Seaway 7 ASA Announces Second Quarter and Half Year 2022 Results

Oslo – 28 July 2022 – Seaway 7 ASA (Euronext Growth: SEAW7) announced today results for the second quarter and first half of 2022 which ended 30 June 2022.

Second Quarter highlights

- Second quarter 2022 revenue down by 17% year-on-year to $260 million.
- In line with performance challenges on several projects highlighted in the June 2022 trading update, second quarter negative Adjusted EBITDA of $16 million equating to a negative margin of 6%.
- Order intake in the second quarter of $49 million resulting in backlog of $0.8 billion at quarter end.
- Signing of preferred contractor positions for two "Very Large" Contracts (Very Large implies value between $500 million and $750 million) in the UK sector, namely with Scottish Power Renewables on the East Anglia THREE project and with SSE Renewables and Total Energies for the Seagreen 1A project.
- Finalisation of long-term charter agreement, with purchase options, for the new build heavy transportation vessel *Seaway Swan* (formerly *Xin Qun 3*) with a July 2022 handover.

	Second Quarter		Half Year	
For the period (in $ millions, except Adjusted EBITDA margin and per share data)	Q2 2022 Unaudited	Q2 2021 Unaudited	1H 2022 Unaudited	1H 2021 Unaudited
Revenue	**260**	315	**527**	556
Adjusted EBITDA[(a)]	**(16)**	(18)	**(1)**	(25)
Adjusted EBITDA margin[(a)]	**(6%)**	(6%)	**(0%)**	(4%)
Net operating loss	**(38)**	(32)	**(45)**	(52)
Net loss	**(67)**	(40)	**(68)**	(66)
Earnings per share – in $ per share				
Basic	**(0.15)**	(0.13)	**(0.16)**	(0.21)
Diluted[(b)]	**(0.15)**	(0.13)	**(0.16)**	(0.21)

At (in $ millions)	30 Jun 2022 Unaudited	31 Mar 2022 Unaudited
Backlog[(c)]	**803**	1,046
Book-to-bill ratio – year-to-date[(c)]	**0.3**	0.4
Cash and cash equivalents	**11**	22
Borrowings	**(120)**	(99)
Net debt excluding lease liabilities[(d)]	**(109)**	(77)
Net debt including lease liabilities[(d)]	**(122)**	(96)

(a) For explanations and reconciliations of Adjusted EBITDA and Adjusted EBITDA margin refer to Note 8 'Adjusted EBITDA and Adjusted EBITDA margin' to the Condensed Consolidated Financial Statements.

(b) For the explanation and a reconciliation of diluted earnings per share refer to Note 7 'Earnings per share' to the Condensed Consolidated Financial Statements.

(c) Backlog is a non-IFRS measure. Book-to-bill ratio represents total order intake divided by revenue recognised in the year. Comparative figure is for the quarter ended 31 March 2022.

(d) Net debt is a non-IFRS measure and is defined as cash and cash equivalents less borrowings.

Stuart Fitzgerald, Chief Executive Officer, said:

Seaway 7 ASA published a trading update on 13 June 2022 relating to a number of ongoing projects, including the Hollandse Kust Zuid project. The financial impact on this project, which remains in line with the aforementioned trading update, is the primary contributor to the Q2 2022 negative Adjusted EBITDA of $16 million.

Activity levels on the remaining projects in the portfolio were high in the second quarter with significant progress on projects and offshore operations ongoing in UK, Europe, and Taiwan.

In respect of tenders during the quarter, we have been awarded preferred supplier status for Seagreen 1A Offshore Wind Farm and signed a Letter of Exclusivity for the East Anglia THREE Offshore Wind Farm. Both projects will not be recognised in Seaway 7's backlog until final contractual terms have been agreed and final investment decision has been secured.

There is no change to the Company guidance given to the market in the 13 June 2022 trading update, confirming revenue for the full year 2022 to be in line with previous guidance towards $1 billion with an Adjusted EBITDA margin expected to be approximately 6%.

Second quarter operational review

The Seagreen project, which is significant to the Group's portfolio, continued to make good progress. Of the 114 foundation jackets, 94 foundation jackets have been delivered in the UK. At 30 June 2022, there were 20 foundation jackets outstanding from the yards in China, and within early August 2022 these jackets are anticipated to be signed off and ready for loadout. Completion of fabrication activities on Seagreen is a major milestone for the project. Heavy transportation vessels are in transit to pick up these remaining foundation jackets. By quarter end, 30 foundation jackets and 21 cables were installed. The *S7000* returned to the field on the 1 June 2022 and installed a further 9 foundation jackets before she left the field for another commitment, returning in mid-July to continue to install the remaining Seagreen foundation jackets. This critical activity on the project is on track for completion during 2022.

Seaway Alfa Lift's delivery schedule, and resultant impacts on the execution of the Doggerbank project, represent a primary ongoing priority for Seaway 7 management. The repairs of the Liebherr crane A-frame continued and are expected to be complete late 2022 and the vessel is expected to sail to Europe at that time. As per the June 2022 trading update, the mission equipment for the upending and lowering of monopiles is the critical path to the vessel's readiness for operations and this scope is significantly delayed compared to the original planning at project commencement. Mission equipment readiness is now expected in the second half of 2023 and to provide a more robust planning basis we are assuming first use on the Doggerbank project end of Q1 2024. To improve confidence in the vessel delivery program going forward, changes have been implemented within the project organisation and leadership, primarily adding personnel from Subsea 7, with extensive experience in complex mission equipment deliveries.

