Subsea 7 S.A. Announces First Quarter 2023 Results

Luxembourg – 27 April 2023 – Subsea 7 S.A. (Oslo Børs: SUBC, ADR: SUBCY, ISIN: LU0075646355, the Company) announced today results of Subsea7 Group (the Group, Subsea7) for the first quarter which ended 31 March 2023.

First quarter highlights

- First quarter Adjusted EBITDA of $107 million resulting in a margin of 9%
- Order flow remains strong, with a book-to-bill of 1.5x
- Backlog of $9.7 billion at 31 March 2023, of which $4.0 billion to be executed in 2023 and $3.4 billion in 2024
- High tendering activity with continued momentum in pricing
- Recent awards and ongoing bids underpin management's confidence in the outlook, including a return of Adjusted EBITDA margins to a range of 15-20% over the coming four years
- Offer for Seaway7 progressing towards delisting of Seaway 7 ASA from Euronext Growth in early May 2023

	Three Months Ended	
For the period (in $ millions, except Adjusted EBITDA margin and per share data)	**31 Mar 2023 Unaudited**	31 Mar 2022 Unaudited
Revenue	**1,246**	1,194
Adjusted EBITDA[a]	**107**	86
Adjusted EBITDA margin[a]	**9%**	7%
Net operating loss	**(15)**	(31)
Net loss	**(29)**	(12)
Earnings per share – in $ per share		
Basic	**(0.07)**	(0.05)
Diluted[b]	**(0.07)**	(0.05)

At (in $ millions)	**31 Mar 2023 Unaudited**	31 Dec 2022 Unaudited
Backlog[a]	**9,683**	9,008
Book-to-bill ratio – year-to-date[a]	**1.5x**	1.4x
Cash and cash equivalents	**686**	646
Borrowings	**(649)**	(356)
Net cash excluding lease liabilities[a]	**37**	290
Net (debt)/cash including lease liabilities[a]	**(419)**	33

(a) For explanations and reconciliations of Adjusted EBITDA, Adjusted EBITDA margin, Backlog, Book-to-bill ratio and Net cash/(debt) refer to the 'Alternative Performance Measures' section of 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.

John Evans, Chief Executive Officer, said:

The first quarter of 2023 unfolded as we expected and Subsea7 is on track to meet management's guidance for the full year. Our backlog continued to grow during the quarter, with awards in both subsea and offshore wind, and bidding remains very active in both businesses. The sustained high level of demand from our clients supports our view of a return to an Adjusted EBITDA margin range of 15-20% in the coming four years. While this year marks a period of re-investment in both the subsea and renewables businesses, we are confident that our strategy positions the Group for strong cash generation, and the return of excess capital to shareholders, next year and beyond.

Notably, during the quarter we largely completed installation of the $1.2 billion fast-track Sakarya project in Türkiye and the development achieved first gas in April. After just 31 months since the initial gas discovery by the client, the project is testament to the strong and successful collaboration both with Turkish Petroleum and with SLB, our alliance partner in Subsea Integration Alliance. This ambitious schedule, in a new country for Subsea7, was led by our project management team in Istanbul, and drew on the expertise of engineers in France, the UK, Malaysia and Australia, as well as utilising vessels including *Seven Arctic, Seven Oceanic* and *Seven Pegasus*.

Overall, Subsea7 delivered a satisfactory financial performance in the first quarter and we are confident in the outlook for the remainder of the year and beyond.

Operational highlights

During the first quarter the Subsea and Conventional business unit experienced normal seasonality due to winter conditions in most of the Northern Hemisphere. *Seven Oceanic, Seven Pacific, Seven Sisters* and *Seven Vega* were active on Sakarya in Türkiye, Bacalhau in Brazil and Sangomar in Senegal. *Seven Oceans* was active in the Gulf of Mexico before transiting to Norway where it prepared for work on the Northern Lights carbon capture project. In the UK, against a backdrop of fiscal uncertainty, our fleet of diving support vessels achieved reduced utilisation due to the postponement of activities by clients.

In the Renewables business unit *Seaway Aimery* and *Seaway Moxie* worked on the cable lay scope of Hollandse Kust Zuid in the Netherlands. *Seaway Strashnov* was in dry dock, as planned, for most of the first quarter and resumed operations on Dogger Bank A&B at the end of March. We also resumed activity at Seagreen and the final jacket was installed mid-April.

First quarter financial review

Revenue of $1.2 billion increased 4% compared to the prior year period reflecting strong growth of 18% in Subsea and Conventional, partially offset by a decline in Renewables due to the phasing of the Seagreen project. Adjusted EBITDA of $107 million equated to an Adjusted EBITDA margin of 8.6%, up from 7.2% in Q1 2022. After depreciation and amortisation charges of $122 million, net operating loss improved to $15 million from a loss of $31 million in the prior year period. After net finance costs of $8 million and without the benefit of the prior year's tax credit, net loss for the quarter increased to $29 million compared to a net loss of $12 million in Q1 2022.

Net cash used in operations was $127 million including a $209 million anticipated increase in net working capital. Net cash used in investing activities was $86 million while net cash generated by financing activities was $256 million which included $300 million proceeds from borrowings. Overall, cash and cash equivalents increased by $40 million from 31 December 2022 to $686 million at 31 March 2023. Net debt at the end of the first quarter was $419 million including lease liabilities of $456 million.

First quarter order intake was $1.9 billion comprising new awards of $1.2 billion and escalations of $0.7 billion resulting in a book-to-bill ratio of 1.5x. Backlog at the end of March was $9.7 billion, of which $4.0 billion is expected to be executed in 2023 and $3.4 billion in 2024.

