

# Subsea 7 S.A. Financial Statements and Report of the Réviseur D'entreprises Agréé for year ended 31 December 2022

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# Report of the Réviseur d'Entreprises Agréé

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

## Report on the audit of the financial statements

### Opinion

We have audited the Financial Statements of Subsea 7 S.A. (the "Company"), included in page 155 to page 162, which comprise the Balance Sheet as at 31 December 2022, the Profit and Loss account, and the notes to the financial statements for the year then ended, including a summary of significant accounting policies.

In our opinion, the accompanying Financial Statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

### Basis for opinion

We conducted our audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "réviseur d'entreprises agréé" for the audit of the Financial Statements" section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the Financial Statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Report of the Réviseur d'Entreprises Agréé continued

### Key audit matters

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

<b>Key audit matter:</b>	<b>Impairment of investments in affiliated undertakings</b>
<b>Description of key audit matter:</b>	<p>Subsea 7 S.A., as ultimate parent of the Group, holds shares in affiliated undertakings Acergy Holdings (Gibraltar) Limited, Subsea 7 International Holdings (UK) Limited and Subsea 7 (UK Service Company) Limited amounting to an aggregate of \$1,702.1 million at 31 December 2022 as disclosed in Note 3 to the Annual Accounts, inclusive of a reversal of a value adjustment thereon of \$11.8 million recognised during the year.</p> <p>As stated in Note 2 to the Annual Accounts, the Company performs an annual review of the carrying amounts of individual investments with any resulting impairments or impairment reversals reflected in the Profit and Loss account in the relevant period.</p> <p>If an impairment indicator is identified, the estimated recoverable amount of the investment is prepared. The estimated recoverable amount is calculated as the higher of the value-in-use or fair value less costs to sell. The outcome of the impairment review could vary significantly if different assumptions were applied in the valuation model. The key factors are:</p> <ul style="list-style-type: none"> <li>• the future Adjusted EBITDA assumptions taken from the Group's most recent budgets and plans for the next five years (the "Plan");</li> <li>• the long-term growth rate used beyond the period covered by the Plan;</li> <li>• the pre-tax discount rate applied to future cash flows.</li> </ul> <p>Impairment of shares in affiliated undertakings is considered a key audit matter because of the significant judgement involved regarding the assessment of their recoverable amount.</p>
<b>Our response:</b>	<p>Our audit procedures in relation to the valuation of the investments in affiliated undertakings included, among others:</p> <p>We assessed management's impairment testing by obtaining the supporting model and assessing the methodology and key assumptions made:</p> <ul style="list-style-type: none"> <li>• Future Adjusted EBITDA forecasts – we evaluated management's Adjusted EBITDA forecasts and tested the underlying values used in the calculations by comparing management's forecast to the latest management approved five-year plan. We assessed actual performance in the year against the prior year budgets to evaluate historical forecasting accuracy;</li> <li>• Long-term growth rate – we compared the rates applied by management to available externally developed rates;</li> <li>• Pre-tax discount rates – we involved our valuations specialists in our evaluation of the discount rate to consider the appropriateness of the rates used; and</li> <li>• Net assets – we agreed the net assets to the financial records of the respective companies.</li> </ul> <p>We compared the carrying amount of the investments to their recoverable amount in order to assess whether an impairment or reversal of previously recognised impairment exists.</p> <p>We assessed the adequacy and appropriateness of the disclosures in Note 2 and Note 3 of the Annual Accounts.</p>

### Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Management Report on page 71 and the accompanying Corporate Governance Statement from pages 43 to 63 but does not include the Financial Statements and our report of "réviseur d'entreprises agréé" thereon.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

The Board of Directors is responsible for the preparation and fair presentation of the Financial Statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the Financial Statements, and for such internal control as the Board of Directors determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

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

In preparing the Financial Statements, the Board of Directors is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

## Responsibilities of the “réviseur d’entreprises agréé” for the audit of the Financial Statements

The objectives of our audit are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the “réviseur d’entreprises agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with the ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the “réviseur d’entreprises agréé” to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the “réviseur d’entreprises agréé”. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Assess whether the Financial Statements have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

## Report of the Réviseur d'Entreprises Agréé continued

### Report on other legal and regulatory requirements

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

The Management Report on page 71 is consistent with the Financial Statements and has been prepared in accordance with applicable legal requirements.

