Seaway 7 ASA Announces Third Quarter 2022 Results

Oslo – 17 November 2022 – Seaway 7 ASA (the Group or Seaway7) (Euronext Growth: SEAW7) announces today results for the third quarter 2022 which ended 30 September 2022.

Third quarter highlights

- Third quarter 2022 revenue at $374 million and adjusted EBITDA of $21 million.
- Completion of the Hollandse Kust Zuid foundations installation and the Formosa 2 project.
- Completion of the Seagreen foundation fabrication activities in China with the final 19 foundation jackets on their way to the UK.
- First monopile foundations installed on the Dogger Bank A&B project.
- Post quarter end, financing completed with $650 million committed funding provided by shareholders, banks and ultimate parent, Subsea 7 S.A.
- Order intake in the second quarter of $198 million resulting in backlog of $0.6 billion at third quarter end.
- Satisfactory progress with *Seaway Alfa Lift* and *Seaway Ventus* newbuild vessels.
- *Seaway Swan* added to the fleet. Seaway7 now operates 14 vessels with 12 active and 2 under construction.

	Third Quarter		Nine Months Ended	
For the period (in $ millions, except Adjusted EBITDA margin and per share data)	**Q3 2022 Unaudited**	Q3 2021 Unaudited	**30 Sep 2022 Unaudited**	30 Sep 2021 Unaudited
Revenue	**374**	377	**901**	934
Adjusted EBITDA[(a)]	**21**	19	**19**	(6)
Adjusted EBITDA margin[(a)]	**6%**	5%	**2%**	(1%)
Net operating (loss)/income	**(3)**	5	**(48)**	(47)
Net loss	**(8)**	(3)	**(76)**	(69)
Earnings per share – in $ per share - restated[(b)]				
Basic	**(0.02)**	(0.01)	**(0.15)**	(0.19)
Diluted[(b)]	**(0.02)**	(0.01)	**(0.15)**	(0.19)

At (in $ millions)	**30 Sep 2022 Unaudited**	30 Jun 2022 Unaudited
Backlog[(c)]	**598**	803
Book-to-bill ratio – year-to-date[(c)]	**0.4**	0.3
Cash and cash equivalents	**8**	11
Borrowings	**(195)**	(120)
Net debt excluding lease liabilities[(d)]	**(188)**	(109)
Net debt including lease liabilities[(d)]	**(233)**	(122)

(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) The weighted average number of shares utilised in the earnings per share calculation has been restated for each period presented following the rights issue undertaken by the Group. For further information and 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 year-to-date ended 30 June 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:

In the third quarter of 2022, Seaway7 delivered strong revenue of $374 million and a slightly improved EBITDA of $21 million. The Group completed the foundations installation of the Hollandse Kust Zuid project in the Netherlands in early September 2022 as well as the Formosa 2 project in Taiwan in mid-August 2022. Completion of both projects represents two significant milestones in our delivery for 2022.

Activity levels on the other projects in the portfolio were high in the third quarter with good progress on projects and offshore operations ongoing in UK and Europe. Cable lay activities in Taiwan remain challenging due to external factors hindering the progress of works, primarily from reduced client progress with foundation installation.

In respect of tenders during the quarter, the Group signed a sizeable contract for Moray West inner-array cables (UK) which has been recognised in backlog at quarter end.

Post quarter end, Seaway7 completed its financing arrangements, with committed funding from its shareholders, banks and ultimate parent, Subsea 7 S.A. thereby providing Seaway7 will a fully funded business plan. The financing funds the new build vessel programme of *Seaway Alfa Lift* and *Seaway Ventus* from the third quarter 2022 through to completion and supports the future anticipated working capital needs of the Group.

