Annual Report 2023

MAKE
POSSIBLE

Delivering sustainable value for our stakeholders

Seven Oceans at the Vigra spoolbase

Subsea and Conventional
Renewables
2023
2022

Contents

Our vision

To make possible the global delivery of offshore energy for today and tomorrow.

Our strategy

We create sustainable value by delivering the offshore energy transition solutions the world needs.

How we make possible

Early engagement and system innovation

Collaboration and partnerships

Integrated services

Sustainable delivery

Digital solutions

Enabling products

Chairman's Statement

Powering the energy transition

Kristian Siem Chairman

Financial performance

2023 Net income

$10m

2022: $36m

2023 Net debt

$552m

2022: $33m net cash

Safety performance

2023 Lost-time injury (LTI) frequency

0.03

per 200,000 hours worked

To the shareholders of Subsea 7 S.A.

In 2023, the Group delivered solid operational and financial results as the upcycles in our industries gathered pace. Revenue increased 16% to $6.0 billion, and Adjusted EBITDA was $714 million, resulting in an EBITDA margin of 12%. Diluted earnings per share were $0.05, down from $0.19 in 2022. Order intake increased 5% year-on-year to $7.4 billion, a book-to-bill of 1.2 times, resulting in continued growth of the backlog to $10.6 billion – the highest backlog since 2013.

At the heart of offshore energy decarbonisation

Against a backdrop of heightened geopolitical uncertainty and conflict, the world continues to grapple with the so-called energy trilemma: addressing the need for secure and affordable energy, while simultaneously working to decarbonise our energy sources. In 2023, this challenge was compounded by high inflation and rising interest rates – representing significant headwinds to the economics of offshore renewable energy developments. Industries across the globe, including our own, must continue to tackle the challenge and seize opportunities to deliver a diverse range of innovative solutions that, together, can help decarbonise our economies.

Subsea7's focus on subsea oil and gas, carbon capture, offshore wind, and new energies places the Group at the heart of the energy transition.

Industry dynamics suggest a prolonged upcycle

Subsea7 experienced a recovery in demand for both its traditional and renewable energy businesses in 2023, supported by the continued drive of major economies for energy security and decarbonisation. The Group is well placed to benefit from strong demand for our services, which is expected to be sustained over several years. The upward trajectory of demand is moderated by the capital discipline of our clients, but this is mirrored on the supply side – by Subsea7 and its peers – with limited additions to the global fleet due to the increased cost of newbuild vessels and internal capital discipline.

A return to acceptable profitability within both the subsea and renewables sectors is necessary to allow our industry and its supply chain to earn a fair return on its invested capital, ensuring the delivery of the energy developments that the world needs. Subsea7 has invested $5 billion in its assets over the last 12 years and its modern, efficient fleet of subsea and wind vessels positions it as a market leader in both industries. In 2023, the Group's return on average invested capital (ROAIC) was just 1%, and remains significantly below its cost of capital. However, the foundations for improvement are firmly in place with an improved risk/reward profile embedded in our backlog. Through more favourable new contract awards and a commitment to capital discipline, we are well placed to deliver improved returns and strong growth in cash flow in the coming years.

Looking back on 2023, I am satisfied with the achievements and progress made to advance the Group's strategies. We completed the turnaround of Seaway7, and the business is now well positioned and profitable. Subsea Integration Alliance is firmly established, and our investment in OneSubsea has cemented our long-term relationship with our partners SLB and Aker Solutions. Our collaborative approach to project planning and execution is gaining further momentum with clients and, above all, our operations were executed safely.

Continued progress in sustainability

Over recent years, Subsea7's journey into renewable energy has seen significant progress. We have built up a substantial offshore wind business, that has supported development of a total of 11.9GW of renewable energy to our clients, enough to power over 14 million European homes. In parallel we remain focused on the sustainability of our activities – including our progress towards Net Zero – and the development of our environmental, social and governance (ESG) reporting.

During 2023 we prepared for the EU's Corporate Sustainability Reporting Directive, a significant undertaking requiring challenging data collection and auditing, but one that should improve the comparability of Subsea7 against our peers and allow us to demonstrate our progress in the coming years.

As part of this we concluded an update to the double materiality assessment that underpins our strategy. The assessment demonstrated a high level of convergence with the sustainability areas we have been focusing on since 2019.

Return $1 billion through dividend and share repurchases

Reflecting its confidence in the outlook and the expected financial performance of Subsea7, the Board of Directors proposes that the Company returns at least $1 billion to shareholders over four years, from 2024 to 2027. This extends Subsea7's track record of shareholder returns to $3 billion since 2011, and underscores the commitment of the Board to strong capital stewardship.

At the Annual General Meeting on 2 May 2024, the Board of Directors will propose that shareholders approve a cash dividend of NOK 6.00 per share, equating to approximately $170 million, payable in two equal instalments in May and November 2024. The Company's dividend policy will be revised to reflect an increase in the regular dividend to NOK 6.00 from NOK 1.00 per share to be paid in two equal instalments.

The Company has also committed to repurchase approximately $80 million of its own shares in 2024, resulting in shareholder returns of approximately $250 million.

My thanks

The success of Subsea7 is the product of the collective drive and good work of nearly 15,000 individuals, in collaboration with our clients and suppliers. It is testament to the strong, positive culture within our organisation that we have been able to grow our headcount rapidly this year, while continuing to deliver a solid performance, not just financially but also operationally. Only with a relentless focus on safety can we deliver large and complex projects in challenging conditions, while accumulating millions of manhours free of lost-time injuries. My thanks to everyone within the Subsea7 family and across our stakeholder groups for making this possible.

Kristian Siem
Chairman

Our Values

Safety
Our goal is an incident-free workplace. We work every day, everywhere to make sure all our people are safe.

Integrity
We apply the highest ethical standards in everything we do. We treat clients, our people, partners and suppliers fairly and with respect.

Sustainability
We take a proactive approach towards our social responsibilities, mitigate the impact of our activities on our planet's environment and respond to the effects of climate change.

Performance
We are driven to achieve the outcomes our clients want. We are trusted to achieve superior performance from every project.

Collaboration
We work closely and openly together with clients, partners and suppliers at a local and global level to deliver safer and stronger results for all.

Innovation
We create smarter and simpler solutions to meet the industry's needs. We combine technology, expertise, assets and partnerships to deliver projects in new ways.

Chief Executive Officer's Review

Delivering a strong operational and financial performance

John Evans Chief Executive Officer

Financial performance

2023 Backlog

$10.6bn

2022: $9.0bn

2023 Revenue

$6.0bn

2022: $5.1bn

2023 Adjusted EBITDA

$714m

2022: $559m

2023 Net income

$10m

2022: $36m

Our Subsea and Conventional business delivered strong, quality backlog growth that should underpin increasing cash flow in the years ahead.

In our Renewables business, profitability has recovered and our backlog of work supports high activity through 2024 and 2025.

Solid financial results in 2023

Group revenue increased 16% year-on-year to $6.0 billion, driven by growth in Subsea and Conventional, partially offset by a decline in Renewables.

Revenue in Subsea and Conventional increased 26% year-on-year, driven by high activity in Norway, Türkiye and Brazil and our Adjusted EBITDA margin was 12%. Over the course of the year, our portfolio of projects began a gradual shift from those won in weaker market conditions to more recent awards with improved pricing and cash flow profile.

Revenue in Renewables fell 14% year-on-year, driven by the phasing of major projects in the UK and as a consequence of greater selectivity in tendering new work. However, as a result, the Renewables margin recovered to 11% through a stronger focus on execution combined with improved contractual risk allocation.

Overall, the Group's Adjusted EBITDA increased 28% to $714 million, a margin of 12%.

2023 was a year of reinvestment in the business, with capital expenditure of $581 million, mainly relating to newbuild fixed offshore wind vessels, and the first of two $153 million payments for our 10% stake in the OneSubsea joint venture with SLB and Aker Solutions. At year end, net debt was $552 million (comprising net financial debt of $94 million and lease liabilities of $458 million), which is expected to materially reduce in the near term.

Tendering activity continued at high levels in 2023, with order intake of $7.4 billion, equivalent to a book-to-bill of 1.2 times, including the award of Mero 4, Sakarya 2a, Agogo and East Anglia THREE. At the year end, our teams were actively tendering projects worth around $30 billion, a dramatic recovery from the $15 billion in preparation in 2020, further supporting confidence in the upcycle for both subsea oil and gas and fixed offshore wind.

Reinforcing our market-leading position in subsea through collaborations and partnerships

2023 was an important year for our subsea business as we extended several key relationships and established new alliances.

During the year, the OneSubsea joint venture between Subsea7, SLB and Aker Solutions was completed and, simultaneously, Subsea Integration Alliance between Subsea7 and OneSubsea was extended to 2033. The joint venture and the Alliance leverage our combined market-leading assets, services and technologies to reinforce our ability to deliver greater efficiencies to clients, enabling them to unlock subsea reserves.

The benefits of Subsea Integration Alliance were showcased this year in Türkiye where, in close collaboration with Türkiye Petrolleri Anonim Ortaklığı (TPAO) and our partners, we completed the first phase of the Sakarya gas development. This fast-track project delivered first gas just 30 months after the discovery of the field and is testament to what can be achieved when we adopt an integrated approach and work in close collaboration with our client. The subsequent award of the second phase of Sakarya was the ultimate endorsement of this accomplishment.

During the year, Subsea Integration Alliance signed a memorandum of understanding with bp regarding integrated subsea developments, working in a collaboration that will create value for bp, Subsea7 and OneSubsea through enhanced visibility and optimised delivery. Subsea Integration Alliance will work with bp from concept selection and through the full field lifecycle, to deliver enhanced subsea project performance, based on new ways of working and an innovative commercial model.

2023 also marked the start of the delivery of our next portfolio of projects for Aker BP in Norway. Subsea7 has partnered with Aker BP for a decade and has worked in a fully collaborative alliance incorporating Aker Solutions (now part of OneSubsea) to deliver subsea projects. During this time Subsea7 supported Aker BP in growing its production from 4 to 450 thousand barrels per day.

Collaborations and partnerships are a cornerstone of our strategy. As the energy landscape evolves, we will leverage Subsea7's market-leading position and strong relationships along the value chain as we continue to adapt to grow, delivering value creation for our shareholders.

Driving the energy transition with carbon capture and offshore wind

2023 was a year of change for our fixed offshore wind business. At the beginning of the year we completed the acquisition of minority interests in Seaway7, simplifying its ownership and funding structure, and streamlining its strategic decision-making processes. Despite the many challenges faced by the wind industry during the year, Seaway7 was successful in rebalancing the risk/reward profile of its backlog, returning to a stable, improved level of profitability while also securing several key new awards including the inner-array cable-lay scope for Iberdrola's 1.4GW East Anglia THREE development.

The delivery of newbuilds *Seaway Alfa Lift* and (in early 2024) *Seaway Ventus* has increased our renewables fleet to 13 vessels, which includes cable-lay and heavy-lift vessels capable of installing some of the largest wind developments in the market. These vessels support our expectations for the growth of the fixed offshore wind business in the coming years.

During the year, Subsea7 continued to pursue other new energy markets including floating wind and carbon capture. We delivered the initial offshore pipelay campaign of the Northern Lights development in Norway, part of the world's first full-scale carbon capture project named Longship. Over its lifetime, this initial phase will enable the transportation of 128 million tonnes of CO_2 to a storage field in the North Sea, demonstrating the strategic importance of carbon capture as part of the energy transition. This market offers Subsea7 – on both a standalone basis and through Subsea Integration Alliance – a new avenue of growth utilising existing subsea assets and engineering expertise.

Foundations in place for strong cash flow generation

Supported by a high backlog of quality projects, we anticipate that 2024 Adjusted EBITDA will be within a range of $950 million to $1.0 billion, while we expect capital expenditure to reduce significantly. We therefore anticipate a sharp increase in free cash flow in 2024.

Longer term, we see sustained capital expenditure by clients in the subsea market. A positive outlook for demand, combined with stability in the competitive landscape, should ensure we generate an appropriate return on the substantial capital already invested in our subsea fleet.

In fixed offshore wind, despite the recent uncertainty in the regulatory and fiscal environments in the UK and US markets, demand for our services is strong, including in the Netherlands, Germany and Poland, and we expect a recovery in UK awards during 2024. With a focus on balancing risk and returns, we believe our offshore wind business will deliver sustainable value creation for shareholders.

Overall, through strong positions in subsea oil and gas, as well as offshore wind, Subsea7 is well placed to deliver the energy the world needs for today and tomorrow.

John Evans
Chief Executive Officer

Our Business Model

Full service across the field lifecycle

Subsea7 provides project management, engineering and construction expertise across the full field lifecycle. These services are delivered to clients across the energy landscape: in oil and gas, offshore wind and emerging energies.

Concept
Input at the concept phase allows for optimisation of later lifecycle stages.

Design
Robust front-end engineering and design (FEED) ensures minimal change and accurate forecasting during design.

Engineer
Detailed engineering by experienced personnel delivers the best solution.

Procure and Fabricate
Efficient procurement and high-quality fabrication optimise costs.

Install and Commission
World-class vessels enable safe, on-schedule and cost-efficient installation.

Maintain
Effective and responsive maintenance reduces the cost of ownership.

Extend
New technologies extend the life of the field development and maximise return on investment.

Decommission
Facilitation of abandonment, decommissioning and reuse of infrastructure.

What we do

Whether in oil and gas, wind or emerging energies, being involved at the earliest stage of development enables us to deliver maximum value. The concept stage is key to optimising costs and emissions during development and in the later lifecycle stages.

We advance the conceptual development through our FEED services to ensure the right solution is selected to fully optimise the development.

Engineering is at the core of what we do. Detailed engineering involves taking the initial solutions developed in the concept and FEED stages and refining these for execution. For certain wind projects, our engineering teams also support clients in their bids for offshore licences.

Our teams are able to execute large EPCI projects in all our business units and in all geographies.

The scale and global reach of our supply chain management differentiates us.

We install and commission subsea infrastructure for hydrocarbon and renewable energy developments in all water depths. We install turbines, foundations and inner-array cables for fixed and floating wind farms.

We specialise in maintaining offshore infrastructure through use of our dedicated fleet and technologies. Our digital products and services help optimise maintenance and reduce downtime and unplanned outages.

We have a growing portfolio of technologies that enable clients to extend the life of their assets through production enhancement, as well as the tie-in of satellite reserves.

We have the capacity to decommission large-scale infrastructure in both oil and gas and wind markets. We can manage all aspects including regulation, technology, environment, planning, execution and costs.

How we add value

We incorporate new technologies and standardisation into the design process to lower the total cost of development and optimise emissions. Our carbon estimator tool is used in all our significant tenders.

We work with our alliance and client partners to optimise solutions, align schedules and accurately forecast full lifecycle costs.

The earlier our involvement, the more value we can add through optimised design.

Our global teams of experts have a track record for designing the best solutions and executing them. This stems from our ability to solve problems and engineer solutions.

We have a clear understanding of the risks and opportunities that exist when working with a large, global supply chain network. We have strong, collaborative relationships with our suppliers.

Our fleet of modern, high-specification vessels allows us to install market-leading solutions. Our experts have the experience to deliver these solutions safely and efficiently.

We incorporate our maintenance knowledge and digital monitoring into the design of the field, lowering the total cost of ownership for our clients.

Our technology portfolio offers a range of solutions for all field extension needs. We collaborate with partners across the supply chain to deliver these solutions.

We draw on our skills in engineering and project management, as well as our enabling vessels, to decommission fields, with high standards of safety and sustainability as a priority.

Creating better outcomes for our stakeholders

Our clients
We work collaboratively with our clients to make possible the energy transition. We offer cost effective solutions and explore carbon reduction opportunities through our technology, assets and strategic partnerships. We insist on high standards in safe and responsible operations.

100

clients supported by Subsea7 in 2023

Our shareholders
Our strategy aims to create resilient value for shareholders. We are committed to strong capital stewardship and corporate governance. Transparent reporting enables our shareholders to measure our performance, and through investor events we aim to communicate our strategy and listen to feedback.

>200

meetings with investment firms in 2023

Our people
Our people are the foundation of our business and their health, safety and wellbeing are our top priority. We invest in our people, giving them opportunities to learn and grow. Creating, maintaining and promoting an inclusive work environment is vital for our employees to thrive.

>7,000

attendees at our Festival of Learning in 2023

Society
With a well-established international presence, we take care to understand and respect local customs and sensitivities. Through close relationships with local stakeholders, we create opportunities that foster sustainable energy development for all. We aim to minimise the impact of our operations on ecosystems.

91%

onshore waste recycled

Our Markets

Understanding our operating environment

The oil and gas market

Commodity prices remained volatile during 2023 as the market reflected inflation data, expectations for future interest rates, and the implications for economic growth. The Brent oil price ended the year down 10% at $77 per barrel, having spent much of the year between $75 and $85 per barrel, supported by a commitment to production quotas by OPEC+. In April, OPEC+ announced a 1.7 Mbpd production cut, with an additional 1 Mbpd voluntary cut by Saudi Arabia from May. The conflict that began in October between Israel and Hamas increased geopolitical tension in the Middle East and raised security concerns for the Strait of Hormuz. The situation escalated in early 2024, but with little direct impact on commodity shipments and prices.

European gas prices normalised during 2023, despite the continued absence of volumes from Russia through the Nord Stream 1 pipeline, as industrial and power generation demand fell while LNG imports reached record highs and storage capacity neared full utilisation. Having spiked at €330 per megawatt hour (MWh) in 2022, the TTF gas price returned to a more normal range between €23 and €36/MWh in 2023.

While the market prices for oil and gas fluctuate, our clients continue to base their investment decisions on long-term planning assumptions that remain supportive. In addition, the strategic impetus behind gas – including the need to back-fill existing LNG capacity with new production – remained robust given the importance of natural gas to energy security, as well as the energy transition.

Against this positive backdrop, the market for our deepwater subsea services strengthened throughout the year as the recovery from the industry nadir in 2020 continued.

The message from many major oil companies remained one of capital discipline but, after years of under-investment, tendering activity for new subsea developments was high. Continued strength in the core deepwater regions of Brazil and the Gulf of Mexico was boosted by increased activity in West Africa and the Guianas. Overall, order intake in 2023 increased for a third consecutive year and the three Tier 1 players ended the year with a combined subsea backlog of approximately $40 billion, a decade high. At the same time, and reflecting the capital discipline of the subsea contractors as well as the retirement of some older vessels, the global fleet of deepwater pipelay vessels is smaller than in 2014, supporting the improved contracting dynamic for Subsea7 and its peers.

As a source of reliable energy, the hydrocarbon industry is likely to remain a key contributor to global production under all probable energy transition scenarios. Achieving this output will require significant ongoing investment given the depletive nature of the resource. Deepwater reserves typically have low economic breakevens, making these among the most attractive development options within global oil and gas. In addition, deepwater fields can represent a less carbon-intensive means of extracting oil and gas due to the large size of hydrocarbon reservoirs and developments resulting in economies of scale that minimise the carbon footprint of extraction when measured per barrel. (This excludes the carbon emissions associated with end-user combustion.) As such, Rystad expects the global deepwater subsea market to grow from $16 billion in 2023 to $24 billion in 2027, equating to a compound annual growth rate of 6%. Against this backdrop we anticipate continued robust demand for Subsea7's subsea services, alongside increasing demand to offset the emissions footprint of our clients' developments, including through carbon capture and electrification.

The fixed offshore wind market

In 2023, while new offshore wind licences were awarded to developers in countries such as Germany (where financial close was reached on a record 12.3GW of new capacity), the market faltered in two of the largest markets, the UK and the US. Here, projects were cancelled or delayed due to increased supply chain and financing costs, insufficient government support and challenging offtake pricing levels. The UK government received no bids from developers for the 2023 contract for difference allocation round and, in the US, developers cancelled several projects that had become uneconomic. Despite the impact of inflation, the levelised cost of electricity for offshore wind of around $74/MWh compares favourably with gas and nuclear, making it both clean and affordable with the appropriate governmental support.

Global ambitions for increased renewables capacity remain high, driven by both societal demand to address climate change as well as national and regional strategies to ensure affordable, diverse and secure sources of energy. Project delays and cancellations therefore put many countries under pressure and prompted a swift response, with positive indications for 2024. In November, the UK announced a 66% increase in the maximum strike price for the 2024 fixed offshore wind allocation round, from £44/MWh to £73/MWh, and new, more favourable agreements were announced in the US.

Overall, the growth trajectory for the offshore wind market may not be smooth, but the long-term outlook is positive. By 2035, a global (ex-China) installed offshore wind capacity approaching 290GW is forecast, approximately 12 times the 25GW capacity installed by the end of 2020. Even viewed through a more conservative lens, the long-term demand outlook for offshore wind field development services significantly outweighs the current fleet capacity of the industry, and the market dynamics are expected to remain in favour of Subsea7 and its peers.

Risk management remains central to profitability in the wind market, and a selective tendering approach is required, focused on known clients, early engagement, specific scopes and acceptable risk profiles, to ensure a full understanding of technical, supply chain and operating risks.

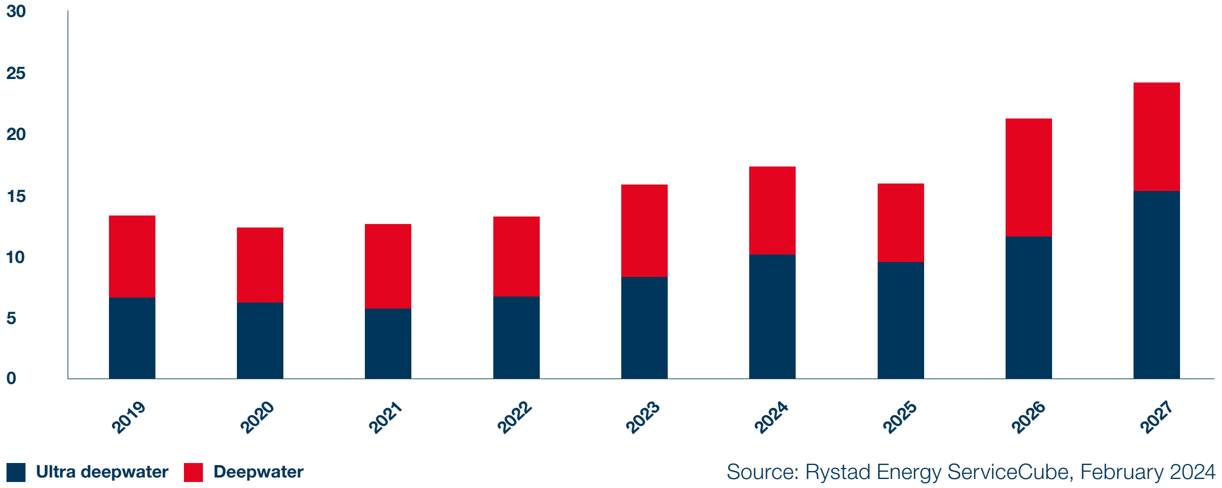
Emerging energy markets

The carbon capture and storage (CCS) industry is likely to play an important role in reducing the impact of carbon emissions, especially in hard-to-abate sectors. Rystad estimates that the amount of CO_2 captured per year globally will exceed 500 million tonnes by 2030, up from 40 million tonnes in 2022. While the precise size of the CCS market for Subsea7 remains unclear, it represents an incremental opportunity to utilise our existing subsea vessels.

The market for floating wind remains nascent, with most activity focused on pilot, non-commercial developments. In the long term, offshore hydrogen could become a significant market, and we are in the process of defining the size of the opportunity.

Subsea spending (actuals and forecasts)

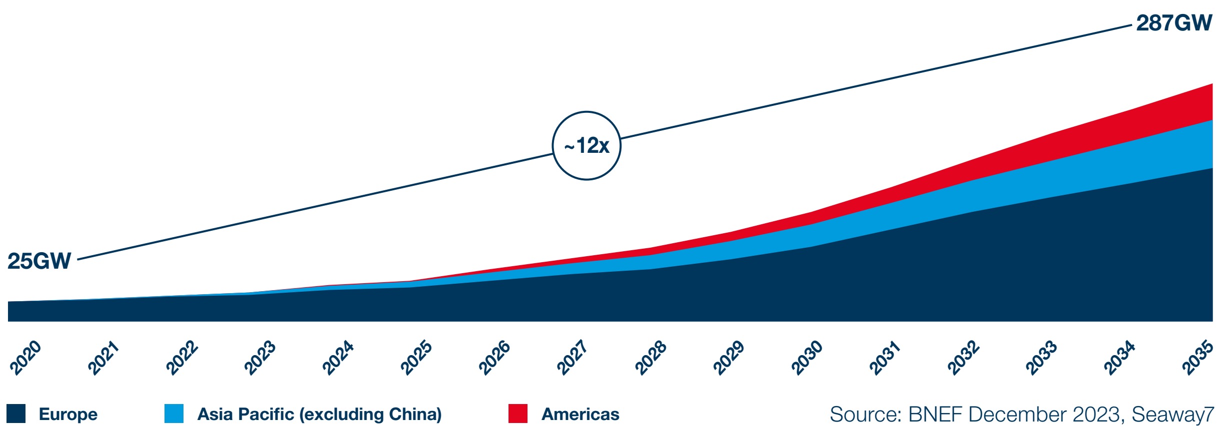
($bn, capex and opex)



Source: Rystad Energy ServiceCube, February 2024

Global fixed offshore wind market

Cumulative installations (GW)



Source: BNEF December 2023, Seaway7

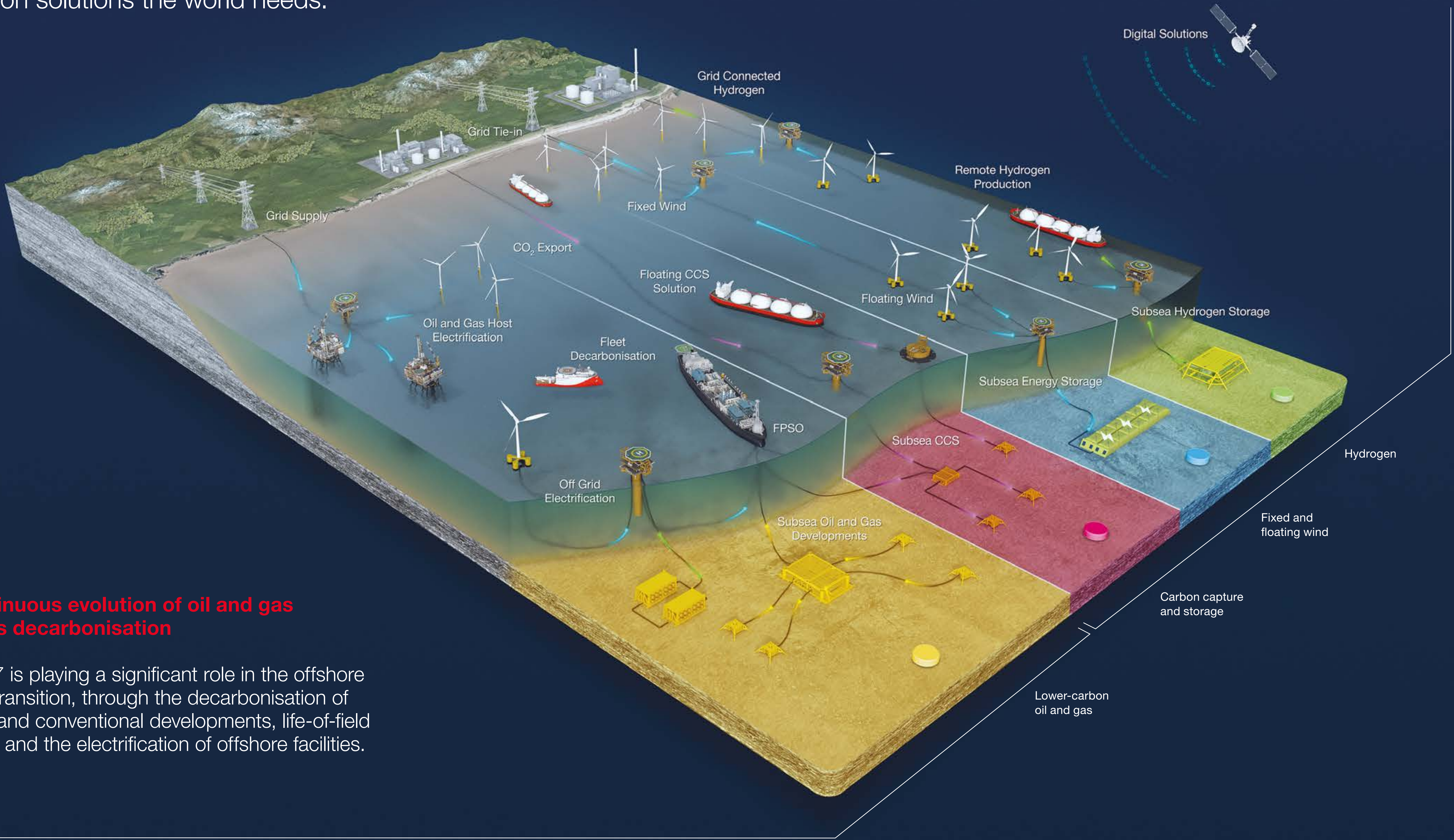
Our Strategy

Our world

Subsea7 creates sustainable value by delivering the offshore energy transition solutions the world needs.

2. Enabling the growth of renewables and emerging energies

Subsea7 is making renewables and emerging energies possible by enabling the change and innovation required to deliver projects in offshore wind, carbon capture and hydrogen.



1. Continuous evolution of oil and gas towards decarbonisation

Subsea7 is playing a significant role in the offshore energy transition, through the decarbonisation of subsea and conventional developments, life-of-field services and the electrification of offshore facilities.

Our Strategy continued

1. Continuous evolution of oil and gas towards decarbonisation

Subsea7 is playing a significant role in the offshore energy transition, enabling the continuous evolution of subsea and conventional developments, life-of-field services and the electrification of offshore facilities.

Integrated SPS-SURF

$8bn

Contracts awarded to Subsea Integration Alliance since 2016

Our strategy for the continuous evolution of lower-carbon oil and gas

Subsea and Conventional developments

Subsea7 is a global leader in the provision of subsea installation services. We design and install subsea systems that leverage enabling products, digitalisation and lower-carbon intensity solutions to deliver optimal field architectures. In addition to standalone SURF services we offer an integrated SPS-SURF package though Subsea Integration Alliance. We create value for our clients by accelerating field development and lowering the total expenditure over the life of the field to optimise field economics and reduce carbon footprints.

Our lower-carbon oil and gas strategy addresses the carbon emissions of the factors within our influence, prior to end-user combustion. This involves a two-pronged approach that offers solutions to our clients that could reduce the carbon footprint of their developments as well as measuring and reducing the emissions of our own operations. All our significant field development tenders include analysis using our carbon estimator tool, enabling an evaluation of the impact of design options on lifetime carbon emissions. As well as engineering the solutions that enable our clients to reduce their carbon footprints, our strategy encompasses the reduction of emissions from our own operations, primarily our vessels. We continue to make progress converting select vessels to hybrid power. After the successful trial of biofuels in 2022, we continue to assess the viability of this option for our fleet, although challenges remain regarding the availability of clean fuels at scale on a global basis.

Progress in 2023
- Acquired 10% of the OneSubsea joint venture with SLB and Aker Solutions, which became our new partner in Subsea Integration Alliance. For more details, refer to the Spotlight on page 13
- Extended the Subsea Integration Alliance partnership to 2033
- Initiated a memorandum of understanding with bp for integrated subsea developments

Priorities for 2024
- Integrate the new OneSubsea joint venture within Subsea Integration Alliance and strengthen the technology engagement between Subsea7 and OneSubsea
- Continue to develop partnerships and collaboration agreements with certain clients
- Position the business for new regions including Suriname, Namibia and north-east Brazil
- Continue to ensure access to capacity and technology through our long-term relationships with third-party suppliers
- Optimise fleet utilisation by dedicating vessels to specific regions and reducing transit times
- Continue to work to reduce our Scope 1 emissions, with the hybridisation of *Seven Arctic*'s power systems

Electrification of offshore facilities

Offshore electrification, including subsea power distribution and host facility electrification, is a transformative solution in the drive to reduce the emissions intensity of oil and gas developments. Clean power can be sourced from onshore grids or offshore sources such as fixed and floating wind. Combining our ability to assess greenhouse gas emissions using our carbon estimator tool with over a decade of experience in offshore wind, we are well positioned to bring traditional and new energy systems together.

Progress in 2023
- Performed a number of studies for our clients to assess decarbonisation alternatives for existing offshore assets, including power from shore and renewable power
- Launched our joint technology development programme with Siemens Energy for the subsea power hub connector system StarConnect

Priorities for 2024
- Continue to enhance our capabilities in electrical systems and products
- Evolve the functionality of OceanPlan – our digital engineering platform – to support wind and electrification solutions
- Advance the development of StarConnect with Siemens Energy

Life-of-field services

Subsea7 provides fully integrated solutions, services and products that optimise the performance of subsea infrastructure throughout the life of a field. Working together with our autonomous subsidiaries, 4Subsea and Xodus, we are developing digital solutions for asset integrity management, condition monitoring and remote operations. Our combined capabilities allow clients to maximise recovery rates across the life of a field, enabling the highest levels of uptime and availability, at an optimised cost.

Progress in 2023
- Won a further two-year extension of our frame agreement with bp for inspection, repair and maintenance services
- Piloted a workclass ROV from Aberdeen performing operations offshore Brazil
- 4Subsea positioned itself as the leading supplier for riser condition monitoring solutions, with contracts for the Búzios 8 and Mero 4 riser monitoring systems

Priorities for 2024
- Continue to improve subsea system reliability through the development of lifecycle solutions
- Expand the market footprint of 4Subsea and Xodus

Spotlight: OneSubsea joint venture

At a glance

In October 2023, we completed the transaction to create the new OneSubsea joint venture with our partners SLB and Aker Solutions.

- OneSubsea now comprises the subsea businesses of SLB and Aker Solutions
- SLB holds a 70% equity stake in the joint venture, with Aker Solutions and Subsea7 holding 20% and 10% respectively
- Subsea7 will pay a cash consideration of $306.5 million in two equal instalments. One was paid in 2023 and the second will be paid in 2024
- OneSubsea brings together an extensive complementary subsea production and processing technology portfolio, world-class manufacturing scale and capacity, access to industry-leading reservoir and digital domain expertise, unique pore-to-process integration capabilities, and strengthened R&D capabilities
- Adopting the OneSubsea name, the joint venture will drive innovation and efficiency in subsea production by helping customers unlock reserves and reduce cycle times

What it means for Subsea7
- OneSubsea is Subsea7's exclusive partner in Subsea Integration Alliance, bringing together field development planning, project delivery, innovative contracting models and total lifecycle solutions
- Investment in the joint venture cements Subea7's relationship with SLB
- The new venture enhances our integrated offering in Norway and aligns our partner model in the Aker BP relationship
- We have become the strategic part-owner of an umbilical manufacturer, a key element of our supply chain
- Subsea7's standalone SURF offering continues as usual

Our Strategy continued

2. Enabling the growth of renewables and emerging energies

Subsea7 is making renewables and emerging energies possible by enabling the change and innovation required to deliver projects in offshore wind, carbon capture and hydrogen.

Offshore wind

11.9GW

Cumulative installations supported by year end 2023

CCS and hydrogen studies

57

Completed by Xodus in 2023

Our strategy for enabling the growth of renewables and emerging energies

Offshore wind

Seaway7, part of the Subsea7 Group, is a leader in fixed offshore wind with over 10 years' experience in delivering offshore wind projects. To date, it has contributed to the production of 11.9GW through the installation of foundations and inner-array cables in Europe, Asia and the US.

Seaway7 is recognised as one of the most experienced partners for clients working on either a full EPCI (engineer, procure, construct and install) basis or on a T&I (transport and install) scope. Separately, Subsea7 has executed floating wind cable-lay projects, has invested in floating wind technology and continues to develop cost effective innovative solutions. Seaway7's market-leading capabilities have been reinforced with the delivery of two newbuild vessels, *Seaway Alfa Lift* and *Seaway Ventus* (see Spotlight panel opposite).

In 2023, our floating wind business – previously included in the Corporate business unit – was consolidated into Seaway7, and Subsea7 took full ownership of Seaway7 (see page 19).

Progress in 2023
- Added *Seaway Alfa Lift* and (in early 2024) *Seaway Ventus* newbuild vessels to our active fleet
- Secured $450 million funding from UK Export Finance for Seaway7
- Rebalanced the risk/reward profile of our offshore wind backlog to ensure improved returns
- Completed the Seagreen and Hollandse Kust Zuid fixed offshore wind projects
- Delivered a strong operational performance using *Seaway Strashnov* on the Dogger Bank A monopile scope
- Won a contract to transport and install 95 monopiles for the 1.4GW East Anglia THREE development in the UK
- Commercial collaboration agreement with Saipem to jointly identify, bid and execute fixed offshore wind projects

Priorities for 2024
- Continue our selective approach to tendering, focused on key markets, key clients and acceptable risk profiles to deliver sustained profitability and returns
- Maximise the opportunities for Seaway7 in advantaged markets such as the UK and Europe
- Further develop client partnerships in offshore wind, leveraging our leading market position
- Deliver our first turbine installation operations at the Gode Wind 3 and Borkum Riffgrund 3 offshore wind farms in Germany, utilising *Seaway Ventus*
- Continue to work to reduce our Scope 1 emissions with the hybridisation of *Seaway Alfa Lift*

Carbon capture and storage

Carbon capture and storage (CCS) will be essential to reduce the amount of CO_2 in our ecosystems, especially that emanating from hard-to-abate industries such as steel, cement and petrochemicals. Subsea7 is executing its first CCS contract, for Equinor's Northern Lights project, which will enable the storage of 1.5 million tonnes of CO_2 per year. In addition, Subsea Integration Alliance is actively developing integrated solutions for CO_2 transportation and storage and has delivered several CCS studies, supporting clients in developing their CO_2 transport and storage projects. Xodus continues to support the business with advisory and consulting services to public authorities and developers. This has recently included the mapping of North Sea CCS infrastructure from today to 2050.

Progress in 2023
- Completed the first phase of our pipelay scope for the world's first open-source CO_2 transport and storage project, Northern Lights
- Delivered six concept and pre-FEED studies for offshore CCS developments

Priorities for 2024
- Secure new CCS projects, capitalising on the completion of Northern Lights
- Implement the integrated CO_2 transport and storage offering of Subsea Integration Alliance

Hydrogen

Where wind farms are further from shore, the energy they produce is more efficiently transported as hydrogen molecules through pipelines or vessels rather than as electrons in power cables. We are adapting our oil and gas experience and technologies to the transportation and storage of hydrogen. We are in the process of defining the size of the opportunity which is likely to materialise within the next decade.

Progress in 2023
- Subsea7, together with partners, was awarded two grants from the Scottish Emerging Energy Technology Fund to perform studies relating to specific green hydrogen technology solutions
- Our Field Development Group (FDG) and Xodus worked on 24 studies for hydrogen technology and development solutions

Priorities for 2024
- Continue to perform studies for application of green hydrogen in Germany, the Netherlands and the UK North Sea

Spotlight: Fixed offshore wind installation

At a glance

In 2023 and early 2024 we took delivery of two newbuild wind installation vessels, *Seaway Alfa Lift* and *Seaway Ventus*.

- *Seaway Alfa Lift* is a large monohull heavy-lift vessel capable of transporting and installing offshore structures including wind turbine foundation jackets and monopiles, and transition pieces. *Seaway Alfa Lift* is expected to be converted to hybrid power when the schedule allows, following the delivery of the batteries.
  - In 2024 and 2025 it will be fully utilised on the Dogger Bank A&B contract, and on Dogger Bank C
- *Seaway Ventus* is a self-propelled, dual-purpose turbine and foundation installation vessel. It includes systems for energy and heat recovery, hybrid power supply and a sophisticated electrical and control system, that together reduce CO_2 emissions by 20% compared to similar units.
  - In 2024 it will be fully utilised on Borkum Riffgrund and Gode Wind installing wind turbines
  - In 2025 it will be fully utilised on the East Anglia THREE project installing foundations

What it means for Subsea7
- The investments expand our owned Renewables fleet to 11 vessels: three heavy-lift vessels, two cable-lay vessels, a walk-to-work vessel and five heavy transportation vessels. We have an additional cable-lay vessel and a heavy transportation vessel under long-term charter
- The two new vessels will ensure that Seaway7 remains positioned as a market leader in offshore wind, with the capability to install the entire 'balance of plant' scope
- Subsea7 aims to support the cumulative installation of 18GW by 2025 and 35GW by 2030, from an existing project track record that represents 11.9GW by year end 2023

Business Unit Review

Delivering across our business units

Subsea7 reports the financial results of three business units:

Subsea and Conventional

Renewables

Corporate

The Corporate business unit includes our early-stage activities in hydrogen, as well as contributions from Xodus and 4Subsea. While these form an important part of our strategy for the future, they did not make a significant contribution to the financial results in 2023.

Subsea and Conventional

Our Subsea and Conventional business unit is a world leader in delivering complex offshore projects to the oil and gas industry. It operates under the Subsea7 brand. It includes the financial results of all three parts of our 'lower-carbon oil and gas' strategy – subsea and conventional, electrification and life-of-field – as well as overlapping with our 'renewables and emerging energies' strategy by encompassing our activities in carbon capture.

Within Subsea and Conventional, we deliver a full range of early concept and design, engineering, procurement, construction and installation (EPCI) services that integrate pioneering products, and digital and lower-carbon intensity solutions, into oil and gas subsea field architectures. Although our activities include shallow-water operations in select geographies, the majority of our projects are in deepwater environments, where developments typically offer advantaged economics and reduced carbon intensity. In water depths up to 3,000 metres, these developments leverage our specialist engineering knowledge and high-specification pipelay vessels. Combined with strong competitive dynamics – a stable landscape of three Tier 1 players with a small fleet of enabling deepwater pipelay vessels – it represents the most compelling subsector within traditional energy services.

During the year we completed installation of the $1.2 billion fast-track, deepwater Sakarya Phase 1 project in Türkiye and the development achieved first gas in April, just 30 months after the initial gas discovery by the client. The ambitious schedule was successfully executed in a new country to Subsea7, and in a new consortium. While the project was co-ordinated from our offices in Istanbul, it drew on engineering and project management expertise from our global operations in Paris, London, Kuala Lumpur and Perth (Australia). The project encompassed approximately 1,000 days' utilisation of our largest 'global enabler' pipelay vessels and over 4,000 vessel days in total. The successful result is testament to the strong collaboration both with the client and with SLB, our alliance partner in Subsea Integration Alliance.

We received a similar endorsement of our offering when, in October 2023, Petrobras awarded the Mero 4 subsea project to Subsea7. This followed 'Best Supplier' awards from Petrobras for 'EPCI subsea projects' and 'Installation of flexibles'. Mero 4 represents our fifth major greenfield EPCI award in Brazil and has been combined with our existing Mero 3 scope into one project. Together the renamed 'Mero 3 and 4' development covers a total of 156 kilometres of risers and flowlines, plus flexible service lines, umbilicals and associated infrastructure. It will utilise *Seven Vega* and *Seven Oceans*, two of the most capable deepwater pipelay vessels in our fleet, as well as *Seven Sisters*, one of our pipelay support vessels.

In 2023 we completed the initial phase of our first carbon capture pipelay scope for Equinor's Northern Lights project, part of Longship, the world's first full-scale open-source carbon capture and storage project. It will enable the storage of up to 1.5 million tonnes of CO_2 a year from mid-2024 by taking CO_2 from industrial sites onshore, to storage reservoirs offshore. During the year *Seven Oceans* successfully installed 55 kilometres of the 108-kilometre pipeline, with the remaining pipeline to be installed in spring 2024.

Subsea and Conventional 2023 financial results

In 2023, revenue from the Subsea and Conventional business unit increased 26% to $4.9 billion, but the Adjusted EBITDA margin fell year-on-year to 12.4%, from 13.6% in 2022. This reflected a mix of activity skewed towards projects won in a challenging environment in 2020 and 2021.

After depreciation and amortisation of $419 million, net operating income was $196 million.

Backlog
In 2023, our Subsea and Conventional backlog grew 5% to $8.6 billion including projects with improved margins that are expected to drive growth in Adjusted EBITDA in the coming years.

Notable new awards included the major Mero 4 project in Brazil and the second phase of the Sakarya project in Türkiye. Both projects represent repeat awards, following the success of earlier projects.

Reinvestment
In 2023, capital expenditure in Subsea and Conventional remained low at $150 million, reflecting maintenance of the existing fleet of vessels as well as investment in our digitalisation strategies. Our primary focus is on maximising the long-term cash generation from our highly capable, modern asset base to support the return of capital to shareholders.

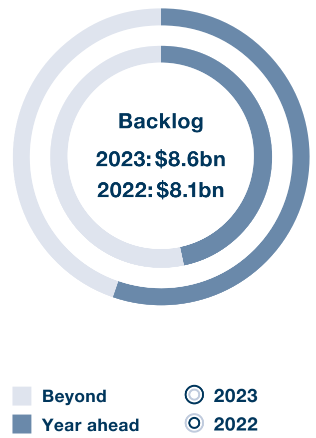
Subsea and Conventional

2023 in numbers

- Supported clients on 71 projects
- 7,312 days of vessel activity with 95% uptime, equivalent to 82% utilisation
- Installed ~500 kilometres of rigid pipelines and 61 subsea structures
- Fabricated 600 kilometres of pipe at spoolbases at Vigra in Norway, Ingleside in the US and Ubu in Brazil
- Managed a supply chain of over 8,000 entities in 79 countries (in subsea and offshore wind industries)

Adjusted EBITDA

Backlog by year of execution



Business Unit Review continued

Subsea7 reports financial results of three business units:

Subsea and Conventional

Renewables

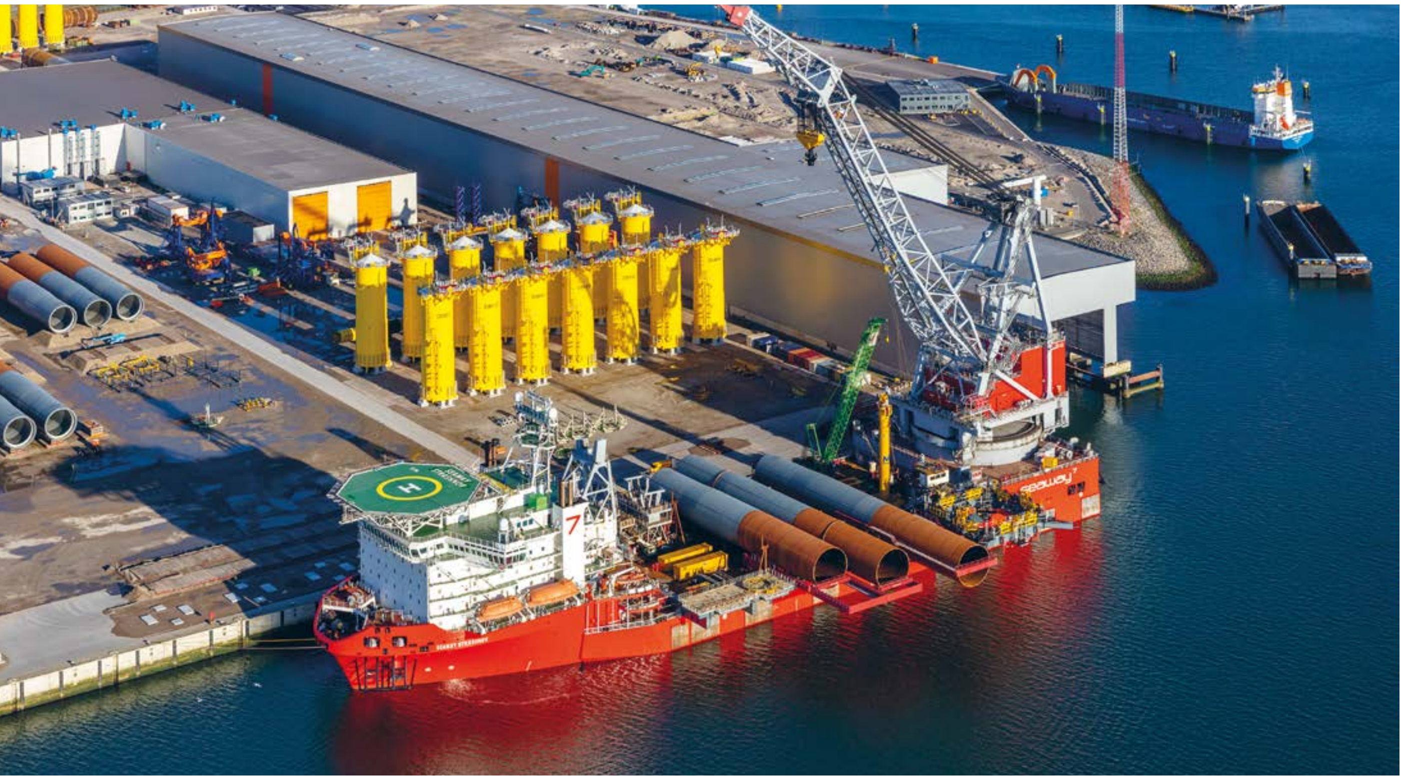
Corporate

Renewables

Subsea7's Renewables business unit primarily comprises the activities of Seaway7, a market leader in fixed offshore wind. Seaway7 is also responsible for our activities in floating offshore wind, although this remains early-stage and did not make a significant contribution to the 2023 financial results.

Seaway7 is a market leader in the offshore wind industry and is a fundamental part of our strategy for renewables and emerging energies. It has a presence in all the major offshore wind markets of the world and offers services along the value chain focused on installation and project delivery for wind turbine foundations, inner-array cables, wind turbine generators and heavy transportation. It achieves this through various contract models ranging from single-scope transport and installation (T&I) to integrated multi-scope T&I and fixed price (EPCI) delivery.

Seaway7's client base mainly comprises utility companies and dedicated offshore wind project developers, but new players have been entering the offshore wind market, notably the major integrated energy companies. This provides the Group with opportunities



to leverage its existing relationships from its legacy work in the offshore oil and gas sector.

During 2023, the Group completed the Seagreen EPCI project after an 18-month offshore campaign to install 114 foundations and 300 kilometres of inner-array cables. This included the world's deepest fixed foundation in 59 metres of water. With a capacity of 1.1GW, the development will generate around 5GWh of renewable energy annually, enough to power more than 1.6 million UK homes.

Last year we also finalised the installation of 139 foundations and inner-array cables at Hollandse Kust Zuid in the Netherlands. It was the world's first installation with a vessel in dynamic positioning mode, significantly improving efficiency compared to a jackup or moored vessel. The wind farm will have a capacity of 1.5GW, equivalent to the consumption of over 1.5 million Dutch households.

Seaway7 made good progress on the Dogger Bank projects in 2023, with the completion of the 95 foundation monopiles at Dogger Bank A, using *Seaway Strashnov*, and the commencement of the installation of transition pieces using *Seaway Alfa Lift*. Both vessels are expected to begin installation activities at Dogger Bank B in 2024, and move to Dogger Bank C in 2025.

During 2023, two high-specification newbuild vessels were delivered and joined our Renewables fleet, as discussed on page 15. With the addition of these new vessels, *Seaway Yudin*, owned since 1991, was sold in early 2024 after executing over 20 renewables projects.

Renewables 2023 financial results

In 2023, revenue from the Renewables business unit decreased 14% to $1.0 billion, following the completion of the Seagreen project and as activity on the East Anglia THREE project remained in the early stages.

Adjusted EBITDA improved to $103 million from $5 million in the prior year, resulting in a margin of 10.7%, up from 0.4%. This was driven by an increased focus on execution and greater selectivity in project bidding to ensure a favourable balance of risk and reward.

The net operating loss was $74 million, mainly due to impairment charges relating to i) a contractual dispute relating to the monopile installation equipment of *Seaway Alfa Lift* and ii) an impairment of *Seaway Yudin*, prior to sale of the vessel.

Backlog
In 2023, notable new awards included the East Anglia THREE project in the UK and our Renewables backlog increased 152% to $2.0 billion. Tendering activity remains high and, despite the disruption to the wind industry discussed on page 9, we are confident in the long-term potential for backlog growth.

