

Seaway 7 ASA Announces Third Quarter 2021 Results

Oslo – 17 November 2021 – Seaway 7 ASA (Euronext Growth: SEAW7) announced today results for the third quarter which ended 30 September 2021.

On 1 October 2021, OHT ASA completed a business combination with the renewables business unit of Subsea 7, and the combined company was renamed Seaway 7 ASA (the “Company”). The condensed consolidated financial statements of Seaway 7 ASA contained in this report reflect the results for the third quarter and year-to-date prior to the business combination and do not include the results related to Subsea 7’s renewables business unit. Consolidated financial statements of Seaway 7 ASA for the fourth quarter will include results related to both the Subsea 7 renewables business unit and legacy OHT businesses.

THIRD QUARTER 2021 SUMMARY

- Operating revenue was \$17.4m in Q3 2021, down from \$17.8m in Q2 2021
- EBITDA¹ was \$1.7m in Q3 2021, down from \$3.9m in Q2 2021
- Loss before tax was \$2.4m in Q3 2021, compared to a loss before tax of \$0.1m in Q2 2021
- Utilization on the transportation fleet was 96% in Q3 2021. Utilization in Q2 2021 was 93%

SUBSEQUENT EVENTS

On 1 October 2021, OHT ASA completed a business combination with the renewables business unit of Subsea 7, and the combined company was renamed Seaway 7 ASA.

The combined entity retains the listing on Euronext Growth market in Oslo, with the ticker SEAW7.

As a result of the combination, these subsequent events came effective during October:

- 314,325,054 new ordinary shares were issued, each with a nominal value of NOK 0.10
- A new Board of Directors was elected
- A new CEO and executive management team was appointed

On 6 October 2021, the Company announced that it had been selected as preferred contractor by Ørsted for the transport and installation of wind turbine generators for part of the Gode Wind 3 and Borkum Riffgrund 3 offshore windfarms in Germany. The Contract for the aforementioned scope with Ørsted was subsequently signed on 8 November 2021. This is the first assignment to be secured for the Company’s jack-up WTG installation vessel *VIND 1* and is seen as a positive validation of the combination to form Seaway 7 ASA and the confidence of our Customers in our ability to delivery on their project requirements.

On 18 October 2021, the Company was informed of an incident involving the folding A-frame on the main crane of *Alfa Lift*, currently under construction in China. No personnel were injured and the unplanned movement of the folding A-frame is currently being investigated, including impacts to vessel delivery schedule and on the initial committed works for the vessel.

On 12 November 2021, the Company announced that it had signed a Contract with SSE for the Doggerbank C project. Dogger Bank C will be developed with 87 wind turbine generators and is owned by SSE Renewables, Equinor and ENI. The company will utilise its specialist Heavy Lift Vessel *Alfa Lift*, and offshore installation will commence in 2024 following the installation of the Dogger Bank A and B projects. The contract award is subject to SSE Renewables final investment decision to proceed with the project.

¹ Earnings before interest, taxation, depreciation and amortization (“EBITDA”) is a non-IFRS measure and represents the same figure as Operating profit (loss) before depreciation and amortisation expenses in the Statement of Comprehensive income.

FINANCIALS

Financial key figures

in \$ thousands	Q3 2021	Q2 2021
Operating revenue	17,400	17,752
EBITDA	1,697	3,859
Operating loss	(2,367)	(206)
Net Financial Income (expenses)	(73)	59
Loss before tax	(2,440)	(147)
Loss per share, in \$ per share	(0.02)	(0.00)
Vessels and construction contracts	275,619	260,123
Bank deposits and cash equivalents	12,058	16,978
Total Assets	315,310	300,108
Total Equity	226,878	229,318
Debt to credit institutions	36,527	21,474
Total current liabilities	49,489	47,118
Net cashflow from operating activities	(1,394)	9,338
Net cashflow used in investment activities	(18,324)	(8,403)
Net cashflow from financing activities	14,798	(233)

Financial review

The Company's operating revenue was \$17.4m in Q3 2021, compared to \$17.8m in Q2 2021. The Company's EBITDA decreased from \$3.9m in Q2 2021 to \$1.7m in Q3 2021 driven by lower effective day rates achieved on contracts within the third quarter and certain one-off voyage related costs. Net financial expense was \$0.1m in Q3 2021 compared to a net financial income of \$0.1m in Q2 2021.