Third quarter operational review

The Seagreen project in the UK continued its good progress. Of the 114 foundation jackets, 95 foundation jackets have been delivered in the UK at the end of the third quarter 2022. Fabrication of the remaining foundation jackets has been completed in China and the last final transport vessel is currently offloading in Nigg (UK). Completion of fabrication activities on Seagreen is a major milestone for the project. The third quarter saw continued good progress with the installation of foundation jackets and inner array cables. By quarter end a total of 65 foundation jackets and 43 cables were installed.

The installation of foundations for the Dogger Bank A&B project in the UK has commenced in July 2022 with a third-party vessel, whilst the *Seaway Strashnov* started its mobilisation early September 2022 to continue the offshore operations in the fourth quarter of 2022. Due to *Seaway Alfa Lift's* delivery delay, *Seaway Strashnov* will be deployed on the project for a full 2023 campaign. The additional cost of the revised execution plan was recognised in the second quarter 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 has not affected the Adjusted EBITDA for 2022.

Seaway Strashnov continued its good run in July and August and completed the foundations on Hollandse Kust Zuid in the Netherlands in line with the revised schedule. With the completion of the foundations installation on this project, Seaway7 had successfully installed 113 monopiles on Dynamic positioning (DP), a first in the industry using this new installation method.

After two seasons of operations in Taiwan, *Seaway* Y*udin* completed offshore operations on the Formosa 2 project in the second half of August 2022.

Seaway Aimery and *Seaway Moxie* continued working on the Hollandse Kust Zuid project inner array cables installation in the third quarter. By the end of the quarter, Seaway7 installed 99 out of the 140 cables. *Seaway Phoenix* continued working on the Seagreen project, UK. *Maersk Connector* experienced delays during her operational activities for Seaway7's cable lay portfolio in Taiwan which was caused by external factors.

The heavy transportation vessels maintained high levels of utilisation in the third quarter despite *Seaway Falcon* being idle most of the quarter. The utilisation, in combination with the time charter equivalent rates on the other vessels, maintained a positive result for the heavy transportation vessels in the third quarter. The Group entered into a bareboat contract with United Faith, and has taken delivery of a new build vessel, MV *Xin Qun 3*, which was renamed "*Seaway Swan*". Seaway7 now operates six heavy transportation vessels with the new vessel further extending the Group's capacity to load larger and longer cargoes such as XXL monopiles, and modules that would typically need to be skidded on and off the vessel over the stern. In the third quarter, *Seaway Swan* had its first voyage transporting four large Ship-to-Ship cranes from their pick-up point in Asia to north Africa.

During the third quarter 2022, the utilisation of the active fleet was 90%, compared to 77% in the second quarter 2022.

For the newbuild foundation installation vessel, *Seaway Alfa Lift*, the repairs of the Liebherr crane A-frame continued in the third quarter and are expected to be complete late 2022, whilst the vessel is expected to sail to Europe in the first quarter 2023. The mission equipment for the upending and lowering of monopiles is still the critical path to the vessel's readiness for operations. Progress continues according to the revised planning communicated to the market in the second quarter 2022 earnings call update We expect to install the mission equipment on the vessel during the winter of 2023/2024, with first use on the Dogger Bank A&B project end of the first quarter 2024.

Seaway Ventus has moved into the next phase of construction with leg-fabrication and outfitting, the Gusto crane is progressing as planned and most of the equipment factory acceptance tests have been completed successfully. The vessel remains on course for delivery mid-2023 from the yard in China with current first committed project being end of the first quarter 2024.

Third quarter financial review

Third quarter revenue of $374 million was broadly flat year on year driven by generally high activity across the portfolio. The Adjusted EBITDA margin of 6% improved by 1% compared to the prior year period. After depreciation and amortisation of $24 million, the Group recorded a net operating loss of $3 million. Net loss for the quarter was $8 million, after a tax charge of $4 million.

During the quarter, net cash used in operating activities was $40 million, mainly driven by unfavourable movements in working capital. Capital expenditure was $33 million and related to milestone payments for *Seaway Alfa Lift* and *Seaway Ventus.* Net cash generated from financing activities of $69 million included receipt of a $75 million short-term loan from the Group's ultimate parent undertaking, Subsea 7 S.A., offset by $6 million payment of lease liabilities. Cash and cash equivalents were $8 million as at Q3 2022.

