation of the Board of Directors' performance.
7. Overseeing all aspects of Subsea7's compliance and ethics programme. This will include a regular review of the structure of the compliance function, the scope of its activities and the effective implementation of the programme (including procedures for employees to raise concerns about breaches of the Code of Conduct and for such concerns to be investigated and remediated).
8. Annually reviewing the Committee's own performance.

The Corporate Governance and Nominations Committee Charter is available on the Subsea7 website.

Audit Committee

Committee members
Dod Fraser
Committee Chairman

Eldar Sætre
David Mullen

The Audit Committee is responsible for ensuring that the Group has an independent and effective external and internal audit process. The Audit Committee supports the Board of Directors in the administration and exercise of its responsibility for supervisory oversight of financial reporting and internal control matters and to maintain appropriate relationships with the external auditor. A majority of the Audit Committee, including the Chairman, are independent as required by Luxembourg law.

The Audit Committee's main responsibilities include:

1. Monitoring the financial reporting process and submitting recommendations or proposals to ensure its integrity.
2. Monitoring the effectiveness of the Company's and the Group's internal quality controls, internal audit function, financial controls framework and, where applicable, risk management systems.
3. Monitoring the statutory audit of the Company's Annual Accounts and the Consolidated Financial Statements of the Group, in particular its performance, taking into account any findings and conclusions of the competent authority.
4. Reviewing the quarterly, half-yearly and annual financial statements of the Group before their approval by the Board of Directors.
5. Informing the Board of Directors of the outcome of the statutory audit and explaining how the statutory audit contributed to the integrity of financial reporting and the role of the Committee in that process.
6. Reviewing and monitoring the independence of the external auditor, in particular with respect to the appropriateness of the provision of additional non-audit services to the Company and the Group and putting in place procedures and making recommendations with respect to the selection and the appointment of the external auditor.
7. Reviewing the report from the external auditor on key matters arising from the Group and the Company statutory audits.
8. Dealing with complaints received directly or via management, including information received confidentially and anonymously, in relation to accounting, financial reporting, internal controls and external audit issues.
9. Reviewing the disclosure of transactions involving related parties.
10. Annually reviewing the Audit Committee's own performance.

The Audit Committee Charter is available on the Subsea7 website.

The terms of reference of the Audit Committee, as set out in the Audit Committee Charter, satisfy the requirements of applicable law and are in accordance with the Articles of Incorporation.

The Chairman of the Audit Committee is Dod Fraser, whose biography can be found on page 44. The Board of Directors has determined that Mr Fraser is the Audit Committee's financial expert and competent in accounting and audit practice with recent and relevant financial experience. The Audit Committee Charter requires that the Audit Committee shall consist of not less than three Directors. The Audit Committee meets at least four times a year and its meetings are attended by representatives of the external auditor and by the head of the internal audit function.

Compensation Committee

Committee members
Kristian Siem
Committee Chairman

Jean Cahuzac
Niels Kirk

The Compensation Committee has been established by the Board to assist in developing a fair compensation programme for the Executive Officers and to ensure compliance with legal requirements as to Executive Officer compensation.

The Compensation Committee's main responsibilities are:

1. Annually reviewing and approving the compensation paid to the Executive Officers of the Company with the exception of the CEO where the Compensation Committee may make a recommendation to the Board of Directors.
2. Reviewing the CEO's performance against objectives and making a proposal to the Board of Directors for the CEO's compensation based on its evaluation.
3. Overseeing the Company's remuneration plans in accordance with the objectives of the Company and making recommendations to the Board of Directors.
4. Reviewing remuneration plans and programmes and making recommendations to the Board of Directors on the adoption of new plans or programmes relating to Executive Officers.
5. Recommending to the Board of Directors the terms of any contractual agreements and any other similar arrangements that may be entered into with Executive Officers of the Company and its subsidiaries.
6. Approving appointments of the CEO, the CEO's direct reports and certain other appointments.
7. Preparing the Remuneration Report to be included in the Company's Annual Report and Consolidated Financial Statements.
8. Annually reviewing the Compensation Committee's own performance.

The Compensation Committee Charter is available on the Subsea7 website.

Communication with stakeholders

Implementation and reporting on corporate governance

Subsea 7 S.A. acknowledges the division of roles between shareholders, the Board of Directors and the Executive Management Team. The Group further ensures good governance is adopted by holding regular Board of Directors' meetings, which the Executive Management Team attends and at which strategic, operational and financial matters are presented.

The Group's vision is: To lead the way in the delivery of offshore projects and services for the energy industry.

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

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 were issued to all Directors, officers and employees and are subject to periodic review and updating.

General meetings

The Articles of Incorporation provide that the Annual General Meeting (AGM) shall be held within six months from the end of the financial year and in 2023 it will be held on 18 April.

The notice of meeting and agenda documents for the AGM are posted on the Group's website (and published in such media as selected by the Board of Directors and in the Luxembourg official gazette (RESA)) at least 30 days prior to the meeting and shareholders receive the information at least 30 days prior to the meeting by mail. Documentation from previous AGMs is available on the Subsea7 website.

All shareholders that are registered with the Norwegian Central Securities Depository System receive a written notice of the AGM. The record date for common shareholders will be 14 days before the AGM, at midnight (Luxembourg time) with a differing deadline for ADR holders. Subject to the procedures described in the Articles of Incorporation, all shareholders holding individually or collectively at least 10% of the issued shares have the right to submit proposals or draft resolutions. All shareholders on the register as at the record date will be eligible to attend in person, or vote by proxy, at the AGM.

Proxy forms are available and may be submitted by eligible shareholders which allow separate voting instructions to be given for each proposed resolution to one of the representatives indicated on the proxy form and also allow a person to be nominated to vote on behalf of shareholders as their proxy. There will be a separate vote for each candidate nominated for election to the Board of Directors. Details will be provided in the resolutions and supporting information distributed to the shareholders ahead of the AGM.

Under Luxembourg law, there are minimum quorum requirements for extraordinary general meetings but no minimum quorum requirement for AGMs. Decisions will be validly made at the AGM regardless of the number of shares represented if approval is obtained from the majority of the votes of those shareholders that are present or represented.

The Articles of Incorporation of the Company provide that the AGM will be chaired by the Chairman of the Board of Directors. However, the Board of Directors ordinarily delegates authority to the Company Secretary to chair the AGM. If a majority of the shareholders request an alternative independent chairman, one will be appointed.

At the AGM, the shareholders, inter alia, elect members of the Board of Directors for nominated terms of appointment, approve the Company's Annual Accounts, the Group's Annual Report and Consolidated Financial Statements, discharge the Directors from their duties for the financial year, approve (by an advisory vote) the Company's Remuneration Report and the Company's Remuneration Policy, and approve the statutory auditor's appointment. In accordance with Luxembourg law and the Company's Articles of Incorporation, the Chairman of the Board is elected by the Board of Directors based on its insight into who has the most suitable level of understanding of the Company to carry out the duties of the Chairman.

Dematerialisation of the Company's shares

Following the implementation of the EU Central Securities Depositories Regulation in Norway during 2022 and the decision of the Board of Directors under the authorisation given to it by the extraordinary general meeting of shareholders of Subsea 7 S.A. on 12 April 2022, the compulsory dematerialisation of all of the existing shares in Subsea 7 S.A. took place on 23 December 2022. All of Subsea 7 S.A.'s issued shares were converted into dematerialised shares and Verdipapirsentralen ASA (operating under the name of Euronext Securities Oslo) was appointed as central securities depository.

Equity and dividends

Shareholders' equity

Total shareholders' equity on 31 December 2022 was $4.5 billion (2021: $4.5 billion) which the Board of Directors believes is satisfactory given the Group's strategy, objectives and risk profile.

Dividend policy

It is Subsea7's objective to give its shareholders an attractive return on their invested capital. The Group's commitment to returning capital to shareholders is confirmed in its formal dividend policy to pay a minimum dividend of NOK 1.00 per share each year. The return of excess cash in the form of a special dividend or share repurchase will continue to be assessed by the Board annually. The dividend will normally be paid in the month following its approval at the AGM.

At the AGM on 18 April 2023 shareholders will be asked to approve the payment of a dividend of NOK 4.00 per share.

Equity mandates

At the extraordinary general meeting held on 14 April 2021, the Board of Directors' authority to approve the purchase of the Company's shares up to a maximum of 30,000,000 common shares (representing 10% of the issued common shares as of 14 April 2021) was granted until 14 April 2023. This authority is subject to certain purchase price conditions and is conditional on such purchases being made in open market transactions through the Oslo Stock Exchange, subject to certain limitations. The Board of Directors was also granted authority for a period ending on 14 October 2023 to cancel shares repurchased under such authorisation and to reduce the issued share capital through such cancellations.

At the same extraordinary general meeting the Company's shareholders approved the renewal of the authorised share capital at $900,000,000 (including the issued share capital) with authority for the Board of Directors to issue new common shares within the authorised unissued share capital and with any authorised but unissued common shares lapsing on 10 May 2023. Additionally, the Board of Directors was authorised to issue new shares within the authorised unissued share capital. The Board of Directors was authorised to waive, suppress or limit existing shareholders' preferential subscription rights up to a maximum of 30,000,000 common shares (representing 10% of the issued common shares as of 14 April 2021). These authorisations were granted for a period of two years, expiring on 10 May 2023, to reduce inter alia the administrative burden of convening an extraordinary general meeting annually.

An extraordinary general meeting will be held on 18 April 2023 at which it will be proposed that the shareholders approve the renewal of all of the above authorisations, which will otherwise lapse in 2023.

Equal treatment of shareholders and transactions with close associates

One class of shares

The Company has one class of shares which are listed on the Oslo Stock Exchange. Each share carries equal rights including an equal voting right at annual or extraordinary general meetings of shareholders of the Company. No shares carry any special control rights. The Articles of Incorporation contain no restrictions on voting rights.

Share issues

The Board of Directors is authorised to suppress the pre-emptive rights of shareholders under certain circumstances and within the limits set forth previously. This is to allow flexibility to deal with matters deemed to be in the best interest of the Company.

In the event of the Board of Directors resolving to issue new shares and waive the pre-emptive rights of existing shareholders, the Board of Directors intends to comply with the recommendation of the Norwegian Code of Practice for Corporate Governance that the justification for such waiver is noted in the stock exchange announcement relating to such a share issue.

Related party transactions

Any transactions between the Group and members of the Board of Directors, executive management or close associates are detailed in Note 35 'Related party transactions' to the Consolidated Financial Statements.

The Charter of the Board of Directors contains provisions on how the Board of Directors and executive management will handle agreements between the Company and related parties, and the Board of Directors will, from time to time, determine the necessity of obtaining third-party valuations on transactions between the Company and related parties. Any material transaction between the Company and a related party shall be subject to the prior approval of the Board of Directors, unless entered into in the ordinary course of business and concluded on normal market terms, in which case the Board of Directors shall establish an internal procedure to periodically assess whether these conditions are fulfilled.

The Group's Code of Conduct requires any Director or employee to declare if they hold any direct or indirect financial interest in any transaction entered into by the Group. Under Luxembourg law, Directors may not vote on transactions in which they have a direct or indirect financial interest conflicting with that of the Company.

Freely negotiable shares

Subsea 7 S.A.'s shares are traded as common shares on the Oslo Stock Exchange and as ADRs over-the-counter in the US.

All shares are freely negotiable. The Articles of Incorporation contain no form of restriction on the negotiability of shares in the Company.

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.

In 2022, a formal tender for a five-year engagement for the role of the Company's external auditor was conducted, and a contract awarded. The external auditor's appointment will be approved annually at the AGM.

Take-overs

Subsea 7 S.A.'s Board of Directors endorses the principles concerning equal treatment of all shareholders. In the event of a take-over bid, it is obliged to act in accordance with the requirements of applicable Luxembourg and Norwegian law provisions and in accordance with the applicable principles for good corporate governance.

The Company has been notified of the following significant shareholders who control 5% or more of the voting rights of the Company:

	%(a)
Siem Industries S.A.	23.4
Folketrygdfondet	7.7

a. Information is correct as of 31 December 2022.

Information and communications

Subsea 7 S.A.'s Board of Directors 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 Subsea7's website.

Announcements are released through notification to the company disclosure systems of the Oslo Stock Exchange and the Luxembourg Commission de Surveillance du Secteur Financier and simultaneously on the Subsea7 website. As a listed company, the Company complies with the relevant regulations regarding disclosure. Information is only provided in English.

The Company complies in all material respects with the Oslo Stock Exchange's Code of Practice for IR, which is available at www.oslobors.no/.

Directors' and Chief Executive Officer's responsibility statement

We confirm that, to the best of our knowledge, the Consolidated Financial Statements and the Unconsolidated Financial Statements for the year ended 31 December 2022 have been prepared in accordance with current applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and the Group taken as a whole. We also confirm that, to the best of our knowledge, the 2022 Annual Report, Consolidated Financial Statements and Unconsolidated Financial Statements include a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties facing the Group.

By Order of the Board of Directors of Subsea 7 S.A.

Kristian Siem
Chairman

John Evans
Chief Executive Officer

Remuneration Report

Letter from the Chairman of the Compensation Committee

As the Chairman of the Compensation Committee, I am pleased to present the Board's report on Subsea7's Executive Officers' remuneration, as well as that of the Non-Executive Directors of Subsea 7 S.A. for the year ended 31 December 2022. This year we have introduced a Remuneration Report to the Annual Report as an opportunity to enhance our disclosure, ensure further transparency and align with the EU's Shareholder Rights Directive II (Directive (EU) 2017/828). In addition, we have introduced the Subsea 7 S.A. Directors' remuneration policy (the Remuneration Policy) applicable to Executive Officers and Non-Executive Directors of the Company which has been approved by the Board of Directors. The Remuneration Policy will be submitted to the AGM on 18 April 2023 for advisory vote. The intention is for the Remuneration Policy to become effective for the years 2023, 2024, 2025 and 2026, if no material changes are contemplated.

2022 Performance

In 2022, our Subsea and Conventional business experienced continued positive momentum. High tendering activity resulted in another year of strong order intake, and tightening vessel availability supported a gradual improvement in pricing throughout the year. Likewise, in our Renewables business, the pricing and risk-sharing of new offshore wind contracts improved during the year, driven by the prospect of a shortage of installation vessel capacity.

Financial performance

In 2022, our Group revenue increased by 3% to $5.1 billion driven by higher activity in the subsea business. Group Adjusted EBITDA of $559 million resulted in an Adjusted EBITDA margin of 11%, broadly in line with 2021. Diluted earnings per share was $0.19, an improvement from $0.11 in 2021. Order intake increased 17% to $7.1 billion, compared with $6.1 billion in 2021, with better terms and conditions, including improved pricing, in both subsea and renewables.

During the year we returned $78 million to shareholders through dividends and share repurchases, including our first regular dividend of NOK 1.00 per share.

Strategic priorities

Subsea7 is well positioned to help the world achieve the energy transition goals, with a strong position across the offshore energy landscape from lower-carbon oil and gas, carbon capture and fixed offshore wind, to emerging energy sources such as floating wind and hydrogen.

Our people

2022 has seen our global recruitment level the highest it has been in many years in order to support the delivery of our strong backlog, the significant increase in tendering and to gain the specialist skills needed to diversify into new emerging energies. This is made more challenging given the competitive employment market, as the industry fights for talent to deliver the opportunities presented by an improving subsea market and to support global ambitions to achieve energy transition goals.

The competitive employment market has led to an increase in market salaries, which along with the global cost of living crisis led us to enhance our Annual Salary Review in 2022 to support our people with increasing inflation levels, to ensure alignment with the market and to recognise our people for their contributions to Subsea7's goals.

Our Short Term Incentive Plan 2022 (STIP 2022) triggers for payment were met with a positive net income and an Adjusted EBITDA exceeding the threshold of $537 million, along with achieving a Total Recordable Case Frequency rate below the Group target of 0.22. A payout will be made to all participants in 2023, taking into account their individual performance and contribution to business goals.

The Long Term Incentive Plan 2019 award (LTIP 2019) measured Total Shareholder Return (TSR) against a peer group, and Return on Average Invested Capital (ROAIC) over a performance period of three years from 1 July 2019 to 30 June 2022.

In 2022, to continue to retain and incentivise Subsea7's leaders and key employees, shareholders approved the adoption of a revised Long Term Incentive Plan, the 2022 LTIP Plan, which aligns their compensation with shareholder interests. The performance conditions approved included TSR and ROAIC, measures used in the existing plan, and the addition of a new performance measure, Cash Conversion Ratio (CCR). LTIP 2022 awards were made to approximately 140 leaders and key employees to incentivise and reward participants over the long term for sustained performance, delivery of the business strategy and shareholder value. LTIP 2022 awards were effective 1 October 2022 with a three-year performance period from 1 July 2022 to 30 June 2025 for all performance measures.

To attract and retain talent across Subsea7, we continue to focus on our employer brand of Being7, which is the foundation to our culture. At Subsea7, we offer our people a career they can be proud of, a place for innovation and an environment where they can thrive. In 2022 we received the second set of results from our new employee survey approach, which allows us to run more regular surveys to help build a better picture of how our people experience working at Subsea7. The survey gives us insights into our people's engagement and our overall results were in line with, or improved from, our 2021 survey results.

2022 Remuneration

The Group's Remuneration Policy is set by the Compensation Committee and is designed to provide remuneration packages which will help to attract, retain and motivate our people to achieve the Group's strategic objectives and to enhance shareholder value. The Compensation Committee also seeks to ensure that the Remuneration Policy is applied consistently across the Group and that remuneration is fair and transparent, while encouraging high performance.

The Compensation Committee benchmarks Executive Officers' remuneration against comparable companies and seeks to ensure that the Group offers rewards and incentives which are competitive with those offered by the Group's peers.

Remuneration is comprised of base salary, benefits, pension, and short-term and long-term incentives, further details of which can be found in the Remuneration Policy at www.subsea7.com, following approval at the AGM 2023.

Annual Salary Review

The Annual Salary Review (ASR) is a key annual process that allows the Group to recognise our employees' performance through an increase to base salary in line with Group performance and individual contribution, with an understanding of local market rates.

Early in 2022, Subsea7 recognised the competitiveness of the global employment market, with high recruitment levels to support the market upturn and increasing turnover rates, both putting pressure on market salaries for both onshore and offshore employees. In the third quarter, we applied a salary increase that reflected general inflation and ensured our employees were paid in line with market rates. In addition, terms and conditions for our offshore crews were reviewed and where appropriate enhancements made to align with the market.

In line with the ASR process, outlined in the Remuneration Policy, along with the approach taken in the wider organisation, the CEO and CFO received an increase to base salary effective 1 July 2022. The base salary adjustments were reviewed and approved by the Compensation Committee taking into account:

- the individual's role, performance and experience
- business performance, and the external environment
- base salary increases across the Group
- base salary levels for comparable roles at relevant, comparable businesses

The CEO was awarded a 12% increase to base salary resulting in a new salary of $693,222.

The CFO was awarded a 6% increase to base salary resulting in a new salary of $459,260.

Note: payments are made in GBP. The amounts have been translated into USD using an average exchange rate of 0.807822 for the year.

Benefits and pension

Benefits and pension awarded to the CEO and CFO during 2022 were in accordance with the Remuneration Policy. Benefits included private healthcare, life insurance, personal accident insurance and a car allowance, along with the opportunity to purchase additional flexible benefits.

The CEO received a cash allowance in lieu of a pension contribution, in line with the Company policy in the UK on lifetime allowances, which is paid less applicable employer national insurance contributions. The CFO participated in the UK defined contribution pension plan for the first half of 2022 and then received a cash allowance in lieu of pension contributions, less applicable employer national insurance contributions, from 1 July 2022.

Short Term Incentive Plan

The Group operates a Short Term Incentive Plan (STIP), an annual bonus scheme, with targets set by the Compensation Committee. The current performance objectives for the CEO and CFO are based upon the following metrics and weightings:

- Financial performance (45%)
- Project performance (20%)
- Safety performance (10%)
- Personal objectives (25%)

For the CEO and CFO, the maximum bonus opportunity in respect of 2022 was 150% and 100% of base salary, respectively.

For the performance period from 1 January 2022 to 31 December 2022, the financial and safety performance targets were achieved. The Compensation Committee evaluated the Group's performance compared to STIP 2022 targets and recommended approval of payment of the STIP 2022 bonuses, to the Board of Directors.

Based on the performance outcome against STIP 2022 targets, the bonus for the CEO was 86.0% of salary, resulting in a payment of $532,295. For the CFO, the bonus was 51.97% of salary, resulting in a payment of $225,167.

Long Term Incentive Plan

The Group currently operates a Long Term Incentive Plan (LTIP). The LTIP provides for conditional share awards based upon performance conditions over a three-year performance period.

The 2018 Long Term Incentive Plan (2018 LTIP Plan) was approved by the Company's shareholders at the Annual General Meeting on 17 April 2018 and was valid for a period up to five years until 2023. Awards under the 2018 LTIP Plan have been made in 2018, 2019, 2020 and 2021.

The 2022 Long Term Incentive Plan (2022 LTIP Plan) was approved by the Company's shareholders at the Annual General Meeting on 12 April 2022, superseding the 2018 LTIP Plan, and is valid for a period of five years until 2027. The principles of the plan remained as previous years whereby a conditional award of shares is made that provides for share awards which vest over a three to five-year period subject to performance measures. A new measure of Cash Conversion Ratio (CCR) has been added to the plan and the percentage weighting of each measure adjusted to reflect this.

The 2022 LTIP Plan has a five-year term with awards being made annually in October. The aggregate number of shares which may be granted in any calendar year is limited to 0.5% of issued share capital on 1 January of that calendar year. The total number of shares that may be delivered pursuant to awards under the plan shall not exceed 11,500,000. The total number of share awards and shares granted to the CEO and CFO are recommended by the Compensation Committee for approval by the Board of Directors. The 2022 LTIP Plan is an essential component of the Company's reward strategy and is designed to align the interests of participants with those of Subsea7's shareholders and enables participants to share in the success of the Company. The 2022 LTIP Plan provides for conditional awards of shares based upon performance conditions measured over a performance period of three years. Performance conditions are based upon three measures and weightings:

- Total Shareholder Return (65%)
- Cash Conversion Ratio (20%)
- Return on Average Invested Capital (15%)

All three performance conditions are determined over a three-year period from 1 July in the year of award to 30 June three years later. Subject to the achievement of the performance conditions, awards will vest in equal tranches after three, four and five years from award date.

Under the terms of the LTIP, participants are not entitled to receive dividend equivalent payments during the performance and holding periods. On 31 December 2022, there were approximately 150 participants in the active LTIP schemes (2018 LTIP and 2022 LTIP Plans). Individual award caps are in place such that no participant may be granted shares under the 2022 LTIP Plan in a single calendar year that have an aggregate fair market value in excess of 150%, in the case of the CEO, CFO and other members of the Executive Management Team, and 100%, in the case of other employees, of their annual base salary at the date of the award. Additionally, a holding requirement for the CEO, CFO and other members of the Executive Management Team applies where they must hold 50% of all awards that vest until they have built up a shareholding with a market value of 150% of their annual base salary which must be maintained throughout their tenure.

Total Shareholder Return based awards

The Company will have to achieve a Total Shareholder Return (TSR) ranking above the median for any awards to vest. If the ranked TSR position of Subsea7 during the three-year performance period, as converted to a percentage, is equal to 50%, 20% of the share award will vest. If the ranked TSR position of the Company is greater than 50% and below 90%, the vesting of the share award between 20% and 65% is determined by linear interpolation. The maximum award of 65% would vest if the Company achieved a ranked TSR position of equal to or greater than 90%.

The table below summarises the TSR performance condition applicable to the 2022 LTIP Plan:

	Performance	Vesting level (% of total award)
<50%	Below median	0%
=50%	Median	20%
>50% <90%	Between median and upper decile	Linear interpolation between 20% and 65%
≥90%	Upper decile	65%

TSR will be measured relative to the following peer group:

- Aker Solutions ASA
- Baker Hughes Company
- Fugro N.V.
- Halliburton Company
- Oceaneering International, Inc.
- Petrofac Limited
- Saipem S.p.A.
- Sapura Energy Berhad
- SBM Offshore N.V.
- SLB
- TechnipFMC plc
- Transocean Ltd.
- John Wood Group PLC
- Worley Limited

Cash Conversion Ratio based awards

The Cash Conversion Ratio (CCR) is a new measure to the 2022 LTIP Plan. This measures the conversion of Adjusted EBITDA into a form of cash. The Board believes this measure is an important addition to the LTIP as it aligns with shareholder interests in making sure the business converts profitability into cash generated from our operations in a timely manner. The Group can exert significant influence in achieving this goal. Furthermore it is clear and predictable, and as with the other two measures, the elements of the calculation are readily identifiable from the Group's financial statements.

CCR is calculated for each of the three years of the performance period on a quarterly basis and the table below summarises the CCR performance condition applicable to the 2022 LTIP Plan.

Performance	Vesting level (% of total award)
Below 0.7	0%
0.7	5%
0.9	10%
1.1 or above	20%

Vesting will be calculated on a linear interpolation basis between 0.7 and 0.9 and between 0.9 and 1.1.

Return on Average Invested Capital based awards

Return on Average Invested Capital (ROAIC) is calculated for each of the three years of the performance period on a quarterly basis. The table below summarises the ROAIC performance condition applicable to the 2022 LTIP Plan:

Performance	Vesting level (% of total award)
Below 9%	0%
9%	2.167%
11%	6.5%
14% or above	15%

Vesting will be calculated on a linear interpolation basis between 9% and 11% and between 11% and 14%.

Vesting of LTIP 2019 award

The performance conditions applicable to the share awards granted in 2019 under the 2018 LTIP Plan that vested during 2022 were based upon two measures: Total Shareholder Return and Return on Average Invested Capital, with a weighting of 65% and 35%, respectively. Subject to these performance conditions the vested shares are transferred to participants in equal tranches on the third, fourth and fifth anniversary of the award date.

The performance conditions for the vesting of the share awards granted in 2019 under the 2018 LTIP Plan are set out below. For LTIP 2019 awards, both performance conditions were assessed over the three-year period, and the TSR vested at 23.71% and the ROAIC at 0%.

As a result of the partial achievement of one of the two performance metrics over the three-year performance period from 2019 to 2022, 23.71% of the total share awards granted in 2019 vested during 2022.

LTIP metric	% of shares awards under each metric	Range	Result	% of shares under metric to vest	Shares to vest (max over 3 years)
TSR	65%	50% - 100%	53.3%[(a)]	36.48%	23.71%
ROAIC	35%	9% - 14% (average %)	(2.7)%[(b)]	–	–
Total	100%				23.71%

a. Subsea7 ranked 8th out of the 16 companies within the selected peer group (above the median but below the 90th percentile). This resulted in 36.48% vesting for the TSR portion – 23.71% of the total award.
b. The average over the three-year performance period was (2.7)%. This resulted in 0% vesting for the ROAIC portion.

The Compensation Committee evaluated the Group's performance over the performance period and recommended approval of the LTIP 2019 award vesting to the Board of Directors.

During 2022, in accordance with the terms of the 2018 LTIP plan, shares totalling 321,490 were transferred to participants. In accordance with the terms of the 2013 LTIP plan further shares totalling 66,422 were transferred to participants.

The table below shows the number of vested share awards transferred to the CEO and CFO during 2022:

Award year	CEO		CFO	
	John Evans	John Evans	Mark Foley	Ricardo Rosa
	2022	2021	2022	2021
2016 (2013 LTIP Plan)	–	7,576	–	6,060
2017 (2013 LTIP Plan)	3,360	3,260	–	2,608
2018 (2018 LTIP Plan)	9,287	9,287	–	7,672
2019 (2018 LTIP Plan)	4,695	–	–	–
Total	17,342	20,123	–	16,340

The numbers of vested share awards in the above table are gross, and exclude the impact of income taxes and social security costs borne by the employee.

Long Term Incentive Plan awards in 2022

Conditional share awards were made to approximately 140 leaders and key employees on 1 October 2022 comprising 1,391,000 (2021: 1,234,000) shares under the terms of the 2022 LTIP Plan.

60,000 shares were awarded to the CEO, equivalent to 78% of salary.

32,000 shares were awarded to the CFO, equivalent to 63% of salary.

Summary of 2022 Executive Officer remuneration

Total remuneration for the CEO and CFO in 2021 and 2022 was as follows:

For the year ended (in $ thousands)	Chief Executive Officer		Chief Financial Officer	
	John Evans	John Evans	Mark Foley	Ricardo Rosa
	2022 31 Dec (a)(b)	2021 31 Dec (a)(b)	**2022 31 Dec** (a)(b)(c)	2021 31 Dec (a)(b)(d)
Base salary	**656.1**	689.0	**446.3**	524.0
Short-term incentive bonus (e)	**532.3**	481.9	**225.2**	219.7
Other short-term remuneration (f)	**–**	–	**133.7**	–
Taxable benefits (g)	**19.9**	22.1	**15.5**	18.0
Share-based payments (h)	**159.7**	174.0	**–**	141.1
Cash in lieu of pension (i)	**57.3**	61.0	**23.1**	**–**
Pension contributions made by employer (j)	–	–	**12.8**	**51.2**
Total	**1,425.3**	1,428.0	**856.6**	**954.0**

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. The amounts have been translated to USD using an average exchange rate of 0.807822 for the year. The amount represents the cash paid in respect of the year.
c. Mr Foley joined the Executive Management Team as CFO on 1 January 2022.
d. Mr Rosa retired as CFO on 31 December 2021.
e. Short-term incentive bonus in respect of performance during the year.
f. Other short-term remuneration represents amounts paid after 12 months' service for forfeiture of award from previous employer.
g. Taxable benefits represent the taxable value of benefits provided during the year, including private healthcare insurance and car allowances.
h. Share-based payments represents the market value of the shares transferred to the participants during the year which 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.
i. CEO and CFO received a cash allowance in lieu of a pension contribution.
j. Employer pension contributions represents the cash value of defined pension contribution payments made by the Group during the year.

Non-Executive Director fees

Details of fees payable to Non-Executive Directors are set out below:

Name	Annual fee ($)	Member of Audit Committee ($)[a]	2022 31 Dec ($)	2021 31 Dec ($)
Kristian Siem	200,000	–	**200,000**	200,000
Dod Fraser	105,000	14,000	**119,000**	119,000
Allen Stevens[b]	–	–	**–**	2,877
Niels Kirk	105,000	–	**105,000**	107,520
Elisabeth Proust[c]	–	–	**–**	31,635
David Mullen	105,000	6,000	**111,000**	109,308
Jean Cahuzac	105,000	2,382	**107,382**	108,504
Eldar Sætre[c]	105,000	3,618	**108,618**	61,530
Louisa Siem[c]	105,000	–	**105,000**	60,690

a. The Chair of the Audit Committee receives $14,000 per annum and the members receive $6,000 per annum.
b. Allen Stevens passed away on 10 January 2021.
c. Elisabeth Proust's mandate expired on 14 April 2021. Eldar Sætre and Louisa Siem were appointed as Directors with effect from 1 June 2021 and 4 June 2021 respectively.

Share ownership of the Executive Management Team and Non-Executive Directors

Details of total performance shares and shares held in the Company by the Executive Management Team as at 31 December 2022 are shown in the table below.

Name	Total performance shares[a]	Total owned shares
John Evans	179,099	101,405
Mark Foley	72,000	–
Olivier Blaringhem	110,137	23,156
Phil Simons	109,343	13,451
Nathalie Louys	99,441	37,557
Kate Lyne	91,884	20,673
Marcelo Xavier	72,187	2,164

a. Total performance shares held represent the maximum future entitlement assuming all conditions are met.

Details of shares held in the Company by the Non-Executive Directors as at 31 December 2022 are shown in the table below.

Name	Total owned shares
Kristian Siem[a]	–
Dod Fraser	4,000
Niels Kirk	–
David Mullen	15,000
Jean Cahuzac	198,131
Eldar Sætre	7,000
Louisa Siem	–

a. At 31 December 2022, Siem Industries S.A., which is a company controlled by Mr Siem, owned 70,329,916 shares, representing 23.4% of total common shares of the Company.

The Directors are encouraged to own shares in the Company but no longer participate in any incentive or share option schemes.

Remuneration arrangements for 2023

In relation to 2023, the structure of remuneration arrangements will be in line with that for 2022 and as detailed in the Remuneration Policy.

As the market continues to recover and grow in 2023 and beyond, we expect the competition for talent to continue, putting upward pressure on market salaries. This competitive market, along with the continued inflationary environment, will be taken into account when determining the Annual Salary Review in 2023.

The Company will continue to operate its annual Short Term Incentive Plan (STIP) with targets set by the Compensation Committee. The current performance conditions for Executives will continue to be based upon the following metrics and weightings: Financial performance (45%), Project performance (20%), Safety performance (10%) and Personal objectives (25%).