Reinvestment
In 2023, capital expenditure in Renewables was elevated at $400 million, mainly reflecting final payments related to the two newbuild vessels, *Seaway Alfa Lift* and *Seaway Ventus*. In 2024, capital expenditure is expected to return to a lower level.

Acquisition of Seaway7
During 2023, Subsea7 S.A. acquired all of the minority shareholdings of Seaway 7 ASA and de-listed it from the Oslo Stock Exchange. This was achieved through the purchase of 187.9 million shares (21.52%) from three strategic investors. As consideration, Songa Capital AS, West Coast Invest AS and Lotus Marine AS received one new share in Subsea 7 S.A. for every 22 shares in Seaway 7 ASA. An additional offer was made to the remaining minority holders. The purchase reaffirms Subsea7's commitment to the offshore wind market and its confidence in Seaway7's ability to create value for shareholders.

Renewables

2023 in numbers

- Supported the installation of 1.4GW of renewable energy capacity during the year including 99 foundations and over 600 kilometres of inner-array cables as part of 13 projects
- Cumulatively, by the end of 2023, Seaway7 had installed 1,127 foundations, 2,569 kilometres of inner-array cables and 35 offshore substations on projects with a combined capacity of 11.9GW of renewable energy, capable of powering 14 million homes

Adjusted EBITDA

Backlog by year of execution

Sustainability

Committed to operating in a safe and ethical manner

Subsea7 has a strong values-led culture and believes that operating in a safe, ethical and responsible manner is at the heart of creating sustainable value for all our stakeholders. Below are some key figures from 2023 across all sustainability dimensions.

Our KPIs

We have been focusing on our sustainability priorities and report on our progress in the following sections. An important part of driving and monitoring our progress is the use of relevant KPIs.

Lost-time injury frequency

0.03

rate per 200,000 hours worked
(2022: 0.01; target ≤0.03)

Percentage of suppliers with a contract that included human rights clauses

83%

(2022: 81%)

Number of employees completing compliance and ethics e-learning including anti-corruption

8,349

98% of target population
(2022: 6,691, 96% of target population)

Cumulative power capacity of renewables projects supported to end of 2023

11.9GW

(2022: 10.5GW)

Scope 1 greenhouse gas emissions

656,624

tonnes of CO_2e emissions
(2022: 617,309)

% of waste recycled onshore

91%

(2022: 85%)

Environmental incident frequency

1.18

rate per 200,000 hours worked
(2022: 1.06; target: <0.70)

Environmental spill

23

litres per 200,000 hours worked
(2022: 16; target: <25 litres)

Our sustainability priorities

Health, safety and wellbeing

The safety of our people is our first priority. We aim for an incident-free workplace every day, everywhere and our policies are regularly reviewed to seek to improve our safety performance. We believe that all people working on our sites anywhere in the world are entitled to the same level of protection. Subsea7's Business Management System (BMS) underpins the way in which we conduct safety training, reporting, procedures and assessments. Subsea7's line managers are responsible for implementation and compliance with the system, and for ensuring that all employees and contractors are aware of their responsibilities. We record all incidents and near misses in detail and investigate every event. Subsea7 checks activities against our internal standards and processes as well as regulatory and legislative requirements. Supporting the wellbeing of our people both for their own health and for the Group as a whole is very important. All our employees have access to a confidential Employee Assistance programme.

Progress in 2023

Our safety performance continued to be good in 2023, supported by our teams across the business who remained focused on upholding our 'work safe, home safe' commitment. This included our Leading Safety refresher programme and continuing our sponsor programme across all of our vessels and work sites.

During the year, we developed human and organisational performance (HOP) principles to focus on understanding and improving performance. We also increased the level of assessment across some of our suppliers to support improved performance.

We integrated our approach to wellbeing within our employee value proposition to further represent what it means to be part of Subsea7.

Energy transition

As global demand for energy continues to grow so too does the drive to address climate change and deliver lower-carbon sources of energy. Subsea7 plays a leading role in the construction of sustainable offshore energy developments around the world.

Offshore fixed wind has become a significant part of our business and in 2023 our Renewables business generated 16% of Subsea7's revenue. Floating wind offers the possibility to further support the energy transition by allowing a greater number of offshore wind farms to be developed in deeper water. Subsea7 has invested in floating wind technology and we continue to grow our technical capability and expertise in this area to develop cost effective, innovative solutions.

The decarbonisation of oil and gas developments also has a role in the transition. Our proprietary technology and engineering capability support our clients in developing their fields cost effectively and efficiently.

Progress in 2023

Despite volatility in the offshore wind market, made challenging by economic and policy conditions, we remain focused on our long-term fundamentals; and within fixed offshore wind, we contributed to 1.4GW of renewable power capacity by installing over 198 offshore wind turbine foundations. In 2023 and early 2024, we also took delivery of two new wind installation vessels, capable of installing larger wind developments. Our focus within offshore floating wind was on maturing technologies and solutions to support lower-cost developments.

In carbon capture and storage we delivered the first 55 kilometres of CO_2 injection pipeline for the Northern Lights development in Norway.

Our strategic partnerships and collaborations support our proactive participation in the energy transition.

Labour practices and human rights

Putting in place fair and lawful employment practices, and providing a working environment in which no-one is abused or exploited by us or anyone we work with, makes us a stronger and more reliable company.

We maintain a human rights programme designed in accordance with regulatory and stakeholder requirements to help ensure we identify and manage any human rights risks arising from our own activities and across our supply chain. We have a Human Rights Policy Statement and a Slavery and Human Trafficking Statement that summarise Subsea7's commitment and efforts to improve our management of the potential human rights impacts of our business activities and, more specifically, to respond to the UK Modern Slavery Act.

Our people must abide by our Code of Conduct, which is clear that we will not accept any abuse of human rights and we will not work with suppliers that do so. We are a signatory to the UN Global Compact and a board member of the Building Responsibly organisation.

Progress in 2023

We continued to work towards effective implementation of our human rights programme and we reached 100% completion of human rights risk assessments across our own workforce. This enables us to identify where we may face risks, and where we may have gaps in our own policies and procedures. We strengthened our governance around labour practices and human rights at Board level.

Within our supply chain, we enhanced our risk assessment process for identifying suppliers that might present a medium or high human rights risk. We also sharpened our human rights due diligence questionnaires with a focus on the risks of child labour, slavery and trafficking, and other forms of forced or involuntary labour. We successfully trained 98% of relevant employees on human rights and we added human rights to the agenda for our Supplier Integrity events.

Our sustainability priorities continued

Business ethics

We are committed to complying with applicable laws and upholding the highest ethical standards, treating all our stakeholders fairly and with respect. All employees are required to uphold our Code of Conduct, which integrates our three key policy statements on Ethics, Human Rights, and Health, Safety, Environment and Quality (HSEQ). Our compliance and ethics programme is designed to embed our Code of Conduct and help manage compliance and ethics risks (including corruption) in our own operations, our supply chain and within third-party organisations. Our Code of Conduct for Suppliers sets out the key principles of ethical conduct that our suppliers are required to uphold. Our Speak Up policy establishes a mechanism for anyone to raise concerns without fear of retaliation or detriment, and for cases to be investigated conscientiously and without bias. This includes an externally administered and confidential reporting helpline. Our Chief Ethics and Compliance Officer provides regular reports to the Corporate Governance and Nominations Committee of the Board and to the Executive Ethics Committee to ensure management understands, accepts and fulfils its accountability for compliance and ethics.

Progress in 2023

We held our annual Global Integrity Day, provided compliance and ethics training for our employees and organised Suppliers' Integrity Days. We continued to embed our procedure for engaging with suppliers to ensure they are appropriately assessed for compliance and ethics risks.

We continued to engage an external expert firm to provide independent assurance that our compliance and ethics programme is well embedded across Subsea7; 100% of our business is covered by such assessments. We also received ISO 37001 accreditation for our programme in the UK.

Operational eco-efficiency

Subsea7 recognises the risks and opportunities of climate change and its potential effect on our business and stakeholders. We seek to be more efficient in the way that we work and invest in solutions that lower our greenhouse gas emissions within our operations and throughout our supply chain. Over 90% of our emissions come from our vessels, meaning that our emissions correlate strongly with our offshore activity levels and we must seek to reduce these in line with our targets. The emissions arising within our supply chain are also fundamental to address together with our clients if we are to collectively target a lower-carbon industry.

We have a risk management system with procedures and tools that identify, analyse, report and manage business risks related to environmental exposure, including climate impacts. We also measure key environmental data against internal targets, including fuel and energy consumption and carbon emissions reduction.

Progress in 2023

Our Scope 1 GHG emissions increased to 656,624 CO_2e tonnes (2022: 617,309 CO_2e tonnes) due to increased operational activity and two additional vessels joining the Renewables fleet. However the (Scope 1) emissions intensity of our fleet improved.

In 2023 we continued to implement digital technology to measure and ultimately allow us to improve the efficiency of our vessels.

We prepared for the hybridisation of the next one of our vessels and advanced the focus on our supply chain and Scope 3.

A significant factor in achieving our goals remains the availability, at scale and around the globe, of commercially viable alternative fuels for the global shipping industry.

Ecological impacts

We are committed to ensuring that our activities minimise harm to the environment, as outlined in our Code of Conduct. Subsea7's Environmental Management System (EMS) is certified to ISO 14001:2015, verifying the effective implementation of all mandatory requirements of the standard. We acknowledge the significance of safeguarding and conserving biodiversity. Through our EMS and in line with regulatory compliance, we strive to control the environmental impacts of our operations on a region's biodiversity. Our HSEQ policy also focuses on ensuring regulatory compliance and improving our environmental performance. Subsea7's line managers are responsible for implementation and compliance with this policy and for ensuring that all employees and contractors are aware of their responsibilities. We also take responsibility for our own end-of-life assets, with all vessels recycled in accordance with the Hong Kong Accord.

Progress in 2023

We performed waste contractor health checks throughout 2023 in many of our regions, including internal site and vessel visits. This year, we recycled 91% of total onshore waste generated and segregated 71% of total offshore waste generated for recycling. Across our regions, we continued to use the Group-wide single-use plastic dashboard to discover where we need to reduce our consumption. We also trialled a single-use plastic observation card in three locations offshore and onshore to help identify incoming single-use plastics from suppliers.

We continued to raise awareness of the work and impact of BORA Blue Ocean Research Alliance® in collaboration with the National Oceanography Centre. We completed habitat mapping of the Gray Triggerfish (red-listed by the International Union for Conservation of Nature) in Brazil and initiated a marine sediment sampling initiative.

A focus on our people

Our people are our greatest asset, the heart of our business and everything we do. Being7 is our employer brand and the backbone of our culture. It's what we offer our people, it's what our people bring to Subsea7 and it's what it feels like to work here.

In 2023 we relaunched Being7 to all our people around the world. At Subsea7 we offer our people a career they can be proud of, an incredible journey and an environment where they can thrive. Our Being7 offer is supported through our learning and development, diversity and inclusion, and health and wellbeing strategies, including a regular survey that enables us to understand where we need to focus our efforts to continually improve Subsea7. In 2023 over 2,500 of our offshore and onshore people were nominated for Being7 Stars by fellow colleagues, recognising them for supporting their incredible journey.

Learning and development

Our focus and investment in learning and development continued in 2023 with the addition of Women in Business, Commercial Awareness, Early Talent and Core Career Skills programmes to our Academy suite. We continued our Project Manager Diploma, Management Development, Leadership and Safety Leadership programmes.

In 2023, our workforce undertook 4,372 days of health, safety and wellbeing training. We also continued to encourage a culture of learning through our annual Festival of Learning, with the 2023 theme being 'Incredible Journey'. We had record-breaking attendance with over 7,000 of our onshore and offshore people taking part across 90 sessions.

Diversity and inclusion

Following the launch of the Subsea7 Diversity and Inclusion framework in 2022, we continued to focus on our four pillars: inclusive culture, gender balance, nationality balance and the recruitment pipeline. In 2023 we launched our Women in Business programme and held two offshore women's forums. We enhanced our approach to talent management to ensure clearer visibility of our onshore top talent and launched our offshore talent review. A significant effort was placed on attracting and hiring women to join our offshore crews, resulting in a 27% increase in female hires during the 2022/23 recruitment period compared with 2021/22. Our 2023 graduate class was our largest to date, numbering 244, spanning 40 nationalities and being 41% female.

Health and wellbeing

As an employer that truly cares about our people, we recognise the importance of providing health and wellbeing support across work, life and home.

In 2023 our focus was to support our managers to increase their awareness around mental wellbeing. Around the world, we supported our people with a variety of offerings and activities. For example, in our Africa, Mediterranean and Caspian region, wellbeing workshops were held for managers, in parallel to mental health awareness leader training. In our Paris office a wellbeing committee was set up, while in Brazil there was a monthly calendar of wellbeing activity for our employees.

Nationality mix

Europe	53%
Asia/Pacific	21%
Americas	23%
Africa	3%

Age mix

Under 30	14%
30-50	64%
Over 50	22%

Gender mix

Onshore male	41%
Offshore male	40%
Onshore female	18%
Offshore female	1%

Executive Management

Male	75%
Female	25%

EU Taxonomy Disclosure

KPIs for climate change mitigation objective as of 31 December 2023			Revenue $m			Capex $m			Opex $m
	2023	2022	Var	**2023**	2022	Var	**2023**	2022	Var
Numerator for aligned	**860**	1,061	(201)	**424**	122	302	**20**	17	3
Numerator for eligible	**876**	1,106	(230)	**424**	122	302	**21**	18	3
Numerator for non-eligible	**5,094**	4,030	1,064	**516**	252	264	**88**	87	1
Denominator	**5,974**	5,136	838	**940**	374	566	**109**	105	4
Aligned proportion	**14%**	21%	(70bp)	**45%**	33%	120bp	**18%**	16%	20bp
Eligible proportion	**15%**	22%	(70bp)	**45%**	33%	120bp	**19%**	17%	20bp
Non-eligible proportion	**85%**	78%	70bp	**55%**	67%	(120bp)	**81%**	83%	(20bp)
Ref. to financial statements	**Notes**	3,5		**Notes**	13-15		-		

Note: full tables showing taxonomy-eligible and aligned activities are disclosed on pages 152 to 154 within the Additional Information section.

Revenue (turnover)

The primary source of revenue contributing to the numerator of the taxonomy revenue key performance indicators (KPIs) was generated from the installation of offshore wind farm facilities. The proportion of the Group's total revenue which was taxonomy-eligible in 2023 was 15%, compared to 22% in 2022; the decrease reflected lower revenue in the Group's Renewables business unit, mainly due to phasing on the Seagreen project, UK, which was substantially completed at the end of 2022. The proportion of the Group's total revenue that was taxonomy-aligned in 2023 was 14%, compared to 21% in 2022.

Capex

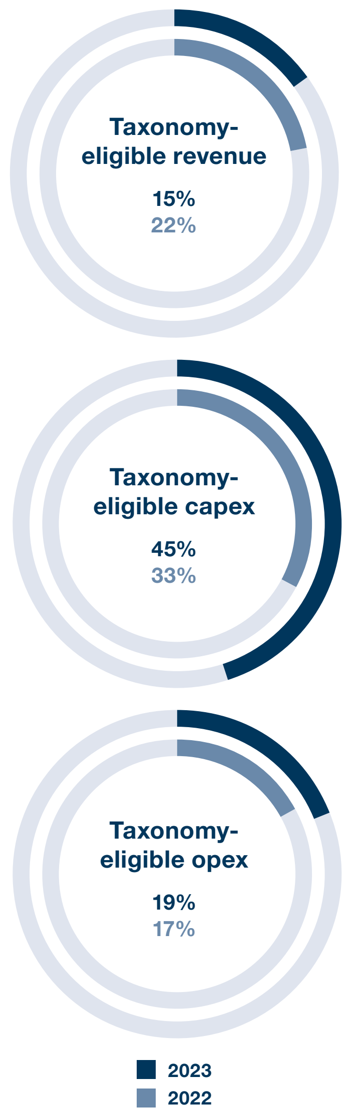
All capex contributing to taxonomy KPIs, which included additions of vessels to the Group's fleet and right-of-use assets, was in support of the Group's activities related to the offshore wind business. The capex was invested in line with the Group's long-term strategy and planning objectives. The Group's taxonomy-eligible and taxonomy-aligned capex in 2023 represented 45% of the total capex of the Group compared to 33% in 2022. The year-on-year increase in taxonomy-eligible and taxonomy-aligned capex was primarily due to the investment in two newbuild vessels, *Seaway Ventus* and *Seaway Alfa Lift* which will work primarily on offshore wind activities.

Opex

Opex contributing to taxonomy KPIs included maintenance and repair costs directly related to vessels operating exclusively on offshore wind activities and research and development (R&D) costs with a direct link to expected future revenue within the offshore wind sector. The proportion of the Group's opex which was taxonomy-eligible in 2023 was 19% compared to 17% in 2022. The proportion of the Group's total opex that was taxonomy-aligned in 2023 was 18% compared to 16% in 2022. A portion of the taxonomy-eligible R&D opex related to subsea hydrogen storage, however due to the early stages of this activity, the Group is not yet in a position to state whether alignment criteria were met. Management will continue to review this for reporting in future periods.

EU regulation

On 18 June 2020, the European Union (EU) issued Regulation 2020/852 on the establishment of a framework to facilitate investment for companies registered within the EU. Under this regulation and its delegated acts (the 'EU Taxonomy'), the Subsea 7 S.A. Group (the 'Group') is required to publish, for the 2023 financial year, eligibility and alignment indicators highlighting the proportion of its revenue, capital expenditure ('capex') and operating expenditure ('opex ') – collectively, key performance indicators ('KPIs') – resulting from economic activities considered as sustainable as defined by the EU Taxonomy.



The EU Taxonomy defines an economic activity as sustainable if it shows Significant Contribution (SC) to reaching one or more of six environmental objectives, Does No Significant Harm (DNSH) to any of the environmental objectives, and is carried out in compliance with the Minimum Safeguards (MS). In 2023 the Alignment reporting criteria have been assessed for climate change mitigation and climate change adaptation objectives. The eligibility criteria assessment has been carried out on the four new objectives; Water and marine resources, Circular economy, Pollution and Biodiversity and ecosystems.

The assessment of eligibility and the degree of alignment was performed based on a detailed analysis by management of all the Group's economic activities undertaken in the year, measured against:

- Delegated Regulation (EU) 2021/2139 of 4 June 2021 and its annexes supplementing Regulation (EU) 2020/852 specifying the technical criteria for determining under which conditions an economic activity may be considered to contribute to climate change mitigation or climate change adaptation
- Delegated Regulation (EU) 2021/2178 of the European Commission of 6 July 2021 and its annexes supplementing Regulation (EU) 2020/852 specifying how to calculate the KPIs and the narrative information to be published
- Amendments to Objectives 1 and 2 amending Delegated Regulation (EU) No. 2021/2139 establishing additional technical selection criteria for determining the conditions under which certain economic activities may be considered to contribute substantially to climate change mitigation or adaptation, and for determining whether such activities do not adversely affect any of the other environmental objectives
- Clarification of the Taxonomy's other environmental objectives relating to the protection and sustainable use of water and marine resources, the transition to a circular economy, the prevention and control of pollution and the protection and restoration of biodiversity and ecosystems via the Commission's delegated regulation (EU) of 27 June 2023 supplementing delegated regulation (EU) 2020 /2139

Management performed an exercise to identify each economic activity which contributed to the Group's Consolidated Financial Statements, which include Subsea 7 S.A. (the 'Company') and all entities controlled by the Company (its 'subsidiaries').

Management applied an analytical methodology which involved definitions, assumptions and estimates, the main elements of which are described in the following sections. The Group will continue to develop its analytical methodology as the EU Taxonomy evolves.

Eligible economic activities under the EU Taxonomy

The first step of the alignment assessment in accordance with the EU Taxonomy requires the Group to identify all eligible economic activities for each of the published environmental objectives. The economic activities identified resulted from a comprehensive review of the Group's activities in 2023.

Management engaged with stakeholders within the Group to analyse all third-party revenue-generating activities, as well as any activities for which there was capex that may generate revenue in future periods, and opex such as research and development (R&D) spend.

The Group's activities that were assessed to be Taxonomy-eligible for the six environmental objectives, with only climate change mitigation being relevant, are shown in the table on page 27.

The classification of activities in 2023 is consistent with that reported in 2022, with revenue-generating activities falling under 4.3 'Electricity generation from wind power' and 5.11 'Transport of CO_2'.

Eligible capex and opex are also included primarily in activity 4.3 'Electricity generation from wind power' with a small amount of opex linked to activity 9.1 'Close to market research, development and innovation' which considers expenses linked to R&D, in this case R&D surrounding green hydrogen storage.

The review of eligibility indicators covered all of the Group's economic activities included in the Group's Consolidated Financial Statements for the year ended 31 December 2023. In the year, 93% of the eligible revenue related to the construction of electricity generation facilities that produce electricity from wind power, with the balance consisting of the Group's participation in carbon capture projects in Norway and within the Xodus business.

For clarity, the oil-and-gas-related economic activities of the Group's Subsea and Conventional and Corporate business units were assessed as non-eligible under the EU Taxonomy. All oil-and-gas-related activities were deemed non-eligible due to the exclusion of fossil fuel extraction activities from the EU Taxonomy target scope. Notwithstanding this, the Group's non-eligible activities included activities contributing to reducing the carbon intensity of the energy transition such as carbon footprint optimisation, studies related to carbon capture systems in the oil and gas sector, a project for the electrification of an offshore platform using floating wind technology, and other less significant carbon footprint reducing activities.

It is possible that some of these activities may fall into eligible scope in the future and this will continue to be monitored.

Alignment assessment for revenue-generating activities

For the year ended 31 December 2023, the EU Taxonomy Regulation requires eligible activities to be analysed regarding their compliance with the 'alignment' criteria for activities under climate change mitigation and climate change adaptation objectives, which includes considerations related to Substantial Contribution, Do No Significant Harm and Minimum Safeguards.

Substantial Contribution

Activity 4.3 Electricity generation from wind power

After reviewing the technical screening criteria related to this activity, management concluded that all eligible activities met the Substantial Contribution criteria as the activities ultimately resulted in the generation of electricity from wind farms.

EU Taxonomy Disclosure continued

Activity 5.11 'Transport of CO_2'

The following Substantial Contribution criteria were assessed in order to demonstrate the alignment of the Group's carbon capture project in Norway:

- CO_2 was transported from the installation where it was captured to the injection point with less than 0.5% CO_2 leakages; and
- CO_2 was delivered to a permanent CO_2 storage site meeting criteria for underground geological storage of CO_2.

Activity 9.1 'Close to market research, development and innovation'

The Substantial Contribution criteria were met, as the opex under this activity relates to the construction of subsea hydrogen storage facilities. However, this project remains in its early stages, with activities relating to R&D spend, and as such management concluded that it was not yet in a position to classify the activity as taxonomy-aligned.

Do No Significant Harm (DNSH)

When analysing the DNSH criteria management relied on the environmental management plans for each project and the Group's sustainability strategy and Compliance and Ethics policies. The following DNSH criteria were considered:

Protection of biodiversity and ecosystems (4.3/5.11)

For all of the Group's eligible activities, ISO 14001 certified environmental management plans are implemented. These plans provide a framework to allow management to monitor and mitigate the environmental impacts of the Group's business operations and meet the requirements of all applicable regulations. Within the plans a number of standards and procedures are maintained in order to meet the DNSH assessment criteria for EU Taxonomy requirements. These plans incorporate inputs from the Group's clients. All issues identified and requirements defined in the original environmental impact assessments are considered to establish the consent requirements for the activity; these are then incorporated into the client environmental management plans, and finally into the Group's environmental management plans.

Regarding protection of biodiversity and ecosystems, the Group ensures that the eligible activities do not hamper the achievement of good environmental status as set out in Directive 2008/56/EC. This requires that the appropriate measures are taken to prevent or mitigate impacts in relation to that Directive's Descriptors 1 (biodiversity) and 6 (seabed integrity), laid down in Annex I to that Directive, and as set out in Commission Decision (EU) 2017/848 in relation to the relevant criteria and methodological standards for those descriptors.

Transition to a circular economy (4.3)

The environmental management plans include assessments related to the circular economy, ensuring where feasible that equipment and components used are of high durability and recyclability and are easy to dismantle and refurbish. In most of the Group's eligible activities, steel is the major component used, which in most cases can be recycled.

Sustainable use and protection of water and marine resources (4.3/5.11)

Sustainable use and protection of water and marine resources is also considered by management. In the case of the construction of offshore wind infrastructure, management assessed that the activities did not hamper the achievement of good environmental status as set out in Directive 2008/56/EC. This required that appropriate measures be taken to prevent or mitigate impacts in relation to that Directive's Descriptor 11 (noise/energy), laid down in Annex I to that Directive, and as set out in Commission Decision (EU) 2017/848 in relation to the relevant criteria and methodological standards for that descriptor. An example of where steps were taken to minimise potential noise impacts was the successful use of near-field noise mitigation systems, including bubble curtains, on wind farm projects, to protect the environment from the sound and vibration caused by pile-driving foundation structures into the seabed.

Adaptation to climate change (4.3/5.11)

As part of the process of alignment with Task Force on Climate-related Financial Disclosures (TCFD) requirements, management has identified climate-related risks and opportunities that may have a strategic or financial impact on the Group. An independent third-party analysis of short-term risks was performed and a risk analysis process is being developed by management to help identify the longer-term impacts for the Group of both transitional and physical climate risk. Climate risk and vulnerability assessments were also performed by the Group's clients to meet alignment expectations.

Minimum Safeguards

The EU Taxonomy sets out a set of Minimum Safeguards in accordance with Article 18 of the Regulation. The Minimum Safeguards are a set of defined UN, EU and other international human rights and code of ethics guidelines against which businesses must assess their procedures. Four themes are covered under the Minimum Safeguards criteria: human rights, corruption, taxation and fair competition.

In order to meet the requirements, the Group has established a process for mapping its policies and procedures against the following guidelines and standards, as set out by the EU Taxonomy:

- the OECD Guidelines for Multinational Enterprises;
- the UN Guiding Principles on Business and Human Rights;
- the principles and rights set out in the eight fundamental conventions identified in the International Labour Organization Declaration on Fundamental Principles and Rights at Work; and
- the International Charter of Human Rights.

Having performed a review of the Group's policies and procedures, management concluded that the Group complies with the alignment criteria of the EU Taxonomy's Minimum Safeguards. Further information is available in the Group's Business Ethics, Human Rights and Tax policies section at www.subsea7.com and within our Sustainability Report.

Methodology for calculating KPIs

The financial information used for the EU Taxonomy report is based on the Group's Consolidated Financial Statements for the year ended 31 December 2023 and was sourced from the Group's financial information systems. It was subject to internal review and assurance by the Group's finance function to ensure consistency of approach with the revenue, opex and capex information reported in the Group's Consolidated Financial Statements.

The Group's Taxonomy-eligible/aligned revenue KPIs are determined by dividing the sum of the revenue related to eligible and aligned activities by the total revenue of all activities as reported in the Group's Consolidated Financial Statements. The Group's revenue relates mainly to engineering, procurement, construction and installation contracts recognised in accordance with Note 3 'Material accounting policies' to the Group's Consolidated Financial Statements for the year ended 31 December 2023.

The Group's Taxonomy-eligible/aligned capex KPIs are determined by dividing the sum of the capex of eligible and aligned capex activities by the total of: additions to intangible assets; property, plant and equipment; and addition and remeasurement of right-of-use assets as reported in the Group's Consolidated Financial Statements. For further details refer to Notes 13, 14 and 15 to the Group's Consolidated Financial Statements for the year ended 31 December 2023.

The Group's Taxonomy-eligible/aligned opex KPIs are determined by dividing the sum of the opex related to eligible and aligned activities by the total opex for all activities for the Group during the year ended 31 December 2023. The only operating expenses reported under the numerator and denominator for the Group were

- expenses that relate to the maintenance and repair of property, plant and equipment; and
- research and development expenses, including direct personnel costs.

To avoid double-counting, management only included as eligible those operating expenditures allocated in full to supporting the execution of eligible activities. The expenses already included under the capex taxonomy-aligned KPIs have been excluded from the opex taxonomy-aligned KPIs numerator and denominator.

Future developments

The Group's strategy is to create sustainable value by delivering the offshore energy transition solutions the world needs while remaining focused on the delivery of offshore energy across subsea oil and gas, carbon capture, offshore wind and emerging energy projects. In line with this strategy management intends to continue to develop the Group's Taxonomy-eligible and aligned KPIs and to continue to evaluate the Group's operations and identify any new activities which may be eligible under the six environmental objectives within the sustainability Taxonomy.

Environmental objective	Activity covered by the EU Taxonomy Code	Associated NACE code	Definition of the activity	Corresponding Group activity
Climate change mitigation	4.3 Electricity generation from wind power	D35.11 F42.22	Construction or operation of electricity generation facilities that produce electricity from wind power.	Activities related to the delivery of fixed and floating offshore wind farm projects. This includes the procurement and installation of offshore wind turbine foundations and inner-array cables as well as heavy lifting operations and heavy transportation services of renewables structures.
Climate change mitigation	5.11 Transport of CO_2	F42.21 H49.50	CO_2 is delivered to a permanent CO_2 storage site that meets the criteria for underground geological storage of CO_2.	The Group participates in a carbon capture project leading to permanent storage of CO_2 from an industrial source, offshore Norway. This scope includes engineering, fabrication and installation of approximately 100 kilometres of pipeline that will connect the CO_2 collection facility to the CO_2 storage site.
Climate change mitigation	9.1 Close to market research, development and innovation, which considers expenses linked to R&D		R&D in relation to green hydrogen storage.	The Group is currently involved in R&D activities relating to the construction of green hydrogen storage facilities.

Risk Management

Principal risks and uncertainties

Effective risk management is fundamental to the Group's performance and creates sustainable value for our stakeholders.

The Group's approach is to identify key risks at an early stage and develop actions to measure, monitor and mitigate against their likelihood and impact. This approach is embedded throughout the Group and is an integral part of our day-to-day activities.

The Group's operations and its strategy for oil and gas, renewables and emerging energies sources are driven by three business units. The Subsea and Conventional business unit focuses on subsea developments, electrification and life of field and carbon capture and storage. The Corporate business unit focuses on early-stage activities in the subsea hydrogen and emerging energies markets, while Renewables – through the Seaway7 brand – is focused on offshore wind. Climate-related risks, challenges and pressures are a key consideration in the Group delivering its strategic objectives and are therefore subject to ongoing assessment as part of the risk management processes in place.

Our Subsea and Conventional business unit executes large and complex offshore projects for the energy industry, in all water depths, under the Subsea7 brand. Delivering a full range of early concept and design, engineering, procurement, construction and installation (EPCI) services utilising pioneering products as well as digital and lower-carbon intensity solutions for its clients. These solutions can be provided as an integrated solution through alliance partnerships and collaborations. Through the Group's life-of-field services, it provides fully integrated solutions, services and products that protect the integrity and optimise the performance of clients' field infrastructure as well as supporting digital solutions for the purpose of asset integrity management, condition monitoring and remote operations. The Group's experience in offshore project execution positions it well to support the offshore electrification of facilities, which will enable transformative solutions to subsea developments.

Our Renewables business has over 10 years of experience in delivering offshore wind projects. It offers services including the installation of foundations, inner-array cables, substations and, more recently, an asset to support the installation of wind turbines. Seaway7 is one of only a few contractors that can provide EPCI expertise and can therefore offer a variety of contracting models ranging from single-scope transportation and installation, to integrated multi-scope and full EPCI contracts. It also has a fleet of six heavy transportation vessels, enabling us to transport components and infrastructure to support the wind industry.

As each country presses forward to meet its Net Zero targets and transition to cleaner energy sources, the world is also challenged by geopolitical uncertainty and a need for energy security. Subsea7's focus on subsea oil and gas, carbon capture, offshore wind and new energies places the Group at the heart of the energy transition and ready to meet the needs of our clients.

Offshore operations are required for both Subsea and Conventional as well as Renewables projects. These involve large, highly complex, technologically rich systems in diverse locations, where the Group often faces harsh and challenging conditions. Weather is of greater concern as the world experiences more extreme climate-related events. With the exception of certain long-term contracts and day-rate inspection, repair and maintenance work, the Group generally contracts on a fixed-price basis. The costs and margins realised on projects can vary from the original estimated amounts due to a number of factors, sometimes resulting in a reduced margin or loss.

Additional operating costs incurred as a result of increases in the supply chain, as well as general inflation, is an example of how certain external factors can negatively impact margins. The Group continuously assesses the risks involved in fixed-price contracts and uses its negotiated contract terms to mitigate certain aspects of these risks.

The Group operates in a predominantly cyclical industry where activity is strongly influenced by the current and forecast price of energy, as well as the impact of decisions taken by governing bodies, particularly regarding regulation, climate change, mitigation and adaptation, subsidies and fiscal incentives.

The Group's risk management processes assist the Group to respond to changes in activity levels and apply appropriate measures to adjust its cost base as far as practical, while at the same time ensuring that an acceptable risk profile is maintained.

Roles and responsibilities

The Board of Directors has oversight of the Group's risk management activities and internal control processes. The Executive Risk Committee meets to review and discuss the Group's principal risks and its risk management procedures and reports to the Chief Executive Officer. The Executive Management Team is responsible for designing and implementing appropriate systems and procedures for the identification and management of risks, while ensuring, subject to an acceptable level of risk, that the Group is able to optimise stakeholder value.

The CEO determines the level of risk which can be taken by the business units by region, country and by functional management. This is managed through Group policies and delegated authority levels which provide the means by which risks are reviewed and escalated to the appropriate management level within the Group, including the Board of Directors.

Principal risks and uncertainties

Principal risks are those risks that, given the Group's current position, could materially threaten its business model, future performance, prospects, solvency, liquidity or reputation, or prevent the Group from delivering its strategic objectives.

The means which the Group employs to mitigate or eliminate these risks are shown on pages 30 to 46.

Additional risks and uncertainties that the Group is unaware of, or currently deems immaterial, may in the future have a material adverse effect on the Group's reputation, operations, financial performance and position. However, the Board of Directors believes that the Group's risk management and internal control systems have assisted, and will continue to assist, the Group to identify and respond to such risks.

Risk Management continued

Market risk

Risk

Strategic

The Group recognises that technology, engineering capabilities and providing the right solutions to meet clients' demands are market differentiators and are key to delivering on its strategy. The Group's strategy is to create sustainable value by delivering the offshore energy transition solutions the world needs. By continuing to improve our solutions and the way we deliver them we can continue the evolution towards oil and gas decarbonisation, as well as enabling the growth of renewables and emerging energy.

The role the Group takes in the continuous evolution of oil and gas towards decarbonisation is based on three pillars: subsea and conventional developments, life-of-field services, and electrification of offshore facilities where new products and solutions are required to make this possible. This brings with it the risk that demand for innovative designs, systems, products and solutions accelerates into the construction and installation phase without sufficient time to transition from development to production.

Integrated solutions continue to be an attractive contracting model across both new subsea developments and life-of-field work scopes, and are offered through Subsea Integration Alliance. This is a preferred option for many clients, particularly for large greenfield projects, and is an important component of the Group delivering on its strategy. The risks associated with this contracting model include either party encountering an interruption in work activities because of the other, which impacts the overall project delivery. Integrated solutions consolidate risk into one shared contractual framework, meaning that the risk profile to the Group is wider than through standalone offerings. While the Group has developed the knowledge and ability to identify, manage and mitigate the risks associated with integrated solutions, they may still threaten the Group's performance.

The Group continues to advance its strategy in both the established renewables market and emerging energies sectors. Finding the correct solutions and delivering on these is key, as is achieving a balanced risk profile across these evolving sectors and with new clients. A balanced allocation of risk remains central to profitability in the wind market and with a healthy backlog of work, the Group can be selective in its tendering approach to ensure future work maintains an acceptable risk profile. Seaway7 is well-positioned to capture an enhanced share of the fixed offshore wind market in future years.

As the fixed wind sector continues to grow and emerging energies advance there is a risk that an increase in the size and complexity of renewables or emerging energy projects could exceed our current asset base.

From time to time the Group may engage in strategic combinations, partnerships, joint ventures and acquisitions to support growth. This brings risk in the form of potentially incorrect assessments of the target market, new and inherited legal and contractual liabilities, as well as operational and financial risks. It also carries the risk of failure to integrate new business combinations and their resources into the Group, and failing to deliver the Group's strategic objectives.

Market risk continued

Mitigation

Technology-related risks are mitigated by employing qualified personnel, as well as working to industry and professional engineering standards combined with strict adherence to the Group's engineering management and control systems and procedures. The Group has a multi-stage gate process for the implementation of new technologies and products. For integrated solutions, the Group's risks are mitigated through considered selection of alliance and collaborative partners and pre-identified ways of working. In addition, the Group has a procedure to establish, at tender stage, a risk-sharing methodology to complement the project. It continues to maintain disciplined contracting principles to mitigate project and operating risks.

The Group brings extensive experience and engineering capabilities from a proven track record of project management and execution in the oil and gas sector to the offshore wind and emerging energies sectors, through investing in the right people and having the right technical capabilities and support assets, as well as keeping pace with engineering developments, technologies and installation methodologies.

The Group values partnering with experienced clients to better control the risks involved in the energy transition as well as striving for and promoting an industry-leading balanced contractual risk profile.

The Group has internal resources and external advisers to carry out thorough due diligence and ensures that an experienced management team is deployed to manage merger and acquisition opportunities. This team ensures operational management is engaged in the various phases of the transaction as well as the integration process immediately after a corporate transaction to ensure successful execution.

Risk Management continued

Market risk continued

Risk	Mitigation
Economic The Group's business depends on the level of activity in the segments of the energy industry in which it operates and, consequently, any significant change in the level, timing or nature of clients' expenditure plans could adversely impact the Group's order intake, financial performance, position and prospects. Global energy demand continues to grow, and as the world considers the energy trilemma of affordable and secure energy there is a requirement for cleaner and more sustainable energy sources to meet its needs. The Group's strategy is to be a proactive participant in the energy transition and contribute to the decarbonisation of oil and gas developments. This involves setting and continuing to focus on our own lower-carbon targets as well as supporting our clients in their lower-carbon targets through working with the supply chain, investing in our own fleet and looking for new technology to reduce our own carbon footprint. Legislative changes and society pressures, led by environmental, social and governance (ESG) desires for cleaner energy, could impact the Group's longer-term partnering with stakeholders such as investors, insurers and other key suppliers, if they reduce their involvement or move away completely from offering services to the Group while it continues to work in the oil and gas sector. A rapid increase or decrease in demand for the Group's services could outpace the Group's ability to resize its capacity for service provision. Furthermore, our supply chain is impacted by world events and rising inflation as well as increased demand. There is a risk that price increases and availability issues could prevent the Group from meeting client demands. Any default by the supply chain or increase in pricing could impact a project's schedule as well as negatively impacting the Group's financial performance. Our clients' financial strength and the economic viability of their projects can be impacted by the fluctuation of energy prices and energy mix, which can be driven by political conditions, technological development, global demand and ESG considerations. These, as well as other variable factors, are outside the Group's control but can have a direct impact on the operational and financial performance of the Group.	The Group closely monitors market activity and collaborates with clients to understand their future project and expenditure plans. Early engagement in the design phase of an energy project enables the Group to better assess the risks and opportunities and the economic implications of projects as they progress towards construction. Following contract award, the Group can implement cost reduction measures to adapt the projects to market conditions and work within the terms of the contracts to mitigate the effect of client-led changes to project schedules or work scopes. The Group has trialled alternative fuels on various vessels across the fleet and is positioned to make a change once a globally available alternative is determined. One vessel in the fleet has undergone hybridisation conversion with three other hybrid vessels joining the operational fleet in 2024. As well as this the Group utilises its carbon estimator tool in all client FEED and study work scopes to enable its clients to reduce the impact of the fleet during the project installation phase. The financial strength and solvency of our clients and suppliers is a specific area of focus before entering into contracts. The Group has successfully managed its cost base and continues to look for ways to improve efficiency and delivery through the implementation of digitalisation and standardisation. A potential increase in demand is managed through supplementing the fleet with the use of third-party vessels. Beyond the fleet, the Group engages with key stakeholders to explain the Group's approach and initiatives on energy transition, climate change and ESG to maintain long-term alignment on economic activities. We also work with our clients and suppliers to ensure that risk on pricing and availability is addressed through contractual measures. The Group seeks to diversify selectively into new markets, including emerging energy markets, and has a diverse portfolio of projects which allows an element of mitigation across its global markets.

Market risk continued

Risk	Mitigation
Competition The Group faces competition from time to time to win contracts to ensure a sustainable backlog of future work across the business units. This competition may result in pricing pressures or a change to a contractor's risk profile, as competitors strive to win contracts and secure work. Depending on the market cycle, less favourable contractual terms which are more onerous for the contractor may increase liabilities, both actual and contingent, and adversely impact the Group's financial performance and position. Furthermore, the competitive landscape could include further alliances as well as vertical and horizontal consolidations, to achieve economies of scale and scope and wider control of the value chain. Such initiatives could represent a threat to the Group's profile as a specialised offshore service provider.	The Group endeavours to reduce its exposure to competition by differentiating itself from competitors. The Group's experience and resources, including its people, versatile and modern fleet, and proprietary technology and digital delivery offerings, help it respond effectively to challenges from competitors. The Group seeks, within the framework of the business's contractual risk profile, to promote and maintain industry-recognised balanced contracting forms. The Group continues to partner with key clients and form alliances with other oilfield services companies to offer packaged solutions and to contribute to the early development stages of projects, as well as offering cost effective and efficient technical solutions. Achieving a balanced allocation of risk remains central to profitability in the offshore wind sector and Seaway7 remains disciplined in this area and has the necessary expertise and capabilities to deliver complex projects and market its EPCI track record. Its versatile fleet and track record are differentiators in relation to smaller contractors or new entrants, and position the Group well to continue working with clients across the sectors and to maintain contractual discipline to achieve a balanced, manageable risk profile.
Geographic The Group operates and tenders for work worldwide, with each country having specific political, economic and social characteristics which can give rise to various risks and uncertainties. These can adversely impact project execution and financial performance, including but not limited to: • economic instability • legal, fiscal and regulatory uncertainty and change, including individual countries' commitments, targets and measures to address climate change • onerous local content obligations • sanction and export controls • civil or political unrest, including war • regime change.	Country or regional risks are identified and evaluated before and throughout Group operations in such markets. Appropriate risk responses are developed and implemented to mitigate the likelihood and impact of identified risks. The Group adopts a proactive and rigorous approach to assessing and mitigating these risks and, where possible, looks to develop local or regional management teams to strengthen its knowledge of, and presence in, the countries of operation.

Risk Management continued

Business environmental risks

Risk	Mitigation
Technological innovation Our clients seek cost effective solutions to develop energy resources, particularly in deep waters and challenging offshore environments, to enhance the full field lifecycle. The Group's experience of designing and executing projects across the globe helps create sustainable value by delivering offshore energy transition solutions. To make this possible the Group differentiates itself by focusing on early engagement and system innovation, collaboration and partnerships, integrated services, sustainable delivery, digital solutions, and enabling products. Any failure by the Group to anticipate or respond appropriately to any of these elements could adversely affect the Group's ability to compete effectively for, and win, new work or achieve its targets and objectives of making possible the delivery of offshore energy for today and tomorrow. The Group's ambition for proactive participation in the energy transition is focused through two key areas: the continuous evolution of oil and gas, and renewables and emerging energies. Technology advancements are key to progressing in these areas, where the risks include investing in or developing technology for one or multiple areas identified which becomes superseded or immediately obsolete. Introducing technology, systems or products that are insufficiently mature or unsatisfactorily implemented when selected by our client as a valid solution could have an adverse reputational and financial impact for the Group. Reliance on the use of data and cloud storage facilities has the associated risks of information technology, operational technology, systems and cyber security failures.	The Group monitors industry trends and collaborates with clients to understand their technology requirements. This allows the Group to effectively invest in developing differentiated and cost effective technologies to meet current and anticipated client demand. In developing new technologies, systems and products the risks associated with selecting and pursuing appropriate technological solutions, technical completion, commercialisation and successful implementation are carefully considered and addressed through adherence to industry engineering standards and codes, technical readiness levels and contractual gate controls operated by knowledgeable and experienced Subsea7 personnel. At every step of the innovation process, safety and the cyber security aspects of new technology, software and systems are considered to ensure the continuity of business and operations.

Business environmental risks continued

Risk	Mitigation
Environmental sustainability The Group is committed to delivering onshore and offshore solutions to meet the needs of its clients as well as its own strategy that supports sustainable energy sources. The Group is committed to facilitating the transition towards lower-carbon and renewable energy supplies. The risks to the Group are that society, interested bodies and their carbon-neutral commitments are moving at a pace that will require very timely and effective change which the Group will need to deliver at pace and integrated with operational delivery commitments to its clients. External stakeholders such as the financial markets, insurers, investors and suppliers may have their own ESG commitments that include reducing their involvement with oil-and-gas-related companies in favour of other energy sources.	The Group is committed to proactively participating in the energy transition in a safe, ethical and responsible manner. The Group has invested, and continues to invest, in new technologies, innovative programmes and industry sector diversification that reduce both the Group's and its clients' carbon emissions. Furthermore, the Group has an Environmental Management System that will underpin and consolidate its efforts to meet its targets and expectations. Throughout 2023 the Group continued to prepare for reporting in compliance with the EU Corporate Sustainability Reporting Directive and currently participates in the CDP, the UN Global Compact and the Building Responsibly frameworks. More information on the Group's efforts and initiatives can be found in the Group's 2023 Sustainability Report.

Organisation and management risks

Risk	Mitigation
Climate The Group is focused on climate change and meeting its own targets to reduce Scope 1 and 2 emissions by 50% by 2035, and to be Net Zero by 2050. It is also committed to delivering its strategy for the energy transition, demonstrating commitment to a more sustainable business environment both internally and also to support its clients' objectives. The Group recognises the impacts of climate change and the potential effect on its business, end markets and society and acknowledges the risks and potential effects on the business's future associated with not taking steps to mitigate its impact. These risks include: • operational and financial risks relating to the effect of climate change, for example cost increases associated with alternative onsite fuel sources, or the introduction of carbon taxes • regulation and supervision of climate-related risk in the financial sector, which could lead to challenges in accessing financial capital • the speed with which society, governing bodies and countries require alternative fuel sources and our ability to keep pace with the timescale required to provide emerging energies in a sustainable and cost-efficient way • the availability of sufficient volumes of alternative fuels that are commercially viable and which can be sourced globally to support our goal of reducing Scope 1 and 2 emissions.	The Group is committed to finding more efficient ways of working and investing in solutions that lower the Group's greenhouse gas emissions. Most of the Group's emissions emanate from its vessels and the Group looks for ways to reduce this impact on the environment. Initiatives taken include the conversion of the entire fleet to run on low-sulphur fuel, in line with International Maritime Organization (IMO) guidelines and regulations. The Group has continued with its vessel hybridisation programme and has trialled alternative fuels, which confirmed compatibility once such fuels become available on a commercial scale. Onshore, the Group is implementing a programme which includes a transition to clean energy. We are well positioned from an asset and project execution perspective to continue to be the contractor of choice for subsea construction and installation for both traditional and emerging energies where there continues to be a requirement for a subsea infrastructure.

Risk Management continued

Organisation and management risks continued

Risk	Mitigation
People The Group, like many businesses, carries the risk of failing to attract and retain suitably skilled and capable personnel across all business units at a time when societal preferences, particularly in the younger demographic, are towards opportunities in energy transition rather than oil and gas. Failure to attract or retain talent or to maintain a collaborative working environment could adversely impact the Group's ability to execute projects and its future growth prospects. The Group is a signatory to the UN Global Compact and committed to its 10 principles that summarise responsibilities to respect human rights, and to avoid and address any adverse impacts from the Group's activities. The Group is conscious that the geographic diversity of its operations and the many different types of work required to be performed by the Group's workforce and its suppliers and subcontractors can present increased risks of human rights violations and unacceptable labour practices. The Group is particularly focused on those human rights risks that would have the greatest impact, such as child labour, slavery and human trafficking, and other types of forced labour.	The Group's commitment to lowering its own emissions but also finding solutions to support a lower-carbon energy transition, and its strong presence across all offshore energy types including renewables and emerging energies, is a differentiator. Having the ability to offer career opportunities across both business units, as well as offering modern and flexible working arrangements, continues to generate positive employer engagement. The Group utilises medium-term business projections to assess resource requirements which allows timely, corrective intervention to appropriately resource the organisation in terms of size, profile, competency mix and location. The Group monitors attrition by function and geography and has developed appropriate remuneration and incentive packages to help attract and retain key employees. Performance management and succession planning processes are in place to develop staff and identify high-potential individuals for key roles in the business. The Group has a human rights programme designed to identify and manage human rights risks, with a particular focus on child labour, slavery and human trafficking, and other types of forced labour, consistent with the UN Global Compact and the Building Responsibly Worker Welfare Principles. With the support of external experts, it has designed in-person training for delivery to a target audience of employees across the Group who have a role to play in identifying and managing the relevant risks. The Group conducts risk assessments to identify and understand where we might find risks and supports the creation of action plans to address high-risk areas and any gaps in our policies and procedures. The Group reinforces the importance of compliance with the Group's Code of Conduct and its Code of Conduct for Suppliers by internal personnel and its supply chain respectively as well as its Human Rights Policy Statement. All three documents include clear guidance and expectations regarding human rights standards.

Organisation and management risks continued

Risk	Mitigation
Compliance and ethics The Group is committed to conducting business in accordance with applicable law and the highest ethical standards. However, there is a risk that its employees, representatives or other persons associated with it may take actions that breach the Group's Code of Conduct or applicable laws, including but not limited to bribery or corruption. The Group assesses such risks, which vary across its geographical locations. The Group has identified the following as being the most significant corruption risks it faces: • small bribes and facilitation payments, especially in relation to the movement of vessels, people and materials • illicit enrichment of public officials through hidden interests in local partners or suppliers that local content laws require us to use • bribery to win work • bribery to get variation orders approved • bribery to get work certified or paid. The above risks may increase when working with partners or third parties. These risks are inherent in our sector, in particular in countries where local content requirements are significant. Any compliance and ethics breach could result in monetary penalties, convictions, debarment and damage to the Group's reputation and could therefore impact its ability to do business.	The Group is confident that the risks identified are adequately managed by our compliance and ethics programme, and in many cases by our clients' robust procurement procedures. Integrity is one of the Group's Values and the Group has an Ethics Policy Statement and Code of Conduct which clearly set out the behaviours expected of its employees and those who work for it (including suppliers and other third parties). These policies are periodically updated to ensure they remain current. The Group has a compliance and ethics programme underpinned by its Values and designed in accordance with international best practice to embed the Code of Conduct, prevent bribery and corruption, and manage compliance and ethics risks generally. The programme includes financial controls, risk assessments and procedures for managing third-party risks. Mandatory annual compliance and ethics e-learning, and an annual Integrity Day for employees, raise awareness, highlight the potential consequences and empower and embed a culture of integrity. Employees are encouraged to raise concerns about possible non-compliance through an externally administered whistleblowing line. There is a strong focus on a culture of ethics and integrity. More information can be found on our website and in our Sustainability Report. A committee comprising the members of the Executive Management Team sets objectives for the implementation and continual improvement of the programme and monitors progress. Regular reports are provided to the Board of Directors. The Group regularly engages an independent third-party assurance provider to benchmark its compliance and ethics programme against best practice, including international standard ISO 37001-2016.