In the third quarter, the Group recognised new awards of $102 million and escalations of $96 million, resulting in a year-to-date book-to-bill ratio of 0.4. Backlog at 30 September 2022 was $0.6 billion, of which $166 million is expected to be executed during the remainder of 2022. Not included in the aforementioned backlog is preferred contractor positions and contract awards, which have been formally announced to the market, but remain subject to contract finalisation and/or client final investment decision.

Outlook

Forecasts for offshore fixed wind activities remain strong for the next decade with compounded annual growth rates of more than 15% predicted, which is driven by ever more pressing climate imperatives, and more recently, energy independence considerations.

Supported by favourable market conditions and challenging financial performance across a number of segments within the supply chain in recent years, the industry is now in the process of a move towards a more sustainable risk-reward balance and improved pricing levels. The Group is actively driving these commercial and risk profile improvements in its tendering and client engagements towards future business, and furthermore is able to be more selective on which projects to pursue to best match our assets and capabilities.

With tender levels remaining high, our confidence on activity levels and demand for Seaway7 services going forward is strong. Looking forward to 2023 Seaway7 anticipates reduced Revenues compared to 2022, but with a higher absolute and percentage EBITDA margin. Capex in 2023 is anticipated to be in the range of $310-330 million. Beyond 2023 Seaway7 expects material growth in EBITDA delivery from the business, driven by additional fleet capacity with both the *Seaway Alfa Lift* and *Seaway Ventus* operational, as well as work secured under strong market conditions, with improved contract and commercial terms.

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: 17 November 2022

Time: 14:30 CET

Please join the webcast through:
https://channel.royalcast.com/landingpage/hegnarmedia/20221117_3/

The webcast will also be available through Seaway7 website
https://www.seaway7.com/investors/results-reports-publications/

Conference call details

Participant Passcode (for all countries):	447972

Participants dial-in numbers:

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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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Third Quarter 2022

Revenue
Revenue for the third quarter was $374 million, a decrease of $3 million or 1% compared to Q3 2021 and was mainly driven by lower activity on the Seagreen project in the UK and reduced progress on the cable lay portfolio in Taiwan.

Adjusted EBITDA
Adjusted EBITDA and Adjusted EBITDA margin were $21 million and 6% respectively for the quarter, compared to an Adjusted EBITDA of $19 million and Adjusted EBITDA margin of 5% in Q3 2021.

Net operating income
Net operating loss for the quarter was $3 million, compared to $5 million income in Q3 2021. The year-on-year deterioration in net operating income was driven by lower activity for the Seagreen project in the UK and reduced progress on the cable lay portfolio in Taiwan.

Net income
Net loss was $8 million in the quarter, compared to a net loss of $3 million in Q3 2021.

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

- increase in net operating loss of $8 million
- increase in tax cost of $3 million

partly offset by:

- favourable increase in other gains and losses of $5 million.

Earnings per share
Diluted loss per share was $0.02 in Q3 2022 compared to a diluted loss per share of $0.01 in Q3 2021, calculated using a weighted average number of shares of 498 million and 358 million respectively.

Cash and cash equivalents
Cash and cash equivalents were $8 million at 30 September 2022. The movement of $4 million in cash and cash equivalents during the quarter was mainly attributable to:

- net cash used in operating activities of $40 million, which included unfavourable movements of $54 million in net working capital
- net cash used in investing activities of $33 million, as a result of purchases of property, plant and equipment of $33 million; and
- net cash generated from financing activities of $69 million, which included receipt of a $75 million short-term loan from the Group's ultimate parent undertaking, Subsea 7 S.A., offset by $6 million payment of lease liabilities.