The Company will continue to operate its 2022 LTIP Plan as approved at the AGM in 2022. The current performance conditions for Executives will continue to be based upon the following metrics and weightings: Total Shareholder Return (65%), Cash Conversion Ratio (20%) and Return on Average Invested Capital (15%).

Financial Review

Management Report for Subsea7 Group (the Group)
Financial highlights

At a glance
- Adjusted EBITDA of $559 million resulting in an Adjusted EBITDA margin of 11%
- Net income of $36 million
- Cash and cash equivalents of $646 million and net cash of $33 million including lease liabilities
- Liquidity of $1.6 billion with $1.0 billion undrawn borrowing facilities
- Highest order intake since 2013 at over $7.0 billion with backlog of $9.0 billion, of which $4.2 billion to be executed in 2023 and $3.0 billion in 2024
- High tendering activity with recent awards and ongoing bids underpinning management's confidence in the outlook, including a return of Group Adjusted EBITDA margins to through-cycle levels of 15-20% over the coming four years
- Reflecting the Board's confidence in the outlook for Subsea7, it will propose for approval by shareholders at April's AGM a dividend of NOK 4.00 per share, including the NOK 1.00 per share regular dividend

In $ millions, except Adjusted EBITDA margin and per share data	**2022 31 Dec**	2021 31 Dec
Revenue	**5,136**	5,010
Adjusted EBITDA[(a)]	**559**	521
Adjusted EBITDA margin[(a)]	**11%**	10%
Net operating income	**149**	72
Net income	**36**	36
Earnings per share – in $ per share		
Basic	**0.20**	0.11
Diluted[(b)]	**0.19**	0.11

At (in $ millions)	**2022 31 Dec**	2021 31 Dec
Backlog[(a)]	**9,008**	7,212
Book-to-bill ratio[(a)]	**1.4x**	1.2x
Cash and cash equivalents	**646**	598
Borrowings	**(356)**	(422)
Net cash excluding lease liabilities[(a)]	**290**	176
Net cash/(debt) including lease liabilities[(a)]	**33**	(55)

(a) For explanations and reconciliations of Adjusted EBITDA, Adjusted EBITDA margin, Backlog, Book-to-bill ratio and Net cash/(debt) refer to the 'Alternative Performance Measures' section on page 143.

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

Summary
2022 was a year of strong momentum for Subsea7 as the recovery in the subsea market gathered pace. The cumulative impact of years of underinvestment by the oil and gas industry combined with a new urgency for energy security supported a resurgence in demand for the Group's services. The increase in tendering and early engineering activity that the Group was experiencing 12 months ago translated into strong order intake in 2022, driving a rapid tightening of vessel availability and a significant improvement in new project margins. The Group recognised total order intake for the year of over $7 billion, the highest since 2013, and a backlog of over $9 billion at year end.

The Group's financial performance in 2022 with revenue of $5.1 billion, net operating income of $149 million and Adjusted EBITDA of $559 million was supported by improved results in the Subsea and Conventional business unit as demand for the Group's services in the oil and gas sector increased. The Renewables business unit did not perform as expected with problems encountered originating from the combination with OHT ASA, linked primarily to issues with the construction of *Seaway Alfa Lift*, which had a knock-on impact on the execution of the Dogger Bank A&B project, for which a provision was recognised in the year.

Net income was $36 million in 2022, in line with the prior year, with taxation of $100 million, an effective tax rate of 73%.

Net cash generated from operations in 2022 was $486 million and free cash flow was $255 million after capital expenditure of $231 million. At 31 December 2022, the Group held cash and cash equivalents of $646 million with net cash including lease liabilities of $33 million. The Group had liquidity of $1.6 billion with $1.0 billion undrawn borrowing facilities at year end.

Overall, Subsea7 delivered a good financial and operational performance in 2022, while making important progress on several aspects of its strategy, and it is well-placed to deliver growth, both near term and longer term.

Outlook

Management expect revenue and Adjusted EBITDA in 2023 to be higher than 2022, with a weighting towards the second half of the year.

The outlook for both traditional and new energy is robust, supported by a vast portfolio of potential developments in both subsea and offshore wind with attractive economics, all of which will be necessary if the industry is to meet the demand for global energy and provide energy security in Europe. Subsea7 is well positioned to address both markets, with a large and capable fleet of modern vessels. Availability of installation capacity for subsea and offshore fixed wind markets continues to tighten for 2024 and 2025, and the Group is now tendering projects for 2026 and beyond. Pricing and contract terms improved during 2022 and recent awards, as well as ongoing tenders, support management's view that long-term Adjusted EBITDA margins should trend back to a through-cycle range of 15-20% over the long term.

Income statement

Revenue

Revenue for the full year was $5.1 billion, an increase of $126 million or 3% compared to the prior year. The increase was driven by higher revenue in the Subsea and Conventional business unit partly offset by reduced revenue in the Renewables business unit.

Adjusted EBITDA

Adjusted EBITDA and Adjusted EBITDA margin for the year were $559 million and 11% respectively, compared to $521 million and 10% in 2021.

Net operating income

Net operating income for the year was $149 million, which included impairment reversals of $56 million, related to property, plant and equipment, compared to net operating income of $72 million in the prior year.

The main items contributing to the net operating income in the year were:

- net operating income of $229 million in the Subsea and Conventional business unit;
- net operating income of $5 million related to the Corporate business unit

partly offset by:

- net operating loss of $85 million in the Renewables business unit, which reflected costs incurred on the Formosa 2 project, Taiwan.

Net income

Net income was $36 million in 2022, which was in line with 2021.

Net income included:

- a net gain of $2 million within other gains and losses, which included net foreign currency loss of $7 million, compared to a net gain of $44 million in 2021 within other gains and losses, which included net foreign currency gains of $36 million; and
- an increase of $36 million in taxation compared to 2021, mainly driven by the increase in income before tax combined with irrecoverable withholding taxes in certain jurisdictions. The effective tax rate for 2022 was 73%.

Earnings per share

Diluted earnings per share was $0.19 in 2022, compared to diluted earnings per share of $0.11 for the prior year, calculated using a weighted average number of shares of 293 million and 299 million, respectively.

Business unit highlights
For the year ended 31 December 2022

(in $ millions)	Subsea and Conventional	Renewables	Corporate	Total
Revenue				
Fixed-price projects	**3,210.3**	**1,093.0**	**38.7**	**4,342.0**
Day-rate projects	**693.0**	**23.9**	**76.9**	**793.8**
	3,903.3	**1,116.9**	**115.6**	**5,135.8**
Net operating income/(loss)	**229.2**	**(85.3)**	**4.9**	**148.8**
Finance income				**9.0**
Other gains and losses				**1.9**
Finance costs				**(23.4)**
Income before taxes				**136.3**
Adjusted EBITDA[(a)]	***531.6***	***4.8***	***23.0***	***559.4***
Adjusted EBITDA margin[(a)]	***13.6%***	***0.4%***	***19.9%***	***10.9%***

(a) Adjusted EBITDA and Adjusted EBITDA margin are non-IFRS measures. For explanations and reconciliations of Adjusted EBITDA and Adjusted EBITDA margin refer to the 'Alternative Performance Measures' section on page 143.

For the year ended 31 December 2021

(in $ millions)	Subsea and Conventional	Renewables	Corporate	Total
Revenue				
Fixed-price projects	3,015.2	1,259.3	9.5	4,284.0
Day-rate projects	659.4	0.2	66.4	726.0
	3,674.6	1,259.5	75.9	5,010.0
Net operating income/(loss)	102.7	(59.5)	28.5	71.7
Finance income				4.7
Other gains and losses				44.4
Finance costs				(20.1)
Income before taxes				100.7
Adjusted EBITDA[(a)]	*468.0*	*3.8*	*49.1*	*520.9*
Adjusted EBITDA margin[(a)]	*12.7%*	*0.3%*	*64.7%*	*10.4%*

(a) Adjusted EBITDA and Adjusted EBITDA margin are non-IFRS measures. For explanations and reconciliations of Adjusted EBITDA and Adjusted EBITDA margin refer to the 'Alternative Performance Measures' section on page 143.

Subsea and Conventional
Revenue for the year was $3.9 billion, an increase of $229 million or 6% compared to 2021.

During the year, the Mad Dog 2, King's Quay, Jack St Malo 4, Anchor, Vito Construction and Colibri projects, in the Gulf of Mexico, the 28 Jackets, 3PDMs and Berri-Zuluf projects in Saudi Arabia, the Jubilee project, Ghana, the Terra Nova project, Canada, the Pierce, Blythe & Vulcan Satellite hubs projects, UK and the Johan Sverdrup Phase II project in Norway were substantially completed.

Work progressed on the Sangomar project, Senegal, the Sanha Lean Gas and CLOV 3 projects, Angola, the Sakarya project, Türkiye, the TOPR project in the Gulf of Mexico, the Scarborough project, Australia, the Trell & Trine, Northern Lights and Kobra East Gekko projects in Norway, and the ACE project, Azerbaijan.

In Brazil, there were high levels of utilisation of the four PLSVs under long-term contracts with Petrobras as well as continued progress on the Bacalhau and Mero 3 projects.

Net operating income was $229 million in 2021 compared to net operating income of $103 million in the prior year. The improved net operating income included impairment reversals of $56 million, related to property, plant and equipment and reflected good operational performance and the close-out of certain projects.

Renewables
Revenue for the year was $1.1 billion compared to $1.3 billion in 2021. Net operating loss was $85 million compared to net operating loss of $60 million in 2021.

During the year work progressed on the Seagreen project, UK as the project neared completion. Work continued with the offshore phase of the Dogger Bank A&B projects, both UK, the Zhong Neng, Changfang and Xidao, and Yunlin projects, Taiwan and the Hollandse Kust Zuid project, Dutch North Sea. The results of the Renewables business unit include costs recognised in relation to the Formosa 2 project in Taiwan, which was substantially completed during the year, whose economic interest was retained by Subsea 7 S.A., although it is being executed by Seaway 7 ASA. The net operating loss in 2022 also reflected continued challenges on the monopile scope of the Hollandse Kust Zuid project in the Dutch North Sea.

Corporate
Revenue, which was mainly driven by the Group's autonomous wholly-owned Xodus and 4Subsea and the Group's floating wind activities, was $116 million in 2022 compared to $76 million in 2021. The increased revenue reflected activity on the Hywind Tampen floating wind development project in Norway, which was substantially completed in the year. Net operating income was $5 million in 2022 compared to net operating income of $29 million in 2021. The net operating income in 2021 benefitted from a credit of $37 million related to the Group's resizing programme following downward revisions of restructuring cost estimates.

Vessel utilisation and fleet
Active Vessel Utilisation for the year was 78% compared with 83% for 2021. Total Vessel Utilisation was 74% compared to 77% in 2021.

At 31 December 2022 there were 38 vessels in the Group's fleet, comprising 36 active vessels and two vessels under construction. During the year, *Seven Antares* and *Seven Inagha* were classified as assets held for sale and no longer form part of the Group's fleet.

Cash flow

Cash flow statement
Cash and cash equivalents were $646 million at 31 December 2022, an increase of $48 million in the year. The movement in cash and cash equivalents was mainly attributable to:

- net cash generated from operating activities of $486 million, which included favourable movements of $28 million in net working capital;
- net cash used in investing activities of $220 million, which included purchases of property, plant and equipment and intangible assets of $231 million. This amount is lower than expected as stage gate payments in relation to the construction of *Seaway Alfa Lift* and *Seaway Ventus* were moved into 2023; and
- net cash used in financing activities of $211 million, which included payments related to lease liabilities of $111 million, repayment of borrowings of $62 million, dividends paid to equity shareholders of $32 million, share repurchases of $46 million partly offset by net cash received of $55 million following Seaway 7 ASA's equity rights issuance.

Free cash flow
During the year, the Group generated free cash flow of $255 million (2021: $127 million) which is defined as cash generated from operations of $486 million (2021: $293 million) less purchases of property, plant and equipment and intangible assets of $231 million (2021: $167 million).

Balance sheet

Non-current assets
At 31 December 2022, non-current assets were $4.5 billion (2021: $4.7 billion). The movement of $172 million was mainly due to a decrease in the carrying amount of property, plant and equipment, intangible assets and right-of-use assets of $127 million driven by depreciation and amortisation charges of $468 million partly offset by impairment reversals of $56 million related to property, plant and equipment and additions.

Non-current liabilities
At 31 December 2022 total non-current liabilities were $609 million (2021: $664 million). The decrease of $55 million was mainly driven by the reclassification of $58 million from non-current to current borrowings in line with repayment schedules.

Net current assets
Current assets were $2.4 billion (2021: $2.3 billion) and current liabilities were $1.9 billion (2021: $1.9 billion), resulting in net current assets of $537 million (2021: $457 million). The increase of $80 million in the year was driven by:

- decrease in trade and other liabilities of $82 million;
- increase in cash and cash equivalents of $48 million;
- increase in assets held for sale of $46 million

partly offset by:

- increase in construction contract liabilities of $114 million.

Equity
At 31 December 2022 total equity was $4.5 billion (2021: $4.5 billion). The decrease of $38 million in the year was driven by:

- net foreign currency translation losses of $51 million;
- share repurchases of $46 million;
- dividends of $34 million

partly offset by:

- Seaway 7 ASA's equity rights issuance of $54 million: and
- net income of $36 million.

Borrowings, lease liabilities, net cash/(debt) and liquidity

Borrowings

At 31 December 2022, total borrowings were $356 million (2021: $422 million). The decrease of $66 million was mainly driven by the repayment of the Seaway 7 ASA Revolving Credit Facility of $37 million in early 2022 and scheduled repayments of $25 million related to the Group's South Korean Export Credit Agency facility.

A summary of the borrowing facilities available to the Group at 31 December 2022 is as follows:

(in $ millions)	Total facility	Drawn[(a)]	Undrawn	Maturity date
Multi-currency revolving credit and guarantee facility	700.0	–	700.0	June 2027
UK Export Finance (UKEF) facility	500.0	(200.0)	300.0	February 2028
South Korean Export Credit Agency (ECA) facility	159.8	(159.8)	–	January 2027[(b)]
Total	**1,359.8**	**(359.8)**	**1,000.0**	

(a) Borrowings presented in the Consolidated Balance Sheet are shown net of capitalised fees of $3.8 million, which are amortised over the period of the facility.
(b) 90% of the facility is provided by an Export Credit Agency (ECA) and 10% by commercial banks. The maturity of the ECA tranche is January 2029 and the maturity of the commercial tranche is January 2027.

Lease liabilities

Lease liabilities at 31 December 2022 were $257 million, an increase of $26 million compared with 31 December 2021.

Net cash/(debt)

At 31 December 2022:

- net cash (excluding lease liabilities) was $290 million compared to net cash of $176 million at 31 December 2021; and
- net cash (including lease liabilities) was $33 million, compared to net debt of $55 million at 31 December 2021.

Gearing

At 31 December 2022, gross gearing (borrowings divided by total equity) was 8.0% (2021: 9.4%).

Liquidity

At 31 December 2022, the Group's liquidity, represented by cash and cash equivalents and undrawn borrowing facilities, was $1.6 billion (2021: $1.6 billion).

Cash management constraints

The Group operates within a liquidity risk management framework which governs its management of short, medium and long-term funding and liquidity requirements. The Group manages liquidity risk by ensuring that it has access to sufficient cash, banking and borrowing facilities. This is achieved by regularly monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities where appropriate.

Financial covenant compliance

The Group's committed borrowing facilities contain financial covenants relating to a maximum level of net debt (excluding lease liabilities) to Adjusted EBITDA. During the year, all financial covenants were met. The Group expects to be able to comply with all financial covenants during 2023.

Shareholder distributions

Share repurchase programme

During the year ended 31 December 2022, 5,648,072 shares were repurchased in accordance with the Group's share repurchase programme authorised on 24 July 2019, extended on 15 April 2021, for a total consideration of $46 million. At 31 December 2022, the Group had cumulatively repurchased 10,000,212 shares for a total consideration of $77 million under this programme. At 31 December 2022, the Group directly held 9,794,267 shares (31 December 2021: 4,534,107) as treasury shares, representing 3.26% (31 December 2021: 1.51%) of the total number of issued shares.

Dividends

The regular dividend of NOK 1.00 per share was approved by the shareholders of Subsea 7 S.A. at the Annual General Meeting on 12 April 2022 and recognised in shareholders' equity in April 2022. The dividend of $31.7 million was paid on 6 May 2022 to shareholders of Subsea 7 S.A.

Shareholders

The 20 largest shareholders of the Company, and their beneficial ownership[a] as a percentage of the total fully paid and issued common shares, at 31 December were:

At	2022 %	2021 %
Siem Industries S.A.	**23.4**	23.2
Folketrygdfondet	**7.7**	7.9
BlackRock Institutional Trust Company, N.A.	**4.0**	4.0
Storebrand Kapitalforvaltning AS	**2.3**	2.2
DNB Asset Management AS	**2.2**	2.6
The Vanguard Group, Inc.	**2.1**	2.1
KLP Fondsforvaltning AS	**1.9**	–
SAFE Investment Company Limited	**1.9**	1.9
Pareto Asset Management AS	**1.8**	1.9
ODIN Forvaltning AS	**1.6**	1.7
Robotti & Company Advisors, LLC	**1.6**	1.8
Capital Research Global Investors	**1.5**	–
Alfred Berg Kapitalforvaltning AS	**1.3**	0.8
Artisan Partners Limited Partnership	**1.3**	–
Third Avenue Management LLC	**1.0**	0.9
Cobas Asset Management, SGIIC, SA	**1.0**	0.8
Alken Asset Management Ltd	**1.0**	0.8
Nordea Funds Oy	**0.8**	1.7
Eika Kapitalforvaltning AS	**0.8**	0.4
Dimensional Fund Advisors, L.P.	**0.8**	0.7
Total	**60.0**	55.4

(a) The data is provided by NASDAQ, Inc and is obtained through an analysis of beneficial ownership and fund manager information. This is provided in response to disclosure of ownership notices issued to all custodians on the Subsea7 VPS share register. While every reasonable effort has been made to verify the data, there may be fluctuations as a result of such events as stock lending or other non-institutional stock movements, and neither Subsea7 nor NASDAQ, Inc can guarantee the accuracy of the analysis.

Going concern

The Consolidated Financial Statements have been prepared under the assumption of going concern. This assumption is based on the level of cash and cash equivalents at the year end, the Group's forecast cash flows, the committed borrowing facilities in place, and the backlog position at 31 December 2022.

Risk management and internal control

The Group's approach to risk management and internal control is detailed in the Risk Management and Governance sections on pages 26 to 63. Financial risk management is as described in Note 34 'Financial instruments'.

Events after the reporting period

Borrowings

On 23 February 2023, the Group borrowed an additional $300 million under the UK Export Finance (UKEF) facility. The facility's availability period ended on 24 February 2023. At 2 March 2023, the amount outstanding under the facility, net of facility fees, was $494.6 million.

Dividends

The Board will propose a NOK 4.00 per share dividend, equivalent to a total of approximately $110 million, at the Annual General Meeting on 18 April 2023. In arriving at this proposal, the Board took into consideration the financial performance and prospects of the Group, the NOK 1.00 regular dividend policy commitment and the status of the 2022 share repurchase programme.

Management Report for Subsea 7 S.A. (the Company)
Additional information specific to the Unconsolidated Financial Statements of Subsea 7 S.A.

Unconsolidated Financial Statements of Subsea 7 S.A.

The Unconsolidated Financial Statements of Subsea 7 S.A., the ultimate parent company of the Subsea 7 S.A. Group, are shown on page 155 to page 162. These were prepared in accordance with Luxembourg's legal and regulatory requirements and using the going concern basis of accounting. The profit for the year ended 31 December 2022 was $7.7 million (2021: profit of $16.3 million). The profit was mainly driven by other operating income of $41.3 million related to parent company guarantees issued to subsidiaries of the Group, the reversal of a value adjustment of $10.9 million, mainly related to investments in affiliated undertakings, partly offset by operating expenses of $33.6 million and interest costs of $11.7 million. It is proposed that the profit of $7.7 million for the year ended 31 December 2022 be allocated to profit and loss brought forward at 1 January 2023 resulting in a profit to be brought forward amounting to $91.6 million.

Own shares held

During 2022, the Company repurchased 5,648,072 shares for a total consideration of $46.0 million. At 31 December 2022 the Company directly held 9,794,267 (2021: 4,534,107) own shares at a carrying amount of $75.0 million (2021: $29.9 million).

Distributable amounts

At 31 December 2022, the Company had distributable amounts, as defined by Luxembourg law, totalling $787.8 million (2021: $858.7 million). Distributable amounts include share premium account, profit and loss account brought forward and profit or loss for the year. The year-on-year reduction was mainly related to dividends paid of $33.6 million.

Risk management, internal control and corporate governance

The Company's approach to risk management, internal control and corporate governance is consistent with that applied to affiliates in the Subsea7 Group and is detailed in the Risk Management and Governance sections on pages 26 to 63. Financial risk management is described in Note 34 'Financial instruments'. Non-financial information required by regulation is provided on pages 1 to 63.

By order of the Board of Directors of Subsea 7 S.A.

Kristian Siem
Chairman

John Evans
Chief Executive Officer

Subsea 7 S.A. Consolidated Financial Statements for year ended 31 December 2022

Report of the Réviseur d’Entreprises Agréé

To the Shareholders of Subsea 7 S.A.
412F, route d’Esch
L-1471 Luxembourg

Report on the audit of the Consolidated Financial Statements

Opinion

We have audited the Consolidated Financial Statements of Subsea 7 S.A. and its subsidiaries (the “Group”) included on pages 80 to 142, which comprise the Consolidated Balance Sheet as at 31 December 2022, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and the Notes to the Consolidated Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying Consolidated Financial Statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (“Law of 23 July 2016”) and with International Standards on Auditing (“ISAs”) as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier” (“CSSF”). Our responsibilities under the EU Regulation Nº 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the “Responsibilities of the “réviseur d’entreprises agréé” for the audit of the Consolidated Financial Statements” section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (“IESBA Code”) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Consolidated Financial Statements of the current year. These matters were addressed in the context of the audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter:	Recognition of revenues and income on long-term contracts
Description of key audit matter:	A significant proportion of the Group's revenues and income is derived from long-term contracts. As detailed in Note 3 'Significant accounting policies' to the Consolidated Financial Statements, these contracts include complex technical and commercial risks and often specify performance milestones to be achieved throughout the contract period, which can last several years. Due to the contracting nature of the business, revenue recognition involves a significant degree of judgement, with estimates being made to: • assess the total contract costs; • assess the stage of completion of the contract; • assess the proportion of revenues, including variable consideration, to recognise in line with the stage of contract completion; • forecast the profit margin on each contract incorporating appropriate contingency and allowances for technical and commercial risks related to performance milestones yet to be achieved; and • appropriately identify, estimate and provide for onerous contracts. There is a range of acceptable outcomes resulting from these judgements that could lead to different revenue or income being reported in the Consolidated Financial Statements. The Group has detailed procedures and processes in place to manage the commercial, technical and financial aspects of long-term contracts. The processes include the preparation of a Project Monthly Status Report (PMSR), which includes key accounting and forecast information for the relevant contract. The risk of material misstatement is that the accounting for the Group's significant contracts does not accurately reflect the progress made and consequently the contract revenue and margin recognised at the reporting date.
Our response:	Our audit procedures over the recognition of revenues and income on long-term contracts included, among others, the following: We evaluated and tested the relevant information technology systems and performed procedures over the operating effectiveness of internal controls over the accuracy and timing of long-term contract revenue and margin recognised in the Consolidated Financial Statements, including controls over: • the detailed contract reviews (being the PMSR process and controls) performed by management and reviewed at the project and the Group level that included estimating total costs, stage of completion of contracts, and evaluating contract profitability; and • the transactional controls that underpin the production of underlying contract related cost balances including the purchase-to-pay, vessel costs and payroll cycles. For the most significant contracts and those which are subject to estimation uncertainty, we: • obtained the PMSR and gained an understanding of the performance and status of the contracts; • corroborated management's positions through the examination of externally generated evidence, such as customer correspondence and correspondence with legal advisors; • discussed and understood management's estimates for total contract costs and forecast costs-to-complete, considering the impact of cost inflation, and taking into account the historical accuracy of such estimates; • discussed and understood management's estimates in recognising actual or potential variation orders, taking into account the historical accuracy of such estimates; • tested the reconciliation of cost models to the PMSR and to the accounting records; • re-performed the percentage of completion calculation; and • considered whether provisions for onerous contracts reflect the requirements of IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'. We read the relevant clauses within selected contracts and discussed each with management to obtain a full understanding of the specific terms and risks, which informed our consideration of whether revenue for these contracts was appropriately recognised. We made enquiries to both Group internal and external legal counsel and considered the positions taken by management. We assessed the adequacy of the disclosures in Note 3 'Significant accounting policies' and Note 5 'Segment information' to the Consolidated Financial Statements in relation to revenue.

Key audit matter:	Vessel fleet impairment assessments
Description of key audit matter:	The Subsea7 vessel fleet comprises owned and leased vessels. At 31 December 2022, the carrying amount of the owned vessel fleet was $3.6 billion and the carrying amount of right-of-use assets related to leased vessels was $175.6 million as detailed in Note 15 'Property, plant and equipment' and Note 16 'Right-of-use assets' to the Consolidated Financial Statements. During the year an impairment reversal of $18.3 million was recognised on one of the Group's owned vessels. Vessels within property, plant and equipment and right-of-use assets related to leased vessels are subject to an impairment test where indicators of impairment exist. Impairment charges are recognised when necessary to bring the carrying amounts of specific assets to their recoverable amount defined as the higher of value-in-use or fair value less costs to dispose. The process for determining whether impairment indicators exist is complex and requires significant management judgement. The key factors are: • the forecast utilisation of the owned vessel fleet and the right-of-use assets related to leased vessels; • the determination of the value-in-use of the cash-generating units in which the vessels are allocated; and • the external broker estimates of market valuation (for owned vessels only). The subsequent process for determining the amount of impairment which may result from the above indicators is also complex and requires significant management judgement and estimates. The risk of material misstatement is that the carrying amount of the owned vessel fleet within property, plant and equipment and the leased vessels within right-of-use assets could be overstated.
Our response:	Our audit procedures over the vessel fleet impairment assessments included, among others, the following: We evaluated management's assessment for indicators of impairment or for indicators of reversal of impairments related to owned vessels within property, plant and equipment and right-of-use assets related to leased vessels. We obtained an understanding of the internal financial controls for the owned vessel and right-of-use asset impairment process including the determination of assumptions used within the models to assess the recoverable amount. We obtained management's impairment assessment for the owned vessels and right-of-use assets related to vessel leases. For owned vessels and right-of-use assets relating to leased vessels where an impairment trigger was identified, we analysed the recoverable amount considering the value-in-use of the cash-generating units in which the owned vessels and right-of-use assets relating to leased vessels are allocated. For owned vessels we reviewed the external broker valuations obtained by management for each vessel and assessed the independence, objectivity and competence of the broker as well as the adequacy of the respective assumptions and methods used, the reasonableness of the conclusions reached, and their consistency with management's analysis. We obtained an understanding of management's rationale for the impairment reversal and assessed it for appropriateness against the reversal criteria as per IAS 36, and critically assessed if any further impairment reversal triggers of the vessel fleet existed. We assessed the completeness and the accuracy of the impairment reversal identified by management to the accounting records. We evaluated the adequacy of the Group's disclosures in Note 15 'Property, plant and equipment' and Note 16 'Right-of-use assets' regarding the impairments and impairment reversals of owned vessels and right-of-use assets related to leased vessels in the Consolidated Financial Statements.

Key audit matter:	Goodwill impairment assessments
Description of key audit matter:	As detailed in Note 13 'Goodwill', the Consolidated Financial Statements include $191.3 million of goodwill at 31 December 2022. Goodwill is subject to an annual review for impairment or when indicators of impairment exist. An estimate of the recoverable amount of the cash-generating units (CGU) to which goodwill is allocated is prepared. The estimated recoverable amount is determined based on the calculation of the value-in-use of the CGUs. The outcome of the impairment review could vary significantly if different assumptions were applied in the models. The estimated recoverable amount is subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows with many of the key underlying assumptions being impacted by political and economic factors. The key assumptions include: • the future Adjusted EBITDA assumptions taken from the Group's most recent budgets and plans for the next five years approved by management ("the Plan"); • the long-term growth rate used beyond the period covered by the Plan; • the pre-tax discount rate applied to future cash flows; and • the forecast capital expenditure necessary to maintain the function of the assets in the CGU. The risk of material misstatement is that the carrying amount of goodwill could be overstated.
Our response:	We understood the internal controls for the goodwill impairment process including the determination of assumptions used within the models to assess the recoverable amount of goodwill and evaluated the appropriateness of management's identification of the Group's CGUs. We assessed management's impairment testing by obtaining the supporting model and assessing the methodology and key assumptions made: • future Adjusted EBITDA forecasts – we evaluated these and tested the underlying values used in the calculations by comparing management's forecast to the latest management approved five-year plan. We assessed the actual performance in the year against the prior year budgets to evaluate historical forecasting accuracy; • long-term growth rate – we compared the rates applied by management to available externally developed rates; • pre-tax discount rates – we involved our valuations specialists in our evaluation of the discount rate to consider the appropriateness of the rates used; • we assessed the level of forecast capital expenditures necessary to maintain the function of the assets in the CGUs; and • we tested the arithmetical accuracy of the models. Given the significance of the terminal value cash flows to the total value-in-use we paid particular attention to the assumptions as regards sustainable Adjusted EBITDA levels and compared these to expected and historical levels. We re-performed sensitivity analysis around the key assumptions for all CGUs in order to ascertain the extent of change in those assumptions required individually or collectively to result in an impairment of goodwill. For those CGUs which were most sensitive, we discussed the basis for these cash flows with management and the Group's Audit Committee. We examined the sensitivity disclosures presented in the Consolidated Financial Statements to consider whether reasonably possible changes to assumptions that could lead to a material impairment had been disclosed. We assessed the adequacy of the disclosures in Note 13 'Goodwill' to the Consolidated Financial Statements.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Consolidated Management Report from pages 65 to 70, the Corporate Governance Statement from pages 43 to 63 and the Additional Information from pages 143 to 149 but does not include the Consolidated Financial Statements and our report of "réviseur d'entreprises agréé" thereon.

Our opinion on the Consolidated 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 Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and of those charged with governance for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the Consolidated Financial Statements in accordance with IFRS as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

The Board of Directors is also responsible for presenting and marking up the Consolidated Financial Statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format, as amended ("ESEF Regulation").

In preparing the Consolidated Financial Statements, the Board of Directors is responsible for assessing 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 the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Responsibilities of the "réviseur d'entreprises agréé" for the audit of the Consolidated Financial Statements

The objectives of our audit are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with the ISAs as adopted for Luxembourg by the CSSF 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 Consolidated Financial Statements.

As part of an audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' 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 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 report of the "réviseur d'entreprises agréé" to the related disclosures in the Consolidated 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 report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Assess whether the Consolidated Financial Statements have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as "réviseur d'entreprises agréé" by the General Meeting of the Shareholders on 12 April 2022 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is nine years.

The Consolidated Management Report is consistent with the Consolidated Financial Statements and has been prepared in accordance with applicable legal requirements.

The accompanying corporate governance statement on pages 43 to 63 is the responsibility of the Board of Directors. The information required by article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the Consolidated Financial Statements and has been prepared in accordance with applicable legal requirements.

We have checked the compliance of the Consolidated Financial Statements of the Group as at 31 December 2022 with relevant statutory requirements set out in the ESEF Regulation that are applicable to the financial statements. For the Group, it relates to:

- financial statements prepared in valid xHTML format; and
- the XBRL markup of the Consolidated Financial Statements using the core taxonomy and the common rules on markups specified in the ESEF Regulation.