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

We have checked the compliance of the Financial Statements of the Company as at 31 December 2022 with relevant statutory requirements set out in the ESEF Regulation that are applicable to the Financial Statements. For the Company, it relates to Financial Statements prepared in valid xHTML format.

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

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

#### **Ernst & Young**

Société anonyme  
Cabinet de révision agréé

#### **Alban Aubrée**

Luxembourg, 2 March 2023

# Subsea 7 S.A. Balance Sheet

At (\$ in millions)	Notes	2022 31 Dec	2021 31 Dec
<b>Assets</b>			
<b>Fixed assets</b>			
Financial assets			
Shares in affiliated undertakings	3	1,702.1	1,690.3
<b>Current assets</b>			
Other debtors			
becoming due and payable within one year		0.3	–
Investments			
Own shares	6	75.0	29.9
Cash at bank and in hand			
		–	–
Prepayments			
		0.3	0.4
<b>Total assets</b>		<b>1,777.7</b>	1,720.6
<b>Capital, reserves and liabilities</b>			
<b>Capital and reserves</b>			
Subscribed capital			
	4	600.0	600.0
Share premium account			
	4	688.5	733.6
Reserves			
Legal reserve	4, 5	60.0	60.0
Reserve for own shares	4, 6	75.0	29.9
Profit brought forward			
	4	91.6	108.8
Profit for the financial year			
	4	7.7	16.3
<b>Total capital and reserves</b>		<b>1,522.8</b>	1,548.6
<b>Creditors</b>			
Amounts owed to affiliated undertakings			
becoming due and payable within one year	7	254.0	171.2
Other creditors			
Tax authorities		–	0.1
Other creditors			
becoming due and payable within one year		0.9	0.7
<b>Total liabilities</b>		<b>254.9</b>	172.0
<b>Total capital, reserves and liabilities</b>		<b>1,777.7</b>	1,720.6

The accompanying notes on pages 157 to 162 form an integral part of the Financial Statements for Subsea 7 S.A.

# Subsea 7 S.A. Profit and Loss Account

For the year ended (\$ in millions)	Notes	2022 31 Dec	2021 31 Dec
Other operating income	8	41.3	37.4
Raw materials and consumables and other external expenses			
Other external expenses	10	(1.3)	(1.6)
Staff costs			
Wages and salaries		(0.1)	(0.1)
Other operating expenses	11	(33.6)	(21.5)
Other interest receivable and similar income			
derived from affiliated undertakings	13	0.1	0.3
other interest and similar income		1.9	–
Value adjustments			
in respect of financial assets and of investments held as current assets	3, 6	10.9	9.1
Interest payable and similar expenses			
concerning affiliated undertakings	7	(11.7)	(4.6)
other interest and similar expenses		–	(2.5)
Other taxes		0.2	(0.2)
<b>Profit for the financial year</b>		<b>7.7</b>	<b>16.3</b>

The accompanying notes on pages 157 to 162 form an integral part of the Financial Statements for Subsea 7 S.A.

# Notes to the Financial Statements

## 1. Organisation

Subsea 7 S.A. (the Company) is a holding company which was incorporated under the laws of Luxembourg on 10 March 1993. The Company has been incorporated for an unlimited period of time. The Subsea 7 S.A. Group (the Group) consists of Subsea 7 S.A. and its affiliated undertakings at 31 December 2022.

The objects of the Company are to invest in affiliated undertakings which provide subsea construction, maintenance, inspection, survey and engineering services, predominantly for the offshore oil and gas, renewable energy, heavy lifting and related industries. More generally, the Company is authorised to participate in any manner in all commercial, industrial, financial and other enterprises of Luxembourg or foreign nationality through the acquisition by participation, subscription, purchase, option or any other means of all shares, stocks, debentures, bonds or securities; and the acquisition of patents and licences it will administer and exploit. The Company is authorised to lend or borrow with or without security, provided that any monies so borrowed may only be used for the purpose of the Company, or companies which are affiliated undertakings of or associated with the Company; in general it is authorised to undertake any operations directly or indirectly connected with these objects.

The Company also prepares Consolidated Financial Statements in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the European Union; these are shown on pages 80 to 142 and are also available at the registered office of the Company or on [www.subsea7.com](http://www.subsea7.com).

