Subsea 7 S.A. Announces Fourth Quarter and Full Year 2021 Results

Luxembourg – 3 March 2022 – Subsea 7 S.A. (the Group) (Oslo Børs: SUBC, ADR: SUBCY, ISIN: LU0075646355) announced today results for the fourth quarter and full year which ended 31 December 2021. Unless otherwise stated the comparative period is the full year which ended 31 December 2020.

Fourth Quarter and Full Year 2021 highlights

- Adjusted EBITDA of $143 million in the fourth quarter, equating to a margin of 10%
- Adjusted EBITDA of $521 million in the full year after incurring net costs of approximately $27 million relating to Covid-19, equating to a margin of 10%
- Net cash generated from operations of $227 million in the quarter and $293 million in the full year
- Net debt at year end of $55 million, including lease liabilities of $231 million
- Resilient backlog of $7.2 billion, up 16% year-on-year, with $4.3 billion expected to be executed in 2022
- The Board has decided to adopt a regular dividend policy
- The Board has approved a $100 million return to shareholders in 2022, comprising a regular dividend of NOK 1.00 per share, to be recommended for shareholder approval at the AGM, and share repurchases of approximately $70 million
- Both the regular dividend policy and returns to shareholders mark the Board's confidence in the financial position and outlook for the Group

	Fourth Quarter		Full Year	
For the period (in $ millions, except Adjusted EBITDA margin and per share data)	**Q4 2021 Unaudited**	Q4 2020 Unaudited	**2021 Audited**	2020 Audited
Revenue	**1,365**	1,014	**5,010**	3,466
Adjusted EBITDA[(a)]	**143**	165	**521**	337
Adjusted EBITDA margin[(a)]	**10%**	16%	**10%**	10%
Net operating income/(loss) excluding goodwill impairment charges	**31**	(35)	**72**	(428)
Goodwill impairment charges	**–**	(27)	**–**	(605)
Net operating income/(loss)	**31**	(62)	**72**	(1,034)
Net income/(loss)	**4**	(103)	**36**	(1,105)
Earnings per share – in $ per share				
Basic	**(0.01)**	(0.35)	**0.11**	(3.67)
Diluted[(b)]	**(0.01)**	(0.35)	**0.11**	(3.67)

At (in $ millions)	**2021 31 Dec**	2020 31 Dec
Backlog[(c)]	**7,212**	6,214
Book-to-bill ratio – full year[(c)]	**1.2**	1.3
Cash and cash equivalents	**598**	512
Borrowings	**(422)**	(209)
Net cash excluding lease liabilities[(d)]	**176**	303
Net (debt)/cash including lease liabilities[(d)]	**(55)**	49

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

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

(c) Backlog is a non-IFRS measure and is unaudited. Book-to-bill ratio represents total order intake, (excluding amounts related to business combinations), divided by revenue recognised in the year.

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

John Evans, Chief Executive Officer, said:

Subsea 7 delivered a solid operational and financial performance in 2021 supported by an improving market, and enabled by work practices that have been adapted to the ongoing challenges posed by the Covid-19 pandemic. Our Subsea and Conventional business experienced an increase in activities associated with the early stages of a recovery in the oil and gas industry, including a sharp upturn in tendering activity and greater demand for our engineering services. Our Renewables business, which proved somewhat more resilient during the global economic downturn of 2020, continued to make progress although issues largely related to Covid-19 delayed certain projects in Taiwan. During the year, a new challenge emerged as global supply chains tightened across many industries. Subsea 7 continued to mitigate the majority of its exposure through a variety of mechanisms including back-to-back supplier contracts and index-linked pricing.

During 2021 we made good progress in our two-fold strategy. Our focus on the subsea field of the future played a significant role in the successful outcome of many recent tenders in the Subsea and Conventional business unit. In 2021, 60% of our contract awards by value featured early engagement, 62% included integrated solutions and 64% leveraged our Carbon Estimator. These statistics support our view that by working closely with our clients from concept through to commissioning we can deliver optimised subsea solutions that maximise clients' returns, while reducing emissions. Our Subsea Integration Alliance with OneSubsea® continued to lead the integrated SURF-SPS market, with a 76% share by value since January 2020.

In energy transition, we made significant progress in both the established renewables market and emerging energy sectors. The formation of Seaway 7 ASA created a market leader in fixed offshore wind with a comprehensive fleet and experienced management team. Our strategy in emerging energies was reinforced in 2021 through a step up in our participation in floating wind, with the creation of the Salamander floating wind joint venture and the acquisition of a majority holding in Nautilus Floating Solutions. We also succeeded in winning our first carbon capture contract, for the Northern Lights project in Norway.

Enhancing our policy of shareholder returns

2021 saw the capital requirements of our two business units diverge, with Subsea and Conventional entering a phase characterised by low reinvestment, while Renewables increased its commitment to new build installation capacity ahead of the anticipated growth in the fixed offshore wind market.

Listing the Renewables business as Seaway 7 ASA allows us to clearly identify an independent funding strategy for this growth business. It also enables us to establish a policy regarding the allocation of free cash flow from the Subsea and Conventional business unit.

At the AGM on 12 April 2022, the Board will propose that the Group's commitment to returning capital to shareholders is reaffirmed by formalising the dividend policy of Subsea 7. The Board recognises the merits of establishing a regular dividend at this point in the evolution of the Group and recommends that shareholders approve a regular, annual dividend of NOK 1.00 per share, equivalent to $33 million. The return of excess cash in the form of a special dividend or share repurchase will continue to be assessed by the Board annually. In 2022, reflecting the current valuation of Subsea 7 shares, the Group intends to distribute approximately $70 million through share repurchases.

Full year 2021

In the full year 2021, Group revenue increased 45% to $5.0 billion. Revenue from the Subsea and Conventional business unit increased 33% but the Adjusted EBITDA margin fell to 13%, from 15% in 2020, reflecting the shift in mix toward earlier-stage activities. Revenue in Renewables doubled as activity on the Seagreen project increased, but margins remained low due to challenges in Taiwan. Overall, the Group's EBITDA increased 55% to $521 million due to lower net direct costs associated with the Covid-19 pandemic and the reversal of some restructuring provisions. The Adjusted EBITDA margin was 10%, broadly in line with the prior year. After taxation of $64 million, equating to an effective tax rate of 64%, net income for the year was $36 million, an improvement from a loss of $1.1 billion in 2020 that included goodwill impairment charges of $605 million and impairment charges related to property, plant and equipment, right-of-use assets and intangible assets of $323 million.

During the year, net cash generated from operations was $293 million despite a $202 million build in working capital due to higher activity in regions with less favourable payment terms as well as the timing of milestone payments on certain projects. Capital expenditure was low relative to prior years at $167 million, following delivery of *Seven Vega* in 2020 and the low maintenance requirements of our young Subsea and Conventional fleet. Including the utilisation of $200 million from our UK Export Finance facility, cash and cash equivalents increased by $86 million during the year to $598 million, and net debt (including lease liabilities) at year end was $55 million.

Following the recovery in tendering activity, new order intake was strong in 2021 at $6.1 billion, up 38% compared with the prior year. Significant news orders included Bacalhau and Mero-3 in Brazil, and the fast-track development of the Sakarya gas field in Turkey. These were supplemented by the conversion to full EPCI of the Scarborough project in Australia, and several awards in Norway where tax incentives are beginning to yield higher activity. Furthermore, in Brazil we were awarded new three-year contracts for three of our pipelay support vessels, enhancing long-term revenue visibility.

Fourth quarter 2021 operational review

In the fourth quarter, the Subsea and Conventional business unit made good operational progress in the engineering and procurement phases of the SLGC, Sangomar, Barossa, Bacalhau and Sakarya projects. As we entered the winter season in the northern hemisphere, utilisation of the active fleet was 87%, down from 94% in the third quarter but up slightly from 82% in the prior year period. *Seven Vega, Seven Oceans, Seven Oceanic* and *Seven Falcon* continued offshore activities on Johan Sverdrup 2 in Norway and operations on Ærfugl Phase 2 were completed. In the Gulf of Mexico, *Seven Arctic*, *Seven Borealis*, *Seven Navica* and *Seven Seas* were active on King's Quay, Jack St Malo 4 and Colibri, and our scope on the Manuel project was completed. *Seven Champion* continued to work throughout the quarter in Saudi Arabia on the Berri-Zuluf (CRPO 36/37) and 28 Jackets (CRPO 47) projects. In Brazil, there were high levels of utilisation of the four PLSVs under long-term contracts with Petrobras.