The Company's total assets amounted to \$315.3m at 30 September 2021, up from \$300.1m at 30 June 2021. Total book equity was \$226.9m at 30 September 2021.

Net cash flow from operating activities was negative \$1.4m in Q3 2021. Net cash flow from financing activities was \$14.8m following drawdown of \$15.0m on the revolving credit facility. \$18.3m were used in investment activities this quarter, mainly payments under contracts for vessel construction. Net change in cash and cash equivalents from 30 June 2021 to 30 September 2021 was negative \$4.9m. Cash and cash equivalents at the end of Q3 2021 were \$12.1m.

Total undrawn amount on the revolving credit facility was \$13.0m on 30 September 2021.

OPERATIONS AND CONTRACTS

TRANSPORTATION

The Company has continued to avoid major operational disruptions from the Covid-19 pandemic, with reduced efficiency in execution of crew changes being the only negative effects. All the vessels in the fleet, *Falcon*, *Eagle*, *Osprey*, *Hawk* and *Albatross* have traded in the spot market in Q3 2021, transporting power barges, liftboats, jack-up drilling rigs and push barges.

Voyages performed in Q3 2021 fall into the following categories: Renewables; O&G Exploration and Production; Marine & Naval; and Other Industries. On a 12-month rolling basis, the Renewables voyages account for 38% of revenue. The Company has achieved a utilization of 96% in Q3 2021 and 93% YTD.

INSTALLATION

The Dogger Bank A and B projects continue to deliver detail design documentation according to plan. The scope of work includes transport and installation of 190 monopiles and transition pieces from Q3 2022 to early 2024. Impacts from the incident involving the main crane's A-frame on 18 October 2021 on the startup of the Dogger Bank A offshore campaign are still being assessed, as are potential mitigations to maintain required progress on offshore installation activities in 2022.

NEWBUILDINGS

Construction of *Alfa Lift* at CMHI's yard in Jiangsu, China, has been focused on electrical works as well as mechanical completion and commissioning activities. All generator sets have been started and test-run. The incident involving the main crane's A-frame on 18 October 2021 continues to be investigated, and the consequences on the vessel delivery date are still to be confirmed.

The shipbuilding contract for *VIND 1*, the Company's first wind turbine installation vessel (WTIV) was made effective on 30 November 2020, and continues in the detailed design phase following completion of basic design. Delivery is scheduled for mid-2023. Selection of all main equipment has been completed and first steel cutting expected end November 2021.

MARKET OUTLOOK

OFFSHORE WIND

Our primary market continues to develop favourably, supported by strong market fundamentals for offshore fixed wind from competitive power generation costs, and the broader electrification and Energy Transition imperative. Tendering activity is particularly focussed around European and US markets and the volume of active tendering activity has increased in the third quarter, primarily for offshore execution in 2024 and beyond. This rise in tendering activity is seen across each of our operating divisions with a mix of EPCI, and both integrated and standalone Transport and Installation tenders. We observe transportation and logistics becoming an increasingly important part of the tenders as markets and supply chains globalise.

Within Offshore Wind, we expect that the coming period will be characterized by active bidding, clarification rounds and negotiation with clients, followed by preferred bidder status or contract awards to the Company or its competitors. This will be primarily for projects with offshore execution from 2024 onwards.

TRANSPORTATION

Our fleet continues to operate in the spot market. We have seen a reasonable number of requests for transportation projects, with 261 received in Q3 2021 versus 230 in Q2 2021 which is sign of an increased activity level in the market. There is a growing share of offshore wind related projects currently being tendered for execution from late 2022 to 2027, dominated by transportation of monopiles and transition pieces from Asia to Europe and monopiles/transition pieces from Europe to the US.