In our opinion, the Consolidated Financial Statements of the Group as at 31 December 2022, identified as 222100AIF0CBCY80AH62-2022-12-31, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

We confirm that the prohibited non-audit services referred to in EU Regulation No 537/2014 were not provided and that we remained independent of the Group in conducting the audit.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Alban Aubrée
Luxembourg, 2 March 2023

Consolidated Income Statement

For the year ended (in $ millions, except per share data)	Notes	**2022 31 Dec**	2021 31 Dec
Revenue	5	**5,135.8**	5,010.0
Operating expenses	6	**(4,794.4)**	(4,714.2)
Reversal of impairment of property, plant and equipment	15	**55.6**	–
Gross profit		**397.0**	295.8
Administrative expenses	6	**(245.2)**	(228.0)
Share of net (loss)/income of associates and joint ventures	17	**(3.0)**	3.9
Net operating income		**148.8**	71.7
Finance income	8	**9.0**	4.7
Other gains and losses	7	**1.9**	44.4
Finance costs	8	**(23.4)**	(20.1)
Income before taxes		**136.3**	100.7
Taxation	9	**(99.9)**	(64.3)
Net income		**36.4**	36.4
Net income attributable to:			
Shareholders of the parent company		**57.1**	31.8
Non-controlling interests	27	**(20.7)**	4.6
		36.4	36.4

Earnings per share	Notes	**$ per share**	$ per share
Basic	11	**0.20**	0.11
Diluted[(a)]	11	**0.19**	0.11

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

Consolidated Statement of Comprehensive Income

For the year ended (in $ millions)	Notes	**2022 31 Dec**	2021 31 Dec
Net income		**36.4**	36.4
Items that may be reclassified to the income statement in subsequent periods:			
Net foreign currency translation losses		**(50.9)**	(4.9)
Commodity cash flow hedges		**(9.0)**	12.8
Tax relating to components of other comprehensive income	9	**5.1**	(2.8)
Items that will not be reclassified to the income statement in subsequent periods:			
Remeasurement gains on defined benefit pension schemes	37	**3.1**	0.5
Tax relating to remeasurement gains on defined benefit pension schemes	9	**(0.7)**	(0.1)
Fair value adjustment on other financial assets	34	**–**	1.2
Other comprehensive (loss)/income		**(52.4)**	6.7
Total comprehensive (loss)/income		**(16.0)**	43.1
Total comprehensive (loss)/ income attributable to:			
Shareholders of the parent company		**7.4**	40.4
Non-controlling interests		**(23.4)**	2.7
		(16.0)	43.1

Consolidated Balance Sheet

At (in $ millions)	Notes	2022 31 Dec	(Revised) 2021 31 Dec
Assets			
Non-current assets			
Goodwill	13	**191.3**	197.2
Intangible assets	14	**31.1**	35.0
Property, plant and equipment	15	**3,922.0**	4,081.0
Right-of-use assets	16	**242.0**	206.4
Interest in associates and joint ventures	17	**25.5**	28.6
Advances and receivables	18	**65.9**	57.4
Derivative financial instruments	34	**5.3**	24.7
Construction contracts – assets	23	**–**	4.4
Other financial assets	34	**1.1**	1.3
Deferred tax assets	9	**38.7**	58.7
		4,522.9	4,694.7
Current assets			
Inventories	19	**49.5**	40.3
Trade and other receivables	20	**586.2**	631.8
Current tax assets	20	**61.1**	24.1
Derivative financial instruments	34	**16.7**	35.8
Assets classified as held for sale	21	**45.5**	–
Construction contracts – assets	23	**807.7**	788.2
Other accrued income and prepaid expenses	22	**204.6**	204.5
Restricted cash		**4.4**	5.7
Cash and cash equivalents	24	**645.6**	597.6
		2,421.3	2,328.0
Total assets		**6,944.2**	7,022.7
Equity			
Issued share capital	25	**600.0**	600.0
Treasury shares	26	**(75.0)**	(32.9)
Paid in surplus		**2,503.2**	2,503.9
Translation reserve		**(628.0)**	(582.5)
Other reserves		**(18.4)**	(14.2)
Retained earnings		**1,739.8**	1,709.5
Equity attributable to shareholders of the parent company		**4,121.6**	4,183.8
Non-controlling interests	27	**329.1**	304.5
Total equity		**4,450.7**	4,488.3
Liabilities			
Non-current liabilities			
Borrowings	28	**302.2**	360.3
Lease liabilities	29	**161.2**	142.9
Retirement benefit obligations	37	**9.2**	12.3
Deferred tax liabilities	9	**54.4**	46.0
Provisions	32	**47.7**	85.0
Contingent liabilities recognised	33	**0.4**	5.5
Derivative financial instruments	34	**28.7**	5.7
Other non-current liabilities	30	**5.3**	6.1
		609.1	663.8
Current liabilities			
Trade and other liabilities	31	**1,270.4**	1,352.5
Derivative financial instruments	34	**7.2**	23.7
Current tax liabilities		**49.3**	41.5
Borrowings	28	**53.8**	61.6
Lease liabilities	29	**95.8**	88.0
Provisions	32	**87.0**	96.7
Construction contracts – liabilities	23	**319.4**	205.7
Deferred revenue	38	**1.5**	0.9
		1,884.4	1,870.6
Total liabilities		**2,493.5**	2,534.4
Total equity and liabilities		**6,944.2**	7,022.7

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

(in $ millions)	Issued share capital	Treasury shares	Paid in surplus	Translation reserve	Other reserves	Retained earnings	Total	(Revised) Non-controlling interests	(Revised) Total equity
Balance at 1 January 2022	**600.0**	**(32.9)**	**2,503.9**	**(582.5)**	**(14.2)**	**1,709.5**	**4,183.8**	**304.5**	**4,488.3**
Comprehensive income/(loss)									
Net income/(loss)	–	–	–	–	–	57.1	57.1	(20.7)	36.4
Net foreign currency translation losses	–	–	–	(48.2)	–	–	(48.2)	(2.7)	(50.9)
Commodity cash flow hedges	–	–	–	–	(9.0)	–	(9.0)	–	(9.0)
Remeasurement gains on defined benefit pension schemes	–	–	–	–	3.1	–	3.1	–	3.1
Tax relating to components of other comprehensive income	–	–	–	2.7	1.7	–	4.4	–	4.4
Total comprehensive (loss)/income	**–**	**–**	**–**	**(45.5)**	**(4.2)**	**57.1**	**7.4**	**(23.4)**	**(16.0)**
Transactions with owners									
Shares repurchased	–	(46.0)	–	–	–	–	(46.0)	–	(46.0)
Dividends declared	–	–	–	–	–	(33.6)	(33.6)	–	(33.6)
Share-based payments	–	–	3.5	–	–	–	3.5	–	3.5
Vesting of share-based payments	–	–	(4.4)	–	–	4.4	–	–	–
Tax effects	–	–	0.2	–	–	–	0.2	–	0.2
Shares reallocated relating to share-based payments	–	3.9	–	–	–	(3.9)	–	–	–
Reclassification adjustment relating to ownership interests	–	–	–	–	–	6.3	6.3	(6.3)	–
Non-controlling interest share issuance	–	–	–	–	–	–	–	54.3	54.3
Total transactions with owners	**–**	**(42.1)**	**(0.7)**	**–**	**–**	**(26.8)**	**(69.6)**	**48.0**	**(21.6)**
Balance at 31 December 2022	**600.0**	**(75.0)**	**2,503.2**	**(628.0)**	**(18.4)**	**1,739.8**	**4,121.6**	**329.1**	**4,450.7**

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

(in $ millions)	Issued share capital	Treasury shares	Paid in surplus	Translation reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2021	**600.0**	**(17.8)**	**2,505.2**	**(582.0)**	**(25.0)**	**1,747.4**	**4,227.8**	**27.3**	**4,255.1**
Comprehensive income									
Net income	–	–	–	–	–	31.8	31.8	4.6	36.4
Net foreign currency translation gains	–	–	–	(3.0)	–	–	(3.0)	(1.9)	(4.9)
Commodity cash flow hedges	–	–	–	–	12.8	–	12.8	–	12.8
Remeasurement gains on defined benefit pension schemes	–	–	–	–	0.5	–	0.5	–	0.5
Fair value adjustment on other financial assets	–	–	–	–	1.2	–	1.2	–	1.2
Tax relating to components of other comprehensive income	–	–	–	(0.4)	(2.5)	–	(2.9)	–	(2.9)
Total comprehensive (loss)/income	**–**	**–**	**–**	**(3.4)**	**12.0**	**31.8**	**40.4**	**2.7**	**43.1**
Transactions with owners									
Shares repurchased	–	(21.0)	–	–	–	–	(21.0)	–	(21.0)
Dividends declared	–	–	–	–	–	(69.5)	(69.5)	–	(69.5)
Share-based payments	–	–	3.9	–	–	–	3.9	–	3.9
Vesting of share-based payments	–	–	(5.2)	–	–	5.2	–	–	–
Shares reallocated relating to share-based payments	–	5.9	–	–	–	(5.9)	–	–	–
Reclassification adjustment relating to business combination	–	–	–	2.9	–	–	2.9	(2.9)	–
Transfer on disposal of other financial assets	–	–	–	–	(1.2)	1.2	–	–	–
Addition of non-controlling interests	–	–	–	–	–	(0.7)	(0.7)	278.3	277.6
Total transactions with owners	**–**	**(15.1)**	**(1.3)**	**2.9**	**(1.2)**	**(69.7)**	**(84.4)**	**275.4**	**191.0**
Balance at 31 December 2021	**600.0**	**(32.9)**	**2,503.9**	**(582.5)**	**(14.2)**	**1,709.5**	**4,183.8**	**305.4**	**4,489.2**
Adjustments to provisional amounts recognised (Note 12)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(0.9)**	**(0.9)**
Balance at 31 December 2021 (revised)	**600.0**	**(32.9)**	**2,503.9**	**(582.5)**	**(14.2)**	**1,709.5**	**4,183.8**	**304.5**	**4,488.3**

Consolidated Cash Flow Statement

(in $ millions)	Notes	2022 31 Dec	2021 31 Dec
Operating activities			
Income before taxes		**136.3**	100.7
Adjustments for non-cash items:			
Impairment of property, plant and equipment, right-of-use and intangible assets	14,15,16	**2.3**	9.1
Reversal of impairment of property, plant and equipment and right-of-use assets	15,16	**(59.3)**	(3.7)
Depreciation and amortisation charges	6	**467.6**	443.8
Adjustments for investing and financing items:			
Share of net loss/(income) of associates and joint ventures	17	**3.0**	(3.9)
Net gain on disposal of property, plant and equipment	7	**(0.3)**	(3.0)
Net gain on maturity of lease liabilities	7	**(2.2)**	(0.2)
Release of contingent consideration post measurement period	33	**(3.8)**	–
Finance income	8	**(9.0)**	(4.7)
Finance costs	8	**23.4**	20.1
Adjustments for equity items:			
Share-based payments	36	**3.5**	3.9
		561.5	562.1
Changes in working capital:			
Increase in inventories		**(9.7)**	(9.3)
Increase in trade and other receivables		**(20.7)**	(93.0)
Increase in construction contract – assets		**(14.5)**	(334.8)
Decrease/(increase) in other working capital assets		**4.2**	(18.4)
(Decrease)/increase in trade and other liabilities		**(26.3)**	408.9
Increase/(decrease) in construction contract – liabilities		**144.6**	(71.7)
Decrease in other working capital liabilities		**(50.1)**	(83.3)
Net decrease/(increase) in working capital		**27.5**	(201.6)
Income taxes paid		**(103.2)**	(67.5)
Net cash generated from operating activities		**485.8**	293.0
Cash flows used in investing activities			
Proceeds from disposal of property, plant and equipment		**0.8**	6.6
Purchases of property, plant and equipment and intangible assets		**(231.0)**	(166.5)
Acquisition of businesses (net of cash acquired)		**–**	4.5
Interest received	8	**9.0**	4.7
Loan to joint venture		**–**	(33.0)
Repayment of loan to joint venture		**1.1**	1.8
Proceeds from sale of other financial assets		**–**	2.8
Repayment of advances from joint ventures		**–**	(3.0)
Investment in other financial assets		**–**	(1.6)
Net cash used in investing activities		**(220.1)**	(183.7)
Cash flows used in financing activities			
Interest paid		**(15.8)**	(12.1)
Repayment of borrowings		**(61.6)**	(24.6)
Proceeds from borrowings		**–**	200.0
Proceeds from rights issue in non-wholly-owned subsidiary		**54.6**	–
Cost of share repurchases	26	**(46.0)**	(21.0)
Payments related to lease liabilities – principal	29	**(99.4)**	(86.4)
Payments related to lease liabilities – interest	8,29	**(11.3)**	(6.7)
Dividends paid to shareholders of the parent company	10	**(31.7)**	(72.0)
Net cash used in financing activities	34	**(211.2)**	(22.8)
Net decrease in cash and cash equivalents		**54.5**	86.5
Cash and cash equivalents at beginning of year	24	**597.6**	511.6
Decrease in restricted cash		**1.3**	1.4
Effect of foreign exchange rate movements on cash and cash equivalents		**(7.8)**	(1.9)
Cash and cash equivalents at end of year	24	**645.6**	597.6

Notes to the Consolidated Financial Statements

1. General information

Subsea 7 S.A. is a company registered in Luxembourg whose common shares trade on the Oslo Børs and as American Depositary Receipts (ADRs) over-the-counter in the US. The address of the registered office is 412F, route d'Esch, L-1471 Luxembourg.

Subsea7 is a global leader in the delivery of offshore projects and services for the evolving energy industry. The Group consists of Subsea 7 S.A. and its subsidiaries at 31 December 2022.

The Group provides products and services required for subsea field development, including project management, design and engineering, procurement, fabrication, survey, installation and commissioning of production facilities on the seabed and the tie-back of these facilities to fixed or floating platforms or to the shore. The Group offers a full spectrum of products and capabilities including remotely operated vehicles and tooling services to support exploration and production activities and to deliver full life-of-field services to its clients. Through its Renewables business unit, the Group offers expertise in the fixed offshore wind market, including the procurement and installation of offshore wind turbine foundations and inner-array cables as well as heavy lifting operations for renewables structures and heavy transportation services. The Group's interest in Nautilus Floating Solutions enhances its presence in the floating wind market, supporting research and development initiatives and technology prototypes. The Group provides engineering and advisory services to clients in the oil and gas, renewables and utilities industries through its wholly-owned autonomous subsidiaries Xodus and 4Subsea.

Authorisation of Consolidated Financial Statements

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

Presentation of Consolidated Financial Statements

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU). The Consolidated Financial Statements comply with Article 4 of the EU IAS Regulation.

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

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

During 2022, the Group identified adjustments to provisional amounts recognised in relation to business combinations entered into during 2021. The adjustments were identified during the relevant measurement periods and related to facts and circumstances which existed at the date of acquisition; as a result, 2021 comparative information has been revised as if the accounting had been completed at the acquisition dates.

Going concern

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

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

During 2022, the Group incurred net Covid-19 costs of approximately $24.8 million (2021: $27.0 million) related to factors such as additional vessel crew change-over times and costs and additional operational costs as a result of supply chain and travel restrictions. Management will continue to work with its clients and suppliers to mitigate the impacts of Covid-19 on operations.

The Group retained a strong cash position with cash and cash equivalents of $645.6 million at 31 December 2022. Total borrowings at 31 December 2022 were $356.0 million, in relation to the Group's South Korean Export Credit Agency and UK Export Finance facilities. The Group's $700.0 million multi-currency revolving credit and guarantee facility remained unutilised. The Group ended the year with backlog of $9.0 billion, an increase of $1.8 billion compared to 31 December 2021, reflecting improving market conditions. Management considers that the Group will generate sufficient cash flow and have access to adequate liquidity 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 severe but plausible downside scenarios. These include scenarios which reflect extended periods of low energy prices and potential operational-related issues which could adversely impact the Group. Management has also performed reverse stress testing through modelling of reasonable worst-case scenarios. In all scenarios management identified no forecast breaches of banking covenants and demonstrated sufficient liquidity for the Group.

Measurement and disclosure of climate-related matters

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

The Group's current assessment of the range of economic and climate-related conditions that could exist in transitioning to a low-carbon economy are reflected in the Group's Five-year Plan. These considerations may impact certain significant judgements and key estimates, including valuation of assets, value-in-use calculations and potential impairments and impairment reversals.

This also includes the estimation of remaining useful economic life of assets and residual values applicable to key vessels in particular. Estimating future global energy demand and supply is challenging as is the pace of future technological change, customer and competitor behaviour, political developments and government actions that will impact the Group's operations. Assumptions can change which could impact current projected scenarios.

Assumptions, estimates and judgements were made in relation to:

- property, plant and equipment – useful economic life and residual values of vessels are reviewed annually. No amendments were made to useful life or indicators of impairment identified as a direct result of climate-related matters for the year ended 31 December 2022 (2021: none). It is expected that oil and gas will continue to represent a notable, although declining, component of the energy mix until at least 2050 during the transition to sustainable lower-carbon energy. The Group is in a strong position to utilise its vessels for oil and gas development and adapt vessels, if required, for initiatives such as carbon capture. Typically new build vessels are depreciated over 25 years, but a vessel can continue to be utilised beyond this period with appropriate levels of capital expenditure, including hybridisation. New vessels currently under construction for the Renewables business unit are expected to contribute significantly to the Group's 'Make Possible' strategy which includes renewables and emerging energies. Future developments, such as the impact of climate-related matters on the economic or legal environment, are considered by management when assessing residual values and indicators of impairment or impairment reversal. Further information is included within the 'Impairment of non-financial assets' accounting policy in Note 3 'Significant accounting policies'.
- cash-generating unit (CGU) impairment modelling and goodwill impairment test – the Group's Five-year Plan is utilised to determine present values of future cash flows for each CGU. Significant management judgement is required in the preparation of this plan, with economic conditions impacting assumptions utilised and discount rates. Uncertainty around future climate-related risks continue to be monitored including policy, regulatory, legal, technological, market and societal considerations. The present value of future cash flows is most sensitive to the terminal value assumptions – management considers these assumptions represent an appropriate balance between the oil and gas-related business and the growing renewables sector within the transition to a lower-carbon economy. Further information is included within Note 13 'Goodwill'.
- fair value measurement – climate-related assessments were undertaken by management in relation to vessels held for sale in accordance with the criteria of IFRS 5 'Non-current assets held for sale and discontinued operations'. Management concluded that climate-related considerations did not result in any modification to the fair value exercise, taking into consideration the differing potential utilisations of the vessels, the age of the vessels and the expectation of timing towards a lower-carbon future.
- expected credit losses (ECLs) – physical and transition risks were considered in terms of probability of default and concentration risk. The Group's modelling of ECLs was unchanged as a result of climate-related matters for the year ended 31 December 2022. Management considers this area to be judgemental and has established governance processes to support future calculations.

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

3. Significant accounting policies
Basis of consolidation
The Consolidated Financial Statements incorporate the financial statements of Subsea 7 S.A. (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.

The Group consolidates non-wholly-owned subsidiaries where it can be considered to exercise control over the entity. In some cases this may result in the consolidation of non-wholly-owned subsidiaries in which the Group holds less than 50% of the voting rights when there is no history of the other shareholders exercising their votes to outvote the Group.

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.

Note 40 'Wholly-owned subsidiaries' includes information related to wholly-owned subsidiaries which are included in the Consolidated Financial Statements of the Group.

All subsidiaries are wholly-owned (100%) except those listed in Note 27 'Non-controlling interests'. Non-controlling interests comprise equity interests in subsidiaries which are not attributable, directly or indirectly, to the Company. Non-controlling interests in the net assets or liabilities of subsidiaries are identified separately from the equity attributable to shareholders of the parent company. Non-controlling interests consist of the amount of those interests at the date that the Group obtains control over the subsidiary together with the non-controlling shareholders' share of net income or loss and other comprehensive income or loss since that date.

3. Significant accounting policies continued

Interests in associates and joint arrangements

An associate is an entity over which the Group has significant influence, but not control, and which is neither a subsidiary nor a joint venture. Significant influence is defined as the right to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint arrangement is an arrangement in which two or more parties have joint control. A joint arrangement is classified as either a joint venture or a joint operation depending upon the rights and obligations of the parties to the arrangement.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

Interests in associates and joint ventures are accounted for using the equity method. Under this method, the investment is recognised in the Consolidated Balance Sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate or joint venture, less any provisions for impairment. The Consolidated Income Statement reflects the Group's share of net income or loss of the associate or joint venture. Losses in excess of the Group's interest (which includes any long-term interests that, in substance, form part of the Group's net investment) are only recognised to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Where there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share in the Consolidated Statement of Comprehensive Income.

Interests in joint operations are accounted for in line with the Group's proportional interest in the joint operations. As a joint operator the Group recognises its interest in: assets (including its share of any assets held jointly); liabilities (including its share of any liabilities incurred jointly); revenue from the sale of its share of output by the joint operation; and expenses (including its share of any expenses incurred jointly).

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. Revaluations of long-term intra-group loans are recognised in the translation reserve in equity.

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 2022, the exchange rates of the main currencies used throughout the Group, compared to the US Dollar, were as follows:

GBP	0.828
EUR	0.943
NOK	9.839
BRL	5.203
CNY	6.982

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 comprises 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, by operating segment, from which the Group generates revenue as disclosed in the disaggregated revenue analysis (Note 5 'Segment information').

Subsea and Conventional

Subsea and Conventional work, which includes Engineering, Procurement, Installation and Commissioning (EPIC) contracts, is generally contracted on a fixed-price basis. The costs and margins realised on such contracts vary dependent on a number of factors which may result in reduced margins or, in some cases, losses. The promised goods and services within each contract are considered to be distinct as a bundle under IFRS 15. Due to the significant integration, customisation and highly interrelated nature of the work performed they form one performance obligation with revenue being recognised over time. During a contract, work is performed for the sole benefit of the client who continually monitors progress. Clients may also participate in the supplier selection processes for procured items. During the offshore phase of a contract, the Group typically executes work related to the installation of the client's assets. Due to the nature of the work performed the Group would not have an alternative use for the works performed under a contract for a specific client. The transaction price for these types of contracts, where there is an element of variable consideration, which includes variation orders, claims, bonuses and liquidated damages, is based upon the single most likely outcome.

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

For EPIC contracts, revenue is recognised in each period based upon the advancement of the work-in-progress. The input method used to progressively recognise revenue over time is based upon percentage-of-completion whereby total costs incurred to date are compared with total forecast costs at completion of the contract. This method provides a faithful depiction of the transfer of goods and services to the customer. Any significant upfront procurement which is not customised for the specific contract is not included within the actual cost of work performed until such time as the costs incurred are proportionate to the progress in satisfying the performance obligation. Similarly an adjustment to the measurement of progress may be required where significant inefficiencies occur which results in the costs associated with inefficiencies being excluded from the total forecast cost at completion to estimate percentage-of-completion. Typically payment is due from the customer between 30 to 60 days following the issuance of the invoice, although this may be longer depending upon the client or customary payment terms in certain geographies. The contracts have no significant financing component as the period between when the Group transfers promised goods or services to a 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 conditional entitlement to consideration is recognised as a construction contract asset. The construction contract asset is transferred to trade and other receivables in accordance with the contractual milestone schedule which reflects the unconditional entitlement to payment. The time elapsing before transfer to trade and other receivables may be different between contracts depending upon the contractual terms and conditions. Construction contract liabilities arise when progress billings to date exceed contract revenues recognised. Construction contract asset and liability balances at 31 December 2022 and 2021 are disclosed within Note 23 'Construction contracts'. Assurance type warranty periods commence at the completion of the contractual obligations and typically have a duration of between one to three years.

The Group's Pipelay Support Vessel (PLSV) contracts, offshore Brazil, are also included within Subsea and Conventional. PLSV revenue is based upon an agreed schedule of work applied to a range of daily operating activities pre-agreed with the customer. As such these contracts are considered to be distinct as a pattern and hence one performance obligation under the guidelines within IFRS 15. Each day is distinct with the overall promise being the delivery of a series of days which have the same pattern of transfer to the customer. The transaction price for all PLSV contracts is determined by the expected value approach being the number of days multiplied by the expected day-rate. This method of revenue recognition for PLSV contracts provides a faithful depiction of the transfer of goods and services. Typically the value of work completed in any one month corresponds directly with the Group's right to payment. Payment is due from the client approximately 60 days following invoice date. These contracts have no significant financing component. Unbilled revenue related to work completed for the customer, is included within Note 22 'Other accrued income and prepaid expenses'.

Certain Brazilian contracts contain escalation clauses which allow for inflationary adjustments on an annual basis to both revenue and costs denominated in Brazilian Real. These are recognised as variable consideration, and will be included within the total price once the amounts can be reasonably estimated and management has concluded that it is highly probable that recognition will not result in a significant revenue reversal in a future period.

Front-end engineering studies (FEED) undertaken by the Group are also included within this category of revenue principally on a day-rate basis. Revenue recognition for day-rate contracts is described in the paragraph below.

The Group provides Remotely Operated Vehicles (ROVs), survey and inspection, drill-rig support and related solutions on a day-rate basis. Projects are contracted on the basis of an agreed schedule of rates applied to a range of daily operating activities. These contracts are considered to be distinct as a pattern and hence one performance obligation under the guidelines within IFRS 15. Each day is distinct with the overall promise being the delivery of a series of days that have the same pattern of transfer to the customer. The transaction price for all day-rate contracts is determined by the expected value approach, being the number of days multiplied by the expected day-rate. This method of revenue recognition for day-rate contracts provides a faithful depiction of the transfer of goods and services. Typically the value of work completed in any one month corresponds directly with Subsea7's right to payment. Payment is due from the client approximately 30-45 days following the invoice date. These contracts have no significant financing component. Unbilled revenue related to work completed, which has not been billed to clients, is included within Note 22 'Other accrued income and prepaid expenses'.

Customers, in certain circumstances, may request the commissioning of bespoke tooling. Revenue in relation to bespoke tooling, which is not significant in relation to the Group's overall revenue, is considered distinct in its own right. Dependent on the individual contract with the customer, revenue from the sale of this bespoke tooling may be recognised over time or at a point in time when control of the asset is transferred to the customer, generally on delivery.

Renewables

Renewables contracts which include the construction and installation of fixed offshore wind turbine foundations and inner-array cables, heavy lifting operations, decommissioning and heavy transportation are generally contracted on a fixed-price basis. Similar to EPIC contracts, the promised goods and services within Renewables 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.

3. Significant accounting policies continued

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

For Renewables contracts the input method used to progressively recognise revenue over time is based upon percentage-of-completion whereby total costs incurred to date are compared with total forecast costs at completion of the contract. 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 contract 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. 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 trade and other receivables in accordance with the contractual milestone schedule which reflects the unconditional entitlement to payment. The time elapsing before transfer to trade and other receivables may be different between contracts depending upon the contractual terms and conditions. Construction contract liabilities arise when progress billings exceed contract revenues. Assurance type warranty periods commence at the completion of the contractual obligations. Construction contract asset and liability balances at 31 December 2022 and 2021 are disclosed within Note 23 '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 the fixed offshore wind market. 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 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. 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 either the expected value or most likely amount approaches. Such estimate is reviewed and updated over the term of the voyage charter contract.

Corporate

Revenue within the Group's Corporate segment, which is not material to the Group, relates to activities in its autonomous subsidiaries, Xodus and 4Subsea, and its non-wholly-owned subsidiary, Nautilus Floating Solutions. Contracts with customers in these subsidiaries are contracted on either a fixed-price or day-rate basis. Revenue related to these contracts is recognised using the method described previously for similar contracts within the Subsea and Conventional business unit. Payment is due from the client approximately 30-60 days following the issuance of the invoice. 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. Construction contract asset and liability balances related to fixed-price contracts at 31 December 2022 and 2021 are disclosed within Note 23 'Construction contracts'. Unbilled revenue-related work completed on day-rate contracts, which has not been billed to clients, is included within Note 22 'Other accrued income and prepaid expenses'.

Advances received from customers

For certain contracts the Group may receive short-term advances from customers which are presented as deferred revenue within the Consolidated Balance Sheet. Advances received from customers include amounts received before the work is performed on day-rate and 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 at contract inception.

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.

In addition, the Group administers a small number of defined benefit pension plans. The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit actuarial valuation method.

Remeasurements, comprising actuarial gains and losses and the return on plan assets (excluding net interest), are recognised immediately through the Consolidated Statement of Comprehensive Income in the period in which they occur with a corresponding adjustment in the Consolidated Balance Sheet. Remeasurements are not reclassified to the Consolidated Income Statement in subsequent periods. Past service costs are recognised in the Consolidated Income Statement on the earlier of the date of the plan amendment or curtailment, and the date that the Group recognises restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises portions of the service cost (comprising current and past service costs) gains and losses on curtailments, non-routine settlements and net interest expense or income in the net defined benefit obligation under both operating expenses and administrative expenses in the Consolidated Income Statement. The Group is also committed to providing lump-sum retirement bonuses to employees upon retirement in certain countries. These retirement bonuses are unfunded, and are recorded in the Consolidated Balance Sheet at their actuarial valuation.

A defined benefit pension plan is considered settled once all future legal or constructive obligations for part or all of the benefits provided are eliminated. Upon settlement the defined benefit asset/liability is remeasured using the current fair value of the plan assets and current actuarial assumptions. Any difference between the current defined benefit asset/liability and the fair value will be recognised as a gain or loss and released from other reserves to retained earnings.

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

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

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

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

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.

3. Significant accounting policies continued

Significant tax estimates and judgements

In accordance with IFRIC 23, a provision for an uncertain tax treatment is made where the ultimate outcome of a particular tax matter is uncertain. In calculating tax assets and liabilities, the Group assesses the probability of treatment being accepted and, where this is not probable and a reasonable estimate can be made, the Group recognises a provision for the adjustment it considers probable to be required.

Dry-dock, mobilisation and decommissioning expenditure

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

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

Business combinations and goodwill

Business combinations

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

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 are 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.

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 intangible assets, 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. It is expected that oil and gas will continue to contribute a significant, although declining, part in the transition to sustainable lower-carbon energy until at least 2050. The Group is in a strong position to utilise vessels for this and to adapt vessels for initiatives such as carbon capture. 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. The following criteria are also applied in assessing impairment of specific assets:

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. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or group of CGUs, that are expected to benefit from the combination.

Each CGU or group of CGUs to which the goodwill is allocated initially 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'. If circumstances give rise to a change in the composition of CGUs and a reallocation is justified, goodwill is reallocated based on relative value at the time of the change in composition. Following any reorganisation, the CGU cannot be larger than an operating segment determined in accordance with IFRS 8 'Operating Segments'. Impairment is determined by assessing the recoverable amount of the CGU (or group of CGUs) 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.

3. Significant accounting policies continued

As cash flow projections are risk-adjusted for CGU specific risks, risk premiums are not applied to the discount rate which is applied to all CGUs. 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 Group and a normalised capital structure for the industry. Where the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount, an impairment charge is recognised in the Consolidated Income Statement. Where goodwill forms part of a CGU (or group of CGUs) 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.

Associates and joint ventures

At each reporting date the Group determines whether there is any objective evidence that the investment in an associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the estimated fair value of the associate or joint venture and its carrying amount. The resultant impairment charge is recognised in the Consolidated Income Statement.

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

Cash and cash equivalents comprise cash at bank, cash on hand, money market funds, and short-term highly liquid assets with an original maturity of three months or less and which are readily convertible to known amounts of cash. Utilised revolving credit facilities are included within current borrowings. Cash and cash equivalents are measured at amortised cost.

Hedge accounting

The Group, for the purposes of hedge accounting, recognises cash flow hedges when hedging the exposure to variability in cash flows which are attributable to commodity prices. At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements, including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined. A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

The effective portion of the gain or loss on the hedging instrument is recognised in Other Comprehensive Income (OCI), in other reserves, while any ineffective portion is recognised immediately in the Consolidated Income Statement. Other reserves is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses forward commodity contracts to manage its exposure to volatility in commodity prices. The ineffective portion relating to commodity contracts is recognised in other operating expenses. The Group designates only the spot element of forward contracts as a hedging instrument. The amount accumulated in OCI is reclassified to the Consolidated Income Statement as a reclassification adjustment in the same period or periods as the hedged cash flows.

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.

Financial investments

The Group's non-current financial investments comprise strategic shareholdings in technology companies. These investments are held at cost, deemed an appropriate estimate of fair value, due to the uncertainty over technical milestones and the wide range of possible fair value measurements. These investments are reviewed for indicators of impairment at each reporting date.

Inventories

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

Treasury shares

Treasury shares are the Group's own equity instruments which are repurchased and shown within equity at cost, using the first-in first-out basis. Gains or losses realised or incurred on the purchase, sale, reallocation or cancellation of the Group's own equity instruments are recognised within equity. No gains or losses are recognised in the Consolidated Income Statement.

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 33 'Commitments and contingent liabilities' to the Consolidated Financial Statements, but not recognised until they meet the criteria for recognition as a provision. Where the Group is virtually certain that some or all of a provision will be reimbursed, that reimbursement is recognised as a separate asset. The expense relating to any provision is reflected in the Consolidated Income Statement at an amount reflective of the risks specific to the liability. Where the provision is discounted, any increase in the provision due to the passage of time is recognised as a finance cost in the Group's Consolidated Income Statement.

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

Onerous contracts

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

Legal claims

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

Contingent consideration

The Group recognises a provision where, as part of the sale and purchase agreement, contingent consideration has been agreed. The amount and timing of contingent consideration is often uncertain and is payable based on the achievement of specific targets and milestones. The liability is initially measured at its acquisition date fair value, determined using the discounted cash flows method and unobservable inputs, and is remeasured at each reporting date. Changes in fair value are recognised in the Consolidated Income Statement.

3. Significant accounting policies continued

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.