The installation of foundations for the Dogger Bank A&B project has commenced during July 2022, initially with a third-party vessel. Due to *Seaway Alfa Lift's* delivery delay, *Seaway Strashnov* will now be deployed on the project for a full 2023 campaign. The additional cost of the revised execution planning resulted in an increase to the onerous fixed-price contract provision of approximately $35 million, unchanged from what was advised in the June trading update. The provision increase is reflected as a prior year revision to the fair value exercise of measuring and recognising the identifiable assets acquired and liabilities assumed relating to the business combination to form Seaway 7 ASA and does not affect the Adjusted EBITDA during the quarter.

As advised in the June 2022 trading update, *Seaway Strashnov* encountered slower progress than anticipated on the Hollandse Kust Zuid project relating primarily to adverse weather conditions and mechanical breakdowns. The associated cost increases resulted in an onerous fixed-price contract provision of approximately $30 million which was recognised in the second quarter of 2022. As also advised in the June trading update, *Seaway Yudin* encountered reduced progress on the Formosa 2 project in Taiwan, related primarily to lower offshore productivity. As part of the combination to form Seaway 7 ASA, the economic interest in this project is with Subsea 7 S.A. Group. At the current time, with good generally progress since the time of the trading update, both Hollandse Kust Zuid and Formosa 2 are anticipated to complete in accordance with the revised schedules and forecasts.

During the quarter, *Seaway Aimery* and *Seaway Moxie* continued cable installation and test & termination works on the Hollandse Kust Zuid project, Netherlands. *Seaway Phoenix* started working on the Seagreen project, UK. *Maersk Connector* started her operational activities for our cable lay portfolio in Taiwan.

The heavy transportation vessels maintained their high levels of utilisation, despite two planned dry dockings for *Seaway Falcon* and *Seaway Hawk*, and we saw another improvement in the time charter equivalent day rates in the second quarter. In addition, Seaway 7 entered into a 5-year bareboat charter agreement with purchase options for a new heavy transportation vessel in Q2 2022. The vessel was re-named '*Seaway Swan*' and was delivered to Seaway 7 in good order in Busan, South Korea, on the 8 July. This charter of a state of the art new build vessel re-enforces Seaway 7 strategic positioning, both towards standalone transportation activities where we see market conditions steadily improving, as well as towards broader integrated renewables projects, where heavy transportation increasingly represents a critical and undersupplied element of the value chain.

During Q2 2022, the utilisation of the active fleet was 77%, compared to 65% in the first quarter 2022.

Seaway Ventus has moved into the next phase of construction with keel laying in early June 2022, which is in accordance with the planned construction schedule. The vessel remains on course for delivery in mid-2023.

Second quarter financial review

Second quarter revenue of $260 million decreased by 17% year-on-year and was mainly driven by slower progress than anticipated for the Hollandse Kust Zuid project and less activity on the Seagreen project compared to the prior year period. The negative Adjusted EBITDA margin of 6% remained the same. After depreciation and amortisation of $22 million, the Group recorded a net operating loss of $38 million. Net loss for the quarter was $67 million, after a tax charge of $21 million and finance and other gains and losses of $8 million. The elevated tax charge for the second quarter arises as a result of revised forecasts that indicate a higher negative effective tax rate for the full year. Based on forecast improvement in the second half profitability, it is anticipated that there will be an offsetting tax credit in the remainder of the year.

As communicated in the June trading update, progress on the *Seaway Alfa Lift* build has encountered delays. The root cause of the delays in the delivery of the vessel is due to the status of the mission equipment, engineering and procurement. These conditions, attributable to OHT ASA, were present on 1 October 2021, the date of the business combination, as a result, the adverse financial impact has been accounted for as an adjustment to the transaction's purchase price allocation.

During the quarter, net cash used in operating activities was $11 million which was impacted by slower than anticipated progress on projects and delayed client payments linked to commercial discussions concerning Covid-19 impacts and consequential delays in Taiwan. Capital expenditure was $16 million and mainly related to *Seaway Alfa Lift*, *Seaway Ventus* and planned dry dockings of the heavy transportation vessels. Net cash generated from financing activities of $16 million included receipt of a $21 million short-term loan from the Group's ultimate parent undertaking, Subsea 7 S.A. Group, offset by $5 million payment of lease liabilities. Cash and cash equivalents was $11 million as at Q2 2022.

In the second quarter, the Group recognised new awards of $34 million and escalations of $15 million, resulting in a year-to-date book-to-bill ratio of 0.3. The backlog at the end of June 2022 was $0.8 billion, of which $465 million is expected to be executed during the remainder of 2022. Not included in the aforementioned backlog is Seaway 7 preferred Contractor positions, which have been formally announced to the market but remain subject to Contract finalisation and/or Client Final Investment Decision.