In the Renewables business unit, *Seaway Strashnov* worked on the Hollandse Kust Zuid project in the Netherlands, while *Seaway Aimery* and *Seaway Moxie* were active on the Hornsea II and Seagreen projects in the UK. During the quarter, we commenced a charter of *Maersk Connector* to install inner-array cables on the Seagreen project. By year end, 10 of Seagreen's 114 foundations had been installed, with a further 11 installed in January 2022.

Fourth quarter 2021 financial review

Fourth quarter revenue of $1.4 billion increased by 35% compared to the prior year period, reflecting higher activity in both Subsea and Conventional and Renewables. Adjusted EBITDA of $143 million was down from $165 million in the prior year quarter which benefited from favourable discrete items. In addition, the results of the Renewables business unit include costs recognised in relation to a project in Taiwan whose economic interest was retained by Subsea 7 S.A., although it is being executed by Seaway 7 ASA. All other fixed offshore wind projects were transferred to Seaway 7 ASA on 1 October 2021.

After depreciation and amortisation charges of $113 million, the Group delivered net operating income of $31 million. Net income for the quarter was $4 million, after taxation of $16 million equating to an effective tax rate of 81%.

During the quarter, net cash generated from operating activities was $227 million which included $101 million improvement in net working capital, reflecting a partial reversal of the third quarter build up driven by project milestones as expected. Capital expenditure was $86 million, including investment in the Renewables fleet following the business combination with OHT ASA. The Group also repurchased 2.7 million shares for $21 million. Net debt at the year end was $55 million, including lease liabilities of $231 million, an improvement from $99 million at the end of the third quarter. During the quarter, Subsea 7 utilised $200 million of its $500 million UK Export Finance facility and at year end the Group held cash and cash equivalents of $598 million. At year end, the Group had liquidity of $1.6 billion with $956 million undrawn borrowing facilities.

In the fourth quarter, Subsea 7 booked new awards of $1.4 billion and escalations of approximately $400 million, resulting in a book-to-bill ratio of 1.3. The backlog at the end of December 2021 was $7.2 billion of which $4.3 billion is expected to be executed during 2022, $2.0 billion in 2023 and $0.9 billion in 2024 and thereafter.

Outlook

In 2022, we expect that revenue will be broadly in line with 2021 and that Adjusted EBITDA and net operating income will be in line with or better than 2021. We firmly believe that the market recovery is underway, supported by high levels of tendering in both business units, and with signs of improving pricing and payment terms for new awards. We are confident that our strong pipeline of prospects will translate into new orders during the coming year.

Conference Call Information

Date: 3 March 2022

Time: 12:00 UK Time

Access the webcast at subsea7.com or https://edge.media-server.com/mmc/p/7645zya4

Register for the conference call at http://emea.directeventreg.com/registration/1049589

Advance registration is required.

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Special Note Regarding Forward-Looking Statements

Certain statements made in this announcement may contain 'forward-looking statements' (within the meaning of the safe harbour provisions of the U.S. Private Securities Litigation Reform Act of 1995). 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 Management' section of the Group's Annual Report and Consolidated Financial Statements for the year ended 31 December 2020. 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) capital expenditure by oil and gas companies, which is affected by fluctuations in the price of, and demand for, crude oil and natural gas; (v) unanticipated delays or cancellation of projects included in our backlog; (vi) competition and price fluctuations in the markets and businesses in which we operate; (vii) the loss of, or deterioration in our relationship with, any significant clients; (viii) the outcome of legal proceedings or governmental inquiries; (ix) uncertainties inherent in operating internationally, including economic, political and social instability, boycotts or embargoes, labour unrest, changes in foreign governmental regulations, corruption and currency fluctuations; (x) the effects of a pandemic or epidemic or a natural disaster; (xi) liability to third parties for the failure of our joint venture partners to fulfil their obligations; (xii) changes in, or our failure to comply with, applicable laws and regulations (including regulatory measures addressing climate change); (xiii) operating hazards, including spills, environmental damage, personal or property damage and business interruptions caused by adverse weather; (xiv) equipment or mechanical failures, which could increase costs, impair revenue and result in penalties for failure to meet project completion requirements; (xv) the timely delivery of vessels on order and the timely completion of ship conversion programmes; (xvi) our ability to keep pace with technological changes and the impact of potential information technology, cyber security or data security breaches; and (xvii) the effectiveness of our disclosure controls and procedures and internal control over financial reporting;. Many of these factors are beyond our ability to control or predict. Given these uncertainties, you should not place undue reliance on the forward-looking statements. 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.

Fourth Quarter 2021

Income Statement

Revenue

Revenue for the fourth quarter was $1.4 billion, an increase of $351 million or 35% compared to Q4 2020. This was driven by increased revenue in both the Subsea and Conventional business unit, with increased activity in West Africa, the Gulf of Mexico, the Middle East, Brazil and Turkey and the Renewables business unit, with offshore work progressing on the Seagreen offshore wind farm project.

Adjusted EBITDA

Adjusted EBITDA and Adjusted EBITDA margin for the quarter were $143 million and 10% respectively, compared to Adjusted EBITDA of $165 million and Adjusted EBITDA margin of 16% in Q4 2020.

Net operating income

Net operating income for the quarter was $31 million, a $66 million improvement compared to net operating loss of $35 million in Q4 2020, excluding goodwill impairment charges of $27 million recognised in Q4 2020.

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

- net operating income of $50 million in the Subsea and Conventional business unit compared to net operating loss of $37 million in Q4 2020, excluding goodwill impairment charges. Q4 2020 was adversely impacted by impairment charges of $94 million related to property, plant and equipment, intangible assets and right-of-use assets.

partly offset by:

- net operating loss of $12 million in the Renewables business unit compared to net operating loss of $2 million in Q4 2020. The net operating loss in Q4 2021 reflected continued delays to projects in Taiwan, driven by restrictions imposed by the government to control the spread of Covid-19, environmental conditions at the worksite and a number of changes in scope.

Net costs of $4 million related to the Covid-19 pandemic were recognised in Q4 2021 compared to net costs of $5 million in Q4 2020.

Net income

Net income was $4 million in the quarter, compared to net loss of $103 million in Q4 2020.

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

- increase in net operating income of $66 million, excluding goodwill impairment charges;
- goodwill impairment charges of $27 million recognised in the prior year period; and
- net loss of $6 million in Q4 2021 within other gains and losses, which included net foreign currency gains of $8 million, compared to net loss of $19 million in Q4 2020, which included net foreign currency losses of $23 million.

Taxation in Q4 2021 was $16 million, equivalent to an effective tax rate of 81% which was mainly driven by irrecoverable withholding tax in certain jurisdictions.

Earnings per share

Diluted loss per share was $0.01 in Q4 2021 compared to diluted loss per share of $0.35 in Q4 2020, calculated using a weighted average number of shares of 298 million for both periods.

Business Unit Highlights

Subsea and Conventional

Revenue for the fourth quarter was $1.0 billion, an increase of $260 million or 34% compared to Q4 2020.

During the quarter the Ærfugl Phase 2, Norway and Ichalkil and Manuel projects, in the Gulf of Mexico, were substantially completed.

Work progressed on the Sangomar project, Senegal, the SLGC project, Angola, the Berri-Zuluf and 28 Jackets projects, Saudi Arabia, the Barossa project, Australia, the Sakarya project, Turkey, the Mad Dog 2, King's Quay, Colibri and Jack St Malo 4 projects in the Gulf of Mexico, the Johan Sverdrup Phase 2 project, Norway, the Penguins development, UK and the ACE project, Azerbaijan.

In Brazil, there were high levels of utilisation of the PLSVs and work progressed on the Bacalhau project. *Seven Waves* commenced dry-docking in preparation for commencement of its new contract with Petrobras.

Net operating income was $50 million in the quarter compared to net operating loss of $37 million in Q4 2020, excluding goodwill impairment charges. The net operating loss in Q4 2020 was primarily driven by impairment charges of $94 million related to property, plant and equipment, intangible assets and right-of-use assets.