Risk Management continued

Organisation and management risks continued

Risk	Mitigation
Information and operational technology cyber risks The Group's operations depend on the availability and security of a number of key information technology (IT) and operational technology (OT) systems. In 2024 the Group will be upgrading its ERP system, SAP, to SAP S4. The ERP system is an essential operating system for our business. The risks of not managing the upgrade of this critical system effectively could result in pro-longed outages leading to significant business interruption, loss of data, unplanned additional time and expense and reputational damage. The Group's investment in its digitalisation programme combined with the acquisition of data-driven businesses means the risk of these systems being disrupted or compromised by a general failure or by cyber-attacks is increasingly relevant. Such risks include but are not limited to: • unauthorised access to key operational, financial or corporate systems • malware • theft and misappropriation of sensitive information • fraud attacks • data management and non-compliance with legislation such as the EU General Data Protection Regulation (GDPR) • increasing use of IT to interconnect with multiple stakeholders and the possibility of such interconnectivity being disrupted to their detriment • denial of access to or utilisation of assets with the risk of a potential loss or damage event • emerging threats, including advanced attacker tactics and techniques, and the use of social media and Artificial Intelligence. Such breaches in security could adversely impact the Group's ability to maintain ongoing business operations and lead to financial and asset loss, reputational damage, potential physical harm, loss of client and shareholder confidence and regulatory fines.	The Group has highly skilled teams managing its critical systems and processes, utilising both in-house capabilities and external specialists to respond to system outages and to ensure the smooth transition and delivery of any upgrades such as SAP S4. The Group recognises the increased frequency of cyber security threats and events and takes this risk seriously. It reviews its infrastructure, suppliers, policies, procedures and defences to mitigate associated risks and keeps abreast of risk intelligence by engaging market-leading specialists where appropriate. It assesses the technology framework against approved independent standards and maintains a programme of investment in new hardware, software and systems to ensure the integrity of its IT security and defences. The Group works with recognised independent industry experts to audit and test the sustainability of its security systems and assesses the business and operational impact of a cyber event, analysing varied scenarios, interruption types and the effectiveness of recovery plans. The Group has a number of IT policies, including a policy on information security, designed to protect its systems and ensure their availability and integrity as well as combat attempted fraud. These policies are regularly reviewed to ensure they continue to address existing and emerging information security, cyber maritime and cyber crime risks as well as GDPR. Mandatory internal e-learning courses and regular phishing simulation tests are used to maintain a high level of awareness among employees of IT security risks and of the Group's procedures to manage them. The Group's Executive Vice President of Projects & Operations has responsibility for ensuring the setting and implementation of the Group's cyber security strategy. This is reported through the Executive Risk Committee which reports to the Group's CEO on all matters of risk, and to the Board of Directors on a six-monthly basis. Niels Kirk is nominated as the Board's focal point for cyber security.

Delivery and operational risks

Risk	Mitigation
Bidding The Group wins most of its work through a competitive tendering process. A significant proportion of the Group's work is undertaken by way of fixed-price contracts which exposes the Group to increases in supply chain costs. Failure to secure and manage costs could impact the Group's financial performance; risks include the inability to maintain price validity from our supply chain if there is commodity price fluctuation, rapid price escalation, delay in project award, or re-phasing which leads to schedule amendments. An inability to understand and respond to operational and contractual risks or accurately estimate project costs could have an adverse impact on the Group's legal liability and financial performance and position. Our client's financial strength and the economic viability of their projects can be impacted by multiple factors which are outside the control of the Group, and in some instances clients may request specific payment terms or payment deferrals which can have a negative impact on the financial position of the Group.	All bids are subject to the Group's estimating and tendering processes and authority levels. Cost estimates are prepared on the basis of a detailed standard costing analysis, and the selling price, contract terms and financial milestones are based on the Group's commercial contracting standards and market conditions and where appropriate the financial due diligence of the parties involved. Where possible key supply chain or subcontractor terms and conditions are negotiated alongside the main client contract to reduce the risk of non-alignment of contracting terms or the absence of price certainty. Volatility in commodity prices can be mitigated by including contractual adjustment mechanisms with both clients and suppliers. Before the tender is submitted, a formal multi-gate review process is performed. Tenders are first reviewed at a regional level where the technical, operational, legal and financial aspects of the proposal are considered in detail. Completion of the regional review process requires the formal approval of the appropriate level of management. Dependent on the tender value and complexity (such as technology and partnering), there is an escalating level of approval required. Tenders meeting specific financial and risk criteria are reviewed and approved by the Tender Committee of the Board of Directors.
Realisation and renewal of backlog Delays (including those related to clients' final investment decisions), suspensions, cancellations, re-phasing or changes to scope or content of awarded projects recorded in backlog could materially impact the financial performance and position of the Group in current and future years.	The Group works to mitigate these risks through its contractual terms, including, where possible, provision for cancellation fees or early termination payments.

Risk Management continued

Delivery and operational risks continued

Risk	Mitigation
Joint ventures The Group may engage in commercial joint ventures with selected partners to obtain necessary expertise or local knowledge and contract or partner with specialist companies to develop new or emerging business opportunities. A failure to find an appropriate joint venture partner or a failure by a joint venture partner to perform to the standards required by the joint venture agreement could result in negative financial and reputational impact to the Group. Misalignment between Subsea7 and a joint venture partner on strategic matters could lead to a deadlock, impacting negatively, inter alia, on project execution. In addition, the failure of a joint venture partner to meet its financial obligations could result in an adverse impact on the Group's financial performance and position.	The Group seeks to ensure that selected joint venture partners not only have the necessary expertise, local knowledge and suitable financial profile but are also able to meet the Group's health, safety, security, environmental and quality (HSSEQ) standards and its Code of Conduct obligations. The Group has established appropriate governance and oversight mechanisms to monitor the performance of its joint ventures and joint venture partners with regard to such matters.
Project execution The Group executes complex projects and a failure to have the best people, assets and technological solutions and engineering procedures to deliver these could result in failure and be damaging to the Group both reputationally and financially. As well as project execution, a failure to meet and achieve the necessary contractual requirements could have several adverse consequences, including contract disputes, rejected claims and cost overruns, which could expose the Group to operational and financial losses that are material to the Group's overall performance, position and reputation. For most contracts, the offshore execution phase, which generally involves the use of either single or multiple vessels, is usually the most hazardous as this phase is exposed, among other risks, to adverse weather conditions or the risk of loss or damage to the contracted works. These hazards can result in scheduling adjustments, damage to vessels and equipment, repair or rework, injury to those working offshore or financial loss. The Group must also continue to innovate and develop products and solutions that allow it to deliver lower-carbon developments as well as enabling the growth of renewables and emerging energies. Errors or defects in product design and production could expose the Group to additional warranty or product liability risks.	The Group assigns a project management team to every project. Every project is assessed by regional management using the Project Monthly Status Report review process. These reviews cover project progress, risk management, cost management, financial performance and sensitivity analysis. Detailed assessments of costs and revenue are estimated and reported upon, taking into account project performance, planning schedules, contract variations, claims, risk exposure, allowances and contingency analysis. The Group continues to promote a balanced approach to risk allocation and has supported the International Maritime Contractors Association in producing a set of contractual principles for the renewables industry. The Group is selective of which projects it undertakes, ensuring that those it takes on have a balanced risk profile where the risks retained are understood and can be managed. The Group factors the risk of adverse weather conditions into the design of its vessels, equipment and procedures and project scheduling, as well as the training of its offshore workforce. It also works to mitigate potential adverse financial consequences when negotiating contractual terms with its clients. Innovative products are commercialised after rigorous testing that is subject to a hierarchy of industry-recognised technical readiness level reviews.

Delivery and operational risks continued

Risk	Mitigation
Supply chain In the current period of increased activity for the Group, there is a risk that the supply chain does not or cannot react at the same pace as demand, and hence insufficient capacity causes a deterioration in the quality of the product or service, extended lead times or the inability to secure products. The Group is also at risk of reduced choice as suppliers adapt their own business strategies towards sustainable and alternative energies. A severely diminished pool of suppliers would affect the Group's operational and financial performance. Failure of a key supplier to perform predictably could result in disruption to the Group's ability to complete a project in a timely manner. Suppliers could also run into financial difficulty affecting their ability to perform, and in more severe scenarios this could result in suppliers being made insolvent. Other factors such as pandemics, extreme weather, financial uncertainty, civil unrest, political uncertainty, war or other unforeseen external factors could cause significant interruption affecting elements of the supply chain, affecting our ability to deliver our clients' projects, causing disruption to ongoing Group capital expenditure initiatives such as vessel construction, dry-dockings and upgrades. The war in Ukraine and consequent sanctions on Russia and other geopolitical challenges continue to impact on energy shortage and more recently have been disrupting international maritime traffic. These are factors contributing to rising general inflation globally, resulting in increased costs as well as more cost volatility within our direct and indirect supply chain. Unexpected increases in supply chain pricing could result in higher project costs that impact the Group's financial performance. The resultant time delays or increased costs could lead to irrecoverable costs to the Group and the imposition of financial penalties by clients, as well as reputational damage and reduced competitiveness. Cost is a necessary consideration in the selection of key suppliers and balancing this with quality and control assurance is a risk. Faulty or damaged components could result in additional project costs which may not be fully recoverable from the supplier and would be borne by the Group.	The Group seeks to develop strong, long-term relationships with high-quality and competent suppliers, working to balance costs at a sustainable level and not only engage on a lowest bid basis. Long-term contractual arrangements and the use of collaboration models (as appropriate) allow us to secure supplier commitment and access in the current market as well as into the future, especially with our key category suppliers. We are developing supplier strategies, and partnerships with key suppliers, to service our energy transition clients. We are diversifying our supply chain by finding new suppliers, in some cases in different industries and new regions, which helps the Group to mitigate the risk of key suppliers exiting the sector. Our supplier sourcing, qualification, screening, monitoring and assurance processes and procedures are designed to identify potential risks in our supply chain. Regular engagement with our key suppliers and ensuring the relevant topics are on the agenda help to reinforce our shared commitment to building long-term value through sustainable supply chain management. The financial profile and outlook of the Group's key suppliers is reviewed during the pre-qualification process for vendors and is considered prior to entering into project-related commitments. We are leveraging digital tools such as SAP Ariba throughout the entire supplier lifecycle, to improve productivity and maintain reasonable levels of assurance that we can continue working with such suppliers. Unforeseen external factors leading to interruptions in supply chain delivery are difficult to manage; however, the Group evaluates these risks and where possible will seek to avoid single-source suppliers and will seek to mitigate the financial impact of any interruptions through appropriate contractual terms and conditions. These may include back-to-back supplier pricing, index linked pricing and a balanced cost escalation mechanism where appropriate.

Risk Management continued

Delivery and operational risks continued

Risk	Mitigation
Supply chain continued Increasing legislative requirements in relation to ESG topics imposed on the supply chain, coupled with the potential failure of suppliers to accurately measure and provide reliable information on their ESG performance, puts the Group at risk of working with suppliers who are not wholly compliant with the applicable legislation and could limit the Group's ability to accurately report its own performance.	If necessary, appropriate guarantees or performance-related bonds are requested from our key suppliers. As part of the supplier selection process the Group engages qualified quality assurance and quality control specialists and there is close collaboration between supply chain management and engineering. Both quality and engineering functions also play an active role throughout the duration of a project, with teams on the ground at key supplier locations to ensure quality standards are met and assurance policies followed as well as the timelines for delivery. We are engaging with our key suppliers to better understand their ESG commitments and where they are on their journey towards meeting their objectives. This allows us to prioritise and focus on ensuring that we work with a sustainable supply chain, in line with the Group's own priorities and focus areas.
Communicable or infectious diseases including pandemics Communicable or infectious diseases can expose the Group to operational disruption and increased costs as a result of unexpected business interruptions or measures required to ensure the safe continuation of the business. The risks to the Group include additional costs to continue normal operational activities, revised arrangements to work safely in accordance with changes made in the law, quarantining or isolating crew, and logistical issues associated with the international transit of vessels and people. These costs are not included in all fixed-price contracts and therefore pose a financial risk to the Group if they cannot be recovered as a result of exercising our contractual rights. The risk of a reduced workforce, unable to maintain minimum manning levels, or vessel stand-by or quarantine exposures could impact the Group's financial and operational results. The Group is also at risk of interruption caused to the supply chain, which is also likely to be impacted in the event of a pandemic or disease outbreak.	The Group first and foremost adheres to the laws, guidelines, and protection, health and mitigation measures set out by each country in which the Group operates and in accordance with a vessel's flag state. Where flexible working arrangements including working from home are not possible, such as for certain onshore fabrication facilities and the offshore vessels, the risk of a significant or severe outbreak of illness is mitigated through the implementation of health screening, cleaning regimes and sanitisation measures as part of infection control and prevention. The Group aims to establish safe working environments. To achieve this, some changes to procedures could be required, including in some cases extending the period of crew rotations offshore and imposing periods of quarantine prior to embarkation and the workforce returning home. Reduced workforce numbers and social distancing measures can be built into the operational procedures for onshore and offshore locations. Where possible, the Group aims to mitigate some of the additional project cost exposures in complying with changes in the law by exercising its contractual rights to issue variation order requests to clients.

Delivery and operational risks continued

Risk	Mitigation
Health, safety, security, environmental and quality The Group's projects are complex and are sometimes performed in unfamiliar environments in varied conditions. This requires continuous monitoring and management of health, safety, security, environmental and quality (HSSEQ) risks associated with transit routes, the location of work, project specification and installation methods – as well as addressing the location and assets utilised. A failure to manage these risks could expose our people and those who work with us to security breaches, illness, injury or harm. It could also result in an environmental event or cause injury or damage to other parties. It could result in significant commercial, legal and reputational damage or potential disbarment from working in the affected country. The worldwide nature of the Group's operating activities carries the potential for significant health risks and disruption to our business operations.	The Group is focused on continuously monitoring HSSEQ performance at all levels and actively motivates, influences and guides employees' individual and collective behaviour. The Group is committed to protecting the health, wellbeing and safety of its people and those working on its sites and vessels, as well as minimising its impact on the environment. The Group has an HSSEQ policy and detailed HSSEQ procedures designed to identify, assess and reduce such risks while ensuring compliance with relevant laws and regulations. The policy and procedures are subject to review, monitoring and certification by an independent, internationally recognised specialist firm. The Group mitigates exposure to the risk of communicable or infectious diseases by developing health procedures and medical screening that adhere to the guidance and incorporate the best practice set out by world health organisations and industry experts.

Risk Management continued

Delivery and operational risks continued

Risk	Mitigation
Fleet management The Group has a fleet of vessels which are required for the successful delivery of its projects. These vessels operate in a number of regions which are subject to political, fiscal, legal and regulatory risks. Risks also include regulatory requirements related to the crewing of the vessels in the territories where they are operating. Failure to manage such risks could lead to an adverse impact on the Group's financial performance and position. Lack of vessel availability is a risk. Uncertainty in operational vessel schedules may lead to non-availability for other projects in the tendering or execution phase. Vessel availability could also be negatively impacted by delays to vessel construction, completion of maintenance, vessel upgrading or dry-docking activities. In extreme circumstances, the non-availability of a vessel or multiple vessels through loss or irreparable damage could compromise the Group's ability to meet its contractual obligations and cause financial loss. Conversely, an underutilisation of the vessel fleet exposes the Group to a risk of under-recovery of its total fleet costs. To maintain the competitiveness of the fleet, the Group from time to time makes significant investments in the construction or acquisition of new vessels. If the anticipated demand for those vessels does not materialise, such investments may not generate the intended financial return. The Group also divests assets from time to time, either by sale for onward use or in some cases for decommissioning. It is important that assets are divested responsibly and that the Group takes reasonable measures to ensure it mitigates any future liabilities and in the case of decommissioning activities that it engages with responsible third parties who comply with the appropriate regulations including the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships.	The Group considers carefully the political, fiscal, legal and regulatory risks associated with the deployment of its vessels and crew into regions in which it operates or has to navigate, and monitors developments to ensure it can respond appropriately. To minimise the risk of non-availability, the Group dedicates resources to perform vessel scheduling centrally rather than at a business unit or region level. Vessel construction, maintenance, upgrading and dry-docking activities are subject to detailed planning and controls are deployed to mitigate the risk of completion delays. The design and operational capabilities of a vessel are carefully assessed before its deployment to a particular project and are then closely monitored during the project's execution. The impact of potential non-availability of a vessel is mitigated by both the size and flexibility of the Group's fleet and its ability to access the vessel charter market. The Group adjusts its fleet size to suit its view of the future market by cold- or warm-stacking its excess assets, as well as potentially returning chartered tonnage to the owners. Before initiating the construction or acquisition of a new vessel, the Group conducts detailed analyses of the potential market and seeks to ensure that the vessel's technical specifications and projected capital and operating costs are appropriate for the anticipated market. The Group assesses the market's need for new assets and, after a rigorous technical and financial review, will decide to proceed with construction or conversion where there is sufficient future activity and when it anticipates acceptable financial returns on its investment. The Group mitigates the risks associated with future liabilities of divested assets through a know your client or supplier due diligence process and ensuring the contractual agreements contain detailed provisions associated with the onward utilisation or the minimum requirements to be met for any near-term decommissioning activities.

Financial risks

Risk	Mitigation
Revenue and margin recognition Individual period performance may be significantly affected by the timing of contract completion, at which point the final outcome of a project may be fully assessed. Until then, the Group, in common with other companies in the sector, uses the percentage-of-completion method of accounting for revenue and margin recognition. This method relies on the Group's ability to estimate future costs in an accurate manner over the remaining life of a project. As projects may take a number of years to execute, this process requires a significant degree of judgement, with changes to estimates or unexpected costs or recoveries potentially resulting in significant fluctuations in revenue and profitability. Inaccurate forecasting of the costs to complete a project and of the revenue which can be earned from the client for changes to contract scope could have a negative impact on the Group's management of its liquidity and weaken its financial position. Fixed-price contracts awarded at low or negative margins can create volatility when accounting for project performance as forecast unavoidable losses are recognised in full in the period in which they are identified. Forecasting during pandemics and economic crises is complex and subject to increased volatility as changes unfold.	Project performance is monitored by means of Project Monthly Status Reports (PMSRs) which record actual costs of work performed, the estimated cost to complete a project and the estimated full-life project revenue. The PMSR allows management to reliably estimate the most likely full-life profitability of each project. These PMSRs are subject to rigorous review and challenge at key levels of management within the Group. Note 4 'Critical accounting judgements and key sources of estimation uncertainty' to the Consolidated Financial Statements provides more detail of the Group's approach to revenue recognition on long-term contracts.

Risk Management continued

Financial risks continued

Risk	Mitigation
Cash flow and liquidity The Group's working capital position will be affected by the timing of contract cash flows, because the timing of receipts from clients, typically based on achievements of milestones, may not necessarily match the timing of payments the Group makes to its suppliers. In executing some of its contracts, the Group is required by its clients, in the normal course of business, to issue certain guarantees, e.g. performance, advance payments and bid bonds. Access to unsecured bi-lateral guarantee arrangements from financial institutions in support of these instruments is fundamental to the Group's ability to compete, particularly for large EPIC contracts. In rare instances clients may request specific payment terms such as extended payment terms or payment deferrals which can negatively impact the cash flow profile of projects. The availability of short-term and long-term external financing is important to help meet the Group's financial obligations as they fall due. In the event that such financing were unavailable, reduced or withdrawn, the Group's activities would be significantly constrained.	In addition to using its cash and cash equivalents balance and cash generated from operations, the Group has access to committed financing facilities to meet its core financing and working capital needs. The Group's cash position, liquidity, debt leverage and credit-rating-related metrics are monitored closely by both the Executive Management Team and the Board of Directors. The Group works to mitigate client payment deferral request risks through its contract terms. In addition, the Group continuously assesses the creditworthiness of its client and supplier base.

Risk management and internal control

The Board of Directors is responsible for oversight of the Group's system of risk management and internal control and for reviewing its effectiveness. The Board of Directors recognises that any system of internal control can only provide reasonable and not absolute assurance that material financial misstatement and/or fraud will be detected or that the risk of failure to achieve business objectives is eliminated.

The Group's systems of internal control operate through a number of processes. The more significant include:

- delegated authority level matrices with certain matters being reserved for the Board of Directors
- annual review of the strategy, plans and budgets of individual business units to identify the key risks to the achievement of the Group's objectives
- monthly financial and operational performance reviews against budgets
- individual tender and contract reviews at various levels throughout the Group
- capital expenditure and investment reviews and authorisation
- regular reviews and reporting on the effectiveness of the Group's HSSEQ processes
- Group treasury policies
- Group taxation compliance and reporting policies and systems
- the Group's Whistleblowing policy, which allows individuals to raise concerns in confidence about potential breaches of the Code of Conduct
- Data Governance Council – reviews and monitors the Data Privacy Council (DPC) work in ensuring the Group's adherence to GDPR
- quarterly reporting to the Executive Management Team from the Global Applications and Systems Steering Committee (GASSC) on the integrity and security of its business and IT systems, including cyber risk
- cyclical reviews of all non-wholly-owned subsidiaries, joint ventures and associates by the Joint Venture Steering Committee.

The Group's internal audit function, which reports directly to the Audit Committee, performs independent reviews of key business financial processes and controls and other areas considered to be of high business risk. The Audit Committee annually reviews and approves the internal audit plan and receives regular updates on internal audit's findings and the actions taken by management to address these. The role of the Executive Risk Committee is to meet bi-annually to review the risks identified as impacting or having the potential to impact the Group's operations and strategic objectives, and to discuss emerging risks.

Governance

Fostering sustainable corporate behaviour and responsible corporate governance

David Mullen Chairman of the Corporate Governance and Nominations Committee

As Chairman of the Corporate Governance and Nominations Committee and Senior Independent Director my goal is to provide independent oversight and constructive challenge in order to ensure that the Company has responsible corporate governance in place to meet the challenge of the energy transition.

The work of the Board during 2023

During 2023 the Board oversaw a number of strategic projects that were key to the Company's long-term goals. On the Subsea and Conventional side, the Board oversaw the closing of the joint venture transaction with SLB and Aker Solutions, which has adopted the OneSubsea name and comprises the subsea businesses of SLB and Aker Solutions, with Subsea7 holding a 10% stake. OneSubsea aims to drive innovation and efficiency in subsea production and is an exciting development for Subsea7, as we work to optimise value creation and deliver lower-carbon energy. On the Renewables side, emphasising the Board of Directors' confidence in the outlook for the fixed offshore wind market, Subsea7 acquired all of the shares in Seaway 7 ASA, thereby fully integrating Seaway7 into the Subsea7 Group with no remaining minority interests.

Board diversity

Since the implementation of the Board Diversity Policy in 2021, Board diversity has been a focus area for the Board of Directors.

The overriding objective continues to be to ensure an inclusive and diverse Board of Directors with a balance of skills, expertise and experience to guide Subsea7. It was recognised in 2022 that gender diversity was an area for improvement, and with this in mind, during 2023 the Corporate Governance and Nominations Committee continued to actively seek female candidates with the range of skills needed to enhance the Board. This culminated in the successful appointment of a second female Director with the requisite skill set at the 2023 AGM. The Board of Directors' objective is now to have at least 30% female representation on the Board, with a commitment to have a minimum of one female Director.

Board appointments

Following the retirement of Dod Fraser from the Board at the AGM in 2023, Elisabeth Proust Van Heeswijk re-joined the Board as an Independent Director. In light of her past experience on the Diversity Council and the Ethics Committee of Total S.A., which oversaw human rights matters, Elisabeth's appointment provides the Board with expertise on labour practices and human rights. In addition, in recognition of the impacts our operations may have on marine biodiversity and the Board's wish to expand its knowledge in this area, Louisa Siem agreed to work with management to enhance her understanding of the subject and serve as the Board's focal point for biodiversity owing to her particular interest in the topic.

With the previous appointment of Eldar Sætre, who has expertise in sustainability including climate-related matters, and Niels Kirk, who provides the Board with expertise in risk including cyber security, this year's developments provide us with confidence that we have a strong Board with the skills, expertise and experience necessary to guide Subsea7. Together with the existing Board Committees, we have the right corporate governance structure and sustainable corporate behaviours in place to drive the energy transition, keep pace with the evolving regulatory landscape and balance the expectations of our stakeholders.

Transparency of reporting

Throughout 2023 we monitored the rapid developments in ESG legislation with great interest and in particular we began to prepare for the additional reporting that will be required to comply with the EU Corporate Sustainability Reporting Directive, which will build upon and extend the disclosures we have been making pursuant to the EU Non-Financial Reporting Directive and the EU Taxonomy Regulation. In addition, during 2023 the EU Shareholders' Rights Directive II (SRD II) became applicable to Subsea 7 S.A. for the first time, and as such the 2024 AGM will be held in compliance with SRD II. During 2024 we will continue to monitor and prepare for legislative changes.

2023 was a productive year and, as a Board, we focused on responsible corporate governance that supports the strategic goals of the Company, meets the expectations of our stakeholders and will make the energy transition possible.

Governance at a glance

The areas listed below, on which we report on the pages indicated, are aligned with the Norwegian Code of Practice for Corporate Governance.

Governance

Governance continued

Board of Directors

Committee key

- Chairman
- C Compensation Committee
- G Corporate Governance and Nominations Committee
- A Audit Committee
- T Tender Committee

Director	**Kristian Siem***	**David Mullen**	**Eldar Sætre**	**Niels Kirk**	**Jean Cahuzac**	**Louisa Siem**	**Elisabeth Proust Van Heeswijk**
Role	Chairman	Senior Independent Director**	Independent Director**	Independent Director**	Director	Director	Independent Director**
Committee membership	C T G	G A	A T	C G	C T		A
Skills and experience	Mr Siem brings an extensive knowledge of the offshore oil and gas services business worldwide from previous senior executive and non-executive roles, combined with long-standing experience as chairman of public companies listed in the US, UK and Norway. Mr Siem is the founder of Siem Industries Group and has been Director and Chairman of Siem Industries since 1982. Prior to joining the Group, he held several management positions with the Fred Olsen Group in the US and Norway. Mr Siem has previously held directorships and executive positions at Kvaerner ASA, Transocean Inc., NKT and Norwegian Cruise Line. He holds a degree in Business Economics.	Mr Mullen brings over 40 years' experience in the oil services business. He has previously held the position of CEO at two other companies in the subsea industry, Wellstream Holdings PLC and Ocean Rig ASA. Prior to these appointments he was Senior Vice President of Global Marketing, Business Development and M&A at Transocean from 2005 to 2008. Mr Mullen also had a 23-year career at Schlumberger, including as President of Oilfield Services for North and South America. He holds a Bachelor of Arts degree in Geology and Physics from Trinity College, Dublin, and an MSc degree in Geophysics from the National University of Ireland.	Mr Sætre brings a wealth of experience in the energy sector combined with extensive knowledge of accounting and finance. Mr Sætre was President and CEO of Equinor from February 2015 until he stepped down in November 2020. As CEO he was extensively engaged in transforming the cost base of the company and creating a more resilient global business. Prior to becoming CEO, Mr Sætre held several senior management positions in the company, mainly in the fields of accounting, finance and performance management as well as marketing and trading. Mr Sætre has an MA in Business Economics from the Norwegian School of Economics and Business Administration (NHH) in Bergen. During his time at Equinor Mr Sætre transitioned Equinor into a company focused on lower-carbon strategies and new energy solutions, and he also holds an advisory role at Nysnø Climate Investments, making him ideally suited to provide the Board with expertise on sustainability, including climate-related matters.	Mr Kirk brings to the role over 35 years of international corporate and structured finance experience combined with extensive knowledge of the energy, power and resource sectors at executive level. He is a co-founder and Chief Executive Officer of the energy advisory firm Kirk Lovegrove and Company Ltd. Prior to this, he worked at Citibank and Banque Paribas. Mr Kirk holds an MBA in Finance and International Business from the Stern School at New York University. Mr Kirk's extensive experience of the energy sector overlaid with his international corporate and structured financial risk management experience, makes him well placed to provide the Board with expertise on risk including cyber security.	Mr Cahuzac has wide multicountry technical, commercial and general management experience in senior executive roles in the oil and gas services sector spanning a period of 40 years. He was appointed Chief Executive Officer of Acergy S.A. in 2008 and in 2011, post merger, became the Chief Executive Officer of Subsea 7 S.A., a position he held until his retirement in December 2019. Mr Cahuzac was Chief Operating Officer and then President at Transocean from 2000 to 2008. He worked at Schlumberger from 1979 to 1999 in various field management positions and then as President of Sedco Forex. He holds a Master's degree in Engineering from École des Mines de St-Étienne and is a graduate of the French Petroleum Institute in Paris.	Ms Siem brings youth and a different perspective to the Board as an artist who holds a Bachelor of Fine Arts degree from the Ruskin School of Art at Oxford University. She has exhibited her work internationally, working as a multidisciplinary artist. She focuses predominantly on video and sculpture. Ms Siem is the daughter of Mr Kristian Siem and has been selected by Siem Industries S.A. in accordance with the relationship agreement entered into between Subsea 7 Inc., Subsea 7 S.A. (then Acergy S.A.), and Siem Industries S.A. (then Siem Industries Inc.) on 20 June 2010, in respect of the combination of Subsea 7 Inc. and Acergy S.A., which was completed on 7 January 2011. Ms Siem has a particular interest in biodiversity and has agreed to work with Subsea7 management to enhance her understanding of the subject as the Board's focal point for biodiversity.	Ms Proust Van Heeswijk has extensive multi-country experience in the oil and gas sector at an executive level after spending more than 40 years at Total. With a background in engineering, she began her career as a drilling engineer at ELF, becoming a development engineering and project management specialist, which led to her appointment as the first female vice president for development engineering for Total worldwide. Her experience at Total included senior leadership positions as managing director of Total's affiliates in Indonesia, Nigeria and the UK. Ms Proust Van Heeswijk holds a Master's degree in Engineering/Hydrodynamics from École Centrale de Nantes and is a graduate of the French Petroleum Institute in Paris. While at Total, Ms Proust Van Heeswijk was a member of the Diversity Council and Ethics Committee, which oversaw human rights matters, and as such she is well placed to provide the Board with expertise on labour practices and human rights.
Date of appointment	Appointed Director and Chairman of Subsea 7 S.A. from January 2011, upon the merger of Acergy S.A. and Subsea 7 Inc. Mr Siem was Chairman of Subsea 7 Inc. from January 2002.	Appointed a Non-Executive Independent Director from April 2018 and Senior Independent Director from January 2021.	Appointed a Non-Executive Independent Director from June 2021.	Appointed a Non-Executive Independent Director from April 2018.	Appointed a Director from May 2008 (then named Acergy S.A.).	Appointed a Non-Executive Director from June 2021.	Appointed a Non-Executive Independent Director on 18 April 2023. Ms Proust Van Heeswijk previously served on the Board of Directors between April 2019 and April 2021.
Key external appointments	Chairman of Siem Industries S.A., Director of Treveri S.à r.l., Siem Offshore Inc., Siem Shipping Inc. and Frupor S.A.	CEO and Director of Shelf Drilling Limited. Chairman and Director of Shelf Drilling North Sea Limited.	Director of Fjord Base Holding AS and Trucknor AS. Chairman of the boards of Strømberg Gruppen AS, Vartdal Holding AS and Vartdal Plastindustri AS. Chairman of the Advisory Board of Vard Group AS and advisory role at Nysnø Climate Investments.	Co-founder and CEO of Kirk, Lovegrove and Company Ltd.	Member of the Supervisory Board of Société Phocéenne de Participations. Member of the Board of Directors, Seadrill Limited	Director of Siem Industries S.A.	
Nationality and date of birth	1949	1958	1956	1962	1954	1992	1957
Tenure	Elected by shareholders on 18 April 2023 until the 2025 AGM.	Re-elected by shareholders on 12 April 2022 until the 2024 AGM.	Re-elected by shareholders on 18 April 2023 until the 2025 AGM.	Re-elected by shareholders on 12 April 2022 until the 2024 AGM.	Re-elected by shareholders on 12 April 2022 until the 2024 AGM.	Re-elected by shareholders on 18 April 2023 until the 2025 AGM.	Re-elected by shareholders on 18 April 2023 until the 2025 AGM.

* Kristian Siem is the permanent representative of Treveri S.à r.l. on the Board of Directors. Treveri S.à r.l. – a Luxembourg-incorporated company wholly owned by Kristian Siem – was appointed Director and Chairman on 18 April 2023.

** 'Independent' is defined by the rules and codes of corporate governance of the Oslo Børs Stock Exchange on which Subsea 7 S.A. is listed, which the Board must satisfy; in particular the Norwegian Code of Practice for Corporate Governance. Under the terms of the Company's Articles of Incorporation, Directors may be elected for terms of up to two years and serve until their successors are elected. Under the Company's Articles of Incorporation, the Board must consist of not fewer than three Directors.

Governance continued

Executive Management Team

Name	John Evans	Mark Foley	Olivier Blaringhem	Phillip Simons
Role	Chief Executive Officer	Chief Financial Officer	Executive Vice President – Subsea and Conventional	Executive Vice President – Projects and Operations
Skills and experience	John has over 35 years of experience in the oil and gas services industry, primarily in the SURF and offshore engineering and construction sectors. He started his career in 1986, working with Brown & Root, and built a successful track record in both general management, and commercial and operational roles, in the offshore oil and gas industry. Prior to his current appointment, from July 2005 John held the position of Chief Operating Officer of Subsea7. John has a Bachelor of Engineering degree in Mechanical Engineering from Cardiff University, is a Chartered Mechanical and Marine Engineer and a Chartered Director.	Mark started his career in 1996 with the UK Government's Economic Service. In 2000, he joined Royal Dutch Shell and held several finance positions with increasing responsibility. Between 2011 and 2012, he was Vice President Finance for Baker Hughes in Europe and, from 2012 to 2017, he was Group Financial Controller for Subsea7. In October 2021, he returned to Subsea7 from Petrofac where he was Group Financial Controller and Senior Vice President Finance for its Engineering & Construction business unit. Mark has undergraduate and postgraduate degrees in Economics from the Universities of Stirling and Strathclyde respectively, an MBA from the University of Warwick, and is a Fellow of the Association of Chartered Certified Accountants.	Olivier started his career in the oil and gas engineering and contracting sector in 1995, working for seven years with Entrepose Contracting in project management and commercial roles, based in Nigeria, China and France. Since joining Subsea7 in 2002, Olivier has held a number of country, regional and corporate management positions based in the North Sea, Africa, Asia and the Middle East. In 2016, Olivier was appointed Vice President of Asia Pacific and the Middle East until his appointment to Executive Vice President – Subsea and Conventional in January 2020. Olivier has a degree in Mechanical and Electrical Engineering from the École Spéciale des Travaux Publics in Paris.	Phil began his career in 1987 in offshore drilling, until 1992 when he became an engineer for pipeline installation contractor European Marine Contractors. Phil has more than 20 years' experience in the subsea pipelines business. Phil joined Subsea7 in Aberdeen in 2004 as a senior project manager and in 2011 was appointed Vice President for Canada, Mediterranean and Russia. In 2013 he was appointed Vice President for UK and Canada before taking up the role of Vice President for North Sea and Canada in 2016. In 2018 Phil was appointed Senior Vice President Global Projects and Operations. Phil has a Bachelor of Engineering degree in Mining Engineering from the University of Leeds.
Date of appointment	John has been Chief Executive Officer since January 2020.	Mark has been Chief Financial Officer since January 2022.	Olivier has been Executive Vice President – Subsea and Conventional since January 2020.	Phil has been Executive Vice President – Projects and Operations since January 2020.
Nationality and date of birth	1963	1973	1970	1966

Name	Nathalie Louys	Katherine Lyne	Marcelo Xavier	Stuart Fitzgerald
Role	General Counsel	Executive Vice President – Human Resources	Executive Vice President – Strategy and Sustainability	Chief Executive Officer – Seaway7
Skills and experience	Nathalie began her legal career in 1986, working with Saint-Gobain and Eurotunnel, gaining extensive legal experience across various industries. In 1996 she joined Technip, based in Paris, progressing to the role of Vice President Legal – Offshore. In 2006 Nathalie joined Subsea7 performing senior corporate and operational legal roles. Prior to her current appointment Nathalie was Vice President Legal – Commercial. Nathalie has been admitted to the Paris Bar and has legal qualifications from University Paris I – Panthéon Sorbonne and Paris XI in France and the University of Kent in the UK.	Kate began her career in the power generation sector with Alstom, where she held roles in Belgium, France, the UK and the US. In 2004 she moved to Imerys where she was initially HR Director for the Paper division before being appointed as HR Director for the Ceramics, Refractories, Abrasives, and Foundry business based in Paris. In 2012 Kate joined Subsea7 as Vice President Group Human Resources, a role which she held until her current appointment. Kate has a business degree from the University of Brighton and is a fellow of the Chartered Institute of Personnel and Development.	Marcelo began his career in Subsea7 in 2001 as a pipeline engineer and over the last 20 years has held a number of operational and commercial roles within the Subsea7 Group. In 2017, Marcelo was appointed Vice President for Brazil after three years working for the Africa region. In 2021, he was appointed Group Vice President for Sales and Marketing based in the UK. Marcelo holds a Master's degree in Subsea Engineering from the Universidade Federal do Rio de Janeiro. He also holds a graduate degree in Mechanical Engineering from the Universidade Federal Fluminense in Brazil.	Stuart began his career with a specialist marine engineering consultancy, progressing to Worley Engineering in Australia and Brunei. Stuart joined Subsea7 in 1998 and held operating and leadership positions within engineering, project management and sales at a Norway regional level until 2009, when he was appointed Vice President for Norway. From 2014 to 2018 he held the roles of Vice President Sales and Marketing and subsequently Vice President Strategy and Technology. From 2018 Stuart held executive level positions in Subsea7 and was appointed Chief Executive Officer of Seaway7 in October 2021. Stuart has a Bachelor of Engineering degree in Mechanical Engineering and a Bachelor of Science degree in Applied Mathematics from Monash University in Melbourne, Australia.
Date of appointment	Nathalie has been General Counsel since April 2012.	Kate has been Executive Vice President – Human Resources since September 2019.	Marcelo has been Executive Vice President – Strategy and Sustainability since April 2022.	Stuart has been Chief Executive Officer of Seaway7 since October 2021, and re-joined the Executive Management Team in July 2023.
Nationality and date of birth	1963	1969	1980	1969

Governance continued

2023 Corporate Governance Report
Regulatory compliance

Board of Directors

Kristian Siem (representative of Treveri S.à r.l.)
Chairman

David Mullen
Senior Independent Director

Eldar Sætre
Independent Director

Elisabeth Proust Van Heeswijk
Independent Director

Niels Kirk
Independent Director

Jean Cahuzac
Director

Louisa Siem
Director

This section sets out the arrangements the Board has put in place to help ensure that it fulfils its corporate governance obligations, including the application of the principles of the Norwegian Code of Practice for Corporate Governance.

Legal and regulatory framework

Subsea 7 S.A. is a '*société anonyme*' organised in the Grand Duchy of Luxembourg under the Company Law of 1915, as amended, being incorporated in Luxembourg in 1993, and acts as the holding company for all of the Group's entities.

Subsea 7 S.A.'s registered office is located at 412F, route d'Esch, L-1471 Luxembourg. The Company is registered with the Luxembourg Register of Commerce and Companies under the designation 'R.C.S. Luxembourg B 43172'. As a company incorporated in Luxembourg and with shares traded on the Oslo Stock Exchange and ADRs traded over the counter in the US, Subsea 7 S.A. is subject to Luxembourg laws and regulations with respect to corporate governance.

As a company listed on the Oslo Stock Exchange, where its shares are actively traded, the Company follows the Norwegian Code of Practice for Corporate Governance on a 'comply or explain' basis, where this does not contradict Luxembourg laws and regulations. The Norwegian Code of Practice for Corporate Governance is available at www.nues.no.

The Group's corporate governance policies and procedures are explained below, with reference to the principles of corporate governance as set out in the sections identified in the Norwegian Code of Practice for Corporate Governance dated 14 October 2021.

Articles of Incorporation – nature of the Group's business

As stated in its Articles of Incorporation, Subsea 7 S.A.'s business activities are as follows:

"The objects of the Company are to invest in subsidiaries which predominantly will provide subsea construction, maintenance, inspection, survey and engineering services, in particular for offshore energy related industries. The Company may further itself provide such subsea construction, maintenance, inspection, survey and engineering services, and services ancillary to such services.

"The Company may, without restriction, carry out any and all acts and do any and all things that are not prohibited by law in connection with its corporate objects and to do such things in any part of the world whether as principal, agent, contractor or otherwise. More generally, the Company may participate in any manner in all commercial, industrial, financial and other enterprises of Luxembourg or foreign nationality through the acquisition by participation, subscription, purchase, option or by any other means of all shares, stocks, debentures, bonds or securities; the acquisition of patents and licences which it will administer and exploit; it may lend or borrow with or without security, provided that any monies so borrowed may only be used for the purposes of the Company, or companies which are subsidiaries of or associated with or affiliated to the Company; it may grant assistance, including, without limitation, grant parent company guarantees, to any affiliated company and take any measure for the control and supervision of such companies; in general it may undertake any operations directly or indirectly connected with these objects."

The full text of the Company's Articles of Incorporation, as amended, is available on Subsea7's website.

Business

The Board of Directors has set strategies and targets for the Company's business. Since 1 January 2021, the Group has structured itself around its diversified strengths, reporting through two operational business units: Subsea and Conventional, and Renewables.

The Subsea and Conventional business unit is a global leader in offshore energy services, delivering design, engineering, procurement, construction and installation (EPCI) and decommissioning projects in all water depths, operating under the Subsea7 brand.

The Renewables business unit is an experienced partner for the delivery of offshore wind farm projects and specialist foundations and cable-lay services, mainly operating under the Seaway7 brand.

Further details of the Group's business units are outlined in the 'Our Strategy' and 'Business Unit Review' sections on pages 10 to 19.

Board of Directors: composition and independence

As a Luxembourg-incorporated entity, the Company does not have a corporate assembly.

The Board of Directors comprises seven Directors. The majority of the Directors were, during the year ended 31 December 2023, considered independent in accordance with both the rules of the Oslo Stock Exchange, on which Subsea 7 S.A. is listed, and the independence criteria of the Norwegian Code of Practice for Corporate Governance.

The Board has a Senior Independent Director elected from among its independent members to provide a sounding board for the Chairman and to serve as an intermediary for the other Directors when necessary.

Biographies of the individual Directors are detailed on pages 50 to 51.

The charters of the permanent committees do not permit executive management to be members. The composition of the Company's Board of Directors and the controls to avoid conflicts of interest are in accordance with both Luxembourg company law and good corporate governance practice.

The Board of Directors has adopted a Board Diversity Policy, the purpose of which is to ensure an inclusive and diverse membership of the Board of Directors and that the Board as a whole has the skills, expertise and experience to guide the business and strategy of the Company for the benefit of its shareholders as a whole, having regard to the interests of all its stakeholders.

The Board Diversity Policy, as referenced on page 48, is applicable to the Board only but sits alongside the Company's Code of Conduct and associated global policies, which set out the Company's broader commitment to diversity and inclusion. Other details of the Company's practices and initiatives in relation to diversity are disclosed on page 23.

The Board of Directors' objective is to have at least 30% female representation on the Board, with a commitment to have a minimum of one female Director.

The Corporate Governance and Nominations Committee is responsible for ensuring that the Board has the right balance of skills, experience and knowledge and shall, among other things, report annually, in the Company's Annual Report, on the implementation of the Board Diversity policy and other matters as required by regulatory and statutory requirements applicable to the Company.

Prior to proposing candidates to the relevant general meeting for election to the Board of Directors, the Corporate Governance and Nominations Committee seeks to consult with the Company's major shareholders.

Directors are elected by a general meeting for a term not exceeding two years and may be re-elected. Directors need not be shareholders. At a general meeting the shareholders may dismiss any Director, with or without cause, at any time notwithstanding any agreement between the Company and the Director. Such dismissal may not prejudice the claims that a Director may have for indemnification as provided for in the Articles of Incorporation or for a breach of any contract existing between him or her and the Company.

If there is a vacancy on the Board of Directors, the remaining Directors appointed at a general meeting have the right to appoint a replacement Director until the next meeting of shareholders, which will be asked to confirm such appointment.

With the exception of a candidate recommended by the Board of Directors, or a Director whose term of office expires at a general meeting of the Company, no candidate may be appointed unless at least three days and no more than 22 days before the date of the relevant meeting, a written proposal, signed by a duly authorised shareholder, shall have been deposited at the registered office of the Company together with a written declaration, signed by the proposed candidate, confirming his or her wish to be appointed.

The Directors of the Board are encouraged to hold shares in the Company as the Board of Directors believes it promotes a common financial interest between the members of the Board of Directors and the shareholders of the Company. Details of the Directors' shareholdings are on page 70.

Governance continued

Work of the Board of Directors

The Board of Directors adheres to the Board Charter, which sets out the instructions for the Board.

The main responsibilities of the Board of Directors are:

1. Setting the Values used to guide the affairs of the Group. This includes the Group's commitment to achieving its health and safety vision and the Group's adherence to the highest ethical standards in all of its operations worldwide.
2. Integrating environmental improvement into business plans and strategies, and seeking to embed sustainability and climate-related matters into the Group's business processes.
3. Overseeing the Group's compliance with its statutory and regulatory obligations and ensuring that systems and processes are in place to enable these obligations to be met.
4. Setting the strategy and targets of the Group.
5. Establishing and maintaining an effective corporate structure for the Group.
6. Overseeing the Group's compliance with financial reporting and disclosure obligations.
7. Overseeing the risk management of the Group.
8. Overseeing Group communications.
9. Determining its own composition, subject to the provisions of the Company's Articles of Incorporation.
10. Ensuring the effective corporate governance of the Group.
11. Setting the Remuneration Policy for the Directors, including the Non-Executive Directors' fees, as well as the CEO's remuneration, and approving the Remuneration Report as proposed by the Compensation Committee.
12. Setting and approving policies.

The Board of Directors' Charter is available on the Subsea7 website.

2023 Meeting attendance

	Board	Audit Committee*	Corporate Governance and Nominations Committee*	Compensation Committee
Kristian Siem**	9/9		4/4	4/4
David Mullen	8/9	6/6	4/4	
Dod Fraser***	2/2	1/1		
Jean Cahuzac	9/9			4/4
Niels Kirk	9/9		4/4	4/4
Eldar Sætre	9/9	6/6		
Louisa Siem	9/9			
Elisabeth Proust Van Heeswijk***	7/7	5/5		
Total meetings in 2023* **	**9**	**6**	**4**	**4**

* A joint session of the Audit Committee and the Corporate Governance and Nominations Committee was held on 28 February 2023 at which all members of both committees were present.
** Following the appointment of Treveri S.à r.l. at the AGM on 18 April 2023, Kristian Siem attended meetings in his capacity as the permanent representative of Treveri S.à r.l.
*** Each Director's attendance is shown as a proportion of the total number of meetings they were eligible to attend.

Responsibilities during the year

During the year, the Board of Directors sets a plan for its work for the following year, which includes a review of strategy, objectives and their implementation, the review and approval of the annual budget and the review and monitoring of the Group's current year financial performance. In 2024, the Board of Directors is scheduled to convene on seven occasions, but the schedule is flexible to react to operational or strategic changes in the market and circumstances affecting the Group.

The Board of Directors has overall responsibility for the management of the Group and has delegated daily management and operations to the CEO, who is appointed by and serves at the discretion of the Board of Directors. The CEO is supported by the other members of the Executive Management Team, further details of which are on pages 52 to 53.

The Executive Management Team has the collective duty to deliver Subsea7's strategic, financial and other objectives, as well as to safeguard the Group's assets, organisation and reputation. The Board of Directors has internal regulations for its own operation and approves objectives for its own work, as well as the work of the Executive Management Team, with particular emphasis on clear internal allocation of responsibility and duties.

It is the duty of the Executive Management Team to provide the Board of Directors with appropriate, precise and timely information on the operations and financial performance of the Group, in order for the Board of Directors to perform its duties. The Board of Directors has established a Corporate Governance and Nominations Committee, a Compensation Committee, a Tender Committee and an Audit Committee, each of which has a charter approved by the Board of Directors. Matters are delegated to the committees as appropriate. The Directors appointed to these committees are selected based on their experience and to ensure the committees operate in an effective manner. The minutes of all committee meetings are circulated to all Directors.

The performance and expertise of the Board of Directors is monitored and reviewed annually, including an evaluation of its composition and the manner in which its members function, both individually and as a collegiate body. In line with best practice, the evaluation of the performance of the Board of Directors is conducted by an external facilitator every third year. During 2023, the evaluation of the performance of the Board of Directors was conducted internally and the results of the evaluation were shared with the Corporate Governance and Nominations Committee. The most recent external review was conducted in respect of the year 2021; accordingly, the next external review is due at the end of 2024.

Risk management and internal control

The Board of Directors acknowledges its responsibility for the Group's identification and management of risk along with the system of internal control and for reviewing the effectiveness of this system. The Group's system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable, not absolute, assurance against material financial misstatement or loss. The Board of Directors carries out an annual review of the Group's most important areas of exposure to risk and its internal control arrangements, having regard to the changing nature of risks and the Group's ability to cope with them.

The Group adopts internal controls appropriate to its business activities and geographical spread. The key components of the Group's system of risk management and internal control are described in the 'Risk Management' section on pages 28 to 47. The Group has in place clearly defined lines of responsibility and limits of delegated authority.

Comprehensive procedures provide for the appraisal, approval, control and review of capital expenditure. An Executive Risk Committee meets bi-annually to review and discuss the Group's risk and risk management procedures and reports to the Board. The Executive Management Team also meets with functional senior management on a regular basis to discuss particular issues, including key operational and commercial risks, health and safety performance, sustainability and climate-related matters, environmental factors, and legal and financial matters.

The Group has a comprehensive annual planning and management reporting process. A detailed annual budget is prepared in advance of each year and supplemented by forecasts updated during the course of the year. Financial results are reported monthly to the Executive Management Team and quarterly to the Board of Directors and compared to budget, forecasts, market consensus and prior year results.

The Board of Directors reviews reports on actual financial performance and forward-looking financial guidance.

The Board of Directors derives further assurances from the reports of the Audit Committee. The Audit Committee has been delegated responsibility to review the effectiveness of the internal financial control systems implemented by management and is assisted by the internal audit function and the external auditor where appropriate.

Sustainability

The Board of Directors is responsible for guiding the Company's strategy in relation to sustainability and climate-related matters, and when defining the objectives, strategies and risk profiles for the Company's business activities, sustainability risks and opportunities are considered.

Sustainability and climate-related matters represent a permanent feature on every routine Board agenda, and this is in line with the Board's aim to carry out business in a manner that is sustainable for the Company's shareholders, having regard to financial, social and environmental considerations.

Corporate Governance and Nominations Committee

Committee members

David Mullen
Committee Chairman

Kristian Siem

Niels Kirk

The Board of Directors has established a Corporate Governance and Nominations Committee. The composition of this Committee is for the Board of Directors to determine in accordance with the Company's Articles of Incorporation. The Board of Directors believes that the Committee, comprising certain members of the Board of Directors, the majority of whom are independent of the Company's main shareholders, has the most suitable level of understanding of the Company to carry out the duties of the Committee.

The Corporate Governance and Nominations Committee's main responsibilities are:

1. Actively seeking and evaluating individuals qualified to become Directors of the Company and nominating candidates to the Board of Directors.
2. Periodically reviewing the composition and duties of the Company's permanent committees and recommending any changes to the Board of Directors.
3. Periodically reviewing the compensation of the Non-Executive Directors and making any recommendations to the Board of Directors.
4. Annually reviewing the duties and performance of the Chairman of the Board and recommending to the Board of Directors a Director for election by the Board of Directors to the position of Chairman of the Board.
5. Annually reviewing the Company's corporate governance guidelines, procedures and policies for the Board of Directors and recommending to the Board of Directors any changes and/or additions thereto that it believes are desirable and/or required. These governance guidelines include the following:
   - How the Board of Directors is selected and compensated (for example, the size of the Board, Directors' compensation, qualifications, independence, retirement and conflicts of interest).
   - How the Board of Directors functions (for example, procedures for Board meetings, agendas, committee structure and format and distribution of Board materials).
   - How the Board of Directors interacts with shareholders and management (for example, selection and evaluation of the CEO, succession planning, communications with shareholders and access to management).
6. Overseeing the annual evaluation of the Board of Directors' performance.
7. Overseeing all aspects of Subsea7's compliance and ethics programme. This includes a regular review of the structure of the compliance function, the scope of its activities and the effective implementation of the programme (including procedures for employees to raise concerns about breaches of the Code of Conduct and for such concerns to be investigated and remediated).
8. Annually reviewing the Committee's own performance.