Borrowings and lease liabilities, net debt and liquidity
At 30 September 2022, the Group has access to funding from its ultimate parent undertaking, the Subsea 7 S.A., by means of an unsecured working capital facility agreement of which $195 million was drawn at 30 September 2022.

At 30 September 2022, lease liabilities were $46 million, an increase of $32 million compared to 30 June 2022 mainly related to the long-term lease for *Seaway Swan*.

Nine months ended 30 September 2022

Revenue
Revenue for the first nine months was $901 million, a decrease of $32 million or 3% compared to the first nine months of 2021 and was mainly driven by lower activity on 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.'s Renewables business unit on 1 October 2021.

Adjusted EBITDA
Adjusted EBITDA and Adjusted EBITDA margin for the nine months ended 30 September 2022 were $19 million and 2% respectively, compared to a negative Adjusted EBITDA of $6 million and Adjusted EBITDA margin of 1% for the nine months ended 30 September 2021.

Net operating income
Net operating loss for the nine months ended 30 September 2022 was $48 million, compared to a net operating loss of $47 million for the nine months ended 30 September 2021.

Net income
Net loss was $76 million in the nine months ended 30 September 2022, compared to a net loss of $69 million in the nine months ended 30 September 2021.

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

- increase in tax cost of $8 million
- unfavourable increase in other gains and losses of $1 million
- increase in net operating losses of $1 million

partly offset by:

- decrease in finance cost of $3 million.

Earnings per share

Diluted loss per share was $0.15 for the nine months ended 30 September 2022 compared to a diluted loss per share of $0.19 for the nine months ended 30 September 2021, calculated using a weighted average number of shares of 498 million and 358 million respectively.

Cash and cash equivalents

Cash and cash equivalents were $8 million at 30 September 2022. The movement in cash and cash equivalents during the nine months ended 30 September 2022 was mainly attributable to:

- net cash used in operating activities was $31 million, which included unfavourable movements of $31 million in net working capital
- net cash used in investing activities of $61 million, as a result of purchases of property, plant and equipment of $62 million; and
- net cash generated from financing activities of $77 million, which included receipt of a $131 million short-term loan from the Group's ultimate parent undertaking, Subsea 7 S.A., partly offset by repayment in full of the Seaway 7 ASA Revolving Credit Facility of $37 million and $17 million payment of lease liabilities.

Borrowings and lease liabilities, net debt and liquidity

At 30 September 2022, the Group has access to funding from its ultimate parent undertaking, the Subsea 7 S.A., by means of an unsecured working capital facility agreement of which $195 million was drawn at 30 September 2022.

At 30 September 2022, lease liabilities were $46 million, an increase of $20 million compared to 31 December 2021 mainly related to the long-term lease for *Seaway Swan*.

Operational Highlights

Third Quarter 2022

Revenue was $374 million in Q3 2022 compared to $377 million in Q3 2021. Net operating loss was $3 million in Q3 2022 compared to a $5 million income in Q3 2021. The movement was mainly driven by lower activity on the Seagreen project and reduced progress on the cable lay portfolio in Taiwan compared to the prior year period.

Vessel utilisation for the third quarter was 90% compared with 99% for Q3 2021. This is mainly driven by the business combination as Q3 2021 does not reflect the utilisation of the heavy transportation vessels.

At 30 September 2022 there were 14 vessels in the Group's fleet, comprising 12 active vessels and 2 vessels under construction.

Nine months ended 30 September 2022

Revenue was $901 million in the nine months ended 30 September 2022 compared to $934 million in the nine months ended 30 September 2021. The decrease in revenue was mainly driven by lower activity on the Seagreen project and reduced progress in Taiwan compared to the prior year period, partly offset by increased revenue related to offshore heavy transport services following the business combination between OHT ASA and the Subsea 7 S.A.'s Renewables business unit on 1 October 2021. Net operating loss was $48 million in the nine months ended 30 September 2022 compared to a $47 million loss for the nine months ended 30 September 2021. Seaway7 incurred a tax charge of $20 million for the nine months ended 30 September 2022 while sustaining a loss before tax of $56 million for the same period. This tax charge relates to taxes on profits made in certain countries while the losses incurred in other countries are not available to reduce the consolidated tax charge.