Renewables

Revenue was $326 million in Q4 2021 compared to $234 million in Q4 2020. The increase in revenue was due to increased activity, particularly on the Seagreen wind farm project, UK, the Yunlin project in Taiwan and the Hollandse Kust Zuid project, the Netherlands. Net operating loss was $12 million in Q4 2021 compared to net operating loss of $2 million in Q4 2020. While an agreement was reached with the client on the Formosa 2 project during the quarter, which defined the Group's remaining scope, revised schedule and remuneration, the increase in net operating loss was driven by an increase in forecast costs related to the local Taiwanese supply chain. Barring any further impact of Covid-19, it is expected that the project will be substantially completed by mid-2022.

Corporate
Revenue, which was driven by the Group's autonomous wholly-owned subsidiaries Xodus and 4Subsea and activities related to floating wind, was $17 million in Q4 2021 compared to $18 million in Q4 2020. Net operating loss was $7 million in Q4 2021 compared to net operating income of $4 million in Q4 2020, excluding goodwill impairment charges. The net operating loss in Q4 2021 was mainly driven by corporate costs which were not reallocated to the Group's other business units.

Vessel Utilisation
Active Vessel Utilisation for the fourth quarter was 87% compared with 82% for Q4 2020. Total Vessel Utilisation was 82% compared to 74% in Q4 2020. Vessel utilisation was favourably impacted by the addition to the fleet of five heavy transportation vessels following the business combination with OHT ASA on 1 October 2021, these were fully utilised during the quarter.

Cash flow

Cash flow statement
Cash and cash equivalents were $598 million at 31 December 2021, an increase of $298 million in the quarter. The movement in cash and cash equivalents during the quarter was mainly attributable to:

- net cash generated from operating activities of $227 million, which included favourable movements of $101 million in net operating assets and liabilities driven by:
    - a decrease in operating receivables of $236 million; partly offset by
    - a decrease in operating liabilities of $135 million
- Net cash used in investing activities of $70 million, which included purchases of property, plant and equipment and intangible assets of $85 million, partly offset by cash acquired on business combinations of $12 million; and
- Net cash generated from financing activities of $146 million, which included proceeds from borrowing of $200 million partly offset by payments related to lease liabilities of $25 million and share repurchases of $21 million.

Free cash flow
During the fourth quarter, the Group generated free cash flows of $143 million (Q4 2020: negative free cash flow of $13 million) which is defined as cash generated from operations of $227 million (Q4 2020: $24 million) less purchases of property, plant and equipment and intangible assets of $85 million (Q4 2020: $36 million).

Full year 2021

Income Statement

Revenue
Revenue for the full year was $5.0 billion, an increase of $1.5 billion or 45% compared to 2020. This was driven by increased revenue in both the Renewables business unit, with increased activity on the Seagreen offshore wind project, UK and the Subsea and Conventional business unit, with increased activity in West Africa, the Gulf of Mexico, the Middle East, Brazil, Turkey and Australia.

Adjusted EBITDA
Adjusted EBITDA and Adjusted EBITDA margin for the year were $521 million and 10.4% respectively, compared to Adjusted EBITDA of $337 million and Adjusted EBITDA margin of 9.7% in 2020.

Net operating income
Net operating income for the year was $72 million, compared to net operating loss of $428 million in 2020, excluding goodwill impairment charges.

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

- net operating income of $103 million in the Subsea and Conventional business unit, compared to net operating loss of $246 million in 2020 which included impairment charges related to property, plant and equipment and right-of-use assets of $294 million;
- a credit of $37 million in 2021 related to the Group's resizing programme compared to a charge of $86 million in 2020. The credit in 2021 resulted from downward revisions to restructuring cost estimates and the collection of aged receivables which had been credit impaired in the prior year;
- net costs of $27 million related to the Covid-19 pandemic compared to net costs of $70 million in 2020

partly offset by:

- net operating loss of $59 million in the Renewables business unit, which reflected continued delays to projects in Taiwan, compared to net operating loss of $40 million in 2020.

Net income
Net income was $36 million in 2021, compared to net loss of $1.1 billion in 2020.

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

- increase in net operating income, of $500 million, excluding goodwill impairment charges;
- no goodwill impairment charges recognised in 2021 compared with charges of $605 million in 2020;
- net gain of $44 million in 2021 within other gains and losses, which included net foreign currency gains of $36 million, compared to net loss of $18 million in 2020, which included net foreign currency losses of $35 million

partly offset by:

- an increase of $31 million in taxation compared to 2020, mainly driven by the increase in income before tax combined with irrecoverable withholding taxes in certain jurisdictions. The effective tax rate for the year was 64%.

Earnings per share
Diluted earnings per share was $0.11 in 2021 compared to diluted loss per share of $3.67 in 2020, calculated using a weighted average number of shares of 299 million and 298 million respectively.

Business Unit Highlights

Subsea and Conventional
Revenue for the year was $3.7 billion, an increase of $909 million or 33% compared to 2020.

During the year the Julimar project, Australia, the Lingshui project, China, the Ærfugl Phase 2 project, Norway, the Zinia project, Angola and the Ichalkil project, in the Gulf of Mexico were completed.

Work progressed on the Sangomar project, Senegal, the SLGC project, Angola, the Berri-Zuluf and 28 Jackets projects, Saudi Arabia, the Barossa project, Australia, the Sakarya project, Turkey, the Mad Dog 2, King's Quay and Colibri projects in the Gulf of Mexico, and the Johan Sverdrup Phase 2 project, Norway.

In Brazil, there were high levels of utilisation of the four PLSVs under long-term contracts with Petrobras and work progressed on the Bacalhau project.

Net operating income was $103 million in 2021 compared to net operating loss of $246 million in 2020 excluding goodwill impairment charges. The net operating loss in 2020 was primarily driven by impairment charges of $294 million related to vessels, equipment, and right-of-use assets.

Renewables
Revenue for the year was $1.3 billion compared to $631 million in 2020. The increase in revenue was due to increased activity, particularly in relation to the Seagreen offshore wind farm project, UK. Net operating loss for the year was $60 million compared to net operating loss of $40 million in 2020. The net operating loss in 2021 reflected delays to projects in Taiwan. An agreement was reached with the client on the Formosa 2 project, which defined the Group's remaining scope, revised schedule and remuneration. Barring any further impact of Covid-19, it is expected that the Formosa 2 project will be substantially completed by mid-2022.

Corporate
Revenue, which was driven by the Group's autonomous wholly owned subsidiaries Xodus and 4Subsea and activities related to floating wind, was $76 million in 2021 compared to $69 million in 2020. Net operating income for the year was $29 million compared to net operating loss of $143 million in 2020, excluding goodwill impairment charges. The net operating income in 2021 benefitted from a credit of $37 million related to the Group's resizing programme following downward revisions of restructuring cost estimates. The net operating loss in 2020 was primarily driven by restructuring charges of $86 million and impairment charges of $29 million related to property, plant and equipment.

Vessel utilisation and fleet
Active Vessel Utilisation for the year was 83% compared with 77% for 2020. Total Vessel Utilisation was 77% compared to 69% in 2020. Vessel utilisation was favourable impacted by the addition of the heavy transportation vessels in the Renewables business unit which were fully utilised during the quarter.

At 31 December 2021 there were 38 vessels in the Group's fleet, comprising 34 active vessels, 2 vessels under construction and 2 stacked vessels. The business combination with OHT ASA in the quarter resulted in the addition of 5 heavy transportation vessels to the active fleet and 2 vessels under construction.

Cash flow

Cash flow statement

Cash and cash equivalents were $598 million at 31 December 2021, an increase of $86 million in the year. The movement in cash and cash equivalents during the year was mainly attributable to:

- net cash generated from operating activities of $293 million, which included adverse movements of $202 million in net operating assets and liabilities driven by:
  - an increase in operating receivables of $417 million; partly offset by
  - an increase in operating liabilities of $224 million
- net cash used in investing activities of $184 million, which included purchases of property, plant and equipment and intangible assets of $167 million; and
- net cash used in financing activities of $23 million, which included:
  - payments related to lease liabilities of $93 million, special dividends paid of $72 million, repayment of borrowings of $25 million and share repurchases of $21 million; partly offset by
  - proceeds of borrowings of $200 million.