Within Transportation, we expect continued increase in charter rates in the spot market due to an ongoing transition from short and medium term oversupply to undersupply of capacity. The near-term spot market will be dominated by Marine & Naval, Other industries and O&G Decommissioning & Exploration. In the medium and longer term we expect Renewables transportation projects to become a more significant proportion of total activity.

CORPORATE DEVELOPMENT

Seaway 7 ASA commences its operations as a combined company with a backlog of \$1.3bn as of 1 October 2021, and with the support of reputable major shareholders with deep experience within offshore energy services, providing strong foundations for the operations and future strategic development of the Company. Since the combination date the Company has announced two new contract awards which further enhances the backlog position of Seaway 7 ASA.

As previously announced, Seaway 7 aims to move its share listing from the Euronext Growth market to the main Oslo Børs.

Seaway 7 will be seeking funding to support its capital commitments in respect of the new build vessels. Seaway 7 will aim to borrow directly from the credit market. Any new debt raising will be timed for the expected delivery of the *Alfa Lift* from the shipyard.

Seaway 7 is a pure-play Oslo-listed offshore wind services company with an extensive track record in delivering offshore wind farm projects. With a market-leading combination of capabilities and assets, and a unique client and geographic footprint, Seaway 7 is well positioned for the strong growth anticipated within offshore fixed wind through the coming decade.

RISK FACTORS

The main risk factors which could materially adversely impact the Company's operations and/or financial performance and position are noted on page 12 of Seaway 7 ASA's Annual Report 2020. During the fourth quarter, management will assess the risk factors which may impact the Company following the business combination with Subsea 7's Renewables business on 1 October 2021.

During the year, management has been mitigating the impacts of the Covid-19 pandemic by monitoring health procedures and adhering to the guidance of the World Health Organization and local authorities. The Company has implemented revised working procedures to reduce the risks associated with Covid-19, including remote working, travel bans, strict crew change procedures, social distancing wherever possible and the use of additional personal protective equipment.

Forward-looking statements presented in this report are based on various assumptions. The assumptions were reasonable when made, but are subject to uncertainties and contingencies that are difficult or impossible to predict. Seaway 7 ASA cannot give assurances that expectations regarding the outlook will be achieved or accomplished.

CONDENSED FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

in \$ thousands	Note	Q3 2021 (Unaudited)	Q3 2020 (Unaudited)	YTD Q3 2021 (Unaudited)	YTD Q3 2020 (Unaudited)
Operating revenue		17,400	17,605	46,818	56,712
Total revenue		17,400	17,605	46,818	56,712
Voyage expenses		8,012	5,068	19,930	17,145
Ship operating expenses		4,366	4,254	12,781	12,774
Other operating expenses		199	210	657	630
General and administrative expenses		3,127	2,864	8,009	5,415
Operating profit before depreciation and amortization expenses		1,697	5,209	5,440	20,747
Depreciation and amortization expenses	5	4,064	3,994	12,158	12,038
Operating profit (loss)		(2,367)	1,215	(6,717)	8,709
Financial income		-	4	5	44
Financial expenses		(66)	(152)	(176)	(435)
Foreign currency exchange gain (loss)		(7)	2,631	39	2,614
Net financial income (expenses)		(73)	2,483	(132)	2,223
Profit (loss) before tax		(2,440)	3,698	(6,849)	10,932
Income tax expense		-	75	-	75
Net profit (loss)		(2,440)	3,623	(6,849)	10,857
Total comprehensive income (loss)		(2,440)	3,623	(6,849)	10,857
Basic and diluted earnings (loss) - \$ per share	4	(0.020)	0.038	(0.056)	0.115