Right-of-use assets and lease liabilities

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

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease, which is the date the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets which vary 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 for engineering, procurement, installation and commissioning (EPIC) projects using the percentage-of-completion method, which is standard practice in the industry. Contract revenue, total cost estimates and estimates of physical progression 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 physical progression, costs incurred, full project contract costs and full project contract revenue. The Group's Project Monthly Status Reports (PMSRs) evaluate the likely outcome of each individual project for the purpose of making reliable estimates of cost, revenue and progression, measured either by cost or physical progression. A key element of the PMSRs is the estimate of contingency. Contingency is an estimate of the costs required to address the potential future outcome of identified project risks. The Group uses a systematic approach in estimating contingency based on project size. This approach utilises a project specific risk register in order to identify and assess the likelihood and impact of these risks. The most significant risks and uncertainties in the Group's projects typically relate to the offshore phase of operations. Identified risks that materialise may result in increased costs. Contingency associated with identified risks 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 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 at a CGU level. 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

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. Where the value-in-use method is used to determine the recoverable amount of an asset, management uses its judgement in determining the CGU to which the asset belongs, or whether the asset can be considered a CGU in its own right. The level of aggregation of assets is a significant assumption made by management and includes consideration of which assets generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Management has determined that vessels are not CGUs individually as they do not generate cash inflows independently of other Group assets. Once the CGU has been determined management uses its judgement in determining the value-in-use of the CGU, as detailed in Note 13 'Goodwill'. Where an asset is considered a CGU in its own right management uses its judgement to estimate future asset utilisation, cash flows, remaining life and the discount rate used.

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 formal legal action and therefore the resulting liabilities may exceed the liability anticipated by management.

4. Critical accounting judgements and key sources of estimation uncertainty continued

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 32 ‘Provisions’ and Note 33 ‘Commitments and contingent liabilities’.

Measurement of onerous fixed-price contract provisions in business combinations

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

Taxation

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

Each year a detailed review of the Group’s uncertain tax treatments and provisions is undertaken in accordance with IFRIC 23. Where the outcome of these reviews differs from the amounts previously recorded, the difference will impact the tax charge in the period in which the outcome is determined. Details of key judgements and other issues considered are set out in Note 9 ‘Taxation’.

5. Segment information

The Group operates with an organisational structure comprising three business units: Subsea and Conventional, Renewables and Corporate. These business units represent the Group’s operating segments and are defined as follows:

Subsea and Conventional

The Subsea and Conventional business unit includes:

- Subsea Umbilicals, Risers and Flowlines (SURF) activities related to the engineering, procurement, installation and commissioning of highly complex subsea oil and gas systems in deep waters, including the long-term contracts for PLSVs in Brazil;
- Conventional services including the fabrication, installation, extension and refurbishment of fixed and floating platforms and associated pipelines in shallow water environments;
- Activities associated with the provision of inspection, repair and maintenance (IRM) services, integrity management of subsea infrastructure and remote intervention support;
- Activities associated with heavy lifting operations and decommissioning of redundant offshore structures; and
- Activities associated with carbon capture, utilisation and storage (CCUS).

This segment includes costs, including depreciation, amortisation, impairment charges and impairment reversals, related to owned and long-term leased vessels, equipment and offshore personnel deployed in Subsea and Conventional activities.

The Subsea and Conventional business unit provides vessel and crewing services to the Group’s Renewables business unit, which includes the Group’s non-wholly-owned subsidiary Seaway 7 ASA; these are recharged on an arm’s length basis.

Renewables

The Renewables business unit comprises activities primarily related to the delivery of fixed offshore wind farm projects executed by Seaway 7 ASA, a non-wholly-owned subsidiary of the Group. Activities include 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. This segment includes costs, including depreciation, amortisation and impairment charges, related to owned and long-term leased vessels, equipment and offshore personnel deployed in Renewables activities.

Corporate

The Corporate business unit includes Group-wide activities, and associated costs, including captive insurance activities, operational support, corporate services and costs associated with discrete events such as restructuring. The Corporate business unit also includes the results of the Group’s autonomous subsidiaries, Xodus and 4Subsea, and the Group’s floating wind activities including its non-wholly-owned subsidiary Nautilus Floating Solutions, and activities in emerging energies such as hydrogen. The Corporate business unit provides specific services to the Renewables business unit on an arm’s length basis.

The accounting policies of the business units are the same as the Group’s accounting policies, which are described in Note 3 ‘Significant accounting policies’.

Allocations of costs also occur between segments based on the physical location of personnel. The Chief Operating Decision Maker (CODM) is the Chief Executive Officer of the Group. The CODM is assisted by the other members of the Executive Management Team. Neither total assets nor total liabilities by operating segment are regularly provided to the CODM and consequently no such disclosure is shown.

Summarised financial information, including the disaggregation of the Group's revenue from contracts with customers, concerning each operating segment is as follows:

For the year ended 31 December 2022

(in $ millions)	Subsea and Conventional	Renewables	Corporate	Total
Selected financial information:				
Revenue[(a)/(b)/(c)]				
Fixed-price projects	**3,210.3**	**1,093.0**	**38.7**	**4,342.0**
Day-rate projects	**693.0**	**23.9**	**76.9**	**793.8**
	3,903.3	**1,116.9**	**115.6**	**5,135.8**
Operating expenses	**(3,601.4)**	**(1,164.4)**	**(28.6)**	**(4,794.4)**
Reversal of impairment of property, plant and equipment	**55.6**	**–**	**–**	**55.6**
Share of net loss of associates and joint ventures	**(2.4)**	**–**	**(0.6)**	**(3.0)**
Depreciation, mobilisation and amortisation charges	**(359.3)**	**(90.2)**	**(18.1)**	**(467.6)**
Net impairment of property, plant and equipment, and right-of-use assets	**(1.4)**	**–**	**–**	**(1.4)**
Reconciliation of net operating income/(loss) to income before taxes:				
Net operating income/(loss)	**229.2**	**(85.3)**	**4.9**	**148.8**
Finance income				**9.0**
Other gains and losses				**1.9**
Finance costs				**(23.4)**
Income before taxes				**136.3**
Adjusted EBITDA[(d)]	***531.6***	***4.8***	***23.0***	***559.4***
Adjusted EBITDA margin[(d)]	***13.6%***	***0.4%***	***19.9%***	***10.9%***

(a) Revenue represents only external revenue for each segment. An analysis of inter-segment revenue has not been included as this information is not provided to the CODM.
(b) Three clients (2021: two clients) in the year individually accounted for more than 10% of the Group's revenue. The revenue from these clients was as follows: Client A $832.6 million (2021: $793.6 million), Client B $541.0 million (2021: $502.7 million) and Client C $500.0 million.
(c) Revenue from contracts with customers recognised over time as defined by IFRS 15.
(d) Adjusted EBITDA and Adjusted EBITDA margin are non-IFRS measures. For explanations and reconciliations of Adjusted EBITDA and Adjusted EBITDA margin refer to 'Additional information – APMs' on pages 143 to 146.

For the year ended 31 December 2021

(in $ millions)	Subsea and Conventional	Renewables	Corporate	Total
Selected financial information:				
Revenue[(a)/(b)]				
Fixed-price projects	3,015.2	1,259.3	9.5	4,284.0
Day-rate projects	659.4	0.2	66.4	726.0
	3,674.6	1,259.5	75.9	5,010.0
Operating expenses	(3,453.4)	(1,290.6)	29.8	(4,714.2)
Share of net income of associates and joint ventures	1.0	–	2.9	3.9
Depreciation, mobilisation and amortisation charges	(364.1)	(63.3)	(16.4)	(443.8)
Net impairment of intangible assets, property, plant and equipment, and right-of-use assets	(1.2)	–	(4.2)	(5.4)
Reconciliation of net operating income/(loss) to income before taxes:				
Net operating income/(loss)	102.7	(59.5)	28.5	71.7
Finance income				4.7
Other gains and losses				44.4
Finance costs				(20.1)
Income before taxes				100.7
Adjusted EBITDA[(c)]	*468.0*	*3.8*	*49.1*	*520.9*
Adjusted EBITDA margin[(c)]	*12.7%*	*0.3%*	*64.7%*	*10.4%*

(a) Revenue represents only external revenue for each segment. An analysis of inter-segment revenue has not been included as this information is not provided to the CODM.
(b) Revenue from contracts with customers recognised over time as defined by IFRS 15.
(c) Adjusted EBITDA and Adjusted EBITDA margin are non-IFRS measures. For explanations and reconciliations of Adjusted EBITDA and Adjusted EBITDA margin refer to 'Additional information – APMs' on pages 143 to 146.

5. Segment information continued

Geographic information

Revenue from external clients

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

For the year ended (in $ millions)	**2022 31 Dec**	2021 31 Dec
United Kingdom	**1,190.9**	1,682.8
Norway	**1,045.1**	588.0
USA	**644.4**	689.0
Brazil	**475.0**	400.4
Türkiye	**337.2**	74.6
Netherlands	**265.6**	180.0
Saudi Arabia	**190.1**	290.8
Taiwan	**177.1**	172.0
Australia	**146.7**	222.2
Trinidad & Tobago	**111.0**	60.4
Azerbaijan	**108.3**	84.8
Senegal	**94.2**	53.5
Angola	**84.6**	60.0
Canada	**79.7**	1.8
Ghana	**55.2**	11.4
Singapore	**45.7**	165.3
Germany	**36.1**	86.3
Other countries[(a)]	**48.9**	186.7
	5,135.8	5,010.0

(a) Comparative information for the year ended 31 December 2021 includes external revenue of $143.5 million from the Group's subsidiaries or branches with a registered office in Mexico.

Non-current assets

Based on the country of registered office of the Group's subsidiaries or branches, non-current assets for this purpose consist of intangible assets, property, plant and equipment, right-of-use assets, interest in associates and joint ventures, other financial assets and construction contracts – assets, are located in the following countries:

At (in $ millions)	**2022 31 Dec**	(Revised) 2021 31 Dec[(a)]
United Kingdom	**2,034.9**	2,152.5
Norway	**737.8**	687.2
Isle of Man	**732.1**	749.8
Netherlands	**449.8**	491.0
USA	**75.1**	75.5
Germany	**63.9**	20.9
Brazil	**45.3**	30.8
Azerbaijan	**22.7**	30.8
Angola	**15.4**	23.9
France	**14.7**	14.9
Other countries	**30.0**	79.4
	4,221.7	4,356.7

(a) Comparative information has been revised as a result of adjustments to provisional amounts recognised in relation to business combinations entered into during 2021, further details are disclosed in Note 12 'Business combinations'.

6. Net operating income

Net operating income includes:

For the year ended (in $ millions)	**2022 31 Dec**	2021 31 Dec
Employee benefits	**1,221.0**	1,123.9
Lease expense for short-term leased assets	**600.7**	520.7
Lease expense for low-value leased assets	**0.8**	0.6
Variable lease payments not included within lease liabilities	**–**	1.0
Depreciation of property, plant and equipment (Note 15)	**345.6**	341.1
Amortisation of right-of-use assets (Note 16)	**98.8**	78.5
Amortisation of intangible assets (Note 14)	**12.3**	14.7
Amortisation of mobilisation costs	**10.9**	9.5
Impairment of property, plant and equipment (Note 15)	**2.3**	4.1
Impairment of intangible assets (Note 14)	**–**	4.8
Impairment of right-of-use assets (Note 16)	**–**	0.2
Impairment reversal of right-of-use assets (Note 16)	**(3.7)**	(3.7)
Impairment reversal of property, plant and equipment (Note 15)	**(55.6)**	–
Research and development costs	**12.3**	11.7
Auditor's remuneration	**3.3**	4.0
Net credit impairment loss/(credit) for financial assets (Note 34)	**2.3**	(15.7)
Net decrease in allowances for expected credit losses for financial assets	**(0.2)**	(1.4)
Net decrease in allowances for expected credit losses for construction contract assets (Note 23)	**(1.4)**	(0.6)

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

For the year ended (in $ millions)	**2022 31 Dec**	2021 31 Dec
Audit fees	**3.2**	3.7
Tax fees	**0.1**	0.3
	3.3	4.0

Audit fees constitute charges incurred for the audit of the consolidated and statutory financial statements of Subsea 7 S.A. and certain subsidiaries. Fees were primarily incurred in connection with the year ended 31 December 2022 but include final settlement of charges associated with the year ended 31 December 2021.

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

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

6. Net operating income continued

Reconciliation of operating expenses and administrative expenses by nature

	31 Dec 2022			31 Dec 2021		
For the year ended (in $ millions)	**Operating expenses**	**Administrative expenses**	**Total expenses**	Operating expenses	Administrative expenses	Total expenses
Direct project-related costs, including procurement	**2,372.3**	**–**	**2,372.3**	2,584.0	–	2,584.0
Employee benefits	**1,079.5**	**141.5**	**1,221.0**	996.4	127.5	1,123.9
Lease expense for short-term leased assets	**599.8**	**0.9**	**600.7**	520.0	0.7	520.7
Lease expense for low-value leased assets	**0.8**	**–**	**0.8**	0.6	–	0.6
Variable lease expense not included within lease liabilities	**–**	**–**	**–**	1.0	–	1.0
Depreciation, amortisation and mobilisation	**433.2**	**34.4**	**467.6**	409.5	34.3	443.8
Impairment of property, plant and equipment	**2.3**	**–**	**2.3**	4.1	–	4.1
Impairment of intangible assets	**–**	**–**	**–**	4.8	–	4.8
Impairment of right-of-use assets	**–**	**–**	**–**	–	0.2	0.2
Impairment reversal of right-of-use assets	**–**	**(3.7)**	**(3.7)**	–	(3.7)	(3.7)
Net credit impairment loss/(credit) for financial assets	**2.2**	**0.1**	**2.3**	(15.7)	–	(15.7)
Net decrease in allowances for expected credit losses for financial assets	**(0.2)**	**–**	**(0.2)**	(1.4)	–	(1.4)
Net decrease in allowances for expected credit losses for construction contract assets	**(1.4)**	**–**	**(1.4)**	(0.6)	–	(0.6)
Other expenses	**305.9**	**72.0**	**377.9**	211.5	69.0	280.5
Total	**4,794.4**	**245.2**	**5,039.6**	4,714.2	228.0	4,942.2

7. Other gains and losses

For the year ended (in $ millions)	**2022 31 Dec**	2021 31 Dec
Gain on disposal of property, plant and equipment	**0.3**	3.0
Gain on maturity of lease liabilities	**2.2**	0.2
Fair value gains on derivative financial instruments mandatorily measured at fair value through profit or loss	**3.0**	1.9
Fair value losses on other financial assets measured at fair value through profit or loss	**–**	(1.1)
Net gains on business combinations post measurement periods	**3.8**	3.3
Net foreign currency exchange (losses)/gains	**(7.4)**	37.1
Total	**1.9**	44.4

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

8. Finance income and finance costs

For the year ended (in $ millions)	**2022 31 Dec**	2021 31 Dec
Interest on financial assets measured at amortised cost	**9.0**	4.7
Total finance income	**9.0**	4.7

For the year ended (in $ millions)	**2022 31 Dec**	2021 31 Dec
Interest and fees on financial liabilities measured at amortised cost	**20.2**	11.9
Total borrowing costs	**20.2**	11.9
Less: amounts capitalised and included in the cost of qualifying assets	**(7.2)**	(0.6)
	13.0	11.3
Interest on lease liabilities	**11.3**	6.7
Interest on tax liabilities	**(0.9)**	2.1
Total finance costs	**23.4**	20.1

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

9. Taxation

Tax recognised in the Consolidated Income Statement

For the year ended (in $ millions)	2022 31 Dec	2021 31 Dec
Tax charged in the Consolidated Income Statement		
Current tax:		
Corporation tax on income for the year	**67.3**	63.4
Adjustments in respect of prior years	**4.3**	1.1
Total current tax	**71.6**	64.5
Deferred tax charge for the year	**24.2**	5.5
Adjustments in respect of prior years	**4.1**	(5.7)
Total deferred tax charge/(credit)	**28.3**	(0.2)
Total	**99.9**	64.3

Tax recognised in the Consolidated Statement of Comprehensive Income

For the year ended (in $ millions)	2022 31 Dec	2021 31 Dec
Tax (credit)/charge relating to items recognised directly in comprehensive income		
Current tax on:		
Exchange differences	**(2.7)**	0.4
Income tax recognised directly in comprehensive income	**(2.7)**	0.4
Deferred tax on:		
Commodity cash flow hedges	**(2.4)**	2.4
Remeasurement gains on defined benefit pension schemes	**0.7**	0.1
Deferred tax recognised directly in comprehensive income	**(1.7)**	2.5
Total	**(4.4)**	2.9

Deferred tax recognised in the Consolidated Statement of Changes in Equity

For the year ended (in $ millions)	2022 31 Dec	2021 31 Dec
Share-based payments	**(0.2)**	–
Total	**(0.2)**	–

Reconciliation of taxation

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 24.94% (2021: 24.94%) which represents the blended tax rate applicable to Luxembourg entities.

For the year ended (in $ millions)	2022 31 Dec	2021 31 Dec
Income before taxes	**136.3**	100.7
Tax at the blended tax rate of 24.94% (2021: 24.94%)	**34.0**	25.1
Effects of:		
Different tax rates of subsidiaries operating in other jurisdictions	**(6.6)**	16.8
Impact of tax rate changes	**(1.8)**	5.8
Non-qualifying depreciation	**0.8**	2.8
Net benefit of tonnage tax regimes	**(6.2)**	(33.7)
Withholding taxes and unrelieved overseas taxes	**27.0**	24.5
Non-deductible expenses and non-taxable income	**3.1**	2.1
Tax effect of share of net loss of associates and joint ventures	**0.7**	(0.9)
Movement in unprovided deferred tax	**48.2**	27.1
Revisions to uncertain tax treatments	**(7.7)**	(0.7)
Adjustments related to prior years	**8.4**	(4.6)
Taxation in the Consolidated Income Statement	**99.9**	64.3

9. Taxation continued

Deferred tax

Movements in the net deferred tax balance were:

(in $ millions)	Intangible assets	Property, plant and equipment	Accrued expenses and deferred income	Share-based payments	Tax losses	Other	Total
Balance at 31 December 2020	**(0.3)**	**(45.4)**	**8.0**	**0.4**	**45.7**	**8.9**	**17.3**
Credited/(charged) to:							
Consolidated Income Statement	0.3	1.3	7.9	0.6	(4.2)	(5.7)	0.2
Other Comprehensive Income	–	–	0.1	(0.3)	–	(2.3)	(2.5)
Balance sheet reclassifications	–	(0.2)	(0.4)	–	–	0.3	(0.3)
Exchange differences	–	0.9	(1.5)	–	(1.6)	0.2	(2.0)
Balance at 31 December 2021	**–**	**(43.4)**	**14.1**	**0.7**	**39.9**	**1.4**	**12.7**
(Charged)/credited to:							
Consolidated Income Statement	–	(21.8)	(35.0)	(0.1)	26.8	1.8	(28.3)
Other Comprehensive Income	–	–	(0.7)	–	–	2.4	1.7
Changes in equity	–	–	–	0.2	–	–	0.2
Balance sheet reclassifications	–	(0.4)	0.7	–	0.1	(0.2)	0.2
Exchange differences	–	1.4	(1.5)	–	(1.8)	(0.3)	(2.2)
Balance at 31 December 2022	**–**	**(64.2)**	**(22.4)**	**0.8**	**65.0**	**5.1**	**(15.7)**

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

At 31 December 2022

(in $ millions)	Deferred tax asset	Deferred tax liability	Net recognised deferred tax asset/(liability)
Property, plant and equipment	**6.1**	**(70.3)**	**(64.2)**
Accrued expenses and deferred income	**8.5**	**(30.9)**	**(22.4)**
Share-based payments	**0.8**	**–**	**0.8**
Tax losses	**65.0**	**–**	**65.0**
Other	**6.7**	**(1.6)**	**5.1**
Total	**87.1**	**(102.8)**	**(15.7)**

At 31 December 2021

(in $ millions)	Deferred tax asset	Deferred tax liability	Net recognised deferred tax asset/(liability)
Property, plant and equipment	7.5	(50.9)	(43.4)
Accrued expenses and deferred income	23.8	(9.7)	14.1
Share-based payments	0.7	–	0.7
Tax losses	39.9	–	39.9
Other	7.2	(5.8)	1.4
Total	79.1	(66.4)	12.7

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

At (in $ millions)	**2022 31 Dec**	2021 31 Dec
Deferred tax assets	**38.7**	58.7
Deferred tax liabilities	**(54.4)**	(46.0)
Total	**(15.7)**	12.7

At 31 December 2022, the gross amount and expiry dates of losses available for carry forward were as follows:

At (in $ millions)	Expiring within 5 years	Expiring in 6 to 10 years	Expiring in 11 to 20 years	Without limit	Total
Losses for which a deferred tax asset is recognised	8.7	1.6	48.4	214.7	273.4
Losses for which no deferred tax asset is recognised	135.9	57.0	99.1	2,152.8	2,444.8
Total	**144.6**	**58.6**	**147.5**	**2,367.5**	**2,718.2**

At 31 December 2021, the gross amount and expiry dates of losses available for carry forward were as follows:

At (in $ millions)	Expiring within 5 years	Expiring in 6 to 10 years	Expiring in 11 to 20 years	Without limit	Total
Losses for which a deferred tax asset is recognised	7.1	–	–	136.4	143.5
Losses for which no deferred tax asset is recognised	147.4	90.5	161.1	2,030.2	2,429.2
Total	**154.5**	**90.5**	**161.1**	**2,166.6**	**2,572.7**

The increase in deferred tax asset recognition on losses relates primarily to the Group's operations in Norway, where the losses have resulted from the deferral of taxation on profitable long-term projects, and for which a deferred tax liability is recognised; and in the UK, where the Group has a strong history of profitability. These losses are expected to be utilised in the coming year or, in the UK, can be carried back to the prior year.

The change in expiration profile of the losses recognised resulted from the changes of the location of assets recognised, with additional losses being recognised in the US, based on strong current year, and future forecast, profitability.

Included in the above losses for which no asset is recognised were $1.4 billion (2021: $1.4 billion) of losses in Luxembourg, which could be subject to future claw-back if certain transactions were entered into.

In addition, the Group has other unrecognised deferred tax assets of $66.5 million (2021: $44.9 million) in respect of other temporary differences. These primarily relate to provision for expenses and loss on contracts in Brazil and unclaimed capital allowances in Nigeria.

No deferred tax has been recognised in respect of taxable temporary differences relating to the unremitted earnings of the Group's subsidiaries, branches, associates and joint ventures where remittance is not contemplated and where the timing of distribution is within the control of the Group. The aggregate amount of unremitted earnings giving rise to such temporary differences for which deferred tax liabilities were not recognised at 31 December 2022 was $195.6 million (2021: $235.2 million).

Tonnage tax regime

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

In 2022, the Group's elections resulted in a positive impact on the Group's tax charge of $6.2 million (2021: $33.7 million).

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 result in uncertainty as to the ultimate acceptability of the treatment of tax matters.

This often results in the Group's filing positions being subject to audit, enquiry and possible re-assessment. During 2022, the Group was subject to audits and disputes in, among others, Brazil, France, Germany, Ghana, Mexico, Nigeria and Saudi Arabia. These audits are at various stages of completion. The Group's policy is to co-operate fully with the relevant tax authorities while seeking to defend its tax positions.

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

In the year ended 31 December 2022, the Group recorded a net decrease in the financial impact of uncertain tax treatments of $9.2 million (2021: $6.1 million net decrease) as a result of revisions to estimated future obligations, and the closure and settlement of certain audits with the relevant tax authorities.

10. Dividends

The regular dividend of NOK 1.00 per share was approved by the shareholders of Subsea 7 S.A. at the Annual General Meeting on 12 April 2022 and recognised in shareholders' equity in April 2022. The dividend of $31.7 million was paid on 6 May 2022 to shareholders of Subsea 7 S.A.

11. Earnings per share

Basic and diluted earnings per share

Basic earnings per share is calculated by dividing the net income attributable to shareholders of the parent company by the weighted average number of common shares in issue during the year, excluding shares repurchased by the Group and held as treasury shares (Note 26 'Treasury shares').

Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all potentially dilutive common shares. The Group's potentially dilutive common shares include those related to performance shares.

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

For the year ended (in $ millions)	**2022 31 Dec**	2021 31 Dec
Net income attributable to shareholders of the parent company	**57.1**	31.8
Earnings used in the calculation of diluted earnings per share	**57.1**	31.8

For the year ended	**2022 31 Dec Number of shares**	2021 31 Dec Number of shares
Weighted average number of common shares used in the calculation of basic earnings per share	**291,955,196**	297,562,898
Performance shares	**1,037,990**	1,020,873
Weighted average number of common shares used in the calculation of diluted earnings per share	**292,993,186**	298,583,771

For the year ended (in $ per share)	**2022 31 Dec**	2021 31 Dec
Basic earnings per share	**0.20**	0.11
Diluted earnings per share	**0.19**	0.11

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

For the year ended	**2022 31 Dec Number of shares**	2021 31 Dec Number of shares
Performance shares	**609,004**	807,361

12. Business combinations

During 2022, the Group identified adjustments to provisional amounts recognised in relation to business combinations entered into during 2021. The adjustments were identified during the relevant measurement periods and related to facts and circumstances which existed at the date of acquisition; as a result, 2021 comparative information has been revised as if the accounting had been completed at the acquisition dates.

Agreement to combine the Group's fixed offshore wind business with OHT ASA

On 8 July 2021, the Group announced it had entered into an agreement to combine the Group's Renewables business unit (consisting of the Group's fixed offshore wind business) with OHT ASA (renamed Seaway 7 ASA); the transaction was completed on 1 October 2021.

During 2022, the Group increased provisional amounts recognised in respect of an onerous fixed-price contract provision by $35.3 million with a corresponding increase of the same amount to goodwill.

Acquisition of a 59.12% shareholding of Nautilus Floating Solutions, S.L.

On 22 September 2021, an indirect subsidiary of Subsea 7 S.A. acquired a 59.12% shareholding of Nautilus Floating Solutions, S.L.

During 2022, the Group reduced provisional amounts recognised in respect of intangible assets by $2.3 million, increased goodwill by $1.4 million and reduced non-controlling interests by $0.9 million.

13. Goodwill

(in $ millions)	Total
Cost	
At 1 January 2021	2,440.3
Additions	76.6
Exchange differences	(7.8)
At 31 December 2021	2,509.1
Adjustments to provisional amounts recognised (Note 12)	36.7
At 31 December 2021 (revised)	2,545.8
Exchange differences	(141.5)
At 31 December 2022	**2,404.3**
Accumulated impairment	
At 1 January 2021	2,355.8
Exchange differences	(7.2)
At 31 December 2021	2,348.6
Exchange differences	(135.6)
At 31 December 2022	**2,213.0**
Carrying amount	
At 31 December 2021 (revised)	197.2
At 31 December 2022	**191.3**

For financial management and reporting purposes, the Group is organised into management regions. Management regions are aligned with the Group's business units which are used by the Chief Operating Decision Maker (CODM) to allocate resources and appraise performance.

The Group has ten CGUs which are aligned with management regions. At 31 December 2022 the Group's CGUs comprised:

- CGUs for Africa Middle East and Caspian, Asia Pacific, Brazil, Gulf of Mexico, Norway and UK and GIRM (Global Inspection Repair and Maintenance) which include activities connected with the performance of regional projects including SURF activities (related to the engineering, procurement, construction and installation of offshore systems), Conventional services (including the fabrication, installation, extension and refurbishment of platforms and pipelines in shallow water), the long-term PLSV contracts in Brazil, activities connected with the provision of inspection, repair and maintenance services, integrity management of subsea infrastructure and remote intervention support;
- Nautilus CGU which includes activities related to floating wind solutions;
- Xodus CGU which includes activities related to engineering services, advisory services and environmental support;
- 4Subsea CGU which includes activities connected with integrity management of subsea infrastructure; and
- Renewables CGU which includes activities connected with three specialist segments of the fixed offshore wind market: the installation of offshore wind turbine foundations and inner-array cables, heavy lifting and heavy transportation operations related to the renewables sector, and the decommissioning of redundant offshore structures.

The Group performed its annual goodwill impairment review at 31 December 2022. Subsequent to this review the carrying amounts of the goodwill were allocated to the following CGUs:

At (in $ millions)	**2022 31 Dec**	(Revised) 2021 31 Dec
Nautilus	**6.3**	6.7
Norway	**9.5**	9.5
Renewables	**105.3**	105.3
UK GIRM	**37.6**	40.7
Xodus	**15.5**	16.1
4Subsea	**17.1**	18.9
Total	**191.3**	197.2

At 31 December 2022 there was no goodwill associated with the Africa Middle East and Caspian, Asia Pacific, Brazil and Gulf of Mexico CGUs.

13. Goodwill

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

Key assumptions used in value-in-use calculations

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

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

Adjusted EBITDA forecasts – the Adjusted EBITDA forecast for each CGU 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 respective segments. Assumptions are based on a combination of internal and external studies, management judgements and historical information, adjusted for any foreseen changes in market conditions.

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

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

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

Sensitivity to changes in key assumptions

In determining the value-in-use recoverable amount for each CGU, sensitivities have been applied to key assumptions. The industry in which the Group operates is cyclical and highly dependent on energy prices; this could lead to changes in future cash flows which are greater than the sensitivity ranges applied.

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

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

The impact on goodwill as a result of changes to the key assumptions used in the sensitivity analysis is as follows:

	Adjusted EBITDA		Discount rate		Capital expenditure		Long-term growth rate	
(in $ millions)	10% decrease	10% increase	2% decrease	2% increase	25% decrease	25% increase	2% decrease	2% increase
UK GIRM	**(11.8)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
4Subsea	**(3.1)**	**–**	**–**	**(4.7)**	**–**	**(2.6)**	**(3.3)**	**–**
Xodus	**(3.0)**	**–**	**–**	**(2.0)**	**–**	**(1.0)**	**–**	**–**

CGUs not impaired and not sensitive to impairment

Changes to the key assumptions used in the sensitivity analysis would not, in isolation, cause the recoverable amount of the Norway, Nautilus or Renewables CGUs to be materially less than their carrying value.

The Africa Middle East and Caspian, Asia Pacific, Brazil and Gulf of Mexico CGUs have no goodwill, therefore any future changes in the key assumptions, in isolation, would not result in an impairment charge being recognised against goodwill. The Brazil CGU is sensitive to changes in the key assumptions which may result in a potential CGU impairment being recognised in future years.

14. Intangible assets

(in $ millions)	Software	Customer contracts (backlog)	Other intangibles	Total
Cost				
At 1 January 2021	46.1	30.5	109.5	186.1
Acquisition of businesses	–	–	2.3	2.3
Additions	8.4	–	0.1	8.5
Disposals	(10.4)	(30.5)	(34.1)	(75.0)
Exchange differences	(0.2)	–	0.3	0.1
At 31 December 2021	43.9	–	78.1	122.0
Adjustments to provisional amounts recognised (Note 12)	–	–	(2.3)	(2.3)
At 31 December 2021 (revised)	43.9	–	75.8	119.7
Additions	3.0	–	8.0	11.0
Disposals	(0.1)	–	–	(0.1)
Exchange differences	(4.1)	–	(6.5)	(10.6)
At 31 December 2022	**42.7**	**–**	**77.3**	**120.0**
Accumulated amortisation and impairment				
At 1 January 2021	30.5	30.5	79.1	140.1
Charge for the year	3.6	–	11.1	14.7
Impairments	–	–	4.8	4.8
Eliminated on disposal	(10.2)	(30.5)	(34.1)	(74.8)
Exchange differences	–	–	(0.1)	(0.1)
At 31 December 2021	23.9	–	60.8	84.7
Charge for the year	3.6	–	8.7	12.3
Eliminated on disposal	(0.1)	–	–	(0.1)
Exchange differences	(2.3)	–	(5.7)	(8.0)
At 31 December 2022	**25.1**	**–**	**63.8**	**88.9**
Carrying amount:				
At 31 December 2021	20.0	–	15.0	35.0
At 31 December 2022	**17.6**	**–**	**13.5**	**31.1**

The table above includes assets under construction of $8.9 million (2021: $6.1 million). Other intangible assets includes capitalised expenditure related to the Group's digitalisation programme.

An impairment test was performed on the balances at 31 December 2022 and impairment charges of $nil (2021: $4.8 million) were recognised.