## 2. Significant accounting policies

The Financial Statements were prepared in accordance with Luxembourg legal and regulatory requirements. Accounting policies and valuation rules are, besides the ones laid down by the law of 19 December 2002 as amended, determined and applied by the Board of Directors of the Company. The Company maintains its accounting records and presents its Financial Statements in US Dollars (\$). Significant accounting policies are as follows:

### 2.1 Financial assets

Shares in affiliated undertakings are stated at cost less any accumulated impairment in value. An annual review of the carrying amount is performed on an individual investment basis with resulting impairments or reversals of impairment reflected in the Profit and Loss account in the relevant period. Earnings in investee companies are recognised when, and to the extent that, dividends are received from affiliated undertakings and participating interests.

### 2.2 Own shares

Own shares are initially measured at acquisition cost and recognised as an asset with a corresponding non-distributable reserve created from share premium. Own shares are subsequently remeasured at the lower of cost or market value using the FIFO (First In First Out) method. They are subject to value adjustments where their recovery is compromised. These value adjustments are reversed when the reasons for which the value adjustments were made have ceased to apply.

### 2.3 Translation of foreign currencies

The Company maintains its accounts in US Dollars; this is the currency in which its capital is expressed and the Financial Statements are prepared. Amounts in foreign currencies are translated into US Dollars on the following basis:

- formation expenses, the cost of acquisition of intangible, tangible and financial fixed assets denominated in a currency other than US Dollars are translated at historical exchange rates;
- all other assets denominated in a currency other than US Dollars are valued individually at the lower of their values translated into US Dollars at their historical exchange rate or exchange rate prevailing at the balance sheet date;
- all liabilities denominated in a currency other than US Dollars are valued individually at the higher of their values translated at historical exchange rate or exchange rate prevailing at the balance sheet date; and
- revenue and expenses denominated in a currency other than US Dollars are translated into US Dollars at the exchange rates applicable on the day on which they are collected or disbursed.

Only realised foreign exchange gains and losses and unrealised foreign exchange losses are recognised in the Profit and Loss account.

### 2.4 Share-based payments

Awards made under the Group's Long Term Incentive Plans, in the form of equity-settled share-based payments, are satisfied by the Company on behalf of its affiliated undertakings. The costs associated with these awards are recognised on the date of issuance to the employees and recorded in the Profit and Loss account as an adjustment to the value of own shares.

### 2.5 Parent company guarantees

The Company issues parent company guarantees (PCGs) to third parties on behalf of its direct and indirect affiliated undertakings where requested. The Company receives a fee in respect of the PCGs issued, which is recorded as other operating income within the Profit and Loss account. This income is recognised on a straight-line basis over the period of the guarantee.

### 2.6 Interest payable and receivable

Amounts owed to and owed by affiliated undertakings bear interest at commercial rates.

### 2.7 Other debtors

Other debtors are recognised initially at nominal amount. Provision for value adjustment is made when there is objective evidence that the Company may not be able to collect all of the amounts due. Bad debts are written off where necessary.

### 2.8 Amounts owed to affiliated undertakings and other creditors

Amounts owed to affiliated undertakings and other creditors are stated at nominal amount.



## Notes to the Financial Statements continued

### 3. Financial assets

(\$ in millions)	Shares in affiliated undertakings
<b>Cost</b>	
At 31 December 2021	3,386.9
<b>At 31 December 2022</b>	<b>3,386.9</b>
<b>Accumulated value adjustments</b>	
At 31 December 2021	(1,696.6)
Reversal of value adjustments for the year	11.8
<b>At 31 December 2022</b>	<b>(1,684.8)</b>
<b>Carrying amount</b>	
At 31 December 2021	1,690.3
<b>At 31 December 2022</b>	<b>1,702.1</b>

A review of the carrying amount of the financial assets was performed at 31 December 2022 which resulted in a reversal of value adjustments of \$11.8 million being recognised in the Company's shares held in Acergy Holdings (Gibraltar) Limited (2021: \$17.1 million).