Outlook – full year 2023 on track

We continue to expect revenue and Adjusted EBITDA in 2023 to be higher than 2022, with a weighting towards the second half of the year. Pricing and contract terms continued to improve during the first quarter and recent awards, as well as ongoing tenders, support our view that Adjusted EBITDA margins should trend back to a range of 15-20% over the coming four years. This is approaching the margin necessary to yield an appropriate return on capital employed.

Conference Call Information

Date: 27 April 2023

Time: 12:00 UK Time

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

Register for the conference call at https://register.vevent.com/register/BI835ccb83027d4b0291b319f2cd431b57

For further information, **please contact**:

Katherine Tonks
Head of Investor Relations
Email: ir@subsea7.com
Telephone: +44 20 8210 5568

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. 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.

First Quarter 2023

Income Statement

Revenue

Revenue for the first quarter was $1.2 billion, an increase of $53 million or 4% compared to Q1 2022. The increase was due to increased activity in the Subsea and Conventional business unit partly offset by lower revenue in the Renewables business unit as the Seagreen project, in the UK, neared completion.

Adjusted EBITDA

Adjusted EBITDA was $107 million resulting in an Adjusted EBITDA margin of 9%, an increase of $21 million or 24% compared to Q1 2022. The increase was driven by higher Adjusted EBITDA in the Subsea and Conventional business unit as activity levels increased year-on-year.

Net operating loss

Net operating loss was $15 million compared to net operating loss of $31 million in Q1 2022.

Net operating loss in the quarter was driven by:

- net operating loss of $18 million in the Renewables business unit (Q1 2022: net operating loss of $17 million)

partly offset by:

- net operating income of $3 million in the Subsea and Conventional business unit (Q1 2022: net operating loss $15 million).

Net loss

Net loss was $29 million in the quarter, compared to net loss of $12 million in Q1 2022.

The adverse year-on-year movement was primarily due to:

- a net loss of $3 million within other gains and losses, due to net foreign currency losses, compared to a net gain of $7 million in the prior year period, which included net foreign currency gains of $2 million;
- taxation charge of $3 million compared to a credit of $15 million in Q1 2022. The taxation charge in Q1 2023 was driven by the phasing of withholding taxes incurred

partly offset by:

- a reduction in net operating loss of $16 million, driven by improved performance in the Subsea and Conventional business unit.

Earnings per share

Diluted loss per share was $0.07 compared to diluted loss per share of $0.05 in Q1 2022, calculated using a weighted average number of shares of 292 million and 295 million, respectively.

Business Unit Highlights

Subsea and Conventional

Revenue for the first quarter was $1.1 billion, an increase of $160 million or 18% compared to the prior year, reflecting higher activity levels.

During the quarter work progressed on the Sakarya project, Türkiye, as the project neared completion, the Sangomar project, Senegal, the Sanha Lean Gas and CLOV 3 projects, Angola, and the Marjan 2 project, Saudi Arabia.

In Brazil, there were high levels of utilisation of the PLSVs and work progressed on the Bacalhau and Mero 3 projects.

Net operating income was $3 million compared to a loss of $15 million in Q1 2022, the year-on-year improvement reflected improved margins on projects awarded in 2021 and 2022.

Renewables

Revenue was $160 million compared to $266 million in Q1 2022. During the quarter the Hollandse Kust Zuid project, the Netherlands, was substantially completed and work progressed on the Seagreen project, the UK, as the project neared completion. Work continued with the offshore phase of the Dogger Bank A&B project, the UK, and mobilisation commenced related to the offshore campaigns on cable lay activities on projects in Taiwan.

Net operating loss was $18 million in Q1 2023 compared to net operating loss of $17 million in Q1 2022.

Corporate

Revenue, which was mainly driven by the Group's autonomous wholly-owned subsidiaries Xodus and 4Subsea and the Group's floating wind activities, was $26 million, which was in line with Q1 2022.

Vessel utilisation and fleet

Vessel utilisation for the first quarter was 67% compared with 68% for Q1 2022.

At 31 March 2023 there were 40 vessels in the Group's fleet, comprising 38 active vessels and 2 vessels under construction. *Seven Antares* and *Seven Inagha* continued to be classified as assets held for sale and are not included in the Group's fleet.

Cash flow

Cash flow statement

Cash and cash equivalents were $686 million at 31 March 2023, an increase of $40 million in the quarter. The movement in cash and cash equivalents during the quarter was mainly attributable to:

- net cash generated from financing activities of $256 million, which included $300 million drawn under the Group's UK Export Finance (UKEF) facility prior to the facility's availability period ending on 24 February 2023;
- net cash used in investing activities of $86 million, which included purchases of property, plant and equipment and intangible assets of $93 million

partly offset by:

- net cash used in operating activities of $127 million, which included planned unfavourable movements of $209 million in net working capital.

Free cash flow

During the first quarter, the Group generated negative free cash flow of $219 million (Q1 2022: negative free cash flow of $14 million) which is defined as cash used in operating activities of $127 million (Q1 2022: cash generated from operating activities of $39 million) less purchases of property, plant and equipment and intangible assets of $93 million (Q1 2022: $53 million).

Balance Sheet

Non-current assets

At 31 March 2023, non-current assets were $4.7 billion (31 December 2022: $4.5 billion). The movement of $196 million was driven by an increase in right-of-use assets of $194 million, mainly related to long-term vessel leases and associated options.

Non-current liabilities

At 31 March 2023, total non-current liabilities were $993 million (31 December 2022: $609 million). The increase of $384 million was mainly driven by:

- $300 million drawn under the Group's UK Export Finance (UKEF) facility, of which $240 million was recognised as non-current liabilities;
- increase of $159 million in lease liabilities

partly offset by:

- $16 million reclassified to current borrowings in line with repayment schedules.