15. Property, plant and equipment

(in $ millions)	Vessels	Operating equipment	Land and buildings	Other assets	Total
Cost					
At 1 January 2021	5,978.0	1,017.5	518.6	50.4	7,564.5
Acquisition of businesses	290.5	–	–	1.2	291.7
Additions	105.2	28.9	10.3	13.5	157.9
Exchange differences	(0.8)	(1.3)	(5.8)	(0.8)	(8.7)
Transfers	(0.7)	0.3	4.0	(3.6)	–
Disposals	(374.2)	(28.1)	(4.0)	(2.7)	(409.0)
At 31 December 2021	5,998.0	1,017.3	523.1	58.0	7,596.4
Additions	176.9	19.5	8.5	17.7	222.6
Exchange differences	(52.3)	(43.7)	(14.4)	(7.0)	(117.4)
Transfers	(20.6)	24.3	–	(3.7)	–
Assets held for sale (Note 21)	(222.3)	–	–	–	(222.3)
Disposals	(23.6)	(7.8)	–	(2.1)	(33.5)
At 31 December 2022	**5,856.1**	**1,009.6**	**517.2**	**62.9**	**7,445.8**
Accumulated depreciation and impairment					
At 1 January 2021	2,436.8	801.1	295.3	48.7	3,581.9
Charge for the year	263.2	49.0	21.9	7.0	341.1
Impairments	–	–	4.1	–	4.1
Exchange differences	(1.7)	(0.8)	(2.9)	(0.7)	(6.1)
Transfers	2.4	–	–	(2.4)	–
Eliminated on disposals	(371.0)	(28.0)	(4.0)	(2.6)	(405.6)
At 31 December 2021	2,329.7	821.3	314.4	50.0	3,515.4
Charge for the year	253.8	66.9	18.4	6.5	345.6
Impairments	–	2.3	–	–	2.3
Impairment reversals	(55.6)	–	–	–	(55.6)
Exchange differences	(28.1)	(36.9)	(6.1)	(3.1)	(74.2)
Assets held for sale (Note 21)	(176.8)	–	–	–	(176.8)
Eliminated on disposals	(23.5)	(7.3)	–	(2.1)	(32.9)
At 31 December 2022	**2,299.5**	**846.3**	**326.7**	**51.3**	**3,523.8**
Carrying amount:					
At 31 December 2021	3,668.3	196.0	208.7	8.0	4,081.0
At 31 December 2022	**3,556.6**	**163.3**	**190.5**	**11.6**	**3,922.0**

The table above includes assets under construction of $431.1 million at 31 December 2022 (2021: $285.4 million).

An impairment test was performed on the balances of property, plant and equipment at 31 December 2022 and impairment charges of $2.3 million (2021: $4.1 million) were recognised where the future recoverable amounts were lower than the carrying amounts. The charges were recognised in the Consolidated Income Statement within operating expenses. Recoverable amount is defined as the higher of value-in-use and fair value less costs of disposal and was determined by management based on recent similar market transactions, an assessment of internal estimates and independent external valuations. In addition, impairment reversals totalling $55.6 million (2021: $nil) were recognised in relation to a vessel and operating equipment, driven by an upward revision in forecast utilisation of the assets. The impairment reversals were recognised within the Subsea and Conventional business unit.

16. Right-of-use assets

(in $ millions)	Vessels	Operating equipment	Land and buildings	Other assets	Total
Cost					
At 1 January 2021	257.2	2.2	132.1	2.9	394.4
Acquisition of businesses	–	–	3.0	–	3.0
Additions	30.3	8.6	15.3	0.6	54.8
Exchange differences	(1.2)	(0.7)	(4.6)	(0.1)	(6.6)
Remeasurement	(2.5)	–	3.0	–	0.5
Disposals	–	(0.9)	(10.2)	(0.4)	(11.5)
At 31 December 2021	283.8	9.2	138.6	3.0	434.6
Additions	62.4	1.1	5.4	–	68.9
Exchange differences	(12.8)	(0.2)	(7.0)	–	(20.0)
Remeasurement	65.9	5.5	(0.3)	(0.2)	70.9
Disposals	(26.4)	(0.9)	(7.8)	(0.1)	(35.2)
At 31 December 2022	**372.9**	**14.7**	**128.9**	**2.7**	**519.2**
Accumulated amortisation and impairment					
At 1 January 2021	113.3	1.4	65.1	1.3	181.1
Charge for the year	53.7	4.7	19.3	0.8	78.5
Impairments	–	–	0.2	–	0.2
Impairment reversals	–	–	(3.7)	–	(3.7)
Exchange differences	(5.2)	(0.3)	(4.7)	–	(10.2)
Remeasurement	(4.4)	–	(1.8)	–	(6.2)
Eliminated on disposals	–	(0.9)	(10.2)	(0.4)	(11.5)
At 31 December 2021	157.4	4.9	64.2	1.7	228.2
Charge for the year	74.3	4.2	19.6	0.7	98.8
Impairment reversals	–	–	(3.7)	–	(3.7)
Exchange differences	(8.0)	(0.1)	(3.1)	(0.1)	(11.3)
Eliminated on disposals	(26.4)	(0.8)	(7.5)	(0.1)	(34.8)
At 31 December 2022	**197.3**	**8.2**	**69.5**	**2.2**	**277.2**
Carrying amount:					
At 31 December 2021	126.4	4.3	74.4	1.3	206.4
At 31 December 2022	**175.6**	**6.5**	**59.4**	**0.5**	**242.0**

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 and not the respective lessors. Lease liabilities are disclosed within Note 29 'Lease liabilities'. Commitments to leases which have not yet commenced are disclosed within Note 33 'Commitments and contingent liabilities'.

An impairment test was performed on the balances at 31 December 2022 and impairment charges totalling $nil (2021: $0.2 million) were recognised. In addition impairment reversals totalling $3.7 million were recognised (2021: $3.7 million).

17. Interests in associates and joint arrangements

Interests in associates and joint ventures

At 31 December 2022 the Group had interests in 11 joint ventures. The Group's ownership interests in joint ventures were as follows:

	Year end	Country of registration	Operating segment	Classification	Subsea7 ownership %
Astori Sp. z.o.o.	31 December	Poland	Subsea and Conventional	Joint Venture	49
Belmet 7 Limited	31 December	Ghana	Subsea and Conventional	Joint Venture	49
Eidesvik Seven AS	31 December	Norway	Subsea and Conventional	Joint Venture	50
Eidesvik Seven Chartering AS	31 December	Norway	Subsea and Conventional	Joint Venture	50
ENMAR S.A.	31 December	Mozambique	Subsea and Conventional	Joint Venture	51
GO FZE	31 December	Nigeria	Subsea and Conventional	Joint Venture	40
Global Oceon Engineers Nigeria Limited	31 December	Nigeria	Subsea and Conventional	Joint Venture	40
SapuraAcergy Assets Pte Ltd[(a)]	31 January	Malaysia	Subsea and Conventional	Joint Venture	51
SapuraAcergy Sdn Bhd[(a)]	31 January	Malaysia	Subsea and Conventional	Joint Venture	50
Subsea Integration Alliance LLC	31 December	US	Subsea and Conventional	Joint Venture	50
Subsea 7 Malaysia Sdn Bhd	31 December	Malaysia	Subsea and Conventional	Joint Venture	30

(a) The Group has 50% equity ownership of SapuraAcergy Sdn. Bhd and 51% equity ownership in SapuraAcergy Assets Pte Ltd, however, 1% is subject to a put and call option for the benefit of its joint venture partner.

For all entities the principal place of business is consistent with the country of registration. For the majority of entities the proportion of voting rights is consistent with the proportion of ownership interest, however in some cases some specific matters require unanimous approval of all shareholders.

All interests in joint ventures are accounted for using the equity method. Financial information, using consistent accounting policies, for the year ended 31 December 2022 is used for all entities. The movement in the balance of investments in joint ventures was as follows:

(in $ millions)	**2022**	2021
At year beginning	**28.6**	29.5
Share of net (loss)/income of associates and joint ventures	**(3.0)**	3.9
Net reclassification of investment balances	**1.7**	(4.5)
Exchange differences	**(1.8)**	(0.3)
At year end	**25.5**	28.6

Net reclassification of investment balances

This amount relates primarily to reclassification within the Group's balance sheet of negative investment balances to other non-current liabilities.

Summarised financial information

At 31 December 2022 none of the Group's investments in joint ventures were individually material to the Group therefore summarised financial information has not been provided.

Interests in joint arrangements

The Group executes contracts on a regular basis through unstructured joint operations governed by alliance or consortium agreements. These agreements provide for joint and several liability for the parties involved. The material joint operations of the Group are detailed below.

The Group participates in Subsea Integration Alliance (SIA), through unincorporated strategic global operations between Subsea7 and OneSubsea®, the subsea technologies, production and processing systems division of SLB. As part of the alliance, Subsea7 and OneSubsea® agree terms and conditions on a project-by-project basis; this governs the relationship between the entities executing contracts with clients. SIA operates globally and provides clients with subsea technologies, production and processing systems, bringing together field development planning, project delivery and total lifecycle solutions under an extensive technology and services portfolio. Contracts with clients are entered into by individual entities of the Subsea7 and OneSubsea® groups, with all activities executed on a joint and several basis.

Saudi Arabian Oil Company awarded a long-term frame agreement to a consortium consisting of Subsea7 and L&T Hydrocarbon Engineering. This unincorporated consortium is governed by a consortium agreement, and Subsea7 and L&T Hydrocarbon Engineering are jointly and severally liable to Saudi Arabian Oil Company for the various call-off work orders awarded to the consortium via the long-term frame agreement. The consortium's activities include project management, engineering, procurement, fabrication, transportation and installation of offshore facilities and infrastructure. The principal place of business of the unincorporated consortium is the Kingdom of Saudi Arabia.

Interests in joint ventures and associates – agreement to complete second half of 2023

On 30 August 2022, the Group announced its intention to acquire a 10% ownership interest in a proposed entity which will comprise the subsea businesses of SLB and Aker Solutions, with the Group contributing $306.5 million for a 10% ownership interest. The Group will not contribute any assets or businesses. The entity will operate within Subsea Integration Alliance, in a similar capacity to the existing arrangements with OneSubsea®, the subsea technologies, production and processing systems division of SLB. The transaction is subject to regulatory approvals as well as other customary closing conditions and is expected to complete during the second half of 2023. The consideration of $306.5 million will be payable 50% at completion date with the remainder on or before 30 June 2024. The results of the entity are expected to be equity accounted in the Group's Consolidated Financial Statements as an associate, on the basis that the Group will have significant influence in the entity and representation on the Board of Directors.

18. Advances and receivables

At (in $ millions)	**2022 31 Dec**	2021 31 Dec
Non-current amounts due from associates and joint ventures	**37.4**	38.6
Allowance for credit impairment	**(1.6)**	(1.6)
	35.8	37.0
Capitalised fees for long-term loan facilities	**1.8**	5.3
Deposits held by third parties	**1.1**	1.0
Other receivables	**27.2**	14.1
Total	**65.9**	57.4

19. Inventories

At (in $ millions)	**2022 31 Dec**	2021 31 Dec
Materials and non-critical spares	**8.8**	10.4
Consumables	**40.7**	29.9
Total	**49.5**	40.3

For the year ended (in $ millions)	**2022 31 Dec**	2021 31 Dec
Total cost of inventory charged to the Consolidated Income Statement	**163.7**	114.5
Write-down of inventories charged to the Consolidated Income Statement	**1.4**	0.5
Provision for obsolescence charged to the Consolidated Income Statement	**0.3**	2.4

At 31 December 2022 inventories included a provision for obsolescence of $5.2 million (2021: $6.5 million). There were no inventories pledged as security.

20. Trade and other receivables

At (in $ millions)	**2022 31 Dec**	2021 31 Dec
Trade receivables	**431.5**	519.2
Allowance for expected credit losses	**(2.0)**	(2.2)
Allowance for credit impairment	**(4.4)**	(3.9)
	425.1	513.1
Current amounts due from associates and joint ventures	**3.7**	4.4
Allowance for credit impairment	**(2.1)**	(1.9)
	1.6	2.5
Other receivables	**32.5**	20.5
Advances to suppliers	**28.5**	39.0
Other taxes receivable	**98.5**	56.7
Trade and other receivables	**586.2**	631.8
Current tax assets	**61.1**	24.1
Total	**647.3**	655.9

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 34 '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.

21. Assets classified as held for sale

During December 2022, the Group marketed two vessels for sale, *Seven Antares* and *Seven Inagha*. Management considered its actions met the criteria within IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', to classify the assets as held for sale with disposals expected to be completed within a year from the reporting date. At 31 December 2022, both vessels were classified as held for sale at their carrying amounts which management considered was representative of their fair value less costs to sell.

22. Other accrued income and prepaid expenses

At (in $ millions)	2022 31 Dec	2021 31 Dec
Unbilled revenue	**93.4**	88.1
Allowance for expected credit losses	**(0.4)**	(0.4)
	93.0	87.7
Prepaid expenses	**111.6**	116.8
Total	**204.6**	204.5

Unbilled revenue relates to work completed on day-rate contracts, which had not been billed to clients at the balance sheet date. There were no contract liability balances which relate to this category of contract revenue. Revenue of $6.6 million (2021: $6.0 million) was recognised in the year relating to performance obligations satisfied in previous periods. The increase in the balance during the year was due to increased activity in the UK and Norway.

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.

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

(in $ millions)	2022 31 Dec	2021 31 Dec
Allowance for expected credit losses		
At year beginning	**(0.4)**	(1.3)
Decrease in allowance recognised in profit or loss	**–**	0.9
At year end	**(0.4)**	(0.4)

Details of how the Group manages its credit risk are shown in Note 34 'Financial instruments'.

At 31 December 2022 the allowance for credit impairment in respect of unbilled revenue was $nil (2021: $nil).

23. Construction contracts

(in $ millions)	Construction contracts – assets	Construction contracts – liabilities
At 31 December 2022		
Current	**809.5**	**(319.4)**
Allowance for expected credit losses	**(1.8)**	**–**
Total	**807.7**	**(319.4)**

(in $ millions)	Construction contracts – assets	Construction contracts – liabilities
At 31 December 2021		
Current	791.4	(205.7)
Allowance for expected credit losses	(3.2)	–
	788.2	(205.7)
Non-current	4.4	–
Total	792.6	(205.7)

(in $ millions)	2022 31 Dec	2021 31 Dec
Revenue recognised which was included in construction contract liabilities at beginning of year	**195.0**	267.9
Revenue recognised from performance obligations satisfied in previous periods	**78.0**	69.1

Revenue recognised which was included in construction contract liabilities at the beginning of the year of $195.0 million (2021: $267.9 million) represents amounts included within the construction contract liabilities balance at 1 January 2022 which have been recognised as revenue during the year. Revenue recognised from performance obligations satisfied in previous periods of $78.0 million (2021: $69.1 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 in the Subsea and Conventional and Renewables business units. 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 $15.1 million increase in construction contract assets and the $113.7 million increase in construction contract liabilities during 2022 was driven by an increase in activity in the Subsea and Conventional business unit, primarily in Norway and Brazil.

Construction contract assets

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

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

(in $ millions)	**2022 31 Dec**	2021 31 Dec
Allowance for expected credit losses		
At year beginning	**(3.2)**	(3.8)
Decrease in allowance recognised in profit or loss	**1.4**	0.6
At year end	**(1.8)**	(3.2)

The allowance for expected credit losses decreased during the year due to fluctuations in the mix of customers, the size of receivables due and the default probability.

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

Transaction price allocated to the remaining performance obligations

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

At 31 December 2022

	Expected year of execution				
(in $ millions)	**2023**	**2024**	**2025**	**2026 and beyond**	**Total**
Subsea and Conventional	**3,815.8**	**2,565.6**	**1,178.9**	**581.0**	**8,141.3**
Renewables	**367.3**	**392.6**	**83.9**	**0.3**	**844.1**
Corporate	**20.9**	**1.3**	**–**	**–**	**22.2**
Total	**4,204.0**	**2,959.5**	**1,262.8**	**581.3**	**9,007.6**

At 31 December 2021

	Expected year of execution				
(in $ millions)	2022	2023	2024	2025 and beyond	Total
Subsea and Conventional	3,404.6	1,813.7	614.7	127.9	5,960.9
Renewables	882.0	168.9	186.4	0.4	1,237.7
Corporate	13.1	–	–	–	13.1
Total	4,299.7	1,982.6	801.1	128.3	7,211.7

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

24. Cash and cash equivalents

At (in $ millions)	**2022 31 Dec**	2021 31 Dec
Cash and cash equivalents	**645.6**	597.6

Cash and cash equivalents included amounts totalling $35.2 million (2021: $44.5 million) held by Group undertakings in certain countries whose exchange controls may significantly restrict or delay the remittance of these amounts to jurisdictions outside of that country.

25. Issued share capital

Authorised shares

	2022 31 Dec Number of shares	**2022 31 Dec in $ millions**	2021 31 Dec Number of shares	2021 31 Dec in $ millions
Authorised common shares, $2.00 par value	**450,000,000**	**900.0**	450,000,000	900.0

Issued shares

	2022 31 Dec Number of shares	**2022 31 Dec in $ millions**	2021 31 Dec Number of shares	2021 31 Dec in $ millions
Fully paid and issued common shares	**300,000,000**	**600.0**	300,000,000	600.0
The issued common shares consist of:				
Common shares excluding treasury shares	**290,205,733**	**580.4**	295,465,893	590.9
Treasury shares at par value (Note 26)	**9,794,267**	**19.6**	4,534,107	9.1
Total	**300,000,000**	**600.0**	300,000,000	600.0

26. Treasury shares

Share repurchase programme

On 24 July 2019, the Board of Directors authorised a new share repurchase programme of up to $200 million, to be executed over two years. The programme was approved pursuant to the authorisation granted to the Board of Directors at the Extraordinary General Meeting held on 17 April 2019, which allows for the purchase of up to a maximum of 10% of the Group's issued share capital, net of purchases already made. On 15 April 2021, the Board of Directors authorised a 24-month extension to the Group's share repurchase programme in accordance with the authority granted to the Board of Directors at the Extraordinary General Meeting held on 14 April 2021.

During 2022, the Group repurchased 5,648,072 (2021: 2,724,172) shares for a total consideration of $46.0 million (2021: $21.0 million). At 31 December 2022, the cumulative number of shares repurchased under this programme was 10,000,212 for a total consideration of $76.8 million.

All repurchases were made in the open market on the Oslo Børs, pursuant to certain conditions, and were in conformity with Article 49-2 of Luxembourg Company Law and EU Commission Regulation 2273/2003 on exemptions for repurchase programmes and stabilisation of financial instruments. At 31 December 2022 the remaining repurchased shares, which had not been reallocated relating to share-based payments, were held as treasury shares.

Summary

At 31 December 2022, Subsea 7 S.A. held 9,794,267 treasury shares (2021: 4,534,107), which amounted to 3.26% (2021: 1.51%) of the total number of issued shares.

	2022 Number of shares	**2022 in $ millions**	2021 Number of shares	2021 in $ millions
At year beginning	**4,534,107**	**32.9**	2,326,683	17.8
Shares repurchased	**5,648,072**	**46.0**	2,724,172	21.0
Shares reallocated relating to share-based payments	**(387,912)**	**(3.9)**	(516,748)	(5.9)
Balance at year end	**9,794,267**	**75.0**	4,534,107	32.9

27. Non-controlling interests

At 31 December 2022, the Group's respective ownership interests in subsidiaries which are non-wholly-owned were as follows:

	Year end	Country of registration	Subsea7 ownership %
Globestar Engineering Company (Nigeria) Limited	31 December	Nigeria	98.8
Nautilus Floating Solutions S.L.	31 December	Spain	59.1
Naviera Subsea 7 S. de R.L. de C.V.	31 December	Mexico	49.0
Nigerstar 7 FZE	31 December	Nigeria	49.0
Nigerstar 7 Limited	31 December	Nigeria	49.0
PT Subsea 7 Indonesia	31 December	Indonesia	94.9
Seaway 7 ASA	31 December	Norway	72.4
Servicios Subsea 7 S. de R.L. de C.V.	31 December	Mexico	52.0
Sonacergy – Serviços E Construções Petrolíferas Lda.	31 December	Portugal	55.0
Sonamet Industrial S.A.	31 December	Angola	55.0
Subsea 7 Equatorial Guinea S.A.	31 December	Equatorial Guinea	65.0
Subsea 7 Volta Contractors Limited	31 December	Ghana	49.0

For all entities, the principal place of business is consistent with the country of registration. Financial information for the year ended 31 December 2022 has been used for all entities.

The movement in the equity attributable to non-controlling interests was as follows:

(in $ millions)	**2022**	2021
At year beginning	**305.4**	27.3
Adjustments to provisional amounts recognised (Note 12)	**(0.9)**	–
At year beginning (revised)	**304.5**	27.3
Share of net (loss)/income for the year	**(20.7)**	4.6
Acquisition of businesses	**–**	278.3
Seaway 7 ASA's equity share issuance	**54.3**	–
Reclassification of non-controlling interests to equity attributable to shareholders of Subsea 7 S.A.	**(6.3)**	–
Reclassification of cumulative exchange differences from equity attributable to shareholders of Subsea 7 S.A. to non-controlling interests	**–**	(2.9)
Exchange differences	**(2.7)**	(1.9)
At year end	**329.1**	305.4

Seaway 7 ASA's equity share issuance

During the year, Seaway 7 ASA raised approximately $200 million from a rights issue fully underwritten by Seaway 7 ASA's three largest shareholders. Following the rights issue, the Group's ownership interest increased from 72% to 72.42%.

Subsea Seven Doha Oil and Gas Services and Trading LLC

During 2022, Subsea Seven Doha Oil and Gas Services and Trading LLC became a wholly-owned subsidiary of the Group.

Summarised financial information

Financial information of the non-wholly-owned subsidiary which had a material impact on the Consolidated Financial Statements is shown below:

27. Non-controlling interests

Seaway 7 ASA

The Group holds a 72.42% interest in Seaway 7 ASA, a global group operating in the renewables market.

For the year ended (in $ millions)	**2022 31 Dec**	2021 31 Dec
Revenue	**1,119.0**	1,260.0
Net loss	**(80.7)**	(62.5)
Total comprehensive loss	**(79.3)**	(61.3)
Total comprehensive loss attributable to non-controlling interests	**(21.9)**	(17.2)

For the year ended (in $ millions)	**2022 31 Dec**	2021 31 Dec
Net cash flows (used in)/generated from operating activities	**(47.6)**	38.6
Net cash flows used in investing activities	**(71.2)**	(38.0)
Net cash flows generated from financing activities	**104.6**	15.2
Net (decrease)/increase in cash and cash equivalents	**(14.2)**	15.8

As at (in $ millions)	**2022 31 Dec**	2021 31 Dec
Non-current assets	**1,147.4**	1,060.4
Current assets	**228.7**	327.6
Non-current liabilities	**(96.1)**	(56.1)
Current liabilities	**(292.7)**	(467.6)
Net assets	**987.3**	864.3
Total equity	**(987.3)**	(864.3)
Total equity attributable to the shareholders of the parent company	**(715.0)**	(622.3)
Total equity attributable to non-controlling interests	**(272.3)**	(242.0)

28. Borrowings

At (in $ millions)	**2022 31 Dec**	2021 31 Dec
South Korean Export Credit Agency (ECA) facility	**159.8**	184.4
UK Export Finance (UKEF) facility	**195.8**	200.0
Seaway 7 ASA Revolving Credit Facility	**–**	37.0
Other	**0.4**	0.5
Total	**356.0**	421.9
Consisting of:		
Non-current portion of borrowings	**302.2**	360.3
Current portion of borrowings	**53.8**	61.6
Total	**356.0**	421.9

Commitment fees expensed during the year in respect of unused lines of credit totalled $4.2 million (2021: $2.6 million).

Facilities

The $700 multi-currency revolving credit and guarantee facility

On 15 June 2022, the Group entered into a $700.0 million multi-currency revolving credit and guarantee facility with a five-year tenor. The facility is available in a combination of guarantees, up to a limit of $200.0 million, and cash drawings, or in full for cash drawings. The facility is guaranteed by Subsea 7 S.A. and Subsea 7 Finance (UK) PLC, a wholly-owned subsidiary of the Group. The facility was unutilised at 31 December 2022.

On 15 June 2022, the Group's previous $656.0 million multi-currency revolving credit and guarantee facility was cancelled.

The South Korean Export Credit Agency (ECA) facility

In July 2015 the Group entered into a $357 million senior term loan facility secured on two vessels owned by the Group. The facility is provided 90% by an Export Credit Agency (ECA) and 10% by two banks and is available for general corporate purposes. The ECA tranche has a 12-year maturity and a 12-year amortising profile. The commercial tranche initially had a five-year maturity and a 15-year amortising profile, which commenced in April 2017. The commercial tranche was refinanced during November 2021, now maturing in January 2027, while retaining the original amortising profile. The facility is guaranteed by Subsea 7 S.A. At 31 December 2022, the amount outstanding under the facility was $159.8 million (2021: $184.4 million).

UK Export Finance (UKEF) facility

On 24 February 2021, the Group entered into a $500 million five-year amortising committed loan facility backed by a $400 million guarantee from UK Export Finance. The Group has a two-year availability period during which to draw on the facility. The facility has a five-year tenor which commences at the end of the availability period or when the facility is fully drawn, whichever is earlier. The facility can be used for general corporate purposes, including to provide working capital financing for services provided from the UK. The facility is guaranteed by Subsea 7 S.A. At 31 December 2022, the amount outstanding under the facility, net of facility fees, was $195.8 million (2021: $200.0 million).

Seaway 7 ASA Revolving Credit Facility

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

Utilisation of facilities

At (in $ millions)	**2022 31 Dec Utilised**	**2022 31 Dec Unutilised**	**2022 31 Dec Total**	2021 31 Dec Utilised	2021 31 Dec Unutilised	2021 31 Dec Total
Committed borrowing facilities	**359.8**	**1,000.0**	**1,359.8**	421.9	956.0	1,377.9

Other facilities

In addition to the above there are a number of uncommitted, unsecured bi-lateral guarantee arrangements in place in order to provide specific geographical coverage. The utilisation of these facilities at 31 December 2022 was $1.6 billion (2021: $1.3 billion).

29. Lease liabilities

At (in $ millions)	**2022 31 Dec**	2021 31 Dec
Maturity analysis – contractual undiscounted cash flows		
Within one year	107.8	90.3
Years two to five inclusive	165.7	141.8
After five years	10.2	17.1
Total undiscounted lease liabilities	**283.7**	249.2
Effect of discounting	(26.7)	(18.3)
Discounted lease liabilities	**257.0**	230.9
Consisting of:		
Non-current	161.2	142.9
Current	95.8	88.0
Total discounted lease liabilities	**257.0**	230.9

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 Flows Statement for the year ended 31 December 2022 were $110.7 million (2021: $93.1 million).

30. Other non-current liabilities

At (in $ millions)	**2022 31 Dec**	2021 31 Dec
Other	**5.3**	6.1
Total	**5.3**	6.1

31. Trade and other liabilities

At (in $ millions)	**2022 31 Dec**	2021 31 Dec
Accruals	**720.1**	887.9
Trade payables	**317.5**	271.1
Current amounts due to associates and joint ventures	**7.3**	9.1
Accrued salaries and benefits	**118.9**	106.4
Withholding taxes	**23.8**	15.4
Other taxes payable	**68.9**	44.2
Other current liabilities	**13.9**	18.4
Total	**1,270.4**	1,352.5

32. Provisions

(in $ millions)	Claims	Decommissioning	Restructuring	Onerous fixed-price contracts	Other	Total
At 1 January 2021	16.2	11.5	46.6	65.7	28.0	168.0
Additional provision in the year	2.6	0.4	–	175.8	13.4	192.2
Acquisition of businesses	–	–	–	32.3	–	32.3
Utilisation of provision	(3.3)	(1.6)	(24.8)	(173.6)	(6.5)	(209.8)
Unused amounts released during the year	(0.8)	(0.2)	(18.9)	(9.9)	(5.1)	(34.9)
Effect of changes in the discount rate	–	–	–	–	1.2	1.2
Unwinding of discount rate	–	(0.1)	–	–	–	(0.1)
Exchange differences	(1.0)	–	(0.1)	(1.0)	(0.4)	(2.5)
At 31 December 2021	13.7	10.0	2.8	89.3	30.6	146.4
Adjustments to provisional amounts recognised (Note 12)	–	–	–	35.3	–	35.3
At 31 December 2021 (revised)	13.7	10.0	2.8	124.6	30.6	181.7
Additional provision in the year	6.5	1.2	0.6	97.5	7.3	113.1
Utilisation of provision	(0.6)	(0.6)	(2.3)	(102.9)	(4.6)	(111.0)
Unused amounts released during the year	(1.0)	(4.1)	(0.6)	(32.1)	(9.7)	(47.5)
Unwinding of discount rate	–	–	–	(0.1)	–	(0.1)
Exchange differences	0.9	(0.4)	0.1	(1.3)	(0.8)	(1.5)
At 31 December 2022	**19.5**	**6.1**	**0.6**	**85.7**	**22.8**	**134.7**

At (in $ millions)	**2022 31 Dec**	2021 31 Dec
Consisting of:		
Non-current provisions	**47.7**	85.0
Current provisions	**87.0**	96.7
Total	**134.7**	181.7

The claims provision comprises a number of claims made against the Group including disputes, personal injury cases and tax claims, where the timing of resolution is uncertain.

The decommissioning provision is mainly in relation to the Group's obligation to restore leased vessels to their original, or agreed, condition. The cash outflows related to the provision are expected to occur in the years in which the leases cease, which range from 2023 to 2025.

The restructuring provision relates to expenses associated with cost reduction and headcount resizing activities. The provision includes employee termination costs and professional fees. The provision is based on statutory requirements and discretionary arrangements for headcount reductions. Cash outflows associated with termination costs and professional fees are expected to occur in 2023.

Onerous fixed-price contract provisions relate to projects where total forecast costs at completion exceed the expected transaction price. The cash outflows related to the provisions are expected to occur during 2023 and 2024.

Other provisions mainly related to onerous day-rate contracts and contingent consideration.

33. Commitments and contingent liabilities

Commitments

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

- commitments to purchase property, plant and equipment from external suppliers of $402.4 million (2021: $403.0 million), including commitments related to *Seaway Alfa Lift*, an offshore wind foundation installation vessel, and *Seaway Ventus*, an offshore wind turbine installation vessel;
- contractual lease commitments, relating to vessel charters which had not commenced at 31 December 2022, totalling $119.3 million;
- short-term lease commitments totalling $22.4 million (2021: $28.8 million); and
- completion of an agreement to form a joint venture with SLB and Aker Solutions (Note 17).

Contingent liabilities

A summary of the contingent liabilities is as follows:

	Contingent liability recognised		Contingent liability not recognised	
(in $ millions)	**2022**	2021	**2022**	2021
At year beginning	**5.5**	6.0	**176.4**	285.2
Movement in contingent liabilities	**(5.4)**	–	**9.4**	(91.5)
Exchange differences	**0.3**	(0.5)	**15.5**	(17.3)
At year end	**0.4**	5.5	**201.3**	176.4

Contingent liabilities recognised in the Consolidated Balance Sheet

As part of accounting for the business combination in 2011 with Subsea 7 Inc., IFRS 3 'Business Combinations' (IFRS 3) required the Group to recognise as a provision, as of the acquisition date, the fair value of contingent liabilities assumed if there was a present obligation that arose from past events, even where payment was not probable. Following a favourable legal ruling, management now consider this previously recognised liability to have expired. As a result, during the second quarter of 2022, the contingent liability of $5.4 million (31 December 2021: $5.0 million) was derecognised in full and recognised within the Group's Consolidated Income Statement within operating expenses.

As part of the accounting for the business combination of Pioneer Lining Technology Limited, the Group was required to recognise a contingent liability at the acquisition date, in respect of contingent amounts payable to a third party following the acquisition of intangible assets in 2009, in accordance with IFRS 3. The contingent liability recognised within the Consolidated Balance Sheet at 31 December 2022 was $0.4 million (2021: $0.5 million).

Contingent liabilities not recognised in the Consolidated Balance Sheet

Between 2009 and 2020, the Group's Brazilian businesses were audited and formally assessed for Imposto sobre Circulaçao de Mercadorias e Serviços (ICMS) and federal taxes including import duty by the Brazilian state and federal tax authorities. The amount assessed, including penalties and interest, at 31 December 2022 amounted to BRL 908.8 million, equivalent to $174.7 million (2021: BRL 821.5 million, equivalent to $145.1 million). The Group has challenged these assessments. A contingent liability has been disclosed for the total amounts assessed as the disclosure criteria have been met however management believes that the likelihood of payment is not probable.

During 2018, 2019 and 2020 the Group's Brazilian business received several labour claims and civil tax assessments. The amounts claimed or assessed at 31 December 2022 totalled BRL 205.1 million, equivalent to $39.4 million (2021: BRL 234.8 million, equivalent to $41.5 million). The Group has challenged these claims. A contingent liability has been disclosed for BRL 138.6 million, equivalent to $26.6 million (2021: BRL 177.4 million, equivalent to $31.3 million) as the disclosure criteria have been met however management believes that the likelihood of payment is not probable. A provision of BRL 66.5 million, equivalent to $12.8 million (2021: BRL 57.4 million, equivalent to $10.1 million) was recognised within the Consolidated Balance Sheet at 31 December 2022 as the IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' recognition criteria were met.

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. Warranty periods vary dependent on contract type and operating segment; engineering, procurement, installation and commissioning (EPIC) oil and gas contracts typically attract shorter periods than EPIC renewables contracts. 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.