STATEMENT OF FINANCIAL POSITION

in \$ thousands	Note	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Right-of-use assets		3,014	3,264
Vessels and construction contracts	5	275,619	235,454
Office equipment		933	691
Total non-current assets		279,566	239,409
Bunkers inventory		4,634	3,781
Costs to fulfil contracts		8,899	3,635
Trade receivables		6,856	1,433
Other receivables		3,297	4,698
Bank deposits and cash equivalents		12,058	14,787
Total Current Assets		35,744	28,334
Total Assets		315,310	267,743
Share capital	6	1,329	1,329
Other paid in capital		58,489	58,489
Other reserves		790	790
Retained earnings		166,270	173,119
Total equity		226,878	233,727
Non-current lease liabilities	8	2,416	2,587
Debt to credit institutions	8	36,527	-
Total non-current liabilities		38,943	2,587
Current lease liabilities	8	891	860
Trade payables		2,293	3,272
Current tax liabilities		-	70
Other current liabilities		46,306	27,228
Total current liabilities		49,489	31,429
Total equity and liabilities		315,310	267,743

STATEMENT OF CHANGES IN EQUITY

in \$ thousands	Share capital (Unaudited)	Other paid in capital (Unaudited)	Other reserves (Unaudited)	Retained earnings (Unaudited)	Total equity (Unaudited)
Equity 31 December 2019	36	1,779	(344)	167,755	169,226
Effect of capital reorganization	993	(993)	-	-	-
Share issuance by private placement	284	56,489	-	-	56,773
Share issuance costs	-	(1,884)	-	-	(1,884)
Warrants issued to employees	-	-	1,134	-	1,134
Net profit YTD Q3 2020	-	-	-	10,857	10,857
Equity 30 September 2020	1,313	55,391	790	178,612	236,106
Equity 31 December 2020	1,329	58,489	790	173,119	233,727
Net loss YTD Q3 2021	-	-	-	(6,849)	(6,849)
Equity 30 September 2021	1,329	58,489	790	166,270	226,878

STATEMENT OF CASH FLOWS

in \$ thousands	YTD Q3 2021 (Unaudited)	YTD Q3 2020 (Unaudited)
Profit (loss) before taxes	(6,849)	10,932
Paid taxes	(70)	-
Depreciation	12,158	12,038
Change in bunkers inventory	(853)	(1,228)
Change in trade receivables	(5,423)	1,449
Change in trade payables	(979)	(1,149)
Change in prepayments and other receivables	1,401	658
Change in costs to fulfil contracts	(5,264)	(569)
Change in prepaid revenues	15,842	17,287
Change in accruals and other current liabilities	2,165	(4,645)
Employee benefit expenses in connection with issuance of warrants	-	1,134
Net change in other current items	(307)	43
Net cash flow from operating activities	11,821	35,950
Investments on vessels and periodic maintenance	(2,911)	(1,964)
Investments on vessels under construction	(47,592)	(20,442)
Other investments	(425)	(389)
Net cash flow used in investment activities	(50,928)	(22,795)
Proceeds from share issuance	-	56,773
Share issuance costs	-	(1,884)
Proceeds from drawdown of debt	37,000	10,000
Repayment of debt	-	(16,000)
Principle elements of lease payments	(622)	(294)
Net cash flow from financing activities	36,378	48,595
Net change in cash and cash equivalents	(2,729)	61,750
Cash and bank deposits at beginning of period	14,787	9,456
Cash and bank deposits at end of period	12,058	71,206

NOTES TO FINANCIAL STATEMENTS

Note 1 General

Seaway 7 ASA (“the Company”, formerly named OHT ASA), organization number 924 695 792, is a Norwegian public limited liability Company. The Company and its subsidiaries (“the Group” or “Seaway 7”), is a specialized heavy transportation and installation (T&I) contractor. Seaway 7 is the owner and operator of five open deck semi-submersible heavy transportation vessels and has currently under construction a heavy lift semi-submersible installation vessel for installation of foundations for the offshore wind market and a jack-up wind turbine installation vessel. Seaway 7 has its head office in Oslo, Norway. The shares of the Company are traded on Oslo Stock Exchanges’ marketplace Euronext Growth.