Outlook

Forecasts for Offshore Wind activity in the second half of the decade continue to strengthen, driven by ever more pressing climate imperatives, and in recent months increasingly by energy security considerations. However, in recent years a significant number of major players in the renewables sector have seen deterioration and unsustainable financial performance. Supported by favourable market conditions, the industry is now starting to go through a process of revaluating and reallocation of risk and improved pricing, and Seaway 7 is focused on and starting to see this improvement in our future prospects.

For the remainder of 2022, Seaway 7 benefits from a high level of visible activity afforded by its backlog. Further, Seaway 7 pre-backlog positioning, and high levels of ongoing tendering and client engagement give confidence on activity levels and demand for Seaway 7 services going forward.

To support this outlook, we expect to present the financing plan during Q3 2022.

Special Note Regarding Forward-Looking Statements

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

Webcast and conference call information:

Date:	28 July 2022
Time:	14:30 CET

Please join the webcast through:

https://channel.royalcast.com/webcast/hegnarmedia/20220728_1

The webcast will also be available through Seaway 7 website
https://www.seaway7.com/investors/results-reports-publications/

Conference call details	
Participant Passcode (for all countries):	447972
Participants dial-in numbers:	
Norway:	+47 21956342
Sweden:	+46 406820620
UK:	+44 2037696819
USA:	+1 6467870157
International dial in:	+44 2037696819

Please join the call 5-10 minutes prior to scheduled start time.

For further information, please contact:

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Second Quarter 2022

Revenue
Revenue for the second quarter was $260 million, a decrease of $55 million or 17% compared to Q2 2021 and was mainly driven by slower than anticipated progress for the Hollandse Kust Zuid project and less activity for the Seagreen project compared to the prior year period.

Adjusted EBITDA
Adjusted EBITDA and Adjusted EBITDA margin were negative $16 million and 6% respectively for the quarter, compared to a negative Adjusted EBITDA of $18 million and Adjusted EBITDA margin of 6% in Q2 2021.

Net operating income
Net operating loss for the quarter was $38 million, compared to $32 million loss in Q2 2021. The year-on-year deterioration in net operating income was driven by slower than anticipated progress on the Hollandse Kust Zuid and Hornsea 2 projects.

Net income
Net loss was $67 million in the quarter, compared to a net loss of $40 million in Q2 2021.

The year-on-year deterioration was primarily due to:

- increase in net operating loss of $6 million;
- increase in tax cost of $15 million; and
- unfavourable increase in other gains and losses of $8 million

partly offset by:

- decrease in finance cost of $2 million.

Earnings per share
Diluted loss per share was $0.15 in Q2 2022 compared to a diluted loss per share of $0.13 in Q2 2021, calculated using a weighted average number of shares of 437 million and 314 million respectively.

Cash and cash equivalents
Cash and cash equivalents were $11 million at 30 June 2022. The movement in cash and cash equivalents during the quarter was mainly attributable to:

- net cash used in operating activities of $11 million, which included favourable movements of $18 million in net working capital;
- net cash used in investing activities of $15 million, as a result of purchases of property, plant and equipment of $16 million; and
- net cash generated from financing activities of $16 million, which included receipt of a $21 million short-term loan from the Group's ultimate parent undertaking, Subsea 7 S.A. Group, offset by $5 million payment of lease liabilities.

Borrowings and lease liabilities, net debt and liquidity
At 30 June 2022, the Group has access to funding from its ultimate parent undertaking, the Subsea 7 S.A. Group, by means of an unsecured working capital facility agreement of which $120 million was drawn at 30 June 2022.

At 30 June 2022, lease liabilities were $14 million, a decrease of $5 million compared to 31 March 2022.

Half Year 2022

Revenue
Revenue for the first half year was $527 million, a decrease of $29 million or 5% compared to H1 2021 and was mainly driven by slower than anticipated progress for the Hollandse Kust Zuid project and less activity for the Seagreen project, partly offset by increased revenue related to offshore heavy transport services following the business combination between OHT ASA and the Subsea 7 S.A. Group's Renewables business unit on 1 October 2021.

Adjusted EBITDA
Adjusted EBITDA and Adjusted EBITDA margin were negative for the first half year by $1 million and 0% respectively, compared to a negative Adjusted EBITDA of $25 million and Adjusted EBITDA margin of 4% in first half 2021.

Net operating income
Net operating loss for the first half year was $45 million, compared to $52 million loss first half 2021.

The year-on-year improvement in net operating income was driven by:

- Positive contribution from the heavy transportation vessels.

Net income
Net loss was $68 million in the first half year, compared to a net loss of $66 million in first half 2021.

The year-on-year deterioration was primarily due to:

- increase in tax cost of $5 million;
- unfavourable increase in other gains and losses of $6 million

partly offset by:

- decrease in net operating losses of $7 million; and
- decrease in finance cost of $2 million.

Earnings per share
Diluted loss per share was $0.16 in first half 2022 compared to a diluted loss per share of $0.21 in first half 2021, calculated using a weighted average number of shares of 437 million and 314 million respectively.