The Corporate Governance and Nominations Committee Charter is available on the Subsea7 website.

Audit Committee

Committee members

Eldar Sætre
Committee Chairman

David Mullen

Elisabeth Proust Van Heeswjik

The Audit Committee is responsible for ensuring that the Group has an independent and effective external and internal audit process. The Audit Committee supports the Board of Directors in the administration and exercise of its responsibility for supervisory oversight of financial reporting and internal control matters and to maintain appropriate relationships with the external auditor. A majority of the Audit Committee, including the Chairman, are independent as required by Luxembourg law.

The Audit Committee's main responsibilities include:

1. Monitoring the financial reporting process and submitting recommendations or proposals to ensure its integrity.
2. Monitoring the effectiveness of the Company's and the Group's internal quality controls, internal audit function, financial controls framework and, where applicable, risk management systems.
3. Monitoring the statutory audit of the Company's Annual Accounts and the Consolidated Financial Statements of the Group, in particular its performance, taking into account any findings and conclusions of the competent authority.
4. Reviewing the quarterly, half-yearly and annual financial statements of the Group before their approval by the Board of Directors.
5. Informing the Board of Directors of the outcome of the statutory audit, and explaining how the statutory audit contributed to the integrity of financial reporting and the role of the Committee in that process.
6. Reviewing and monitoring the independence of the external auditor, in particular with respect to the appropriateness of the provision of additional non-audit services to the Company and the Group, and putting in place procedures and making recommendations with respect to the selection and appointment of the external auditor.
7. Reviewing the report from the external auditor on key matters arising from the Group and the Company statutory audits.
8. Dealing with complaints received directly or via management, including information received confidentially and anonymously, in relation to accounting, financial reporting, internal controls and external audit issues.
9. Reviewing the disclosure of transactions involving related parties.
10. Annually reviewing the Audit Committee's own performance.

The Audit Committee Charter is available on the Subsea7 website.

The terms of reference of the Audit Committee, as set out in the Audit Committee Charter, satisfy the requirements of applicable law and are in accordance with the Articles of Incorporation.

The Chairman of the Audit Committee is Eldar Sætre, whose biography can be found on page 50. The Board of Directors has determined that Mr Sætre is the Audit Committee's financial expert and competent in accounting and audit practice, with recent and relevant financial experience. The Audit Committee Charter requires that the Audit Committee shall consist of not less than three Directors. The Audit Committee meets at least four times a year and its meetings are attended by representatives of the external auditor and by the head of the internal audit function.

Governance continued

Compensation Committee

Committee members

Kristian Siem
Committee Chairman

Jean Cahuzac

Niels Kirk

The Compensation Committee is a committee of the Board of Directors which has been established to assist in developing a fair compensation programme for executive officers and to ensure compliance with legal requirements as to the compensation of executive officers.

The Compensation Committee's main responsibilities are:

1. Annually reviewing and approving the compensation paid to the executive officers of the Company, with the exception of the CEO where the Compensation Committee may make a recommendation to the Board of Directors.
2. Reviewing the CEO's performance against objectives and making a proposal to the Board of Directors for the CEO's compensation based on its evaluation.
3. Overseeing the Company's remuneration plans in accordance with the objectives of the Company and making recommendations to the Board of Directors.
4. Reviewing remuneration plans and programmes and making recommendations to the Board of Directors regarding existing executive officer's compensation plans, and regarding the adoption of new plans or programmes relating to executive officers.
5. Recommending to the Board of Directors the terms of any contractual agreements and other similar arrangements that may be entered into with executive officers of the Company and its subsidiaries.
6. Approving appointments of the CEO, the CEO's direct reports and certain other roles.
7. Approving the Remuneration Report to be included in the Company's Annual Report and Consolidated Financial Statements.
8. Annually reviewing the Compensation Committee's own performance.

The Compensation Committee Charter is available on the Subsea7 website.

Tender Committee

Committee members

Kristian Siem
Committee Chairman

Jean Cahuzac

Eldar Sætre

The Tender Committee has been established by the Board to review tenders. Dependent on the tender value and complexity (such as technology and partnering), the Company has escalating levels of approval requirements. Tenders meeting specific financial and risk criteria must be reviewed and approved by the Tender Committee.

The Tender Committee's main responsibilities are:

1. Assessing tenders meeting specific financial and risk criteria as set by the Board.
2. Determining on behalf of the Board of Directors whether or not to authorise the CEO/management to proceed with such tenders, based on a summary of the tender provided by management addressing key items including margin, contingency, risk assessment and cash flow.
3. Calling for any further information that it may require from management in arriving at a decision on proposed tenders.
4. Communicating the outcome of each tender review to management as soon as reasonably possible.

The Tender Committee Charter is available on the Subsea7 website.

Governance continued

Communication with stakeholders

Implementation and reporting on corporate governance

Subsea 7 S.A. acknowledges the division of roles between shareholders, the Board of Directors and the Executive Management Team. The Group further ensures good governance is adopted by holding regular Board of Directors' meetings, which the Executive Management Team attends and at which strategic, operational and financial matters are presented.

The Group's vision is: To make possible the global delivery of offshore energy for today and tomorrow.

The Group's Values are safety, integrity, sustainability, innovation, performance and collaboration.

In pursuit of the six Values, the Group has an Ethics Policy Statement and a Code of Conduct which reflect its commitment to clients, shareholders, employees and other stakeholders to conduct business legally, and with integrity and honesty. The Ethics Policy Statement and the Code of Conduct were approved by the Board of Directors, were issued to all Directors, officers and employees, and are subject to periodic review and updating.

General meetings

The Articles of Incorporation provide that the Annual General Meeting (AGM) shall be held within six months from the end of the financial year and in 2024 it will be held on 2 May.

The notice of meeting and agenda documents for the AGM are posted on the Group's website (and published in such media as selected by the Board of Directors and in the Luxembourg official gazette (RESA)) at least 30 days prior to the meeting. Documentation from previous AGMs is available on the Subsea7 website.

All shareholders that are registered with the Norwegian Central Securities Depository System receive a written notice of the AGM. The record date for common shareholders will be 14 days before the AGM at midnight (Luxembourg time), with a differing deadline for American Depositary Receipt (ADR) holders. Subject to the procedures described in the Articles of Incorporation, all shareholders holding individually or collectively at least 5% of the issued shares have the right to add items to the agenda of the AGM and draft resolutions for items included or to be included in the AGM. All shareholders on the register as at the record date will be eligible to attend in person, or vote by proxy, at the AGM.

Proxy forms are available and may be submitted by eligible shareholders; the forms allow separate voting instructions to be given for each proposed resolution to one of the representatives indicated on the proxy form and also allow a person to be nominated to vote on behalf of shareholders as their proxy. There will be a separate vote for each candidate nominated for election to the Board of Directors. Details will be provided in the resolutions and supporting information distributed to shareholders ahead of the AGM.

Under Luxembourg law, there are minimum quorum requirements for extraordinary general meetings but no minimum quorum requirement for AGMs. Decisions will be validly made at the AGM regardless of the number of shares represented if approval is obtained from a majority of the votes of those shareholders who are present or represented.

The Articles of Incorporation of the Company provide that the AGM will be chaired by the Chairman of the Board of Directors. However, the Board of Directors ordinarily delegates authority to the Company Secretary to chair the AGM. If a majority of the shareholders request an alternative independent chairman, one will be appointed.

At the AGM, the shareholders, inter alia, elect members of the Board of Directors for nominated terms of appointment, approve the Company's Annual Accounts, approve the Group's Annual Report and Consolidated Financial Statements, discharge the Directors from their duties for the financial year, approve (by an advisory vote) the Company's Remuneration Report and the Company's Remuneration Policy, and approve the statutory auditor's appointment. In accordance with Luxembourg law and the Company's Articles of Incorporation, the Chairman of the Board is elected by the Board of Directors based on its insight into who has the most suitable level of understanding of the Company to carry out the duties of the Chairman.

Equity and dividends

Shareholders' equity

Total shareholders' equity on 31 December 2023 was $4.4 billion (2022: $4.5 billion) which the Board of Directors believes is satisfactory given the Group's strategy, objectives and risk profile.

Dividend policy

It is Subsea7's objective to give its shareholders an attractive return on their invested capital. The Group's commitment to returning capital to shareholders is confirmed in its formal Dividend policy to pay a regular dividend of NOK 6.00 per share each year. Dividends will normally be paid in two instalments in the month following the AGM, and six months thereafter.

At the AGM on 2 May 2024 shareholders will be asked to approve the payment of a dividend of NOK 6.00 per share.

Equity mandates

At the extraordinary general meeting held on 18 April 2023, the Board of Directors' authority to approve the purchase of the Company's shares up to a maximum of 30,000,000 common shares (representing approximately 10% of the issued common shares as of 17 March 2023) was granted until 18 April 2025. This authority is subject to certain purchase price conditions and is conditional on such purchases being made in open market transactions through the Oslo Stock Exchange, subject to certain limitations. The Board of Directors was also granted authority for a period ending on 18 October 2025 to cancel shares repurchased under such authorisation and to reduce the issued share capital through such cancellations.

At the same extraordinary general meeting the Company's shareholders approved the renewal of the authorised share capital at $900,000,000 (including the issued share capital) with authority for the Board of Directors to issue new common shares within the authorised unissued share capital and with any authorised but unissued common shares lapsing on 5 May 2025. Additionally, the Board of Directors was authorised to issue new shares within the authorised unissued share capital. The Board of Directors was authorised to waive, suppress or limit existing shareholders' preferential subscription rights up to a maximum of 30,000,000 common shares (representing approximately 10% of the issued common shares as of 17 March 2023). These authorisations were granted for a period of two years, expiring on 5 May 2025, to reduce inter alia the administrative burden of convening an extraordinary general meeting annually.

Equal treatment of shareholders and transactions with close associates

One class of shares

The Company has one class of shares which are listed on the Oslo Stock Exchange. Each share carries equal rights including an equal voting right at annual or extraordinary general meetings of shareholders of the Company. No shares carry any special control rights. The Articles of Incorporation contain no restrictions on voting rights.

Share issues

The Board of Directors is authorised to suppress the pre-emptive rights of shareholders under certain circumstances and within the limits set out previously. This is to allow flexibility to deal with matters deemed to be in the best interest of the Company.

In the event of the Board of Directors resolving to issue new shares and waive the pre-emptive rights of existing shareholders, the Board of Directors intends to comply with the recommendation of the Norwegian Code of Practice for Corporate Governance that the justification for such waiver is noted in the stock exchange announcement relating to such a share issue.

Related party transactions

Any transactions between the Group and members of the Board of Directors, executive management or close associates are detailed in Note 34 'Related party transactions' to the Consolidated Financial Statements.

The Charter of the Board of Directors contains provisions on how the Board of Directors and executive management will handle agreements between the Company and related parties, and the Board of Directors will, from time to time, determine the necessity of obtaining third-party valuations on transactions between the Company and related parties. Any material transaction between the Company and a related party shall be subject to the prior approval of the Board of Directors, unless entered into in the ordinary course of business and concluded on normal market terms, in which case the Board of Directors shall establish an internal procedure to periodically assess whether these conditions are fulfilled.

The Group's Code of Conduct requires any Director or employee to declare if they hold any direct or indirect financial interest in any transaction entered into by the Group. Under Luxembourg law, Directors may not vote on transactions in which they have a direct or indirect financial interest conflicting with that of the Company.

Freely negotiable shares

Subsea 7 S.A.'s shares are traded as common shares on the Oslo Stock Exchange and as ADRs over the counter in the US.

All shares are freely negotiable. The Articles of Incorporation contain no form of restriction on the negotiability of shares in the Company.

Auditor

The external auditor meets the Audit Committee annually regarding the planning and preparation of the audit of the Group's Consolidated Financial Statements and the Company's Annual Accounts.

The Audit Committee members hold separate discussions with the external auditor during the year without members of the Executive Management Team being present. The scope, resources and level of fees proposed by the external auditor in relation to the Group's and the Company's audits and related activities are approved by the Audit Committee.

The Audit Committee recognises that it is occasionally in the interest of the Group to engage its external auditor to undertake certain non-prohibited non-audit assignments. Fees paid to the external auditor for audit and non-audit services are reported in Note 6 'Net operating income' to the Consolidated Financial Statements, which are in turn approved at the AGM. The Audit Committee also requests the external auditor to confirm annually in writing that the external auditor remains independent.

Governance continued

Communication with stakeholders continued

In 2022, a formal tender for a five-year engagement for the role of the Company's external auditor was conducted, and a contract awarded. The external auditor's appointment will be approved annually at the AGM.

Take-overs

Subsea 7 S.A.'s Board of Directors endorses the principles concerning equal treatment of all shareholders. In the event of a take-over bid, it is obliged to act in accordance with the requirements of applicable Luxembourg and Norwegian law provisions and in accordance with the applicable principles for good corporate governance.

The Company has been notified of the following significant shareholders who control 5% or more of the voting rights (i.e. total shares excluding shares held in Treasury) of the Company:

	%[a]
Siem Industries S.A.	23.6
Folketrygdfondet	8.2

a. Information is correct as of 31 December 2023.

Additionally, based upon notifications submitted to the Company, pursuant to Articles 8, 9, 12 or 12a of the Luxembourg Transparency Law the following shareholders hold more than 5% of the voting rights in the Company:

	%
Elliott Investment Management L.P.	10.0
Société Générale S.A.	5.1

Information and communications

Subsea 7 S.A.'s Board of Directors concurs with the principles of equal treatment of all shareholders and the Group is committed to reporting financial results and other information on an accurate and timely basis. The Group provides information to the market through quarterly and annual reports, investor and analyst presentations which are available to the media, and operational and financial information available on Subsea7's website.

Announcements are released through notification to the company disclosure systems of the Oslo Stock Exchange and the Luxembourg Commission de Surveillance du Secteur Financier, and simultaneously on the Subsea7 website. As a listed company, the Company complies with the relevant regulations regarding disclosure. Information is only provided in English.

The Company complies in all material respects with 'The Oslo Børs Code of Practice for IR', which is available at www.oslobors.no.

Directors' and Chief Executive Officer's responsibility statement

We confirm that, to the best of our knowledge, the Consolidated Financial Statements and the Unconsolidated Financial Statements for the year ended 31 December 2023 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, the 2023 Annual Report, Consolidated Financial Statements and Unconsolidated Financial Statements include a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties facing the Group.

By Order of the Board of Directors of Subsea 7 S.A.

Kristian Siem
Chairman

John Evans
Chief Executive Officer

Remuneration Report

Letter from the Chairman of the Compensation Committee

As Chairman of the Compensation Committee, I am pleased to present the Board's report on Subsea7's Executive Officers' remuneration, as well as that of the Non-Executive Directors of Subsea 7 S.A. for the year ended 31 December 2023 (the 2023 Remuneration Report), which will be submitted for advisory vote to shareholders at the 2024 AGM. During 2023, in addition to the remuneration report for the financial year ended 31 December 2022, the Board approved Subsea 7 S.A. Directors' remuneration policy (the Remuneration Policy) applicable to Executive Officers and Non-Executive Directors of the Company. At the 2023 AGM, the Company's shareholders approved by an advisory vote both the 2022 Remuneration Report and the Remuneration Policy. The intention is for the Remuneration Policy to be effective for the years 2023, 2024, 2025 and 2026, if no material changes are contemplated.

2023 Overview

2023 has seen continued high levels of global recruitment, to support the delivery of our strong backlog, the significant increase in tendering, and the securing of specialist skills needed to diversify into emerging energies. This is made more challenging in the current competitive employment market, as the industry fights for talent to deliver the opportunities presented by the improving subsea market and to support global ambitions to achieve energy transition goals.

The Annual Salary Review conducted in 2023 recognised inflation levels, ensured alignment with the market and recognised our people for their contributions to Subsea7's goals.

The Short Term Incentive Plan 2023 (STIP 2023) triggers for payment were met with an Adjusted EBITDA exceeding the threshold of $700 million. A payout will be made to all participants in 2024, taking into account the achievement of plan measures and individual performance and contribution to business goals.

The Long Term Incentive Plan 2020 award (LTIP 2020) measured Total Shareholder Return (TSR) against a peer group, and Return on Average Invested Capital (ROAIC) over a performance period of three years from 1 July 2020 to 30 June 2023. The performance criteria of the two measures were not met and, as a result, vesting did not occur.

In 2023, to continue to retain and incentivise Subsea7's leaders and key employees, awards (LTIP 2023 Awards) were made under the 2022 Long Term Incentive Plan (2022 LTIP Plan). LTIP 2023 Awards were made to approximately 150 leaders and key employees to incentivise and reward participants over the long term for sustained performance, delivery of the business strategy and shareholder value. The performance conditions included those within the existing plan: TSR, ROAIC and Cash Conversion. LTIP 2023 Awards were effective 1 October 2023 with a three-year performance period from 1 July 2023 to 30 June 2026 for all performance measures.

To attract and retain talent across Subsea7, we continue to focus on our employer brand of Being7, which is the foundation of our culture. In 2023 we refreshed and relaunched Being7 around the world both for our long-serving talent, and to support our new talent's understanding of our culture, of which we are very proud. At Subsea7, we offer our people a career they can be proud of, an incredible journey and an environment where they can thrive. Our Being7 offer is supported through our learning and development, diversity and inclusion (D&I) and health and wellbeing strategies, with a regular employee survey, allowing us to understand where we need to focus our efforts to improve Subsea7 as an employer.

In 2023, to support new talent joining the Company, we focused on our induction and onboarding programmes, introducing a new buddy system in many of our countries. We continued to encourage a culture of learning through our annual Festival of Learning which took place during the month of October, with the 2023 theme being 'Incredible Journey'. We had record-breaking attendance with 7,000 of our onshore and offshore people taking part across 90 sessions.

In Q4 2023 we received the third set of results from our employee survey, which provided great insight into what's important to our people and how we can continue to make Subsea7 a great place to work. Overall results for engagement, diversity and inclusion and wellbeing for onshore teams were in line with or an improvement upon our previous results. For offshore teams our results had improved across all three dimensions, demonstrating the positive impact of actions we've taken to respond to the feedback received.

Remuneration arrangements for 2024

In relation to 2024, the structure of remuneration arrangements will be in line with that of 2023 and as detailed in the Remuneration Policy.

As the market continues to grow in 2024 and beyond, we expect competition for talent to continue and this will be taken into account when considering the Annual Salary Review in 2024.

Governance continued

Remuneration Report continued

The Company will continue to operate its annual Short Term Incentive Plan with targets set by the Compensation Committee. The current performance conditions for Executive Officers will continue to be based upon the following metrics and weightings: Financial performance (45%), Project performance (20%), Safety performance (10%) and Personal objectives (25%).

The Company will continue to operate its 2022 LTIP Plan as approved at the AGM in 2022. The current performance conditions for Executive Officers will continue to be based upon the following metrics: Total Shareholder Return, Cash Conversion Ratio and Return on Average Invested Capital.

The full details of 2023 remuneration can be read in the below report. On behalf of the Compensation Committee and the Board of Directors, we hope you find this report clear and informative.

2023 Remuneration

The Group's Remuneration Policy is set by the Compensation Committee and is designed to provide remuneration packages which will help to attract, retain and motivate our people to achieve the Group's strategic objectives and to enhance shareholder value. The Compensation Committee also seeks to ensure that the Remuneration Policy is applied consistently across the Group and that remuneration is fair and transparent, while encouraging high performance.

The Compensation Committee benchmarks Executive Officers' remuneration against comparable companies and seeks to ensure that the Group offers rewards and incentives which are competitive with those offered by the Group's peers.

Remuneration is composed of base salary, benefits, pension, and short-term and long-term incentives, further details of which can be found in the Remuneration Policy at www.subsea7.com.

Annual Salary Review

The Annual Salary Review is a key annual process that allows the Group to recognise our employees' performance through an increase to base salary in line with Group performance and individual contribution, with an understanding of local market rates.

In the third quarter, we applied a salary increase that reflected general inflation, market conditions and recognised our people for their contributions to Subsea7's goals. As a result of the continued competitive labour market, we recognised increases in some external local markets and specialist functions, and performed adjustments where appropriate.

The global offshore market remains very competitive, with offshore operational activity increasing pressure on salaries. This was recognised in the Annual Salary Review applied to our offshore populations.

In line with the Annual Salary Review process, outlined in the Remuneration Policy, along with the approach taken in the wider organisation, the CEO and CFO received an increase to base salary effective 1 July 2023. The base salary adjustments were reviewed and approved by the Compensation Committee taking into account:

- the individual's role, performance and experience
- business performance, and the external environment
- base salary increases across the Group
- base salary levels for comparable roles at relevant, comparable businesses.

The CEO was awarded a 4% increase to base salary, resulting in a new annual salary of $721,847.

The CFO was awarded a 4% increase to base salary, resulting in a new annual salary of $478,224.

Note: payments are made in GBP. The amounts have been translated into USD using an average exchange rate of 0.806819 for the year.

Benefits and pension

Benefits and pension awarded to the CEO and CFO during 2023 were in accordance with the Remuneration Policy. Benefits included private healthcare, life insurance, personal accident insurance and a car allowance, along with the opportunity to purchase additional flexible benefits.

The CEO received a cash allowance in lieu of a pension contribution, in line with the Company policy in the UK on lifetime allowances, which is paid less applicable employer national insurance contributions. The CFO received a cash allowance in lieu of pension contributions, less applicable employer national insurance contributions, for four months during 2023. For the remaining eight months the CFO participated in the UK defined contribution pension plan.

Short Term Incentive Plan

The Group operates a Short Term Incentive Plan (STIP), an annual bonus scheme, with targets set by the Compensation Committee. The current performance objectives for the CEO and CFO are based upon the following metrics and weightings:

- Financial performance (45%)
- Project performance (20%)
- Safety performance (10%)
- Personal objectives (25%).

For the CEO and CFO, the maximum bonus opportunity in respect of 2023 was 150% and 100% of base salary, respectively.

For the performance period from 1 January 2023 to 31 December 2023, the financial targets were achieved whilst the safety performance targets were not achieved. The Compensation Committee evaluated the Group's performance compared to STIP 2023 targets and recommended approval of payment of the STIP 2023 bonuses, to the Board of Directors.

Based on the performance outcome against STIP 2023 targets, the bonus for the CEO was 81.0% of salary, resulting in a payment of $561,960. For the CFO, the bonus was 54.0% of salary, resulting in a payment of $248,259.

Note: payments are made in GBP. The amounts have been translated into USD using an average exchange rate of 0.806819 for the year.

Long Term Incentive Plan

The Group currently operates a Long Term Incentive Plan (LTIP). The LTIP provides for conditional share awards based upon performance conditions over a three-year performance period.

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

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

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

The 2022 LTIP Plan provides for conditional awards of shares based upon performance conditions measured over a performance period of three years. Performance conditions are based upon three measures and weightings as determined by the Compensation Committee:

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

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

Under the terms of the LTIP, participants are not entitled to receive dividend-equivalent payments during the performance and holding periods. On 31 December 2023, there were approximately 150 participants in the active LTIP schemes (2018 LTIP and 2022 LTIP Plans). Individual award caps are in place such that no participant may be granted shares under the 2022 LTIP Plan in a single calendar year that have an aggregate fair market value in excess of 150%, in the case of the CEO, CFO and other members of the Executive Management Team, and 100%, in the case of other employees, of their annual base salary at the date of the award. Additionally, a holding requirement for the CEO, CFO and other members of the Executive Management Team applies under which they must hold 50% of all awards that vest until they have built up a shareholding with a market value of 150% of their annual base salary, and this must be maintained throughout their tenure.

Governance continued

Remuneration Report continued

Total Shareholder Return based awards

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

The table below summarises the TSR performance condition applicable to the 2022 LTIP Plan:

	Performance	Vesting level (% of total award)
<50%	Below median	0%
=50%	Median	20%
>50% <90%	Between median and upper decile	Linear interpolation between 20% and 65%
≥90%	Upper decile	65%

TSR will be measured relative to the following peer group:

- Aker Solutions ASA
- Baker Hughes Company
- Fugro N.V.
- Halliburton Company
- Oceaneering International Inc.
- Petrofac Limited
- Saipem S.p.A.
- Sapura Energy Berhad
- SBM Offshore N.V.
- Schlumberger Limited
- TechnipFMC plc
- Transocean Ltd.
- John Wood Group PLC
- Worley Limited

Cash Conversion Ratio based awards

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

CCR is calculated for each of the three years of the performance period on a quarterly basis and the table below summarises the CCR performance condition applicable to the 2022 LTIP Plan.

Performance	Vesting level (% of total award)
Below 0.7	0%
0.7	5%
0.9	10%
1.1 or above	20%

Vesting will be calculated on a linear interpolation basis between 0.7 and 0.9 and between 0.9 and 1.1.

Return on Average Invested Capital based awards

Return on Average Invested Capital (ROAIC) is calculated for each of the three years of the performance period on a quarterly basis. The table below summarises the ROAIC performance condition applicable to the 2022 LTIP Plan:

Performance	Vesting level (% of total award)
Below 9%	0%
9%	2.167%
11%	6.5%
14% or above	15%

Vesting will be calculated on a linear interpolation basis between 9% and 11% and between 11% and 14%.

Vesting of LTIP 2020 award

The performance conditions applicable to the share awards granted in 2020 under the 2018 LTIP Plan that were due to vest during 2023 were based upon two measures: Total Shareholder Return and Return on Average Invested Capital, with a weighting of 65% and 35%, respectively. Subject to these performance conditions the vested shares are transferred to participants in equal tranches on the third, fourth and fifth anniversaries of the award date.

The performance conditions for the vesting of the share awards granted in 2020 under the 2018 LTIP Plan are set out below. For LTIP 2020 awards, both performance conditions were assessed over the three-year period, and neither met the required threshold for vesting under the plan rules, therefore did not vest.

LTIP metric	% of share awards under each metric	Range	Result	% of shares under metric to vest	Shares to vest (max over 3 years)
TSR	65%	50%-100%	38.4%[a]	–	–
ROAIC	35%	9%-14% (average %)	(2.1)%[b]	–	–
Total	100%				–

a. Subsea7 ranked 9th out of the 14 companies within the selected peer group (below the median). This resulted in 0% vesting for the TSR portion.
b. The average over the three-year performance period was (2.1)%. This resulted in 0% vesting for the ROAIC portion.

During 2023, in accordance with the terms of the 2018 LTIP Plan, shares totalling 272,496 were transferred to participants.

The table below shows the number of vested share awards transferred to the CEO and CFO during 2023:

	John Evans Chief Executive Officer		Mark Foley Chief Financial Officer	
Award year	2023	2022	2023	2022
2017 (2013 LTIP Plan)	–	3,360	–	–
2018 (2018 LTIP Plan)	9,568	9,287	–	–
2019 (2018 LTIP Plan)	4,695	4,695	–	–
2020 (2018 LTIP Plan)	–	–	–	–
Total	14,263	17,342	–	–

The numbers of vested share awards in the above table are gross, and exclude the impact of income taxes and social security costs borne by the employee.

Long Term Incentive Plan awards in 2023

Conditional share awards were made to approximately 150 leaders and key employees on 1 October 2023, comprising 1,448,900 (2022: 1,391,000) shares under the terms of the 2022 LTIP Plan.

60,000 shares were awarded to the CEO, equivalent to 117% of base salary.

38,000 shares were awarded to the CFO, equivalent to 112% of base salary.

Summary of 2023 Executive Officer remuneration

Total remuneration for the CEO and CFO in 2022 and 2023 was as follows:

	John Evans Chief Executive Officer		Mark Foley Chief Financial Officer	
For the year ended (in $ thousands)	2023 31 Dec (a)(b)	2022 31 Dec (a)(b)	2023 31 Dec (a)(b)	2022 31 Dec (a)(b)
Base salary	**708.0**	656.1	**469.0**	446.3
Short-term incentive bonus[c]	**562.0**	532.3	**248.3**	225.2
Other short-term remuneration[d]	–	–	–	133.7
Taxable benefits[e]	**20.0**	19.9	**15.5**	15.5
Share-based payments[f]	**189.2**	159.7	–	–
Cash in lieu of pension[g]	**62.3**	57.3	**13.7**	23.1
Pension contributions made by employer[h]	–	–	**31.8**	12.8
Total	**1,541.5**	1,425.3	**778.3**	856.6

a. Amounts in the table are shown gross before deductions of income taxes and social security costs borne by the employee.
b. Payments are made in GBP. The 2023 amounts have been translated to USD using an average exchange rate of 0.806819 for the year. The amount represents the cash paid in respect of the year.
c. Short-term incentive bonus in respect of performance during the year.
d. Other short-term remuneration represents amounts paid after 12 months' service for forfeiture of award from previous employer.
e. Taxable benefits represent the taxable value of benefits provided during the year, including private healthcare insurance and car allowances.
f. Share-based payments represents the market value of the shares transferred to the participants during the year which vested under the 2018 Long Term Incentive Plan. The shares were transferred when the participant met the service criteria associated with the Plan.
g. The CEO and CFO each received a cash allowance in lieu of a pension contribution.
h. Employer pension contributions represents the cash value of defined pension contribution payments made by the Group during the year.

Non-Executive Director fees

Details of fees payable to Non-Executive Directors are set out below.

In 2023, following a review of the fees payable to Non-Executive Directors, the fee structure was amended in order to better align with market practice.

Name	Annual fee ($)	Member of Audit Committee[(a)]	Member of other committees[(b)]	2023 31 Dec $	2022 31 Dec $
Kristian Siem	200,000	–	15,000	215,000	200,000
Jean Cahuzac	105,000	–	10,000	115,000	107,382
Dod Fraser[(c)]	30,450	4,060	–	34,510	119,000
Niels Kirk	105,000	–	10,000	115,000	105,000
David Mullen	125,000	6,000	5,000	136,000	111,000
Elisabeth Proust[(c)]	74,550	4,260	–	78,810	–
Eldar Sætre	105,000	11,680	5,000	121,680	108,618
Louisa Siem	105,000	–	–	105,000	105,000

a. The Chair of the Audit Committee receives $14,000 per annum and the members receive $6,000 per annum.
b. Members of the Corporate Governance and Nominations Committee, Compensation Committee and Tender Committee receive $5,000 per annum, per committee. For details on the members of the committees please refer to pages 50 and 51.
c. Dod Fraser's mandate expired on 18 April 2023. Elisabeth Proust Van Heeswijk was appointed as a Director with effect from 18 April 2023.

Share ownership of the Executive Management Team and Non-Executive Directors

Details of total performance shares and shares held in the Company by the Executive Management Team as at 31 December 2023 are shown in the table below.

Name	Total performance shares[(a)]	Total owned shares
John Evans	174,836	108,937
Mark Foley	110,000	–
Olivier Blaringhem	110,822	27,019
Stuart Fitzgerald	110,822	36,119
Nathalie Louys	96,258	41,350
Kate Lyne	92,015	13,244
Phil Simons	110,419	16,968
Marcelo Xavier	79,451	5,592

a. Total performance shares held represent the maximum future entitlement assuming all vesting conditions are met.

Details of shares held in the Company by the Non-Executive Directors as at 31 December 2023 are shown in the table below.

Name	Total owned shares
Kristian Siem[(a)]	–
Jean Cahuzac	198,131
Niels Kirk	–
David Mullen	15,000
Elisabeth Proust Van Heeswijk	830
Eldar Sætre	7,000
Louisa Siem	–

a. At 31 December 2023, Siem Industries S.A., which is a company controlled by Mr Siem, owned 70,829,916 shares, representing 23.3% of the total common shares of the Company.

The Directors are encouraged to own shares in the Company but no longer participate in any incentive or share option schemes.

Financial Review

Financial Review

Financial Review continued

Management Report for Subsea7 Group (the Group)
Financial highlights

At a glance
- At least $1 billion of shareholder returns over four years through a combination of dividends and share repurchases
- Adjusted EBITDA of $714 million, up 28% year-on-year, equating to a margin of 12%
- Order intake of $7.4 billion resulted in a book-to-bill of 1.2 times and continued backlog growth to $10.6 billion
- Full year 2024 guidance: Adjusted EBITDA expected to be within a range from $950 million to $1.0 billion

In $ millions, except Adjusted EBITDA margin and per share data	**2023 31 Dec**	2022 31 Dec
Revenue	**5,974**	5,136
Adjusted EBITDA[(a)]	**714**	559
Adjusted EBITDA margin[(a)]	**12%**	11%
Net operating income	**105**	149
Net income	**10**	36
Earnings per share – in $ per share		
Basic	**0.05**	0.20
Diluted[(b)]	**0.05**	0.19

At (in $ millions)	**2023 31 Dec**	2022 31 Dec
Backlog[(a)]	**10,587**	9,008
Book-to-bill ratio[(a)]	**1.2x**	1.4x
Cash and cash equivalents	**751**	646
Borrowings	**(845)**	(356)
Net (debt)/cash excluding lease liabilities[(a)]	**(94)**	290
Net (debt)/cash including lease liabilities[(a)]	**(552)**	33

(a) For explanations and reconciliations of Adjusted EBITDA, Adjusted EBITDA margin, Backlog, Book-to-bill ratio and Net (debt)/cash refer to the 'Alternative Performance Measures' section on page 148.
(b) For the explanation and a reconciliation of diluted earnings per share refer to Note 11 'Earnings per share' to the Consolidated Financial Statements.

2023 Summary
The Group delivered solid results as the upcycles in the subsea and offshore wind industries gathered pace. Revenue and Adjusted EBITDA in the Subsea and Conventional business unit increased significantly driven by the shift in mix towards projects awarded in a more favourable commercial environment. Revenue in the Renewables business unit reduced year-on-year due to the phasing of a major project in the UK, however improved contractual risk allocation and a further, stronger focus on project execution resulted in the business delivering a double-digit Adjusted EBITDA margin.

The Group recorded order intake of over $7 billion, which equated to a book-to-bill of 1.2 times. Order intake was the highest since 2013, resulting in a backlog of over $10 billion at year end.

In 2023, revenue was $6 billion, net operating income was $105 million and Adjusted EBITDA was $714 million, driven by higher revenues and margin expansion within the Subsea and Conventional business unit, and an improvement in margins to a double-digit level in the Renewables business unit. After taxation of $70 million, equating to an effective tax rate of 88%, net income was $10 million in 2023.

Net cash generated from operating activities was $660 million and free cash flow was $79 million after capital expenditure of $581 million, mainly related to the newbuild Renewables vessels. At 31 December 2023, the Group held cash and cash equivalents of $751 million and net debt including lease liabilities was $552 million. At year end the Group had liquidity of around $1.6 billion with approximately $860 million of undrawn borrowing facilities.

In October, the Group acquired a 10% share in OneSubsea, one of the world's leading subsea technology and solutions providers, for a consideration of $307 million with 50% due to be settled in 2024. OneSubsea and Subsea7 are partners in Subsea Integration Alliance, which executes fully integrated subsea projects.

During the year the Company paid dividends of $112 million, equivalent to NOK 4.00 per share.

Net impairment charges recognised were $71 million, mainly relating to i) *Seaway Alfa Lift* monopile installation equipment, owing to a contractual dispute in relation to which Subsea7 intends to use all legal resources available to reach a satisfactory outcome, and ii) loss on vessels prior to disposal. These were partly offset by impairment reversals of $26 million.

Commitment to shareholder returns
Reflecting its confidence in the outlook and the expected financial performance of Subsea7, the Board of Directors proposes that the Company returns at least $1 billion to shareholders over four years, from 2024 to 2027. At the Annual General Meeting on 2 May 2024, the Board of Directors will propose that shareholders approve a cash dividend of NOK 6.00 per share, equating to approximately $170 million, payable in two equal instalments in May and November 2024. The Company's dividend policy will be revised to reflect an increase in the regular dividend to NOK 6.00 from NOK 1.00 per share to be paid in two equal instalments.

The Company has also committed to repurchase approximately $80 million of its own shares in 2024, resulting in shareholder returns of approximately $250 million.

Outlook
Management anticipates that revenue in 2024 will be between $6.0 billion and $6.5 billion, while Adjusted EBITDA is expected to be within a range from $950 million to $1.0 billion. Management's expectation for capital expenditure in 2024 is $300-320 million. As the mix of activity continues to shift to projects won in a favourable environment, the Adjusted EBITDA margin is expected to be within an 18-20% range in full year 2025.

Longer term, management continue to see a positive outlook for demand for the Subsea and Conventional business, supported by a tender pipeline of $21 billion. As a source of reliable energy, the hydrocarbon industry is likely to remain a key contributor to global production under plausible ranges of energy transition scenarios. Management is confident that a focus on the deepwater subsea market, with attractive economics, will enable the Group to maximise the return on the significant historical investments made in the Group's modern subsea fleet.

In Renewables, project delays and cancellations in 2023 put many countries' clean energy ambitions under pressure and prompted a swift response in countries such as the UK and US, with positive indications for the Group's tender pipeline in 2024. While the growth trajectory for the offshore wind market may not be smooth it is certainly clear that long-term demand is set to significantly exceed the current fleet capacity of the industry. With a strong focus on achieving an equitable risk-return balance, management believes the Group's offshore wind business will deliver sustainable value creation for shareholders.

Income statement

Revenue
Revenue for the year ended 31 December 2023 was $6.0 billion, an increase of $838 million or 16% compared to the prior year. The increase was due to significantly increased activity in the Subsea and Conventional business unit which reflected increased demand for the Group's services in the offshore oil and gas sector, partly offset by lower revenue in the Renewables business unit due to the phasing of a large fixed-price project in the UK.

Adjusted EBITDA
Adjusted EBITDA was $714 million resulting in an Adjusted EBITDA margin of 12%, an increase of $155 million or 28% compared to the year ended 31 December 2022. The increase was driven by higher Adjusted EBITDA in both the Subsea and Conventional business unit, with the execution of projects awarded at improved margins, and double-digit Adjusted EBITDA margin in the Renewables business unit where the prior year was adversely impacted by additional costs incurred on certain projects.

Net operating income
Net operating income was $105 million for the year ended 31 December 2023 compared to $149 million in 2022.

Net operating income was driven by:

- net operating income of $196 million in the Subsea and Conventional business unit, compared to $229 million in the prior year, which benefitted from a $54 million non-cash net impairment reversal

partly offset by:

- net operating loss of $74 million in the Renewables business unit, which included a non-cash impairment charge of $73 million mainly related to *Seaway Alfa Lift's* monopile installation equipment, owing to a contractual dispute, and a non-core vessel which was disposed in early 2024, compared to net operating loss of $85 million in 2022, with the prior year being impacted by costs incurred on certain projects; and
- net operating loss of $18 million in the Corporate business unit compared to net operating income of $5 million in the prior year.

Net income
Net income was $10 million for the year ended 31 December 2023, compared to net income of $36 million in 2022.

The movement was primarily due to:

- an decrease of $44 million in net operating income;
- finance costs of $71 million in 2023 compared to $23 million in the prior year. The year-on-year increase was driven by expected higher borrowings and higher interest rates in 2023 compared to 2022

partly offset by:

- finance income of $25 million compared to finance income of $9 million in the prior year driven by higher interest rates; and
- a net gain of $20 million driven by foreign exchange gains, within other gains and losses, compared to a net loss of $7 million in the prior year.

Taxation was $70 million, representing an effective tax rate of 88%, compared to $100 million in 2022, equivalent to an effective tax rate of 73%.

Earnings per share
Diluted earnings per share was $0.05 compared to $0.19 in 2022, calculated using a weighted average number of shares of 299 and 293 million, respectively.

Financial Review continued

Business unit highlights
For the year ended 31 December 2023

(in $ millions)	Subsea and Conventional	Renewables	Corporate	Total
Revenue				
Fixed-price contracts	**4,171.1**	**951.6**	**16.7**	**5,139.4**
Day-rate contracts	**748.0**	**3.5**	**82.8**	**834.3**
	4,919.1	**955.1**	**99.5**	**5,973.7**
Net operating income/(loss)	**196.2**	**(73.9)**	**(17.6)**	**104.7**
Finance income				**25.2**
Other gains and losses				**21.3**
Finance costs				**(71.2)**
Income before taxes				**80.0**
Adjusted EBITDA[(a)]	***612.4***	***102.5***	***(0.5)***	***714.4***
Adjusted EBITDA margin[(a)]	***12.4%***	***10.7%***	***(0.5%)***	***12.0%***

(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 on page 148.

For the year ended 31 December 2022

(in $ millions)	Subsea and Conventional	Renewables	Corporate	Total
Revenue				
Fixed-price contracts	3,210.3	1,093.0	38.7	4,342.0
Day-rate contracts	693.0	23.9	76.9	793.8
	3,903.3	1,116.9	115.6	5,135.8
Net operating income/(loss)	229.2	(85.3)	4.9	148.8
Finance income				9.0
Other gains and losses				1.9
Finance costs				(23.4)
Income before taxes				136.3
Adjusted EBITDA[(a)]	*531.6*	*4.8*	*23.0*	*559.4*
Adjusted EBITDA margin[(a)]	*13.6%*	*0.4%*	*19.9%*	*10.9%*

(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 on page 148.

Subsea and Conventional
Revenue in the year ended 31 December 2023 was $4.9 billion, an increase of $1.0 billion or 26% compared to the prior year. The year-on-year increase reflected a strong demand for the Group's services within the offshore oil and gas sector with high activity levels in Brazil in particular.

During the year Sakarya Phase 1 (Türkiye) was substantially completed. Work progressed on Sangomar (Senegal); Sanha Lean Gas and CLOV 3 (Angola); Marjan 2 (Saudi Arabia); and Skarv Satellites and Yggdrasil (Norway).

In Brazil, there were high levels of utilisation of the PLSVs and work progressed on Bacalhau, Mero 3&4 and Búzios 8. Net operating income was $196 million compared to $229 million in the prior year which benefitted from a $54 million non-cash net impairment reversal.

Renewables
Revenue was $955 million compared to $1.1 billion in the prior year. During the year, Hollandse Kust Zuid and Seagreen, in the Netherlands and UK respectively, were completed. Work progressed on Dogger Bank A&B (UK).

Net operating loss was $74 million compared to net operating loss of $85 million in the prior year, which reflected costs incurred on certain projects. In 2023, non-cash impairment charges of $73 million were recognised mainly related to *Seaway Alfa Lift's* monopile installation equipment, owing to a contractual dispute, and a non-core vessel which was disposed in early 2024.

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 $100 million, a decrease of $16 million compared to the prior year.

Net operating loss was $18 million compared to net operating income of $5 million in the prior year.

Vessel utilisation and fleet
Vessel utilisation in 2023 was 77% compared with 78% in 2022.

At 31 December 2023 there were 38 vessels in the Group's fleet, including ten chartered vessels, with 37 active vessels and one vessel under construction.

Backlog
At 31 December 2023 backlog was $10.6 billion compared to $9.0 billion at 31 December 2022. Order intake was $7.4 billion representing a book-to-bill ratio of 1.2 times. Order intake included new awards of $4.8 billion, escalations of $2.6 billion and a favourable foreign exchange impact of approximately $100 million.

$8.6 billion of the backlog at 31 December 2023 related to the Subsea and Conventional business unit (which included $0.3 billion related to long-term day-rate contracts for PLSVs in Brazil) and $2.0 billion related to the Renewables business unit. $5.7 billion of the backlog is expected to be executed in 2024, $3.8 billion in 2025 and $1.1 billion in 2026 and thereafter. Backlog related to associates and joint ventures is excluded from these amounts.

Cash flow

Cash flow statement
Cash and cash equivalents were $751 million at 31 December 2023, an increase of $105 million in the year. The increase was mainly attributable to:

- net cash generated from operating activities of $660 million, which included a favourable movement in net working capital of $4 million; and
- net cash generated from financing activities of $151 million, which included:
  - $300 million drawn under the 2021 UK Export Finance facility and $292 million drawn under the 2023 UK Export Finance facility, partly offset by;
  - scheduled repayments of borrowings of $100 million, related to the 2021 UK Export Finance facility and South Korean Export Credit Agency (ECA) facility;
  - payments related to lease liabilities of $165 million; and
  - dividends paid to shareholders of $112 million

partly offset by:

- net cash used in investing activities of $710 million, which included the first instalment of the Group's 10% investment in OneSubsea of $153 million and purchases of property, plant and equipment and intangible assets of $581 million, mainly related to the newbuild vessels *Seaway Alfa Lift* and *Seaway Ventus.*

Free cash flow
During the year, the Group generated free cash flow of $79 million (2022: $255 million) which is defined as cash generated from operating activities of $660 million (2022: $486 million) less purchases of property, plant and equipment and intangible assets of $581 million (2022: $231 million).

Balance sheet

Non-current assets
At 31 December 2023, non-current assets were $5.2 billion (31 December 2022: $4.5 billion). The movement of $708 million was largely driven by an increase in interests in associates and joint ventures of $317 million, mainly related to the Group's acquisition of a 10% ownership interest in OneSubsea, an increase in right-of-use assets of $177 million, mainly related to four long-term vessel leases with associated options, and an increase in property, plant and equipment of $148 million.

Non-current liabilities
At 31 December 2023, total non-current liabilities were $1.1 billion (31 December 2022: $609 million). The increase of $513 million was largely driven by:

- drawdowns of $300 million under the 2021 UK Export Finance facility and $292 million under the 2023 UK Export Finance facility, of which $532 million was recognised as non-current liabilities;
- increase of $129 million in lease liabilities

partly offset by:

- $110 million reclassified to current borrowings in line with repayment schedules.

Net current assets
At 31 December 2023, current assets were $2.9 billion (31 December 2022: $2.4 billion) and current liabilities were $2.6 billion (31 December 2022: $1.9 billion), resulting in net current assets of $249 million (31 December 2022: $537 million). The decrease of $288 million in the year was largely driven by:

- increase in trade and other liabilities of $414 million;
- increase in borrowings of $70 million mainly driven by the drawdown of $300 million under the 2021 UK Export Finance facility, of which $60 million was recognised as current liabilities;
- increase in construction contracts liabilities of $105 million; and
- decrease in construction contracts assets of $116 million

partly offset by:

- increase in trade and other receivables of $336 million; and
- increase in cash and cash equivalents of $105 million.

Financial Review continued

Equity
At 31 December 2023, total equity was $4.4 billion (31 December 2022: $4.5 billion). The decrease of $94 million in the year was driven by dividends paid of $112 million partly offset by net foreign currency translation gains of $22 million and net income of $10 million.

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

Borrowings
At 31 December 2023, total borrowings were $845 million (31 December 2022: $356 million). The increase of $489 million was mainly driven by drawdowns of $300 million under the 2021 UK Export Finance facility and $292 million under the 2023 UK Export Finance facility. During the year, the Group borrowed and fully repaid $469 million from the multi-currency revolving credit and guarantee facility. The increase in the Group's total borrowings was partly offset by scheduled repayments.

A summary of the borrowing facilities available at 31 December 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 2028[(b)]
2021 UK Export Finance (UKEF 2021) facility	425.0	(425.0)	–	February 2028
2023 UK Export Finance (UKEF 2023) facility	450.0	(292.4)	157.6	July 2030
South Korean Export Credit Agency (ECA) facility	135.2	(135.2)	–	January 2027[(c)]
Total	**1,710.2**	**(852.6)**	**857.6**	

(a) Borrowings presented in the Consolidated Balance Sheet are shown net of capitalised fees of $8.0 million, which are amortised over the period of the facility.
(b) The Group's multi-currency revolving credit and guarantee facility will mature in June 2028. The facility size will reduce from $700 million to $600 million in June 2027 until maturity in June 2028.
(c) 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
At 31 December 2023, lease liabilities were $458 million, an increase of $201 million compared with 31 December 2022. The increase was mainly driven by leases, including options, related to vessels on long-term charters.

Net cash/(debt)
At 31 December 2023:

- net debt (excluding lease liabilities) was $94 million compared to net cash of $290 million at 31 December 2022; and
- net debt (including lease liabilities) was $552 million, compared to net cash of $33 million at 31 December 2022.

Gearing
At 31 December 2023, gross gearing (borrowings divided by total equity) was 19.4% (31 December 2022: 8.0%).

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

Cash management constraints
The Group operates within a liquidity risk management framework which governs its management of short, medium and long-term funding and liquidity requirements. The Group manages liquidity risk by ensuring that it has access to sufficient cash, banking and borrowing facilities. This is achieved by regularly monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities where appropriate.

Financial covenant compliance
The Group's committed borrowing facilities contain financial covenants relating to a maximum level of net debt (excluding lease liabilities) to Adjusted EBITDA. During the year, all financial covenants were met. The Group expects to be able to comply with all financial covenants during 2024.

Shareholder distributions
Share repurchase programme
During the year ended 31 December 2023, there were no shares repurchased under the Group's $200 million share repurchase programme authorised by the Board of Directors on 24 July 2019 (2022: 5.6 million shares for a total consideration of $46.0 million). On 19 April 2023, the Board of Directors authorised a 24-month extension to this programme, which will now expire on 18 April 2025. At 31 December 2023, the Group had cumulatively repurchased 10.0 million shares for a total consideration of $76.8 million under this programme.

During 2023, the Group cancelled 5.7 million shares in accordance with the authority granted to the Board on 14 April 2021.

At 31 December 2023, the Group directly held 3.8 million shares (31 December 2022: 9.8 million) as treasury shares, representing 1.26% (31 December 2022: 3.26%) of the total number of issued shares.

Dividends
A dividend of NOK 4.00 per share was approved by the shareholders of Subsea 7 S.A. at the Annual General Meeting on 18 April 2023 and recognised in shareholders' equity in April 2023. The dividend, equivalent to a total of $112 million, was paid on 28 April 2023 to shareholders of Subsea 7 S.A. at date of record of 21 April 2023.

Shareholders
The 20 largest shareholders of the Company, and their beneficial ownership[(a)] as a percentage of the total fully paid and issued common shares, at 31 December were:

At	2023 %	2022 %
Siem Industries S.A.	**23.3**	23.4
Folketrygdfondet	**8.1**	7.7
Elliott Management Corporation	**4.5**	–
BlackRock Institutional Trust Company, N.A.	**3.7**	4.0
Storebrand Kapitalforvaltning AS	**2.5**	2.3
DNB Asset Management AS	**2.5**	2.2
The Vanguard Group, Inc.	**2.2**	2.1
KLP Fondsforvaltning AS	**2.1**	1.9
Pareto Asset Management AS	**2.1**	1.8
Songa Capital AS	**1.9**	–
SAFE Investment Company Limited	**1.9**	1.9
Alfred Berg Kapitalforvaltning AS	**1.7**	1.3
ODIN Forvaltning AS	**1.6**	1.6
Robotti & Company Advisors, LLC	**1.2**	1.6
Artisan Partners Limited Partnership	**1.2**	1.3
Lupus alpha Asset Management AG	**1.1**	–
Key Group Holdings (Cayman), Ltd.	**1.1**	0.4
Capital Research Global Investors	**1.0**	1.5
Amundi Asset Management, SAS	**0.9**	0.6
Metzler Asset Management GmbH	**0.9**	0.5
Total	**65.5**	56.1

(a) The data is provided by NASDAQ, Inc and is obtained through an analysis of beneficial ownership and fund manager information. This is provided in response to disclosure of ownership notices issued to all custodians on the Subsea7 VPS share register. While every reasonable effort has been made to verify the data, there may be fluctuations as a result of such events as stock lending or other non-institutional stock movements, and neither Subsea7 nor NASDAQ, Inc can guarantee the accuracy of the analysis.

Going concern
The Consolidated Financial Statements have been prepared under the assumption of going concern. This assumption is based on the level of cash and cash equivalents at the year end, the Group's forecast cash flows, the committed borrowing facilities in place, and the backlog position at 31 December 2023.

Risk management and internal control
The Group's approach to risk management and internal control is detailed in the Risk Management and Governance sections on pages 28 to 70. Financial risk management is as described in Note 33 'Financial instruments'.

Events after the reporting period

Dividends and share repurchases
At the Annual General Meeting on 2 May 2024, the Board of Directors will propose that shareholders approve a cash dividend of NOK 6.00 per share, equating to approximately $170 million, payable in two equal instalments in May and November 2024. The Company has also committed to repurchase approximately $80 million of its own shares in 2024, resulting in shareholder returns of approximately $250 million.