Net current assets

Current assets were $2.7 billion (31 December 2022: $2.4 billion) and current liabilities were $2.0 billion (31 December 2022: $1.9 billion), resulting in net current assets of $699 million (31 December 2022: $537 million). The increase of $162 million in the quarter was driven by:

- increase in trade and other receivables of $96 million;
- increase in construction contract assets of $136 million;
- increase in cash and cash equivalents of $40 million

partly offset by:

- increase in borrowings of $70 million; and
- increase in lease liabilities of $40 million.

Equity

At 31 March 2023, total equity was $4.4 billion (31 December 2022: $4.5 billion). The decrease of $26 million in the year was driven by net loss for the quarter of $29.2 million.

During the quarter, the Group increased its ownership interest in its non-wholly-owned subsidiary, Seaway 7 ASA, to 93.94% through a share issuance of $108 million. As a result of this transaction, $130 million was reclassified from non-controlling interests to retained earnings. In May, following the completion of the voluntary offer and subsequent compulsory acquisition, Seaway 7 ASA will become a wholly-owned subsidiary of the Group.

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

Borrowings

At 31 March 2023, total borrowings were $649 million (31 December 2022: $356 million). The increase of $293 million was mainly driven by the drawdown of $300 million under the Group's UK Export Finance (UKEF) facility.

A summary of the borrowing facilities available to the Group at 31 March 2023 is as follows:

(in $ millions)	Total facility	Drawn[a]	Undrawn	Maturity Date
Multi-currency revolving credit and guarantee facility	700.0	–	700.0	June 2027
UK Export Finance (UKEF) facility	500.0	(500.0)	–	February 2028
South Korean Export Credit Agency (ECA) facility	153.6	(153.6)	–	January 2027[b]
Total	**1,353.6**	**(653.6)**	**700.0**	

(a) Borrowings presented in the Consolidated Balance Sheet are shown net of capitalised fees of $4.8 million, which are amortised over the period of the facility.
(b) 90% of the facility is provided by an Export Credit Agency (ECA) and 10% by commercial banks. The maturity of the ECA tranche is January 2029 and the maturity of the commercial tranche is January 2027.

Lease liabilities

Lease liabilities were $456 million, an increase of $199 million compared with 31 December 2022. The increase was driven by vessel leases, including options, entered into by the Group.

Net cash/(debt)

At 31 March 2023:

- net cash (excluding lease liabilities) was $37 million compared to net cash of $290 million at 31 December 2022; and
- net debt (including lease liabilities) was $419 million, compared to net cash of $33 million at 31 December 2022. This included an increase in lease liabilities of $199 million in the quarter.

Gearing
At 31 March 2023, gross gearing (borrowings divided by total equity) was 14.7% (31 December 2022: 8.0%).

Liquidity
At 31 March 2023, the Group's liquidity, represented by cash and cash equivalents and undrawn borrowing facilities was $1.4 billion (31 December 2022: $1.6 billion).

Shareholder distributions
Share repurchase programme
During the first quarter no shares were repurchased in accordance with the Group's share repurchase programme authorised on 24 July 2019, extended on 15 April 2021. At 31 March 2023, the Group had cumulatively repurchased 10,000,212 shares for a total consideration of $77 million under this programme. During the quarter, 5,681,967 treasury shares were cancelled in accordance with the authority granted at an EGM in 2021. At 31 March 2023, the Group directly held 4,112,300 shares (31 December 2022: 9,794,267) as treasury shares, representing 1.36% (31 December 2022: 3.26%) of the total number of issued shares.

Backlog
At 31 March 2023 backlog was $9.7 billion compared to $9.0 billion at 31 December 2022. Order intake was $1.9 billion representing a book-to-bill ratio of 1.5x. Order intake included new awards of $1.2 billion, including the Agogo West Hub Development project in Angola, the Irpa and Verdande field development projects in Norway, and the Hai Long Offshore Wind project in Taiwan. Escalations of approximately $700 million were recognised in the quarter. The impact of foreign exchange in the quarter was insignificant.

$8.5 billion of the backlog at 31 March 2023 related to the Subsea and Conventional business unit (which included $0.5 billion related to long-term day-rate contracts for PLSVs in Brazil) and $1.2 billion related to the Renewables business unit. $4.0 billion of the backlog is expected to be executed in 2023, $3.4 billion in 2024 and $2.3 billion in 2025 and thereafter. Backlog related to associates and joint ventures, which is not significant to the Group, is excluded from these amounts.

Subsea 7 S.A.
Condensed Consolidated Income Statement

(in $ millions)	Three Months Ended 31 Mar 2023 Unaudited	Three Months Ended 31 Mar 2022 Unaudited
Revenue	**1,246.3**	1,193.8
Operating expenses	**(1,194.6)**	(1,163.5)
Gross profit	**51.7**	30.3
Administrative expenses	**(65.8)**	(60.4)
Share of net loss of associates and joint ventures	**(1.2)**	(0.8)
Net operating loss	**(15.3)**	(30.9)
Finance income	**6.1**	0.9
Other gains and losses	**(3.0)**	7.2
Finance costs	**(13.9)**	(4.8)
Loss before taxes	**(26.1)**	(27.6)
Taxation	**(3.1)**	15.2
Net loss	**(29.2)**	(12.4)
Net (loss)/income attributable to:		
Shareholders of the parent company	**(19.9)**	(14.9)
Non-controlling interests	**(9.3)**	2.5
	(29.2)	(12.4)

Earnings per share	**$ per share**	$ per share
Basic	**(0.07)**	(0.05)
Diluted[(a)]	**(0.07)**	(0.05)