Note 2 Accounting policies

These interim financial statements are prepared in accordance with IAS 34 Interim Financial Reporting.

The condensed consolidated interim financial reporting should be read in conjunction with the annual financial statements for Seaway 7 ASA for the year ended 31 December 2020, which have been prepared in accordance with IFRS, as adopted by the EU.

Use of judgements and estimates

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The effect of a change in an accounting estimate is recognized in profit or loss in the period where the estimate is revised or in the period of the revision and future periods if the change affects both. The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

Note 3 Segment information

The Group’s operating revenue and operating expenses come from operations within one single segment only.

Note 4 Earnings per share

	Q3 2021	Q3 2020	YTD Q3 2021	YTD Q3 2020
Net profit (loss) attributable to ordinary equity holders - \$ thousands	(2,440)	3,623	(6,849)	10,857
Basic and diluted weighted average number of ordinary shares outstanding	122,237,521	94,644,596	122,237,521	94,057,904
Basic and diluted earnings (loss) per share - \$ per share	(0.020)	0.038	(0.056)	0.115

The Company has issued warrants that might have dilutive effects in future periods. The warrants are not considered dilutive in the current period because the market vesting conditions are not met at the end of the period.

Note 5 Vessels and construction contracts

in \$ thousands	Vessels	Periodic maintenance	Vessels under construction	Total
Closing balance 31 December 2020	125,168	5,924	104,361	235,454
Additions	2,802	109	46,307	49,218
Capitalized borrowing costs	-	-	2,357	2,357
Depreciation	(9,723)	(1,686)	-	(11,409)
Closing balance 30 September 2021	118,247	4,347	153,025	275,619

Note 6 Share capital

Seaway 7 ASA's share capital as at 30 September 2021 consisted of 122,237,521 shares, each with a nominal value of \$0.01 (NOK 0.10). All issued shares are fully paid.

Based on resolution in the General Meeting of the Company on 20 May 2021, the Board of Seaway 7 ASA has authorization to increase the Company's share capital by up to NOK 6,111,876 through issuance of up to 61,118,760 new shares, each having a par value of NOK 0.10. The authorization will expire at the latest on 20 May 2023.

Note 7 Warrants

Granted warrants as at 30 September 2021:

Date issued/valuation date	Tranche 1		Tranche 2		Tranche 3	
	No of warrants	Value per warrant (\$)	No of warrants	Value per warrant (\$)	No of warrants	Value per warrant (\$)
17 September 2020	339,645	1.45	339,645	1.07	339,645	0.82

Each warrant gives the holders the right, but no obligation, to subscribe for one share at a price of NOK 0.10 per share, equal to the nominal value of the shares in the Company.

Conditions for exercise are such that tranche 1 vests at a share price of NOK 24 per share, tranche 2 vests at a share price of NOK 28 per share and tranche 3 vests at share price NOK 32 per share. The share price mentioned above is measured from the 10 trading day's weighted average as quoted on the marketplace on which the shares are listed. All warrants are valid until 17 September 2025.

Note 8 Interest-bearing debt

Revolving credit facility

The Group's revolving credit facility, entered into in December 2020, has a three-year term, limit of \$50 million, with a step down to \$30 million in year 3. Offshore Heavy Transport AS, OHT Eagle AS, OHT Falcon AS, OHT Hawk AS, OHT Osprey AS, OHT Albatross AS and OHT Management AS are jointly and severally liable for the loan and the 5 vessels owned by these companies are pledged under the agreement. As at 30 September 2021 \$37.0 million was drawn on the facility. The loan has floating interest of LIBOR + 3.75% - 4.50%, depending on time remaining to maturity and outstanding loan amount.

in \$ thousands	30 September 2021	31 December 2020
Outstanding loan amount	37,000	-
Debt issuance cost	(473)	-
Debt to credit institutions at amortized cost	36,527	-

The following financial covenants exist under the loan agreement:

- Minimum consolidated liquidity shall at all times be the higher of (i) \$5,000,000 and (ii) 7.5% of total interest-bearing debt.
- Market value of the collateral vessels shall at all times be at least equal to 200% of the outstanding amount under the facility
- Consolidated working capital shall at all times be greater than zero
- Equity ratio shall at all times be at least 40%

The Group is not in breach with any of the financial covenants.