#### Shares in affiliated undertakings

Name of company	Registered in	Percentage held		Carrying amount (\$ in millions)	
		2022	2021	2022	2021
Acergy Holdings (Gibraltar) Limited	Gibraltar	100%	100%	120.7	108.9
Subsea 7 International Holdings (UK) Limited	UK	100%	100%	1,501.5	1,501.5
Subsea 7 (UK Service Company) Limited	UK	100%	100%	79.9	79.9
<b>Total shares in affiliated undertakings</b>				<b>1,702.1</b>	<b>1,690.3</b>

The capital, reserves and profit and loss of the affiliated undertakings of the Company are included within the Annual Report and Consolidated Financial Statements of Subsea 7 S.A. as shown on page 141 to page 142, and the Company has applied the exemption, in accordance with article 67.3b of the law of 19 December 2002, to not disclose this information.

### 4. Capital and reserves

(\$ in millions)	Subscribed capital	Share premium account	Legal reserve	Reserve for own shares	Profit or (loss) brought forward	Profit or (loss) for the financial year	Total
Balance at 1 January 2021	600.0	746.6	60.0	16.9	178.7	(0.3)	1,601.9
Allocation of the result	-	-	-	-	(0.3)	0.3	-
Release of legal reserve	-	-	-	-	(69.6)	-	(69.6)
Net movement of own shares	-	(13.0)	-	13.0	-	-	-
Profit for the financial year	-	-	-	-	-	16.3	16.3
Balance at 31 December 2021	600.0	733.6	60.0	29.9	108.8	16.3	1,548.6
Allocation of the result	-	-	-	-	16.3	(16.3)	-
Dividends declared	-	-	-	-	(33.5)	-	(33.5)
Net movement of own shares	-	(45.1)	-	45.1	-	-	-
Profit for the financial year	-	-	-	-	-	7.7	7.7
<b>Balance at 31 December 2022</b>	<b>600.0</b>	<b>688.5</b>	<b>60.0</b>	<b>75.0</b>	<b>91.6</b>	<b>7.7</b>	<b>1,522.8</b>

At 31 December 2022, the authorised share capital comprised 450,000,000 \$2.00 common shares (2021: 450,000,000 \$2.00 common shares) and the subscribed capital comprised 300,000,000 \$2.00 common shares (2021: 300,000,000 \$2.00 common shares).

A dividend of NOK 1.00 per share was approved by the shareholders of the Company at the Annual General Meeting on 12 April 2022, which was paid from the distributable reserves on 6 May 2022.

During the year ended 31 December 2022, the increase in the reserve for own shares of \$45.1 million reflected share repurchases at a cost of \$46.0 million partly offset by reallocations relating to share-based payments of \$3.9 million and a reversal of a value adjustment on own shares of \$3.0 million.

## 5. Legal reserve

Luxembourg law requires that 5% of the Company's unconsolidated net income is allocated to a legal reserve annually, prior to declaration of dividends. This requirement continues until the reserve is 10% of its issued share capital at nominal value, after which no further allocations are required until further issuance of shares. The legal reserve may also be satisfied by allocation of the required amount at the issuance of shares or by a transfer from share premium. The legal reserve is not distributable. The legal reserve for all issued common shares has been satisfied and appropriate allocations are made to the legal reserve account at the time of each issuance of new shares.

## 6. Reserve for own shares

	2022 Number of shares	2022 in \$ millions	2021 Number of shares	2021 in \$ millions
At year beginning	4,534,107	29.9	2,326,683	16.9
Shares repurchased	5,648,072	46.0	2,724,172	21.0
Shares reallocated relating to share-based payments	(387,912)	(3.9)	(516,748)	(5.9)
Reversal/(value adjustment) in year	-	3.0	-	(2.1)
<b>Balance at year end</b>	<b>9,794,267</b>	<b>75.0</b>	4,534,107	29.9

At 31 December 2022, the Company directly held 9,794,267 (2021: 4,534,107) own shares with a total nominal value of \$75.0 million (2021: \$9.1 million), representing 3.26% (2021: 0.91%) of the total number of issued shares.

During the year, 5,648,072 shares were repurchased under the Company's share repurchase programme authorised on 24 July 2019, extended on 15 April 2021, at a cost of \$46.0 million. At 31 December 2022, the Company had cumulatively repurchased 8,372,244 shares for a total consideration of \$67.0 million under this programme.

During the year ended 31 December 2022, 387,912 (2021: 516,748) shares representing 0.13% (2021: 0.17%) of the total number of issued shares were reallocated for \$nil consideration to employees of the Subsea7 Group to satisfy share awards under the 2013 and 2018 Long Term Incentive Plans.