Financial Review continued

Management Report for Subsea 7 S.A. (the Company)
Additional information specific to the Unconsolidated Financial Statements of Subsea 7 S.A.

Unconsolidated Financial Statements of Subsea 7 S.A.

The Unconsolidated Financial Statements of Subsea 7 S.A., the ultimate parent company of the Subsea 7 S.A. Group, are shown on pages 160 to 167. These were prepared in accordance with Luxembourg's legal and regulatory requirements and using the going concern basis of accounting.

The profit for the year ended 31 December 2023 was $361.0 million (2022: profit of $7.7 million). The profit was mainly driven by income derived from participating interests in affiliated undertakings of $400.0 million and the reversal of a value adjustment of $8.7 million, mainly related to investments in affiliated undertakings, partly offset by operating expenses of $52.7 million and interest costs of $7.0 million. It is proposed that the profit of $361.0 million for the year ended 31 December 2023 be allocated to profit and loss brought forward at 1 January 2024 resulting in a profit to be brought forward amounting to $459.4 million.

Own shares held

During 2023, the Company cancelled 5.7 million shares in accordance with the authority granted to the Board on 14 April 2021. At 31 December 2023, the Company directly held 3.8 million (2022: 9.8 million) own shares at a carrying amount of $31.1 million (2022: $75.0 million).

Distributable amounts

At 31 December 2023, the Company had distributable amounts, as defined by Luxembourg law, totalling $1,156.5 million (2022: $787.8 million). Distributable amounts include share premium account, profit and loss account brought forward and profit or loss for the year. The year-on-year increase was mainly due to income from participating interests related to affiliated undertakings of $400.0 million.

Risk management, internal control and corporate governance

The Company's approach to risk management, internal control and corporate governance is consistent with that applied to affiliates in the Subsea7 Group and is detailed in the Risk Management and Governance sections on pages 28 to 70. Financial risk management is described in Note 33 'Financial instruments'. Non-financial information required by regulation is provided on pages 1 to 70.

By order of the Board of Directors of Subsea 7 S.A.

Kristian Siem
Chairman

John Evans
Chief Executive Officer

Subsea 7 S.A. Consolidated Financial Statements for year ended 31 December 2023

Report of the Réviseur d'Entreprises Agréé

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

Report on the audit of the Consolidated Financial Statements

Opinion

We have audited the Consolidated Financial Statements of Subsea 7 S.A. and its subsidiaries (the "Group") included on pages 87 to 147, which comprise the Consolidated Balance Sheet as at 31 December 2023, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and the Notes to the Consolidated Financial Statements, including a summary of material accounting policies.

In our opinion, the accompanying Consolidated Financial Statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU Regulation Nº 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "réviseur d'entreprises agréé" for the audit of the Consolidated Financial Statements" section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Report of the Réviseur d'Entreprises Agréé continued

Key audit matter:	Recognition of revenues and income on long-term contracts
Description of key audit matter:	A significant proportion of the Group's revenues and income is derived from long-term contracts. As detailed in Note 3 'Material accounting policies' to the Consolidated Financial Statements, these contracts include complex technical and commercial risks and often specify performance milestones to be achieved throughout the contract period, which can last several years. Due to the contracting nature of the business, revenue recognition involves a significant degree of judgement, with estimates being made to: • assess the total contract costs; • assess the stage of completion of the contract; • assess the proportion of revenues, including variable consideration, to recognise in line with contract completion; • assess whether contract modifications should be accounted for as a new contract or as part of the existing contract; • forecast the profit margin on each contract incorporating appropriate allowances for technical and commercial risks related to performance milestones yet to be achieved; and • appropriately identify, estimate and provide for onerous contracts. There is a range of acceptable outcomes resulting from these judgements that could lead to different revenue or income being reported in the Consolidated Financial Statements. The Group has detailed procedures and processes in place to manage the commercial, technical and financial aspects of long-term contracts. The processes include the preparation of a Project Monthly Status Report (PMSR), which includes key accounting and forecast information for the relevant contract. The risks of material misstatement are that the accounting for the Group's significant contracts does not accurately reflect the progress made or consider all commercial and technical risks associated with the contract due to inaccurate estimation, inappropriate recognition of unagreed income, or management override of results. Consequent to this the contract revenue and margin at the reporting date would be materially incorrect.
Our response:	Our audit procedures over the recognition of revenues and income on long-term contracts included, among others, the following: We evaluated and tested the relevant information technology systems and performed procedures over the operating effectiveness of internal controls over the accuracy and timing of long-term contract revenue and margin recognised in the Consolidated Financial Statements, including controls over: • the detailed contract reviews (being the PMSR process and controls) performed by management and reviewed at the project and the Group level that included estimating total costs, stage of completion of contracts, and evaluating contract profitability; and • the transactional controls that underpin the production of underlying contract related cost balances including the purchase-to-pay, vessel costs and payroll cycles. For the most significant contracts and those which are subject to estimation uncertainty, we: • obtained the PMSR and gained an understanding of the performance and project status; • corroborated management's positions through the examination of externally generated evidence, such as customer correspondence and correspondence with legal advisors; • discussed and understood management's estimates for total contract costs and forecast costs-to-complete, considering the impact of cost inflation, and taking into account the historical accuracy of such estimates; • discussed and understood management's estimates in recognising actual or potential variation orders/unagreed income, taking into account the historical accuracy of such estimates; • audited management's assessment of and accounting treatment for contract modifications; • tested the reconciliation of cost models to the PMSR and to the accounting records; • re-performed the percentage of completion calculation; • considered whether provisions for onerous contracts reflect the contractual position and the requirements of IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'; and • for day rate/reimbursable contracts tested for appropriate cut off. We read the relevant clauses within selected contracts and discussed each with management to obtain a full understanding of the specific terms and risks, which informed our consideration of whether revenue for these contracts was appropriately recognised. We made enquiries to both Group internal and external legal counsel and considered the positions taken by management. We assessed the adequacy of the disclosures in Note 3 'Material accounting policies' and Note 5 'Segment information' to the Consolidated Financial Statements in relation to revenue.

Key audit matter:	Vessel fleet impairment assessments
Description of key audit matter:	The Subsea7 vessel fleet comprises owned and leased vessels. At 31 December 2023, the carrying amount of the owned vessel fleet was $3.7 billion and the carrying amount of right-of-use assets related to leased vessels was $339.2 million as detailed in Note 14 'Property, plant and equipment' and Note 15 'Right-of-use assets' to the Consolidated Financial Statements respectively. During the year impairment charges of $95.9 million were recognised, mainly relating to vessel related equipment and impairments on vessels prior to being recognised as assets classified as held for sale, and an impairment reversal of $25.9 million was recognised related to one of the Group's owned vessels. Vessels within property, plant and equipment and right-of-use assets related to leased vessels are subject to an impairment test where indicators of impairment exist. Impairment charges are recognised when necessary to bring the carrying amounts of specific assets to their recoverable amount defined as the higher of value-in-use or fair value less costs to dispose. If there is an indication that an impairment loss no longer exists or has decreased, the entity is required to calculate the recoverable amount of the asset and reverse the impairment loss up to the lower of the recoverable amount or historical cost, if appropriate. The process for determining whether impairment indicators exist is complex and requires significant management judgement. The key factors are: • the forecast utilisation of the owned vessel fleet and the right-of-use assets related to leased vessels; • the determination of the value-in-use of the cash-generating units in which the vessels are allocated; and • the external broker estimates of market valuation (for owned vessels only). The subsequent process for determining the amount of impairment which may result from the above indicators is also complex and requires significant management judgement and estimates. The risks of material misstatement are that the carrying amount of the owned vessel fleet within property, plant and equipment and the leased vessels within right-of-use assets could be overstated or understated.
Our response:	Our audit procedures over the vessel fleet impairment assessments included, among others, the following: We evaluated management's assessment for indicators of impairment or for indicators of reversal of impairments related to owned vessels within property, plant and equipment and right-of-use assets related to leased vessels. We obtained an understanding of the internal financial controls for the owned vessel and right-of-use asset impairment process including the determination of assumptions used within the models to assess the recoverable amount. We obtained management's impairment assessment for the owned vessels and right-of-use assets related to vessel leases. For owned vessels and right-of-use assets relating to leased vessels where an impairment trigger was identified, we analysed the recoverable amount considering the value-in-use of the cash-generating units in which the owned vessels and right-of-use assets relating to leased vessels are allocated. For owned vessels we reviewed the external broker valuations obtained by management for each vessel and assessed the independence, objectivity and competence of the broker as well as the adequacy of the respective assumptions and methods used, the reasonableness of the conclusions reached, and their consistency with management's analysis. We obtained an understanding of management's rationale for the impairment reversal and assessed it for appropriateness against the reversal criteria as per IAS 36, and critically assessed if any further impairment reversal triggers of the vessel fleet existed. We assessed the completeness and the accuracy of the impairments and impairment reversal identified by management to the accounting records. We evaluated the adequacy of the Group's disclosures in Note 14 'Property, plant and equipment' and Note 15 'Right-of-use assets' regarding the impairments and impairment reversal of owned vessels and right-of-use assets related to leased vessels in the Consolidated Financial Statements.

Report of the Réviseur d'Entreprises Agréé continued

Key audit matter:	**Goodwill impairment assessments**
Description of key audit matter:	As detailed in Note 12 'Goodwill', the Consolidated Financial Statements include $192.2 million of goodwill at 31 December 2023. Goodwill is subject to an annual review for impairment or when indicators of impairment exist. An estimate of the recoverable amount of the cash-generating units (CGU) to which goodwill is allocated is prepared. The estimated recoverable amount is determined based on the calculation of the value-in-use of the CGUs. The outcome of the impairment review could vary significantly if different assumptions were applied in the models. The estimated recoverable amount is subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows with many of the key underlying assumptions being impacted by political and economic factors. The key assumptions include: • the future Adjusted EBITDA assumptions taken from the Group's most recent budgets and plans for the next five years approved by management ("the Plan"); the sustainable Adjusted EBITDA and long-term growth rate used beyond the period covered by the Plan considering the significance of the terminal value cash flows to the total value-in-use; also considering the expected impact of climate change; • the pre-tax discount rate applied to future cash flows; and • the forecast capital expenditure necessary to maintain the function of the assets in the CGU. The risk of material misstatement is that the carrying amount of goodwill could be overstated.
Our response:	We understood the internal controls for the goodwill impairment process including the determination of assumptions used within the models to assess the recoverable amount of goodwill and evaluated the appropriateness of management's identification of the Group's CGUs. We assessed management's impairment testing by obtaining the supporting model and assessing the methodology and key assumptions made: • the future Adjusted EBITDA forecasts – we evaluated these and tested the underlying values used in the calculations by comparing management's forecast to the latest management approved five-year plan; • we assessed the actual performance in the year against the prior year budgets to evaluate historical forecasting accuracy; • sustainable Adjusted EBITDA – we evaluated these against market expectations and historical levels; • long-term growth rate – we compared the rates applied by management to available externally developed rates; • we evaluated sustainable Adjusted EBITDA and long-term growth in consideration of the expected impact of climate change; • we assessed the level of forecast capital expenditure necessary to maintain the function of the assets in the CGUs; • pre-tax discount rates – we involved our valuations specialists in our evaluation of the discount rate to consider the appropriateness of the rates used; and • we tested the arithmetical accuracy of the models. We re-performed sensitivity analysis around the key assumptions for all CGUs in order to ascertain the extent of change in those assumptions required individually or collectively to result in an impairment of goodwill. For those CGUs which were most sensitive, we discussed the basis for these cash flows with management and the Group's Audit Committee. We examined the sensitivity disclosures presented in the Consolidated Financial Statements to consider whether reasonably possible changes to assumptions that could lead to a material impairment had been disclosed. We assessed the adequacy of the disclosures, including those related to the expected impact of climate change, in Note 12 'Goodwill' to the Consolidated Financial Statements.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Consolidated Management Report from pages 72 to 77, the Corporate Governance Statement from pages 48 to 70 and the Additional Information from pages 148 to 154 but does not include the Consolidated Financial Statements and our report of "réviseur d'entreprises agréé" thereon.

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

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

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

The Board of Directors is responsible for the preparation and fair presentation of the Consolidated Financial Statements in accordance with IFRS as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Responsibilities of the "réviseur d'entreprises agréé" for the audit of the Consolidated Financial Statements

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

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

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

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

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

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

Report of the Réviseur d'Entreprises Agréé continued

Report on other legal and regulatory requirements

We have been appointed as "réviseur d'entreprises agréé" by the General Meeting of the Shareholders on 18 April 2023 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is ten years.

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

The accompanying corporate governance statement on pages 48 to 70 is the responsibility of the Board of Directors. The information required by article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the Consolidated Financial Statements and has been prepared in accordance with applicable legal requirements.

We have checked the compliance of the Consolidated Financial Statements of the Group as at 31 December 2023 with relevant statutory requirements set out in the ESEF Regulation that are applicable to the financial statements. For the Group, it relates to:

- financial statements prepared in valid xHTML format; and
- the XBRL markup of the Consolidated Financial Statements using the core taxonomy and the common rules on markups specified in the ESEF Regulation.

In our opinion, the Consolidated Financial Statements of the Group as at 31 December 2023, identified as 222100AIF0CBCY80AH62-2023-12-31, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

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

Ernst & Young
Société anonyme
Cabinet de révision agréé

Alban Aubrée
Luxembourg, 28 February 2024

Consolidated Income Statement

For the year ended (in $ millions, except per share data)	Notes	**2023 31 Dec**	2022 31 Dec
Revenue	5	**5,973.7**	5,135.8
Operating expenses	6	**(5,610.9)**	(4,738.8)
Gross profit		**362.8**	397.0
Administrative expenses	6	**(266.3)**	(245.2)
Share of net income/(loss) of associates and joint ventures	16	**8.2**	(3.0)
Net operating income		**104.7**	148.8
Finance income	8	**25.2**	9.0
Other gains and losses	7	**21.3**	1.9
Finance costs	8	**(71.2)**	(23.4)
Income before taxes		**80.0**	136.3
Taxation	9	**(70.0)**	(99.9)
Net income		**10.0**	36.4
Net income attributable to:			
Shareholders of the parent company		**15.4**	57.1
Non-controlling interests	26	**(5.4)**	(20.7)
		10.0	36.4

Earnings per share	Notes	**$ per share**	$ per share
Basic	11	**0.05**	0.20
Diluted[(a)]	11	**0.05**	0.19

(a) For explanation and a reconciliation of earnings per share and diluted earnings per share please refer to Note 11 'Earnings per share' to the Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

For the year ended (in $ millions)	Notes	2023 31 Dec	2022 31 Dec
Net income		**10.0**	36.4
Items that may be reclassified to the income statement in subsequent periods:			
Net foreign currency translation gains/(losses)		**21.7**	(50.9)
Net commodity cash flow hedge losses		**(4.6)**	(9.0)
Share of other comprehensive income of associates and joint ventures	16	**2.5**	–
Tax relating to components of other comprehensive income	9	**(0.7)**	5.1
Items that will not be reclassified to the income statement in subsequent periods:			
Remeasurement (loss)/gain on defined benefit pension schemes	36	**(1.0)**	3.1
Tax relating to remeasurement (loss)/gain on defined benefit pension schemes	9	**0.3**	(0.7)
Other comprehensive income/(loss)		**18.2**	(52.4)
Total comprehensive income/(loss)		**28.2**	(16.0)
Total comprehensive income/(loss) attributable to:			
Shareholders of the parent company		**33.4**	7.4
Non-controlling interests		**(5.2)**	(23.4)
		28.2	(16.0)

Consolidated Balance Sheet

At (in $ millions)	Notes	2023 31 Dec	2022 31 Dec
Assets			
Non-current assets			
Goodwill	12	**192.2**	191.3
Intangible assets	13	**58.5**	31.1
Property, plant and equipment	14	**4,070.0**	3,922.0
Right-of-use assets	15	**419.4**	242.0
Interest in associates and joint ventures	16	**342.0**	25.5
Advances and receivables	17	**67.0**	65.9
Derivative financial instruments	33	**29.5**	5.3
Other financial assets	33	**1.1**	1.1
Deferred tax assets	9	**50.9**	38.7
		5,230.6	4,522.9
Current assets			
Inventories	18	**60.1**	49.5
Trade and other receivables	19	**921.8**	586.2
Current tax assets		**100.5**	61.1
Derivative financial instruments	33	**31.4**	16.7
Assets classified as held for sale	20	**57.0**	45.5
Construction contracts – assets	22	**691.8**	807.7
Other accrued income and prepaid expenses	21	**244.0**	204.6
Restricted cash		**7.4**	4.4
Cash and cash equivalents	23	**750.9**	645.6
		2,864.9	2,421.3
Total assets		**8,095.5**	6,944.2
Equity			
Issued share capital	24	**608.6**	600.0
Treasury shares	25	**(31.1)**	(75.0)
Paid in surplus		**2,579.7**	2,503.2
Translation reserve		**(607.2)**	(628.0)
Other reserves		**(7.3)**	(18.4)
Retained earnings		**1,780.3**	1,739.8
Equity attributable to shareholders of the parent company		**4,323.0**	4,121.6
Non-controlling interests	26	**34.1**	329.1
Total equity		**4,357.1**	4,450.7
Liabilities			
Non-current liabilities			
Borrowings	27	**721.4**	302.2
Lease liabilities	28	**290.5**	161.2
Retirement benefit obligations	36	**8.4**	9.2
Deferred tax liabilities	9	**43.2**	54.4
Provisions	31	**24.6**	47.7
Contingent liabilities recognised	32	**0.5**	0.4
Derivative financial instruments	33	**32.6**	28.7
Other non-current liabilities	29	**1.1**	5.3
		1,122.3	609.1
Current liabilities			
Trade and other liabilities	30	**1,683.9**	1,270.4
Derivative financial instruments	33	**35.3**	7.2
Current tax liabilities		**76.4**	49.3
Borrowings	27	**123.5**	53.8
Lease liabilities	28	**167.8**	95.8
Provisions	31	**100.5**	87.0
Construction contracts – liabilities	22	**424.8**	319.4
Deferred revenue	37	**3.9**	1.5
		2,616.1	1,884.4
Total liabilities		**3,738.4**	2,493.5
Total equity and liabilities		**8,095.5**	6,944.2

Consolidated Statement of Changes in Equity

For the year ended 31 December 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 income/(loss)	–	–	–	–	–	15.4	15.4	(5.4)	10.0
Net foreign currency translation gains	–	–	–	21.5	–	–	21.5	0.2	21.7
Commodity cash flow hedges	–	–	–	–	(4.6)	–	(4.6)	–	(4.6)
Remeasurement loss on defined benefit pension schemes	–	–	–	–	(1.0)	–	(1.0)	–	(1.0)
Share of other comprehensive income of associates and joint ventures	–	–	–	–	2.5	–	2.5	–	2.5
Tax relating to components of other comprehensive income	–	–	–	(0.7)	0.3	–	(0.4)	–	(0.4)
Total comprehensive income/(loss)	**–**	**–**	**–**	**20.8**	**(2.8)**	**15.4**	**33.4**	**(5.2)**	**28.2**
Transactions with owners									
Dividends paid	–	–	–	–	–	(112.1)	(112.1)	–	(112.1)
Share issuance	20.0	–	107.0	–	–	–	127.0	(127.0)	–
Transaction costs	–	–	(0.5)	–	–	–	(0.5)	–	(0.5)
Share cancellation	(11.4)	41.6	(30.2)	–	–	–	–	–	–
Share-based payments	–	–	4.9	–	–	–	4.9	–	4.9
Vesting of share-based payments	–	–	(4.8)	–	–	4.8	–	–	–
Tax effects on share-based payments	–	–	0.1	–	–	–	0.1	–	0.1
Shares reallocated relating to share-based payments	–	2.3	–	–	–	(2.3)	–	–	–
Reclassification adjustment relating to ownership interests	–	–	–	–	–	150.2	150.2	(150.2)	–
Reclassification of remeasurement loss on defined benefit pension scheme	–	–	–	–	13.9	(13.9)	–	–	–
Acquisition of non-controlling interest	–	–	–	–	–	(1.6)	(1.6)	(12.6)	(14.2)
Total transactions with owners	**8.6**	**43.9**	**76.5**	**–**	**13.9**	**25.1**	**168.0**	**(289.8)**	**(121.8)**
Balance at 31 December 2023	**608.6**	**(31.1)**	**2,579.7**	**(607.2)**	**(7.3)**	**1,780.3**	**4,323.0**	**34.1**	**4,357.1**

Consolidated Statement of Changes in Equity

For the year ended 31 December 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 income/(loss)									
Net income/(loss)	–	–	–	–	–	57.1	57.1	(20.7)	36.4
Net foreign currency translation losses	–	–	–	(48.2)	–	–	(48.2)	(2.7)	(50.9)
Commodity cash flow hedges	–	–	–	–	(9.0)	–	(9.0)	–	(9.0)
Remeasurement gains on defined benefit pension schemes	–	–	–	–	3.1	–	3.1	–	3.1
Tax relating to components of other comprehensive income	–	–	–	2.7	1.7	–	4.4	–	4.4
Total comprehensive (loss)/income	**–**	**–**	**–**	**(45.5)**	**(4.2)**	**57.1**	**7.4**	**(23.4)**	**(16.0)**
Transactions with owners									
Shares repurchased	–	(46.0)	–	–	–	–	(46.0)	–	(46.0)
Dividends paid	–	–	–	–	–	(33.6)	(33.6)	–	(33.6)
Share-based payments	–	–	3.5	–	–	–	3.5	–	3.5
Vesting of share-based payments	–	–	(4.4)	–	–	4.4	–	–	–
Tax effects on share-based payments	–	–	0.2	–	–	–	0.2	–	0.2
Shares reallocated relating to share-based payments	–	3.9	–	–	–	(3.9)	–	–	–
Reclassification adjustment relating to ownership interests	–	–	–	–	–	6.3	6.3	(6.3)	–
Non-controlling interest share issuance	–	–	–	–	–	–	–	54.3	54.3
Total transactions with owners	**–**	**(42.1)**	**(0.7)**	**–**	**–**	**(26.8)**	**(69.6)**	**48.0**	**(21.6)**
Balance at 31 December 2022	**600.0**	**(75.0)**	**2,503.2**	**(628.0)**	**(18.4)**	**1,739.8**	**4,121.6**	**329.1**	**4,450.7**

Consolidated Cash Flow Statement

(in $ millions)	Notes	2023 31 Dec	2022 31 Dec
Operating activities			
Income before taxes		**80.0**	136.3
Adjustments for non-cash items:			
Impairment of property, plant and equipment, intangible assets and assets classified as held for sale	13,14,20	**96.8**	2.3
Reversal of impairment of property, plant and equipment and right-of-use assets	14,15	**(25.9)**	(59.3)
Depreciation and amortisation charges	6	**538.0**	467.6
Credit impairment		**19.0**	–
(Increase)/decrease in foreign exchange embedded derivatives[a]		**(11.8)**	35.6
Adjustments for investing and financing items:			
Share of net (income)/loss of associates and joint ventures	16	**(8.2)**	3.0
Net loss/(gain) on disposal of property, plant and equipment	6	**2.0**	(0.3)
Net gain on maturity of lease liabilities	6	**(1.2)**	(2.2)
Release of contingent consideration post measurement period	33	**(0.5)**	(3.8)
Finance income	8	**(25.2)**	(9.0)
Finance costs	8	**71.2**	23.4
Adjustments for equity items:			
Share-based payments	35	**4.9**	3.5
		739.1	597.1
Changes in working capital:			
Increase in inventories		**(10.0)**	(9.7)
Increase in trade and other receivables		**(367.8)**	(20.7)
Decrease/(increase) in construction contract – assets		**152.4**	(14.5)
Increase in other working capital assets		**(43.8)**	(22.7)
Increase/(decrease) in trade and other liabilities		**221.3**	(26.3)
Increase in construction contract – liabilities		**69.2**	144.6
Decrease in other working capital liabilities		**(16.9)**	(58.8)
Net movement in working capital		**4.4**	(8.1)
Income taxes paid		**(83.5)**	(103.2)
Net cash generated from operating activities		**660.0**	485.8
Cash flows used in investing activities			
(Cost)/proceeds from disposal of property, plant and equipment		**(0.6)**	0.8
Purchases of property, plant and equipment and intangible assets		**(581.2)**	(231.0)
Investments in associates and joint ventures		**(154.6)**	–
Interest received	8	**25.2**	9.0
Repayment of loan to joint venture		**1.0**	1.1
Net cash used in investing activities		**(710.2)**	(220.1)
Cash flows generated from/(used in) financing activities			
Interest paid		**(52.1)**	(15.8)
Repayment of borrowings		**(568.1)**	(61.6)
Proceeds from borrowings		**1,060.9**	–
Proceeds from rights issue in non-wholly-owned subsidiary		**–**	54.6
Acquisition of shares in non-wholly-owned subsidiary		**(12.6)**	–
Cost of share repurchases	25	**–**	(46.0)
Payments related to lease liabilities – principal	28	**(134.8)**	(99.4)
Payments related to lease liabilities – interest	8,28	**(30.1)**	(11.3)
Dividends paid to shareholders of the parent company	10	**(112.1)**	(31.7)
Net cash generated from/(used in) financing activities	33	**151.1**	(211.2)
Net increase in cash and cash equivalents		**100.9**	54.5
Cash and cash equivalents at beginning of year	23	**645.6**	597.6
(Increase)/decrease in restricted cash		**(3.0)**	1.3
Effect of foreign exchange rate movements on cash and cash equivalents		**7.4**	(7.8)
Cash and cash equivalents at end of year	23	**750.9**	645.6

(a) Re-presented to remove embedded foreign currency derivative movements from net working capital.

Notes to the Consolidated Financial Statements

1. General information

By virtue of its incorporation in Luxembourg, Subsea 7 S.A. is a company domiciled in Luxembourg whose common shares trade on Oslo Børs and as American Depositary Receipts (ADRs) over-the-counter in the US. The address of the registered office is 412F, route d'Esch, L-1471 Luxembourg.

Subsea 7 S.A. is the holding company of the Subsea7 Group. Subsea 7 S.A.'s principal place of business is Luxembourg. The Subsea7 Group is a global leader in the delivery of offshore projects and services for the evolving energy industry.

The Group provides products and services required for subsea field development, including project management, design and engineering, procurement, fabrication, survey, installation and commissioning of production facilities on the seabed and the tie-back of these facilities to fixed or floating platforms or to the shore. The Group offers a full spectrum of products and capabilities including remotely operated vehicles and tooling services to support exploration and production activities and to deliver full life-of-field services to its clients. Through its Renewables business unit, the Group offers expertise in the fixed and floating offshore wind market, including the procurement and installation of offshore wind turbine foundations and inner-array cables as well as heavy lifting operations for renewables structures and heavy transportation services. The Group provides engineering and advisory services to clients in the oil and gas, renewables and utilities industries through its wholly-owned autonomous subsidiaries Xodus and 4Subsea.

Authorisation of Consolidated Financial Statements

Under Luxembourg law, the Consolidated Financial Statements are approved by the shareholders at the Annual General Meeting. The Consolidated Financial Statements were authorised for issue by the Board of Directors on 28 February 2024.

Presentation of Consolidated Financial Statements

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU). The Consolidated Financial Statements comply with Article 4 of the EU IAS Regulation.

Amounts in the Consolidated Financial Statements are stated in US Dollars ($), the currency of the primary economic environment in which the Group operates. Group entities whose functional currency is not the US Dollar are consolidated in accordance with the policies set out in Note 3 'Material accounting policies'.

The Consolidated Financial Statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments and balances required to be measured at fair value. The principal accounting policies adopted are consistent with the Consolidated Financial Statements for the year ended 31 December 2022, except where noted in Note 2 'Adoption of new accounting standards'.

Going concern

The Consolidated Financial Statements have been prepared on the going concern basis. Management has concluded 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.

At 31 December 2023, the Group retained a strong cash position with cash and cash equivalents of $750.9 million. Total borrowings at 31 December 2023 were $844.9 million, in relation to the Group's South Korean Export Credit Agency and both UK Export Finance facilities. The Group's $700 million multi-currency revolving credit and guarantee facility remained unutilised. The Group's borrowings and guarantee facilities contain financial covenants, including a maximum level of net debt to earnings before interest, tax, depreciation and amortisation. During the year ended 31 December 2023, all financial covenants were met and the Group expects to be able to comply with all financial covenants during 2024. The Group ended the year with order backlog of $10.6 billion, an increase of $1.6 billion compared to 31 December 2022, reflecting improving market conditions.

Management considers that the Group will generate sufficient cash flow and have access to adequate liquidity to support the assumption that the Group will continue as a going concern. Management has performed stress tests of future cash flow forecasts to evaluate the impact of severe but plausible downside scenarios. These include scenarios which reflect extended periods of low energy prices and potential operational-related issues which could adversely impact the Group. In all scenarios management identified no forecast breaches of banking covenants and demonstrated sufficient liquidity for the Group.

Macroeconomic environment

During the year ended 31 December 2023, the Group's interest and fees on financial liabilities measured at amortised cost were $58.7 million (2022: $20.2 million), as disclosed within Note 8 'Finance income and finance costs'. The year-on-year increase reflects both the impact of interest rate rises and the level of the Group's borrowings mainly due to a significant investment in newbuild vessels related to the Renewables business unit. Management has prepared an interest rate sensitivity analysis disclosed within the liquidity risk section of Note 33 'Financial instruments'. At 31 December 2023, the Group's liquidity, represented by cash and cash equivalents and undrawn borrowing facilities, was $1.6 billion (31 December 2022: $1.6 billion).

Measurement and disclosure of climate-related matters

Management has evaluated and provided relevant information to permit users of the financial statements to assess how material climate-related matters were considered in preparing the Group's Consolidated Financial Statements. In addition, the Group's Sustainability Reports provide information to users of the report on climate-related risks and opportunities, based on the Task Force on Climate-related Financial Disclosures (TCFD).

From 1 January 2024, the Group is included within the scope of the European Union (EU) Corporate Sustainability Reporting Directive (CSRD), with the applicable European Sustainability Reporting Standards (ESRS) expected to be effective from 1 January 2024, once transposed into Luxembourg law. Management has prepared plans related to the implementation of CSRD reporting and has performed a gap analysis and double materiality assessment in anticipation of the directive's requirements.

Notes to the Consolidated Financial Statements continued

1. General information continued

The Group's current assessment of the range of economic and climate-related conditions that could exist in transitioning to a lower-carbon economy are reflected in the Group's medium and long-term plans. These considerations may affect certain significant judgements and key estimates impacting the financial statements. The primary matters considered were:

Non-current assets

At 31 December 2023, the Group's owned vessels represented in excess of 90% of the total carrying amount of property, plant and equipment. Management considers that judgements and estimates impacted by climate-related considerations are most relevant to the matters below:

- carrying amount of assets
- impairment testing and value-in-use calculations
- remaining useful economic life of assets and residual values

The majority of the Group's vessels are deployed on oil and gas activities, and it is expected that oil and gas will continue to represent a significant, although declining component of the global energy mix until at least 2050 during the transition to sustainable lower-carbon energy. Management considers that the Group is in a position to continue to utilise its vessels for oil and gas development and adapt certain vessels, where required, to perform non-oil and gas projects. Typically newbuild vessels are depreciated over 25 years, but a vessel can continue to be utilised beyond this period with appropriate levels of capital expenditure, the useful economic life and residual values of vessels are reviewed annually. No amendments were made to useful lives and no indicators of impairment were identified as a direct result of climate-related matters for the year ended 31 December 2023 (2022: none).

Cash flow forecasts

Estimating future global energy demand and supply and the pace of future technological change is challenging and customer and competitor behaviour, political developments and government actions may impact the Group's operations. Cash flow projections used for impairment testing include climate-related risks and opportunities which may impact the Group's revenue, costs, including research and development costs, and capital expenditure. Management considers that costs related to the physical impacts of climate change, such as rising temperatures or the severity of weather events will not significantly impact the Group. The impacts of the enactment of future government or legislative policies are not currently factored into the cash flow projections utilised for impairment testing.

Terminal value cash flows within impairment modelling are calculated using an estimated sustainable cash flow level, reflecting climate-related aspects. International Financial Reporting Standards require the application of a steady or declining growth rate unless an increasing rate can be justified. Growth rates applied to the Group's Subsea and Conventional business unit are 2%, in line with the prior year, to align with expected demand for the Group's assets and resources in the medium to long-term, which covers a five-year period and beyond. Third party projections indicate that offshore oil and gas will continue to be a significant source of energy through to 2050 and beyond. The discount rate utilised for these modelling calculations has not been adjusted for climate-related risk as these risks are adequately captured in the Group's medium and long-term plans and terminal value cash flows calculations.

Capital expenditure

Management has considered whether transitioning to a lower-carbon economy may lead to higher capital expenditure costs to develop or acquire technology to comply with environmental requirements and the Group's sustainability ambitions. Management has applied judgement when determining whether climate-related capital expenditure necessary to meet emission reduction targets is considered maintenance or enhancement. In compliance with International Financial Reporting Standards, cash flow projections utilised for impairment testing include maintenance capital expenditure only. Management continues to consider the development of lower-carbon emission technologies which may be utilised by the vessel fleet in particular. Decarbonisation measures through the use of efficient, clean fuels, mainly related to the Group's vessel fleet, form a key part in the transition to lower carbon emissions, but are dependent upon the development of suitable alternative fuels being available globally at scale and commercially viable.

Access to financial products

The Group utilises funding and financial products from financial institutions, such as banks and insurance companies. Certain institutions may reduce or stop providing funding and financial products to the Group based on climate-related considerations, this could result in higher costs for the Group. Management takes climate-related factors into consideration to ensure the Group's capacity and diversity of financial products is appropriate.

Emission trading schemes

With effect from 1 January 2024, activities related to the Group's heavy transport vessels will incur costs related to the EU Emissions Trading Scheme. The Group expects to purchase emissions allowances which will be held for the Group's own use. Emissions allowances will be recognised as a cost within operating expenses in the Group's Consolidated Income Statement, in line with the associated activity. Emissions allowances purchased exceeding emissions incurred to date will be carried at cost within other current receivables on the Group's Consolidated Balance Sheet. No allowances are expected to be purchased and held for trading purposes. Amounts received from clients related to emissions allowances are recognised in accordance with IFRS 15, 'Revenue from Contracts with Customers', as one combined performance obligation.

2. Adoption of new accounting standards

Effective new accounting standards

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.

The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective. There are no IFRS standards or amendments that have been issued but not yet adopted that are expected to have a material impact on the Group.

3. Material accounting policies

Basis of consolidation

The Consolidated Financial Statements incorporate the financial statements of Subsea 7 S.A. (the Company) and entities controlled by the Company (its subsidiaries). Control is assumed to exist where the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Subsidiaries

Assets, liabilities, income and expenses of a subsidiary are included in the Consolidated Financial Statements from the date the Group obtains control over the subsidiary until the date the Group ceases to control the subsidiary. Changes in the Group's interest in a subsidiary that do not result in the Group ceasing to control that subsidiary are accounted for as equity transactions.

Note 39 'Wholly-owned subsidiaries' includes information related to wholly-owned subsidiaries which are included in the Consolidated Financial Statements of the Group.

All subsidiaries are wholly-owned (100%) except those listed in Note 26 'Non-controlling interests'. Non-controlling interests comprise equity interests in subsidiaries which are not attributable, directly or indirectly, to the Company. Non-controlling interests in the net assets or liabilities of subsidiaries are identified separately from the equity attributable to shareholders of the parent company. Non-controlling interests consist of the amount of those interests at the date that the Group obtains control over the subsidiary together with the non-controlling shareholders' share of net income or loss and other comprehensive income or loss since that date.

Interests in associates and joint arrangements

An associate is an entity over which the Group has significant influence, but not control, and which is neither a subsidiary nor a joint venture. Significant influence is defined as the right to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Interests in associates and joint ventures are accounted for using the equity method. Under this method, the investment is recognised in the Consolidated Balance Sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate or joint venture, less any provisions for impairment. The Consolidated Income Statement reflects the Group's share of net income or loss of the associate or joint venture. Losses in excess of the Group's interest (which includes any long-term interests that, in substance, form part of the Group's net investment) are only recognised to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Where there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share in the Consolidated Statement of Comprehensive Income.

Foreign currency translation

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Functional currency is defined as the currency of the primary economic environment in which the entity operates. While this is usually the local currency, the US Dollar is designated as the functional currency of certain entities where transactions and cash flows are predominantly in US Dollars.

All transactions in non-functional currencies are initially translated into the functional currency of each entity at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in non-functional currencies are translated to the functional currency at the exchange rate prevailing at the balance sheet date.

All resulting exchange rate gains and losses are recognised in the Consolidated Income Statement. Non-monetary items which are measured at historical cost in a non-functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the initial transactions. Non-monetary items which are measured at fair value in a non-functional currency are translated to the functional currency using the exchange rate prevailing at the date when the fair value was determined.

Foreign exchange revaluations of short-term intra-group balances denominated in non-functional currencies are recognised in the Consolidated Income Statement. Revaluations of long-term intra-group loans are recognised in the translation reserve in equity.

The assets and liabilities of operations which have a non-US Dollar functional currency are translated into the Group's reporting currency, US Dollar, at the exchange rate prevailing at the balance sheet date. The exchange rate differences arising on the translation are recognised in the translation reserve in equity. Income and expenditure items are translated at the weighted average exchange rates for the year. On disposal of an entity with a non-US Dollar functional currency the cumulative translation adjustment previously recognised in the translation reserve in equity is reclassified to the Consolidated Income Statement. At 31 December 2023, the exchange rates of the main currencies used throughout the Group, compared to the US Dollar, were as follows:

GBP	0.791
EUR	0.914
NOK	10.354
BRL	4.865
CNY	7.139

Revenue from contracts with customers

The Group applies the IFRS 15 'Revenue from Contracts with Customers' five-step model whereby revenue is recognised at an amount which reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer.

The Group's revenue comprises revenue recognised from contracts with customers for the provision of long-term fixed-price contracts, services under charter agreements, day-rate contracts, reimbursable contracts, cost-plus contracts (and similar contracts), each of which are considered to comprise one performance obligation. The following is a description of the principal activities, by operating segment, from which the Group generates revenue as disclosed in the disaggregated revenue analysis (Note 5 'Segment information').

Notes to the Consolidated Financial Statements continued

3. Material accounting policies continued

Subsea and Conventional

Subsea and Conventional work, which includes Engineering, Procurement, Installation and Commissioning (EPIC) contracts, is generally contracted on a fixed-price basis. The costs and margins realised on such contracts vary dependent on a number of factors which may result in reduced margins or, in some cases, losses. The promised goods and services within each contract are considered to be distinct as a bundle under IFRS 15. Due to the significant integration, customisation and highly interrelated nature of the work performed they form one performance obligation with revenue being recognised over time. During a contract, work is performed for the sole benefit of the client who continually monitors progress. Clients may also participate in the supplier selection processes for procured items.

During the offshore phase of a contract, the Group typically executes work related to the installation of the client's assets. Due to the nature of the work performed the Group would not have an alternative use for the works performed under a contract for a specific client. The transaction price for these types of contracts, where there is an element of variable consideration, which includes variation orders, claims, bonuses and liquidated damages, is based upon the single most likely outcome.

Any additional work, such as scope changes or variation orders, as well as other variable consideration, will be included within the total price once the amounts can be reasonably estimated and management has concluded that it is highly probable that recognition will not result in a significant revenue reversal in a future period.

For EPIC contracts, revenue is recognised in each period based upon the advancement of the work-in-progress. The input method used to progressively recognise revenue over time is based upon percentage-of-completion whereby total costs incurred to date are compared with total forecast costs at completion of the contract. This method provides a faithful depiction of the transfer of goods and services to the customer. Any significant upfront procurement which is not customised for the specific contract is not included within the actual cost of work performed until such time as the costs incurred are proportionate to the progress in satisfying the performance obligation. Similarly an adjustment to the measurement of progress may be required where significant inefficiencies occur which results in the costs associated with inefficiencies being excluded from the total forecast cost at completion to estimate percentage-of-completion. Typically payment is due from the customer between 30 to 60 days following the issuance of the invoice, although this may be longer depending upon the client or customary payment terms in certain geographies. The contracts have no significant financing component as the period between when the Group transfers promised goods or services to a customer and when the customer pays for those goods or services will be one year or less. In circumstances where the Group has recognised revenue, but not issued an invoice, the conditional entitlement to consideration is recognised as a construction contract asset. The construction contract asset is transferred to trade and other receivables in accordance with the contractual milestone schedule which reflects the unconditional entitlement to payment. The time elapsing before transfer to trade and other receivables may be different between contracts depending upon the contractual terms and conditions. Construction contract liabilities arise when progress billings to date exceed contract revenues recognised. Construction contract asset and liability balances at 31 December 2023 and 2022 are disclosed within Note 22 'Construction contracts'. Assurance type warranty periods commence at the completion of the contractual obligations and typically have a duration of between one to three years.

The Group's Pipelay Support Vessel (PLSV) contracts, offshore Brazil, are also included within Subsea and Conventional. PLSV revenue is based upon an agreed schedule of work applied to a range of daily operating activities pre-agreed with the customer. As such these contracts are considered to be distinct as a pattern and hence one performance obligation under the guidelines within IFRS 15. Each day is distinct with the overall promise being the delivery of a series of days which have the same pattern of transfer to the customer. The transaction price for all PLSV contracts is determined by the expected value approach being the number of days multiplied by the expected day-rate. This method of revenue recognition for PLSV contracts provides a faithful depiction of the transfer of goods and services. Typically the value of work completed in any one month corresponds directly with the Group's right to payment. Payment is due from the client approximately 60 days following invoice date. These contracts have no significant financing component. Unbilled revenue related to work completed for the customer, is included within Note 21 'Other accrued income and prepaid expenses'.

Certain Brazilian contracts contain escalation clauses which allow for inflationary adjustments on an annual basis to both revenue and costs denominated in Brazilian Real. These are recognised as variable consideration and will be included within the total price once the amounts can be reasonably estimated and management has concluded that it is highly probable that recognition will not result in a significant revenue reversal in a future period.

Front-end engineering studies (FEED) undertaken by the Group are also included within Subsea and Conventional principally on a day-rate basis. Revenue recognition for day-rate contracts is described in the paragraph below.

The Group provides Remotely Operated Vehicles (ROVs), survey and inspection, drill-rig support and related solutions on a day-rate basis. Projects are contracted on the basis of an agreed schedule of rates applied to a range of daily operating activities. These contracts are considered to be distinct as a pattern and hence one performance obligation under the guidelines within IFRS 15. Each day is distinct with the overall promise being the delivery of a series of days that have the same pattern of transfer to the customer. The transaction price for all day-rate contracts is determined by the expected value approach, being the number of days multiplied by the expected day-rate. This method of revenue recognition for day-rate contracts provides a faithful depiction of the transfer of goods and services. Typically the value of work completed in any one month corresponds directly with Subsea7's right to payment. Payment is due from the client approximately 30-45 days following the invoice date. These contracts have no significant financing component. Unbilled revenue related to work completed, which has not been billed to clients, is included within Note 21 'Other accrued income and prepaid expenses'.

Customers, in certain circumstances, may request the commissioning of bespoke tooling. Revenue in relation to bespoke tooling, which is not significant in relation to the Group's overall revenue, is considered distinct in its own right. Dependent on the individual contract with the customer, revenue from the sale of this bespoke tooling may be recognised over time or at a point in time when control of the asset is transferred to the customer, generally on delivery.

Renewables

Renewables contracts which include the construction and installation of fixed offshore wind turbine foundations and inner-array cables, heavy lifting operations, decommissioning and heavy transportation are generally contracted on a fixed-price basis. Similar to EPIC contracts, the promised goods and services within Renewables contracts are considered to be distinct as a bundle and hence one performance obligation with revenue being recognised over time. Although the promises within the contract are capable of being distinct, management has concluded that they are not due to the significant integration, customisation and highly interrelated nature of each contract. The contract work performed is for the sole benefit of the customer who continually monitors progress and the Group would not have an alternative use for work performed under a specific contract. Clients may also participate in the supplier selection processes for procured items. The transaction price for these types of contracts, where there is an element of variable consideration, is based upon the single most likely outcome. Any additional work, such as scope changes or variation orders, as well as other variable consideration will be included within the total price once the amounts can be reasonably estimated and management has concluded that this will not result in a significant revenue reversal in a future period.

For Renewables contracts the input method used to progressively recognise revenue over time is based upon percentage-of-completion whereby total costs incurred to date are compared with total forecast costs at completion of the contract. This method provides a faithful depiction of the transfer of the goods and services to the customer. Any significant upfront procurement which is not customised for the particular contract is not included within the actual cost of work performed at each period end. An adjustment to the measure of progress may be required where significant inefficiencies occur which were not reflected in the price of the contract. Payment is due from the client approximately 30-45 days following the issuance of the invoice, although this may be longer depending upon the client or customary payment terms in certain geographies. These contracts have no significant financing component as the period between when the Group transfers the promised goods or services to the customer and when the customer pays for those goods or services will be one year or less. In circumstances where the Group has recognised revenue, but not issued an invoice, the entitlement to consideration is recognised as a construction contract asset. The construction contract asset is transferred to trade and other receivables in accordance with the contractual milestone schedule which reflects the unconditional entitlement to payment. The time elapsing before transfer to trade and other receivables may be different between contracts depending upon the contractual terms and conditions. Construction contract liabilities arise when progress billings exceed contract revenues. Assurance type warranty periods commence at the completion of the contractual obligations. Construction contract asset and liability balances at 31 December 2023 and 2022 are disclosed within Note 22 'Construction contracts'.

The Group operates a fleet of vessels which provide heavy transportation services mainly related to the offshore energy sector, including the fixed offshore wind market. Under these contracts the Group's vessels transport a specific agreed-upon cargo for a single voyage. The Group treats these as voyage charter contracts, and applies the input method to progressively recognise revenue over time based upon percentage-of-completion whereby total costs incurred to date are compared with total forecast costs at completion of the contract. This method provides a faithful depiction of the transfer of the goods and services to the customer. The Group generally has standard payment terms of approximately 10% freight paid on signing of contract, 40% on loading and 50% on discharge. These contracts have no significant financing component as the period between when the Group transfers the promised goods or services to the customer and when the customer pays for those goods or services will be one year or less. Voyage charter contracts consist of a single performance obligation of transporting cargo within a specified period. The voyage charters generally have variable consideration in the form of demurrage, which is recognised over the period in which the performance obligations are met under the contract. Demurrage is estimated at contract inception using either the expected value or most likely amount approaches. Such estimate is reviewed and updated over the term of the voyage charter contract.

Corporate

Revenue within the Group's Corporate segment, which is not material to the Group, relates to activities in its autonomous subsidiaries, Xodus and 4Subsea. Effective from 1 October 2023, revenue from the Group's non-wholly-owned subsidiary, Nautilus Floating Solutions, was recognised within the Renewables business unit. Contracts with customers in these subsidiaries are contracted on either a fixed-price or day-rate basis. Revenue related to these contracts is recognised using the method described previously for similar contracts within the Subsea and Conventional and Renewables business units. Payment is due from the client approximately 30-60 days following the issuance of the invoice. These contracts have no significant financing component as the period between when the Group transfers the promised goods or services to the customer and when the customer pays for those goods or services will be one year or less. Construction contract asset and liability balances related to fixed-price contracts at 31 December 2023 and 2022 are disclosed within Note 22 'Construction contracts'. Unbilled revenue-related work completed on day-rate contracts, which has not been billed to clients, is included within Note 21 'Other accrued income and prepaid expenses'.

Advances received from customers

For certain contracts the Group may receive short-term advances from customers which are presented as deferred revenue within the Consolidated Balance Sheet. Advances received from customers include amounts received before the work is performed on day-rate and fixed-price contracts. The consideration is not adjusted for the effects of a financing component where the Group expects, at contract inception, that the period between when the customer pays for the service and when the Group transfers that promised service to the customer will be 12 months or less.

Variable consideration

Variable consideration is constrained at contract inception to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Warranty obligations

The Group provides warranties for the repair of defects which are identified during the contract and within a defined period thereafter. All are assurance-type warranties, as defined within IFRS 15, which the Group recognises under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'. The Group does not have any contractual obligations for service-type warranties.

Borrowing costs

Borrowing costs attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to prepare for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. These amounts are calculated using the effective interest rate related to the period of the expenditure. All other borrowing costs are recognised in the Consolidated Income Statement in the period in which they are incurred.

Notes to the Consolidated Financial Statements continued

3. Material accounting policies continued

Finance costs
Finance costs or charges, including premiums on settlement or redemption and direct issue costs, are accounted for on an accruals basis using the effective interest rate method.

Retirement benefit costs
The Group administers several defined contribution pension plans. Obligations in respect of such plans are charged to the Consolidated Income Statement as they fall due. In addition, the Group administers a small number of defined benefit pension plans. The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit actuarial valuation method.

Taxation
Taxation expense or income recorded in the Consolidated Income Statement or Consolidated Statement of Other Comprehensive Income represents the sum of the current tax and deferred tax charge or credit for the year.

Current tax
Current tax is based on the taxable income for the year, together with any adjustments to tax payable in respect of prior years. Taxable income differs from income before taxes as reported in the Consolidated Income Statement because it excludes items of income or expense that are taxable or deductible in other periods and further excludes items that are never taxable or deductible. The tax laws and rates used to compute the Group's current tax liabilities are those that are enacted or substantively enacted at the balance sheet date.

In accordance with IFRIC 23 'Uncertainty over Income Tax Treatments', a liability is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The liabilities are measured at the most likely amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Current tax assets or liabilities are representative of taxes being owed by, or owing to, local tax authorities, and include the impact of any provisions required for uncertain tax treatments.

Deferred tax
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the Consolidated Balance Sheet and the corresponding tax bases used in the computation of taxable income, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilised. Such assets or liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of other assets or liabilities in a transaction (other than in a business combination) that does not affect either the taxable income or the accounting income before taxes.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and interests in associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date. Deferred tax assets are only recognised to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilised. Deferred tax assets are derecognised or reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are substantively enacted and expected to apply in the period when the asset is realised or the liability is settled. Deferred tax is charged or credited to the Consolidated Income Statement, except when it relates to items charged or credited directly in the Consolidated Statement of Comprehensive Income in which case the deferred tax is also recognised within the Consolidated Statement of Comprehensive Income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current income tax assets and liabilities on a net basis.

Significant tax estimates and judgements
In accordance with IFRIC 23, a provision for an uncertain tax treatment is made where the ultimate outcome of a particular tax matter is uncertain. In calculating tax assets and liabilities, the Group assesses the probability of treatment being accepted and, where this is not probable and a reasonable estimate can be made, the Group recognises a provision for the adjustment it considers probable to be required.

OECD Pillar Two
The Group adopted the amendments to IAS 12 'Income Taxes' for the first time in 2023. The IASB amended the scope of IAS 12 to clarify that it applied to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes described in those rules. The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. Following the amendments, the Group is required to disclose that it has applied the exception and to disclose separately its current tax expense or income related to Pillar Two income taxes.

Dry-dock, mobilisation and decommissioning expenditure
Dry-dock expenditure incurred to maintain a vessel's classification is capitalised in the Consolidated Balance Sheet as a distinct component of the asset and amortised over the period until the next scheduled dry-docking (usually between two-and-a-half years and five years). At the date of the next dry-docking, the previous dry-dock asset and accumulated amortisation is derecognised. All other repair and maintenance costs are recognised in the Consolidated Income Statement as incurred.

Intangible assets other than goodwill
Intangible assets acquired separately are measured at cost at the date of initial acquisition. Following initial recognition, intangible assets are measured at cost less amortisation and impairment charges. Intangible assets acquired as part of a business combination are measured at fair value at the date of acquisition. Following initial recognition, intangible assets acquired as part of a business combination are measured at acquisition date fair value less amortisation and impairment charges.

Internally generated intangible assets are not capitalised, with the exception of development expenditure which meets the criteria for capitalisation specified in IAS 38 'Intangible Assets'.