Cash and cash equivalents
Cash and cash equivalents were $11 million at 30 June 2022. The movement in cash and cash equivalents during the first half year was mainly attributable to:

- net cash generated from operating activities of $9 million, which included favourable movements of $23 million in net working capital;
- net cash used in investing activities of $28 million, as a result of purchases of property, plant and equipment of $29 million; and
- net cash generated from financing activities of $8 million, which included receipt of a $56 million short-term loan from the Group's ultimate parent undertaking, Subsea 7 S.A. Group, partly offset by repayment in full of the Seaway 7 ASA Revolving Credit Facility of $37 million and $11 million payment of lease liabilities.

Borrowings and lease liabilities, net debt and liquidity
At 30 June 2022, the Group has access to funding from its ultimate parent undertaking, the Subsea 7 S.A. Group, by means of an unsecured working capital facility agreement of which $120 million was drawn at 30 June 2022.

At 30 June 2022, lease liabilities were $14 million, a decrease of $12 million compared to 31 December 2021.

Operational Highlights

Second Quarter 2022
Revenue was $260 million in Q2 2022 compared to $315 million in Q2 2021. The decrease in revenue was mainly driven by slower than anticipated progress for the Hollandse Kust Zuid project and less activity for the Seagreen project compared to the prior year period. Net operating loss was $38 million in Q2 2022 compared to a $32 million loss in Q2 2021. The movement was driven by slower than anticipated progress on the Hollandse Kust Zuid and Hornsea 2 projects.

Vessel utilisation for the second quarter was 77% compared with 61% for Q2 2021. This is mainly driven by the business combination as Q2 2021 does not reflect the utilisation of the heavy transportation vessels.

At 30 June 2022 there were 13 vessels in the Group's fleet, comprising 11 active vessels and 2 vessels under construction.

Half Year 2022
Revenue was $527 million in H1 2022 compared to $556 million in H1 2021. The decrease in revenue was mainly driven by less than anticipated progress for the Hollandse Kust Zuid project and less activity for the Seagreen project, partly offset by increased revenue related to offshore heavy transport services following the business combination between OHT ASA and the Subsea 7 S.A. Group's Renewables business unit on 1 October 2021. Net operating loss was $45 million in H1 2022 compared to a $52 million loss in H1 2021. The movement was mainly driven by a positive contribution from the heavy transportation vessels.

Vessel utilisation for the first half year was 71% compared with 43% for H1 2021. This is mainly driven by the business combination as H1 2021 does not reflect the heavy transportation vessels.

At 30 June 2022 there were 13 vessels in the Group's fleet, comprising 11 active vessels and 2 vessels under construction. The heavy transport chartered vessel, *Seaway Swan,* is expected to join the fleet in Q3 2022.

Backlog

At 30 June 2022 backlog was $0.8 billion, compared to $1.0 billion at 31 March 2022. New awards totalling $34 million was recorded in the quarter and $15 million of escalations. Unfavourable foreign exchange movements of approximately $32 million were recognised In the backlog calculation during the quarter.

$465 million of the backlog is expected to be executed in 2022 and $338 million in 2023 and thereafter.

Risks and uncertainties

The principal risks and uncertainties which could materially adversely impact the Group's reputation, operations and/or financial performance and position are noted on pages 26 to 35 of Seaway 7 ASA's 2021 Annual Report. Management has considered these principal risks and uncertainties and concluded that these have not changed significantly in the six month period to 30 June 2022.

The principal risks within health, safety, security, environmental and quality include the risk of a pandemic virus. During the first half of the year, management has continued to mitigate the impacts of the Covid-19 pandemic by monitoring health procedures and adhering to the guidance of world health organisations and local authorities.

The principal risks within business environment include risks related to civil or political unrest, including war. The outcome of the Russia-Ukraine conflict remains uncertain. However, management does not at this date foresee a material direct impact on the Group from the conflict and related sanctions. Management continues to monitor the development of the conflict, including sanctions and indirect impacts, and other associated risks in order to apply suitable mitigations where possible.

Responsibility statement
We confirm that, to the best of our knowledge, the financial statements for the period 1 January 2022 to 30 June 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, this report together with the Seaway 7 ASA 2021 Annual Report include a fair review of the development and performance of the business and the position of the Group, including a description of the principal risks and uncertainties facing the Group.

Rune Magnus Lundetræ
Chairman

Kristian Siem
Director

John Evans
Director

Nathalie Louys
Director

Monica Bjørkmann
Director

Stuart Fitzgerald
Chief Executive Officer

Seaway 7 ASA
Condensed Consolidated Income Statement

(in $ millions)	Second Quarter Q2 2022 Unaudited	Q2 2021 Unaudited	Half Year 1H 2022 Unaudited	1H 2021 Unaudited
Revenue	**260.1**	315.0	**527.2**	556.4
Operating expenses	**(288.0)**	(341.0)	**(553.2)**	(596.2)
Gross loss	**(27.9)**	(26.0)	**(26.0)**	(39.8)
Administrative expenses	**(9.6)**	(5.8)	**(19.1)**	(12.0)
Net operating loss	**(37.5)**	(31.8)	**(45.1)**	(51.8)
Other gains and losses	**(8.1)**	(0.2)	**(7.2)**	(1.4)
Finance costs	**(0.2)**	(1.6)	**(0.5)**	(3.1)
Loss before taxes	**(45.8)**	(33.6)	**(52.8)**	(56.3)
Taxation	**(20.7)**	(6.0)	**(15.3)**	(10.1)
Net loss	**(66.5)**	(39.6)	**(68.1)**	(66.4)