(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 Mar 2023 Unaudited	Three Months Ended 31 Mar 2022 Unaudited
Net loss	**(29.2)**	(12.4)
Items that may be reclassified to the income statement in subsequent periods:		
Net foreign currency translation gains/(losses)	**5.5**	(17.0)
Commodity cash flow hedges	**(3.0)**	12.8
Tax relating to components of other comprehensive income	**0.2**	(1.2)
Other comprehensive income/(loss)	**2.7**	(5.4)
Total comprehensive loss	**(26.5)**	(17.8)
Total comprehensive (loss)/income attributable to:		
Shareholders of the parent company	**(17.3)**	(19.1)
Non-controlling interests	**(9.2)**	1.3
	(26.5)	(17.8)

Subsea 7 S.A.
Condensed Consolidated Balance Sheet

	31 Mar 2023 Unaudited	31 Dec 2022 Audited
Assets		
Non-current assets		
Goodwill	**191.3**	191.3
Intangible assets	**32.1**	31.1
Property, plant and equipment	**3,922.3**	3,922.0
Right-of-use assets	**436.0**	242.0
Interest in associates and joint ventures	**24.0**	25.5
Advances and receivables	**66.8**	65.9
Derivative financial instruments	**7.1**	5.3
Other financial assets	**1.1**	1.1
Deferred tax assets	**38.4**	38.7
	4,719.1	4,522.9
Current assets		
Inventories	**56.4**	49.5
Trade and other receivables	**682.6**	586.2
Current tax assets	**82.9**	61.1
Derivative financial instruments	**19.6**	16.7
Assets classified as held for sale	**50.3**	45.5
Construction contracts – assets	**943.7**	807.7
Other accrued income and prepaid expenses	**219.5**	204.6
Restricted cash	**7.5**	4.4
Cash and cash equivalents	**685.6**	645.6
	2,748.1	2,421.3
Total assets	**7,467.2**	6,944.2
Equity		
Issued share capital	**605.7**	600.0
Treasury shares	**(33.4)**	(75.0)
Paid in surplus	**2,565.0**	2,503.2
Translation reserve	**(622.4)**	(628.0)
Other reserves	**(21.4)**	(18.4)
Retained earnings	**1,849.7**	1,739.8
Equity attributable to shareholders of the parent company	**4,343.2**	4,121.6
Non-controlling interests	**81.8**	329.1
Total equity	**4,425.0**	4,450.7
Liabilities		
Non-current liabilities		
Borrowings	**525.2**	302.2
Lease Liabilities	**320.6**	161.2
Retirement benefit obligations	**9.5**	9.2
Deferred tax liabilities	**52.8**	54.4
Provisions	**42.7**	47.7
Contingent liabilities recognised	**0.4**	0.4
Derivative financial instruments	**36.8**	28.7
Other non-current liabilities	**5.1**	5.3
	993.1	609.1
Current liabilities		
Trade and other liabilities	**1,279.0**	1,270.4
Derivative financial instruments	**10.7**	7.2
Tax liabilities	**52.5**	49.3
Borrowings	**123.6**	53.8
Lease liabilities	**135.6**	95.8
Provisions	**100.0**	87.0
Construction contracts – liabilities	**339.8**	319.4
Deferred revenue	**7.9**	1.5
	2,049.1	1,884.4
Total liabilities	**3,042.2**	2,493.5
Total equity and liabilities	**7,467.2**	6,944.2

Subsea 7 S.A.
Condensed Consolidated Statement of Changes in Equity
For the three months ended 31 March 2023

(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 2023	**600.0**	**(75.0)**	**2,503.2**	**(628.0)**	**(18.4)**	**1,739.8**	**4,121.6**	**329.1**	**4,450.7**
Comprehensive income/(loss)									
Net loss	–	–	–	–	–	(19.9)	(19.9)	(9.3)	(29.2)
Net foreign currency translation gains	–	–	–	5.4	–	–	5.4	0.1	5.5
Commodity cash flow hedges	–	–	–	–	(3.0)	–	(3.0)	–	(3.0)
Tax relating to components of other comprehensive income	–	–	–	0.2	–	–	0.2	–	0.2
Total comprehensive income/(loss)	**–**	**–**	**–**	**5.6**	**(3.0)**	**(19.9)**	**(17.3)**	**(9.2)**	**(26.5)**
Transactions with owners									
Share issuance	17.1	–	91.2	–	–	–	108.3	(108.3)	–
Share cancellation	(11.4)	41.6	(30.2)	–	–	–	–	–	–
Reclassification adjustment relating to ownership interests	–	–	–	–	–	129.8	129.8	(129.8)	–
Share-based payments	–	–	0.8	–	–	–	0.8	–	0.8
Total transactions with owners	**5.7**	**41.6**	**61.8**	**–**	**–**	**129.8**	**238.9**	**(238.1)**	**0.8**
Balance at 31 March 2023	**605.7**	**(33.4)**	**2,565.0**	**(622.4)**	**(21.4)**	**1,849.7**	**4,343.2**	**81.8**	**4,425.0**

Subsea 7 S.A.
Condensed Consolidated Statement of Changes in Equity
For the three months ended 31 March 2022

(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 2022	**600.0**	**(32.9)**	**2,503.9**	**(582.5)**	**(14.2)**	**1,709.5**	**4,183.8**	**304.5**	**4,488.3**
Comprehensive (loss)/income									
Net (loss)/income	–	–	–	–	–	(14.9)	(14.9)	2.5	(12.4)
Net foreign currency translation losses	–	–	–	(15.8)	–	–	(15.8)	(1.2)	(17.0)
Commodity cash flow hedges	–	–	–	–	12.8	–	12.8	–	12.8
Tax relating to components of other comprehensive income	–	–	–	0.7	(1.9)	–	(1.2)	–	(1.2)
Total comprehensive (loss)/income	**–**	**–**	**–**	**(15.1)**	**10.9**	**(14.9)**	**(19.1)**	**1.3**	**(17.8)**
Transactions with owners									
Shares repurchased	–	(20.7)	–	–	–	–	(20.7)	–	(20.7)
Share-based payments	–	–	1.0	–	–	–	1.0	–	1.0
Total transactions with owners	**–**	**(20.7)**	**1.0**	**–**	**–**	**–**	**(19.7)**	**–**	**(19.7)**
Balance at 31 March 2022	**600.0**	**(53.6)**	**2,504.9**	**(597.6)**	**(3.3)**	**1,694.6**	**4,145.0**	**305.8**	**4,450.8**