Financial lease liabilities

in \$ thousands	30 September 2021	31 December 2020
Current lease liabilities	891	860
Non-current lease liabilities	2,416	2,587
Total lease liabilities	3,307	3,447

The leases do not have significant residual value guarantees. The leases do not contain restrictions on the Group's financing or dividend policy.

Prepaid revenues

Prepaid revenues not yet earned is reported as deferred revenue and classified as other current liabilities. When the prepaid revenue is for a period more than 12 months out in time such payments include a significant financing component and a calculated interest is recognized.

in \$ thousands	30 September 2021	31 December 2020
Prepaid revenues that include a significant financing component	37,663	22,620
Accumulated interest	1,840	768
Total recognized amount	39,503	23,388

Note 9 Related party transactions

The Group purchases IT and office services from Arne Blystad AS under a corporate service agreement. Arne Blystad AS is wholly owned and controlled by Songa Corp, which is the majority shareholder of Seaway 7 as per balance sheet date. Please refer to note 11.

The Group rents office premises from Haakon VII's gate 1 ANS under lease agreements. Haakon VII's gate 1 ANS is wholly owned and controlled by Songa Corp, which is the majority shareholder of Seaway 7 as per balance sheet date. Please refer to note 11.

The Group purchases technical management services for its vessels from OHT Technical Management Ltd. under a technical management agreement. OHT Technical Management Ltd. is indirectly wholly owned and controlled by Songa Corp, which is the majority shareholder of Seaway 7 as per balance sheet date. Please refer to note 11.

The Group purchases crew management services for its vessels from Songa Crewmanagement Ltd under a crew management agreement. Songa Crewmanagement Ltd is indirectly wholly owned and controlled by Songa Corp, which is the majority shareholder of Seaway 7 as per balance sheet date. Please refer to note 11.

The Group purchases consultancy services from Primato AS under a consultancy agreement. Primato AS is indirectly owned 50% by chairman of Seaway 7 Rune Magnus Lundetræ who is also a board member of Primato AS.

Note 10 Commitments and contingencies

At 30 September 2021, the Group has significant contractual commitments of in total \$372 million. Of these commitments, \$164 million are related to the construction of a heavy lift semi-submersible installation vessel for installation of foundations to the offshore wind market, and falls due at delivery which is anticipated in Q1 2022. Furthermore, \$208 million of the total commitments are related to the construction of a jack-up vessel for wind turbine installation. Of this, \$23.1 million falls due in 2021, \$46.2 million in 2022 and the rest in 2023.

Note 11 Subsequent events

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The combined entity retains the listing on Euronext Growth market in Oslo, with the ticker SEAW7.

As a result of the combination, these subsequent events came effective during October:

- 314,325,054 new ordinary shares were issued, each with a nominal value of NOK 0.10
- A new Board of Directors was elected
- A new CEO and executive management team was appointed

The business combination represents a reverse acquisition. This means that despite Seaway 7 ASA legally being the acquirer, it will accounting-wise be considered that Seaway 7 ASA is the acquired entity. Effectively, this means that assets and liabilities in Seaway 7 ASA prior to the combination, will be measured at its fair value on the date of the combination and recognized at these values in the combined entity.

On 6 October 2021, the Company announced that it had been selected as preferred contractor by Ørsted for the transport and installation of wind turbine generators for part of the Gode Wind 3 and Borkum Riffgrund 3 offshore windfarms in Germany. The Contract for the aforementioned scope with Ørsted was subsequently signed on 8 November 2021. This is the first assignment to be secured for the Company's jack-up WTG installation vessel *Vind 1* and is seen as a positive validation of the combination to form Seaway 7 ASA and the confidence of our Customers in our ability to delivery on their project requirements.

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