Earnings per share	**$ per share**	$ per share	**$ per share**	$ per share
Basic	**(0.15)**	(0.13)	**(0.16)**	(0.21)
Diluted[a]	**(0.15)**	(0.13)	**(0.16)**	(0.21)

(a) For the explanation and a reconciliation of diluted earnings per share refer to Note 7 'Earnings per share' to the Condensed Consolidated Financial Statements.

Seaway 7 ASA
Condensed Consolidated Statement of Comprehensive Income

(in $ millions)	Second Quarter Q2 2022 Unaudited	Q2 2021 Unaudited	Half Year 1H 2022 Unaudited	1H 2021 Unaudited
Net loss	**(66.5)**	(39.6)	**(68.1)**	(66.4)
Items that may be reclassified to the income statement in subsequent periods:				
Net foreign currency translation (losses)/income	**(1.3)**	0.6	**(2.6)**	(0.4)
Items that will not be reclassified to the income statement in subsequent periods:				
Fair value adjustment on other financial assets	**–**	–	**–**	1.2
Other comprehensive (loss)/income	**(1.3)**	0.6	**(2.6)**	0.8
Total comprehensive loss	**(67.8)**	(39.0)	**(70.7)**	(65.6)

Seaway 7 ASA
Condensed Consolidated Balance Sheet

	30 Jun 2022 Unaudited	(Revised) 31 Dec 2021 Unaudited
Assets		
Non-current assets		
Goodwill[(a)]	**105.3**	105.3
Property, plant and equipment	**923.5**	929.6
Right-of-use assets	**12.5**	24.9
Deferred tax assets	**0.6**	0.6
	1,041.9	1,060.4
Current assets		
Inventories	**7.1**	5.9
Trade and other receivables	**218.4**	114.8
Derivative financial instruments	**11.7**	2.3
Construction contracts – assets	**112.6**	177.4
Other accrued income and prepaid expenses	**18.1**	3.9
Restricted cash	**–**	1.3
Cash and cash equivalents	**11.3**	22.0
	379.2	327.6
Total assets	**1,421.1**	1,388.0
Equity		
Issued share capital	**4.9**	4.9
Paid in surplus	**753.9**	753.9
Translation reserve	**(11.2)**	(8.6)
Other reserves	**53.9**	53.9
Retained earnings	**(7.9)**	60.2
Total equity	**793.6**	864.3
Liabilities		
Non-current liabilities		
Lease liabilities	**2.8**	6.0
Deferred tax liabilities	**1.3**	1.3
Provisions[(a)]	**38.2**	48.1
Derivative financial instruments	**9.1**	0.7
	51.4	56.1
Current liabilities		
Trade and other liabilities	**334.0**	275.5
Derivative financial instruments	**0.8**	1.0
Tax liabilities	**15.8**	4.6
Borrowings	**119.8**	101.2
Lease liabilities	**10.9**	20.4
Provisions[(a)]	**36.1**	23.3
Construction contracts – liabilities	**58.7**	41.6
	576.1	467.6
Total liabilities	**627.5**	523.7
Total equity and liabilities	**1,421.1**	1,388.0

(a) The 31 December 2021 balance includes the revised onerous contract provision as per the fair value exercise conducted in Q2 2022.

Seaway 7 ASA
Condensed Consolidated Statement of Changes in Equity
For the six months ended 30 June 2022

(in $ millions)	Issued share capital	Paid in surplus	Translation reserve	Other reserves	Retained earnings	Total
Balance at 1 January 2022	**4.9**	**753.9**	**(8.6)**	**53.9**	**60.2**	**864.3**
Comprehensive loss						
Net loss	–	–	–	–	(68.1)	(68.1)
Net foreign currency translation losses	–	–	(2.6)	–	–	(2.6)
Total comprehensive loss	**–**	**–**	**(2.6)**	**–**	**(68.1)**	**(70.7)**
Total transactions with owners	**–**	**–**	**–**	**–**	**–**	**–**
Balance at 30 June 2022	**4.9**	**753.9**	**(11.2)**	**53.9**	**(7.9)**	**793.6**

Seaway 7 ASA
Condensed Consolidated Statement of Changes in Equity
For the six months ended 30 June 2021

(in $ millions)	Issued share capital	Paid in surplus	Translation reserve	Other reserves	Retained earnings	Total
Balance at 1 January 2021	**1.3**	**58.5**	**(8.6)**	**405.4**	**121.5**	**578.1**
Comprehensive loss						
Net loss	–	–	–	–	(66.4)	(66.4)
Net foreign currency translation losses	–	–	(0.4)	–	–	(0.4)
Fair value adjustment of other financial assets	–	–	–	1.2	–	1.2
Total comprehensive (loss)/income	**–**	**–**	**(0.4)**	**1.2**	**(66.4)**	**(65.6)**
Transactions with owners						
Adjustments relating to reverse acquisition	–	–	–	31.4	–	31.4
Transfer on disposal of other financial assets	–	–	–	(1.2)	1.2	–
Total transactions with owners	**–**	**–**	**–**	**30.2**	**1.2**	**30.2**
Balance at 30 June 2021	**1.3**	**58.5**	**(9.0)**	**436.8**	**56.3**	**543.9**