Vessel utilisation for the nine months ended 30 September 2022 was 78% compared with 61% for the nine months ended 30 September 2021. This is mainly driven by the business combination as the first nine months of 2021 do not reflect the heavy transportation vessels.

At 30 September 2022 there were 14 vessels in the Group's fleet, comprising 12 active vessels and 2 vessels under construction.

Backlog

At 30 September 2022 backlog was $0.6 billion, compared to $0.8 billion at 30 June 2022. New awards totalling $102 million were recorded in the quarter and $96 million of escalations. Unfavourable foreign exchange movements of approximately $29 million were recognised in the backlog calculation during the quarter.

$166 million of the backlog is expected to be executed in 2022 and $432 million in 2023 and thereafter.

Seaway 7 ASA
Condensed Consolidated Income Statement

(in $ millions)	Third Quarter Q3 2022 Unaudited	Q3 2021 Unaudited	Nine Months Ended 30 Sep 2022 Unaudited	30 Sep 2021 Unaudited
Revenue	**374.2**	377.2	**901.4**	933.6
Operating expenses	**(368.1)**	(367.3)	**(921.3)**	(963.5)
Gross profit/(loss)	**6.1**	9.9	**(19.9)**	(29.9)
Administrative expenses	**(9.4)**	(5.1)	**(28.5)**	(17.1)
Net operating (loss)/income	**(3.3)**	4.8	**(48.4)**	(47.0)
Other gains and losses	**0.6**	(4.6)	**(6.6)**	(6.0)
Finance costs	**(0.7)**	(1.4)	**(1.2)**	(4.5)
Loss before taxes	**(3.4)**	(1.2)	**(56.2)**	(57.5)
Taxation	**(4.4)**	(1.4)	**(19.7)**	(11.5)
Net loss	**(7.8)**	(2.6)	**(75.9)**	(69.0)

Earnings per share – restated[(a)]	**$ per share**	$ per share	**$ per share**	$ per share
Basic	**(0.02)**	(0.01)	**(0.15)**	(0.19)
Diluted[(a)]	**(0.02)**	(0.01)	**(0.15)**	(0.19)

(a) The weighted average number of shares utilised in the earnings per share calculation has been restated for each period presented following the rights issue undertaken by the Group. For further information and 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)	Third Quarter Q3 2022 Unaudited	Q3 2021 Unaudited	Nine Months Ended 30 Sep 2022 Unaudited	30 Sep 2021 Unaudited
Net loss	**(7.8)**	(2.6)	**(75.9)**	(69.0)
Items that may be reclassified to the income statement in subsequent periods:				
Net foreign currency translation losses	**(2.4)**	(0.3)	**(5.0)**	(0.7)
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	**(2.4)**	(0.3)	**(5.0)**	0.5
Total comprehensive loss	**(10.2)**	(2.9)	**(80.9)**	(68.5)