Intangible assets with finite lives are amortised over their useful economic life and are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for intangible assets with finite useful lives are reviewed annually. Changes in the expected useful life are accounted for by changing the amortisation period or method, and are treated as changes in accounting estimates. The amortisation expense related to intangible assets with finite lives is recognised in the Consolidated Income Statement in the expense category consistent with the function of the intangible asset.

Property, plant and equipment
Property, plant and equipment acquired separately, including critical spare parts acquired and held for future use, are measured at cost less accumulated depreciation and accumulated impairment charges.

Assets under construction are recognised at cost, less any recognised impairment charges. Depreciation of these assets commences when the assets become operational and are deemed available for use.

Depreciation is calculated on a straight-line basis over the useful life of the asset as follows:

Vessels	10 to 25 years
Operating equipment	3 to 10 years
Buildings	20 to 25 years
Other assets	3 to 7 years

Land is not depreciated.

Vessels are depreciated to their estimated residual value. Residual values, useful economic lives and methods of depreciation are reviewed at least annually and adjusted if appropriate.

Gains or losses arising on disposal of property, plant and equipment are determined as the difference between any disposal proceeds and the carrying amount of the asset at the date of the transaction. Gains and losses on disposal are recognised in the Consolidated Income Statement in the period in which the asset is disposed.

Impairment of non-financial assets
At each reporting date the Group assesses whether there is any indication that non-financial assets, including intangible assets, property, plant and equipment and right-of-use assets, may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of the asset's fair value less costs of disposal and its value-in-use. Where an asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset is allocated. Where the carrying amount of an asset exceeds its recoverable amount, the asset is impaired. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining fair value less costs of disposal, an appropriate valuation model is used.

Management has considered the potential impacts of climate risk and whether this will have an adverse impact on the future use of the Group's assets, including vessels and equipment. It is expected that oil and gas will continue to contribute a significant, although declining, part in the transition to sustainable lower-carbon energy until at least 2050. The Group is in a position to utilise its vessels and to adapt vessels, where required, for initiatives such as offshore carbon capture and storage. The Group, through Seaway7, also operates within the offshore renewable sector including fixed offshore wind, and it is expected that demand for the Group's services will increase due to climate-related opportunities. The Group continues to address the carbon emissions impact from vessel operations and invest in its fleet by assessing the viability of lower-carbon fuels and converting vessels to hybrid power where practical. The former is dependent upon the development of suitable alternative fuels being available globally at scale and commercially viable. The Group has launched and installed a digital data analytic system across its vessel fleet to establish and define robust operating baselines from which efficiencies can be implemented and measured. In addition, the Group has installed digital fuel flowmeters across its fleet to enable automated tracking and reporting of fuel use and scope 1 emissions. These climate resilient strategies, including hybridisation of selected vessels in the existing fleet, offer potentially lower-carbon options to the Group's customers. Management does not consider there to be a significant risk that the Group's vessels will become obsolete due to climate considerations as they form a key part in the transition to the provision of sustainable energy.

Impairment charges are recognised in the Consolidated Income Statement in the expense category consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment charges may require to be reversed. If such an indication exists the Group makes an estimate of the recoverable amount. A previously recognised impairment charge is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment charge was recognised. If that is the case the carrying amount of the asset is increased to its

Notes to the Consolidated Financial Statements continued

3. Material accounting policies continued

recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment charge been recognised for the asset in prior periods. Any such reversal is recognised in the Consolidated Income Statement. The following criteria are also applied in assessing impairment of specific assets:

Goodwill

An assessment is made at each reporting date as to whether there is an indication of impairment. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or group of CGUs, that are expected to benefit from the combination.

Each CGU or group of CGUs to which the goodwill is allocated initially represents the lowest level within the Group at which the goodwill is monitored for internal management purposes and is not larger than an operating segment determined in accordance with IFRS 8 'Operating Segments'. If circumstances give rise to a change in the composition of CGUs and a reallocation is justified, goodwill is reallocated based on relative value at the time of the change in composition. Following any reorganisation, the CGU cannot be larger than an operating segment determined in accordance with IFRS 8 'Operating Segments'. Impairment is determined by assessing the recoverable amount of the CGU (or group of CGUs) to which the goodwill relates. Recoverable amounts are determined based on value-in-use calculations using discounted pre-tax cash flow projections based on risk-adjusted financial forecasts approved by the Executive Management Team.

As cash flow projections are risk-adjusted for CGU specific risks, risk premiums are not applied to the discount rate which is applied to all CGUs. The discount rate applied to the cash flow projections is a pre-tax rate and reflects current market assessments of the time value of money, risks specific to the Group and a normalised capital structure for the industry. Where the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount, an impairment charge is recognised in the Consolidated Income Statement. Where goodwill forms part of a CGU (or group of CGUs) and part of the operation within that CGU is disposed, the goodwill associated with the operation disposed is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed in this circumstance is measured based on the relative values of the operation disposed and the portion of the CGU retained.

Associates and joint ventures

At each reporting date the Group determines whether there is any objective evidence that the investment in an associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the estimated fair value of the associate or joint venture and its carrying amount. The resultant impairment charge is recognised in the Consolidated Income Statement.

Financial instruments

Classification and measurement

The Group's financial assets include cash and short-term deposits, trade and other receivables, construction contract assets, other receivables, derivative financial instruments and equity investments which are classified as other financial assets. The Group's financial liabilities include trade and other payables, contingent consideration, borrowings and derivative financial instruments.

Initial measurement is based upon one of four IFRS 9 'Financial Instruments' models: amortised cost; fair value through profit and loss (FVPL); fair value through other comprehensive income (with recycling of accumulated gains and losses); or fair value through other comprehensive income (without recycling of accumulated gains and losses).

Classification and subsequent measurement is dependent upon the business model under which the Group holds and manages the financial asset; and whether the contractual cash flows resulting from the instrument represent 'solely payments of principal and interest' (the 'SPPI criterion').

All financial assets are classified at initial recognition and are initially measured at fair value net of transaction costs, with the exception of those classified as FVPL. Classification as amortised cost is applicable where the instruments are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows and the cash flows resulting from the instrument consist solely of principal and interest. Debt financial assets are subsequently measured at FVPL, amortised cost or fair value through other comprehensive income (FVOCI) depending on classification.

Equity instruments are reported as other financial assets and are subsequently measured at FVPL when not considered to be strategic in nature. Where the Group considers other financial assets to be strategic in nature and is expecting to hold them for the foreseeable future, the investments are measured at FVOCI with no recycling of gains or losses to profit or loss on derecognition.

All financial liabilities are classified at initial recognition and are initially measured at fair value net of transaction costs, with the exception of those classified as FVPL. Financial liabilities are measured at FVPL when they meet the definition of held for trading or when they are designated as such on initial recognition. Otherwise, financial liabilities are measured at amortised cost.

The Group enters into forward foreign currency contracts in order to manage its foreign currency exposures; these are measured at FVPL. The Group regularly enters into multi-currency contracts from which the cash flows may lead to embedded foreign exchange derivatives in non-financial host contracts, carried at FVPL. The Group reassesses the existence of an embedded derivative if the terms of the host financial instrument change significantly. The fair values of derivative financial instruments are measured on bid prices for assets held and offer prices for issued liabilities based on values quoted in active markets. Changes in the fair value of derivative financial instruments which do not qualify for hedge accounting are recognised in the Consolidated Income Statement within other gains and losses.

Cash and cash equivalents comprise cash at bank, cash on hand, money market funds, and short-term highly liquid assets with an original maturity of three months or less and which are readily convertible to known amounts of cash. Utilised revolving credit facilities are included within current borrowings. Cash and cash equivalents are measured at amortised cost.

Inventories

Inventories comprise consumables, materials and non-critical spares and are valued at the lower of cost and net realisable value.

Treasury shares

Treasury shares are the Group's own equity instruments which are repurchased and shown within equity at cost, using the first-in first-out basis. Gains or losses realised or incurred on the purchase, sale, reallocation or cancellation of the Group's own equity instruments are recognised within equity. No gains or losses are recognised in the Consolidated Income Statement.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past transaction or event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised represents the best estimate of the expenditure expected to be required to settle the present obligation. Estimates are determined by the judgement of management supplemented by the experience of similar transactions, and, in some cases, advice from independent experts. Contingent liabilities are disclosed in Note 32 'Commitments and contingent liabilities' to the Consolidated Financial Statements, but not recognised until they meet the criteria for recognition as a provision. Where the Group is virtually certain that some or all of a provision will be reimbursed, that reimbursement is recognised as a separate asset. The expense relating to any provision is reflected in the Consolidated Income Statement at an amount reflective of the risks specific to the liability. Where the provision is discounted, any increase in the provision due to the passage of time is recognised as a finance cost in the Group's Consolidated Income Statement.

The following criteria are applied for the recognition and measurement of significant classes of provisions:

Onerous contracts

The Group recognises provisions for onerous contracts once the underlying event or conditions leading to the contract becoming onerous are probable and a reliable estimate can be made. Onerous fixed-price contract provisions are assessed in accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'. Onerous provisions are calculated on a least net cost basis, which includes unavoidable costs only, while comparing these costs to the cost of cancelling a contract and incurring early termination fees. The cost of fulfilling a contract includes both the incremental costs of fulfilling the contract and an allocation of other costs which relate directly to fulfilling the contract.

Legal claims

In the ordinary course of business, the Group is subject to various claims, litigation and complaints. An associated provision is recognised if it is probable that a liability has been incurred and the amount can be reliably estimated.

Earnings per share

Earnings per share is calculated using the weighted average number of common shares and common share equivalents outstanding during each period excluding treasury shares. The potentially dilutive effect of outstanding performance shares is reflected as share dilution in the computation of diluted earnings per share.

Right-of-use assets and lease liabilities

The Group applies IFRS 16 'Leases' and assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease, which is the date the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets which vary as follows:

Vessels	2 to 5 years
Operating equipment	2 to 5 years
Land and buildings	3 to 10 years

The cost of a right-of-use asset includes an estimate of costs expected to be incurred by the Group on termination of the lease to reinstate the underlying asset to the condition required by the terms and conditions of the lease. The Group incurs the obligation for those costs either at the commencement date or as a consequence of having utilised the underlying asset during the period. Right-of-use assets are subject to a review for indicators of impairment at least annually.

Lease liabilities

The Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of purchase options reasonably certain to be exercised by the Group. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

Notes to the Consolidated Financial Statements continued

3. Material accounting policies continued

In calculating the present value of lease payments, the Group uses an incremental borrowing rate at the lease commencement date where the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

The Group applies the short-term lease recognition exemption to its short-term leases, which are those leases which have a lease term of 12 months or less from the commencement date and do not contain a purchase option. The Group also applies the low-value assets recognition exemption to assets which are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expenses in the Consolidated Income Statement on a straight-line basis over the lease term.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies which are described in Note 3 'Material accounting policies', management is required to make judgements, estimates and assumptions regarding 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 prospectively in the period in which the estimate is revised.

Revenue recognition

Group revenue for the year ended 31 December 2023 was $6.0 billion (2022: $5.1 billion). The Group's accounting policies under IFRS 15 'Revenue from Contracts with Customers' are detailed in Note 3 'Material accounting policies'. The Group accounts for long-term construction contracts for engineering, procurement, installation and commissioning (EPIC) projects using the percentage-of-completion method, which is standard practice in the industry. Contract revenue, total cost estimates and estimates of physical progression are reviewed by management on a monthly basis. Any adjustments made as a result of these reviews are reflected in contract revenue or contract costs in the reporting period, based on the percentage-of-completion method.

To the extent that these adjustments result in a reduction or elimination of previously reported contract revenue or costs, a charge or credit is recognised in the Consolidated Income Statement; amounts in prior periods are not restated. Such a charge or credit may be significant depending on the size of the project, the stage of project completion and the size of the adjustment. Additional information that enhances and refines the estimating process is often obtained after the balance sheet date but before the issuance of the Consolidated Financial Statements, which may result in an adjustment to the Consolidated Financial Statements based on events, favourable or unfavourable, occurring after the balance sheet date.

The percentage-of-completion method requires management to make reliable estimates of physical progression, costs incurred, full project contract costs and full project contract revenue. The Group's Project Monthly Status Reports (PMSRs) evaluate the likely outcome of each individual project for the purpose of making reliable estimates of cost, revenue and progression, measured either by cost or physical progression. A key element of the PMSRs is the estimate of contingency. Contingency is an estimate of the costs required to address the potential future outcome of identified project risks. The Group uses a systematic approach in estimating contingency based on project size. This approach utilises a project specific risk register in order to identify and assess the likelihood and impact of these risks. The most significant risks and uncertainties in the Group's projects typically relate to the offshore phase of operations. Identified risks that materialise may result in increased costs. Contingency associated with identified risks are removed from the full project cost estimate throughout the remaining life of the project if the identified risks have not, or are not, expected to materialise.

Goodwill carrying amount

At 31 December 2023, goodwill of $192.2 million was recognised on the Group's Consolidated Balance Sheet (2022: $191.3 million). Goodwill is reviewed at least annually to assess whether there is objective evidence to indicate that the carrying amount of goodwill requires impairment at a CGU level. The impairment review is performed on a value-in-use basis which requires the estimation of future cash flows. Further details relating to the impairment review process are disclosed in Note 3 'Material accounting policies' and Note 12 'Goodwill'.

Property, plant and equipment

At 31 December 2023, property, plant and equipment with a carrying amount of $4.1 billion was recognised on the Group's Consolidated Balance Sheet (2022: $3.9 billion). Property, plant and equipment is recorded at cost and depreciation is recorded on a straight-line basis over the useful lives of the assets. Management uses its experience to estimate the remaining useful economic life and residual value of an asset.

A review for indicators of impairment is performed at each reporting date. When events or changes in circumstances indicate that the carrying amount of property, plant and equipment may not be recoverable, a review for impairment is carried out by management. Where the value-in-use method is used to determine the recoverable amount of an asset, management uses its judgement in determining the CGU to which the asset belongs, or whether the asset can be considered a CGU in its own right. The level of aggregation of assets is a significant assumption made by management and includes consideration of which assets generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Management has determined that vessels are not CGUs individually as they do not generate cash inflows independently of other Group assets. Once the CGU has been determined management uses its judgement in determining the value-in-use of the CGU, as detailed in Note 12 'Goodwill'. Where an asset is considered a CGU in its own right management uses its judgement to estimate future asset utilisation, cash flows, remaining life and the discount rate used.

Recognition of provisions and disclosure of contingent liabilities

At 31 December 2023, provisions with a carrying amount of $125.1 million were recognised on the Group's Consolidated Balance Sheet (2022: $134.7 million). In the ordinary course of business, the Group becomes involved in contract disputes from time-to-time due to the nature of its activities as a contracting business involved in multiple long-term projects at any given time. The Group recognises provisions to cover the expected risk of loss to the extent that negative outcomes are likely and reliable estimates can be made. The final outcomes of these contract disputes are subject to uncertainties as to whether or not they develop into formal legal action and therefore the resulting liabilities may exceed the liability anticipated by management.

Furthermore, the Group may be involved in legal proceedings from time-to-time; these proceedings are incidental to the ordinary conduct of its business. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. It is reasonably possible that the final resolution of any litigation could require the Group to incur additional expenditures in excess of provisions that it may have previously recognised.

Management uses its judgement in determining whether the Group should recognise a provision or disclose a contingent liability. These judgements include whether the Group has a present obligation and the probability that an outflow of economic resource is required to settle the obligation. Management may also use its judgement to determine the amount of the obligation or contingent liability. Management uses external advisers to assist with some of these judgements. Further details relating to provisions and contingent liabilities are shown in Note 31 'Provisions' and Note 32 'Commitments and contingent liabilities'.

Taxation

At 31 December 2023, non-current deferred tax assets were $50.9 million (2022: $38.7 million), current tax assets were $100.5 million (2022: $61.1 million), non-current deferred tax liabilities were $43.2 million (2022: 54.4 million) and current tax liabilities were $76.4 million (2022: $49.3 million). The Group is subject to corporate income tax in numerous jurisdictions and significant judgement is required in calculating the consolidated tax position. There are transactions for which the ultimate tax determination is uncertain and for which the Group makes provisions based on internal assessments, experience and appropriate external advice, including in respect of the recognition of assets relating to the future recoverability of tax losses and other attributes.

Each year a detailed review of the Group's uncertain tax treatments and provisions is undertaken in accordance with IFRIC 23. Where the outcome of these reviews differs from the amounts previously recorded, the difference will impact the tax charge in the period in which the outcome is determined. Details of key judgements and other issues considered are set out in Note 9 'Taxation'.

5. Segment information

The Group operates with an 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;
- Activities associated with heavy lifting operations and decommissioning of redundant offshore structures;
- Activities associated with carbon capture, utilisation and storage (CCUS); and
- Share of net income of the Group's associate, OneSubsea.

This segment includes costs, including depreciation, amortisation, impairment charges and impairment reversals, 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 primarily 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.

Effective from 1 October 2023, the Renewables business unit includes activities related to the Group's floating wind activities, including its non-wholly-owned subsidiary Nautilus Floating Solutions. No prior period restatement was required of the summarised segmental financial information as a result of this amendment.

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 activities in emerging energies such as hydrogen. The Corporate business unit provides specific services to the Renewables business unit on an arm's length basis.

For the period to 30 September 2023, activities related to the Group's floating wind activities, including its non-wholly-owned subsidiary Nautilus Floating Solutions, were recognised within the Corporate business unit.

The accounting policies of the business units are the same as the Group's accounting policies, which are described in Note 3 'Material accounting policies'.

Allocations of costs also occur between segments based on the physical location of personnel. The Chief Operating Decision Maker (CODM) is the Chief Executive Officer of the Group. The CODM is assisted by the other members of the Executive Management Team. Neither total assets nor total liabilities by operating segment are regularly provided to the CODM and consequently no such disclosure is shown.

Notes to the Consolidated Financial Statements continued

5. Segment information continued

Summarised financial information, including the disaggregation of the Group's revenue from contracts with customers, concerning each operating segment is as follows:

For the year ended 31 December 2023

(in $ millions)	Subsea and Conventional	Renewables	Corporate	Total
Selected financial information:				
Revenue[(a)(b)(c)]				
Fixed-price contracts	**4,171.1**	**951.6**	**16.7**	**5,139.4**
Day-rate contracts	**748.0**	**3.5**	**82.8**	**834.3**
	4,919.1	**955.1**	**99.5**	**5,973.7**
Operating expenses	**(4,583.0)**	**(991.9)**	**(36.0)**	**(5,610.9)**
Reversal of impairment of property, plant and equipment	**25.9**	**–**	**–**	**25.9**
Share of net income of associates and joint ventures	**7.9**	**–**	**0.3**	**8.2**
Depreciation, mobilisation and amortisation charges	**(419.2)**	**(102.4)**	**(16.4)**	**(538.0)**
Impairment of property, plant and equipment, intangible assets and assets classified as held for sale	**(23.2)**	**(72.7)**	**(0.9)**	**(96.8)**
Reconciliation of net operating income/(loss) to income before taxes:				
Net operating income/(loss)	**196.2**	**(73.9)**	**(17.6)**	**104.7**
Finance income				**25.2**
Other gains and losses				**21.3**
Finance costs				**(71.2)**
Income before taxes				**80.0**
Adjusted EBITDA[(d)]	***612.4***	***102.5***	***(0.5)***	***714.4***
Adjusted EBITDA margin[(d)]	***12.4%***	***10.7%***	***(0.5%)***	***12.0%***

(a) Revenue represents only external revenue for each segment. An analysis of inter-segment revenue has not been included as this information is not provided to the CODM.
(b) Two clients (2022: three clients) in the year individually accounted for more than 10% of the Group's revenue. The revenue from these clients was as follows: Client A $834.0 million (2022: $832.6 million) and Client B $603.6 million (2022: $541.0 million).
(c) Revenue from contracts with customers recognised over time as defined by IFRS 15.
(d) Adjusted EBITDA and Adjusted EBITDA margin are non-IFRS measures. For explanations and reconciliations of Adjusted EBITDA and Adjusted EBITDA margin refer to 'Additional information – APMs' on pages 148 to 151.

For the year ended 31 December 2022

(in $ millions)	Subsea and Conventional	Renewables	Corporate	Total
Selected financial information:				
Revenue[(a)(b)]				
Fixed-price contracts	3,210.3	1,093.0	38.7	4,342.0
Day-rate contracts	693.0	23.9	76.9	793.8
	3,903.3	1,116.9	115.6	5,135.8
Operating expenses	(3,545.8)	(1,164.4)	(28.6)	(4,738.8)
Reversal of impairment of property, plant and equipment and right-of-use assets	59.3	–	–	59.3
Share of net loss of associates and joint ventures	(2.4)	–	(0.6)	(3.0)
Depreciation, mobilisation and amortisation charges	(359.3)	(90.2)	(18.1)	(467.6)
Impairment of property, plant and equipment	(2.3)	–	–	(2.3)
Reconciliation of net operating income/(loss) to income before taxes:				
Net operating income/(loss)	229.2	(85.3)	4.9	148.8
Finance income				9.0
Other gains and losses				1.9
Finance costs				(23.4)
Income before taxes				136.3
Adjusted EBITDA[(c)]	*531.6*	*4.8*	*23.0*	*559.4*
Adjusted EBITDA margin[(c)]	*13.6%*	*0.4%*	*19.9%*	*10.9%*

(a) Revenue represents only external revenue for each segment. An analysis of inter-segment revenue has not been included as this information is not provided to the CODM.
(b) Revenue from contracts with customers recognised over time as defined by IFRS 15.
(c) Adjusted EBITDA and Adjusted EBITDA margin are non-IFRS measures. For explanations and reconciliations of Adjusted EBITDA and Adjusted EBITDA margin refer to 'Additional information – APMs' on pages 148 to 151.

Geographic information

Revenue from external clients

Based on the Group's subsidiaries' or branches' country of registered office holding the customer contract, revenue is split as follows:

For the year ended (in $ millions)	2023 31 Dec	2022 31 Dec
Norway	**1,312.8**	1,045.1
Brazil	**1,125.1**	475.0
United Kingdom	**997.5**	1,190.9
USA	**632.9**	644.4
Taiwan	**352.4**	177.1
Australia	**246.3**	146.7
Saudi Arabia	**229.3**	190.1
Türkiye	**209.5**	337.2
Azerbaijan	**156.9**	108.3
Singapore	**132.4**	45.7
Angola	**104.8**	84.6
Senegal	**96.5**	94.2
Trinidad & Tobago	**90.7**	111.0
Netherlands	**90.2**	265.6
Qatar	**76.8**	26.9
Germany	**73.2**	36.1
Guyana	**19.4**	5.8
Other countries[(a)]	**27.0**	151.1
	5,973.7	5,135.8

(a) Comparative information for the year ended 31 December 2022 includes external revenue of $79.7 million from the Group's subsidiaries or branches with a registered office in Canada and $55.2 million in Ghana.

Non-current assets

Based on the country of registered office of the Group's subsidiaries or branches, non-current assets for this purpose consist of intangible assets, property, plant and equipment, right-of-use assets and interest in associates and joint ventures, are located in the following countries:

At (in $ millions)	2023 31 Dec	2022 31 Dec
United Kingdom	**2,396.1**	2,034.9
Norway	**1,029.7**	737.8
Isle of Man	**687.9**	732.1
Netherlands	**394.3**	449.8
USA	**214.3**	74.0
Brazil	**59.2**	45.3
Germany	**42.3**	63.9
Angola	**23.3**	15.4
France	**10.3**	14.7
Gibraltar	**9.7**	9.4
Other countries[(a)]	**22.8**	43.3
	4,889.9	4,220.6

(a) Comparative information for the year ended 31 December 2022 includes non-current assets of $22.7 million from the Group's subsidiaries or branches with a registered office in Azerbaijan.

Notes to the Consolidated Financial Statements continued

6. Net operating income

Net operating income includes:

For the year ended (in $ millions)	2023 31 Dec	2022 31 Dec
Employee benefits	**1,406.8**	1,221.0
Lease expense for short-term leased assets	**582.5**	600.7
Lease expense for low-value leased assets	**0.3**	0.8
Variable lease amounts not included within lease liabilities	**(1.4)**	–
Depreciation of property, plant and equipment (Note 14)	**350.9**	345.6
Amortisation of right-of-use assets (Note 15)	**161.4**	98.8
Amortisation of intangible assets (Note 13)	**13.1**	12.3
Amortisation of mobilisation costs	**12.6**	10.9
Impairment of property, plant and equipment (Note 14)	**75.4**	2.3
Impairment of assets held for sale (Note 20)	**20.5**	–
Impairment of intangible assets (Note 13)	**0.9**	–
Impairment reversal of right-of-use assets (Note 15)	**–**	(3.7)
Impairment reversal of property, plant and equipment (Note 14)	**(25.9)**	(55.6)
Net loss on disposal of property, plant and equipment	**2.0**	–
Net gain on maturity of lease liabilities	**(1.2)**	–
Research and development costs	**13.1**	12.3
Auditor's remuneration	**3.6**	3.3
Net credit impairment loss for financial assets (Note 33)	**20.0**	2.3
Net decrease in allowances for expected credit losses for financial assets	**(0.9)**	(0.2)
Net decrease in allowances for expected credit losses for construction contract assets (Note 22)	**(1.4)**	(1.4)

The total fees chargeable to the Group by the principal auditing firm Ernst & Young S.A. and other member firms of Ernst & Young Global Limited were:

For the year ended (in $ millions)	2023 31 Dec	2022 31 Dec
Audit fees	**3.5**	3.2
Tax fees	**0.1**	0.1
	3.6	3.3

Audit fees constitute charges incurred for the audit of the Consolidated Financial Statements and statutory financial statements of Subsea 7 S.A. and certain subsidiaries. Fees were primarily incurred in connection with the year ended 31 December 2023 but include final settlement of charges associated with the year ended 31 December 2022.

Tax fees constitute charges incurred for non-prohibited professional services rendered by the Group's principal auditor and member firms relating to the provision of tax advice and tax compliance services for work undertaken during the year ended 31 December 2023. Fees were primarily incurred in connection with the year ended 31 December 2023.

The Group's Audit Committee policy requires pre-approval of audit and non-audit services prior to the appointment of the providers of professional services together with highlighting excluded services which the Group's principal auditor cannot provide. The Audit Committee delegates approval to the Chief Financial Officer based on predetermined limits. The Audit Committee pre-approved or, in cases where pre-approval was delegated, ratified all audit and non-audit services, provided by the Group's principal auditor, to Subsea 7 S.A. and its subsidiaries during the year ended 31 December 2023.

Reconciliation of operating expenses and administrative expenses by nature

For the year ended (in $ millions)	31 Dec 2023 Operating expenses	31 Dec 2023 Administrative expenses	31 Dec 2023 Total expenses	31 Dec 2022 Operating expenses	31 Dec 2022 Administrative expenses	31 Dec 2022 Total expenses
Direct project-related costs, including procurement	**2,800.4**	**–**	**2,800.4**	2,372.3	–	2,372.3
Employee benefits	**1,251.5**	**155.3**	**1,406.8**	1,079.5	141.5	1,221.0
Lease expense for short-term leased assets	**581.5**	**1.0**	**582.5**	599.8	0.9	600.7
Lease expense for low-value leased assets	**0.3**	**–**	**0.3**	0.8	–	0.8
Variable lease amounts not included within lease liabilities	**(1.4)**	**–**	**(1.4)**	–	–	–
Depreciation, amortisation and mobilisation	**501.3**	**36.7**	**538.0**	433.2	34.4	467.6
Impairment of property, plant and equipment	**75.4**	**–**	**75.4**	2.3	–	2.3
Impairment of assets held for sale	**20.5**	**–**	**20.5**	–	–	–
Impairment of intangible assets	**0.9**	**–**	**0.9**	–	–	–
Impairment reversal of property, plant and equipment	**(25.9)**	**–**	**(25.9)**	(55.6)	–	(55.6)
Impairment reversal of right-of-use assets	**–**	**–**	**–**	–	(3.7)	(3.7)
Net loss on disposal of property, plant and equipment	**2.0**	**–**	**2.0**	–	–	–
(Gain)/loss on maturity of lease liabilities	**(1.4)**	**0.2**	**(1.2)**	–	–	–
Net credit impairment loss for financial assets	**20.0**	**–**	**20.0**	2.2	0.1	2.3
Net decrease in allowances for expected credit losses for financial assets	**(0.9)**	**–**	**(0.9)**	(0.2)	–	(0.2)
Net decrease in allowances for expected credit losses for construction contract assets	**(1.4)**	**–**	**(1.4)**	(1.4)	–	(1.4)
Other expenses	**388.1**	**73.1**	**461.2**	305.9	72.0	377.9
Total	**5,610.9**	**266.3**	**5,877.2**	4,738.8	245.2	4,984.0

7. Other gains and losses

For the year ended (in $ millions)	2023 31 Dec	2022 31 Dec
Gain on disposal of property, plant and equipment[a]	**–**	0.3
Gain on maturity of lease liabilities[a]	**–**	2.2
Fair value gains on derivative financial instruments mandatorily measured at fair value through profit or loss	**0.4**	3.0
Net gains on business combinations post measurement periods	**0.5**	3.8
Net foreign currency exchange gains/(losses)[b]	**20.4**	(7.4)
Total	**21.3**	1.9

(a) Gains/(losses) on disposal of property, plant and equipment and on maturity of lease liabilities are included within operating expenses from 1 January 2023.
(b) Net foreign currency exchange gains/(losses) include fair value gains/(losses) on embedded derivatives.

8. Finance income and finance costs

For the year ended (in $ millions)	2023 31 Dec	2022 31 Dec
Interest on financial assets measured at amortised cost	**25.2**	9.0
Total finance income	**25.2**	9.0

For the year ended (in $ millions)	2023 31 Dec	2022 31 Dec
Interest and fees on financial liabilities measured at amortised cost	**58.7**	20.2
Total borrowing costs	**58.7**	20.2
Less: amounts capitalised and included in the cost of qualifying assets	**(17.9)**	(7.2)
	40.8	13.0
Interest on lease liabilities	**30.1**	11.3
Interest on tax liabilities	**0.3**	(0.9)
Total finance costs	**71.2**	23.4

Borrowing costs included in the cost of qualifying assets during the year were calculated by applying to expenditure on such assets an average capitalisation rate of 6.8% reflecting the cost of finance, dependent on the funding source (2022: 5.6%).

Notes to the Consolidated Financial Statements continued

9. Taxation
Tax recognised in the Consolidated Income Statement

For the year ended (in $ millions)	**2023 31 Dec**	2022 31 Dec
Tax charged in the Consolidated Income Statement		
Current tax:		
Corporation tax on income for the year	**97.7**	67.3
Adjustments in respect of prior years	**(2.5)**	4.3
Total current tax	**95.2**	71.6
Deferred tax (credit)/charge for the year	**(24.3)**	24.2
Adjustments in respect of prior years	**(0.9)**	4.1
Total deferred tax (credit)/charge	**(25.2)**	28.3
Total	**70.0**	99.9

Tax recognised in the Consolidated Statement of Comprehensive Income

For the year ended (in $ millions)	**2023 31 Dec**	2022 31 Dec
Tax charge/(credit) relating to items recognised directly in comprehensive income		
Current tax on:		
Exchange differences	**0.7**	(2.7)
Income tax recognised directly in comprehensive income	**0.7**	(2.7)
Deferred tax on:		
Commodity cash flow hedges	**–**	(2.4)
Remeasurement (losses)/gains on defined benefit pension schemes	**(0.3)**	0.7
Deferred tax recognised directly in comprehensive income	**(0.3)**	(1.7)
Total	**0.4**	(4.4)

Deferred tax recognised in the Consolidated Statement of Changes in Equity

For the year ended (in $ millions)	**2023 31 Dec**	2022 31 Dec
Share-based payments	**(0.1)**	(0.2)
Total	**(0.1)**	(0.2)

Reconciliation of taxation
Income taxes have been provided for in accordance with IAS 12 ‘Income Taxes’, based on the tax laws and rates in the countries where the Group operates and generates taxable income.

The reconciliation below uses a tax rate of 24.94% (2022: 24.94%) which represents the blended tax rate applicable to Luxembourg entities.

For the year ended (in $ millions)	**2023 31 Dec**	2022 31 Dec
Income before taxes	**80.0**	136.3
Tax at the blended tax rate of 24.94% (2022: 24.94%)	**20.0**	34.0
Effects of:		
Different tax rates of subsidiaries operating in other jurisdictions	**(4.4)**	(6.6)
Impact of tax rate changes	**(3.3)**	(1.8)
Non-qualifying depreciation	**0.7**	0.8
Net cost/(benefit) of tonnage tax regimes	**3.9**	(6.2)
Withholding taxes and unrelieved overseas taxes	**37.4**	27.0
Non-deductible expenses and non-taxable income	**1.4**	3.1
Tax effect of share of net income/(loss) of associates and joint ventures	**(2.2)**	0.7
Movement in unprovided deferred tax	**25.5**	48.2
Revisions to uncertain tax treatments	**(5.6)**	(7.7)
Adjustments related to prior years	**(3.4)**	8.4
Taxation in the Consolidated Income Statement	**70.0**	99.9

Deferred tax
Movements in the net deferred tax balance were:

(in $ millions)	Property, plant and equipment	Accrued expenses and deferred income	Share-based payments	Tax losses	Other	Total
Balance at 31 December 2021	(43.4)	14.1	0.7	39.9	1.4	12.7
(Charged)/credited to:						
Consolidated Income statement	(21.8)	(35.0)	(0.1)	26.8	1.8	(28.3)
Other comprehensive income	–	(0.7)	–	–	2.4	1.7
Changes in equity	–	–	0.2	–	–	0.2
Balance sheet reclassifications	(0.4)	0.7	–	0.1	(0.2)	0.2
Exchange differences	1.4	(1.5)	–	(1.8)	(0.3)	(2.2)
Balance at 31 December 2022	(64.2)	(22.4)	0.8	65.0	5.1	(15.7)
(Charged)/credited to:						
Consolidated Income statement	20.6	(15.2)	(0.6)	27.6	(7.2)	25.2
Other comprehensive income	–	0.3	–	–	–	0.3
Changes in equity	–	–	0.1	–	–	0.1
Balance sheet reclassifications	(0.3)	–	–	–	0.4	0.1
Exchange differences	(1.6)	3.2	0.2	(1.0)	(3.1)	(2.3)
Balance at 31 December 2023	**(45.5)**	**(34.1)**	**0.5**	**91.6**	**(4.8)**	**7.7**

The main categories of deferred tax assets and liabilities recognised in the Consolidated Balance Sheet, before offset of balances within countries where permitted, were as follows:

At 31 December 2023

(in $ millions)	**Deferred tax asset**	**Deferred tax liability**	**Net recognised deferred tax asset/(liability)**
Property, plant and equipment	**6.3**	**(51.8)**	**(45.5)**
Accrued expenses and deferred income	**9.1**	**(43.2)**	**(34.1)**
Share-based payments	**0.5**	**–**	**0.5**
Tax losses	**91.6**	**–**	**91.6**
Other	**7.3**	**(12.1)**	**(4.8)**
Total	**114.8**	**(107.1)**	**7.7**

At 31 December 2022

(in $ millions)	Deferred tax asset	Deferred tax liability	Net recognised deferred tax asset/(liability)
Property, plant and equipment	6.1	(70.3)	(64.2)
Accrued expenses and deferred income	8.5	(30.9)	(22.4)
Share-based payments	0.8	–	0.8
Tax losses	65.0	–	65.0
Other	6.7	(1.6)	5.1
Total	87.1	(102.8)	(15.7)

Deferred tax is analysed in the Consolidated Balance Sheet, after offset of balances within countries, as:

At (in $ millions)	**2023 31 Dec**	2022 31 Dec
Deferred tax assets	**50.9**	38.7
Deferred tax liabilities	**(43.2)**	(54.4)
Total	**7.7**	(15.7)

Notes to the Consolidated Financial Statements continued

9. Taxation continued

At 31 December 2023, the gross amount and expiry dates of losses available for carry forward were as follows:

At (in $ millions)	Expiring within 5 years	Expiring in 6 to 10 years	Expiring in 11 to 20 years	Without limit	Total
Losses for which a deferred tax asset is recognised	4.1	4.4	31.8	335.8	376.1
Losses for which no deferred tax asset is recognised	169.8	49.6	113.0	2,204.9	2,537.3
Total	**173.9**	**54.0**	**144.8**	**2,540.7**	**2,913.4**

At 31 December 2022, the gross amount and expiry dates of losses available for carry forward were as follows:

At (in $ millions)	Expiring within 5 years	Expiring in 6 to 10 years	Expiring in 11 to 20 years	Without limit	Total
Losses for which a deferred tax asset is recognised	8.7	1.6	48.4	214.7	273.4
Losses for which no deferred tax asset is recognised	135.9	57.0	99.1	2,152.8	2,444.8
Total	144.6	58.6	147.5	2,367.5	2,718.2

The increase in deferred tax asset recognition on losses is a result of current year losses incurred by UK entities on certain projects. The Group has also recorded significant deferred tax liabilities in the UK, primarily in respect of its vessel fleet, which can be offset against this asset, resulting in a net asset of $4.2 million. The Group has a strong history of profitability in the UK and this asset is expected to reverse against near-term profitability.

The Group has also recognised a deferred tax asset in respect of a further $50.8 million of losses in the US (2022: $48.6 million) based on its strong current, and prior year, performance, and continued forecast profitability; and has utilised a net $60.0 million of previously recognised losses in Norway.

Included in the above losses for which no asset is recognised were $1.5 billion (2022: $1.4 billion) of losses in Luxembourg, which could be subject to further claw-back if certain transactions were entered into. Other jurisdictions with significant accumulated unrecognised losses include Saudi Arabia ($201.9 million), Brazil ($177.2 million), and Singapore ($139.9 million), the former two as a result of uncertainty over the timing of future profitability, the last being restricted in their utilisation against a vessel chartering trade.

In addition, the Group has other unrecognised deferred tax assets of $58.0 million (2022: $66.5 million) in respect of other temporary differences. These primarily relate to provision for expenses and loss on contracts in Brazil and unclaimed capital allowances in Nigeria.

No deferred tax has been recognised in respect of taxable temporary differences related to the unremitted earnings of the Group's subsidiaries, branches, associates and joint ventures where remittance is not contemplated and where the timing of distribution is within the control of the Group. The aggregate amount of unremitted earnings giving rise to such temporary differences for which deferred tax liabilities were not recognised at 31 December 2023 was $212.4 million (2022: $195.6 million).

Tonnage tax regime

The Group has elected to have qualifying vessel-related activities taxed under tonnage tax regimes in the UK, Norway and the Netherlands. The Group has re-elected into tonnage tax in the UK until 2030.

In 2023, the Group's elections resulted in a negative impact on the Group's tax charge of $3.9 million (2022: positive impact of $6.2 million) primarily driven by impairments of vessels and vessel equipment.

Uncertain tax treatments

The Group's business operations are carried out worldwide and, as such, the Group is subject to the jurisdiction of a significant number of tax authorities at any point in time.

The Group routinely has to manage tax risks in respect of permanent establishments, transfer pricing and other international tax issues. In common with other multinational companies, the conflict between the Group's global operating model and the jurisdictional approach of tax authorities can result in uncertainty as to the ultimate acceptability of the treatment of tax matters.

This often results in the Group's filing positions being subject to audit, enquiry and possible re-assessment. During 2023, the Group was subject to audits and disputes in, among others, Brazil, Germany, Ghana, Mexico, Nigeria and Saudi Arabia. These audits are at various stages of completion. The Group's policy is to co-operate fully with the relevant tax authorities while seeking to defend its tax positions.

The Group provides for the amount of taxes that it considers probable of being payable as a result of such audits and for which a reasonable estimate can be made. Furthermore, for each reporting period management completes a detailed review of uncertain tax positions across the Group, and makes provisions based on the probability of a liability arising. It is possible that the ultimate resolution of these uncertainties could result in tax charges that are materially higher or lower than the amounts provided for.

In the year ended 31 December 2023, the Group recorded a net decrease in the financial impact of uncertain tax treatments of $6.1 million (2022: $9.2 million net decrease) as a result of revisions to estimated future obligations, and the closure and settlement of certain audits with the relevant tax authorities.

OECD Pillar Two

The Group has applied the temporary exception issued by the IASB in May 2023 from the accounting requirements for deferred tax in IAS 12. Accordingly, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

On 20 December 2023, Luxembourg, where the Group's parent is incorporated, enacted the Pillar Two income tax legislation. This legislation is applicable for the Subsea7 Group from 1 January 2024. Under the legislation, the Group will be required to pay top-up tax on profits of its subsidiaries that are taxed at an effective tax rate of less than 15%. There are three transitional safe harbours which will apply through 2026, being a de minimis test, the routine profits test and the ability to undertake a simplified effective tax rate calculation. Particularly applying these safe harbours, the Group does not believe it has substantial exposure to the legislation as it does not leverage off low tax jurisdictions, where it does not have relevant substance.

However, the Group has elected to be taxed under three European tonnage tax regimes and the activities of the Group's fleet extends beyond the definition of international shipping (being the transportation of passengers or cargo by ships in international traffic) set out in the OECD model rules. As such, exposure to this tax may exist in the UK, Netherlands and Norway, as well as Isle of Man, where the Group's captive insurance company is incorporated, but the level of other, non-tonnage tax, activity in each of the UK, Netherlands and Norway, together with the level of substance maintained in those jurisdictions, means that no top-up tax is anticipated to arise in respect of those jurisdictions.

The Group has undertaken a review of its potential exposure to Pillar Two based on the profits and tax expense included in its Consolidated Financial Statements at 31 December 2023, and also considering its 2024 budget. Any potential impact on the Group's tax charge as a result of Pillar Two would not be expected to exceed $5.0 million. However not all adjustments that may ultimately be required by legislation have been considered in coming to this estimate, including domestic top-up provisions, and the application of a detailed substance-based income exclusion calculation. As a result the actual impact that Pillar Two may have had on the Group's results if it had been in effect for the year ending 31 December 2023 may have been significantly different. The Group is continuing to assess the impact of the Pillar Two legislation on its future financial performance.

10. Dividends

A dividend of NOK 4.00 per share was approved by the shareholders of Subsea 7 S.A. at the Annual General Meeting on 18 April 2023 and recognised in shareholders' equity in April 2023. The dividend of $112.1 million was paid on 28 April 2023 to shareholders of Subsea 7 S.A. at date of record of 21 April 2023.

11. 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 year, excluding shares repurchased by the Group and held as treasury shares (Note 25 '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 Group's potentially dilutive common shares include those related to performance shares.

The net income attributable to shareholders of the parent company and share data used in the basic and diluted earnings per share calculations were as follows:

For the year ended (in $ millions)	2023 31 Dec	2022 31 Dec
Net income attributable to shareholders of the parent company	**15.4**	57.1
Earnings used in the calculation of diluted earnings per share	**15.4**	57.1

For the year ended	2023 31 Dec Number of shares	2022 31 Dec Number of shares
Weighted average number of common shares used in the calculation of basic earnings per share	**298,159,734**	291,955,196
Performance shares	**997,942**	1,037,990
Weighted average number of common shares used in the calculation of diluted earnings per share	**299,157,676**	292,993,186

For the year ended (in $ per share)	2023 31 Dec	2022 31 Dec
Basic earnings per share	**0.05**	0.20
Diluted earnings per share	**0.05**	0.19

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

For the year ended	2023 31 Dec Number of shares	2022 31 Dec Number of shares
Performance shares	**674,688**	609,004

Notes to the Consolidated Financial Statements continued

12. Goodwill

(in $ millions)	Total
Cost	
At 1 January 2022	2,545.8
Exchange differences	(141.5)
At 31 December 2022	2,404.3
Exchange differences	57.7
At 31 December 2023	**2,462.0**
Accumulated impairment	
At 1 January 2022	2,348.6
Exchange differences	(135.6)
At 31 December 2022	2,213.0
Exchange differences	56.8
At 31 December 2023	**2,269.8**
Carrying amount	
At 31 December 2022	191.3
At 31 December 2023	**192.2**

For financial management and reporting purposes, the Group is organised into management regions. Management regions are aligned with the Group's business units which are used by the Chief Operating Decision Maker (CODM) to allocate resources and appraise performance.

The Group has ten CGUs which are aligned with management regions. At 31 December 2023 the Group's CGUs comprised:

- CGUs for Africa Middle East and Caspian, Asia Pacific, Brazil, Gulf of Mexico, Norway, and UK and GIRM (Global Inspection Repair and Maintenance) which include activities connected with the performance of regional projects including SURF activities (related to the engineering, procurement, construction and installation of offshore systems), Conventional services (including the fabrication, installation, extension and refurbishment of platforms and pipelines in shallow water), the long-term PLSV contracts in Brazil, activities connected with the provision of inspection, repair and maintenance services, integrity management of subsea infrastructure and remote intervention support;
- Floating Wind CGU (formerly Nautilus) which includes activities related to floating wind solutions;
- Xodus CGU which includes activities related to engineering services, advisory services and environmental support;
- 4Subsea CGU which includes activities connected with integrity management of subsea infrastructure; and
- Renewables CGU which includes activities connected with three specialist segments of the fixed offshore wind market: the installation of offshore wind turbine foundations and inner-array cables, heavy lifting and heavy transportation operations related to the renewables sector, and the decommissioning of redundant offshore structures.

The Group performed its annual goodwill impairment review at 31 December 2023. Subsequent to this review the carrying amounts of the goodwill were allocated to the following CGUs:

At (in $ millions)	**2023 31 Dec**	2022 31 Dec
4Subsea	**16.2**	17.1
Floating Wind	**6.5**	6.3
Norway	**9.3**	9.5
Renewables	**105.3**	105.3
UK GIRM	**39.2**	37.6
Xodus	**15.7**	15.5
Total	**192.2**	191.3

At 31 December 2023 there was no goodwill associated with the Africa Middle East and Caspian, Asia Pacific, Brazil and Gulf of Mexico CGUs.

The recoverable amounts of the CGUs were determined based on a value-in-use calculation using pre-tax, risk adjusted cash flow projections approved by the Executive Management Team covering a five-year period from 2024 to 2028. These projections included certain considerations for climate change-related risks and opportunities. Future uncertainty around climate-related risks continue to be monitored including policy, regulatory, legal, technological, market and societal considerations. The present value of future cash flows is most sensitive to the terminal value assumptions; management considers these represent an appropriate balance between the oil and gas-related business and the growing renewables sector within the transition to a lower-carbon economy. Cash flows beyond the five-year period were extrapolated in perpetuity using a 2.0% (2022: 2.0%) growth rate for the Subsea and Conventional business unit and a 4.0% (2022: 4.0%) growth rate for the Renewables business unit to determine the terminal value.

The pre-tax discount rate applied to the risk adjusted cash flow projections was 13.6% (2022: 13.3%). Further information is included in Note 1 'General information' within the Measurement and disclosure of climate-related matters section.

Key assumptions used in value-in-use calculations

Management considers that the calculations of value-in-use for all CGUs are most sensitive to the following key assumptions:

- Adjusted EBITDA forecasts;
- capital expenditure forecasts;
- the pre-tax discount rate; and
- the growth rate used to extrapolate cash flows.

Adjusted EBITDA forecasts – the Adjusted EBITDA forecast for each CGU is dependent on a combination of factors including market size, market share, contractual backlog, gross margins, future project awards, asset utilisation and an assessment of the impacts of competition within the respective segments. Assumptions are based on a combination of internal and external studies, management judgements and historical information, adjusted for any foreseen changes in market conditions.

Replacement capital expenditure forecasts – the capital expenditure forecast for the Group is dependent on a combination of factors including market size, asset utilisation and asset age. Assumptions are based on a combination of internal and external studies, management judgements and historical information, adjusted for any foreseen changes in market conditions. Replacement capital expenditure represents the amounts estimated to maintain the function of the assets in the CGU.

Pre-tax discount rate – the pre-tax discount rate was estimated based on the weighted average cost of capital of the Group, amended to reflect a normalised capital structure for the energy sector. Risk premiums were not reflected in the discount rate applied to individual CGUs as the CGU cash flow projections were risk adjusted.

Growth rate estimates – the growth rate used to extrapolate the cash flow projections beyond the five-year period is broadly consistent with market expectations for long-term growth in the industry and assumes no significant change in the Group's market share and the range of services and products provided.

Sensitivity to changes in key assumptions

In determining the value-in-use recoverable amount for each CGU, sensitivities have been applied to key assumptions. The industry in which the Group operates is cyclical and highly dependent on energy prices; this could lead to changes in future cash flows which are greater than the sensitivity ranges applied.

In the performance of sensitivity analysis the impacts of the following changes to key assumptions were assessed:

- forecast Adjusted EBITDA – a 10% increase and decrease in the assumptions during the five-year period from 2024 to 2028, and the Adjusted EBITDA upon which terminal values have been calculated;
- replacement capital expenditure forecast – a 25% increase and decrease in the forecast replacement capital expenditure assumptions during the five-year period from 2024 to 2028, and the capital expenditure upon which terminal values have been calculated;
- pre-tax discount rate – an increase and decrease by 2 percentage points; and
- growth rate – an increase and decrease by 2 percentage points.

The impact on goodwill as a result of changes to the key assumptions used in the sensitivity analysis is as follows:

	Adjusted EBITDA		**Discount rate**		**Capital expenditure**		**Long-term growth rate**	
(in $ millions)	**10% decrease**	**10% increase**	**2% decrease**	**2% increase**	**25% decrease**	**25% increase**	**2% decrease**	**2% increase**
Renewables	**(24.7)**	**–**	**–**	**(87.3)**	**–**	**–**	**(3.1)**	**–**
4Subsea	**(2.1)**	**–**	**–**	**(3.5)**	**–**	**(1.7)**	**(2.0)**	**–**
Xodus	**(2.8)**	**–**	**–**	**(5.2)**	**–**	**–**	**(2.3)**	**–**

CGUs not impaired and not sensitive to impairment

Changes to the key assumptions used in the sensitivity analysis would not, in isolation, cause the recoverable amount of the Norway, Floating Wind or UK GIRM CGUs to be materially less than their carrying amount.

The Africa Middle East and Caspian, Asia Pacific, Brazil and Gulf of Mexico CGUs have no goodwill, therefore any future changes in the key assumptions, in isolation, would not result in an impairment charge being recognised against goodwill.

Notes to the Consolidated Financial Statements continued

13. Intangible assets

(in $ millions)	Software	Other intangibles	Total
Cost			
At 1 January 2022	43.9	75.8	119.7
Additions	3.0	8.0	11.0
Disposals	(0.1)	–	(0.1)
Exchange differences	(4.1)	(6.5)	(10.6)
At 31 December 2022	42.7	77.3	120.0
Additions	19.1	8.0	27.1
Reclassifications[(a)]	4.6	7.8	12.4
Exchange differences	2.0	3.6	5.6
At 31 December 2023	**68.4**	**96.7**	**165.1**
Accumulated amortisation and impairment			
At 1 January 2022	23.9	60.8	84.7
Charge for the year	3.6	8.7	12.3
Eliminated on disposal	(0.1)	–	(0.1)
Exchange differences	(2.3)	(5.7)	(8.0)
At 31 December 2022	25.1	63.8	88.9
Charge for the year	3.7	9.4	13.1
Impairment	–	0.9	0.9
Exchange differences	1.4	2.3	3.7
At 31 December 2023	**30.2**	**76.4**	**106.6**
Carrying amount:			
At 31 December 2022	17.6	13.5	31.1
At 31 December 2023	**38.2**	**20.3**	**58.5**

(a) Amounts reclassified from property, plant and equipment.

The table above includes assets under construction of $29.3 million (2022: $8.9 million). Other intangible assets includes capitalised expenditure related to the Group's digitalisation programme.

An impairment test was performed on the balances at 31 December 2023 and impairment charges of $0.9 million (2022: $nil) were recognised.