Seaway 7 ASA

Condensed Consolidated Cash Flow Statement

(in $ millions)	Half Year 1H 2022 Unaudited	 1H 2021 Unaudited
Operating activities		
Loss before taxes	**(52.8)**	(56.3)
Adjustments for non-cash items:		
Depreciation and amortisation charges	**43.8**	27.1
Adjustments for investing and financing items:		
Gain on maturity of lease liabilities	**(0.2)**	–
Gain on disposal of property, plant and equipment	**(0.5)**	–
Finance costs	**0.5**	3.1
	(9.2)	(26.1)
Changes in working capital:		
Increase in inventories	**(1.2)**	(1.2)
Increase in trade and other receivables	**(123.6)**	(163.3)
Decrease/(increase) in construction contract – assets	**57.5**	(44.1)
(Increase)/decrease in other working capital assets	**(24.8)**	4.9
Increase in trade and other liabilities	**86.2**	256.6
Increase/(decrease) in construction contract – liabilities	**17.2**	(28.9)
Increase in other working capital liabilities	**11.3**	10.4
Net increase in working capital	**22.6**	34.4
Income taxes paid	**(4.9)**	(2.2)
Net cash generated from operating activities	**8.5**	6.1
Cash flows used in investing activities		
Purchases of property, plant and equipment	**(28.9)**	(5.2)
Proceeds from disposal of property, plant and equipment	**0.7**	–
Proceeds from sale of other financial assets	**–**	2.8
Net cash used in investing activities	**(28.2)**	(2.4)
Cash flows generated from/(used) in financing activities		
Interest paid	**(0.1)**	(2.2)
Repayment of external borrowings	**(37.0)**	–
Payments related to lease liabilities	**(10.6)**	(3.7)
Proceeds from borrowings from related party	**55.6**	–
Net cash generated from/(used in) financing activities	**7.9**	(5.9)
Net decrease in cash and cash equivalents	**(11.8)**	(2.2)
Cash and cash equivalents at beginning of year	**22.0**	7.7
Decrease in restricted cash	**1.3**	–
Effect of foreign exchange rate movements on cash and cash equivalents	**(0.2)**	–
Cash and cash equivalents at end of period	**11.3**	5.5

1. General information

Seaway 7 ASA is a company registered in Norway whose shares trade on the Oslo Stock Exchanges' marketplace, Euronext Growth. The address of the registered office is Askekroken 11, 0277 Oslo, Norway. The Condensed Consolidated Financial Statements were authorised for issue by the Board of Directors on 28 July 2022.

2. Basis of preparation

The Condensed Consolidated Financial Statements for the period from 1 January 2022 to 30 June 2022 for Seaway 7 ASA have been prepared on a going concern basis and in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting' as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU).

The Condensed Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements for the year ended 31 December 2021 which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The Condensed Consolidated Financial Statements are unaudited.

Agreement to combine the Subsea 7 S.A. Group's Renewables business unit with OHT ASA

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

During the second quarter of 2022, the Group identified adjustments to provisional amounts recognised in relation to the business combination. The adjustments were identified during the measurement period and related to facts and circumstances which existed at the date of combination. As a result, 2021 comparative information has been revised as if the accounting had been completed at the combination date. Further details are disclosed in Note 9, 'Goodwill'. As the amounts differ from the amounts in the 2021 financial statements on which the Group's auditor previously reported, the 31 December 2021 Condensed Consolidated Balance Sheet is shown as 'unaudited'.

Preparation of financial statements

The Consolidated Financial Statements of the Group are issued in the name of the legal parent, Seaway 7 ASA (formally OHT ASA). Results for the period from 1 January 2022 to 30 June 2022 represent those of Seaway 7 ASA and its subsidiaries. The Consolidated Financial Statements of Seaway 7 ASA are a continuation of the financial statements of the Subsea 7 S.A. Group's Renewables business unit with share capital retrospectively adjusted to reflect the share capital of the former OHT ASA Group, as legal acquirer.

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

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

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

Covid-19 pandemic

During the second quarter of 2022, management continued to monitor the operational and financial impacts to the Group of the Covid-19 pandemic and implement mitigating measures where appropriate.

3. Accounting policies

Basis of accounting

The accounting policies adopted in the preparation of the Condensed Consolidated Financial Statements are consistent with the Consolidated Financial Statements for the year ended 31 December 2021.