34. Financial instruments

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

Classification of financial instruments

Financial instruments are classified as follows:

At (in $ millions)	**2022 31 Dec Carrying amount**	2021 31 Dec Carrying amount
Financial assets		
Restricted cash	**4.4**	5.7
Cash and cash equivalents (Note 24)	**645.6**	597.6
Financial assets mandatorily measured at fair value through profit or loss:		
Foreign exchange forward contracts	**1.1**	1.3
Embedded derivatives	**16.7**	43.5
Commodity derivatives	**–**	2.9
Financial assets elected to be measured at fair value through other comprehensive income:		
Commodity derivatives	**4.2**	12.8
Other financial assets – financial investments	**1.1**	1.3
Financial assets measured at amortised cost:		
Net trade receivables (Note 20)	**425.1**	513.1
Net non-current amounts due from associates and joint ventures (Note 18)	**35.8**	37.0
Net current amounts due from associates and joint ventures (Note 20)	**1.6**	2.5
Other financial receivables	**22.1**	19.2
Financial liabilities		
Financial liabilities mandatorily measured at fair value through profit or loss:		
Foreign exchange forward contracts	**(1.1)**	(3.9)
Embedded derivatives	**(34.3)**	(25.5)
Commodity derivatives	**(0.2)**	–
Contingent consideration	**(1.6)**	(6.6)
Financial liabilities elected to be measured at fair value through other comprehensive income:		
Commodity derivatives	**(0.3)**	–
Financial liabilities measured at amortised cost:		
Trade payables (Note 31)	**(317.5)**	(271.1)
Lease liabilities (Note 29)	**(257.0)**	(230.9)
Current amounts due to associates and joint ventures (Note 31)	**(7.3)**	(9.1)
Borrowings (Note 28)	**(356.0)**	(421.9)
Other financial payables	**(15.4)**	(13.4)

Fair value

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

Financial instruments – gains and losses recognised within profit or loss

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

For the year ended (in $ millions)	**2022 31 Dec**	2021 31 Dec
Interest income from financial assets measured at amortised cost	**9.0**	4.7
Interest cost and fees from financial liabilities measured at amortised cost	**(20.2)**	(11.9)
Net fair value losses on financial assets measured at fair value through profit or loss	**(29.9)**	(6.6)
Net fair value losses on financial liabilities measured at fair value through profit or loss	**(6.2)**	(18.1)

Fees incurred in connection with financial instruments

Total fees incurred during the year in connection with financial instruments measured at amortised cost were $7.5 million (2021: $1.6 million).

Cash and cash equivalents

At 31 December 2022 the Group held cash and cash equivalents of $645.6 million (2021: $597.6 million) which included cash and cash equivalents available on demand of $170.0 million (2021: $321.4 million) and time deposits with financial institutions of $475.6 million (2021: $276.2 million).

The table below shows the carrying amount related to amounts on deposit. These are graded and monitored internally by the Group based on current external credit ratings issued, with 'prime' being the highest possible rating.

At (in $ millions)	**2022 31 Dec**	2021 31 Dec
Deposits:		
Counterparties rated prime grade	**115.0**	80.0
Counterparties rated high grade	**100.0**	–
Counterparties rated upper-medium grade	**175.0**	170.0
Counterparties rated lower-medium grade	**84.2**	21.4
Counterparties rated non-investment grade	**1.4**	4.8
Total	**475.6**	276.2

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;
- equity investments for which the entity has not elected to recognise fair value gains and losses through other comprehensive income; or
- derivative financial instruments.

Derivative financial instruments recognised in the Consolidated Balance Sheet were as follows:

At (in $ millions)	**31 Dec 2022 Assets**	**31 Dec 2022 Liabilities**	**31 Dec 2022 Total**	31 Dec 2021 Assets	31 Dec 2021 Liabilities	31 Dec 2021 Total
Non-current						
Embedded derivatives	**3.6**	**(28.2)**	**(24.6)**	23.8	(5.7)	18.1
Commodity derivatives	**1.7**	**(0.5)**	**1.2**	0.9	–	0.9
Total	**5.3**	**(28.7)**	**(23.4)**	24.7	(5.7)	19.0
Current						
Forward foreign exchange contracts	**1.1**	**(1.1)**	**–**	1.3	(3.9)	(2.6)
Embedded derivatives	**13.1**	**(6.1)**	**7.0**	19.7	(19.8)	(0.1)
Commodity derivatives	**2.5**	**–**	**2.5**	14.8	–	14.8
Total	**16.7**	**(7.2)**	**9.5**	35.8	(23.7)	12.1

Contingent consideration

Contingent consideration relates to amounts payable in connection with business combinations. The amounts payable are contingent on future events and are determined based on current expectations of the achievement of specific targets and milestones.

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 2022, a fair value remeasurement gain of $nil (2021: $1.2 million) was recognised within other comprehensive income.

34. Financial instruments continued

Upon disposal or derecognition of these equity investments, any associated balance accumulated within other comprehensive income will be reclassified to retained earnings. No investments were derecognised during the year.

During the year no dividends were recognised within profit or loss in connection with the financial investments and there were no transfers of cumulative gains or losses 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.

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

Foreign currency risk

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

The Group's reporting currency is the US Dollar. Revenue and expenses are principally denominated in the reporting currency of the Group. The Group also has significant operations denominated in British Pound Sterling and Euro as well as other cash flows in Angolan Kwanza, Australian Dollar, Brazilian Real, Canadian Dollar, Chinese Yuan, Danish Krone, Egyptian Pound, Ghanaian Cedi, Korean Won, Malaysian Ringgit, Mexican Peso, Nigerian Naira, Norwegian Krone, Saudi Arabian Riyal and Singaporean Dollar.

Foreign currency sensitivity analysis

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

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

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

A 10% strengthening in the US Dollar exchange rate against other currencies in which the Group transacts would increase net foreign currency exchange losses reported in other gains and losses by $20.8 million for the year ended 31 December 2022 (2021: $33.8 million increase to net foreign currency exchange gains). The impact would be a decrease in reported equity of $30.5 million (2021: increase of $23.1 million).

Forward foreign exchange contracts

The 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.

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

The following table details the external forward foreign exchange contracts outstanding:

At 31 December 2022

	Contracted amount by contract maturity				**Fair value by contract maturity**	
	Buy		**Sell**		**Maturity**	
(in $ millions)	**< 1 Year**	**1-5 Years**	**< 1 Year**	**1-5 Years**	**< 1 Year**	**1-5 Years**
British Pound Sterling	**120.3**	**–**	**129.3**	**–**	**0.1**	**–**
Euro	**64.7**	**–**	**50.4**	**–**	**(0.1)**	**–**
Total	**185.0**	**–**	**179.7**	**–**	**–**	**–**

At 31 December 2021

	Contracted amount by contract maturity				Fair value by contract maturity	
	Buy		Sell		Maturity	
(in $ millions)	< 1 Year	1-5 Years	< 1 Year	1-5 Years	< 1 Year	1-5 Years
British Pound Sterling	74.8	–	123.5	–	0.5	–
Danish Krone	7.5	–	–	–	–	–
Euro	37.4	–	211.8	–	(1.1)	–
Norwegian Krone	3.8	–	88.4	–	(1.3)	–
Singapore Dollar	2.6	–	–	–	–	–
Australian Dollar	–	–	41.8	–	(0.7)	–
Total	126.1	–	465.5	–	(2.6)	–

Hedge accounting

At 31 December 2022 the Group had designated commodity hedges of $3.8 million (2021: $12.8 million) as hedging instruments. The hedging reserve, included within other reserves in the Consolidated Balance Sheet, represents hedging gains recognised on the effective portion of commodity cash flow hedges. The movement in the hedging reserve was as follows:

At (in $ millions)	**2022 31 Dec**	2021 31 Dec
At year beginning	**10.4**	–
Gains on the effective portion of derivative financial instruments deferred to equity:		
Cash flow on commodity hedges	**3.8**	12.8
Tax recognised in Other Comprehensive Income	**2.4**	(2.4)
Amounts reclassified to the Consolidated Income Statement	**(12.8)**	–
At year end	**3.8**	10.4

The Group documents its assessment of whether the hedging instrument which is used in a hedging relationship is effective in offsetting changes in cash flows of the hedged item, on a prospective basis. The cumulative effective portion is deferred in equity within other reserves as hedging reserves in the Consolidated Balance Sheet. The resulting cumulative gains or losses will be reclassified to the Consolidated Income Statement upon the recognition of the underlying transaction or the discontinuance of a hedging relationship. Movements in respect of effective hedges are detailed in the Consolidated Statement of Changes in Equity. The gains or losses relating to the ineffective portion of cash flow hedges are recognised in the Consolidated Income Statement and the net amount for the year was $2.7 million (2021: $nil). Hedge ineffectiveness can arise from differences in the timing of the cash flows of the hedged items and the hedging instruments, different indexes linked to the hedged risk of the hedged items and hedging instruments, counterparties' credit risk differently impacting fair value movements of the hedging instruments and hedged items or changes to the forecasted amount of cash flows of hedged items and hedging instruments. There is an economic relationship between the hedged items and the hedging instruments as the terms of the commodity forward contracts match the terms of the expected highly probable forecast transactions. The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the commodity forward contracts is identical to the hedged risk components. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

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

34. Financial instruments continued

Commodity hedging

The Group enters into commodity hedging to manage risk on specific exposures, swapping floating price to fixed. At 31 December 2022 the fair values of commodity trades amounted to $4.2 million within financial assets (2021: $15.7 million) and $0.5 million within financial liabilities (2021: $nil).

Embedded derivatives

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

The fair values of the embedded derivatives at 31 December 2022 amounted to $16.7 million related to financial assets (2021: $43.5 million) and $34.3 million related to financial liabilities (2021: $25.5 million). The effects on the Consolidated Income Statement were reflected in net foreign currency gains and losses within other gains and losses.

Interest rate risk management

The Group places funds in the money markets to generate an investment return with a range of maturities (generally less than six months) ensuring a high level of liquidity and reducing the credit risk associated with the deposits. Changes in the interest rates associated with these deposits will impact the interest income generated.

Interest rate sensitivity analysis

At 31 December 2022, the Group had cash deposits and borrowings. A 1% increase in interest rates would not have a significant impact on the Group’s finance cost or finance income due to the net cash position the Group held throughout the year.

The Group’s facilities, as disclosed in Note 28 ‘Borrowings’, utilise the Secured Overnight Financing Rate (SOFR) as the reference rate for borrowings, replacing the Inter-borrowing Offering Rate (IBOR).

Credit risk management

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

The maximum exposure of the Group to credit-related loss of financial instruments is the aggregate of the carrying amount of the financial assets as summarised on page 122.

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, including the nature of the counterparty (for example national energy companies, international energy companies or independent energy companies) and the individual industry sectors in which the counterparty operates.

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.

34. 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 were evaluated using the grading framework as follows:

At (in $ millions)	**2022 31 Dec**	2021 31 Dec
Performing	**412.5**	434.9
Monitored	**14.6**	80.4
In default	**4.4**	3.9
Gross carrying amount	**431.5**	519.2

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, including amounts due from associates and joint ventures, 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)	**2022 31 Dec**	2021 31 Dec
Gross carrying amount	**431.5**	519.2
Allowance for expected credit losses	**(2.0)**	(2.2)
Allowance for credit impairments	**(4.4)**	(3.9)
Net carrying amount	**425.1**	513.1

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

At 31 December 2022

(in $ millions)	**Current**	**More than 30 days past due**	**More than 60 days past due**	**More than 90 days past due**	**Total**
Gross carrying amount	**412.7**	**6.5**	**3.5**	**8.8**	**431.5**
Allowance for expected credit losses	**(2.0)**	**–**	**–**	**–**	**(2.0)**
Allowance for incurred credit impairments	**(0.3)**	**–**	**–**	**(4.1)**	**(4.4)**
Net carrying amount	**410.4**	**6.5**	**3.5**	**4.7**	**425.1**

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	435.4	18.8	36.7	28.3	519.2
Allowance for expected credit losses	(2.2)	–	–	–	(2.2)
Allowance for incurred credit impairments	(0.4)	–	–	(3.5)	(3.9)
Net carrying amount	432.8	18.8	36.7	24.8	513.1

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

(in $ millions)	**2022 31 Dec**	2021 31 Dec
Allowance for expected credit losses		
At year beginning	**(2.2)**	(2.7)
Decrease in allowance recognised in profit or loss	**0.2**	0.5
At year end	**(2.0)**	(2.2)

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

(in $ millions)	**2022 31 Dec**	2021 31 Dec
Allowance for credit impairment		
At year beginning	**(3.9)**	(23.3)
Increase in allowance recognised in profit or loss	**(2.5)**	–
Utilisation of allowance	**1.8**	4.0
Unused amounts released during the year	**0.2**	15.7
Exchange differences	**–**	(0.3)
At year end	**(4.4)**	(3.9)

During the year ended 31 December 2022, the Group collected $0.2 million trade receivables which had been credit impaired in the prior year (2021: $15.7 million).

Amounts due from associates and joint ventures

At (in $ millions)	**2022 31 Dec**	2021 31 Dec
Gross carrying amount	**41.1**	43.0
Allowance for incurred credit impairments	**(3.7)**	(3.5)
Net carrying amount	**37.4**	39.5

The table below provides an analysis of the ageing of amounts due from associates and joint ventures. This includes balances with associates and joint ventures which are past due at the end of the reporting period, but not impaired, and balances which are individually determined to be impaired at the end of the reporting period.

At 31 December 2022

(in $ millions)	**Current**	**More than 30 days past due**	**More than 60 days past due**	**More than 90 days past due**	**Total**
Gross carrying amount	**30.4**	**–**	**–**	**10.7**	**41.1**
Allowance for credit impairments	**(0.2)**	**–**	**–**	**(3.5)**	**(3.7)**
Net carrying amount	**30.2**	**–**	**–**	**7.2**	**37.4**

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	32.1	–	–	10.9	43.0
Allowance for credit impairments	–	–	–	(3.5)	(3.5)
Net carrying amount	32.1	–	–	7.4	39.5

34. Financial instruments continued

The movement in the allowance for credit impairments in respect of amounts due from associates and joint ventures during the year was as follows:

(in $ millions)	**2022 31 Dec**	2021 31 Dec
Allowance for credit impairments		
At year beginning	**(3.5)**	(3.5)
Exchange differences	**(0.2)**	–
At year end	**(3.7)**	(3.5)

At 31 December 2022 the allowance for expected credit losses recognised in connection with amounts due from associates and joint ventures was $nil (2021: $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 2022 the allowances for expected credit losses and credit impairment recognised in connection with other financial assets at amortised cost were $nil (2021: $nil).

Concentration of credit risk

Credit risk is primarily associated with trade receivables. Net trade receivables (Note 20 'Trade and other receivables') arise from a large number of clients, dispersed geographically. Continual credit evaluation is performed on the recoverability of trade receivables. The following table classifies outstanding balances into three categories:

At	**2022 31 Dec Category percentage**	2021 31 Dec Category percentage
National energy companies	**18%**	28%
International energy companies	**30%**	19%
Independent energy companies	**52%**	53%
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 energy companies.

During the year ended 31 December 2022, three clients (2021: two clients) contributed individually to 10% or more of the Group's revenue. The revenue from these clients was $1,873.6 million or 36% of total Group revenue (2021: $1,296.3 million or 26%).

The five largest receivables balances by client are shown below:

At (in $ millions)	**31 Dec 2022**
Client A	**63.1**
Client B	**49.8**
Client C	**38.9**
Client D	**28.7**
Client E	**21.8**

At (in $ millions)	31 Dec 2021
Client A	124.0
Client B	61.5
Client C	42.1
Client D	41.9
Client E	24.1

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

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are primarily banks with high credit ratings assigned by international credit-rating agencies. At 31 December 2022, 38% (2021: 53%) of cash was held at counterparties with a credit rating lower than 'upper-medium grade' classification.

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. Included in Note 28 'Borrowings' are details of the undrawn facilities that the Group had at 31 December 2022.

Liquidity tables

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

At 31 December 2022

(in $ millions)	**Less than 1 month**	**1-3 months**	**3 months to 1 year**	**1-5 years**	**Total**
Borrowings	**6.7**	**19.2**	**45.6**	**342.9**	**414.4**
Trade payables	**239.9**	**63.7**	**13.5**	**0.4**	**317.5**
Amounts due to associates and joint ventures	**7.3**	**–**	**–**	**–**	**7.3**
Lease liabilities	**9.2**	**19.5**	**79.1**	**175.9**	**283.7**
Total	**263.1**	**102.4**	**138.2**	**519.2**	**1,022.9**

At 31 December 2021

(in $ millions)	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Total
Borrowings	44.4	7.0	17.0	381.2	449.6
Trade payables	231.5	28.6	10.6	0.4	271.1
Amounts due to associates and joint ventures	8.6	0.5	–	–	9.1
Lease liabilities	8.5	16.6	65.2	158.9	249.2
Total	293.0	52.7	92.8	540.5	979.0

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

At 31 December 2022

(in $ millions)	**Less than 1 month**	**1-3 months**	**3 months to 1 year**	**1-5 years**	**Total**
Net settled:					
Embedded derivatives	**–**	**0.5**	**5.8**	**30.8**	**37.1**
Commodity hedging	**–**	**–**	**–**	**0.5**	**0.5**
Gross settled:					
Foreign exchange forward contract payments	**186.1**	**–**	**–**	**–**	**186.1**
Foreign exchange forward contract receipts	**(185.0)**	**–**	**–**	**–**	**(185.0)**
Total	**1.1**	**0.5**	**5.8**	**31.3**	**38.7**

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	–	5.5	14.3	5.7	25.5
Gross settled:					
Foreign exchange forward contract payments	283.3	157.4	–	–	440.7
Foreign exchange forward contract receipts	(280.6)	(156.2)	–	–	(436.8)
Total	2.7	6.7	14.3	5.7	29.4

34. Financial instruments continued

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 28 'Borrowings', cash and cash equivalents disclosed in Note 24 '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.

	Liabilities		Equity			Other	Total
(in $ millions)	Borrowings	Lease liabilities	Dividends payable to shareholders	Treasury shares	Other equity		
Balance at 1 January 2022	**421.9**	**230.9**	**–**	**(32.9)**	**(11.9)**	**(5.1)**	**602.9**
Financing cash flows							
Interest paid	(15.8)	(11.3)	–	–	–	–	(27.1)
Repayment of borrowings	(61.6)	–	–	–	–	–	(61.6)
Cost of share repurchases	–	–	–	(46.0)	–	–	(46.0)
Proceeds from rights issue of non-wholly-owned subsidiary	–	–	–	–	54.6	–	54.6
Payments related to lease liabilities	–	(99.4)	–	–	–	–	(99.4)
Dividends paid to shareholders of the parent company	–	–	(31.7)	–	–	–	(31.7)
Total financing cash flows	**(77.4)**	**(110.7)**	**(31.7)**	**(46.0)**	**54.6**	**–**	**(211.2)**
Non-cash changes							
Dividends declared	–	–	33.6	–	–	–	33.6
Addition of lease liabilities	–	77.4	–	–	–	–	77.4
Remeasurement of lease liabilities	–	62.4	–	–	–	–	62.4
Shares reallocated relating to share-based payments	–	–	–	3.9	(3.9)	–	–
Interest charges	11.5	11.3	–	–	–	0.6	23.4
Exchange differences	–	(14.3)	(1.9)	–	–	–	(16.2)
Total non-cash changes	**11.5**	**136.8**	**31.7**	**3.9**	**(3.9)**	**0.6**	**180.6**
Balance at 31 December 2022	**356.0**	**257.0**	**–**	**(75.0)**	**38.8**	**(4.5)**	**572.3**

(in $ millions)	Liabilities		Equity			Other	Total
	Borrowings	Lease liabilities	Dividends payable to shareholders	Treasury shares	Other equity		
Balance at 1 January 2021	**209.0**	**254.0**	**–**	**(17.8)**	**(6.0)**	**(6.4)**	**432.8**
Financing cash flows							
Interest paid	(5.9)	–	–	–	–	(6.2)	(12.1)
Repayment of borrowings	(24.6)	–	–	–	–	–	(24.6)
Proceeds from borrowings	200.0	–	–	–	–	–	200.0
Cost of share repurchases	–	–	–	(21.0)	–	–	(21.0)
Payments related to lease liabilities	–	(93.1)	–	–	–	–	(93.1)
Dividends paid to shareholders of the parent company	–	–	(72.0)	–	–	–	(72.0)
Total financing cash flows	**169.5**	**(93.1)**	**(72.0)**	**(21.0)**	**–**	**(6.2)**	**(22.8)**
Non-cash changes							
Dividends declared	–	–	69.5	–	–	–	69.5
Addition of borrowings	37.5	–	–	–	–	–	37.5
Addition of lease liabilities		54.8					54.8
Remeasurement of lease liabilities	–	6.7	–	–	–	–	6.7
Shares reallocated relating to share-based payments	–	–	–	5.9	(5.9)	–	–
Interest charges	5.9	6.7	–	–	–	7.5	20.1
Exchange differences	–	1.8	2.5	–	–	–	4.3
Total non-cash changes	**43.4**	**70.0**	**72.0**	**5.9**	**(5.9)**	**7.5**	**192.9**
Balance at 31 December 2021	**421.9**	**230.9**	**–**	**(32.9)**	**(11.9)**	**(5.1)**	**602.9**

34. Financial instruments continued

Fair value hierarchy

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

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value measurement

During the year ended 31 December 2022 there were no transfers between levels of the fair value hierarchy. The Group recognises transfers between levels of the fair value hierarchy from the date of the event or change in circumstances that caused the transfer.

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

At (in $ millions)	**2022 31 Dec Level 1**	**2022 31 Dec Level 2**	**2022 31 Dec Level 3**	2021 31 Dec Level 1	2021 31 Dec Level 2	2021 31 Dec Level 3
Recurring fair value measurements						
Financial assets:						
Financial assets at fair value through profit or loss – derivative instruments	**–**	**1.1**	**–**	–	1.3	–
Financial assets at fair value through profit or loss – embedded derivatives	**–**	**16.7**	**–**	–	43.5	–
Financial assets at fair value through profit or loss – commodity derivatives	**–**	**–**	**–**	–	2.9	–
Financial assets at fair value through other comprehensive income – commodity derivatives	**–**	**4.2**	**–**	–	12.8	–
Financial liabilities:						
Financial liabilities at fair value through profit or loss – derivative instruments	**–**	**(1.1)**	**–**	–	(3.9)	–
Financial liabilities at fair value through profit or loss – embedded derivatives	**–**	**(34.3)**	**–**	–	(25.5)	–
Financial liabilities at fair value through profit or loss – commodity derivatives	**–**	**(0.2)**	**–**	–	–	–
Financial liabilities at fair value through other comprehensive income – commodity derivatives	**–**	**(0.3)**	**–**	–	–	–
Contingent consideration[(a)]	**–**	**–**	**(1.6)**	–	–	(6.6)

(a) A reconciliation of contingent consideration movements during the year is shown on page 135.

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 value of other financial assets classified as current assets, which includes quoted securities, is determined using quoted prices;
- the fair value of contingent consideration is determined based on current expectations of the achievement of specific targets and milestones calculated using the discounted cash flow method and unobservable inputs. Quantitative information about the significant unobservable inputs used in the fair value measurement and sensitivities to changes in these unobservable inputs are as disclosed below:

(in $ millions)	Balance at 1 January 2022	Utilisation	Fair value adjustments	Exchange differences	Balance at 31 December 2022
Contingent consideration	**6.6**	**(0.7)**	**(3.8)**	**(0.5)**	**1.6**

- significant inputs to the fair value of contingent consideration following a business combination include the assumed probability of the achievement of operational targets and technical milestones. A significant increase or decrease in the assumed probability of achieving these would result in a higher or lower fair value of the contingent consideration liability, while a significant increase or decrease in the discount rate would result in a higher or lower fair value of the contingent consideration liability. Gains or losses for the year were recorded in the Consolidated Income Statement as disclosed within Note 7 ‘Other gains and losses’; and
- the fair values of foreign exchange derivative instruments and 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 amounts 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 reviews 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.

35. Related party transactions

Key management personnel

Key management personnel include the Board of Directors and the Executive Management Team. Key management personnel at 31 December 2022 included 14 individuals (2021: 13 individuals). The remuneration of these personnel is determined by the Compensation Committee of the Board of Directors of Subsea 7 S.A.

Non-Executive Directors

Details of fees payable to and shares held by Non-Executive Directors for the year ended 31 December 2022 are disclosed in the Remuneration Report on pages 58 to 63.

Key management (Executive Management Team)

Payments made by the Group in relation to the Executive Management Team during the year were as follows:

For the year ended (in $ millions)	**2022 31 Dec**[(a)]	2021 31 Dec[(a)]
Salaries and other short-term employee benefits[(b)]	**5.2**	4.5
Share-based payments[(c)]	**0.5**	0.6
Post-employment benefits[(d)]	**0.2**	0.2
Total	**5.9**	5.3

(a) Amounts represent payments made to members of the Executive Management Team and the 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 remuneration, other short-term benefits, including private healthcare and car allowances, and the associated social security contributions made by the Group.

(c) Share-based payments represents the market value of the shares transferred to the participants during the year. Shares transferred represent performance shares which vested under the 2013 and 2018 Long Term Incentive Plans and which participants are now entitled to receive. Refer to the Remuneration Report on pages 58 to 63 for details of the plans.

(d) Post-employment benefits represent the cash value of defined pension contribution payments made by the Group during the year.

Remuneration for the Chief Executive Officer and Chief Financial Officer

Total remuneration for the Chief Executive Officer and Chief Financial Officer is disclosed in the Remuneration Report on pages 58 to 63.

Shares and performance shares

Performance shares outstanding and shareholdings held at 31 December 2022 are disclosed in the Remuneration Report on pages 58 to 63.

Transactions with key management personnel

During the year, the Executive Management Team were awarded the rights to 254,000 performance shares under the Group's 2022 Long Term Incentive Plan. Refer to the Remuneration Report on pages 58 to 63 for details of the plan.

Transactions with associates and joint ventures

The Consolidated Balance Sheet includes:

At (in $ millions)	**2022 31 Dec**	2021 31 Dec
Net non-current receivables due from associates and joint ventures (Note 18)	**35.8**	37.0
Net trade receivables due from associates and joint ventures (Note 20)	**1.6**	2.5
Trade payables due to associates and joint ventures (Note 31)	**(7.3)**	(9.1)
Net receivables due from associates and joint ventures	**30.1**	30.4

During the year, the Group provided services to associates and joint ventures amounting to $1.2 million (2021: $1.0 million) and purchased goods and services from associates and joint ventures amounting to $14.8 million (2021: $17.6 million). During 2021, the Group advanced a loan of $33.0 million to Eidesvik Seven AS, of which $30.1 million remained outstanding at 31 December 2022. The loan is repayable in instalments with the final amount due on 31 December 2025, subject to a one-year extension option.

Other related party transactions

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

The Group is an associate of Siem Industries S.A. and is equity accounted for within Siem Industries S.A.'s Consolidated Financial Statements.

Purchases by the Group from companies ultimately controlled by Siem Industries S.A. including vessel charters, provision of crew, associated services and property rental totalling $32.6 million (2021: $21.4 million) were made during the year.

Revenue generated by the Group from companies ultimately controlled by Siem Industries S.A. including equipment and property rental totalling $0.3 million (2021: $0.5 million) was recognised during the year.

At 31 December 2022, the Group had outstanding balances payable to companies ultimately controlled by Siem Industries S.A. of $1.4 million (2021: $1.9 million).

At 31 December 2022, the Group had outstanding balances receivable from companies ultimately controlled by Siem Industries S.A. of less than $0.1 million (2021: less than $0.1 million).

36. Share-based payments

The Group operated three equity-settled share-based payment schemes during 2022.

The following table summarises the compensation expense recognised in the Consolidated Income Statement during the year:

For the year ended (in $ millions)	**2022 31 Dec**	2021 31 Dec
Expense arising from equity-settled share-based payment transactions:		
2013 Long Term Incentive Plan	**0.2**	0.6
2018 Long Term Incentive Plan	**3.0**	3.3
2022 Long Term Incentive Plan	**0.3**	–
Total	**3.5**	3.9

Equity-settled share-based payment schemes

Details regarding the 2013 Long Term Incentive Plan (2013 LTIP Plan), the 2018 Long Term Incentive Plan (2018 LTIP Plan) and the 2022 Long Term Incentive Plan (2022 LTIP Plan), including number of shares transferred to participants, are disclosed within the Remuneration Report on pages 58 to 63.

The IFRS 2 'Share-based Payments' fair value of each performance share granted under the 2013, 2018 and 2022 LTIP Plans is estimated as of the grant date using a Monte Carlo simulation model with weighted average assumptions as follows:

For the year ended	**2022 31 Dec**	2021 31 Dec
Weighted average share price at grant date (in $)	**7.99**	8.79
TSR performance – Weighted average fair value at grant date (in $)	**4.92**	4.90
ROAIC performance – Weighted average fair value at grant date (in $)	**7.62**	8.12
CCR performance – Weighted average fair value at grant date (in $)	**7.62**	–
Expected volatility	**58%**	55%
Risk free rate	**3.08%**	1.22%
Dividend yield	**1.30%**	2.00%

The expected share price volatility over the performance period is estimated from the Company's historical share price volatility. The award fair values were adjusted to recognise that participants are not entitled to receive dividend equivalent payments.

Both non-market Return on Average Invested Capital (ROAIC) and Cash Conversion Ratio (CCR) performance conditions are not incorporated into the grant date fair value. The value of each award will be adjusted at each reporting date to reflect the Group's current expectation of the number of performance shares which will vest under the non-market ROAIC and CCR performance conditions.

Upon vesting, the Group will withhold an amount for an employee's tax obligation associated with a share-based payment and transfer that amount, in cash, to the relevant tax authority on the employee's behalf. In 2022, three plans vested in total, one plan vested under the 2013 scheme and two plans vested under the 2018 scheme. The total estimated withholding tax transferred to the relevant tax authorities was $2.2 million (2021: $1.7 million). Of this total, $0.6 million was in relation to employee social security contributions and $1.6 million was in relation to income tax.

37. Retirement benefit obligations

The Group operates both defined contribution and defined benefit 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 $51.1 million (2021: $48.5 million).

Defined benefit plans

The Group operates both funded and unfunded defined benefit pension plans.

France

The defined benefit plan for France is called the *indemnités de fin de carrière* (retirement indemnity plan) and is pursuant to applicable French legislation and labour agreements in force in the industry. A lump-sum payment is made to employees upon retirement based on length of service, employment category and the employee's final salary. The obligation is unfunded and uninsured, as is standard practice in France. Since the retirement indemnity plan is based upon specific lengths of service, categories and values set by French legislation and collective agreements there is no specific trust or internal governance in place for this plan.

Norway

The office (onshore) plan is a defined benefit scheme held with a life insurance company to provide pension benefits to the Group's employees. The scheme provides entitlement to benefits based on future service from the commencement date of the scheme. These benefits are principally dependent on an employee's pension qualifying period, salary at retirement age and the size of benefits from the Norwegian National Insurance Scheme. The scheme also includes entitlement to disability, spouses and children's pensions. The retirement age under the scheme is 67 years. The office (onshore) plan is closed to new members.

Under the plan, pensions are paid upon retirement based on the employee's length of service and final salary. Due to Norwegian legislation the pension scheme must provide an annual guaranteed return on investment, and consequently, the plan assets have a bias toward bonds rather than equities. While the pension company is responsible for administering the plan according to Norwegian law, the Group is obligated to have a steering committee for the plan. The steering committee considers and makes recommendations to the Group on matters relating to the plan, including but not limited to: composition of the investment portfolio, amendments to the scheme, administration and enforcement of the scheme, transfer of the scheme to another pension provider and termination of the scheme.