Seaway 7 ASA

Condensed Consolidated Balance Sheet

	30 Sep 2022 Unaudited	(Revised) 31 Dec 2021 Unaudited
Assets		
Non-current assets		
Goodwill[(a)]	**105.3**	105.3
Property, plant and equipment	**942.2**	929.6
Right-of-use assets	**43.9**	24.9
Derivative financial instruments	**0.1**	–
Deferred tax assets	**0.6**	0.6
	1,092.1	1,060.4
Current assets		
Inventories	**11.7**	5.9
Trade and other receivables	**116.4**	114.8
Derivative financial instruments	**14.4**	2.3
Construction contracts – assets	**125.4**	177.4
Other accrued income and prepaid expenses	**12.7**	3.9
Restricted cash	**–**	1.3
Cash and cash equivalents	**7.5**	22.0
	288.1	327.6
Total assets	**1,380.2**	1,388.0
Equity		
Issued share capital	**4.9**	4.9
Paid in surplus	**753.9**	753.9
Translation reserve	**(13.6)**	(8.6)
Other reserves	**53.9**	53.9
Retained earnings	**(15.3)**	60.2
Total equity	**783.8**	864.3
Liabilities		
Non-current liabilities		
Lease liabilities	**34.3**	6.0
Deferred tax liabilities	**1.4**	1.3
Provisions[(a)]	**21.3**	48.1
Derivative financial instruments	**18.6**	0.7
	75.6	56.1
Current liabilities		
Trade and other liabilities	**184.8**	275.5
Derivative financial instruments	**1.2**	1.0
Tax liabilities	**17.6**	4.6
Borrowings	**195.0**	101.2
Lease liabilities	**11.6**	20.4
Provisions[(a)]	**33.6**	23.3
Construction contracts – liabilities	**77.0**	41.6
	520.8	467.6
Total liabilities	**596.4**	523.7
Total equity and liabilities	**1,380.2**	1,388.0

(a) Comparative information has been revised for adjustments to provisional amounts recognised in relation to the business combination entered into during 2021. Further details are disclosed in Note 9, 'Goodwill'.

Seaway 7 ASA

Condensed Consolidated Statement of Changes in Equity

For the nine months ended 30 September 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	–	–	–	–	(75.9)	(75.9)
Net foreign currency translation losses	–	–	(5.0)	–	–	(5.0)
Total comprehensive loss	**–**	**–**	**(5.0)**	**–**	**(75.9)**	**(80.9)**
Transactions with owners						
Share-based Payments	–	–	–	–	0.4	0.4
Total transactions with owners	**–**	**–**	**–**	**–**	**0.4**	**0.4**
Balance at 30 September 2022	**4.9**	**753.9**	**(13.6)**	**53.9**	**(15.3)**	**783.8**

Seaway 7 ASA

Condensed Consolidated Statement of Changes in Equity

For the nine months ended 30 September 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	–	–	–	–	(69.0)	(69.0)
Net foreign currency translation losses	–	–	(0.7)	–	–	(0.7)
Fair value adjustment of other financial assets	–	–	–	1.2	–	1.2
Total comprehensive (loss)/income	**–**	**–**	**(0.7)**	**1.2**	**(69.0)**	**(68.5)**
Transactions with owners						
Adjustments relating to reverse acquisition	–	–	–	195.9	–	195.9
Transfer on disposal of other financial assets	–	–	–	(1.2)	1.2	–
Total transactions with owners	**–**	**–**	**–**	**194.7**	**1.2**	**195.9**
Balance at 30 September 2021	**1.3**	**58.5**	**(9.3)**	**601.3**	**53.7**	**705.5**

Seaway 7 ASA
Condensed Consolidated Cash Flow Statement

(in $ millions)	Nine Months Ended 30 Sep 2022 Unaudited	30 Sep 2021 Unaudited
Operating activities		
Loss before taxes	**(56.2)**	(57.5)
Adjustments for non-cash items:		
Depreciation and amortisation charges	**67.7**	41.4
Adjustments for investing and financing items:		
Gain on maturity of lease liabilities	**(0.2)**	–
Gain on disposal of property, plant and equipment	**(0.6)**	(0.1)
Finance costs	**1.2**	4.5
Adjustments for equity items:		
Share-based payments	**0.4**	–
	12.3	(11.7)
Changes in working capital:		
Increase in inventories	**(5.8)**	(0.6)
(Increase)/decrease in trade and other receivables	**(0.6)**	20.2
Decrease/(increase) in construction contract – assets	**36.8**	(124.9)
(Increase)/decrease in other working capital assets	**(24.1)**	4.0
(Decrease)/increase in trade and other liabilities	**(76.2)**	167.5
Increase/(decrease) in construction contract – liabilities	**36.6**	(29.7)
Increase in other working capital liabilities	**2.0**	7.4
Net (increase)/decrease in working capital	**(31.3)**	43.9
Income taxes paid	**(12.2)**	(4.3)
Net cash (used in)/generated from operating activities	**(31.2)**	27.9
Cash flows used in investing activities		
Purchases of property, plant and equipment	**(61.5)**	(23.4)
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	**(60.8)**	(20.6)
Cash flows generated from/(used in) financing activities		
Interest paid	**(0.1)**	(3.6)
Repayment of external borrowings	**(37.0)**	–
Payments related to lease liabilities	**(16.8)**	(5.5)
Proceeds from borrowings from related party	**130.8**	–
Net cash generated from/(used in) financing activities	**76.9**	(9.1)
Net decrease in cash and cash equivalents	**(15.1)**	(1.8)
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	**(0.7)**	(0.1)
Cash and cash equivalents at end of period	**7.5**	5.8