14. Property, plant and equipment

(in $ millions)	Vessels	Operating equipment	Land and buildings	Other assets	Total
Cost					
At 1 January 2022	5,998.0	1,017.3	523.1	58.0	7,596.4
Additions	176.9	19.5	8.5	17.7	222.6
Exchange differences	(52.3)	(43.7)	(14.4)	(7.0)	(117.4)
Transfers	(20.6)	24.3	–	(3.7)	–
Assets held for sale (Note 20)	(222.3)	–	–	–	(222.3)
Disposals	(23.6)	(7.8)	–	(2.1)	(33.5)
At 31 December 2022	5,856.1	1,009.6	517.2	62.9	7,445.8
Additions	495.2	61.6	11.2	9.7	577.7
Exchange differences	21.9	17.9	5.9	1.8	47.5
Transfers	(8.0)	13.5	(2.9)	(2.6)	–
Reclassifications[(a)]	–	(11.9)	–	(0.5)	(12.4)
Assets held for sale (Note 20)	(125.3)	(1.0)	–	–	(126.3)
Disposals	(47.3)	(25.9)	(35.0)	(4.2)	(112.4)
At 31 December 2023	**6,192.6**	**1,063.8**	**496.4**	**67.1**	**7,819.9**
Accumulated depreciation and impairment					
At 1 January 2022	2,329.7	821.3	314.4	50.0	3,515.4
Charge for the year	253.8	66.9	18.4	6.5	345.6
Impairments	–	2.3	–	–	2.3
Impairment reversals	(55.6)	–	–	–	(55.6)
Exchange differences	(28.1)	(36.9)	(6.1)	(3.1)	(74.2)
Assets held for sale (Note 20)	(176.8)	–	–	–	(176.8)
Eliminated on disposals	(23.5)	(7.3)	–	(2.1)	(32.9)
At 31 December 2022	2,299.5	846.3	326.7	51.3	3,523.8
Charge for the year	291.8	36.5	16.2	6.4	350.9
Impairments	75.4	–	–	–	75.4
Impairment reversals	(25.9)	–	–	–	(25.9)
Exchange differences	12.5	15.1	2.6	0.7	30.9
Assets held for sale (Note 20)	(94.3)	–	–	–	(94.3)
Eliminated on disposals	(46.1)	(25.8)	(35.0)	(4.0)	(110.9)
At 31 December 2023	**2,512.9**	**872.1**	**310.5**	**54.4**	**3,749.9**
Carrying amount:					
At 31 December 2022	3,556.6	163.3	190.5	11.6	3,922.0
At 31 December 2023	**3,679.7**	**191.7**	**185.9**	**12.7**	**4,070.0**

(a) Amounts reclassified to intangible assets.

The table above includes assets under construction of $475.1 million at 31 December 2023 (2022: $431.1 million).

An impairment test was performed on the balances of property, plant and equipment at 31 December 2023 and impairments totalling $75.4 million (2022: $2.3 million) were recognised where the future recoverable amounts were reassessed and reduced. The impairment charges relate primarily to vessel-related equipment and impairments on vessels prior to being recognised as assets classified as held for sale. Impairment reversals totalling $25.9 million (2022: $55.6 million) were recognised in relation to a vessel driven by an upward revision in forecast utilisation. The impairments and impairment reversal were recognised in the Consolidated Income Statement within operating expenses. Recoverable amount is defined as the higher of value-in-use and fair value less costs of disposal and was determined by management based on recent similar market transactions, an assessment of internal estimates and independent external valuations.

15. Right-of-use assets

(in $ millions)	Vessels	Operating equipment	Land and buildings	Other assets	Total
Cost					
At 1 January 2022	283.8	9.2	138.6	3.0	434.6
Additions	62.4	1.1	5.4	–	68.9
Exchange differences	(12.8)	(0.2)	(7.0)	–	(20.0)
Remeasurement	65.9	5.5	(0.3)	(0.2)	70.9
Disposals	(26.4)	(0.9)	(7.8)	(0.1)	(35.2)
At 31 December 2022	372.9	14.7	128.9	2.7	519.2
Additions	225.0	0.3	24.3	0.3	249.9
Exchange differences	(2.6)	0.1	2.1	0.5	0.1
Remeasurement	73.3	–	12.4	–	85.7
Disposals	(70.5)	(0.3)	(18.6)	(1.3)	(90.7)
At 31 December 2023	**598.1**	**14.8**	**149.1**	**2.2**	**764.2**
Accumulated amortisation and impairment					
At 1 January 2022	157.4	4.9	64.2	1.7	228.2
Charge for the year	74.3	4.2	19.6	0.7	98.8
Impairment reversals	–	–	(3.7)	–	(3.7)
Exchange differences	(8.0)	(0.1)	(3.1)	(0.1)	(11.3)
Eliminated on disposals	(26.4)	(0.8)	(7.5)	(0.1)	(34.8)
At 31 December 2022	197.3	8.2	69.5	2.2	277.2
Charge for the year	134.1	4.3	22.5	0.5	161.4
Exchange differences	(2.0)	0.2	(1.4)	0.1	(3.1)
Eliminated on disposals	(70.5)	(0.3)	(18.6)	(1.3)	(90.7)
At 31 December 2023	**258.9**	**12.4**	**72.0**	**1.5**	**344.8**
Carrying amount:					
At 31 December 2022	175.6	6.5	59.4	0.5	242.0
At 31 December 2023	**339.2**	**2.4**	**77.1**	**0.7**	**419.4**

The Group leases vessels, operating equipment and properties with contracts which are typically for fixed periods but may have extension options used to maximise operational flexibility. The majority of extension and termination options held are exercisable only by the Group and not the respective lessors. Lease liabilities are disclosed within Note 28 'Lease liabilities'. Commitments to leases which have not yet commenced are disclosed within Note 32 'Commitments and contingent liabilities'.

An impairment test was performed on the balances at 31 December 2023 with no impairment or impairment reversals being recognised (2022: impairment reversals $3.7 million).

16. Interests in associates and joint arrangements

Interests in associates and joint ventures

At 31 December 2023 the Group had interests in ten joint ventures and one associate. The Group's ownership interests were as follows:

	Year end	Country of registration	Operating segment	Classification	Subsea7 ownership %
Belmet 7 Limited	31 December	Ghana	Subsea and Conventional	Joint Venture	49
Eidesvik Seven AS	31 December	Norway	Subsea and Conventional	Joint Venture	50
Eidesvik Seven Chartering AS	31 December	Norway	Subsea and Conventional	Joint Venture	50
ENMAR S.A.	31 December	Mozambique	Subsea and Conventional	Joint Venture	51
GO FZE	31 December	Nigeria	Subsea and Conventional	Joint Venture	40
Global Oceon Engineers Nigeria Limited	31 December	Nigeria	Subsea and Conventional	Joint Venture	40
OneSubsea[a]	31 December	Various	Subsea and Conventional	Associate	10
SapuraAcergy Assets Pte Ltd[b]	31 January	Malaysia	Subsea and Conventional	Joint Venture	51
SapuraAcergy Sdn Bhd[b]	31 January	Malaysia	Subsea and Conventional	Joint Venture	50
Subsea Integration Alliance LLC	31 December	US	Subsea and Conventional	Joint Venture	50
Subsea 7 Malaysia Sdn Bhd	31 December	Malaysia	Subsea and Conventional	Joint Venture	30

(a) The OneSubsea associate comprises three entities: OneSubsea Processing AS, OneSubsea Investments UK Limited and OneSubsea LLC.
(b) The Group has 50% equity ownership in SapuraAcergy Sdn. Bhd and 51% equity ownership in SapuraAcergy Assets Pte Ltd, however, 1% is subject to a put and call option for the benefit of its joint venture partner.

For all entities the principal place of business is consistent with the country of registration. For the majority of the entities the proportion of voting rights is consistent with the proportion of ownership interest, however in some cases some specific matters require unanimous approval of all shareholders.

All interests in joint ventures and associates are accounted for using the equity method. Financial information, using consistent accounting policies, for the year ended 31 December 2023 is used for all entities. The movement in the balance of investments in joint ventures and associates was as follows:

(in $ millions)	**2023**	2022
At year beginning	**25.5**	28.6
Share of net income/(loss) of associates and joint ventures	**8.2**	(3.0)
Share of other comprehensive income of associates and joint ventures	**2.5**	–
Net reclassification of investment balances	**(0.9)**	1.7
Recognition of investment in associate	**307.8**	–
Exchange differences	**(1.1)**	(1.8)
At year end	**342.0**	25.5

Net reclassification of investment balances

This amount relates primarily to reclassification within the Group's balance sheet of the movement of negative investment balances to other non-current liabilities.

Recognition of investment in associate

On 2 October 2023, the Group acquired a 10% ownership interest in OneSubsea, a group of companies comprising the subsea businesses of SLB and Aker Solutions. OneSubsea is 70% owned by SLB, 20% by Aker Solutions and 10% by Subsea7. The Group's consideration for its 10% investment was $306.5 million with 50% paid on 2 October 2023 and the remainder payable on or before 30 June 2024. OneSubsea operates within Subsea Integration Alliance.

When determining significant influence management considered legal documentation, such as the Shareholders' Agreement detailing reserved matters which require unanimous approval, as well as the commercial substance underlying the transaction. IAS 28, 'Investments in Associates and Joint Ventures', provides guidance to determine the existence of significant influence. This guidance includes evidence such as representation on the Board of Directors or equivalent governing body, participation in the policy-making process including decisions about dividends or other distributions and the provision of essential technical information. Applying this guidance, management concluded it was appropriate to recognise OneSubsea as an associate of the Group.

Derecognition of investment in joint ventures

On 14 March 2023, the Group acquired the remaining shares in Astori Sp. z.o.o. and effective from that date the joint venture became a wholly-owned subsidiary of the Group.

Notes to the Consolidated Financial Statements continued

16. Interests in associates and joint arrangements continued

Summarised financial information

At 31 December 2023, none of the Group's investments in joint ventures were individually material to the Group therefore summarised financial information has not been provided.

On 2 October 2023, the Group acquired a 10% share in OneSubsea for a consideration of $306.5 million. The financial results of the OneSubsea associate are significant to the Group and summary financial information, including a reconciliation between the summarised financial information presented and the carrying amount of the Group's investment, is shown below. Amounts presented represent an IFRS conversion of OneSubsea's US Generally Accepted Accounting Principles (US GAAP) Consolidated Income Statement and Consolidated Balance Sheet. The amounts presented are inclusive of adjustments recognised by management when applying the equity method in addition to provisional fair value adjustments applied at the date of the transaction. Management expects that the fair value assessment of the acquired identifiable assets and assumed liabilities of OneSubsea will be concluded during 2024. At 31 December 2023, the results of the fair value assessment are provisional.

For the period 2 October 2023 to 31 December 2023 (in $ millions)	2023 31 Dec
Revenue	1,021.0
Net income	80.0
Other comprehensive income	25.0
Total comprehensive income	**105.0**

At (in $ millions)	2023 31 Dec
Non-current assets	3,274.9
Current assets	2,812.0
Current liabilities	(2,574.0)
Non-current liabilities	(342.0)
Net assets	**3,170.9**
Total equity	**(3,170.9)**
Subsea7 Group share of equity (10%)	**317.0**

At (in $ millions)	2023 31 Dec
Carrying amount of associate at 2 October 2023	306.5
Net income attributable to the Group	8.0
Other comprehensive income attributable to the Group	2.5
Subsea7 Group's share of equity	**317.0**
Stamp duty and professional fees	1.3
Carrying amount of associate at year end	**318.3**

Interests in joint arrangements

The Group executes contracts on a regular basis through unstructured joint operations governed by alliance or consortium agreements. These agreements provide for joint and several liability for the parties involved. The material joint operations of the Group are detailed below.

The Group participates in Subsea Integration Alliance (SIA), through unincorporated strategic global operations between Subsea7 and OneSubsea. As part of the alliance, Subsea7 and OneSubsea agree terms and conditions on a project-by-project basis; this governs the relationship between the entities executing contracts with clients. SIA operates globally and provides clients with subsea technologies, production and processing systems, bringing together field development planning, project delivery and total lifecycle solutions under an extensive technology and services portfolio. Contracts with clients are entered into by individual entities of the Subsea7 and OneSubsea groups.

Saudi Arabian Oil Company awarded a long-term frame agreement to a consortium consisting of Subsea7 and L&T Hydrocarbon Engineering. This unincorporated consortium is governed by a consortium agreement, and Subsea7 and L&T Hydrocarbon Engineering are jointly and severally liable to Saudi Arabian Oil Company for the various call-off work orders awarded to the consortium via the long-term frame agreement. The consortium's activities include project management, engineering, procurement, fabrication, transportation and installation of offshore facilities and infrastructure. The principal place of business of the unincorporated consortium is the Kingdom of Saudi Arabia.

17. Advances and receivables

At (in $ millions)	2023 31 Dec	2022 31 Dec
Non-current amounts due from associates and joint ventures	**36.5**	37.4
Allowance for credit impairment	**(1.6)**	(1.6)
	34.9	35.8
Capitalised fees for long-term loan facilities	**1.9**	1.8
Deposits held by third parties	**0.9**	1.1
Other receivables	**29.3**	27.2
Total	**67.0**	65.9

18. Inventories

At (in $ millions)	2023 31 Dec	2022 31 Dec
Materials and non-critical spares	**10.5**	8.8
Consumables	**49.6**	40.7
Total	**60.1**	49.5

For the year ended (in $ millions)	2023 31 Dec	2022 31 Dec
Total cost of inventory charged to the Consolidated Income Statement	**183.1**	163.7
Write-down of inventories charged to the Consolidated Income Statement	**1.8**	1.4
Provision for obsolescence charged to the Consolidated Income Statement	**0.7**	0.3

At 31 December 2023 inventories included a provision for obsolescence of $5.1 million (2022: $5.2 million). There were no inventories pledged as security.

19. Trade and other receivables

At (in $ millions)	2023 31 Dec	2022 31 Dec
Trade receivables	**719.7**	431.5
Allowance for expected credit losses	**(1.3)**	(2.0)
Allowance for credit impairment	**(23.0)**	(4.4)
	695.4	425.1
Current amounts due from associates and joint ventures	**8.1**	3.7
Allowance for credit impairment	**(2.1)**	(2.1)
	6.0	1.6
Other receivables	**24.1**	32.5
Advances to suppliers	**74.5**	28.5
Other taxes receivable	**121.8**	98.5
Total	**921.8**	586.2

Details of how the Group manages its credit risk and further analysis of the trade receivables balance, allowances for expected credit losses and allowances for credit impairment are shown in Note 33 'Financial instruments'.

Other receivables include insurance receivables, customer retentions and deposits.

Other taxes receivable include value added tax, sales tax, withholding tax, social security tax and other indirect taxes.

Notes to the Consolidated Financial Statements continued

20. Assets classified as held for sale

During the second quarter of 2023, the Group entered into an agreement to dispose of two vessels, *Seven Antares* and *Seven Inagha*, which had been classified as held for sale at December 2022. An impairment charge of $20.5 million was recognised within the Subsea and Conventional business unit to reduce the carrying amount to fair value less cost of disposal. The disposal of the vessels and associated equipment was completed in early 2024.

During the fourth quarter of 2023, the Group classified the heavy-lift renewables vessel *Seaway Yudin* within assets classified as held for sale. At 31 December 2023, the Group had an agreement to dispose of the vessel and the disposal was completed in early 2024.

21. Other accrued income and prepaid expenses

At (in $ millions)	**2023 31 Dec**	2022 31 Dec
Unbilled revenue	**91.8**	93.4
Allowance for expected credit losses	**(0.2)**	(0.4)
	91.6	93.0
Prepaid expenses	**152.4**	111.6
Total	**244.0**	204.6

Unbilled revenue relates to work completed on day-rate contracts, which had not been billed to clients at the balance sheet date. There were no contract liability balances which relate to this category of contract revenue. Revenue of $10.9 million (2022: $6.6 million) was recognised in the year relating to performance obligations satisfied in previous periods. The increase in the balance during the year was mainly due to increased activity in the UK.

Prepaid expenses arise in the normal course of business and represent expenditure which has been deferred and which will be recognised in the Consolidated Income Statement within 12 months of the balance sheet date.

The movement in the allowance for expected credit losses in respect of unbilled revenue during the year was as follows:

(in $ millions)	**2023 31 Dec**	2022 31 Dec
Allowance for expected credit losses		
At year beginning	**(0.4)**	(0.4)
Decrease in allowance recognised in profit or loss	**0.2**	–
At year end	**(0.2)**	(0.4)

Details of how the Group manages its credit risk are shown in Note 33 'Financial instruments'.

At 31 December 2023, the allowance for credit impairment in respect of unbilled revenue was $nil (2022: $nil).

22. Construction contracts

(in $ millions)	**Construction contracts – assets**	**Construction contracts – liabilities**
At 31 December 2023		
Current	**692.2**	**(424.8)**
Allowance for expected credit losses	**(0.4)**	**–**
Total	**691.8**	**(424.8)**

(in $ millions)	Construction contracts – assets	Construction contracts – liabilities
At 31 December 2022		
Current	809.5	(319.4)
Allowance for expected credit losses	(1.8)	–
Total	807.7	(319.4)

(in $ millions)	**2023 31 Dec**	2022 31 Dec
Revenue recognised which was included in construction contract liabilities at beginning of year	**313.8**	195.0
Revenue recognised from performance obligations satisfied in previous periods	**16.9**	78.0

Revenue recognised which was included in construction contract liabilities at the beginning of the year of $313.8 million (2022: $195.0 million) represents amounts included within the construction contract liabilities balance at 1 January 2023 which were recognised as revenue during the year. Revenue recognised from performance obligations satisfied in previous periods of $16.9 million (2022: $78.0 million) represents revenue recognised in the Consolidated Income Statement for projects which were considered operationally complete at the prior year end.

Significant movements in the construction contract asset and construction contract liability balances

The Group has construction contract asset and construction contract liability balances as a result of long-term projects in the Subsea and Conventional and Renewables business units. Details of the Group's treatment of performance obligations are disclosed in Note 3 'Material accounting policies'. Due to the number and size of projects within the Group, construction contract asset and liability balances can vary significantly at each reporting date. Cumulative adjustments to revenue are most commonly caused by a change to the estimate of the transaction price due to a reassessment of the constraint to variable consideration, awarded variation orders, scope changes or amendments to the cost profile.

The $115.9 million decrease in construction contract assets and the $105.4 million increase in construction contract liabilities during 2023 was driven by the phasing of the execution of work and associated billing on fixed-price contracts executed by the Group.

Construction contract assets

An analysis of the ageing of construction contract assets at the balance sheet date has not been provided. Due to the nature of the balances and the fact that the Group invoices on a milestone basis, the ageing of construction contract assets is not reflective of the credit risk associated with these balances.

The movement in the allowance for expected credit losses in respect of net construction contract assets during the year was as follows:

(in $ millions)	**2023 31 Dec**	2022 31 Dec
Allowance for expected credit losses		
At year beginning	**(1.8)**	(3.2)
Decrease in allowance recognised in profit or loss	**1.4**	1.4
At year end	**(0.4)**	(1.8)

The allowance for expected credit losses decreased during the year due to fluctuations in the mix of customers, the size of amounts due and the default probability.

At 31 December 2023, the allowance for credit impairment recognised in connection with construction contract assets was $nil (2022: $nil).

Transaction price allocated to the remaining performance obligations

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) was as follows:

At 31 December 2023

	Expected year of execution				
(in $ millions)	**2024**	**2025**	**2026**	**2027 and beyond**	**Total**
Subsea and Conventional	**4,710.5**	**2,893.2**	**861.6**	**78.4**	**8,543.7**
Renewables	**966.4**	**871.0**	**168.7**	**11.2**	**2,017.3**
Corporate	**25.8**	**–**	**–**	**–**	**25.8**
Total	**5,702.7**	**3,764.2**	**1,030.3**	**89.6**	**10,586.8**

At 31 December 2022

	Expected year of execution				
(in $ millions)	2023	2024	2025	2026 and beyond	Total
Subsea and Conventional	3,815.8	2,565.6	1,178.9	581.0	8,141.3
Renewables	367.3	392.6	83.9	0.3	844.1
Corporate	20.9	1.3	–	–	22.2
Total	4,204.0	2,959.5	1,262.8	581.3	9,007.6

The estimate of the transaction price does not include any amounts of variable consideration which are constrained.

Notes to the Consolidated Financial Statements continued

23. Cash and cash equivalents

At (in $ millions)	2023 31 Dec	2022 31 Dec
Cash and cash equivalents	**750.9**	645.6

Cash and cash equivalents included amounts totalling $24.7 million (2022: $35.2 million) held by Group undertakings in certain countries whose exchange controls may significantly restrict or delay the remittance of these amounts to jurisdictions outside of that country.

24. Issued share capital

Authorised shares

	2023 31 Dec Number of shares	2023 31 Dec in $ millions	2022 31 Dec Number of shares	2022 31 Dec in $ millions
Authorised common shares, $2.00 par value	**450,000,000**	**900.0**	450,000,000	900.0

Issued shares

	2023 31 Dec Number of shares	2023 31 Dec in $ millions	2022 31 Dec Number of shares	2022 31 Dec in $ millions
Fully paid and issued common shares	**304,294,272**	**608.6**	300,000,000	600.0
The issued common shares consist of:				
Common shares outstanding	**300,454,468**	**600.9**	290,205,733	580.4
Treasury shares at par value (Note 25)	**3,839,804**	**7.7**	9,794,267	19.6
Total	**304,294,272**	**608.6**	300,000,000	600.0

25. Treasury shares

Share repurchase programme

On 24 July 2019, the Board of Directors authorised a new share repurchase programme of up to $200 million. The programme was initially approved pursuant to the authorisation granted to the Board of Directors at the Extraordinary General Meeting held on 17 April 2019, which allows for the purchase of up to 30,000,000 common shares of Subsea 7 S.A. On 19 April 2023, the Board of Directors authorised a 24-month extension to this programme, which will now expire on 18 April 2025, in accordance with the authority granted to the Board of Directors at the Extraordinary General Meeting held on 18 April 2023.

During 2023, no shares were repurchased (2022: 5,648,072 repurchased for consideration of $46.0 million). At 31 December 2023, the cumulative number of shares repurchased under this programme was 10,000,212 for a total consideration of $76.8 million.

All repurchases were made in the open market on the Oslo Børs, pursuant to certain conditions, and were in conformity with Article 430-15 of Luxembourg Company Law. At 31 December 2023, the remaining repurchased shares, which had not been reallocated relating to share-based payments, were held as treasury shares.

Summary

At 31 December 2023, Subsea 7 S.A. held 3,839,804 treasury shares (2022: 9,794,267), which amounted to 1.26% (2022: 3.26%) of the total number of issued shares.

	2023 Number of shares	2023 in $ millions	2022 Number of shares	2022 in $ millions
At year beginning	**9,794,267**	**75.0**	4,534,107	32.9
Shares repurchased	**–**	**–**	5,648,072	46.0
Shares reallocated relating to share-based payments	**(272,496)**	**(2.3)**	(387,912)	(3.9)
Shares cancelled	**(5,681,967)**	**(41.6)**	–	–
Balance at year end	**3,839,804**	**31.1**	9,794,267	75.0

26. Non-controlling interests

At 31 December 2023, the Group's respective ownership interests in subsidiaries which are non-wholly-owned were as follows:

	Year end	Country of registration	Subsea7 ownership %
Globestar Engineering Company (Nigeria) Limited	31 December	Nigeria	98.8
Nautilus Floating Solutions S.L.	31 December	Spain	59.1
Naviera Subsea 7 S. de R.L. de C.V.	31 December	Mexico	49.0
PT Subsea 7 Indonesia	31 December	Indonesia	94.9
Servicios Subsea 7 S. de R.L. de C.V.	31 December	Mexico	52.0
Sonacergy – Serviços E Construções Petroliferas Lda.	31 December	Portugal	55.0
Sonamet Industrial S.A.	31 December	Angola	55.0
Subsea 7 Equatorial Guinea S.A.	31 December	Equatorial Guinea	65.0
Subsea 7 Volta Contractors Limited	31 December	Ghana	49.0

For all entities, the principal place of business is consistent with the country of registration. Financial information for the year ended 31 December 2023 has been used for all entities.

The movement in the equity attributable to non-controlling interests was as follows:

(in $ millions)	2023	2022
At year beginning	**329.1**	304.5
Share of net loss for the year	**(5.4)**	(20.7)
Seaway 7 ASA – equity share issuance	**–**	54.3
Seaway 7 ASA – Subsea 7 S.A. shares issued in consideration	**(127.0)**	–
Seaway 7 ASA – cash consideration	**(12.6)**	–
Reclassification of non-controlling interests to equity attributable to shareholders of Subsea 7 S.A.	**(150.2)**	(6.3)
Exchange differences	**0.2**	(2.7)
At year end	**34.1**	329.1

Seaway 7 AS

During the year, Seaway 7 AS (formerly Seaway 7 ASA) became a wholly-owned subsidiary of the Group. On 2 March 2023, the Group announced it had entered into agreements to acquire 187,889,551 shares in Seaway 7 ASA. 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 from 72.42% to 93.94%. Following the expiry of a 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% at 26 April 2023 with the additional shares acquired settled in cash. During May, following the completion of the voluntary offer and subsequent compulsory acquisition, Seaway 7 ASA became a wholly-owned subsidiary of the Group, was de-listed from Euronext Growth Oslo and renamed Seaway 7 AS.

Nigerstar 7 FZE and Nigerstar 7 Limited

On 18 October 2023, Nigerstar 7 FZE and Nigerstar 7 Limited became wholly-owned subsidiaries of the Group.

27. Borrowings

At (in $ millions)	2023 31 Dec	2022 31 Dec
South Korean Export Credit Agency (ECA) facility	**135.2**	159.8
2021 UK Export Finance (UKEF 2021) facility	**420.5**	195.8
2023 UK Export Finance (UKEF 2023) facility	**288.9**	–
Other	**0.3**	0.4
Total[(a)]	**844.9**	356.0
Consisting of:		
Non-current portion of borrowings	**721.4**	302.2
Current portion of borrowings	**123.5**	53.8
Total[(a)]	**844.9**	356.0

(a) Borrowings presented in the Consolidated Balance Sheet are shown net of capitalised fees of $8.0 million, which are amortised over the period of the facility.

Commitment fees expensed during the year in respect of unused lines of credit totalled $3.0 million (2022: $4.2 million).

Notes to the Consolidated Financial Statements continued

27. Borrowings continued
Facilities
The $700 million multi-currency revolving credit and guarantee facility
On 15 June 2022, the Group entered into a $700 million multi-currency revolving credit and guarantee facility with a five-year tenor, with two one-year extension options. The facility is available in a combination of guarantees, up to a limit of $200 million, and cash drawings, or in full for cash drawings. The facility is guaranteed by Subsea 7 S.A. and Subsea 7 Finance (UK) PLC, a wholly-owned subsidiary of the Group. During the year, the Group requested a one-year extension to the multi-currency revolving credit and guarantee facility which will now mature in June 2028. The facility size will reduce from $700 million to $600 million in June 2027 until maturity in June 2028. The facility was unutilised at 31 December 2023.

The South Korean Export Credit Agency (ECA) facility
In July 2015 the Group entered into a $357 million senior term loan facility secured on two vessels owned by the Group. The facility is provided 90% by an Export Credit Agency (ECA) and 10% by two banks and is available for general corporate purposes. The ECA tranche has a 12-year maturity and a 12-year amortising profile. The commercial tranche initially had a five-year maturity and a 15-year amortising profile, which commenced in April 2017. The commercial tranche was refinanced during November 2021, now maturing in January 2027, while retaining the original amortising profile. The facility is guaranteed by Subsea 7 S.A. At 31 December 2023, the amount outstanding under the facility was $135.2 million (2022: $159.8 million).

2021 UK Export Finance (UKEF 2021) facility
On 24 February 2021, the Group entered into a $500 million five-year amortising committed loan facility backed by a $400 million guarantee from UK Export Finance. The facility has a five-year tenor which commenced when the facility was fully drawn. The facility can be used for general corporate purposes, including to provide working capital financing for services provided from the UK. The facility is guaranteed by Subsea 7 S.A. At 31 December 2023, the amount outstanding under the facility, net of facility fees, was $420.5 million (2022: $195.8 million).

2023 UK Export Finance (UKEF 2023) facility
On 27 July 2023, the Group entered into a $450 million five-year amortising loan facility backed by a $360 million guarantee from UK Export Finance. The Group has a two-year availability period during which to draw on the facility, and the facility has a five-year tenor which commences the earlier of availability period expiry or when the facility is fully drawn. The lenders have classified the facility as a green loan as the funds are for use within the Group's Renewables business unit. The facility is guaranteed by Subsea 7 S.A. and Subsea 7 Finance (UK) PLC, a wholly-owned subsidiary of the Group. At 31 December 2023, the amount outstanding under the facility, net of facility fees, was $288.9 million.

Utilisation of facilities

At (in $ millions)	2023 31 Dec Utilised	2023 31 Dec Unutilised	2023 31 Dec Total	2022 31 Dec Utilised	2022 31 Dec Unutilised	2022 31 Dec Total
Committed borrowing facilities	**852.6**	**857.6**	**1,710.2**	359.8	1,000.0	1,359.8

Other facilities
In addition to the above there are a number of uncommitted, unsecured bi-lateral arrangements in place in order to provide specific geographical coverage. The utilisation of these facilities at 31 December 2023 was $2.2 billion (2022: $1.6 billion).

28. Lease liabilities

At (in $ millions)	2023 31 Dec	2022 31 Dec
Maturity analysis – contractual undiscounted cash flows		
Within one year	**194.8**	107.8
Years two to five inclusive	**317.4**	165.7
After five years	**9.9**	10.2
Total undiscounted lease liabilities	**522.1**	283.7
Effect of discounting	**(63.8)**	(26.7)
Discounted lease liabilities	**458.3**	257.0
Consisting of:		
Non-current	**290.5**	161.2
Current	**167.8**	95.8
Total discounted lease liabilities	**458.3**	257.0

Amounts recognised within the Consolidated Income Statement in relation to short-term and low-value leases are disclosed within Note 6 'Net operating income'. Payments related to lease liabilities disclosed within the Consolidated Cash Flow Statement for the year ended 31 December 2023 were $164.9 million (2022: $110.7 million).

29. Other non-current liabilities

At (in $ millions)	2023 31 Dec	2022 31 Dec
Other	**1.1**	5.3
Total	**1.1**	5.3

30. Trade and other liabilities

At (in $ millions)	2023 31 Dec	2022 31 Dec
Accruals	**885.6**	720.1
Trade payables	**348.0**	317.5
Current amounts due to associates and joint ventures	**7.4**	7.3
Accrued salaries and benefits	**132.2**	118.9
Withholding taxes	**23.3**	23.8
Other taxes payable	**88.8**	68.9
Other current liabilities	**198.6**	13.9
Total	**1,683.9**	1,270.4

Included within other current liabilities is $153.3 million payable in relation to the Group's 10% investment in OneSubsea, an associate of the Group.

31. Provisions

(in $ millions)	Claims	Decommissioning	Restructuring	Onerous fixed-price contracts	Other	Total
At 1 January 2022	13.7	10.0	2.8	124.6	30.6	181.7
Additional provision in the year	6.5	1.2	0.6	97.5	7.3	113.1
Utilisation of provision	(0.6)	(0.6)	(2.3)	(102.9)	(4.6)	(111.0)
Unused amounts released during the year	(1.0)	(4.1)	(0.6)	(32.1)	(9.7)	(47.5)
Unwinding of discount rate	–	–	–	(0.1)	–	(0.1)
Exchange differences	0.9	(0.4)	0.1	(1.3)	(0.8)	(1.5)
At 31 December 2022	19.5	6.1	0.6	85.7	22.8	134.7
Additional provision in the year	4.6	2.3	–	169.7	5.9	182.5
Utilisation of provision	(2.1)	(1.9)	–	(170.8)	(6.1)	(180.9)
Unused amounts released during the year	(4.1)	–	(0.3)	(2.4)	(7.0)	(13.8)
Exchange differences	0.5	0.1	–	1.7	0.3	2.6
At 31 December 2023	**18.4**	**6.6**	**0.3**	**83.9**	**15.9**	**125.1**

At (in $ millions)	2023 31 Dec	2022 31 Dec
Consisting of:		
Non-current provisions	**24.6**	47.7
Current provisions	**100.5**	87.0
Total	**125.1**	134.7

The claims provision comprises a number of claims made against the Group including disputes, personal injury cases and tax claims, where the timing of resolution is uncertain.

The decommissioning provision is mainly in relation to the Group's obligation to restore leased vessels to their original, or agreed, condition. The cash outflows related to the provision are expected to occur in the years in which the leases cease, which range from 2024 to 2026.

Onerous fixed-price contract provisions relate to projects where total forecast costs at completion exceed the expected transaction price. The cash outflows related to the provisions are expected to occur during 2024 and 2025.

Other provisions mainly related to onerous day-rate contracts and contingent consideration.

Notes to the Consolidated Financial Statements continued

32. Commitments and contingent liabilities

Commitments

The Group's commitments at 31 December 2023 consisted of:

- commitments to purchase property, plant and equipment from external suppliers of $204.4 million (2022: $402.4 million);
- contractual lease commitments, relating to vessel charters which had not commenced at 31 December 2023, totalling $211.6 million; and
- short-term lease commitments totalling $297.0 million (2022: $22.4 million).

Contingent liabilities

A summary of the contingent liabilities is as follows:

	Contingent liability recognised		Contingent liability not recognised	
(in $ millions)	**2023**	2022	**2023**	2022
At year beginning	**0.4**	5.5	**201.3**	176.4
Movement in contingent liabilities	**–**	(5.4)	**9.2**	9.4
Exchange differences	**0.1**	0.3	**14.3**	15.5
At year end	**0.5**	0.4	**224.8**	201.3

Contingent liabilities recognised in the Consolidated Balance Sheet

As part of the accounting for the business combination of Pioneer Lining Technology Limited, the Group was required to recognise a contingent liability at the acquisition date, in respect of contingent amounts payable to a third party following the acquisition of intangible assets in 2009, in accordance with IFRS 3. The contingent liability recognised within the Consolidated Balance Sheet at 31 December 2023 was $0.5 million (2022: $0.4 million).

Contingent liabilities not recognised in the Consolidated Balance Sheet

Between 2009 and 2023, the Group's Brazilian businesses were audited and formally assessed for Imposto sobre Circulaçao de Mercadorias e Serviços (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 2023 amounted to BRL 956.3 million, equivalent to $196.6 million (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 amounts claimed or assessed at 31 December 2023 totalled BRL 191.8 million, equivalent to $39.4 million (2022: BRL 205.1 million, equivalent to $39.4 million). The Group has challenged these claims. A contingent liability has been disclosed for BRL 137.2 million, equivalent to $28.2 million (2022: BRL 138.6 million, equivalent to $26.6 million) as the disclosure criteria have been met however management believes that the likelihood of payment is not probable. A provision of BRL 54.6 million, equivalent to $11.2 million (2022: BRL 66.5 million, equivalent to $12.8 million) was recognised within the Consolidated Balance Sheet at 31 December 2023 as the IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' recognition criteria were met.

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

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

33. Financial instruments

Details of the significant accounting policies adopted including the classification, basis of measurement and recognition of income and expense in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 'Material accounting policies'.

Classification of financial instruments

Financial instruments are classified as follows:

At (in $ millions)	**2023 31 Dec Carrying amount**	2022 31 Dec Carrying amount
Financial assets		
Restricted cash	**7.4**	4.4
Cash and cash equivalents (Note 23)	**750.9**	645.6
Financial assets mandatorily measured at fair value through profit or loss:		
Foreign exchange forward contracts	**0.8**	1.1
Embedded derivatives	**58.5**	16.7
Financial assets elected to be measured at fair value through other comprehensive income:		
Commodity derivatives	**1.6**	4.2
Other financial assets – financial investments	**1.1**	1.1
Financial assets measured at amortised cost:		
Net trade receivables (Note 19)	**695.4**	425.1
Net non-current amounts due from associates and joint ventures (Note 17)	**34.9**	35.8
Net current amounts due from associates and joint ventures (Note 19)	**6.0**	1.6
Other financial receivables	**23.5**	22.1
Financial liabilities		
Financial liabilities mandatorily measured at fair value through profit or loss:		
Foreign exchange forward contracts	**(1.2)**	(1.1)
Embedded derivatives	**(64.2)**	(34.3)
Commodity derivatives	**(0.1)**	(0.2)
Contingent consideration	**(1.2)**	(1.6)
Financial liabilities elected to be measured at fair value through other comprehensive income:		
Commodity derivatives	**(2.4)**	(0.3)
Financial liabilities measured at amortised cost:		
Trade payables (Note 30)	**(348.0)**	(317.5)
Lease liabilities (Note 28)	**(458.3)**	(257.0)
Current amounts due to associates and joint ventures (Note 30)	**(7.4)**	(7.3)
Borrowings (Note 27)	**(844.9)**	(356.0)
Other financial payables	**(160.9)**	(15.4)

Fair value

The carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Consolidated Financial Statements approximate their fair values due to their short-term nature or contractual cash flow characteristics.

Financial instruments – gains and losses recognised within profit or loss

The Group's financial instruments resulted in the recognition of the following in the Consolidated Income Statement:

For the year ended (in $ millions)	**2023 31 Dec**	2022 31 Dec
Interest income from financial assets measured at amortised cost	**25.2**	9.0
Interest cost and fees from financial liabilities measured at amortised cost	**(58.7)**	(20.2)
Net fair value gains/(losses) on financial assets measured at fair value through profit or loss	**41.5**	(29.9)
Net fair value losses on financial liabilities measured at fair value through profit or loss	**(29.5)**	(6.2)

Notes to the Consolidated Financial Statements continued

33. Financial instruments continued

Fees incurred in connection with financial instruments

Total fees incurred during the year in connection with financial instruments measured at amortised cost were $5.2 million (2022: $7.5 million).

Cash and cash equivalents

At 31 December 2023, the Group held cash and cash equivalents of $750.9 million (2022: $645.6 million) which included cash and cash equivalents available on demand of $216.5 million (2022: $170.0 million) and time deposits with financial institutions of $534.4 million (2022: $475.6 million).

The table below shows the carrying amount related to amounts on deposit. These are graded and monitored internally by the Group based on current external credit ratings issued, with 'prime' being the highest possible rating.

At (in $ millions)	**2023 31 Dec**	2022 31 Dec
Deposits:		
Counterparties rated prime grade	**50.0**	115.0
Counterparties rated high grade	**65.0**	100.0
Counterparties rated upper-medium grade	**269.9**	175.0
Counterparties rated lower-medium grade	**146.6**	84.2
Counterparties rated non-investment grade	**2.9**	1.4
Total	**534.4**	475.6

Financial instruments mandatorily measured at fair value through profit or loss

The Group classifies its financial assets at fair value through profit or loss if classified as one of the following:

- debt instruments that do not qualify for measurement at either amortised cost or at fair value through other comprehensive income;
- equity investments that are held for trading;
- equity investments for which the entity has not elected to recognise fair value gains and losses through other comprehensive income; or
- derivative financial instruments.

Derivative financial instruments recognised in the Consolidated Balance Sheet were as follows:

At (in $ millions)	**31 Dec 2023 Assets**	**31 Dec 2023 Liabilities**	**31 Dec 2023 Total**	31 Dec 2022 Assets	31 Dec 2022 Liabilities	31 Dec 2022 Total
Non-current						
Embedded derivatives	**29.5**	**(30.7)**	**(1.2)**	3.6	(28.2)	(24.6)
Commodity derivatives	**–**	**(1.9)**	**(1.9)**	1.7	(0.5)	1.2
Total	**29.5**	**(32.6)**	**(3.1)**	5.3	(28.7)	(23.4)
Current						
Forward foreign exchange contracts	**0.8**	**(1.2)**	**(0.4)**	1.1	(1.1)	–
Embedded derivatives	**29.0**	**(33.5)**	**(4.5)**	13.1	(6.1)	7.0
Commodity derivatives	**1.6**	**(0.6)**	**1.0**	2.5	–	2.5
Total	**31.4**	**(35.3)**	**(3.9)**	16.7	(7.2)	9.5

Contingent consideration

Contingent consideration relates to amounts payable in connection with business combinations. The amounts payable are contingent on future events and are determined based on current expectations of the achievement of specific targets and milestones.

Financial instruments elected to be measured at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income comprise investments in equity securities not held for trading, and for which the Group has made an irrevocable election, at initial recognition, to recognise changes in fair value through other comprehensive income rather than profit or loss as these investments are strategic in nature.

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 reviews investments at least annually to ensure the carrying amount can be supported by expected future cash flows and has concluded that cost is considered to represent the best estimate of fair value of each investment within a range of possible outcomes.

Upon disposal or derecognition of these equity investments, any associated balance accumulated within other comprehensive income will be reclassified to retained earnings. No investments were derecognised during the year.

During the year no dividends were recognised within profit or loss in connection with the financial investments and there were no transfers of cumulative gains or losses within equity.

Financial assets measured at amortised cost

The Group classifies its financial assets at amortised cost only if both of the following criteria are met: the asset is held within a business model with the objective of collecting the contractual cash flows; and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Financial risk management objectives

The Group monitors and manages the financial risks relating to its financial operations through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (consisting of currency risk and fair value interest rate risk), credit risk and liquidity risk. The Group seeks to minimise the effects of these risks by using a variety of financial instruments to hedge these financial risk exposures. Derivative financial instruments are used exclusively for hedging purposes and not as trading or speculative instruments.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into a variety of derivative financial instruments to manage its exposure to foreign currency risks, including forward foreign exchange contracts to hedge the exchange rate risk arising on future revenue, operating expenditures and capital expenditures.

In the year ended 31 December 2023, there was no significant change to the Group's exposure to market risks or the manner in which it managed and measured the risk.

Foreign currency risk

The Group conducts operations in many countries and, as a result, is exposed to foreign currency fluctuations related to revenue and expenditure in the normal course of business. The Group has in place risk management policies that seek to limit the adverse effects of fluctuations in foreign currency exchange rates on its financial performance.

The Group's reporting currency is the US Dollar. Revenue and expenses are principally denominated in the reporting currency of the Group. The Group also has significant operations denominated in British Pound Sterling and Euro as well as other cash flows in Angolan Kwanza, Australian Dollar, Azerbaijan Manat, Brazilian Real, Canadian Dollar, Central African CFA Franc, Chinese Yuan, Danish Krone, Egyptian Pound, Ghanaian Cedi, Korean Won, Malaysian Ringgit, Mexican Peso, Nigerian Naira, Norwegian Krone, Qatar Rial, Saudi Arabian Riyal, Singaporean Dollar, Taiwan Dollar, Turkish Lira, UAE Dirham and West African CFA Franc.

Foreign currency sensitivity analysis

The Group considers that its principal currency exposure is to movements in the US Dollar against other currencies. The US Dollar is the Group's reporting currency, the functional currency of many of its subsidiaries and the currency of a significant volume of the Group's cash flows.

At 31 December 2023, the Group performed a sensitivity analysis to indicate the extent to which net income/(loss) and equity would be affected by changes in the exchange rate between the US Dollar and other currencies in which the Group transacts. The analysis is based on a strengthening of the US Dollar by 10% against each of the other currencies in which the Group has significant assets and liabilities at the end of each respective period. A movement of 10% reflects a reasonably possible sensitivity when compared to historical movements over a five-year time-frame. The Group's analysis of the impact on net income/(loss) in each year is based on monetary assets and liabilities on the Consolidated Balance Sheet at the end of each respective year.

The Group's analysis of the impact on equity includes the impacts on the translation reserve in respect of intra-group balances that form part of the net investment in a foreign operation. The amounts disclosed have not been adjusted for the impact of taxation.

A 10% strengthening in the US Dollar exchange rate against other currencies in which the Group transacts would increase net foreign currency exchange losses reported in other gains and losses by $11.9 million for the year ended 31 December 2023 (2022: $20.8 million). The impact would be a decrease in reported equity of $21.1 million (2022: $30.5 million).

Forward foreign exchange contracts

The Group primarily enters into forward foreign exchange contracts with maturities of up to three years, to manage the risk associated with transactions with a foreign exchange exposure risk. These transactions consist of highly probable cash flow exposures relating to revenue, operating expenditure and capital expenditure.

The Group does not use derivative instruments to hedge the exposure to exchange rate fluctuations from its net investments in foreign subsidiaries.

Notes to the Consolidated Financial Statements continued

33. Financial instruments continued

The following table details the external forward foreign exchange contracts outstanding:

At 31 December 2023

	Contracted amount by contract maturity				Fair value by contract maturity	
	Buy		Sell		Maturity	
(in $ millions)	< 1 year	1-5 years	< 1 year	1-5 years	< 1 year	1-5 years
British Pound Sterling	45.5	–	(46.8)	–	(0.2)	–
Danish Krone	20.8	–	(20.3)	–	0.3	–
Euro	114.9	–	(24.1)	–	(0.3)	–
Norwegian Krone	11.6	–	(212.5)	–	(0.2)	–
Singapore Dollar	30.8	–	(1.5)	–	–	–
Australian Dollar	32.3	–	–	–	–	–
Total	**255.9**	–	**(305.2)**	–	**(0.4)**	–

At 31 December 2022

	Contracted amount by contract maturity				Fair value by contract maturity	
	Buy		Sell		Maturity	
(in $ millions)	< 1 year	1-5 years	< 1 year	1-5 years	< 1 year	1-5 years
British Pound Sterling	120.3	–	129.3	–	0.1	–
Euro	64.7	–	50.4	–	(0.1)	–
Total	185.0	–	179.7	–	–	–

Hedge accounting

The hedging reserve, included within other reserves in the Consolidated Balance Sheet, represents hedging (losses)/gains recognised on the effective portion of commodity cash flow hedges. The movement in the hedging reserve was as follows:

(in $ millions)	2023 31 Dec	2022 31 Dec
At year beginning	**3.8**	10.4
(Losses)/gains on the effective portion of derivative financial instruments deferred to equity:		
Cash flow on commodity hedges	**(6.4)**	3.8
Tax recognised in other comprehensive income	**–**	2.4
Amounts reclassified to the Consolidated Income Statement	**1.8**	(12.8)
At year end	**(0.8)**	3.8

The Group documents its assessment of whether the hedging instrument which is used in a hedging relationship is effective in offsetting changes in cash flows of the hedged item, on a prospective basis. The cumulative effective portion is deferred in equity within other reserves as hedging reserves in the Consolidated Balance Sheet. The resulting cumulative gains or losses will be reclassified to the Consolidated Income Statement upon the recognition of the underlying transaction or the discontinuance of a hedging relationship. Movements in respect of effective hedges are detailed in the Consolidated Statement of Changes in Equity. The gains or losses relating to the ineffective portion of cash flow hedges are recognised in the Consolidated Income Statement and the net amount for the year was $0.5 million (2022: $2.7 million). Hedge ineffectiveness can arise from differences in the timing of the cash flows of the hedged items and the hedging instruments, different indexes linked to the hedged risk of the hedged items and hedging instruments, counterparties' credit risk differently impacting fair value movements of the hedging instruments and hedged items or changes to the forecasted amount of cash flows of hedged items and hedging instruments. There is an economic relationship between the hedged items and the hedging instruments as the terms of the commodity forward contracts match the terms of the expected highly probable forecast transactions. The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the commodity forward contracts is identical to the hedged risk components. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

At 31 December 2023 and at 31 December 2022, none of the Group's outstanding external forward foreign exchange contracts had been designated as hedging instruments.

Commodity hedging

The Group enters into commodity hedging to manage risk on specific exposures, swapping floating price to fixed. At 31 December 2023, the fair values of commodity trades amounted to $1.6 million within financial assets (2022: $4.2 million) and $2.5 million within financial liabilities (2022: $0.5 million).

Embedded derivatives

The Group regularly enters into multi-currency contracts from which the cash flows may lead to embedded foreign exchange derivatives in non-financial host contracts, carried at fair value through profit or loss. Embedded foreign currency derivatives, arising from multi-currency contracts, are separated where the host contract does not qualify as a financial asset, where the transactional currency differs from the functional currencies of the involved parties and a separate instrument, with the same terms as the embedded derivative, would meet the definition of a derivative.

The fair values of the embedded derivatives at 31 December 2023 amounted to $58.5 million related to financial assets (2022: $16.7 million) and $64.2 million related to financial liabilities (2022: $34.3 million). The effects on the Consolidated Income Statement were reflected in net foreign currency gains and losses within other gains and losses.

Interest rate risk management

The Group places funds in the money markets to generate an investment return with a range of maturities (generally less than six months) ensuring a high level of liquidity and reducing the credit risk associated with the deposits. Changes in the interest rates associated with these deposits will impact the interest income generated.

Interest rate sensitivity analysis

The Group's facilities, as disclosed in Note 27 'Borrowings', utilise the Secured Overnight Financing Rate (SOFR) as the reference rate for borrowings.

At 31 December 2023, the Group performed a sensitivity analysis on borrowings to indicate the extent to which a change in the SOFR would affect net income/(loss) and equity. The analysis is based on a movement in the SOFR of 1%, with all other variables held constant. A movement of 1% reflects a reasonably possible sensitivity when compared to historical movements.

A 1% movement in the SOFR would impact interest on financial liabilities measured at amortised cost reported in finance costs by $6.8 million for the year ended 31 December 2023 (2022: $3.8 million). Reported equity would be impacted by $5.8 million (2022: $3.3 million).

Credit risk management

Credit risk refers to the risk that a customer or counterparty to a financial instrument will default on its contractual obligations and fail to make payment as obligations fall due resulting in financial loss for the Group. Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and derivative financial instruments.

The maximum exposure of the Group to credit-related loss of financial instruments is the aggregate of the carrying amount of the financial assets as summarised on page 127.

Notes to the Consolidated Financial Statements continued

33. Financial instruments continued

Financial instruments and cash deposits

The Group has adopted a policy of transacting with creditworthy financial institutions as a means of mitigating the risk of financial loss from defaults. Credit ratings are supplied by independent rating agencies. The Group's exposure and the credit ratings of its counterparties are continually monitored and the aggregate value of transactions undertaken is distributed among approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved on an annual basis and are monitored daily. The Group uses credit ratings as well as other publicly available financial information and its own trading records to rate its major counterparties.

The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Trade receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group's credit risk management practices are designed to address the risk characteristics of the key classes of financial asset. Credit exposure is controlled by counterparty limits that are reviewed and approved on an annual basis and are monitored daily. In respect of its clients and suppliers, the Group uses credit ratings as well as other publicly available financial information and its own trading records to rate its major counterparties. The assessment of the Group's exposure to credit risk includes consideration of historical and forward-looking information regarding both the financial position and performance of the counterparty and the general macro-economic environment.

Expected credit loss assessment for financial assets

Allowances are recognised as required under the IFRS 9 'Financial Instruments' impairment model and continue to be carried until there are indicators that there is no reasonable expectation of recovery.

For construction contract assets and trade and other receivables which do not contain a significant financing component, the Group applies the simplified approach. This approach requires the allowance for expected credit losses to be recognised at an amount equal to lifetime expected credit losses. For other debt financial assets the Group applies the general approach to providing for expected credit losses as prescribed by IFRS 9, which permits the recognition of an allowance for the estimated expected loss resulting from default in the subsequent 12-month period. Exposure to credit loss is monitored on a continual basis and, where material, the allowance for expected credit losses is adjusted to reflect the risk of default during the lifetime of the financial asset should a significant change in credit risk be identified.

In determining expected credit losses, financial assets with the same counterparty are grouped and where appropriate expected credit losses are measured on a collective basis. In determining the level of allowance the Group uses an internal credit risk grading framework and applies judgement based on a variety of data in order to predict the likely risk of default. The Group defines default as full or partial non-payment of contractual cash flows. The determination of expected credit losses is derived from historical and forward-looking information which includes external ratings, audited financial statements and other publicly available information about customers. Determination of the level of expected credit loss incorporates a review of factors which can be indicative of default, including the nature of the counterparty (for example, national energy companies, international energy companies or independent energy companies) and the individual industry sectors in which the counterparty operates.