During the year ended 31 December 2022, the Company recognised a loss of \$3.9 million (2021: \$5.9 million) related to own shares used for settlement of Long Term Incentive Plans.

A review of the carrying amount of own shares was performed at 31 December 2022; this resulted in a reversal of value of \$3.0 million (2021: \$2.1 million downward value adjustment) being recognised.

## 7. Amounts owed to affiliated undertakings

### Becoming due and payable within one year

At (\$ in millions)	2022 31 Dec	2021 31 Dec
Amounts owed to affiliated undertakings	254.0	171.2

Amounts owed to affiliated undertakings were mainly related to amounts due to Subsea 7 Treasury (UK) Limited under a short-term working capital facility. During the year ended 31 December 2022, interest costs of \$11.7 million were recognised by the Company (2021: \$4.6 million).

## 8. Other operating income

At (\$ in millions)	2022 31 Dec	2021 31 Dec
Parent company guarantee income	41.3	37.4

## 9. Commitments and guarantees

The Company arranges bank guarantees, which collectively refer to bank guarantees, performance bonds, tendering bonds, advance payment bonds, guarantees or standby letters of credit in respect of the performance obligations certain of its affiliated undertakings have to their clients.

### Facilities

#### The \$700 multi-currency revolving credit and guarantee facility

On 15 June 2022, the Group entered into a \$700.0 million multi-currency revolving credit and guarantee facility with a five-year tenor. The facility is available in a combination of guarantees, up to a limit of \$200.0 million, and cash drawings, or in full for cash drawings. The facility is guaranteed by the Company and Subsea 7 Finance (UK) PLC, a wholly-owned subsidiary of the Group. The facility was unutilised at 31 December 2022.

On 15 June 2022, the Group's previous \$656.0 million multi-currency revolving credit and guarantee facility was cancelled.

## Notes to the Financial Statements continued

### The South Korean Export Credit Agency (ECA) facility

In July 2015 the Group entered into a \$357 million senior term loan facility secured on two vessels owned by the Group. The facility is provided 90% by an Export Credit Agency (ECA) and 10% by two banks and is available for general corporate purposes. The ECA tranche has a 12-year maturity and a 12-year amortising profile. The commercial tranche initially had a five-year maturity and a 15-year amortising profile, which commenced in April 2017. The commercial tranche was refinanced during November 2021, now maturing in January 2027, while retaining the original amortising profile. The facility is guaranteed by the Company. At 31 December 2022, the amount outstanding under the facility was \$159.8 million (2021: \$184.4 million).

### UK Export Finance (UKEF) facility

On 24 February 2021, the Group entered into a \$500 million five-year amortising committed loan facility backed by a \$400 million guarantee from UK Export Finance. The Group has a two-year availability period during which to draw on the facility. The facility has a five-year tenor which commences at the end of the availability period or when the facility is fully drawn, whichever is earlier. The facility can be used for general corporate purposes, including to provide working capital financing for services provided from the UK. The facility is guaranteed by the Company. At 31 December 2022, the amount outstanding under the facility, net of facility fees, was \$195.8 million (2021: \$200.0 million).

### Seaway 7 ASA Revolving Credit Facility

The amount outstanding under the facility of \$37.0 million was repaid in full during January 2022 and the facility cancelled.

Utilisation of facilities

At (in \$ millions)	2022 31 Dec Utilised	2022 31 Dec Unutilised	2022 31 Dec Total	2021 31 Dec Utilised	2021 31 Dec Unutilised	2021 31 Dec Total
Committed borrowing facilities	359.8	1,000.0	1,359.8	421.9	956.0	1,377.9

### Other facilities

In addition to the above there are a number of uncommitted, unsecured bi-lateral guarantee arrangements in place in order to provide specific geographical coverage. The utilisation of these facilities at 31 December 2022 was \$1.6 billion (2021: \$1.3 billion).

## 10. Other external expenses

For the year ended (\$ in millions)	2022 31 Dec	2021 31 Dec
Administrative expenses	1.1	1.5
Statutory audit fees	0.2	0.1
<b>Total</b>	<b>1.3</b>	<b>1.6</b>

## 11. Other operating expenses

For the year ended (\$ in millions)	2022 31 Dec	2021 31 Dec
Corporate allocation and shareholders' costs	32.7	20.7
Other operating expenses	0.9	0.8
<b>Total</b>	<b>33.6</b>	<b>21.5</b>

## 12. Income from participating interests derived from affiliated undertakings

No dividends were received during the year ended 31 December 2022 (2021: \$nil).