Subsea 7 S.A.
Condensed Consolidated Cash Flow Statement

(in $ millions)	Three Months Ended 31 Mar 2023 Unaudited	Three Months Ended 31 Mar 2022 Unaudited
Operating activities		
Loss before taxes	**(26.1)**	(27.6)
Adjustments for non-cash items:		
Depreciation and amortisation charges	**122.1**	116.7
Adjustments for investing and financing items:		
Share of net loss of associates and joint ventures	**1.2**	0.8
Net loss/(gain) on disposal of property, plant and equipment	**0.1**	(0.4)
Net gain on maturity of lease liabilities	**–**	(1.9)
Release of contingent consideration post measurement period	**–**	2.6
Finance income	**(6.1)**	(0.9)
Finance costs	**13.9**	4.8
Adjustments for equity items:		
Share-based payments	**0.8**	1.0
	105.9	95.1
Changes in working capital:		
Increase in inventories	**(6.7)**	(2.2)
(Increase)/decrease in trade and other receivables	**(99.8)**	16.2
Increase in construction contract – assets	**(133.0)**	(32.0)
(Increase)/decrease in other working capital assets	**(24.0)**	3.8
Increase in trade and other liabilities	**10.4**	35.1
Increase/(decrease) in construction contract – liabilities	**18.6**	(56.2)
Increase/(decrease) in other working capital liabilities	**25.6**	(3.1)
Net increase in working capital	**(208.9)**	(38.4)
Income taxes paid	**(23.7)**	(17.8)
Net cash (used in)/generated from operating activities	**(126.7)**	38.9
Cash flows used in investing activities		
Proceeds from disposal of property, plant and equipment	**–**	0.5
Purchases of property, plant and equipment	**(89.1)**	(52.2)
Purchases of intangible assets	**(3.4)**	(0.5)
Interest received	**6.1**	0.9
Net cash used in investing activities	**(86.4)**	(51.3)
Cash flows used in financing activities		
Interest paid	**(7.3)**	(1.6)
Repayment of borrowings	**(6.2)**	(43.2)
Proceeds from borrowings	**300.0**	–
Cost of share repurchases	**–**	(20.7)
Payments related to lease liabilities – principal	**(25.3)**	(22.0)
Payments related to lease liabilities – interest	**(5.6)**	(2.7)
Net cash generated from/(used in) financing activities	**255.6**	(90.2)
Net increase/(decrease) in cash and cash equivalents	**42.5**	(102.6)
Cash and cash equivalents at beginning of year	**645.6**	597.6
(Increase)/decrease in restricted cash	**(3.1)**	0.9
Effect of foreign exchange rate movements on cash and cash equivalents	**0.6**	3.6
Cash and cash equivalents at end of period	**685.6**	499.5

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-1471 Luxembourg. The Condensed Consolidated Financial Statements were authorised for issue by the Board of Directors on 26 April 2023.

2. Basis of preparation

The Condensed Consolidated Financial Statements for the period from 1 January 2023 to 31 March 2023 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 2022 which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The Condensed Consolidated Financial Statements are unaudited.

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 2022.

The Group adopted IFRS 17 'Insurance Contracts' for the year beginning 1 January 2023. Several amendments to existing IFRS were also applied for the first time in 2023. There was no material impact on the Consolidated Financial Statements of the Group as a result. Amendments to existing IFRSs, issued with an effective date of 1 January 2023 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 2022, 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 2022:

- Revenue recognition on long-term construction contracts
- Revenue recognition on variable consideration
- Goodwill carrying amount
- Property, plant and equipment
- Recognition of provisions and disclosure of contingent liabilities
- Measurement of onerous fixed-price contract provisions in business combinations
- Taxation

5. Seasonality

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

6. Segment information

For management and reporting purposes, the Group is organised into 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;
- Activities associated with heavy lifting operations and decommissioning of redundant offshore structures; and
- Activities associated with carbon capture, utilisation and storage (CCUS).

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. 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, and its activities in emerging energies such as hydrogen. A significant portion of the Corporate business unit's costs are allocated to the Subsea and Conventional business unit based on a percentage of external revenue.

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

For the three months ended 31 March 2023

(in $ millions) Unaudited	Subsea and Conventional	Renewables	Corporate	Total
Revenue				
Fixed-price projects	**904.2**	**158.7**	**4.9**	**1,067.8**
Day-rate projects	**157.0**	**0.8**	**20.7**	**178.5**
	1,061.2	**159.5**	**25.6**	**1,246.3**
Net operating income/(loss)	**2.7**	**(18.0)**	**–**	**(15.3)**
Finance income				**6.1**
Other gains and losses				**(3.0)**
Finance costs				**(13.9)**
Loss before taxes				**(26.1)**
Adjusted EBITDA[(a)]	***96.8***	***6.1***	***3.9***	***106.8***
Adjusted EBITDA margin[(a)]	***9.1%***	***3.8%***	***15.2%***	***8.6%***

For the three months ended 31 March 2022

(in $ millions) Unaudited	Subsea and Conventional	Renewables	Corporate	Total
Revenue				
Fixed-price projects	764.6	266.4	3.2	1,034.2
Day-rate projects	137.0	–	22.6	159.6
	901.6	266.4	25.8	1,193.8
Net operating (loss)/income	(14.6)	(16.6)	0.3	(30.9)
Finance income				0.9
Other gains and losses				7.2
Finance costs				(4.8)
Loss before taxes				(27.6)
Adjusted EBITDA[(a)]	*75.6*	*5.4*	*4.8*	*85.8*
Adjusted EBITDA margin[(a)]	*8.4%*	*2.0%*	*18.6%*	*7.2%*

(a) Adjusted EBITDA and Adjusted EBITDA margin are non-IFRS measures. For explanations and reconciliations of Adjusted EBITDA and Adjusted EBITDA margin refer to the 'Alternative Performance Measures' section of the Condensed Consolidated Financial Statements.