Free cash flow

During the year, the Group generated free cash flows of $127 million (2020: $264 million) which is defined as cash generated from operations of $293 million (2020: $447 million) less purchases of property, plant and equipment and intangible assets of $167 million (2020: $183 million).

Balance Sheet

Non-current assets

At 31 December 2021 total non-current assets were $4.7 billion (2020: $4.5 billion). The year-on-year increase of $199 million was driven by:

- increase in goodwill of $76m, including $70 million recognised in relation to the business combination of the Group's Renewables business unit with OHT ASA. The calculation of goodwill related to OHT ASA included a downward fair value adjustment of $32 million applied to the acquired net assets of OHT ASA resulting from an onerous fixed-price contract provision existing at the date of the business combination; and
- net increase in property, plant and equipment of $98 million, including: $292 million recognised in relation to the business combination with OHT ASA; additions of $158 million, partly offset by depreciation charges of $341 million and impairment charges of $4 million.

Non-current liabilities

At 31 December 2021 total non-current liabilities were $638 million (2020: $491 million). The year-on year increase of $147 million was mainly driven by an increase in non-current borrowings of $176 million due to proceeds from borrowings of $200 million under the Group's UK Export Finance facility partly offset by scheduled repayment of borrowings of $25 million. In addition non-current lease liabilities reduced by $26 million as the Group reduced its commitment to vessels under long-term charters.

Net current assets

At 31 December 2021 total current assets were $2.3 billion (2020: $1.8 billion) and total current liabilities were $1.9 billion (2020: $1.6 billion), resulting in net current assets of $467 million (2020: $284 million). The increase of $182 million in the year was driven by:

- increase in trade and other receivables of $65 million and an increase in construction contract assets of $318 million, reflecting a significant increase in operating activities and revenue in Q4 2021 compared to Q4 2020;
- increase in cash and cash equivalents of $86 million

  Partly offset by:
- increase in trade payables and other liabilities of $371 million reflecting a significant increase in operating activities in Q4 2021 compared to Q4 2020.

Equity

At 31 December 2021 total equity was $4.5 billion (2020: $4.3 billion). The increase of $234 million during the year reflects:

- net income of $36 million;
- recognition of non-controlling interests of $277 million related to the business combination with OHT ASA

partly offset by:

- special dividends declared of $70 million; and
- share repurchases of $21 million.

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

Borrowings

At 31 December 2021, total borrowings were $422 million (2020: $209 million). The increase in borrowings of $213 million during the year was driven by: proceeds from borrowings of $200 million under the Group's UK Export Finance facility; recognition of a $37 million revolving credit facility at the date of the business combination with OHT ASA; partly offset by scheduled repayments of $25 million related to the Group's South Korean Export Credit Agency facility.

A summary of the borrowing facilities available to the Group at 31 December 2021 is as follows:

(in $ millions)	Total facility	Drawn	Undrawn	**Maturity Date**
Seaway 7 ASA Revolving Credit Facility[1]	37.0	(37.0)	-	January 2022
The multi-currency revolving credit and guarantee facility	656.0	-	656.0	September 2023
UK Export Finance (UKEF) facility	500.0	(200.0)	300.0	December 2026
South Korean Export Credit Agency (ECA) facility	184.9	(184.9)	-	July 2027
Total	**1,377.9**	**(421.9)**	**956.0**	

(1) The Group recognised the Seaway 7 ASA Revolving Credit Facility on 1 October 2021 following the business combination with OHT ASA, the facility was repaid in full in January 2022.

Lease liabilities

At 31 December 2021, lease liabilities were $231 million, a decrease of $23 million compared with 31 December 2020.

Net cash/(debt)

At 31 December 2021:

- net cash (excluding lease liabilities) was $176 million compared to net cash of $303 million at 31 December 2020; and
- net debt (including lease liabilities) was $55 million, compared to net cash of $49 million at 31 December 2020.

Gearing

At 31 December 2021, gross gearing (borrowings divided by total equity) was 9.4% (2020: 4.9%).

Liquidity

At 31 December 2021, the Group's liquidity, represented by cash and cash equivalents and undrawn borrowing facilities was $1.6 billion (2020: $1.1 billion).

Financial covenant compliance

The Group's committed borrowing facilities contain financial covenants relating to a maximum level of net debt (excluding lease liabilities) to EBITDA. During the year, all financial covenants were met. The Group expects to be able to comply with all financial covenants during 2022.

Shareholder distributions

Share repurchase programme

During the fourth quarter, 2,724,172 shares were repurchased under the Group's share repurchase programme authorised on 24 July 2019, extended on 15 April 2021. At 31 December 2021, the Group had cumulatively repurchased 2,724,172 shares for a total consideration of $21 million under this programme. At 31 December 2021, the Group directly held 4,534,107 shares (2020: 2,326,683) as treasury shares, representing 1.51% (2020: 0.77%) of the total number of issued shares.

Special dividends

During the year ended 31 December 2021, special dividends totalling $70 million were declared (2020: $nil) and $72 million was paid to shareholders of the parent company (2020: $nil), the difference between amounts declared and paid related to foreign exchange rate fluctuations.

Backlog

At 31 December 2021 backlog was $7.2 billion, compared to $6.7 billion at 30 September 2021. Order intake totalling $2.0 billion was recorded in the fourth quarter, representing a book-to-bill ratio of 1.3 (excluding acquired backlog related to business combinations). Order intake included new awards of $1.4 billion, which included the Scarborough project, Australia and PLSV contract renewals, Brazil, escalations of approximately $0.5 billion and acquired backlog of $0.2 billion following the business combination with OHT ASA. Unfavourable foreign exchange movements of approximately $150 million were recognised during the quarter.

During the year ended 31 December 2021 order intake was $6.1 billion representing a book-to-bill ratio of 1.2, excluding acquired backlog related to business acquisitions of $0.2 billion.

$6.0 billion of the backlog at 31 December 2021 related to the Subsea and Conventional business unit (which included $0.7 billion related to long-term day-rate contracts for PLSVs in Brazil) and $1.2 billion related to the Renewables business unit. $4.3 billion of the backlog is expected to be executed in 2022, $2.0 billion in 2023 and $0.9 billion in 2024 and thereafter. Backlog related to associates and joint ventures, which is not significant to the Group, is excluded from these figures.

Risks and uncertainties

The principal risks and uncertainties which could materially adversely impact the Group's reputation, operations and/or financial performance and position are noted on pages 26 to 36 of Subsea 7 S.A.'s 2020 Annual Report. Management has considered these principal risks and uncertainties and concluded that these have not changed significantly in the year ended 31 December 2021.

The principal risks within health, safety, security, environmental and quality include the risk of a pandemic virus. During 2021, management has continued to mitigate the impacts of the Covid-19 pandemic by monitoring health procedures and adhering to the guidance of world health organisations and local authorities. The Group has implemented revised working procedures to reduce the risks associated with Covid-19, including remote working, social distancing wherever possible and the use of additional personal protective equipment.

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

Responsibility statement

We confirm that, to the best of our knowledge, the financial statements for the year ended 31 December 2021 have been prepared in accordance with current applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and the Group taken as a whole. We also confirm that, to the best of our knowledge, this report together with the Subsea 7 S.A. 2020 Annual Report include a fair review of the development and performance of the business and the position of the Group, including a description of the principal risks and uncertainties facing the Group.

Kristian Siem

Chairman

John Evans

Chief Executive Officer

Subsea 7 S.A.