## 13. Other interest receivable and similar income derived from affiliated undertakings

For the year ended (\$ in millions)	2022 31 Dec	2021 31 Dec
Guarantee fee commission receivable from Eidesvik Seven AS	0.1	0.3

## 14. Tax on profit or loss

For the year ended 31 December 2022 the Company was fully taxable at an effective rate of 24.94% (2021: 24.94%). After taking account of required book to tax adjustments, the Company recorded a fiscal loss for the year. No benefit has been recorded in respect of those losses due to uncertainty over their future recoverability.

## 15. Share-based payments

Awards made under the Group's Long Term Incentive Plans, in the form of equity-settled share-based payments, are satisfied by the Company on behalf of its affiliated undertakings. A charge of \$3.9 million (2021: \$5.9 million) was recognised as adjustments in respect of investments held as current assets in relation to the settlement of share-based compensation.

The share-based schemes operated by the Group are:

### 2013 Long Term Incentive Plan

The 2013 Long Term Incentive Plan (2013 LTIP Plan) was approved by the Company's shareholders at the Annual General Meeting on 28 June 2013. The 2013 LTIP Plan had a five-year term with awards being made annually until 2017.

### 2018 Long Term Incentive Plan

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

### 2022 Long Term Incentive Plan

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

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

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

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

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

### Total Shareholder Return based awards

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

### Cash Conversion Ratio based awards

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

CCR is calculated for each of the three years of the performance period on a quarterly basis.

### Return on Average Invested Capital based awards

Return on Average Invested Capital (ROAIC) is calculated for each of the three years of the performance period on a quarterly basis.

Details of the TSR, ROAIC and CCR calculations, including further details of each Long Term Incentive Plan, are disclosed within the Remuneration Report on pages 58 to 63.

## Notes to the Financial Statements continued

### Vesting of LTIP 2019 award

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

The performance conditions for the vesting of the share awards granted in 2019 under the 2018 LTIP Plan are set out below. As a result of the partial achievement of one of the two performance metrics over the three-year performance period from 2019 to 2022, 23.7% of the total share awards granted in 2019 vested during 2022.

Metric	Percentage of share awards under each metric	Range	Result	Percentage of shares to vest under each metric	Percentage of shares to vest
TSR	65%	50% – 100%	53.3% <sup>(a)</sup>	36.5%	23.7%
ROAIC	35%	9% – 14%	(2.7%) <sup>(b)</sup>	–	–
<b>Total</b>	<b>100%</b>				<b>23.7%</b>

(a) Subsea7 ranked 8th out of the 16 companies within the selected peer group (above the median but below the 90th percentile). This resulted in 36.48% vesting for the TSR portion – 23.71% of the total award.

(b) The average over the three-year performance period was (2.7%). This resulted in 0% vesting for the ROAIC portion.

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

### Long Term Incentive Plan awards in 2022

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

### 16. Staff

The average full-time equivalent number of employees of the Company for the year ended 31 December 2022 was one (2021: one).

### 17. Related party transactions

The Company has taken advantage of the exemption under the law of 19 December 2002, Article 65 which does not require the disclosure of transactions with wholly-owned members of the Group.

The Company is an associate of Siem Industries S.A. and is equity accounted for within Siem Industries S.A.'s Consolidated Financial Statements.

During 2022 the Company rented office accommodation from Siem Europe Properties S.à r.l. a Company ultimately controlled by Siem Industries S.A. Total rental cost was less than \$0.1 million (2021: less than \$0.1 million).

In addition the Company received guarantee commission for an amount of \$0.1 million (2021: \$0.3 million) from Eidesvik Seven AS related to the 100% guarantee provided on the NOK 600 million (\$61.0 million) loan facility by Subsea 7 International Holdings (UK) Limited.

### 18. Board of Directors' expenses

Fees paid to Directors for the year ended 31 December 2022 amounted to \$0.9 million (2021: \$0.6 million).

### 19. Events after the reporting period

#### Dividends

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