7. Earnings per share

Basic and diluted earnings per share

Basic earnings per share is calculated by dividing the net income 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 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 and share data used in the calculation of basic and diluted earnings per share were as follows:

	Three Months Ended	
For the period (in $ millions)	**31 Mar 2023 Unaudited**	31 Mar 2022 Unaudited
Net loss attributable to shareholders of the parent company	**(19.9)**	(14.9)
Earnings used in the calculation of diluted loss per share	**(19.9)**	(14.9)

	Three Months Ended	
For the period (number of shares)	**31 Mar 2023 Unaudited**	31 Mar 2022 Unaudited
Weighted average number of common shares used in the calculation of basic loss per share	**291,837,052**	294,930,944
Performance shares	**–**	–
Weighted average number of common shares used in the calculation of diluted loss per share	**291,837,052**	294,930,944

	Three Months Ended	
For the period (in $ per share)	**31 Mar 2023 Unaudited**	31 Mar 2022 Unaudited
Basic loss per share	**(0.07)**	(0.05)
Diluted loss per share	**(0.07)**	(0.05)

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

	Three Months Ended	
For the period (number of shares)	**31 Mar 2023 Unaudited**	31 Mar 2022 Unaudited
Performance shares	**1,788,755**	1,804,683

8. Goodwill

The movement in goodwill during the period was as follows:

	Three Months Ended	
(in $ millions)	**31 Mar 2023 Unaudited**	31 Mar 2022 Unaudited
At year beginning	**191.3**	197.2
Exchange differences	**–**	(0.5)
At period end	**191.3**	196.7

9. Issued share capital

On 2 March 2023, the Group announced it had entered into agreements to acquire 187,889,551 shares in Seaway 7 ASA, a non-wholly-owned subsidiary of the Group. The transaction completed on 14 March 2023, with 8,540,433 Subsea 7 S.A. common shares being issued in consideration, and the Group's respective ownership interest in Seaway 7 ASA thereafter increasing to 93.94%.

At 31 March 2023, the Group's issued share capital was $605,716,932, represented by 302,858,466 common shares each with a nominal value of $2.00, taking into consideration the treasury share cancellation disclosed within Note 10 to the Condensed Consolidated Financial Statements.

Following the expiry of the voluntary offer period on 14 April 2023, Subsea 7 S.A. issued 1,435,806 common shares in consideration for 3.62% of the issued shares of Seaway 7 ASA and at that date the Group's ownership interest in Seaway 7 ASA increased to 97.56%.

Following these transactions, the Group's issued share capital was $608,588,544 represented by 304,294,272 shares each with a nominal value of $2.00.

10. Treasury shares

At 31 March 2023, the Company directly held 4,112,300 shares (Q4 2022: 9,794,267) as treasury shares, representing 1.36% (Q4 2022: 3.26%) of the total number of issued shares.

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

	31 Mar 2023 Number of shares Unaudited	**31 Mar 2023 in $ millions Unaudited**	31 Mar 2022 Number of shares Unaudited	31 Mar 2022 in $ millions Unaudited
At year beginning	**9,794,267**	**75.0**	4,534,107	32.9
Shares repurchased	**–**	**–**	2,500,910	20.7
Shares cancelled	**(5,681,967)**	**(41.6)**	–	–
At period end	**4,112,300**	**33.4**	7,035,017	53.6

On 14 April 2021 at an extraordinary general meeting of the shareholders of the Company (the 2021 EGM), the Board of Directors were authorised, inter alia, to cancel shares repurchased at or after the time of the 2021 EGM under the Company's share repurchase programmes authorised under the 2021 EGM.

On 1 March 2023, the Board of Directors resolved to implement the share capital reduction decision of the 2021 EGM to approve the reduction of the issued share capital by an amount of $11,363,934 through the cancellation of 5,681,967 treasury shares held by the Company. After this transaction the Company directly held 4,112,300 shares as treasury shares.

11. Share repurchase programme

During the first quarter, no shares were repurchased under the Group's share repurchase programme authorised on 24 July 2019, extended on 15 April 2021. At 31 March 2023, the Group had cumulatively repurchased 10,000,212 shares for a total consideration of $76.8 million under this programme.

12. Commitments and contingent liabilities

Commitments

At 31 March 2023, the Group had contractual capital commitments totalling $340.1 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 March 2023 amounted to BRL 924.0 million, equivalent to $178.8 million (31 December 2022: BRL 908.8 million, equivalent to $174.7 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 March 2023 amounted to BRL 195.7 million, equivalent to $37.9 million (31 December 2022: BRL 205.1 million, equivalent to $39.4 million). The Group has challenged these claims. A contingent liability has been disclosed for BRL 134.6 million, equivalent to $26.1 million as the disclosure criteria have been met (31 December 2022: BRL 138.6 million, equivalent to $26.6 million), however, management believes that the likelihood of payment is not probable. At 31 March 2023, a provision of BRL 61.1 million, equivalent to $11.8 million was recognised within the Consolidated Balance Sheet (31 December 2022: BRL 66.5 million, equivalent to $12.8 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 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 March 2023 was $0.4 million (31 December 2022: $0.4 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.