Condensed Consolidated Income Statement

(in $ millions)	Three Months Ended 31 Dec 2021 Unaudited	Three Months Ended 31 Dec 2020 Unaudited	Year Ended 31 Dec 2021 Audited	Year Ended 31 Dec 2020 Audited
Revenue	**1,365.2**	1,014.4	**5,010.0**	3,466.4
Operating expenses	**(1,282.8)**	(992.0)	**(4,714.2)**	(3,652.9)
Gross profit/(loss)	**82.4**	22.4	**295.8**	(186.5)
Administrative expenses	**(51.5)**	(62.0)	**(228.0)**	(241.4)
Impairment of goodwill	**–**	(27.2)	**–**	(605.4)
Share of net (loss)/income of associates and joint ventures	**(0.4)**	5.0	**3.9**	(0.5)
Net operating income/(loss)	**30.5**	(61.8)	**71.7**	(1,033.8)
Finance income	**1.4**	1.2	**4.7**	4.8
Other gains and losses	**(5.9)**	(19.5)	**44.4**	(18.3)
Finance costs	**(6.4)**	(9.2)	**(20.1)**	(24.6)
Income/(loss) before taxes	**19.6**	(89.3)	**100.7**	(1,071.9)
Taxation	**(15.9)**	(13.8)	**(64.3)**	(33.3)
Net income/(loss)	**3.7**	(103.1)	**36.4**	(1,105.2)
Net income/(loss) attributable to:				
Shareholders of the parent company	**(3.1)**	(102.9)	**31.8**	(1,092.8)
Non-controlling interests	**6.8**	(0.2)	**4.6**	(12.4)
	3.7	(103.1)	**36.4**	(1,105.2)

Earnings per share	**$ per share**	$ per share	**$ per share**	$ per share
Basic	**(0.01)**	(0.35)	**0.11**	(3.67)
Diluted[a]	**(0.01)**	(0.35)	**0.11**	(3.67)

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

Subsea 7 S.A.
Condensed Consolidated Statement of Comprehensive Income

(in $ millions)	Three Months Ended 31 Dec 2021 Unaudited	Three Months Ended 31 Dec 2020 Unaudited	Year Ended 31 Dec 2021 Audited	Year Ended 31 Dec 2020 Audited
Net income/(loss)	**3.7**	(103.1)	**36.4**	(1,105.2)
Items that may be reclassified to the income statement in subsequent periods:				
Net foreign currency translation (losses)/gains	**(13.3)**	42.8	**(4.9)**	9.8
Commodity cash flow hedges	**12.8**	–	**12.8**	–
Tax relating to components of other comprehensive income	**(2.4)**	(1.8)	**(2.8)**	(0.6)
Items that will not be reclassified to the income statement in subsequent periods:				
Remeasurement gains on defined benefit pension schemes	**0.5**	0.3	**0.5**	0.3
Tax relating to remeasurement gains on defined benefit pension schemes	**(0.1)**	–	**(0.1)**	–
Fair value adjustment on other financial assets	**–**	(5.5)	**1.2**	(5.5)
Other comprehensive (loss)/income	**(2.5)**	35.8	**6.7**	4.0
Total comprehensive income/(loss)	**1.2**	(67.3)	**43.1**	(1,101.2)
Total comprehensive income/(loss) attributable to:				
Shareholders of the parent company	**(4.3)**	(67.7)	**40.4**	(1,090.0)
Non-controlling interests	**5.5**	0.4	**2.7**	(11.2)
	1.2	(67.3)	**43.1**	(1,101.2)

Subsea 7 S.A.
Condensed Consolidated Balance Sheet

	31 Dec 2021 Audited	31 Dec 2020 Audited
Assets		
Non-current assets		
Goodwill	**160.5**	84.5
Intangible assets	**37.3**	46.0
Property, plant and equipment	**4,081.0**	3,982.6
Right-of-use assets	**206.4**	213.3
Interest in associates and joint ventures	**28.6**	29.5
Advances and receivables	**57.4**	23.0
Derivative financial instruments	**24.7**	22.9
Construction contracts – assets	**4.4**	6.7
Other financial assets	**1.3**	2.9
Retirement benefit assets	**–**	0.8
Deferred tax assets	**58.7**	49.5
	4,660.3	4,461.7
Current assets		
Inventories	**40.3**	26.4
Trade and other receivables	**655.9**	590.7
Derivative financial instruments	**35.8**	31.4
Construction contracts – assets	**788.2**	470.6
Other accrued income and prepaid expenses	**204.5**	197.6
Restricted cash	**5.7**	7.1
Cash and cash equivalents	**597.6**	511.6
	2,328.0	1,835.4
Total assets	**6,988.3**	6,297.1
Equity		
Issued share capital	**600.0**	600.0
Treasury shares	**(32.9)**	(17.8)
Paid in surplus	**2,503.9**	2,505.2
Translation reserve	**(582.5)**	(582.0)
Other reserves	**(14.2)**	(25.0)
Retained earnings	**1,709.5**	1,747.4
Equity attributable to shareholders of the parent company	**4,183.8**	4,227.8
Non-controlling interests	**305.4**	27.3
Total equity	**4,489.2**	4,255.1
Liabilities		
Non-current liabilities		
Borrowings	**360.3**	184.4
Lease Liabilities	**142.9**	168.6
Retirement benefit obligations	**12.3**	14.3
Deferred tax liabilities	**46.0**	32.2
Provisions	**58.8**	49.5
Contingent liabilities recognised	**5.5**	6.0
Derivative financial instruments	**5.7**	21.1
Other non-current liabilities	**6.1**	14.7
	637.6	490.8
Current liabilities		
Trade and other liabilities	**1,352.5**	981.8
Derivative financial instruments	**23.7**	26.4
Tax liabilities	**41.5**	32.6
Borrowings	**61.6**	24.6
Lease liabilities	**88.0**	85.4
Provisions	**87.6**	118.5
Construction contracts – liabilities	**205.7**	279.5
Deferred revenue	**0.9**	2.4
	1,861.5	1,551.2
Total liabilities	**2,499.1**	2,042.0
Total equity and liabilities	**6,988.3**	6,297.1

Subsea 7 S.A.
Condensed Consolidated Statement of Changes in Equity
For the year ended 31 December 2021

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

Subsea 7 S.A.
Condensed Consolidated Statement of Changes in Equity
For the year ended 31 December 2020

(in $ millions)	Issued share capital	Treasury shares	Paid in surplus	Translation reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2020	**600.0**	**(14.0)**	**2,507.5**	**(590.0)**	**(20.2)**	**2,845.4**	**5,328.7**	**34.3**	**5,363.0**
Comprehensive loss									
Net loss	–	–	–	–	–	(1,092.8)	(1,092.8)	(12.4)	(1,105.2)
Net foreign currency translation (losses)/gains	–	–	–	8.6	–	–	8.6	1.2	9.8
Remeasurement losses on defined benefit pension schemes	–	–	–	–	0.3	–	0.3	–	0.3
Fair value adjustment on other financial assets	–	–	–	–	(5.5)	–	(5.5)	–	(5.5)
Tax relating to components of other comprehensive income	–	–	–	(0.6)	–	–	(0.6)	–	(0.6)
Total comprehensive loss	**–**	**–**	**–**	**8.0**	**(5.2)**	**(1,092.8)**	**(1,090.0)**	**(11.2)**	**(1,101.2)**
Transactions with owners									
Shares repurchased	–	(9.8)	–	–	–	–	(9.8)	–	(9.8)
Share-based payments	–	–	4.2	–	–	–	4.2	–	4.2
Dividends declared	–	–	–	–	–	–	–	(1.1)	(1.1)
Vesting of share-based payments	–	–	(6.5)	–	–	6.5	–	–	–
Shares reallocated relating to share-based payments	–	6.0	–	–	–	(6.0)	–	–	–
Reclassification of deferred tax on defined benefit pension schemes	–	–	–	–	0.4	(0.4)	–	–	–
Reclassification adjustment relating to non-controlling interest	–	–	–	–	–	(5.3)	(5.3)	5.3	–
Total transactions with owners	**–**	**(3.8)**	**(2.3)**	**–**	**0.4**	**(5.2)**	**(10.9)**	**4.2**	**(6.7)**
Balance at 31 December 2020	**600.0**	**(17.8)**	**2,505.2**	**(582.0)**	**(25.0)**	**1,747.4**	**4,227.8**	**27.3**	**4,255.1**