No new International Financial Reporting Standards (IFRSs) 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 a material impact on the Consolidated Financial Statements of the Group. Amendments to existing IFRSs, issued with an effective date of 1 January 2022 but not yet endorsed by the EU, will be adopted by the Group following their adoption by the EU.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies which are described in the Consolidated Financial Statements for the year ended 31 December 2021, management is required to make judgements, estimates and assumptions about 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 in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Management makes accounting judgements on the following aspects of the business as described in full in the Consolidated Financial Statements for the year ended 31 December 2021:

- Revenue recognition on long-term construction contracts
- Revenue recognition on variable consideration
- Goodwill carrying amount
- Property, plant and equipment and impairment assessment

- Recognition of provisions and disclosure of contingent liabilities
- Measurement of fair value adjustments in business combinations
- Measurement of onerous fixed-price contract provisions in business combinations
- Taxation

5. Seasonality

A significant portion of the Group's revenue is generated from work performed offshore. During certain periods of the year, the Group may be affected by adverse weather conditions such as hurricanes, tropical storms and rough seas, which may cause delays. In the Northern Hemisphere seasonally adverse weather occurs typically during the period from October to March, whereas in the Southern Hemisphere it typically occurs during the period from May to September. Depending on project execution this can affect the Group's offshore operations. Periods of adverse weather conditions usually result in low levels of activity.

6. Segment information

For management and reporting purposes, the Group has one reportable segment. The chief operating decision maker (CODM) reviews internal financial information for the Group as a single economic environment, operating predominately in the offshore renewables sector. Factors such as geographical areas or regulatory environments are not used by the CODM for determining resource allocation or for assessing performance.

For the second quarter the disaggregation of the Group's revenue from contracts with customers, all recognised over time, represents $256.4 million fixed-price (2021: $314.9 million) and $3.7 million day-rate (2021: $0.1 million).

For the period ended 30 June 2022 the disaggregation of the Group's revenue from contracts with customers, all recognised over time, represents $523.4 million fixed-price (2021: $556.2 million) and $3.8 million day-rate (2021: $0.2 million).

7. Earnings per share

Basic and diluted earnings per share

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

As a result of the business combination between Subsea 7 S.A. Group's Renewables business unit and OHT ASA qualifying as a reverse acquisition, the weighted average number of shares used in the calculation for the six-month period ended 30 June 2021 is based on 314,325,054 shares.

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

The net loss and share data used in the calculation of basic and diluted earnings/(loss) per share were as follows:

	Second Quarter		Half Year	
For the period (in $ millions)	**Q2 2022 Unaudited**	Q2 2021 Unaudited	**1H 2022 Unaudited**	1H 2021 Unaudited
Earnings used in the calculation of diluted loss per share	**(66.5)**	(39.6)	**(68.1)**	(66.4)
Weighted average number of common shares used in the calculation of basic and diluted loss per share	**436,562,575**	314,325,054	**436,562,575**	314,325,054

	Second Quarter		Half Year	
For the period (in $ per share)	**Q2 2022 Unaudited**	Q2 2021 Unaudited	**1H 2022 Unaudited**	1H 2021 Unaudited
Basic loss per share	**(0.15)**	(0.13)	**(0.16)**	(0.21)
Diluted loss per share	**(0.15)**	(0.13)	**(0.16)**	(0.21)

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

	Second Quarter		Half Year	
For the period (number of shares)	**Q2 2022 Unaudited**	Q2 2021 Unaudited	**1H 2022 Unaudited**	1H 2021 Unaudited
Performance shares	**1,018,935**	–	**1,018,935**	–

8. Adjusted EBITDA and Adjusted EBITDA margin

Adjusted earnings before interest, taxation, depreciation and amortisation (Adjusted EBITDA) is a non-IFRS measure that represents net income before additional specific items that are considered to impact the comparison of the Group's performance either period-on-period or with other businesses. The Group defines Adjusted EBITDA as net income adjusted to exclude depreciation and amortisation costs, including amortisation of prepaid mobilisation expenses, finance income, other gains and losses (including foreign exchange gains and losses, gains on disposal of subsidiaries and gains on distributions), finance costs and taxation. Adjusted EBITDA margin is defined as Adjusted EBITDA divided by revenue, expressed as a percentage.

The items excluded from Adjusted EBITDA represent items which are individually or collectively material, but which are not considered representative of the performance of the business during the periods presented. Other gains and losses principally relate to disposals of investments, property, plant and equipment and net foreign exchange gains or losses.

Adjusted EBITDA and Adjusted EBITDA margin are not recognised as a measurement of performance under IFRS as adopted by the EU. These measures exclude items that can have a significant effect on the Group's income or loss and therefore should not be considered as an alternative to, or more meaningful than, net income (as determined in accordance with IFRS) as a measure of the Group's operating results or cash flows from operations (as determined in accordance with IFRS) as a measure of the Group's liquidity.

Management believes that Adjusted EBITDA and Adjusted EBITDA margin are important indicators of the operational strength and the performance of the Group. These non-IFRS measures provide management with a meaningful comparative, as they eliminate the effects of financing, depreciation, amortisation, taxation and other gains and losses in the Consolidated Income Statement. Management believes that the presentation of Adjusted EBITDA is also useful as it is similar to measures used by companies within Seaway 7's peer group and therefore believes it to be a helpful calculation for those evaluating companies within Seaway 7's industry. Adjusted EBITDA margin may also be a useful ratio to compare performance to its competitors and is widely used by shareholders and analysts following the Group's performance. Notwithstanding the foregoing, Adjusted EBITDA and Adjusted EBITDA margin as presented by the Group may not be comparable to similarly titled measures reported by other companies.