Notes to the Condensed Consolidated Financial Statements

1. General information

Seaway 7 ASA is a company registered in Norway whose shares trade on the Oslo Stock Exchanges' marketplace, Euronext Growth. 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 16 November 2022.

2. Basis of preparation

The Condensed Consolidated Financial Statements for the period from 1 January 2022 to 30 September 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.'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.'s Renewables business unit (consisting of the Subsea 7 S.A.'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.'s Renewables business unit.

During the nine months ended 30 September 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 September 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.'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.'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.'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 third 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), the Chief Executive Officer of the Group, 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 third quarter the disaggregation of the Group's revenue from contracts with customers, all recognised over time, represents $354.4 million fixed-price (2021: $377.2 million) and $19.8 million day-rate (2021: nil).

For the period ended 30 September 2022 the disaggregation of the Group's revenue from contracts with customers, all recognised over time, represents $877.9 million fixed-price (2021: $933.4 million) and $23.5 million day-rate (2021: $0.2 million).

7. Earnings per share

Basic and diluted earnings per share

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

On 4 November 2022, approximately $200 million was raised by a rights issue fully underwritten by the Group's three largest shareholders. As the shares were issued at a discount to market, a bonus fraction has been applied to the previously presented weighted average number of shares used in the calculation of basic and diluted earnings per share. In accordance with IAS 10 'Events after the Reporting Period', this represented an adjusting event with the bonus fraction shares treated as having been in issue for all periods presented. Further details are disclosed in Note 13 'Events after the reporting period'.

As a result of the business combination between Subsea 7 S.A.'s Renewables business unit and OHT ASA qualifying as a reverse acquisition, the weighted average number of shares used in the calculation for the nine month period ended 30 September 2021 is based on 314,325,054 shares. This amount has subsequently been adjusted for the rights issue as described in the paragraph above.

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:

	Third Quarter		Nine Months Ended	
For the period (in $ millions)	**Q3 2022 Unaudited**	Q3 2021 Unaudited	**30 Sep 2022 Unaudited**	30 Sep 2021 Unaudited
Earnings used in the calculation of diluted loss per share	**(7.8)**	(2.6)	**(75.9)**	(69.0)
		Restated		Restated
Weighted average number of common shares used in the calculation of basic and diluted loss per share	**497,762,936**	358,389,314	**497,762,936**	358,389,314

	Third Quarter		Nine Months Ended	
For the period (in $ per share)	**Q3 2022 Unaudited**	Q3 2021 Unaudited Restated	**30 Sep 2022 Unaudited**	30 Sep 2021 Unaudited Restated
Basic loss per share	**(0.02)**	(0.01)	**(0.15)**	(0.19)
Diluted loss per share	**(0.02)**	(0.01)	**(0.15)**	(0.19)

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:

	Third Quarter		Nine Months Ended	
For the period (number of shares)	**Q3 2022 Unaudited**	Q3 2021 Unaudited	**30 Sep 2022 Unaudited**	30 Sep 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/(loss) 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 Seaway7's peer group and therefore believes it to be a helpful calculation for those evaluating companies within Seaway7'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)/income to Adjusted EBITDA and Adjusted EBITDA margin:

	Third Quarter		Nine Months Ended	
For the period (in $ millions)	**Q3 2022 Unaudited**	Q3 2021 Unaudited	**30 Sep 2022 Unaudited**	30 Sep 2021 Unaudited
Net operating (loss)/income	**(3.3)**	4.8	**(48.4)**	(47.0)
Depreciation, amortisation and mobilisation	**23.9**	14.3	**67.7**	41.4
Adjusted EBITDA	**20.6**	19.1	**19.3**	(5.6)
Revenue	**374.2**	377.2	**901.4**	933.6
Adjusted EBITDA margin	**5.5%**	5.1%	**2.1%**	(0.6%)

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

	Third Quarter		Nine Months Ended	
For the period (in $ millions)	**Q3 2022 Unaudited**	Q3 2021 Unaudited	**30 Sep 2022 Unaudited**	30 Sep 2021 Unaudited
Net loss	**(7.8)**	(2.6)	**(75.9)**	(69.0)
Depreciation, amortisation and mobilisation	**23.9**	14.3	**67.7**	41.4
Other gains and losses	**(0.6)**	4.6	**6.6**	6.0
Finance costs	**0.7**	1.4	**1.2**	4.5
Taxation	**4.4**	1.4	**19.7**	11.5
Adjusted EBITDA	**20.6**	19.1	**19.3**	(5.6)
Revenue	**374.2**	377.2	**901.4**	933.6
Adjusted EBITDA margin	**5.5%**	5.1%	**2.1%**	(0.6%)

9. Goodwill

The movement in goodwill during the period was as follows:

	Nine Months Ended	
	(Revised)	
(in $ millions)	**30 Sep 2022 Unaudited**	30 Sep 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 nine months ended 30 September 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 September 2022, the Group had contractual commitments totalling $344.0 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 September 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 Sep Level 1**	**2022 30 Sep Level 2**	**2022 30 Sep 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	**–**	**14.5**	**–**	–	2.3	–
Financial liabilities measured at fair value through profit or loss:						
Derivative financial instruments	**–**	**(19.8)**	**–**	–	(1.7)	–

During the period ended 30 September 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.'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.'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 Subsea 7 S.A. The Group's results for the third quarter and nine months ended 30 September 2022 are recognised within the Subsea 7 S.A.'s Condensed Consolidated Financial Statements.

Transactions with the Subsea 7 S.A. Group for the nine months ended 30 September 2022

Purchases by the Group from companies ultimately controlled by Subsea 7 S.A. including vessel charters, equipment rental and associated services totalled $130.0 million for the nine months ended 30 September 2022.

Revenue generated by the Group from companies ultimately controlled by Subsea 7 S.A. including vessel charters, equipment rental and associated services of $1.3 million was recognised for the nine months ended 30 September 2022.

At 30 September 2022, the Group had outstanding balances payable to companies ultimately controlled by Subsea 7 S.A. of $40.0 million (31 December 2021: $153.1 million) and a short-term borrowing of $195.0 million (31 December 2021: $64.2 million).

13. Events after the Reporting Period

Issuance of new equity and debt

On 9 September 2022, the Group announced an intention to raise $650 million through the issuance of new equity and debt.

Following approval by Seaway 7 ASA's shareholders at an extraordinary general meeting (EGM) held on 6 October 2022, approximately $200 million was raised on 4 November 2022 by a rights issue fully underwritten by the Group's three largest shareholders.

Following completion of the rights issue, $300 million of Subsea7's $700 million multi-currency revolving credit and guarantee facility, has been committed to Seaway 7 ASA. In addition, Subsea7 has provided a committed $150 million shareholder revolving credit facility. The Group expects that this bridge finance facility will be replaced by alternative core debt financing prior to being drawn down.