Subsea 7 S.A.
Condensed Consolidated Cash Flow Statement

(in $ millions)	Year Ended 31 Dec 2021 Audited	Year Ended 31 Dec 2020 Audited
Net cash generated from operating activities	**293.0**	446.8
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	**6.6**	1.7
Purchases of property, plant and equipment	**(157.7)**	(157.3)
Purchases of intangible assets	**(8.8)**	(25.3)
Net proceeds from recognition of assets related to business combinations – post measurement period	**–**	16.6
Loan to joint venture	**(33.0)**	–
Repayment of loan to joint venture	**1.8**	–
Repayment of advances from joint ventures	**(3.0)**	–
Investments in associates and joint ventures	**–**	(0.6)
Interest received	**4.7**	4.8
Acquisition of businesses (net of cash acquired)	**4.5**	–
Payment of contingent consideration in respect of acquisitions	**–**	(1.3)
Proceeds from sale of other financial assets	**2.8**	–
Investment in other financial assets	**(1.6)**	(3.2)
Net cash used in investing activities	**(183.7)**	(164.6)
Cash flows from financing activities		
Interest paid	**(12.1)**	(9.4)
Repayment of borrowings	**(24.6)**	(24.6)
Proceeds from borrowings	**200.0**	–
Cost of share repurchases	**(21.0)**	(9.8)
Payments related to lease liabilities	**(93.1)**	(103.6)
Dividends paid to shareholders of the parent company	**(72.0)**	–
Dividends paid to non-controlling interests	**–**	(10.2)
Net cash used in financing activities	**(22.8)**	(157.6)
Net increase in cash and cash equivalents	**86.5**	124.6
Cash and cash equivalents at beginning of year	**511.6**	397.7
Decrease/(increase) in restricted cash	**1.4**	(2.8)
Effect of foreign exchange rate movements on cash and cash equivalents	**(1.9)**	(7.9)
Cash and cash equivalents at end of year	**597.6**	511.6

1. General information

Subsea 7 S.A. is a company registered in Luxembourg whose common shares trade on the Oslo Børs and over-the-counter as American Depositary Receipts (ADRs) in the US. The address of the registered office is 412F, route d'Esch, L-2086 Luxembourg. The Condensed Consolidated Financial Statements were authorised for issue by the Board of Directors on 2 March 2022.

2. Basis of preparation

The Condensed Consolidated Financial Statements for the period from 1 January 2021 to 31 December 2021 for Subsea 7 S.A. 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 2020 which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The Condensed Consolidated Financial Statements are unaudited.

Covid-19 pandemic

As the global economy remains impacted by the unprecedented global health and economic crisis following the outbreak of the Covid-19 pandemic, management continued, during the fourth quarter of 2021, to monitor the operational and financial impacts to the Group. Despite the uncertainty regarding the potential impacts of the Covid-19 pandemic and the associated imbalance in the energy market, management considers that there are no significant doubts over the application of the going concern assumption and no disclosable material uncertainties which cast doubt upon the Group's ability to continue as a going concern.

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 2020.

No new International Financial Reporting Standards (IFRSs) were adopted by the Group for the financial year beginning 1 January 2021. Amendments to existing IFRSs, issued with an effective date of 1 January 2021 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 2020, 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 2020:

- Revenue recognition on long-term construction contracts
- Revenue recognition on variation orders and claims
- Goodwill carrying amount
- Property, plant and equipment
- Recognition of provisions and disclosure of contingent liabilities
- Taxation
- Measurement of other intangibles acquired on business combinations
- Measurement of contingent consideration on business combinations

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, each can affect the Group's offshore operations. Periods of adverse weather conditions usually result in low levels of activity.

6. Segment information

With effect from 1 January 2021, for management and reporting purposes, the Group implemented a new organisational structure comprising three business units; Subsea and Conventional, Renewables and Corporate. These business units represent the Group's operating segments and are defined as follows:

Subsea and Conventional

The Subsea and Conventional business unit includes:

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

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

Renewables

The Renewables business unit comprises activities related to the delivery of fixed offshore wind farm projects. Following the business combination with OHT ASA (renamed Seaway 7 ASA) on 1 October 2021, the Group's fixed offshore wind farm activities are executed by Seaway 7 ASA, a non-wholly owned subsidiary of the Group from that date. Activities include the procurement and installation of offshore wind turbine foundations and inner-array cables as well as heavy lifting operations and heavy transportation services for renewables structures. This segment includes costs, including depreciation, amortisation and impairment charges, related to owned and long-term leased vessels, equipment and offshore personnel deployed in Renewables activities.

Corporate

The Corporate business unit includes group-wide activities, and associated costs, including captive insurance activities, operational support, corporate services and costs associated with discrete events such as restructuring. The Corporate business unit also includes the results of the Group's autonomous subsidiaries, Xodus and 4Subsea, and its non-wholly owned subsidiary Nautilus Floating Solutions. A significant portion of the Corporate business unit's costs are allocated to the other business units based on a percentage of their external revenue.

6. Segment information continued

Summarised financial information relating to each operating segment is as follows:

For the three months ended 31 December 2021

(in $ millions) Unaudited	Subsea and Conventional	Renewables	Corporate	Total
Revenue				
Fixed-price projects	**868.9**	**325.9**	**2.5**	**1,197.3**
Day-rate projects	**153.6**	**–**	**14.3**	**167.9**
	1,022.5	**325.9**	**16.8**	**1,365.2**
Net operating income/(loss)	**49.5**	**(12.4)**	**(6.6)**	**30.5**
Finance income				**1.4**
Other gains and losses				**(5.9)**
Finance costs				**(6.4)**
Income before taxes				**19.6**
Adjusted EBITDA[(a)]	***132.9***	***9.5***	***0.5***	***142.9***
Adjusted EBITDA margin[(a)]	***13.0%***	***2.9%***	***3.0%***	***10.5%***

For the three months ended 31 December 2020

(in $ millions) Unaudited	Subsea and Conventional Re-presented[(b)]	Renewables Re-presented[(b)]	Corporate Re-presented[(b)]	Total Re-presented[(a)]
Revenue				
Fixed-price projects	610.5	233.8	2.6	846.9
Day-rate projects	151.9	0.1	15.5	167.5
	762.4	233.9	18.1	1,014.4
Net operating (loss)/income excluding goodwill impairment charges	(36.9)	(1.5)	3.8	(34.6)
Impairment of goodwill	(14.2)	–	(13.0)	(27.2)
Net operating loss	(51.1)	(1.5)	(9.2)	(61.8)
Finance income				1.2
Other gains and losses				(19.5)
Finance costs				(9.2)
Loss before taxes				(89.3)
Adjusted EBITDA[(a)]	*137.0*	*11.4*	*16.1*	*164.5*
Adjusted EBITDA margin[(a)]	*18.0%*	*4.9%*	*90.0%*	*16.2%*

(a) Adjusted EBITDA and Adjusted EBITDA margin are non-IFRS measures. 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) Re-presented due to new organisational structure implemented from 1 January 2021.

For the year ended 31 December 2021

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

For the year ended 31 December 2020

(in $ millions) Audited	Subsea and Conventional Re-presented[(b)]	Renewables Re-presented[(b)]	Corporate Re-presented[(b)]	Total Re-presented[(b)]
Revenue				
Fixed-price projects	2,122.6	630.3	8.3	2,761.2
Day-rate projects	643.2	1.1	60.9	705.2
	2,765.8	631.4	69.2	3,466.4
Net operating loss excluding goodwill impairment charges	(245.8)	(39.7)	(142.9)	(428.4)
Impairment of goodwill	(592.2)	–	(13.2)	(605.4)
Net operating loss	(838.0)	(39.7)	(156.1)	(1,033.8)
Finance income				4.8
Other gains and losses				(18.3)
Finance costs				(24.6)
Loss before taxes				(1,071.9)
Adjusted EBITDA[(a)]	*427.0*	*11.6*	*(101.5)*	*337.1*
Adjusted EBITDA margin[(a)]	*15.4%*	*1.8%*	*n/a*	*9.7%*

(a) Adjusted EBITDA and Adjusted EBITDA margin are non-IFRS measures. 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) Re-presented due to new organisational structure implemented from 1 January 2021.

7. Earnings per share

Basic and diluted earnings per share

Basic earnings/(loss) per share is calculated by dividing the net income/(loss) attributable to shareholders of the parent company by the weighted average number of common shares in issue during the period, excluding common shares purchased by the Group and held as treasury shares.