37. Retirement benefit obligations continued

Changes in the defined benefit obligation and fair value of plan assets

The following table provides a reconciliation of the changes in retirement benefit obligations and in the fair value of plan assets:

	Norway		France		Total	
(in $ millions)	**2022**	2021	**2022**	2021	**2022**	2021
Defined benefit obligation						
At year beginning	**(8.6)**	(13.5)	**(9.7)**	(12.2)	**(18.3)**	(25.7)
Amounts (charged)/credited to the Consolidated Income Statement:						
Service costs	**–**	–	**(0.8)**	(1.0)	**(0.8)**	(1.0)
Past service credit	**–**	5.7	**–**	1.5	**–**	7.2
Interest costs	**(0.1)**	(0.1)	**(0.1)**	(0.1)	**(0.2)**	(0.2)
Employee taxes	**–**	(0.1)	**–**	–	**–**	(0.1)
Sub-total	**(0.1)**	5.5	**(0.9)**	0.4	**(1.0)**	5.9
Remeasurement gains/(losses) recognised in other comprehensive income:						
Actuarial changes arising from changes in demographic assumptions	**–**	–	**–**	0.5	**–**	0.5
Actuarial changes arising from changes in financial assumptions	**–**	–	**3.2**	–	**3.2**	–
Experience adjustments	**0.5**	(0.7)	**(0.6)**	0.4	**(0.1)**	(0.3)
Sub-total	**0.5**	(0.7)	**2.6**	0.9	**3.1**	0.2
Benefits paid	**0.3**	0.2	**–**	0.2	**0.3**	0.4
Exchange differences	**0.2**	(0.1)	**0.7**	1.0	**0.9**	0.9
At year end	**(7.7)**	(8.6)	**(7.3)**	(9.7)	**(15.0)**	(18.3)
Fair value of plan assets						
At year beginning	**6.0**	12.2	**–**	–	**6.0**	12.2
Amounts (charged)/credited to the Consolidated Income Statement:						
Past service credit	**–**	(6.5)	**–**	–	**–**	(6.5)
Interest income	**0.1**	0.1	**–**	–	**0.1**	0.1
Sub-total	**0.1**	(6.4)	**–**	–	**0.1**	(6.4)
Remeasurement gains/(losses) recognised in other comprehensive income:						
Return on plan assets (excluding amounts in interest income)	**0.1**	0.4	**–**	–	**0.1**	0.4
Administrative expenses	**(0.1)**	(0.1)	**–**	–	**(0.1)**	(0.1)
Sub-total	**–**	0.3	**–**	–	**–**	0.3
Benefits paid	**(0.3)**	(0.2)	**–**	–	**(0.3)**	(0.2)
Exchange differences	**–**	0.1	**–**	–	**–**	0.1
At year end	**5.8**	6.0	**–**	–	**5.8**	6.0
Net defined benefit obligation	**(1.9)**	(2.6)	**(7.3)**	(9.7)	**(9.2)**	(12.3)
Presented as:						
Retirement benefit obligations	**(1.9)**	(2.6)	**(7.3)**	(9.7)	**(9.2)**	(12.3)
Total	**(1.9)**	(2.6)	**(7.3)**	(9.7)	**(9.2)**	(12.3)

The retirement benefit obligations of $9.2 million (2021: $12.3 million) for pension schemes which are in deficit in Norway and France are recognised as non-current liabilities on the Consolidated Balance Sheet.

Unfunded schemes

Included within the defined benefit obligation are amounts arising from unfunded French plans with a total obligation of $7.3 million (2021: $9.7 million).

Funded schemes

The Norwegian schemes are funded through a separately administered investment fund. The fair values of the Norwegian scheme assets were as follows:

At (in $ millions)	**2022 31 Dec**	2021 31 Dec
Investments quoted in active markets		
Quoted equity investments	**0.7**	0.7
Unquoted investments		
Bonds	**3.3**	2.9
Property	**0.9**	1.1
Other	**0.9**	1.3
Total	**5.8**	6.0

Future cash flows

The estimated contributions expected to be paid into the French and Norwegian plans during 2023 are $0.6 million (2022: $0.5 million).

The average remaining service periods were as follows:

At (in years)	**2022 31 Dec**	2021 31 Dec
Norway office (onshore) plan	**–**	3.0

Significant actuarial assumptions

The principal assumptions used to determine the present value of the defined benefit obligation were as follows:

Year ended 31 December 2022

(in %)	**Norway**	**France**
Pension increase	**0.0 – 3.50**	**–**
Discount rate	**3.2**	**3.8**
Future salary increase	**3.8**	**0.2**

Year ended 31 December 2021

(in %)	Norway	France
Pension increase	0.0 – 2.25	–
Discount rate	2.5	0.9
Future salary increase	2.0	3.0

37. Retirement benefit obligations continued

Assumptions regarding future mortality are set based on advice in accordance with published statistics and experience. The average life expectancies in years of a pensioner retiring at the plan retirement age for participants in the Norway office (onshore) plan are shown below.

	Retirement age	Sex	**2022 31 Dec**	2021 31 Dec
Norway office (onshore) plan	67 years	Male	**23.4**	23.8
	67 years	Female	**25.5**	26.1

Sensitivity analysis

A quantitative sensitivity analysis for significant assumptions at 31 December 2022 is shown below. The sensitivity analysis has been determined based on a method that extrapolates the impact on the net defined benefit obligation ((increase)/decrease) as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

Norway – office plan

(in $ millions)	**Pension increase**		**Discount rate**		**Future salary increase**	
Sensitivity level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on the net defined benefit obligation	**(0.1)**	**0.1**	**0.1**	**(0.1)**	**–**	**–**

France

(in $ millions)	**Discount rate**	
Sensitivity level	0.25% increase	0.25% decrease
Impact on the net defined benefit obligation	**0.2**	**(0.2)**

38. Deferred revenue

At (in $ millions)	**2022 31 Dec**	2021 31 Dec
Advances received from clients	**1.5**	0.9

Advances received from clients include amounts received before the related work is performed on day-rate contracts and amounts paid by clients in advance of work commencing on fixed-price contracts.

39. Events after the reporting period

Borrowings

On 23 February 2023, the Group borrowed an additional $300 million under the UK Export Finance (UKEF) facility. The facility's availability period ended on 24 February 2023. At 2 March 2023, the amount outstanding under this facility, net of facility fees, was $494.6 million.

Dividends

The Board will propose a NOK 4.00 per share dividend, equivalent to a total of approximately $110 million, at the Annual General Meeting on 18 April 2023. At arriving at this proposal, the Board took into consideration the financial performance and prospects of the Group, the NOK 1.00 regular dividend policy commitment and the status of the 2022 share repurchase programme.

40. Wholly-owned subsidiaries

Subsea 7 S.A. had the following wholly-owned subsidiaries at 31 December 2022.

Name	Registered in	Nature of business
4Subsea AS	Norway	General Trading
4Subsea Astori AS	Norway	General Trading
4Subsea Do Brasil Projetos e Servicos de Integridade Subsea Ltda	Brazil	General Trading
4Subsea UK Limited	United Kingdom	General Trading
Acergy B.V.	Netherlands	Holding
Acergy France S.A.S.	France	General Trading
Acergy Holdings (Gibraltar) Limited[(a)]	Gibraltar	Special Purpose
Aquarius Solutions Inc.	Canada	General Trading
Aurora Environmental Limited	United Kingdom	General Trading
Subsea 7 Saudi Arabia Limited	Saudi Arabia	General Trading
Green Light Environment Pty Limited	Australia	General Trading
Ocean Geo Solutions, Inc.	US	General Trading
Pelagic Nigeria Limited	Nigeria	Holding
Pioneer Lining Technology Limited	United Kingdom	General Trading
PT. Subsea 7 Manufaktur Indonesia	Indonesia	General Trading
Seaway Heavy Lifting Holding Limited	Cyprus	Holding
Subsea 7 Servicos Offshore S.A.	Brazil	Holding
Sevenseas Contractors S. de R.L. de C.V.	Mexico	General Trading
Subsea 7 NL B.V. (formerly SHL Contracting B.V.)	Netherlands	General Trading
SO France S.A.	France	Special Purpose
Subsea 7 (Guyana) Incorporated	Guyana	General Trading
Subsea 7 (ME) Pte Limited	Singapore	General Trading
Subsea 7 (Singapore) Pte Limited	Singapore	General Trading
Subsea 7 (UK Service Company) Limited[(a)]	United Kingdom	Corporate Service
Subsea 7 (US) LLC	US	General Trading
Subsea 7 Angola S.A.S.	France	Special Purpose
Subsea 7 Asia Pacific Sdn Bhd	Malaysia	Special Purpose
Subsea 7 Australia Contracting Pty Ltd	Australia	General Trading
Subsea 7 Canada Inc.	Canada	General Trading
Subsea 7 Chartering (UK) Limited	United Kingdom	General Trading
Subsea 7 Blue Space Limited	United Kingdom	General Trading
Subsea 7 Blue Space Investments S.A.S.	France	General Trading
Subsea 7 Crewing Limited	United Kingdom	Special Purpose
Subsea 7 Crewing Services Pte. Ltd.	Singapore	General Trading
Subsea 7 Deep Sea Limited	United Kingdom	General Trading
Subsea 7 do Brasil Serviços Ltda	Brazil	General Trading
Subsea 7 Engineering Limited	United Kingdom	General Trading
Subsea 7 Finance (UK) PLC	United Kingdom	Special Purpose
Subsea 7 Holding Inc.	Cayman Islands	Holding
Subsea 7 Holding Norway AS	Norway	Holding
Subsea 7 Holdings (UK) Limited	United Kingdom	Holding
Subsea 7 Holdings (US) Inc.	US	Holding
Subsea 7 International Contracting Limited	United Kingdom	General Trading
Subsea 7 International Holdings (UK) Limited[(a)]	United Kingdom	Holding
Subsea 7 i-Tech Australia Pty Limited	Australia	General Trading
Subsea 7 i-Tech do Brasil Serviços Ltda	Brazil	Dormant
Subsea 7 i-Tech Limited	United Kingdom	General Trading
Subsea 7 i-Tech Mexico S. de R.L. de C.V.	Mexico	General Trading
Subsea 7 i-Tech Norway AS	Norway	General Trading
Subsea 7 i-Tech US Inc.	US	General Trading
Subsea 7 Korea Co., Ltd	South Korea	General Trading

Name	Registered in	Nature of business
Subsea 7 Luanda Ltd	Gibraltar	General Trading
Subsea 7 Marine (US) Inc.	US	Dormant
Subsea 7 Marine LLC	US	General Trading
Subsea 7 Mexico S. de R.L. de C.V.	Mexico	General Trading
Subsea 7 Moçambique, Limitada	Mozambique	General Trading
Subsea 7 Navica AS	Norway	Vessel Owning
Subsea 7 Nigeria Limited	Nigeria	General Trading
Subsea 7 Nile Delta Limited	Egypt	General Trading
Subsea 7 Norway AS	Norway	General Trading
Subsea 7 Offshore Resources (UK) Limited	United Kingdom	Vessel Owning
Subsea 7 Pipeline Production Limited	United Kingdom	General Trading
Subsea 7 Port Isabel LLC	US	General Trading
Subsea 7 Portugal Unipessoal Limitada	Portugal	General Trading
Subsea 7 Sénégal SAS	Senegal	General Trading
Subsea 7 Services (Singapore) Pte Limited	Singapore	General Trading
Subsea 7 Shipping Limited	Isle of Man	Vessel Owning
Subsea 7 Singapore Contracting Pte Limited	Singapore	General Trading
Subsea 7 Treasury (UK) Limited	United Kingdom	Special Purpose
Subsea 7 Vessel Owner AS	Norway	Vessel Owning
Subsea 7 West Africa Contracting Limited	United Kingdom	General Trading
Subsea 7 Engineering France S.A.S. (formerly Subsea 7 West Africa S.A.S.)	France	General Trading
Subsea Seven Doha Oil & Gas Services and Trading LLC	Qatar	General Trading
Swagelining Limited	United Kingdom	General Trading
Tartaruga Insurance Limited	Isle of Man	Special Purpose
Thames International Enterprise Limited	United Kingdom	Special Purpose
Xodus Academy Limited	United Kingdom	General Trading
Xodus DMCC	United Arab Emirates	General Trading
Xodus Greenfuel Development Company Pty Ltd	Australia	Special Purpose
Xodus Group (Holdings) Limited	United Kingdom	Holding
Xodus Group A/S	Norway	Dormant
Xodus Group Japan	Japan	General Trading
Xodus Oil and Gas Consultants (Pty) Limited	South Africa	General Trading
Xodus Group B.V.	Netherlands	General Trading
Xodus Group Consultants Sdn. Bhd	Malaysia	General Trading
Xodus Group Inc	US	General Trading
Xodus Group Limited	United Kingdom	General Trading
Xodus Group Pty Limited	Australia	General Trading
ZNM Nigeria Limited	Nigeria	Dormant

(a) Wholly-owned subsidiaries directly owned by the parent company, Subsea 7 S.A.

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. The parent company does not have any shareholdings in the preference shares of subsidiary undertakings included in the Group.

Details of the addresses of the registered office of each of the wholly-owned subsidiaries are available on request from Subsea 7 S.A., registered office, 412F, route d'Esch, L-1471 Luxembourg.

Additional information – APMs

The Group utilise Alternative Performance Measures (APMs) when evaluating financial performance, financial position and cash flows which are not defined or specified under International Financial Reporting Standards (IFRS), as adopted by the EU. Management consider these non-IFRS measures, which are not a substitute for IFRS measures, provide stakeholders with additional information to further understand the Group's financial performance, financial position and cash flows.

APM	Description	Closest equivalent IFRS measure	Adjustments to reconcile to primary financial statements	Rationale for utilising APM
Income Statement APMs				
Adjusted EBITDA and Adjusted EBITDA margin	Adjusted earnings before interest, taxation, depreciation and amortisation represents net income/(loss) before additional specific items that are considered to impact the comparison of the Group's performance either period-on-period or with other businesses. Adjusted EBITDA margin is defined as Adjusted EBITDA divided by revenue, expressed as a percentage.	Net income/(loss)	Net income adjusted to exclude depreciation and amortisation costs, including amortisation of prepaid mobilisation expenses and amortisation of intangible assets, impairment charges or impairment reversals, finance income, remeasurement gains and losses on business combinations, other gains and losses (including foreign exchange gains and losses, gains on disposal of subsidiaries, gains and losses resulting from remeasurement of contingent consideration, gains on distributions and bargain purchase gains on business combinations), finance costs and taxation.	Adjusted EBITDA and Adjusted EBITDA margin are important indicators of the operational strength and the performance of the Group and provide a meaningful comparative for its business units. The presentation of Adjusted EBITDA is also useful as it is similar to measures used by companies within Subsea7's peer group. Adjusted EBITDA margin may also be a useful ratio to compare performance to the Group's competitors and is widely used by shareholders and analysts. Notwithstanding the foregoing, Adjusted EBITDA and Adjusted EBITDA margin as presented by the Group may not be comparable to similarly titled measures reported by other companies.
Effective tax rate (ETR)	The effective tax rate is expressed as a percentage, calculated as the taxation expense/(credit) divided by the income/(loss) before taxes.	Taxation	n/a	Provides a useful and relevant measure of the effectiveness of the Group's tax strategy and tax planning.
Balance Sheet APM				
Net cash/(debt) excluding lease liabilities and net cash/(debt) including lease liabilities	Net cash/(debt) is defined as cash and cash equivalents less borrowings. The Group utilises both net cash/(debt) excluding lease liabilities and net cash/(debt) including lease liabilities as financial position measures.	No direct equivalent	Calculated as cash and cash equivalent less borrowings (current and non-current). The measure may exclude lease liabilities (current and non-current) or include them.	Net cash/(debt) provides a meaningful and reliable basis to evaluate financial strength and liquidity of the Group.
Cash flow APMs				
Cash conversion	Cash conversion is defined as net cash generated from operating activities, add back income taxes paid, divided by Adjusted EBITDA, expressed as a percentage.	No direct equivalent	Calculated as net cash generated from operating activities in the Group's Consolidated Cash Flow Statement, add back income taxes paid and divide by Adjusted EBITDA.	Cash conversion is a financial management tool to determine the efficiency of the Group's ability to generate cash from its operating activities.
Free cash flow	Free cash flow is defined as net cash generated from operating activities less purchases of property, plant and equipment and intangible assets.	No direct equivalent	Calculated as net cash generated from operating activities from the Group's Consolidated Cash Flow Statement less purchases of property, plant and equipment and intangible assets.	Free cash flow is a relevant metric for shareholders and analysts when determining cash available to the Group to invest or potentially distribute.

Other APMs				
Backlog	Backlog represents expected future revenue from projects. Awards to associates and joint ventures are excluded from backlog figures, unless otherwise stated. Despite being a non-IFRS term, the Group recognises backlog in accordance with the requirements of IFRS 15, ‘Revenue from Contracts with Customers’, which represents revenue expected to be recognised in the future related to performance obligations which are unsatisfied, or partially unsatisfied, at the reporting date.	Transaction price allocated to the remaining performance obligations	n/a	Utilising the term backlog is in accordance with expected industry-wide terminology. It is similarly used by companies within Subsea7’s peer group and is a helpful term for those evaluating companies within Subsea7’s industry. Backlog may also be useful to compare performance with competitors and is widely used by shareholders and analysts. Notwithstanding this, backlog presented by the Group may not be comparable to similarly titled measures reported by other companies.
Book-to-bill ratio	Book-to-bill ratio represents total order intake divided by revenue for the reporting period.	No direct equivalent	n/a	The book-to-bill metric is widely used in the energy sector by shareholders and analysts and is a helpful term for those evaluating companies within Subsea7’s industry. Notwithstanding this, the book-to-bill ratio presented by the Group may not be comparable to similarly titled measures reported by other companies.

APM calculations

Reconciliation of net operating income to Adjusted EBITDA and Adjusted EBITDA margin:

For the period (in $ millions)	2022 31 Dec (Unaudited)	2021 31 Dec (Unaudited)
Net operating income	**148.8**	71.7
Depreciation, amortisation and mobilisation	**467.6**	443.8
Impairment of property, plant and equipment	**2.3**	4.1
Impairment reversal of property, plant and equipment	**(55.6)**	–
Impairment of intangible assets	**–**	4.8
Net impairment reversal of right-of-use assets	**(3.7)**	(3.5)
Adjusted EBITDA	**559.4**	520.9
Revenue	**5,135.8**	5,010.0
Adjusted EBITDA margin	**10.9%**	10.4%

Reconciliation of net income to Adjusted EBITDA and Adjusted EBITDA margin:

For the period (in $ millions)	2022 31 Dec (Unaudited)	2021 31 Dec (Unaudited)
Net income	**36.4**	36.4
Depreciation, amortisation and mobilisation	**467.6**	443.8
Impairment of property, plant and equipment	**2.3**	4.1
Impairment reversal of property, plant and equipment	**(55.6)**	–
Impairment of intangible assets	**–**	4.8
Net impairment reversal of right-of-use assets	**(3.7)**	(3.5)
Finance income	**(9.0)**	(4.7)
Other gains and losses	**(1.9)**	(44.4)
Finance costs	**23.4**	20.1
Taxation	**99.9**	64.3
Adjusted EBITDA	**559.4**	520.9
Revenue	**5,135.8**	5,010.0
Adjusted EBITDA margin	**10.9%**	10.4%

Effective tax rate

For the period (in $ millions)	2022 31 Dec (Unaudited)	2021 31 Dec (Unaudited)
Taxation	**99.9**	64.3
Income before taxation	**136.3**	100.7
Effective tax rate (percentage)	**73.3%**	63.9%

Net cash/(debt) excluding lease liabilities and net cash/(debt) including lease liabilities

At (in $ millions)	2022 31 Dec (Unaudited)	2021 31 Dec (Unaudited)
Cash and cash equivalents	**645.6**	597.6
Total borrowings	**(356.0)**	(421.9)
Net cash/(debt) excluding lease liabilities	**289.6**	175.7
Total lease liabilities	**(257.0)**	(230.9)
Net cash/(debt) including lease liabilities	**32.6**	(55.2)

Additional information – APMs continued

Free cash flow

For the period (in $ millions)	2022 31 Dec (Unaudited)	2021 31 Dec (Unaudited)
Cash generated from operating activities	**485.8**	293.0
Purchases of property, plant and equipment and intangible assets	**(231.0)**	(166.5)
Free cash flow	**254.8**	126.5

Cash conversion ratio

For the period (in $ millions)	2022 31 Dec (Unaudited)	2021 31 Dec (Unaudited)
Cash generated from operating activities	**485.8**	293.0
Taxes paid	**103.2**	67.5
	589.0	360.5
Adjusted EBITDA	**559.4**	520.9
Cash conversion ratio	**1.1**	0.7

Backlog

The IFRS 15 'Revenue from Contracts with Customers' disclosure in relation to remaining performance obligations is contained in Note 23 'Construction contracts'. Unless otherwise stated, backlog and remaining performance obligations, as required by IFRS 15, will be the same number. Backlog by year of execution is as follows:

At (in $ millions)	2022 31 Dec (Unaudited)	2021 31 Dec (Unaudited)
Total backlog	**9,007.6**	7,211.7
Expected year of utilisation:		
2022	**–**	4,299.7
2023	**4,204.0**	1,982.6
2024	**2,959.5**	801.1
2025	**1,262.8**	128.3
2026 and thereafter	**581.3**	–

Book-to-bill ratio

For the period (in $ millions)	2022 31 Dec (Unaudited)	2021 31 Dec (Unaudited)
Order intake	**7,096.1**	6,088.5
Revenue	**5,135.8**	5,010.0
Book-to-bill ratio	**1.4x**	1.2x

Additional Information - EU Taxonomy Disclosure

Revenue (turnover)

Economic activities[1]	Code(s)	Absolute turnover 2022 (3)	Proportion of turnover (4)	Substantial contribution criteria: Climate change mitigation (5)	Climate change adaptation (6)	Circular economy (7)	Pollution (8)	Biodiversity and ecosystems (9)	Minimum safeguards (10)	DNSH criteria ('Does Not Significantly Harm'): Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	**Taxonomy-aligned proportion of turnover 2022** (18)	Taxonomy-aligned proportion of turnover 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
		$m	%	%	%	%	%	%	%	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	**%**	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
Electricity generation from wind power	4.3	1,024.3	20%	100%						N/A	Yes	Yes	Yes	N/A	Yes	Yes	**20%**			
Transportation of CO_2	5.11	36.6	1%	100%						N/A	Yes	Yes	N/A	N/A	Yes	Yes	**1%**		E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		1,060.9	21%																	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Electricity generation from wind power	4.3	41.2	1%																	
Transportation of CO_2	5.11	3.5	0%																	
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy aligned activities) (A.2)		44.7	1%																	
Total (A.1 + A.2)		1,105.6	22%																	
B. TAXONOMY-NONELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-noneligible activities (B)		4,030.3	78%																	
Total (A + B)		5,135.9	100%																	

EU Taxonomy Disclosure continued

Capex

				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')										
Economic activities[1]	Code(s) (2)	Absolute CAPEX 2022 (3)	Proportion of CAPEX (4)	Climate change mitigation (5)	Climate change adaptation (6)	Circular economy (7)	Pollution (8)	Biodiversity and ecosystems (9)	Minimum safeguards (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	**Taxonomy -aligned proportion of CAPEX 2022 (18)**	Taxonomy-aligned proportion of CAPEX 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
		$m	%	%	%	%	%	%	%	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	**%**	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
Electricity generation from wind power	4.3	121.9	33%	100%	0%					N/A	Yes	Yes	Yes	N/A	Yes	Yes	**33%**			
CAPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)		121.9	33%																	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Electricity generation from wind power	4.3	–	0%																	
CAPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		–	0%																	
Total (A.1 + A.2)		121.9	33%																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CAPEX of Taxonomy-non-eligible activities (B)		251.7	67%																	
Total (A + B)		373.6	100%																	

Opex

Economic activities[1]	Code(s) (2)	Absolute OPEX 2022 (3)	Proportion of OPEX (4)	Substantial contribution criteria: Climate change mitigation (5)	Climate change adaptation (6)	Circular economy (7)	Pollution (8)	Biodiversity and ecosystems (9)	Minimum safeguards (10)	DNSH criteria ('Does Not Significantly Harm'): Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	**Taxonomy-aligned proportion of OPEX 2022 (18)**	Taxonomy-aligned proportion of OPEX 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
		$m	%	%	%						Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	**%**	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
Electricity generation from wind power	4.3	17.3	16%	100%						N/A	Yes	Yes	Yes	N/A	Yes	Yes	**16%**			
OPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)		17.3	16%																	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Electricity generation from wind power	9.1	0.4	0%																	
OPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0.4	0%																	
Total (A.1 + A.2)		17.7	17%																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OPEX of Taxonomy-non-eligible activities (B)		87.4	83%																	
Total (A + B)		105.1	100%																	

Subsea 7 S.A. Financial Statements and Report of the Réviseur D’entreprises Agréé for year ended 31 December 2022

412F, route d’Esch
L-1471
Luxembourg
R.C.S. Luxembourg No. B43172

Report of the Réviseur d'Entreprises Agréé

To the Shareholders of
Subsea 7 S.A.
412F, route d'Esch
L-1471 Luxembourg

Report on the audit of the financial statements

Opinion

We have audited the Financial Statements of Subsea 7 S.A. (the "Company"), included in page 155 to page 162, which comprise the Balance Sheet as at 31 December 2022, the Profit and Loss account, and the notes to the financial statements for the year then ended, including a summary of significant accounting policies.

In our opinion, the accompanying Financial Statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

Basis for opinion

We conducted our audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU Regulation Nº 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "réviseur d'entreprises agréé" for the audit of the Financial Statements" section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the Financial Statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of the audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key audit matter:</th><th>Impairment of investments in affiliated undertakings</th></tr>
<tr><td>Description of key audit matter:</td><td>
Subsea 7 S.A., as ultimate parent of the Group, holds shares in affiliated undertakings Acergy Holdings (Gibraltar) Limited, Subsea 7 International Holdings (UK) Limited and Subsea 7 (UK Service Company) Limited amounting to an aggregate of $1,702.1 million at 31 December 2022 as disclosed in Note 3 to the Annual Accounts, inclusive of a reversal of a value adjustment thereon of $11.8 million recognised during the year.
As stated in Note 2 to the Annual Accounts, the Company performs an annual review of the carrying amounts of individual investments with any resulting impairments or impairment reversals reflected in the Profit and Loss account in the relevant period.
If an impairment indicator is identified, the estimated recoverable amount of the investment is prepared. The estimated recoverable amount is calculated as the higher of the value-in-use or fair value less costs to sell. The outcome of the impairment review could vary significantly if different assumptions were applied in the valuation model. The key factors are:

the future Adjusted EBITDA assumptions taken from the Group's most recent budgets and plans for the next five years (the "Plan");
the long-term growth rate used beyond the period covered by the Plan;
the pre-tax discount rate applied to future cash flows.

Impairment of shares in affiliated undertakings is considered a key audit matter because of the significant judgement involved regarding the assessment of their recoverable amount.
</td></tr>
<tr><td>Our response:</td><td>
Our audit procedures in relation to the valuation of the investments in affiliated undertakings included, among others:
We assessed management's impairment testing by obtaining the supporting model and assessing the methodology and key assumptions made:

Future Adjusted EBITDA forecasts – we evaluated management's Adjusted EBITDA forecasts and tested the underlying values used in the calculations by comparing management's forecast to the latest management approved five-year plan. We assessed actual performance in the year against the prior year budgets to evaluate historical forecasting accuracy;
Long-term growth rate – we compared the rates applied by management to available externally developed rates;
Pre-tax discount rates – we involved our valuations specialists in our evaluation of the discount rate to consider the appropriateness of the rates used; and
Net assets – we agreed the net assets to the financial records of the respective companies.

We compared the carrying amount of the investments to their recoverable amount in order to assess whether an impairment or reversal of previously recognised impairment exists.
We assessed the adequacy and appropriateness of the disclosures in Note 2 and Note 3 of the Annual Accounts.
</td></tr>
</table>

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Management Report on page 71 and the accompanying Corporate Governance Statement from pages 43 to 63 but does not include the Financial Statements and our report of "réviseur d'entreprises agréé" thereon.

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 other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and of those charged with governance for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the Financial Statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the Financial Statements, and for such internal control as the Board of Directors determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

The Board of Directors is also responsible for presenting the Financial Statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format, as amended ("ESEF Regulation").

In preparing the Financial Statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities of the "réviseur d'entreprises agréé" for the audit of the Financial Statements

The objectives of our audit 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 a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with the ISAs as adopted for Luxembourg by the CSSF 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 EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" 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 report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Assess whether the Financial Statements have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, 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 report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as “réviseur d’entreprises agréé” by the General Meeting of the Shareholders on 12 April 2022 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is nine years.

The Management Report on page 71 is consistent with the Financial Statements and has been prepared in accordance with applicable legal requirements.

The accompanying corporate governance statement on pages 43 to 63 is the responsibility of the Board of Directors. The information required by article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the Financial Statements and has been prepared in accordance with applicable legal requirements.

We have checked the compliance of the Financial Statements of the Company as at 31 December 2022 with relevant statutory requirements set out in the ESEF Regulation that are applicable to the Financial Statements. For the Company, it relates to Financial Statements prepared in valid xHTML format.

In our opinion, the Financial Statements of the Company as at 31 December 2022, identified as 222100AIF0CBCY80AH62-2022-12-31, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

We confirm that the prohibited non-audit services referred to in EU Regulation No 537/2014 were not provided and that we remained independent of the Company in conducting the audit.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Alban Aubrée
Luxembourg, 2 March 2023

Subsea 7 S.A. Balance Sheet

At ($ in millions)	Notes	**2022 31 Dec**	2021 31 Dec
Assets			
Fixed assets			
Financial assets			
Shares in affiliated undertakings	3	**1,702.1**	1,690.3
Current assets			
Other debtors			
becoming due and payable within one year		**0.3**	–
Investments			
Own shares	6	**75.0**	29.9
Cash at bank and in hand		**–**	–
Prepayments		**0.3**	0.4
Total assets		**1,777.7**	1,720.6
Capital, reserves and liabilities			
Capital and reserves			
Subscribed capital	4	**600.0**	600.0
Share premium account	4	**688.5**	733.6
Reserves			
Legal reserve	4, 5	**60.0**	60.0
Reserve for own shares	4, 6	**75.0**	29.9
Profit brought forward	4	**91.6**	108.8
Profit for the financial year	4	**7.7**	16.3
Total capital and reserves		**1,522.8**	1,548.6
Creditors			
Amounts owed to affiliated undertakings			
becoming due and payable within one year	7	**254.0**	171.2
Other creditors			
Tax authorities		**–**	0.1
Other creditors			
becoming due and payable within one year		**0.9**	0.7
Total liabilities		**254.9**	172.0
Total capital, reserves and liabilities		**1,777.7**	1,720.6

The accompanying notes on pages 157 to 162 form an integral part of the Financial Statements for Subsea 7 S.A.

Subsea 7 S.A. Profit and Loss Account

For the year ended ($ in millions)	Notes	**2022 31 Dec**	2021 31 Dec
Other operating income	8	**41.3**	37.4
Raw materials and consumables and other external expenses			
Other external expenses	10	**(1.3)**	(1.6)
Staff costs			
Wages and salaries		**(0.1)**	(0.1)
Other operating expenses	11	**(33.6)**	(21.5)
Other interest receivable and similar income			
derived from affiliated undertakings	13	**0.1**	0.3
other interest and similar income		**1.9**	–
Value adjustments			
in respect of financial assets and of investments held as current assets	3, 6	**10.9**	9.1
Interest payable and similar expenses			
concerning affiliated undertakings	7	**(11.7)**	(4.6)
other interest and similar expenses		**–**	(2.5)
Other taxes		**0.2**	(0.2)
Profit for the financial year		**7.7**	16.3

The accompanying notes on pages 157 to 162 form an integral part of the Financial Statements for Subsea 7 S.A.

Notes to the Financial Statements

1. Organisation

Subsea 7 S.A. (the Company) is a holding company which was incorporated under the laws of Luxembourg on 10 March 1993. The Company has been incorporated for an unlimited period of time. The Subsea 7 S.A. Group (the Group) consists of Subsea 7 S.A. and its affiliated undertakings at 31 December 2022.

The objects of the Company are to invest in affiliated undertakings which provide subsea construction, maintenance, inspection, survey and engineering services, predominantly for the offshore oil and gas, renewable energy, heavy lifting and related industries. More generally, the Company is authorised to participate in any manner in all commercial, industrial, financial and other enterprises of Luxembourg or foreign nationality through the acquisition by participation, subscription, purchase, option or any other means of all shares, stocks, debentures, bonds or securities; and the acquisition of patents and licences it will administer and exploit. The Company is authorised to lend or borrow with or without security, provided that any monies so borrowed may only be used for the purpose of the Company, or companies which are affiliated undertakings of or associated with the Company; in general it is authorised to undertake any operations directly or indirectly connected with these objects.

The Company also prepares Consolidated Financial Statements in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the European Union; these are shown on pages 80 to 142 and are also available at the registered office of the Company or on www.subsea7.com.

2. Significant accounting policies

The Financial Statements were prepared in accordance with Luxembourg legal and regulatory requirements. Accounting policies and valuation rules are, besides the ones laid down by the law of 19 December 2002 as amended, determined and applied by the Board of Directors of the Company. The Company maintains its accounting records and presents its Financial Statements in US Dollars ($). Significant accounting policies are as follows:

2.1 Financial assets

Shares in affiliated undertakings are stated at cost less any accumulated impairment in value. An annual review of the carrying amount is performed on an individual investment basis with resulting impairments or reversals of impairment reflected in the Profit and Loss account in the relevant period. Earnings in investee companies are recognised when, and to the extent that, dividends are received from affiliated undertakings and participating interests.