Reconciliation of net operating loss to Adjusted EBITDA and Adjusted EBITDA margin:

	Second Quarter		Half Year	
For the period (in $ millions)	**Q2 2022 Unaudited**	Q2 2021 Unaudited	**1H 2022 Unaudited**	1H 2021 Unaudited
Net operating loss	**(37.5)**	(31.8)	**(45.1)**	(51.8)
Depreciation, amortisation and mobilisation	**21.8**	14.0	**43.8**	27.1
Adjusted EBITDA	**(15.7)**	(17.8)	**(1.3)**	(24.7)
Revenue	**260.1**	315.0	**527.2**	556.4
Adjusted EBITDA margin	**(6.0%)**	(5.7%)	**(0.2%)**	(4.4%)

Reconciliation of net loss to Adjusted EBITDA and Adjusted EBITDA margin:

	Second Quarter		Half Year	
For the period (in $ millions)	**Q2 2022 Unaudited**	Q2 2021 Unaudited	**1H 2022 Unaudited**	1H 2021 Unaudited
Net loss	**(66.5)**	(39.6)	**(68.1)**	(66.4)
Depreciation, amortisation and mobilisation	**21.8**	14.0	**43.8**	27.1
Other gains and losses	**8.1**	0.2	**7.2**	1.4
Finance costs	**0.2**	1.6	**0.5**	3.1
Taxation	**20.7**	6.0	**15.3**	10.1
Adjusted EBITDA	**(15.7)**	(17.8)	**(1.3)**	(24.7)
Revenue	**260.1**	315.0	**527.2**	556.4
Adjusted EBITDA margin	**(6.0%)**	(5.7%)	**(0.2%)**	(4.4%)

9. Goodwill

The movement in goodwill during the period was as follows:

	Half Year	
(in $ millions)	**(Revised) 1H 2022 Unaudited**	1H 2021 Unaudited
At year beginning and period end	**105.3**	–

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

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

10. Commitments and contingent liabilities

Commitments

At 30 June 2022, the Group had contractual commitments totalling $372.1 million, including commitments related to *Seaway Alfa Lift*, an offshore wind foundation installation vessel, and *Seaway Ventus*, an offshore wind turbine installation vessel.

Contingent liabilities not recognised in the Consolidated Balance Sheet

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

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

11. Fair value and financial instruments

The carrying values of the Group's financial assets and financial liabilities recorded at amortised cost in the Condensed Consolidated Financial Statements approximate their fair values.

Borrowings

The fair value of borrowings is determined by matching the maturity profile of the amounts utilised under the facility to market interest rates available to the Group for borrowings with similar security, maturity and repayment profiles. At 30 June 2022 interest charged under the facility is representative of market rates currently available to the Group and therefore the carrying amount approximates fair value.

Fair value measurements

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).

Recurring and non-recurring fair value measurements

Recurring fair value measurements are those that IFRS require at the end of each reporting period and non-recurring fair value measurements are those that IFRS require or permit in particular circumstances.

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

At (in $ millions)	**2022 30 Jun Level 1**	**2022 30 Jun Level 2**	**2022 30 Jun Level 3**	2021 31 Dec Level 1	2021 31 Dec Level 2	2021 31 Dec Level 3
Recurring fair value measurements						
Financial assets measured at fair value through profit or loss:						
Derivative financial instruments	**–**	**11.7**	**–**	–	2.3	–
Financial liabilities measured at fair value through profit or loss:						
Derivative financial instruments	**–**	**(9.9)**	**–**	–	(1.7)	–

During the period ended 30 June 2022 there were no transfers between levels of the fair value hierarchy. The Group accounts for transfers between levels of the fair value hierarchy from the date of the event or change in circumstance that caused the transfer.

Fair value techniques and inputs

Financial assets and liabilities mandatorily measured at fair value through profit or loss

The Group's financial assets and liabilities measured at fair value through profit or loss comprised:

- Forward foreign exchange contracts and embedded derivatives
  The fair value of outstanding forward foreign exchange contracts and embedded derivatives were calculated using quoted foreign exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

12. Related Party Transactions

Transactions with the Subsea 7 S.A. Group

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

The Group undertakes related party transactions, all of which were conducted on an arm's length basis.

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

Transactions with the Subsea 7 S.A. Group for the six months ended 30 June 2022

Purchases by the Group from companies ultimately controlled by Subsea 7 S.A. including vessel charters, equipment rental and associated services totalled $75.5 million for the six months ended 30 June 2022.

Revenue generated by the Group from companies ultimately controlled by Subsea 7 S.A. including vessel charters, equipment rental and associated services of $0.7 million was recognised for the six months ended 30 June 2022.

At 30 June 2022, the Group had outstanding balances payable to companies ultimately controlled by Subsea 7 S.A. of $167.1 million (31 December 2021: $153.1 million) and a short-term borrowing of $119.8 million (31 December 2021: $64.2 million).