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all potentially dilutive common shares. The net income/(loss) and share data used in the calculation of basic and diluted earnings/(loss) per share were as follows:

	Three months ended		Year Ended	
For the period (in $ millions)	**31 Dec 2021 Unaudited**	31 Dec 2020 Unaudited	**31 Dec 2021 Audited**	31 Dec 2020 Audited
Net (loss)/income attributable to shareholders of the parent company	**(3.1)**	(102.9)	**31.8**	(1,092.8)
(Loss)/earnings used in the calculation of diluted (loss)/earnings per share	**(3.1)**	(102.9)	**31.8**	(1,092.8)

	Three months ended		Year Ended	
For the period (number of shares)	**31 Dec 2021 Unaudited**	31 Dec 2020 Unaudited	**31 Dec 2021 Audited**	31 Dec 2020 Audited
Weighted average number of common shares used in the calculation of basic (loss)/earnings per share	**297,697,324**	297,665,412	**297,562,898**	297,651,231
Performance shares	**–**	–	**1,020,873**	–
Weighted average number of common shares used in the calculation of diluted (loss)/earnings per share	**297,697,324**	297,665,412	**298,583,771**	297,651,231

	Three months ended		Year ended	
For the period (in $ per share)	**31 Dec 2021 Unaudited**	31 Dec 2020 Unaudited	**31 Dec 2021 Audited**	31 Dec 2020 Audited
Basic (loss)/earnings per share	**(0.01)**	(0.35)	**0.11**	(3.67)
Diluted (loss)/earnings per share	**(0.01)**	(0.35)	**0.11**	(3.67)

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:

	Three months ended		Year Ended	
For the period (number of shares)	**31 Dec 2021 Unaudited**	31 Dec 2020 Unaudited	**31 Dec 2021 Audited**	31 Dec 2020 Audited
Performance shares	**1,777,808**	1,599,161	**807,361**	1,637,979

8. Adjusted EBITDA and Adjusted EBITDA margin

Adjusted earnings before interest, taxation, depreciation and amortisation (Adjusted EBITDA) is a non-IFRS measure that represents net income before additional specific items that are considered to impact the comparison of the Group's performance either period-on-period or with other businesses. The Group defines Adjusted EBITDA as net income adjusted to exclude depreciation and amortisation costs, including amortisation of prepaid mobilisation expenses and amortisation of intangible assets, impairment charges or impairment reversals, finance income, remeasurement gains and losses on business combinations, other gains and losses (including foreign exchange gains and losses, gains on disposal of subsidiaries, gains and losses resulting from remeasurement of contingent consideration, gains on distributions and bargain purchase gains on business combinations), finance costs and taxation. Adjusted EBITDA 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. Impairments of assets represent the excess of the assets' carrying amount over the amount that is expected to be recovered from their use in the future or their sale.

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 for its business units, as they eliminate the effects of financing, depreciation, amortisation, impairments, 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 Subsea 7's peer group and therefore believes it to be a helpful calculation for those evaluating companies within Subsea 7's industry. Adjusted EBITDA margin may also be a useful ratio to compare performance to its competitors and is widely used by shareholders and analysts following the Group's performance.

Notwithstanding the foregoing, Adjusted EBITDA and Adjusted EBITDA margin as presented by the Group may not be comparable to similarly titled measures reported by other companies.

Reconciliation of net operating income/(loss) to Adjusted EBITDA and Adjusted EBITDA margin:

	Three months ended		Year Ended	
For the period (in $ millions)	**31 Dec 2021 Unaudited**	31 Dec 2020 Unaudited	**31 Dec 2021 Audited**	31 Dec 2020 Audited
Net operating income/(loss)	**30.5**	(61.8)	**71.7**	(1,033.8)
Depreciation, amortisation and mobilisation	**112.5**	105.2	**443.8**	442.4
Impairment of goodwill	**–**	27.2	**–**	605.4
Impairment of property, plant and equipment	**0.2**	69.5	**4.1**	282.0
Impairment of intangible assets	**3.2**	9.2	**4.8**	9.2
Net Impairment of right-of-use assets	**(3.5)**	15.2	**(3.5)**	31.9
Adjusted EBITDA	**142.9**	164.5	**520.9**	337.1
Revenue	**1,365.2**	1,014.4	**5,010.0**	3,466.4
Adjusted EBITDA margin	**10.5%**	16.2%	**10.4%**	9.7%

Reconciliation of net income/(loss) to Adjusted EBITDA and Adjusted EBITDA margin:

	Three months ended		Year Ended	
For the period (in $ millions)	**31 Dec 2021 Unaudited**	31 Dec 2020 Unaudited	**31 Dec 2021 Audited**	31 Dec 2020 Audited
Net income/(loss)	**3.7**	(103.1)	**36.4**	(1,105.2)
Depreciation, amortisation and mobilisation	**112.5**	105.2	**443.8**	442.4
Impairment of goodwill	**–**	27.2	**–**	605.4
Impairment of property, plant and equipment	**0.2**	69.5	**4.1**	282.0
Impairment of intangible assets	**3.2**	9.2	**4.8**	9.2
Net impairment of right-of-use assets	**(3.5)**	15.2	**(3.5)**	31.9
Finance income	**(1.4)**	(1.2)	**(4.7)**	(4.8)
Other gains and losses	**5.9**	19.5	**(44.4)**	18.3
Finance costs	**6.4**	9.2	**20.1**	24.6
Taxation	**15.9**	13.8	**64.3**	33.3
Adjusted EBITDA	**142.9**	164.5	**520.9**	337.1
Revenue	**1,365.2**	1,014.4	**5,010.0**	3,466.4
Adjusted EBITDA margin	**10.5%**	16.2%	**10.4%**	9.7%

9. Goodwill

The movement in goodwill during the year was as follows:

	Year Ended	
(in $ millions)	**31 Dec 2021 Audited**	31 Dec 2020 Audited
At year beginning	**84.5**	704.6
Acquired in business combinations	**76.6**	–
Adjustments to identifiable net assets at fair value subsequent to initial recognition	**–**	0.1
Impairment charges	**–**	(605.4)
Exchange differences	**(0.6)**	(14.8)
At year end	**160.5**	84.5

The goodwill of $76.6 million acquired in the quarter related to:

- the business combination of the Group's Renewables business with OHT ASA, $70.0 million;
- the acquisition of a controlling interest in Nautilus Floating Solutions, S.L., $5.3 million; and
- the acquisition of Ocean Geo Solutions Inc., $1.3 million.

Impairment review

During the fourth quarter management performed a goodwill impairment review, no impairments triggers were identified and no impairment charges were recognised (2020: impairment charges $605.4 million). The impairment review considered the potential impact of the Covid-19 pandemic, the challenges facing the energy sector and the related impacts on the forecast future activity levels of the Group in the medium and long term.

10. Business combinations

On 8 July 2021, the Group announced it had entered into an agreement to combine the Group's Renewables business unit (consisting of the Group's fixed offshore wind business) with OHT ASA (renamed Seaway 7 ASA), the transaction was completed on 1 October 2021. The business combination meets the criteria to be treated as a reverse acquisition with the deemed accounting acquirer being the Group's Renewable business unit. Effective 1 October 2021, the Group owns 72% of the combined entity and the shareholders of the former OHT ASA Group own 28% of the combined entity. The business combination resulted in the Group recognising goodwill of $70.0 million at the transaction date.

Provisional fair values

The provisional fair values of the acquired identifiable assets and assumed liabilities at 1 October 2021 are shown in the following table. This table includes fair value adjustments recognised in accordance with IFRS 3 'Business combinations' which reflect conditions existing at the date of the transaction. A downward fair value adjustment of $32.3 million was applied to the acquired net assets of OHT ASA resulting from an onerous fixed-price contract provision existing at the date of the business combination.

Stamp duty and other expenses incurred in connection with the acquisition have been accounted for separately and recorded within administrative expenses in the Group's Consolidated Income Statement.