2.2 Own shares

Own shares are initially measured at acquisition cost and recognised as an asset with a corresponding non-distributable reserve created from share premium. Own shares are subsequently remeasured at the lower of cost or market value using the FIFO (First In First Out) method. They are subject to value adjustments where their recovery is compromised. These value adjustments are reversed when the reasons for which the value adjustments were made have ceased to apply.

2.3 Translation of foreign currencies

The Company maintains its accounts in US Dollars; this is the currency in which its capital is expressed and the Financial Statements are prepared. Amounts in foreign currencies are translated into US Dollars on the following basis:

- formation expenses, the cost of acquisition of intangible, tangible and financial fixed assets denominated in a currency other than US Dollars are translated at historical exchange rates;
- all other assets denominated in a currency other than US Dollars are valued individually at the lower of their values translated into US Dollars at their historical exchange rate or exchange rate prevailing at the balance sheet date;
- all liabilities denominated in a currency other than US Dollars are valued individually at the higher of their values translated at historical exchange rate or exchange rate prevailing at the balance sheet date; and
- revenue and expenses denominated in a currency other than US Dollars are translated into US Dollars at the exchange rates applicable on the day on which they are collected or disbursed.

Only realised foreign exchange gains and losses and unrealised foreign exchange losses are recognised in the Profit and Loss account.

2.4 Share-based payments

Awards made under the Group's Long Term Incentive Plans, in the form of equity-settled share-based payments, are satisfied by the Company on behalf of its affiliated undertakings. The costs associated with these awards are recognised on the date of issuance to the employees and recorded in the Profit and Loss account as an adjustment to the value of own shares.

2.5 Parent company guarantees

The Company issues parent company guarantees (PCGs) to third parties on behalf of its direct and indirect affiliated undertakings where requested. The Company receives a fee in respect of the PCGs issued, which is recorded as other operating income within the Profit and Loss account. This income is recognised on a straight-line basis over the period of the guarantee.

2.6 Interest payable and receivable

Amounts owed to and owed by affiliated undertakings bear interest at commercial rates.

2.7 Other debtors

Other debtors are recognised initially at nominal amount. Provision for value adjustment is made when there is objective evidence that the Company may not be able to collect all of the amounts due. Bad debts are written off where necessary.

2.8 Amounts owed to affiliated undertakings and other creditors

Amounts owed to affiliated undertakings and other creditors are stated at nominal amount.

3. Financial assets

($ in millions)	Shares in affiliated undertakings
Cost	
At 31 December 2021	3,386.9
At 31 December 2022	**3,386.9**
Accumulated value adjustments	
At 31 December 2021	(1,696.6)
Reversal of value adjustments for the year	11.8
At 31 December 2022	**(1,684.8)**
Carrying amount	
At 31 December 2021	1,690.3
At 31 December 2022	**1,702.1**

A review of the carrying amount of the financial assets was performed at 31 December 2022 which resulted in a reversal of value adjustments of $11.8 million being recognised in the Company's shares held in Acergy Holdings (Gibraltar) Limited (2021: $17.1 million).

Shares in affiliated undertakings

		Percentage held		Carrying amount ($ in millions)	
Name of company	Registered in	**2022**	2021	**2022**	2021
Acergy Holdings (Gibraltar) Limited	Gibraltar	**100%**	100%	**120.7**	108.9
Subsea 7 International Holdings (UK) Limited	UK	**100%**	100%	**1,501.5**	1,501.5
Subsea 7 (UK Service Company) Limited	UK	**100%**	100%	**79.9**	79.9
Total shares in affiliated undertakings				**1,702.1**	1,690.3

The capital, reserves and profit and loss of the affiliated undertakings of the Company are included within the Annual Report and Consolidated Financial Statements of Subsea 7 S.A. as shown on page 141 to page 142, and the Company has applied the exemption, in accordance with article 67.3b of the law of 19 December 2002, to not disclose this information.

4. Capital and reserves

($ in millions)	Subscribed capital	Share premium account	Legal reserve	Reserve for own shares	Profit or (loss) brought forward	Profit or (loss) for the financial year	Total
Balance at 1 January 2021	600.0	746.6	60.0	16.9	178.7	(0.3)	1,601.9
Allocation of the result	–	–	–	–	(0.3)	0.3	–
Release of legal reserve	–	–	–	–	(69.6)	–	(69.6)
Net movement of own shares	–	(13.0)	–	13.0	–	–	–
Profit for the financial year	–	–	–	–	–	16.3	16.3
Balance at 31 December 2021	600.0	733.6	60.0	29.9	108.8	16.3	1,548.6
Allocation of the result	–	–	–	–	16.3	(16.3)	–
Dividends declared	–	–	–	–	(33.5)	–	(33.5)
Net movement of own shares	–	(45.1)	–	45.1	–	–	–
Profit for the financial year	–	–	–	–	–	7.7	7.7
Balance at 31 December 2022	**600.0**	**688.5**	**60.0**	**75.0**	**91.6**	**7.7**	**1,522.8**

At 31 December 2022, the authorised share capital comprised 450,000,000 $2.00 common shares (2021: 450,000,000 $2.00 common shares) and the subscribed capital comprised 300,000,000 $2.00 common shares (2021: 300,000,000 $2.00 common shares).

A dividend of NOK 1.00 per share was approved by the shareholders of the Company at the Annual General Meeting on 12 April 2022, which was paid from the distributable reserves on 6 May 2022.

During the year ended 31 December 2022, the increase in the reserve for own shares of $45.1 million reflected share repurchases at a cost of $46.0 million partly offset by reallocations relating to share-based payments of $3.9 million and a reversal of a value adjustment on own shares of $3.0 million.

5. Legal reserve

Luxembourg law requires that 5% of the Company's unconsolidated net income is allocated to a legal reserve annually, prior to declaration of dividends. This requirement continues until the reserve is 10% of its issued share capital at nominal value, after which no further allocations are required until further issuance of shares. The legal reserve may also be satisfied by allocation of the required amount at the issuance of shares or by a transfer from share premium. The legal reserve is not distributable. The legal reserve for all issued common shares has been satisfied and appropriate allocations are made to the legal reserve account at the time of each issuance of new shares.

6. Reserve for own shares

	2022 Number of shares	**2022 in $ millions**	2021 Number of shares	2021 in $ millions
At year beginning	**4,534,107**	**29.9**	2,326,683	16.9
Shares repurchased	**5,648,072**	**46.0**	2,724,172	21.0
Shares reallocated relating to share-based payments	**(387,912)**	**(3.9)**	(516,748)	(5.9)
Reversal/(value adjustment) in year	**–**	**3.0**	–	(2.1)
Balance at year end	**9,794,267**	**75.0**	4,534,107	29.9

At 31 December 2022, the Company directly held 9,794,267 (2021: 4,534,107) own shares with a total nominal value of $75.0 million (2021: $9.1 million), representing 3.26% (2021: 0.91%) of the total number of issued shares.

During the year, 5,648,072 shares were repurchased under the Company's share repurchase programme authorised on 24 July 2019, extended on 15 April 2021, at a cost of $46.0 million. At 31 December 2022, the Company had cumulatively repurchased 8,372,244 shares for a total consideration of $67.0 million under this programme.

During the year ended 31 December 2022, 387,912 (2021: 516,748) shares representing 0.13% (2021: 0.17%) of the total number of issued shares were reallocated for $nil consideration to employees of the Subsea7 Group to satisfy share awards under the 2013 and 2018 Long Term Incentive Plans.

During the year ended 31 December 2022, the Company recognised a loss of $3.9 million (2021: $5.9 million) related to own shares used for settlement of Long Term Incentive Plans.

A review of the carrying amount of own shares was performed at 31 December 2022; this resulted in a reversal of value of $3.0 million (2021: $2.1 million downward value adjustment) being recognised.

7. Amounts owed to affiliated undertakings

Becoming due and payable within one year

At ($ in millions)	**2022 31 Dec**	2021 31 Dec
Amounts owed to affiliated undertakings	**254.0**	171.2

Amounts owed to affiliated undertakings were mainly related to amounts due to Subsea 7 Treasury (UK) Limited under a short-term working capital facility. During the year ended 31 December 2022, interest costs of $11.7 million were recognised by the Company (2021: $4.6 million).

8. Other operating income

At ($ in millions)	**2022 31 Dec**	2021 31 Dec
Parent company guarantee income	**41.3**	37.4

9. Commitments and guarantees

The Company arranges bank guarantees, which collectively refer to bank guarantees, performance bonds, tendering bonds, advance payment bonds, guarantees or standby letters of credit in respect of the performance obligations certain of its affiliated undertakings have to their clients.

Facilities

The $700 multi-currency revolving credit and guarantee facility

On 15 June 2022, the Group entered into a $700.0 million multi-currency revolving credit and guarantee facility with a five-year tenor. The facility is available in a combination of guarantees, up to a limit of $200.0 million, and cash drawings, or in full for cash drawings. The facility is guaranteed by the Company and Subsea 7 Finance (UK) PLC, a wholly-owned subsidiary of the Group. The facility was unutilised at 31 December 2022.

On 15 June 2022, the Group's previous $656.0 million multi-currency revolving credit and guarantee facility was cancelled.

The South Korean Export Credit Agency (ECA) facility
In July 2015 the Group entered into a $357 million senior term loan facility secured on two vessels owned by the Group. The facility is provided 90% by an Export Credit Agency (ECA) and 10% by two banks and is available for general corporate purposes. The ECA tranche has a 12-year maturity and a 12-year amortising profile. The commercial tranche initially had a five-year maturity and a 15-year amortising profile, which commenced in April 2017. The commercial tranche was refinanced during November 2021, now maturing in January 2027, while retaining the original amortising profile. The facility is guaranteed by the Company. At 31 December 2022, the amount outstanding under the facility was $159.8 million (2021: $184.4 million).

UK Export Finance (UKEF) facility
On 24 February 2021, the Group entered into a $500 million five-year amortising committed loan facility backed by a $400 million guarantee from UK Export Finance. The Group has a two-year availability period during which to draw on the facility. The facility has a five-year tenor which commences at the end of the availability period or when the facility is fully drawn, whichever is earlier. The facility can be used for general corporate purposes, including to provide working capital financing for services provided from the UK. The facility is guaranteed by the Company. At 31 December 2022, the amount outstanding under the facility, net of facility fees, was $195.8 million (2021: $200.0 million).

Seaway 7 ASA Revolving Credit Facility
The amount outstanding under the facility of $37.0 million was repaid in full during January 2022 and the facility cancelled.

Utilisation of facilities

At (in $ millions)	**2022 31 Dec Utilised**	**2022 31 Dec Unutilised**	**2022 31 Dec Total**	2021 31 Dec Utilised	2021 31 Dec Unutilised	2021 31 Dec Total
Committed borrowing facilities	**359.8**	**1,000.0**	**1,359.8**	421.9	956.0	1,377.9

Other facilities
In addition to the above there are a number of uncommitted, unsecured bi-lateral guarantee arrangements in place in order to provide specific geographical coverage. The utilisation of these facilities at 31 December 2022 was $1.6 billion (2021: $1.3 billion).

10. Other external expenses

For the year ended ($ in millions)	**2022 31 Dec**	2021 31 Dec
Administrative expenses	**1.1**	1.5
Statutory audit fees	**0.2**	0.1
Total	**1.3**	1.6

11. Other operating expenses

For the year ended ($ in millions)	**2022 31 Dec**	2021 31 Dec
Corporate allocation and shareholders' costs	**32.7**	20.7
Other operating expenses	**0.9**	0.8
Total	**33.6**	21.5

12. Income from participating interests derived from affiliated undertakings
No dividends were received during the year ended 31 December 2022 (2021: $nil).

13. Other interest receivable and similar income derived from affiliated undertakings

For the year ended ($ in millions)	**2022 31 Dec**	2021 31 Dec
Guarantee fee commission receivable from Eidesvik Seven AS	**0.1**	0.3

14. Tax on profit or loss
For the year ended 31 December 2022 the Company was fully taxable at an effective rate of 24.94% (2021: 24.94%). After taking account of required book to tax adjustments, the Company recorded a fiscal loss for the year. No benefit has been recorded in respect of those losses due to uncertainty over their future recoverability.

15. Share-based payments

Awards made under the Group's Long Term Incentive Plans, in the form of equity-settled share-based payments, are satisfied by the Company on behalf of its affiliated undertakings. A charge of $3.9 million (2021: $5.9 million) was recognised as adjustments in respect of investments held as current assets in relation to the settlement of share-based compensation.

The share-based schemes operated by the Group are:

2013 Long Term Incentive Plan

The 2013 Long Term Incentive Plan (2013 LTIP Plan) was approved by the Company's shareholders at the Annual General Meeting on 28 June 2013. The 2013 LTIP Plan had a five-year term with awards being made annually until 2017.

2018 Long Term Incentive Plan

The 2018 Long Term Incentive Plan (2018 LTIP Plan) was approved by the Company's shareholders at the Annual General Meeting on 17 April 2018 and was valid for a period up to five years until 2023. Awards under the 2018 LTIP Plan have been made in 2018, 2019, 2020 and 2021.

2022 Long Term Incentive Plan

The 2022 Long Term Incentive Plan (2022 LTIP Plan) was approved by the Company's shareholders at the Annual General Meeting on 12 April 2022, superseding the 2018 LTIP Plan, and is valid for a period of five years until 2027. The principles of the plan remained as previous years whereby a conditional award of shares is made that provides for share awards which vest over a three to five-year period subject to performance measures. A new measure of Cash Conversion Ratio (CCR) has been added to the plan and the percentage weighting of each measure adjusted to reflect this.

The 2022 LTIP Plan has a five-year term with awards being made annually in October. The aggregate number of shares which may be granted in any calendar year is limited to 0.5% of issued share capital on 1 January of that calendar year. The total number of shares that may be delivered pursuant to awards under the plan shall not exceed 11,500,000. The total number of share awards and shares granted to the CEO and CFO are recommended by the Compensation Committee for the approval by the Board of Subsea7. The 2022 LTIP Plan is an essential component of the Company's reward strategy and is designed to align the interests of participants with those of Subsea7's shareholders and enables participants to share in the success of the Company. The 2022 LTIP Plan provides for conditional awards of shares based upon performance conditions measured over a performance period of three years. Performance conditions are based upon three measures and weightings:

– Total Shareholder Return (65%)

– Cash Conversion Ratio (20%)

– Return on Average Invested Capital (15%).

All three performance conditions are determined over a three-year period from 1 July in the year of award to 30 June three years later. Subject to the achievement of the performance conditions, awards will vest in equal tranches after three, four and five years from award date.

Under the terms of the LTIP, participants are not entitled to receive dividend equivalent payments during the performance and holding periods. On 31 December 2022, there were approximately 150 participants in the active LTIP schemes (2018 LTIP and 2022 LTIP Plans). Individual award caps are in place such that no participant may be granted shares under the 2022 LTIP Plan in a single calendar year that have an aggregate fair market value in excess of 150%, in the case of the CEO, CFO and other members of the Executive Management Team, and 100%, in the case of other employees, of their annual base salary at the date of the award. Additionally, a holding requirement for the CEO, CFO and other members of the Executive Management Team applies where they must hold 50% of all awards that vest until they have built up a shareholding with a market value of 150% of their annual base salary which must be maintained throughout their tenure.

Total Shareholder Return based awards

The Company will have to achieve a Total Shareholder Return (TSR) ranking above the median for any awards to vest. If the ranked TSR position of Subsea7 during the three-year performance period, as converted to a percentage, is equal to 50%, 20% of the share award will vest. If the ranked TSR position of the Company is greater than 50% and below 90%, the vesting of the share award between 20% and 65% is determined by linear interpolation. The maximum award of 65% would vest if the Company achieved a ranked TSR position of equal to or greater than 90%.

Cash Conversion Ratio based awards

The CCR is a new measure to the 2022 LTIP Plan. This measures the conversion of Adjusted EBITDA into a form of cash. The Board believes this measure is an important addition to the LTIP as it aligns with shareholder interests in making sure the business converts profitability into cash generated from its operations in a timely manner. The Group can exert significant influence in achieving this goal. Furthermore it is clear and predictable, and as with the other two measures, the elements of the calculation are readily identifiable from the Group's financial statements.

CCR is calculated for each of the three years of the performance period on a quarterly basis.

Return on Average Invested Capital based awards

Return on Average Invested Capital (ROAIC) is calculated for each of the three years of the performance period on a quarterly basis.

Details of the TSR, ROAIC and CCR calculations, including further details of each Long Term Incentive Plan, are disclosed within the Remuneration Report on pages 58 to 63.

Vesting of LTIP 2019 award

The performance conditions applicable to the share awards granted in 2019 under the 2018 LTIP Plan that vested during 2022 were based upon two measures: TSR and ROAIC, with a weighting of 65% and 35%, respectively. Subject to these performance conditions the vested shares are transferred to participants in equal tranches on the third, fourth and fifth anniversary of the award date.

The performance conditions for the vesting of the share awards granted in 2019 under the 2018 LTIP Plan are set out below. As a result of the partial achievement of one of the two performance metrics over the three-year performance period from 2019 to 2022, 23.7% of the total share awards granted in 2019 vested during 2022.

Metric	Percentage of share awards under each metric	Range	Result	Percentage of shares to vest under each metric	Percentage of shares to vest
TSR	65%	50% – 100%	53.3%[(a)]	36.5%	23.7%
ROAIC	35%	9% – 14%	(2.7%)[(b)]	–	–
Total	**100%**				**23.7%**

(a) Subsea7 ranked 8th out of the 16 companies within the selected peer group (above the median but below the 90th percentile). This resulted in 36.48% vesting for the TSR portion – 23.71% of the total award.

(b) The average over the three-year performance period was (2.7%). This resulted in 0% vesting for the ROAIC portion.

During 2022, in accordance with the terms of the 2018 LTIP Plan, shares totalling 321,490 were transferred to participants. In accordance with the terms of the 2013 LTIP Plan, further shares totalling 66,422 were transferred to participants.

Long Term Incentive Plan awards in 2022

Conditional share awards were made to approximately 140 leaders and key employees on 1 October 2022 comprising 1,391,000 (2021: 1,234,000) shares under the terms of the 2022 LTIP Plan.

16. Staff

The average full-time equivalent number of employees of the Company for the year ended 31 December 2022 was one (2021: one).

17. Related party transactions

The Company has taken advantage of the exemption under the law of 19 December 2002, Article 65 which does not require the disclosure of transactions with wholly-owned members of the Group.

The Company is an associate of Siem Industries S.A. and is equity accounted for within Siem Industries S.A.'s Consolidated Financial Statements.

During 2022 the Company rented office accommodation from Siem Europe Properties S.à r.l. a Company ultimately controlled by Siem Industries S.A. Total rental cost was less than $0.1 million (2021: less than $0.1 million).

In addition the Company received guarantee commission for an amount of $0.1 million (2021: $0.3 million) from Eidesvik Seven AS related to the 100% guarantee provided on the NOK 600 million ($61.0 million) loan facility by Subsea 7 International Holdings (UK) Limited.

18. Board of Directors' expenses

Fees paid to Directors for the year ended 31 December 2022 amounted to $0.9 million (2021: $0.6 million).

19. Events after the reporting period

Dividends

The Board will propose a NOK 4.00 per share dividend, equivalent to a total of approximately $110 million, at the Annual General Meeting on 18 April 2023. At arriving at this proposal, the Board took into consideration the financial performance and prospects of the Group, the NOK 1.00 regular dividend policy commitment and the status of the 2022 share repurchase programme.

Glossary

4Subsea	4Subsea is a leading provider of technology and services that help operators optimise energy production from subsea oil and gas fields and offshore wind farms. 4Subsea is a wholly-owned autonomous subsidiary of Subsea 7.
Adjusted EBITDA	Adjusted EBITDA is defined on page 143 in the Consolidated Financial Statements.
AGM	Annual General Meeting
Backlog	Expected future revenue from in-hand projects only where an award has been formally signed. Awards to associates and joint ventures are excluded from backlog figures, unless otherwise stated.
CCUS	Carbon capture, utilisation and storage
Clean Operation	A Clean Operation is any measure beyond a normal operating practice that will save energy.
Company	Subsea 7 S.A.
Conventional	Conventional services include the fabrication, installation, extension, hook-up and refurbishment of fixed and floating platforms in shallow water.
Decommissioning	The taking out of service of production facilities at the end of their economic lives and their removal or partial removal from offshore for recycling and/or disposal onshore.
DNV	DNV AS is a leading classification society for the maritime industry.
Dry-dock	A facility for the construction, maintenance and repair of vessels.
Electrically Heat-Traced Flowline (EHTF)	Subsea 7's Electrically Heat-Traced Flowline combines high performance thermal insulation (pipe-in-pipe) with an electrical heating system provided by wires laid between the insulation and the flowline's outer shell. By helping to prevent the solidification of any wax, hydrates and other components in the oil field's production stream, the heated flowline allows longer distances between satellite reserves and a host facility.
EPCI/EPIC	Engineering, procurement, construction and installation or engineering, procurement, installation and commissioning, typically on a fixed-price basis.
Executive Officers	For the purpose of the Remuneration Report, Executive Officers refers to the Executive Directors of Subsea 7 S.A. as well as the roles of Chief Executive Officer (CEO) and the Chief Financial Officer (CFO).
FEED	Front-end engineering and design
FID	Final investment decision
Flex-lay	A pipelay method for installing flexible pipelines, umbilicals and risers by spooling them from a reel, carousel or basket onto the seabed.
Flowline	A pipeline carrying oil, gas or water that connects the subsea wellhead to a manifold or to surface production facilities.
Global enabler	Any of Subsea 7's most capable vessels that are frequently key to winning and executing large EPCI contracts.
Group	Subsea 7 S.A. and its subsidiaries
Heavy lift vessel	An offshore vessel or barge designed to lift objects greater than 1,000 tonnes such as offshore wind foundations and turbines.
Inner-array cables	Cables that run between the individual wind turbine foundations and substations.
Integrity management	A risk-based service supporting operators of subsea assets in the maintenance of their facilities.
IRM	Inspection, repair and maintenance of subsea infrastructure.
Jacket	A steel structure, typically comprised of an x-braced configuration between four steel legs. Jackets are one design of foundation for wind turbine generators.

Glossary continued

Monopile foundation	A single, cylindrical, steel structure that can be used as a foundation for a wind turbine generator or offshore substation.
OneSubsea®	OneSubsea® is the subsea technologies, production and processing systems division of SLB (formerly Schlumberger).
Performance share	Performance shares are awarded under the 2022 Long Term Incentive Plan and cover approximately 150 senior employees. These shares vest after at least three years, subject to performance conditions.
Pipe-in-pipe	A pipe-in-pipe product consists of a production pipeline being sleeved into an outer pipe with the annulus being kept dry and filled with a high-performance insulation material delivering enhanced thermal properties.
Pipeline bundle	A pipeline bundle incorporates all the structures, valve work, pipelines and control systems necessary to operate a field in one single pre-assembled product. It can offer significant value and cost savings.
PLSV	Pipelay support vessel
Reel-lay	A pipelay method consisting of the onshore construction of a pipeline which is spooled onto a large vessel-mounted reel, transported to the field and unreeled down to the seabed.
Riser/riser systems	A pipe through which oil and/or gas travels upward from the seabed to a surface production facility.
ROAIC	Return on Average Invested Capital. A key performance indicator for the Group which is used as a non-market performance measure in the Long Term Incentive Plans.
Seaway 7 ASA	Subsea 7's Renewables business unit mainly comprises Seaway 7 ASA, a subsidiary of Subsea 7 S.A.
Subsea 7	Subsea 7 S.A. and its subsidiaries
Subsea Integration Alliance	Subsea Integration Alliance is a non-incorporated strategic global alliance between Subsea 7 and OneSubsea®, the subsea technologies, production and processing systems division of SLB (formerly Schlumberger).
Subsea production system (SPS)	Equipment placed on the seabed that is connected to subsea pipeline networks and riser systems to produce the reservoir to a host facility.
SURF	Subsea umbilicals, risers and flowlines
T&I	Transport and installation of wind or subsea infrastructure
TCFD	Task Force on Climate-related Financial Disclosures
TTF gas price	Title Transfer Facility is a virtual gas trading hub in the Netherlands. TTF is the main benchmark for European gas prices.
Tie-back	A connection between a new satellite oil and/or gas discovery and an existing production facility, improving the economics of marginal fields into profitable assets.
Total Shareholder Return	Total Shareholder Return combines share price appreciation and dividends paid to show the total return to the shareholder expressed as an annualised percentage.
Umbilical	An assembly of hydraulic hoses, which can also include electrical cables or optic fibres, used to control subsea structures from an offshore platform or a floating vessel.
Variation order	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.
Xodus Group	Client-led engineering consultancy that provides engineering and advisory services to clients in the oil and gas, LNG, renewables and utilities industries worldwide. Xodus is a wholly-owned autonomous subsidiary of Subsea 7.

Additional Information

Special note regarding forward-looking statements

Certain statements made in this Report may include 'forward-looking statements'. These statements relate to our expectations, beliefs, intentions or strategies regarding the future. These statements may be identified by the use of words such as 'anticipate', 'believe', 'estimate', 'expect', 'intend', 'may', 'plan', 'project', 'should', 'will', 'seek', and similar expressions.

The forward-looking statements that we make reflect our current views and assumptions with respect to future events and are subject to risks and uncertainties. Actual and future results and trends could differ materially from those set forth in such statements due to various factors, including those discussed in this Report under 'Risk Management', 'Financial Review' and the quantitative and qualitative information disclosures about market risk contained in Note 34 'Financial instruments' to the Consolidated Financial Statements.

The following factors are among those that may cause actual and future results and trends to differ materially from our forward-looking statements: (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) capital expenditure by oil and gas, and renewables companies, which is affected by factors including but not limited to fluctuations in the price of, and demand for, crude oil, natural gas and renewable energy; (v) unanticipated delays or cancellation of projects included in our backlog; (vi) competition and price fluctuations in the markets and businesses in which we operate; (vii) the loss of, or deterioration in our relationship with, any significant clients; (viii) the outcome of legal proceedings or governmental enquiries; (ix) 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; (x) the effects of a pandemic or epidemic or a natural disaster; (xi) liability to third parties for the failure of our joint venture partners to fulfil their obligations; (xii) changes in, or our failure to comply with, applicable laws and regulations (including regulatory measures addressing climate change); (xiii) operating hazards, including spills, environmental damage, personal or property damage and business interruptions caused by adverse weather; (xiv) equipment or mechanical failures, which could increase costs, impair revenue and result in penalties for failure to meet project completion requirements; (xv) the timely delivery of vessels on order and the timely completion of ship conversion programmes; (xvi) our ability to keep pace with technological changes and the impact of potential information technology, cyber security or data security breaches; and (xvii) 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. We undertake no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Investor relations

Shareholders, equity analysts, portfolio managers and representatives of financial institutions may contact:

Email: ir@subsea7.com
Telephone: +44 20 8210 5568

Press enquiries

Representatives of the press may contact:

Email: subsea7corporate.communications@subsea7.com

Financial information

Copies of stock exchange announcements, including the Group's quarterly and semi-annual results announcements and the Group's Annual Report and Consolidated Financial Statements, are available on the Group's website www.subsea7.com.

Any shareholder requiring a printed copy of the Group's Annual Report and Consolidated Financial Statements or the Company's Financial Statements can request these via the website www.subsea7.com.

Stock listings

Common shares – Traded on the Oslo Stock Exchange under the symbol SUBC – www.oslobors.no.
ISIN: LU0075646355
LEI: 222100AIF0CBCY80AH62

Registrar – common shares

Registrar for the shares of Subsea 7 S.A., recorded in the Norwegian Central Securities Depository, Verdipapirsentralen ASA (Euronext Securities Oslo):

DNB Bank ASA
Postboks 1600 Sentrum
0021 Oslo, Norway
Telephone: +47 23 26 80 16
Email: sten.sundby@dnb.no

Depositary Bank – ADRs

Subsea 7 S.A. has a sponsored Level 1 ADR facility, for which Deutsche Bank Trust Company Americas acts as depositary. Each ADR represents one common share of the Company. The ADRs are quoted over-the-counter (OTC) in the US under the ticker symbol SUBCY.

For enquiries, beneficial ADR holders may contact the broker service of Deutsche Bank Trust Company Americas.

American Stock Transfer & Trust Company LLC
6201 15th Avenue Brooklyn,
NY 11219 US
Toll free: +1 866 249 2593 (toll free for US residents only)
Direct dial: +1 718 921 8137
Email: db@astfinancial.com

Further information is also available at: www.adr.db.com.

Financial calendar

Subsea 7 S.A. intends to publish its quarterly financial results for 2023 on the following dates:

Q1 2023 results	27 April 2023
Q2 and H1 2023 results	26 July 2023
Q3 2023 results	16 November 2023
Q4 and FY 2023 results	29 February 2024

2023 Annual General Meeting and Extraordinary General Meeting

18 April 2023 at 15.00 CET
412F, route d'Esch
L-1471 Luxembourg

Registered office

412F, route d'Esch
L-1471 Luxembourg

Website

www.subsea7.com

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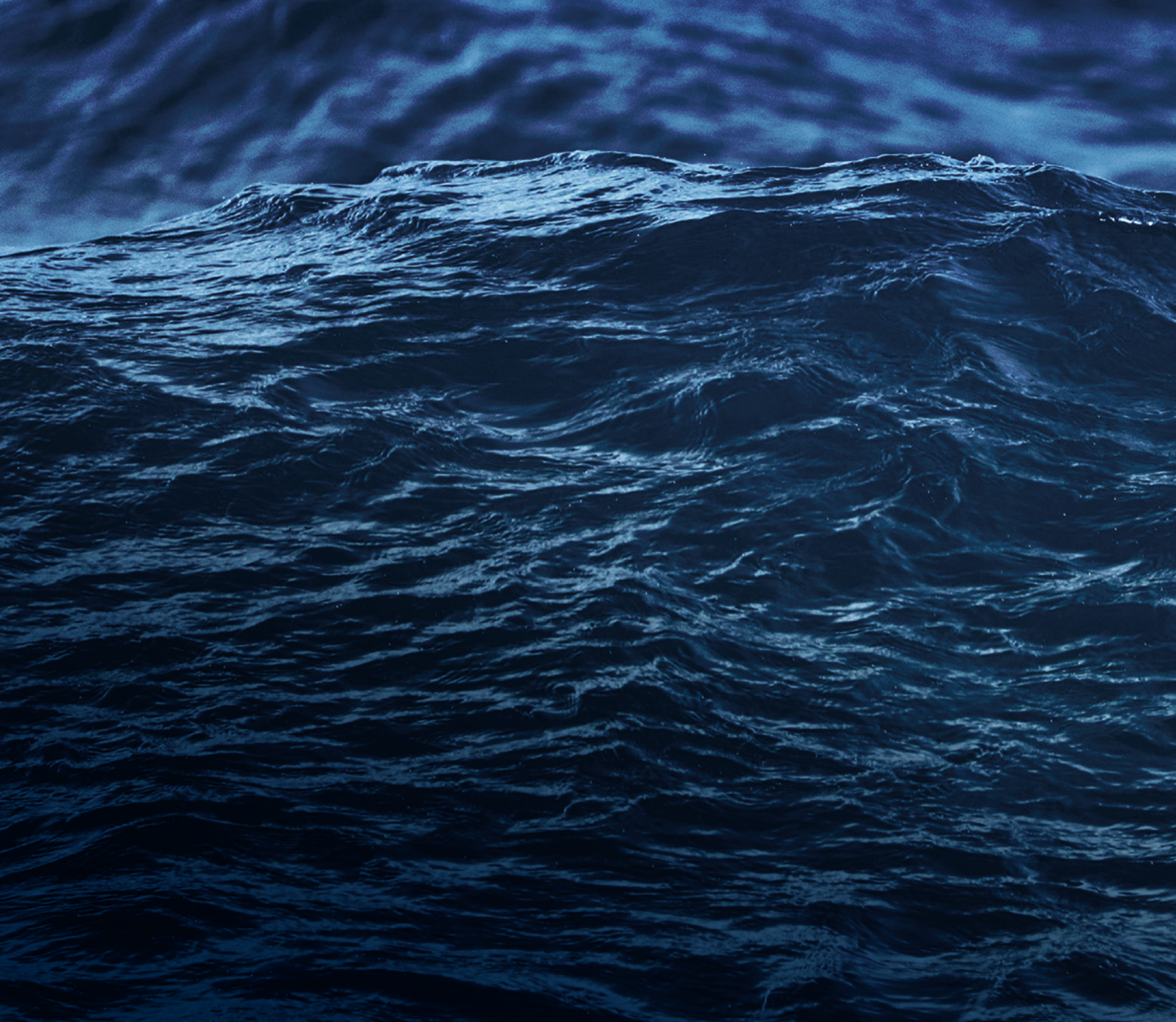

Subsea7 is a global leader in the delivery of offshore projects and services for the energy industry. Subsea7 makes offshore energy transition possible through the continuous evolution of lower-carbon oil and gas and by enabling the growth of renewables and emerging energy.

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www.subsea7.com