13. 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 – South Korean Export Credit Agency (ECA) facility and UK Export Finance (UKEF) facility

Fair value is determined by matching the maturity profile of amounts utilised under each facility to market interest rates available to the Group for borrowings with similar security, maturity and repayment profiles. At 31 March 2023, interest charged under each 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)	**2023 31 Mar Level 1**	**2023 31 Mar Level 2**	**2023 31 Mar Level 3**	2022 31 Dec Level 1	2022 31 Dec Level 2	2022 31 Dec Level 3
Recurring fair value measurements						
Financial assets:						
Financial assets measured at fair value through profit and loss – embedded derivatives	**–**	**23.0**	**–**	–	16.7	–
Financial assets measured at fair value through profit and loss – forward foreign exchange contracts	**–**	**1.4**	**–**	–	1.1	–
Financial assets measured at fair value through other comprehensive income – commodity derivatives	**–**	**2.3**	**–**	–	4.2	–
Financial liabilities:						
Financial liabilities measured at fair value through profit and loss – embedded derivatives	**–**	**(45.7)**	**–**	–	(34.3)	–
Financial liabilities measured at fair value through profit and loss – forward foreign exchange contracts	**–**	**–**	**–**	–	(1.1)	–
Financial liabilities measured at fair value through profit and loss – commodity derivatives	**–**	**(0.3)**	**–**	–	(0.2)	–
Financial liabilities measured at fair value through other comprehensive income – commodity derivatives	**–**	**(1.5)**	**–**	–	(0.3)	–
Contingent consideration	**–**	**–**	**(1.7)**	–	–	(1.6)

During the period ended 31 March 2023 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.

13. Fair value and financial instruments continued

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:

- Commodity derivatives in designed hedge accounting relationships
  The fair value of outstanding commodity contracts were calculated using quoted commodity 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 Condensed 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.

14. Events after the reporting period

Shareholder resolution on dividend at Annual General Meeting

The Annual General Meeting of Shareholders of Subsea 7 S.A. took place on 18 April 2023. All resolutions proposed by the Board of Directors were approved by shareholders, including the resolution to approve the payment of a dividend of NOK 4.00 per share, equivalent to a total dividend of $111 million. The dividend will be paid on 28 April 2023 to the holders of common shares and American Depositary Receipts (ADRs).

Seaway 7 ASA ownership and delisting

Following the expiry of the voluntary offer period on 14 April 2023, Subsea 7 S.A. issued 1,435,806 common shares in consideration for 3.62% of the issued shares of Seaway 7 ASA and at that date the Group's ownership interest in Seaway 7 ASA increased to 97.56%. Subsequent to the voluntary offer, the Group increased its ownership interest in Seaway 7 ASA to 99.48% as at 26 April 2023. The additional shares acquired will be settled in cash.

In May, following the completion of the voluntary offer and subsequent compulsory acquisition, Seaway 7 ASA will become a wholly-owned subsidiary of the Group and will be de-listed from Euronext Growth Oslo.

Following these transactions, the Group's issued share capital was $608,588,544 represented by 304,294,272 shares each with a nominal value of $2.00.

Share repurchase programme

On 18 April 2023, at an extraordinary general meeting of the Shareholders of Subsea 7 S.A. authority was granted to the Board of Directors to repurchase and to cancel shares repurchased in conformity with Luxembourg Company Law. The authority granted on 18 April 2023 replaces the previous authority granted on the 14 April 2021. On 19 April 2023, the Board of Directors authorised a 24-month extension to the Group's $200 million share repurchase programme which will expire on 18 April 2025.

Alternative Performance Measures (APMs) - definitions

The Group uses Alternative Performance Measures (APMs) when evaluating financial performance, financial position and cash flows which are not defined or specified under International Financial Reporting Standards (IFRS), as adopted by the EU. Management considers that these non-IFRS measures, which are not a substitute for IFRS measures, provide stakeholders with additional information to further understand the Group's financial performance, financial position and cash flows.

APM	Description	Closest equivalent IFRS measure	Adjustments to reconcile to primary financial statements	Rationale for utilising APM
Income Statement APMs				
Adjusted EBITDA and Adjusted EBITDA margin	Adjusted earnings before interest, taxation, depreciation and amortisation represents net income/(loss) before additional specific items that are considered to impact the comparison of the Group's performance either period-on-period or with other businesses. Adjusted EBITDA margin is defined as Adjusted EBITDA divided by revenue, expressed as a percentage.	Net income/(loss)	Net income/(loss) 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 and Adjusted EBITDA margin are important indicators of the operational strength and the performance of the Group and provide a meaningful comparative for its business units. The presentation of Adjusted EBITDA is also useful as it is similar to measures used by companies within Subsea7's peer group. Adjusted EBITDA margin may also be a useful ratio to compare performance to the Group's competitors and is widely used by shareholders and analysts. 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.
Effective tax rate (ETR)	The effective tax rate is expressed as a percentage, calculated as the taxation expense/(credit) divided by the income/(loss) before taxes.	Taxation	n/a	Provides a useful and relevant measure of the effectiveness of the Group's tax strategy and tax planning.
Balance Sheet APM				
Net cash/(debt) excluding lease liabilities and net cash/(debt) including lease liabilities	Net cash/(debt) is defined as cash and cash equivalents less borrowings. The Group utilises both net cash/(debt) excluding lease liabilities and net cash/(debt) including lease liabilities as financial position measures.	No direct equivalent	Calculated as cash and cash equivalent less borrowings (current and non-current). The measure may exclude lease liabilities (current and non-current) or include them.	Net cash/(debt) provides a meaningful and reliable basis to evaluate financial strength and liquidity of the Group.