(in $ millions)	At 1 October 2021
Assets	
Property, plant and equipment	**291.7**
Right-of-use assets	**3.0**
Inventories	**4.6**
Trade and other receivables	**10.3**
Construction contracts – assets	**8.9**
Cash and cash equivalents	**12.1**
	330.6
Liabilities	
Trade and other liabilities	**3.6**
Derivative financial instruments	**1.0**
Borrowings	**37.0**
Lease liabilities	**3.3**
Construction contracts – liabilities	**46.3**
Provisions	**32.3**
	123.5
Identifiable net assets at fair value	**207.1**
Goodwill arising on acquisition	**70.0**
	277.1
Consideration comprised	
Non-controlling interest contributed by the Group as part of the business combination	**199.5**
Non-controlling interest of acquired entities at fair value	**77.6**
Total consideration	**277.1**

11. Treasury shares

During the fourth quarter, 493,163 shares were used to satisfy share-based awards. At 31 December 2021, the Group directly held 4,534,107 shares (Q3 2021: 2,303,098) as treasury shares, representing 1.51% (Q3 2021: 0.77%) of the total number of issued shares.

The movement in treasury shares during the year was as follows:

	31 Dec 2021 Number of shares Unaudited	**31 Dec 2021 in $ millions Unaudited**	31 Dec 2020 Number of shares Unaudited	31 Dec 2020 in $ millions Unaudited
At year beginning	**2,326,683**	**17.8**	1,212,860	14.0
Shares repurchased	**2,724,172**	**21.0**	1,627,968	9.8
Shares reallocated relating to share-based payments	**(516,748)**	**(5.9)**	(514,145)	(6.0)
At year end	**4,534,107**	**32.9**	2,326,683	17.8

12. Share repurchase programme

During the fourth quarter, 2,724,172 shares were repurchased under the Group's share repurchase programme authorised on 24 July 2019, extended on 15 April 2021. At 31 December 2021, the Group had cumulatively repurchased 2,724,172 shares for a total consideration of $21.0 million under this programme.

13. Commitments and contingent liabilities

Commitments

At 31 December 2021, the Group had contractual commitments totalling $403.0 million, including commitments related to *Seaway Alfa Lift*, an offshore wind foundation installation vessel and *Seaway Ventus*, an offshore wind turbine installation vessel.

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.

Between 2009 and 2020, the Group's Brazilian businesses were audited and formally assessed for ICMS and federal taxes (including import duty) by the Brazilian state and federal tax authorities. The amount assessed, including penalties and interest, at 31 December 2021 amounted to BRL 821.5 million, equivalent to $145.1 million (31 December 2020: BRL 834.5 million, equivalent to $161.7 million). The Group has challenged these assessments. A contingent liability has been disclosed for the total amounts assessed as the disclosure criteria have been met however management believes that the likelihood of payment is not probable.

During 2018, 2019 and 2020, the Group's Brazilian business received several labour claims. The amount assessed at 31 December 2021 amounted to BRL 234.8 million, equivalent to $41.5 million (31 December 2020: BRL 238.8 million, equivalent to $46.2 million). The Group has challenged these claims. A contingent liability has been disclosed for BRL177.4 million, equivalent to $31.3 million as the disclosure criteria have been met (31 December 2020: BRL187.3 million, equivalent to $36.3 million), however, management believes that the likelihood of payment is not probable. At 31 December 2021, a provision of BRL 57.4 million, equivalent to $10.1 million was recognised within the Consolidated Balance Sheet (31 December 2020: BRL 51.5 million, equivalent to $9.9 million), as the IAS 37 'Provisions, contingent liabilities and contingent assets' recognition criteria were met.

Contingent liabilities recognised in the Consolidated Balance Sheet

As part of accounting for the business combination with Subsea 7 Inc., IFRS 3 'Business combinations' (IFRS 3) required the Group to recognise as a provision, as of the acquisition date, the fair value of contingent liabilities assumed if there was a present obligation that arose from past events, even where payment was not probable. The value of the provision recognised within the Consolidated Balance Sheet at 31 December 2021 was $5.0 million (31 December 2020: $5.5 million). While complying with the requirements of IFRS 3, management continues to believe that payment relating to the remaining recognised contingent liabilities is not probable.

As part of the accounting for the business combination of Pioneer Lining Technology Limited, IFRS 3 required the Group to recognise a provision in respect of contingent consideration payable to a third party following the acquisition of intangible assets in 2009. The value of the provision recognised within the Consolidated Balance Sheet at 31 December 2021 was $0.5 million (31 December 2020: $0.5 million). While complying with the requirements of IFRS 3, management continues to believe that payment relating to the remaining recognised contingent liabilities is not probable.

14. Cash flow from operating activities

For the period ended (in $ millions)	Year Ended 31 Dec 2021 Audited	 31 Dec 2020 Audited
Cash flow from operating activities:		
Income/(loss) before taxes	**100.7**	(1,071.9)
Adjustments for non-cash items:		
Impairment of goodwill	**–**	605.4
Amortisation of intangible assets	**14.7**	14.7
Impairment of intangible assets	**4.8**	9.2
Depreciation of property, plant and equipment	**341.1**	334.9
Impairment of property, plant and equipment	**4.1**	282.0
Amortisation of right-of-use assets	**78.5**	82.1
Impairment of right-of-use assets	**0.2**	31.9
Reversal of impairment of right-of-use assets	**(3.7)**	–
Amortisation of mobilisation costs	**9.5**	10.7
Adjustments for investing and financing items:		
Gain on recognition of assets related to business combinations – post measurement period	**–**	(15.5)
Share of net (income)/loss of associates and joint ventures	**(3.9)**	0.5
Net (gain)/loss on disposal of property, plant and equipment	**(3.0)**	0.2
Gain on maturity of lease liabilities	**(0.2)**	(1.8)
Finance income	**(4.7)**	(4.8)
Finance costs	**20.1**	24.6
Adjustments for equity items:		
Share-based payments	**3.9**	4.2
	562.1	306.4
Changes in operating assets and liabilities:		
(Increase)/decrease in inventories	**(9.3)**	4.3
Increase in operating receivables	**(416.5)**	(88.5)
Increase in operating liabilities	**224.2**	276.3
	(201.6)	192.1
Income taxes paid	**(67.5)**	(51.7)
Net cash generated from operating activities	**293.0**	446.8

15. 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 – senior secured facility

The fair value of the senior secured facility 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 31 December 2021 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)	**2021 31 Dec Level 1**	**2021 31 Dec Level 2**	**2021 31 Dec Level 3**	2020 31 Dec Level 1	2020 31 Dec Level 2	2020 31 Dec Level 3
Recurring fair value measurements						
Financial assets measured at fair value through profit or loss:						
Derivative financial instruments	**–**	**47.7**	**–**	–	54.3	–
Financial assets measured at fair value through other comprehensive income:						
Derivative financial instruments in designated hedge accounting relationships	**–**	**12.8**	**–**	–	–	–
Financial liabilities measured at fair value through profit or loss:						
Derivative financial instruments	**–**	**(29.4)**	**–**	–	(47.5)	–
Contingent consideration	**–**	**–**	**(6.6)**	–	–	(7.7)

During the period ended 31 December 2021 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.

- Contingent consideration
  The fair value of contingent consideration is determined based on current expectations of the achievement of specific targets and milestones and calculated using the discounted cash flow method and unobservable inputs.

Financial assets and liabilities measured at fair value through other comprehensive income

The Group's financial assets and liabilities measured at fair value through other comprehensive income comprised:

- Derivative financial instruments in designed hedge accounting relationships
  The fair value of outstanding forward foreign exchange contracts were calculated using quoted foreign exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

Financial assets measured at fair value through other comprehensive income and designated as such at initial recognition

The Group's financial assets measured at fair value through other comprehensive income and designated as such at initial recognition comprised:

- Other financial assets
  Strategic financial investments in unlisted companies are disclosed as other financial assets within non-current assets on the Consolidated Balance Sheet. Management concluded that due to the nature of these investments, there are a wide range of possible fair value measurements and in some cases, there may be insufficient recent information available to enable the Group to accurately measure fair value. Management review investments annually to ensure the carrying amount can be supported by expected future cash flows and have concluded cost is considered to represent the best estimate of fair value of each investment within a range of possible outcomes.

16. Post balance sheet events

Regular Dividend

The Board of Directors will recommend to the shareholders at the Annual General Meeting on 12 April 2022 that a dividend of NOK 1.00 per share be paid, equivalent to a total dividend of approximately $33 million, marking the Board's confidence in the financial position and outlook for the Group.

Repayment of borrowings

On 18 January 2022, the Group repaid in full the amount outstanding under the Seaway 7 ASA Revolving Credit Facility of $37.0 million.