Cash flow APMs				
Cash conversion	Cash conversion is defined as net cash generated from/(used in) operating activities, add back income taxes paid, divided by Adjusted EBITDA, expressed as a percentage.	No direct equivalent	Calculated as net cash generated from/(used in) operating activities in the Group's Consolidated Cash Flow Statement, add back income taxes paid and divided by Adjusted EBITDA.	Cash conversion is a financial management tool to determine the efficiency of the Group's ability to generate cash from its operating activities.
Free cash flow	Free cash flow is defined as net cash generated from/(used in) operating activities less purchases of property, plant and equipment and intangible assets.	No direct equivalent	Calculated as net cash generated from/(used in) operating activities from the Group's Consolidated Cash Flow Statement less purchases of property, plant and equipment and intangible assets.	Free cash flow is a relevant metric for shareholders and analysts when determining cash available to the Group to invest or potentially distribute.
Other APMs				
Backlog	Backlog represents expected future revenue from projects. Awards to associates and joint ventures are excluded from backlog figures, unless otherwise stated. Despite being a non-IFRS term, the Group recognises backlog in accordance with the requirements of IFRS 15, 'Revenue from Contracts with Customers', which represents revenue expected to be recognised in the future related to performance obligations which are unsatisfied, or partially unsatisfied, at the reporting date.	Transaction price allocated to the remaining performance obligations	n/a	Utilising the term backlog is in accordance with expected industry-wide terminology. It is similarly used by companies within Subsea7's peer group and is a helpful term for those evaluating companies within Subsea7's industry. Backlog may also be useful to compare performance with competitors and is widely used by shareholders and analysts. Notwithstanding this, backlog presented by the Group may not be comparable to similarly titled measures reported by other companies.
Book-to-bill ratio	Book-to-bill ratio represents total order intake divided by revenue for the reporting period.	No direct equivalent	n/a	The book-to-bill metric is widely used in the energy sector by shareholders and analysts and is a helpful term for those evaluating companies within Subsea7's industry. Notwithstanding this, the book-to-bill ratio presented by the Group may not be comparable to similarly titled measures reported by other companies.

Alternative Performance Measures - calculations

1a. Reconciliation of net operating income/(loss) to Adjusted EBITDA and Adjusted EBITDA margin

	Three Months Ended	
For the period (in $ millions)	**31 Mar 2023 Unaudited**	31 Mar 2022 Unaudited
Net operating loss	**(15.3)**	(30.9)
Depreciation, amortisation and mobilisation	**122.1**	116.7
Adjusted EBITDA	**106.8**	85.8
Revenue	**1,246.3**	1,193.8
Adjusted EBITDA margin	**8.6%**	7.2%

1b. Reconciliation of net income/(loss) to Adjusted EBITDA and Adjusted EBITDA margin

	Three Months Ended	
For the period (in $ millions)	**31 Mar 2023 Unaudited**	31 Mar 2022 Unaudited
Net loss	**(29.2)**	(12.4)
Depreciation, amortisation and mobilisation	**122.1**	116.7
Finance income	**(6.1)**	(0.9)
Other gains and losses	**3.0**	(7.2)
Finance costs	**13.9**	4.8
Taxation	**3.1**	(15.2)
Adjusted EBITDA	**106.8**	85.8
Revenue	**1,246.3**	1,193.8
Adjusted EBITDA margin	**8.6%**	7.2%

2. Effective tax rate

	Three Months Ended	
For the period (in $ millions)	**31 Mar 2023 Unaudited**	31 Mar 2022 Unaudited
Taxation (charge)/credit	**(3.1)**	15.2
Loss before taxation	**(26.1)**	(27.6)
Effective tax rate (percentage)	**(11.9)%**	55.1%

3. Net cash/(debt) excluding lease liabilities and net cash/(debt) including lease liabilities

At (in $ millions)	**31 Mar 2023 Unaudited**	31 Mar 2022 Unaudited
Cash and cash equivalents	**685.6**	499.5
Total borrowings	**(648.8)**	(378.8)
Net cash excluding lease liabilities	**36.8**	120.7
Total lease liabilities	**(456.2)**	(218.8)
Net debt including lease liabilities	**(419.4)**	(98.1)

4. Free cash flow

	Three Months Ended	
For the period (in $ millions)	**31 Mar 2023 Unaudited**	31 Mar 2022 Unaudited
Cash (used in)/generated from operating activities	**(126.7)**	38.9
Purchases of property, plant and equipment and intangible assets	**(92.5)**	(52.7)
Free cash flow	**(219.2)**	(13.8)

5. Cash conversion

For the period (in $ millions)	Three Months Ended 31 Mar 2023 Unaudited	31 Mar 2022 Unaudited
Cash (used in)/generated from operating activities	**(126.7)**	38.9
Income taxes paid	**23.7**	17.8
	(103.0)	56.7
Adjusted EBITDA	**106.8**	85.8
Cash conversion	**(1.0)x**	0.7x

6a. Backlog

The IFRS 15 'Revenue from Contracts with Customers' disclosure in relation to remaining performance obligations is contained in Note 23, 'Construction Contracts', in the Group's 2022 Annual Report. Unless otherwise stated, backlog and remaining performance obligations, as required by IFRS 15, will be the same number. Backlog by year of execution is as follows:

At (in $ millions)	31 Mar 2023 Unaudited	31 Mar 2022 Unaudited
Total backlog	**9,683.0**	7,295.0
Expected year of utilisation:		
2022	**–**	3,172.0
2023	**4,036.5**	2,632.1
2024	**3,435.7**	1,247.2
2025	**1,731.3**	243.2
2026 and thereafter	**479.5**	0.5

6b. Book-to-bill ratio

For the period (in $ millions)	Three Months Ended 31 Mar 2023 Unaudited	31 Mar 2022 Unaudited
Order intake	**1,920.5**	1,160.5
Revenue	**1,246.3**	1,193.8
Book-to-bill ratio	**1.5x**	1.0x