The majority of the Group's financial assets are expected to have a low risk of default. A review of the historical occurrence of credit losses indicates that credit losses are insignificant due to the size of the Group's customers and the nature of the services provided. The outlook for the energy industry is not expected to result in a significant change in the Group's exposure to credit losses. As lifetime expected credit losses are not expected to be significant the Group has opted not to adopt the practical expedient available under IFRS 9 to utilise a provision matrix for the recognition of lifetime expected credit losses on trade receivables. Allowances are calculated on a case-by-case basis based on the credit risk applicable to individual counterparties.

Exposure to credit risk is continually monitored in order to identify financial assets which experience a significant change in credit risk. While assessing for significant changes in credit risk the Group makes use of operational simplifications permitted by IFRS 9. The Group considers a financial asset to have low credit risk if the asset has a low risk of default; the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term; and no adverse changes in economic or business conditions have been identified which in the longer term may, but will not necessarily, reduce the ability of the counterparty to fulfil its contractual cash flow obligations. Where a financial asset becomes more than 30 days past its due date additional procedures are performed to determine the reasons for non-payment in order to identify if a change in the exposure to credit risk has occurred.

Should a significant change in the exposure to credit risk be identified the allowance for expected credit losses is increased to reflect the risk of expected default in the lifetime of the financial asset. The Group continually monitors for indications that a financial asset has become credit impaired with an allowance for credit impairment recognised when the loss is incurred. Where a financial asset becomes more than 90 days past its due date additional procedures are performed to determine the reasons for non-payment in order to identify if the asset has become credit impaired.

The Group considers an asset to be credit impaired once there is evidence that a loss has been incurred. In addition to recognising an allowance for expected credit loss, the Group monitors for the occurrence of events that have a detrimental impact on the recoverability of financial assets. Evidence of credit impairment includes, but is not limited to, indications of significant financial difficulty of the counterparty, a breach of contract or failure to adhere to payment terms, bankruptcy or financial reorganisation of a counterparty or the disappearance of an active market for the financial asset.

A financial asset is only impaired when there is no reasonable expectation of recovery.

For trade receivables, the Group's current credit risk grading framework comprises the following categories:

Category	Description	Response
Performing	The counterparty has a low risk of default. No balances are aged greater than 30 days past due.	An allowance for lifetime ECLs is recognised where the impact is determined to be material.
Monitored	The counterparty has a low risk of default. Balances aged greater than 30 days past due have arisen due to ongoing commercial discussions associated with the close-out of contractual requirements and are not considered to be indicative of an increased risk of default.	The allowance for lifetime ECLs is increased where the impact is determined to be material.
In default	Balances are greater than 90 days past due with the ageing not being as a result of ongoing commercial discussions associated with the close-out of contractual commitments, or there is evidence indicating that the counterparty is in severe financial difficulty and collection of amounts due is improbable.	The asset is considered to be credit impaired and an allowance for the estimated incurred loss is recognised where material.
Written off	There is evidence that the counterparty is in severe financial difficulty and the Group has no realistic prospect of recovery of balances due.	The gross receivable and associated allowance are both derecognised.

The credit risk grades disclosed above are consistent with the information used by the Group for credit risk management purposes. Specific information regarding the counterparty together with past-due information and forward-looking information is utilised in order to determine the appropriate credit grading category. Trade receivables balances were evaluated using the grading framework as follows:

At (in $ millions)	**2023 31 Dec**	2022 31 Dec
Performing	**672.2**	412.5
Monitored	**24.5**	14.6
In default	**23.0**	4.4
Gross carrying amount	**719.7**	431.5

In addition to the credit risk grading framework for trade receivables the Group uses past-due information to assess significant increases in credit risk for all financial assets. Information related to ageing of material financial assets is included within subsequent disclosures.

Other financial assets, including amounts due from associates and joint ventures, are not subject to the Group's credit risk grading framework. The Group assesses the credit risk of these financial assets on a case-by-case basis using all relevant available historical and forward-looking information. Allowances for expected credit losses or credit impairment are recorded when required.

Trade receivables

At (in $ millions)	**2023 31 Dec**	2022 31 Dec
Gross carrying amount	**719.7**	431.5
Allowance for expected credit losses	**(1.3)**	(2.0)
Allowance for incurred credit impairments	**(23.0)**	(4.4)
Net carrying amount	**695.4**	425.1

The table below provides an analysis of the age of trade receivables at the balance sheet date. This includes details of those trade receivables which are past due, but not impaired, and trade receivables which are individually determined to be impaired.

At 31 December 2023

(in $ millions)	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Gross carrying amount	**672.2**	**16.7**	**3.0**	**27.8**	**719.7**
Allowance for expected credit losses	**(1.3)**	**–**	**–**	**–**	**(1.3)**
Allowance for incurred credit impairments	**–**	**–**	**–**	**(23.0)**	**(23.0)**
Net carrying amount	**670.9**	**16.7**	**3.0**	**4.8**	**695.4**

Notes to the Consolidated Financial Statements continued

33. Financial instruments continued

At 31 December 2022

(in $ millions)	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Gross carrying amount	412.7	6.5	3.5	8.8	431.5
Allowance for expected credit losses	(2.0)	–	–	–	(2.0)
Allowance for incurred credit impairments	(0.3)	–	–	(4.1)	(4.4)
Net carrying amount	410.4	6.5	3.5	4.7	425.1

The movement in the allowance for expected credit losses in respect of trade receivables during the year was as follows:

(in $ millions)	2023 31 Dec	2022 31 Dec
Allowance for expected credit losses		
At year beginning	**(2.0)**	(2.2)
Decrease in allowance recognised in profit or loss	**0.7**	0.2
At year end	**(1.3)**	(2.0)

The movement in the allowance for credit impairment in respect of trade receivables during the year was as follows:

(in $ millions)	2023 31 Dec	2022 31 Dec
Allowance for credit impairment		
At year beginning	**(4.4)**	(3.9)
Increase in allowance recognised in profit or loss	**(20.1)**	(2.5)
Utilisation of allowance	**1.4**	1.8
Unused amounts released during the year	**0.1**	0.2
At year end	**(23.0)**	(4.4)

During the year ended 31 December 2023, the Group collected $0.1 million trade receivables which had been credit impaired in the prior year (2022: $0.2 million).

Amounts due from associates and joint ventures

At (in $ millions)	2023 31 Dec	2022 31 Dec
Gross carrying amount	**44.6**	41.1
Allowance for incurred credit impairments	**(3.7)**	(3.7)
Net carrying amount	**40.9**	37.4

The table below provides an analysis of the ageing of amounts due from associates and joint ventures. This includes balances with associates and joint ventures which are past due at the end of the reporting period, but not impaired, and balances which are individually determined to be impaired at the end of the reporting period.

At 31 December 2023

(in $ millions)	**Current**	**More than 30 days past due**	**More than 60 days past due**	**More than 90 days past due**	**Total**
Gross carrying amount	**33.2**	**–**	**0.2**	**11.2**	**44.6**
Allowance for incurred credit impairments	**(0.2)**	**–**	**–**	**(3.5)**	**(3.7)**
Net carrying amount	**33.0**	**–**	**0.2**	**7.7**	**40.9**

At 31 December 2022

(in $ millions)	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Gross carrying amount	30.4	–	–	10.7	41.1
Allowance for incurred credit impairments	(0.2)	–	–	(3.5)	(3.7)
Net carrying amount	30.2	–	–	7.2	37.4

The movement in the allowance for credit impairments in respect of amounts due from associates and joint ventures during the year was as follows:

(in $ millions)	2023 31 Dec	2022 31 Dec
Allowance for credit impairments		
At year beginning	**(3.7)**	(3.5)
Exchange differences	**–**	(0.2)
At year end	**(3.7)**	(3.7)

At 31 December 2023, the allowance for expected credit losses recognised in connection with amounts due from associates and joint ventures was $nil (2022: $nil).

Other financial assets at amortised cost

An analysis of the age of other financial assets at the balance sheet date has not been provided on the grounds of materiality. Other financial assets are typically non-recurring and are monitored on an asset-by-asset basis. Ageing is not necessarily reflective of credit risk.

At 31 December 2023, the allowances for expected credit losses and credit impairment recognised in connection with other financial assets at amortised cost were $nil (2022: $nil).

Concentration of credit risk

Credit risk is primarily associated with trade receivables. Net trade receivables (Note 19 'Trade and other receivables') arise from a large number of clients, dispersed geographically. Continual credit evaluation is performed on the recoverability of trade receivables. The following table classifies outstanding balances into three categories:

At	2023 31 Dec Category percentage	2022 31 Dec Category percentage
National energy companies	**30%**	18%
International energy companies	**29%**	30%
Independent energy companies	**41%**	52%
Total	**100%**	100%

National energy companies are either partially or fully-owned by or directly controlled by the government of their respective country of incorporation. Both international and independent energy companies are mainly publicly or privately owned. International energy companies are generally larger in size and scope than independent energy companies.

During the year ended 31 December 2023, two clients (2022: three clients) contributed individually to 10% or more of the Group's revenue. The revenue from these clients was $1,437.6 million or 24% of total Group revenue (2022: $1,873.6 million or 36%).

The five largest receivables balances by client are shown below:

At (in $ millions)	31 Dec 2023
Client A	**121.6**
Client B	**73.4**
Client C	**67.4**
Client D	**45.6**
Client E	**44.9**

At (in $ millions)	31 Dec 2022
Client A	63.1
Client B	49.8
Client C	38.9
Client D	28.7
Client E	21.8

The client mix for outstanding accounts receivable balances at 31 December 2023 is not the same as at 31 December 2022. The Group did not have any significant credit exposure to any single counterparty at 31 December 2023 or 31 December 2022.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are primarily banks with high credit ratings assigned by international credit-rating agencies. At 31 December 2023, 47% (2022: 38%) of cash was held at counterparties with a credit rating lower than 'upper-medium grade' classification.

Notes to the Consolidated Financial Statements continued

33. Financial instruments continued

Liquidity risk management

The Group has a framework for the management of short, medium and long-term funding and liquidity management requirements. The Group continually monitors forecast and actual cash flows and matches the maturity profiles of financial assets and liabilities. Liquidity risk is managed by maintaining adequate cash and cash equivalent balances and by ensuring available borrowing facilities are in place. Included in Note 27 'Borrowings' are details of the undrawn facilities that the Group had at 31 December 2023.

Liquidity tables

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been prepared based on the undiscounted cash flows relating to financial liabilities based on the earliest date on which the payment can be required. Principal cash flows are as follows:

At 31 December 2023

(in $ millions)	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Total
Borrowings[(a)]	**8.5**	**41.5**	**127.8**	**840.5**	**1,018.3**
Trade payables	**271.9**	**58.7**	**17.4**	**–**	**348.0**
Amounts due to associates and joint ventures	**7.4**	**–**	**–**	**–**	**7.4**
Lease liabilities	**16.4**	**31.0**	**147.4**	**327.3**	**522.1**
Total	**304.2**	**131.2**	**292.6**	**1,167.8**	**1,895.8**

(a) Amounts totalling $134.3 million included within the category 1-5 years represent amounts with a maturity date of greater than 5 years.

At 31 December 2022

(in $ millions)	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Total
Borrowings	6.7	19.2	45.6	342.9	414.4
Trade payables	239.9	63.7	13.5	0.4	317.5
Amounts due to associates and joint ventures	7.3	–	–	–	7.3
Lease liabilities	9.2	19.5	79.1	175.9	283.7
Total	263.1	102.4	138.2	519.2	1,022.9

The following table details the Group's liquidity profile for its derivative financial liabilities. The table has been prepared based on the undiscounted net cash payments and receipts on the derivative instruments that settle on a net basis and the undiscounted gross payments and receipts on those derivative financial instruments that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the balance sheet date.

At 31 December 2023

(in $ millions)	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Total
Net settled:					
Embedded derivatives	**–**	**10.2**	**21.8**	**36.2**	**68.2**
Commodity hedging	**–**	**–**	**0.6**	**1.9**	**2.5**
Gross settled:					
Foreign exchange forward contract payments	**377.6**	**–**	**–**	**–**	**377.6**
Foreign exchange forward contract receipts	**(376.4)**	**–**	**–**	**–**	**(376.4)**
Total	**1.2**	**10.2**	**22.4**	**38.1**	**71.9**

At 31 December 2022

(in $ millions)	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Total
Net settled:					
Embedded derivatives	–	0.5	5.8	30.8	37.1
Commodity hedging	–	–	–	0.5	0.5
Gross settled:					
Foreign exchange forward contract payments	186.1	–	–	–	186.1
Foreign exchange forward contract receipts	(185.0)	–	–	–	(185.0)
Total	1.1	0.5	5.8	31.3	38.7

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders of the parent company.

The capital structure of the Group consists of debt, which includes borrowings disclosed in Note 27 'Borrowings', cash and cash equivalents disclosed in Note 23 'Cash and cash equivalents' and equity attributable to shareholders of the parent company, comprising issued share capital, paid in surplus, reserves and retained earnings.

The Group monitors its capital structure using a leverage ratio of net debt to Adjusted EBITDA. The ratio calculates net debt as the principal value of borrowings and lease liabilities less cash and cash equivalents.

Reconciliation of movements in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows are classified in the Consolidated Cash Flow Statement as cash flows from financing activities.

	Liabilities		Equity			Other	Total
(in $ millions)	Borrowings	Lease liabilities	Dividends payable to shareholders	Treasury shares	Other equity		
Balance at 1 January 2023	**356.0**	**257.0**	**–**	**(75.0)**	**38.8**	**(4.5)**	**572.3**
Financing cash flows							
Interest paid	(52.1)	(30.1)	–	–	–	–	(82.2)
Repayment of borrowings	(568.1)	–	–	–	–	–	(568.1)
Proceeds from borrowings	1,060.9	–	–	–	–	–	1,060.9
Payments related to lease liabilities	–	(134.8)	–	–	–	–	(134.8)
Dividends paid to shareholders of the parent company	–	–	(112.1)	–	–	–	(112.1)
Acquisition of shares in non-wholly-owned subsidiary	–	–	–	–	(12.6)	–	(12.6)
Total financing cash flows	**440.7**	**(164.9)**	**(112.1)**	**–**	**(12.6)**	**–**	**151.1**
Non-cash changes							
Dividends declared	–	–	112.1	–	–	–	112.1
Addition of lease liabilities	–	249.9	–	–	–	–	249.9
Remeasurement of lease liabilities	–	85.7	–	–	–	–	85.7
Shares reallocated relating to share-based payments	–	–	–	2.3	(2.3)	–	–
Share cancellation	–	–	–	41.6	(41.6)	–	–
Interest charges	48.2	30.1	–	–	–	(7.1)	71.2
Exchange differences	–	0.5	–	–	–	–	0.5
Total non-cash changes	**48.2**	**366.2**	**112.1**	**43.9**	**(43.9)**	**(7.1)**	**519.4**
Balance at 31 December 2023	**844.9**	**458.3**	**–**	**(31.1)**	**(17.7)**	**(11.6)**	**1,242.8**

Notes to the Consolidated Financial Statements continued

33. Financial instruments continued

	Liabilities		Equity			Other	Total
(in $ millions)	Borrowings	Lease liabilities	Dividends payable to shareholders	Treasury shares	Other equity		
Balance at 1 January 2022	421.9	230.9	–	(32.9)	(11.9)	(5.1)	602.9
Financing cash flows							
Interest paid	(15.8)	(11.3)	–	–	–	–	(27.1)
Repayment of borrowings	(61.6)	–	–	–	–	–	(61.6)
Cost of share repurchases	–	–	–	(46.0)	–	–	(46.0)
Proceeds from rights issue of non-wholly-owned subsidiary	–	–	–	–	54.6	–	54.6
Payments related to lease liabilities	–	(99.4)	–	–	–	–	(99.4)
Dividends paid to shareholders of the parent company	–	–	(31.7)	–	–	–	(31.7)
Total financing cash flows	(77.4)	(110.7)	(31.7)	(46.0)	54.6	–	(211.2)
Non-cash changes							
Dividends declared	–	–	33.6	–	–	–	33.6
Addition of lease liabilities	–	77.4	–	–	–	–	77.4
Remeasurement of lease liabilities	–	62.4	–	–	–	–	62.4
Shares reallocated relating to share-based payments	–	–	–	3.9	(3.9)	–	–
Interest charges	11.5	11.3	–	–	–	0.6	23.4
Exchange differences	–	(14.3)	(1.9)	–	–	–	(16.2)
Total non-cash changes	11.5	136.8	31.7	3.9	(3.9)	0.6	180.6
Balance at 31 December 2022	356.0	257.0	–	(75.0)	38.8	(4.5)	572.3

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).

Fair value measurement

During the year ended 31 December 2023 there were no transfers between levels of the fair value hierarchy. The Group recognises transfers between levels of the fair value hierarchy from the date of the event or change in circumstances that caused the transfer.

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

At (in $ millions)	**2023 31 Dec Level 1**	**2023 31 Dec Level 2**	**2023 31 Dec 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 at fair value through profit or loss – derivative instruments	**–**	**0.8**	**–**	–	1.1	–
Financial assets at fair value through profit or loss – embedded derivatives	**–**	**58.5**	**–**	–	16.7	–
Financial assets at fair value through other comprehensive income – commodity derivatives	**–**	**1.6**	**–**	–	4.2	–
Financial liabilities:						
Financial liabilities at fair value through profit or loss – derivative instruments	**–**	**(1.2)**	**–**	–	(1.1)	–
Financial liabilities at fair value through profit or loss – embedded derivatives	**–**	**(64.2)**	**–**	–	(34.3)	–
Financial liabilities at fair value through profit or loss – commodity derivatives	**–**	**(0.1)**	**–**	–	(0.2)	–
Financial liabilities at fair value through other comprehensive income – commodity derivatives	**–**	**(2.4)**	**–**	–	(0.3)	–
Contingent consideration[(a)]	**–**	**–**	**(1.2)**	–	–	(1.6)

(a) A reconciliation of contingent consideration movements during the year is shown on page 140.

Notes to the Consolidated Financial Statements continued

33. Financial instruments continued
Recurring fair value measurements

Financial assets and financial liabilities
Financial assets and financial liabilities which are remeasured to fair value on a recurring basis are determined as follows:

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- the fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and quotes for similar instruments;
- the fair value of other financial assets classified as current assets, which includes quoted securities, is determined using quoted prices;
- the fair value of contingent consideration is determined based on current expectations of the achievement of specific targets and milestones calculated using the discounted cash flow method and unobservable inputs. Quantitative information about the significant unobservable inputs used in the fair value measurement and sensitivities to changes in these unobservable inputs are as disclosed below:

(in $ millions)	Balance at 1 January 2023	Utilisation	Fair value adjustments	Exchange differences	Balance at 31 December 2023
Contingent consideration	**1.6**	**(0.2)**	**(0.5)**	**0.3**	**1.2**

- significant inputs to the fair value of contingent consideration following a business combination include the assumed probability of the achievement of operational targets and technical milestones. A significant increase or decrease in the assumed probability of achieving these would result in a higher or lower fair value of the contingent consideration liability, while a significant increase or decrease in the discount rate would result in a higher or lower fair value of the contingent consideration liability. Gains or losses for the year were recorded in the Consolidated Income Statement as disclosed within Note 7 'Other gains and losses'; and
- the fair values of foreign exchange derivative instruments and embedded derivatives are calculated using quoted foreign exchange rates and yield curves derived from quoted interest rates matching maturities of the contract. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivative financial instruments.

Non-recurring fair value measurements
Assumptions used in determining fair value of financial assets and financial liabilities which are not remeasured to fair value on a recurring basis are as follows:

The fair value of receivables and payables is based on their carrying amount which is representative of contractual amounts due and, where appropriate, incorporates expectations about future expected credit losses.

Other financial assets which are classified as non-current include equity investments in unlisted companies which are strategic in nature. 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 reviews investments annually to ensure the carrying amount can be supported by expected future cash flows and has concluded that cost is considered to represent the best estimate of fair value of each investment within a range of possible outcomes.

In accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', an impairment charge of $43.7 million was recognised to reduce the carrying amount of assets classified as held for sale and assets within property, plant and equipment to fair value less costs to sell. The assets were measured within Level 3 of the fair value hierarchy.

34. Related party transactions
Key management personnel
Key management personnel include the Board of Directors and the Executive Management Team. Key management personnel at 31 December 2023 included 15 individuals (2022: 14 individuals). The remuneration of these personnel is determined by the Compensation Committee of the Board of Directors of Subsea 7 S.A.

Non-Executive Directors
Details of fees payable to and shares held by Non-Executive Directors for the year ended 31 December 2023 are disclosed in the Remuneration Report on pages 65 to 70.

Key management (Executive Management Team)
Payments made by the Group in relation to the Executive Management Team during the year were as follows:

For the year ended (in $ millions)	2023 31 Dec[(a)]	2022 31 Dec[(a)]
Salaries and other short-term employee benefits[(b)]	**6.3**	5.2
Share-based payments[(c)]	**0.7**	0.5
Post-employment benefits[(d)]	**0.2**	0.2
Total	**7.2**	5.9

(a) Amounts represent payments made to members of the Executive Management Team and the associated costs incurred by the Group.
(b) Salaries and other short-term employee benefits represents payments made during the year in respect of base salary, short-term bonus payments, other short-term remuneration, other short-term benefits, including private healthcare and car allowances, and the associated social security contributions made by the Group.
(c) Share-based payments represents the market value of the shares transferred to the participants during the year. Shares transferred represent performance shares which vested under the 2018 Long Term Incentive Plan and which participants are now entitled to receive. Refer to the Remuneration Report on pages 65 to 70 for details of the plan.
(d) Post-employment benefits represent the cash value of defined pension contribution payments made by the Group during the year.

Remuneration for the Chief Executive Officer and Chief Financial Officer
Total remuneration for the Chief Executive Officer and Chief Financial Officer is disclosed in the Remuneration Report on pages 65 to 70.

Shares and performance shares
Performance shares outstanding and shareholdings held at 31 December 2023 are disclosed in the Remuneration Report on pages 65 to 70.

Transactions with key management personnel
During the year, the Executive Management Team were awarded the rights to 304,000 performance shares under the Group's 2022 Long Term Incentive Plan. Refer to the Remuneration Report on pages 65 to 70 for details of the plan.

Transactions with associates and joint ventures
The Consolidated Balance Sheet includes:

At (in $ millions)	2023 31 Dec	2022 31 Dec
Net non-current receivables due from associates and joint ventures (Note 17)	**34.9**	35.8
Net trade receivables due from associates and joint ventures (Note 19)	**6.0**	1.6
Trade payables due to associates and joint ventures (Note 30)	**(7.4)**	(7.3)
Net receivables due from associates and joint ventures	**33.5**	30.1

During the year the Group provided services to associates and joint ventures amounting to $6.1 million (2022: $1.2 million) and purchased goods and services from associates and joint ventures amounting to $14.8 million (2022: $14.8 million). During 2021, the Group advanced a loan of $33.0 million to Eidesvik Seven AS, of which $29.1 million remained outstanding at 31 December 2023. The loan is repayable in instalments with the final amount due on 31 December 2025, subject to a one-year extension option.

Other related party transactions
During the year the Group undertook related party transactions, all of which were conducted on an arm's length basis.

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

Purchases by the Group from companies ultimately controlled by Siem Industries S.A. including vessel charters, provision of crew, associated services and property rental totalling $24.9 million (2022: $32.6 million) were made during the year.

Revenue generated by the Group from companies ultimately controlled by Siem Industries S.A. in relation to property rental totalling $0.3 million (2022: $0.3 million) was recognised during the year.

At 31 December 2023, the Group had outstanding balances payable to companies ultimately controlled by Siem Industries S.A. of $0.1 million (2022: $1.4 million).

At 31 December 2023, the Group had outstanding balances receivable from companies ultimately controlled by Siem Industries S.A. of $0.1 million (2022: less than $0.1 million).

Transactions with Treveri S.à r.l., a company controlled by Mr Siem, in relation to services provided totalled $0.1 million (2022: $0.1 million).

Transactions with Kirk Lovegrove & Co. Limited, a company controlled by Mr Kirk, in relation to services provided totalled $0.1 million (2022: $nil).

Notes to the Consolidated Financial Statements continued

35. Share-based payments

The Group operated two equity-settled share-based payment schemes during 2023.

The following table summarises the compensation expense recognised in the Consolidated Income Statement during the year:

For the year ended (in $ millions)	2023 31 Dec	2022 31 Dec
Expense arising from equity-settled share-based payment transactions:		
2013 Long Term Incentive Plan	**–**	0.2
2018 Long Term Incentive Plan	**2.4**	3.0
2022 Long Term Incentive Plan	**2.5**	0.3
Total	**4.9**	3.5

Equity-settled share-based payment schemes

Details regarding the 2018 Long Term Incentive Plan (2018 LTIP Plan) and the 2022 Long Term Incentive Plan (2022 LTIP Plan), including number of shares transferred to participants, are disclosed within the Remuneration Report on pages 65 to 70.

The IFRS 2 'Share-based Payments' fair value of each performance share granted under the 2018 and 2022 LTIP Plans is estimated as of the grant date using a Monte Carlo simulation model with weighted average assumptions as follows:

For the year ended	2023 31 Dec	2022 31 Dec
Weighted average share price at grant date (in $)	**13.62**	7.99
TSR performance – Weighted average fair value at grant date (in $)	**7.49**	4.92
ROAIC performance – Weighted average fair value at grant date (in $)	**12.25**	7.62
CCR performance – Weighted average fair value at grant date (in $)	**12.25**	7.62
Expected volatility	**44%**	58%
Risk free rate	**4.00%**	3.08%
Dividend yield	**2.70%**	1.30%

The expected share price volatility over the performance period is estimated from the Company's historical share price volatility. The award fair values were adjusted to recognise that participants are not entitled to receive dividend equivalent payments.

Both non-market Return on Average Invested Capital (ROAIC) and Cash Conversion Ratio (CCR) performance conditions are not incorporated into the grant date fair value. The value of each award will be adjusted at each reporting date to reflect the Group's current expectation of the number of performance shares which will vest under the non-market ROAIC and CCR performance conditions.

Upon vesting, the Group will withhold an amount for an employee's tax obligation associated with a share-based payment and transfer that amount, in cash, to the relevant tax authority on the employee's behalf. In 2023, three awards vested in total under the 2018 scheme. The total estimated withholding tax transferred to the relevant tax authorities was $2.0 million (2022: $2.2 million). Of this total, $0.5 million was in relation to employee social security contributions and $1.5 million was in relation to income tax.

36. Retirement benefit obligations

The Group operates both defined contribution and defined benefit pension plans.

The Group's contributions under the defined contribution pension plans are determined as a percentage of individual employees' pensionable salaries. The expense relating to these plans for the year was $54.0 million (2022: $51.1 million).

Defined benefit plans

The Group operates both funded and unfunded defined benefit pension plans.

France

The defined benefit plan for France is called the *indemnités de fin de carrière* (retirement indemnity plan) and is pursuant to applicable French legislation and labour agreements in force in the industry. A lump-sum payment is made to employees upon retirement based on length of service, employment category and the employee's final salary. The obligation is unfunded and uninsured, as is standard practice in France. Since the retirement indemnity plan is based upon specific lengths of service, categories and values set by French legislation and collective agreements there is no specific trust or internal governance in place for this plan.

Norway

Effective from 1 April 2023, the office (onshore) defined benefit scheme was terminated. The Group no longer has any obligations related to the defined benefit plan and all assets and liabilities related to the plan were derecognised.

Changes in the defined benefit obligation and fair value of plan assets

The following table provides a reconciliation of the changes in retirement benefit obligations and in the fair value of plan assets:

	Norway		France		Total	
(in $ millions)	2023	2022	2023	2022	2023	2022
Defined benefit obligation						
At year beginning	**(7.7)**	(8.6)	**(7.3)**	(9.7)	**(15.0)**	(18.3)
Amounts (charged)/credited to the Consolidated Income Statement:						
Service costs	**–**	–	**(0.7)**	(0.8)	**(0.7)**	(0.8)
Past service credit	**6.2**	–	**0.9**	–	**7.1**	–
Interest costs	**–**	(0.1)	**(0.3)**	(0.1)	**(0.3)**	(0.2)
Sub-total	**6.2**	(0.1)	**(0.1)**	(0.9)	**6.1**	(1.0)
Remeasurement gains/(losses) recognised in other comprehensive income:						
Actuarial changes arising from changes in financial assumptions	**–**	–	**(0.5)**	3.2	**(0.5)**	3.2
Experience adjustments	**(0.2)**	0.5	**(0.1)**	(0.6)	**(0.3)**	(0.1)
Sub-total	**(0.2)**	0.5	**(0.6)**	2.6	**(0.8)**	3.1
Benefits paid	**0.1**	0.3	**–**	–	**0.1**	0.3
Exchange differences	**1.6**	0.2	**(0.4)**	0.7	**1.2**	0.9
At year end	**–**	(7.7)	**(8.4)**	(7.3)	**(8.4)**	(15.0)
Fair value of plan assets						
At year beginning	**5.8**	6.0	**–**	–	**5.8**	6.0
Amounts (charged)/credited to the Consolidated Income Statement:						
Past service credit	**(4.6)**	–	**–**	–	**(4.6)**	–
Interest income	**–**	0.1	**–**	–	**–**	0.1
Sub-total	**(4.6)**	0.1	**–**	–	**(4.6)**	0.1
Remeasurement gains/(losses) recognised in other comprehensive income:						
Return on plan assets (excluding amounts in interest income)	**(0.2)**	0.1	**–**	–	**(0.2)**	0.1
Administrative expenses	**–**	(0.1)	**–**	–	**–**	(0.1)
Sub-total	**(0.2)**	–	**–**	–	**(0.2)**	–
Benefits paid	**–**	(0.3)	**–**	–	**–**	(0.3)
Exchange differences	**(1.0)**	–	**–**	–	**(1.0)**	–
At year end	**–**	5.8	**–**	–	**–**	5.8
Net defined benefit obligation	**–**	(1.9)	**(8.4)**	(7.3)	**(8.4)**	(9.2)
Presented as:						
Retirement benefit obligations	**–**	(1.9)	**(8.4)**	(7.3)	**(8.4)**	(9.2)
Total	**–**	(1.9)	**(8.4)**	(7.3)	**(8.4)**	(9.2)

The retirement benefit obligation of $8.4 million for the pension scheme which is in deficit in France (2022: $9.2 million France and Norway) is recognised as a non-current liability on the Consolidated Balance Sheet. The French plan is unfunded.

Notes to the Consolidated Financial Statements continued

36. Retirement benefit obligations continued

Future cash flows

The estimated contributions expected to be paid into the French plan during 2024 are $0.3 million (2023: $0.3 million).

Significant actuarial assumptions

The principal assumptions used to determine the present value of the defined benefit obligation were as follows:

Year ended 31 December 2023

(in %)	**France**
Discount rate	**3.3**

Year ended 31 December 2022

(in %)	France
Discount rate	3.8
Future salary increase	0.2

Sensitivity analysis

A quantitative sensitivity analysis for significant assumptions at 31 December 2023 is shown below. The sensitivity analysis has been determined based on a method that extrapolates the impact on the net defined benefit obligation ((increase)/decrease) as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

France

(in $ millions)	**Discount rate**	
Sensitivity level	0.25% increase	0.25% decrease
Impact on the net defined benefit obligation	**(0.2)**	**0.3**

37. Deferred revenue

At (in $ millions)	**2023 31 Dec**	2022 31 Dec
Advances received from clients	**3.9**	1.5

Advances received from clients include amounts received before the related work is performed on day-rate contracts and amounts paid by clients in advance of work commencing on fixed-price contracts.

38. Events after the reporting period

Dividends and share repurchases

At the Annual General Meeting on 2 May 2024, the Board of Directors will propose that shareholders approve a cash dividend of NOK 6.00 per share, equating to approximately $170 million, payable in two equal instalments in May and November 2024. The Company has also committed to repurchase approximately $80 million of its own shares in 2024, resulting in shareholder returns of approximately $250 million.

39. Wholly-owned subsidiaries

Subsea 7 S.A. had the following wholly-owned subsidiaries at 31 December 2023.

Name	Registered in	Nature of business
4Subsea AS	Norway	General Trading
4Subsea Astori AS	Norway	General Trading
4Subsea Do Brasil Projetos e Servicos de Integridade Subsea Ltda	Brazil	General Trading
4Subsea UK Limited	United Kingdom	General Trading
Acergy B.V.	Netherlands	Holding
Acergy France S.A.S.	France	General Trading
Acergy Holdings (Gibraltar) Limited[a]	Gibraltar	Special Purpose
Aquarius Solutions Inc.	Canada	General Trading
Astori Sp. z.o.o	Poland	General Trading
Aurora Environmental Limited	United Kingdom	General Trading
Nigerstar 7 FZE	Nigeria	General Trading
Nigerstar 7 Limited	Nigeria	General Trading
Ocean Geo Solutions, Inc.	US	General Trading
OHT Alfa Lift AS	Norway	Vessel Owning
OHT USA LLC	US	General Trading
Pelagic Nigeria Limited	Nigeria	Holding
Pioneer Lining Technology Limited	United Kingdom	General Trading
PT. Subsea 7 Manufaktur Indonesia	Indonesia	General Trading
Seaway 7 AS	Norway	Holding
Seaway 7 Chartering AS	Norway	General Trading
Seaway 7 Denmark A/S	Denmark	General Trading
Seaway 7 Engineering B.V.	Netherlands	General Trading
Seaway 7 Heavy Transport AS	Norway	General Trading
Seaway 7 Holding NL B.V.	Netherlands	Holding
Seaway 7 Management AS	Norway	General Trading
Seaway 7 Norway AS	Norway	General Trading
Seaway 7 Offshore Contractors B.V.	Netherlands	General Trading
Seaway 7 Offshore Crew B.V.	Netherlands	General Trading
Seaway 7 Offshore Installation AS	Norway	Vessel Owning
Seaway 7 Renewables UK Limited (formerly OHT Renewables UK Limited)	United Kingdom	General Trading
Seaway 7 Treasury Limited	United Kingdom	Special Purpose
Seaway 7 UK Limited	United Kingdom	General Trading
Seaway 7 Vessels B.V.	Netherlands	Vessel Owning
Seaway Aimery AS	Norway	Vessel Owning
Seaway Albatross AS	Norway	Vessel Owning
Seaway Eagle AS	Norway	Vessel Owning
Seaway Falcon AS	Norway	Vessel Owning
Seaway Hawk AS	Norway	Vessel Owning
Seaway Heavy Lifting Contracting Limited	Cyprus	General Trading
Seaway Heavy Lifting Holding Limited	Cyprus	Holding
Seaway Heavy Lifting Limited	Cyprus	General Trading
Seaway Heavy Lifting Shipping Limited	Cyprus	Vessel Owning
Seaway Moxie AS	Norway	Vessel Owning
Seaway Offshore Cables GmbH	Germany	General Trading
Seaway Offshore Cables Limited	United Kingdom	General Trading
Seaway Osprey AS	Norway	Vessel Owning
Seaway Phoenix AS	Norway	Vessel Owning
Seaway Swan AS (formerly VOI Management AS)	Norway	Special Purpose
Seaway Ventus AS (formerly VOI Vessel 1 AS)	Norway	Special Purpose
Sevenseas Contractors S. de R.L. de C.V.	Mexico	General Trading
SHL Contracting Germany GmbH	Germany	General Trading

Notes to the Consolidated Financial Statements continued

39. Wholly-owned subsidiaries continued

Name	Registered in	Nature of business
SHL Contracting US Inc.	US	General Trading
SHL Stanislav Yudin Limited	Cyprus	Vessel Owning
SO France S.A.	France	Special Purpose
Subsea 7 (Guyana) Incorporated	Guyana	General Trading
Subsea 7 (ME) Pte Limited	Singapore	General Trading
Subsea 7 (Singapore) Pte Limited	Singapore	General Trading
Subsea 7 (UK Service Company) Limited[(a)]	United Kingdom	Corporate Service
Subsea 7 (US) LLC	US	General Trading
Subsea 7 Angola S.A.S.	France	Special Purpose
Subsea 7 Asia Pacific Sdn Bhd	Malaysia	Special Purpose
Subsea 7 Australia Contracting Pty Ltd	Australia	General Trading
Subsea 7 Canada Inc.	Canada	General Trading
Subsea 7 Chartering (UK) Limited	United Kingdom	General Trading
Subsea 7 Blue Space Limited	United Kingdom	General Trading
Subsea 7 Blue Space Investments S.A.S.	France	General Trading
Subsea 7 Crewing Limited	United Kingdom	Special Purpose
Subsea 7 Crewing Services Pte. Ltd.	Singapore	General Trading
Subsea 7 Deep Sea Limited	United Kingdom	General Trading
Subsea 7 do Brasil Serviços Ltda	Brazil	General Trading
Subsea 7 Engineering Limited	United Kingdom	General Trading
Subsea 7 Finance (UK) PLC	United Kingdom	Special Purpose
Subsea 7 Holding Inc.	Cayman Islands	Holding
Subsea 7 Holding Norway AS	Norway	Holding
Subsea 7 Holdings (UK) Limited	United Kingdom	Holding
Subsea 7 Holdings (US) Inc.	US	Holding
Subsea 7 International Contracting Limited	United Kingdom	General Trading
Subsea 7 International Holdings (UK) Limited[(a)]	United Kingdom	Holding
Subsea 7 i-Tech do Brasil Serviços Ltda	Brazil	Dormant
Subsea 7 i-Tech Limited	United Kingdom	General Trading
Subsea 7 i-Tech Mexico S. de R.L. de C.V.	Mexico	General Trading
Subsea 7 i-Tech US Inc.	US	General Trading
Subsea 7 Korea Co., Ltd	South Korea	General Trading
Subsea 7 Limited	United Kingdom	General Trading
Subsea 7 Luanda Ltd[(b)]	Gibraltar	General Trading
Subsea 7 Marine (US) Inc.	US	Dormant
Subsea 7 Marine LLC	US	General Trading
Subsea 7 Mexico S. de R.L. de C.V.	Mexico	General Trading
Subsea 7 Middle East FZ-LLC	United Arab Emirates	Special Purpose
Subsea 7 Moçambique, Limitada	Mozambique	General Trading
Subsea 7 Navica AS	Norway	Vessel Owning
Subsea 7 Nigeria Limited	Nigeria	General Trading
Subsea 7 Nile Delta Limited	Egypt	General Trading
Subsea 7 NL B.V. (formerly SHL Contracting B.V.)	Netherlands	General Trading
Subsea 7 Norway AS	Norway	General Trading
Subsea 7 Offshore Resources (UK) Limited	United Kingdom	Vessel Owning
Subsea 7 Pipeline Production Limited	United Kingdom	General Trading
Subsea 7 Port Isabel LLC	US	General Trading
Subsea 7 Portugal Unipessoal Limitada	Portugal	General Trading
Subsea 7 Saudi Arabia Limited	Saudi Arabia	General Trading
Subsea 7 Sénégal SAS	Senegal	General Trading
Subsea 7 Servicos Offshore S.A.	Brazil	Holding
Subsea 7 Services (Singapore) Pte Limited	Singapore	General Trading
Subsea 7 Shipping Limited[(b)]	Isle of Man	Vessel Owning
Subsea 7 Singapore Contracting Pte Limited	Singapore	General Trading
Subsea 7 Treasury (UK) Limited	United Kingdom	Special Purpose
Subsea 7 Vessel Owner AS	Norway	Vessel Owning
Subsea 7 West Africa Contracting Limited	United Kingdom	General Trading
Subsea 7 Engineering France S.A.S. (formerly Subsea 7 West Africa S.A.S.)	France	General Trading
Subsea Seven Doha Oil & Gas Services and Trading LLC	Qatar	General Trading
Swagelining Limited	United Kingdom	General Trading
Tartaruga Insurance Limited	Isle of Man	Special Purpose
Thames International Enterprise Limited	United Kingdom	Special Purpose
VOI Option 1 AS	Norway	Special Purpose
VOI Option 2 AS	Norway	Special Purpose
VOI Option 3 AS	Norway	Special Purpose
VOI Option 4 AS	Norway	Special Purpose
VOI Vessel 2 AS	Norway	Special Purpose
Xodus Academy Limited	United Kingdom	General Trading
Xodus DMCC	United Arab Emirates	General Trading
Xodus Greenfuel Development Company Pty Ltd	Australia	Special Purpose
Xodus Green Light Pty Limited (formerly Green Light Environment Pty Limited)	Australia	General Trading
Xodus Group (Holdings) Limited	United Kingdom	Holding
Xodus Group A/S	Norway	Dormant
Xodus Group Japan	Japan	General Trading
Xodus Oil and Gas Consultants (Pty) Limited	South Africa	General Trading
Xodus Group B.V.	Netherlands	General Trading
Xodus Group Consultants Sdn. Bhd	Malaysia	General Trading
Xodus Group Inc	US	General Trading
Xodus Group Limited	United Kingdom	General Trading
Xodus Group Pty Limited	Australia	General Trading
ZNM Nigeria Limited	Nigeria	Dormant

(a) Wholly-owned subsidiaries directly owned by the parent company, Subsea 7 S.A.
(b) UK tax resident.

For all entities, except for those identified in sub-note (b), the principal place of business is consistent with the place of registration.

All subsidiary undertakings are included in the Consolidated Financial Statements of the Group. The proportion of the voting rights in the subsidiary undertakings held directly by the immediate parent company does not differ from the proportion of shares held. The parent company does not have any shareholdings in the preference shares of subsidiary undertakings included in the Group.

Details of the addresses of the registered office of each of the wholly-owned subsidiaries are available on request from Subsea 7 S.A., registered office, 412F, route d'Esch, L-1471 Luxembourg.

Additional information – APMs

The Group utilise 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 consider these non-IFRS measures, which are not a substitute for nor superior to 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, gains and losses on disposal of property, plant and equipment and maturity of lease liabilities, 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 divide 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.

APM	Description	Closest equivalent IFRS measure	Adjustments to reconcile to primary financial statements	Rationale for utilising APM
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.
Order intake	Order intake represents new project awards plus variation orders on existing projects.	No direct equivalent	n/a	Order intake is in accordance with expected industry-wide terminology and primarily enables the book-to-bill APM to be calculated.

Additional information – APMs continued

APM calculations

Reconciliation of net operating income to Adjusted EBITDA and Adjusted EBITDA margin

For the year ended (in $ millions)	**2023 31 Dec (Unaudited)**	2022 31 Dec (Unaudited)
Net operating income	**104.7**	148.8
Depreciation, amortisation and mobilisation	**538.0**	467.6
Impairment of property, plant and equipment, intangible assets and assets classified as held for sale	**96.8**	2.3
Impairment reversal of property, plant and equipment	**(25.9)**	(55.6)
Impairment reversal of right-of-use assets	**–**	(3.7)
Net loss on disposal of property, plant and equipment and maturity of lease liabilities	**0.8**	–
Adjusted EBITDA	**714.4**	559.4
Revenue	**5,973.7**	5,135.8
Adjusted EBITDA margin	**12.0%**	10.9%

Reconciliation of net income to Adjusted EBITDA and Adjusted EBITDA margin

For the year ended (in $ millions)	**2023 31 Dec (Unaudited)**	2022 31 Dec (Unaudited)
Net income	**10.0**	36.4
Depreciation, amortisation and mobilisation	**538.0**	467.6
Impairment of property, plant and equipment, intangible assets and assets classified as held for sale	**96.8**	2.3
Impairment reversal of property, plant and equipment	**(25.9)**	(55.6)
Impairment reversal of right-of-use assets	**–**	(3.7)
Net loss on disposal of property, plant and equipment and maturity of lease liabilities	**0.8**	–
Finance income	**(25.2)**	(9.0)
Other gains and losses	**(21.3)**	(1.9)
Finance costs	**71.2**	23.4
Taxation	**70.0**	99.9
Adjusted EBITDA	**714.4**	559.4
Revenue	**5,973.7**	5,135.8
Adjusted EBITDA margin	**12.0%**	10.9%

Effective tax rate

For the year ended (in $ millions)	**2023 31 Dec (Unaudited)**	2022 31 Dec (Unaudited)
Taxation	**(70.0)**	(99.9)
Income before taxation	**80.0**	136.3
Effective tax rate (percentage)	**87.5%**	73.3%

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

At (in $ millions)	**2023 31 Dec (Unaudited)**	2022 31 Dec (Unaudited)
Cash and cash equivalents	**750.9**	645.6
Total borrowings	**(844.9)**	(356.0)
Net (debt)/cash excluding lease liabilities	**(94.0)**	289.6
Total lease liabilities	**(458.3)**	(257.0)
Net (debt)/cash including lease liabilities	**(552.3)**	32.6

Free cash flow

For the year ended (in $ millions)	**2023 31 Dec (Unaudited)**	2022 31 Dec (Unaudited)
Cash generated from operating activities	**660.0**	485.8
Purchases of property, plant and equipment and intangible assets	**(581.2)**	(231.0)
Free cash flow	**78.8**	254.8

Cash conversion ratio

For the year ended (in $ millions)	**2023 31 Dec (Unaudited)**	2022 31 Dec (Unaudited)
Cash generated from operating activities	**660.0**	485.8
Taxes paid	**83.5**	103.2
	743.5	589.0
Adjusted EBITDA	**714.4**	559.4
Cash conversion ratio	**1.0x**	1.1x

Backlog

The IFRS 15 ‘Revenue from Contracts with Customers’ disclosure in relation to remaining performance obligations is contained in Note 22 ‘Construction contracts’. 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)	**2023 31 Dec (Unaudited)**	2022 31 Dec (Unaudited)
Total backlog	**10,586.8**	9,007.6
Expected year of utilisation:		
2023	**–**	4,204.0
2024	**5,702.7**	2,959.5
2025	**3,764.2**	1,262.8
2026	**1,030.3**	581.3
2027 and thereafter	**89.6**	–

Book-to-bill ratio

For the year ended (in $ millions)	**2023 31 Dec (Unaudited)**	2022 31 Dec (Unaudited)
Order intake	**7,443.7**	7,096.1
Revenue	**5,973.7**	5,135.8
Book-to-bill ratio	**1.2x**	1.4x

Order intake

For the year ended (in $ millions)	**2023 31 Dec (Unaudited)**	2022 31 Dec (Unaudited)
New project awards	**4,824.6**	5,251.5
Escalations on existing projects	**2,619.1**	1,844.6
Order intake	**7,443.7**	7,096.1

Additional Information – EU Taxonomy Disclosure

Revenue (turnover)

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Financial year 2023	Year			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm') (h)									
Economic Activities (1)	Code (a) (2)	Turnover (3)	Proportion of Turnover, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Electricity generation from wind power	CCM 4.3	817.1	14%	Y	N	N/EL	N/EL	N/EL	N/EL	n/a	Y	Y	n/a	Y	Y	Y	20%		
Transport of CO_2	CCM 5.11	43.1	1%	Y	N	N/EL	N/EL	N/EL	N/EL	n/a	Y	Y	n/a	n/a	Y	Y	1%		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**860.1**	**14%**	**14%**	**0%**	**0%**	**0%**	**0%**	**0%**	**n/a**	**Y**	**Y**	**n/a**	**Y**	**Y**	**Y**	**21%**		
Of which Enabling		860.1	14%	14%	0%	0%	0%	0%	0%	Y	Y	Y	n/a	Y	Y	Y	21%	E	
Of which Transitional		0	0%	0%															T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
Electricity generation from wind power	CCM 4.3	10.8	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1%		
Transport of CO_2	CCM 5.11	5.1	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		15.9	0%	0%	0%	0%	0%	0%	0%								1%		
A. Turnover of Taxonomy eligible activities (A.1+A.2)		876.1	15%	15%	0%	0%	0%	0%	0%								22%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		5,097.7	85%																
TOTAL		5,973.7	**100%**																

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities per environmental objective – disclosure covering year 2023

	Proportion of turnover/Total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	14%	15%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Capex

Proportion of Capex from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Financial year 2023	Year			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm') (h)									
Economic Activities (1)	Code (a) (2)	Turnover (3)	Proportion of Turnover, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Electricity generation from wind power	CCM 4.3	424.5	45%	Y	N	N/EL	N/EL	N/EL	N/EL	n/a	Y	Y	n/a	Y	Y	Y	33%		
Capex of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**424.5**	**45%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**	**n/a**	**Y**	**Y**	**n/a**	**Y**	**Y**	**Y**	**33%**		
Of which Enabling		424.5	45%	100%	0%	0%	0%	0%	0%	n/a	Y	Y	n/a	Y	Y	Y	33%	E	
Of which Transitional				0%						n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
Electricity generation from wind power	CCM 4.3	0	0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Capex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0	0%	0%	0%	0%	0%	0%								0%		
A. Capex of Taxonomy eligible activities (A.1+A.2)		424.5	45%	100%	0%	0%	0%	0%	0%								33%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Capex of Taxonomy-non-eligible activities		516.0	55%																
TOTAL		940.5	**100%**																

Proportion of Capex from products or services associated with Taxonomy-aligned economic activities per environmental objective – disclosure covering year 2023

	Proportion of Capex/Total Capex	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	45%	45%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Additional Information – EU Taxonomy Disclosure continued

Opex

Proportion of Opex from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Financial year 2023	Year			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm') (h)									
Economic Activities (1)	Code (a) (2)	Turnover (3)	Proportion of Turnover, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Electricity generation from wind power	CCM 4.3	19.9	18%	Y	N	N/EL	N/EL	N/EL	N/EL	n/a	Y	Y	n/a	Y	Y	Y	16%		
Opex of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**19.9**	**18%**	**18%**	**%**	**0%**	**0%**	**0%**	**0%**	**n/a**	**Y**	**Y**	**n/a**	**Y**	**Y**	**Y**	**16%**		
Of which Enabling		19.9	18%	18%	%	0%	0%	0%	0%	n/a	Y	Y	n/a	Y	Y	Y	16%	E	
Of which Transitional		0	0%	0%						n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
Close to market research, development and innovation	CCM 9.1	0.8	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Opex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0.8	1%	%	%	0%	0%	0%	0%								0%		
A. Opex of Taxonomy eligible activities (A.1+A.2)		20.8	19%	%	%	0%	0%	0%	0%								17%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Opex of Taxonomy-non-eligible activities		88.4	81%																
TOTAL		109.2	**100%**																

Proportion of Opex from products or services associated with Taxonomy-aligned economic activities per environmental objective – disclosure covering year 2023

	Proportion of Opex/Total Opex	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	18%	19%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Subsea 7 S.A. Financial Statements and Report of the Réviseur D'entreprises Agréé for year ended 31 December 2023

412F, route d'Esch
L-1471
Luxembourg
R.C.S. Luxembourg No. B43172

	Page

Report of the Réviseur d'Entreprises Agréé

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

Report on the audit of the financial statements

Opinion

We have audited the Financial Statements of Subsea 7 S.A. (the "Company"), included in pages 160 to 167, which comprise the Balance Sheet as at 31 December 2023, the Profit and Loss account, and the notes to the financial statements for the year then ended, including a summary of significant accounting policies.

In our opinion, the accompanying Financial Statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

Basis for opinion

We conducted our audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU Regulation Nº 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "réviseur d'entreprises agréé" for the audit of the Financial Statements" section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the Financial Statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Key audit matter:	**Impairment of investments in affiliated undertakings**
Description of key audit matter:	Subsea 7 S.A., as ultimate parent of the Group, holds shares in affiliated undertakings Acergy Holdings (Gibraltar) Limited, Subsea 7 International Holdings (UK) Limited, Subsea 7 (UK Service Company) Limited and Seaway 7 AS amounting to an aggregate of $1,852.7 million at 31 December 2023 as disclosed in Note 3 to the Annual Accounts, inclusive of a reversal of a value adjustment thereon of $11.0 million recognised during the year. As stated in Note 2 to the Annual Accounts, the Company performs an annual review of the carrying amounts of individual investments with any resulting impairments or impairment reversals reflected in the Profit and Loss account in the relevant period. If an impairment indicator is identified, the estimated recoverable amount of the investment is prepared. The estimated recoverable amount is calculated as the higher of the value-in-use or fair value less costs to sell. The outcome of the impairment review could vary significantly if different assumptions were applied in the valuation model. The key factors are: • the EBITDA assumptions taken from the Group's most recent budgets and plans for the next five years (the "Plan"); • the sustainable EBITDA and long-term growth rate used beyond the period covered by the Plan given the significance of the terminal value cash flows to the total value-in-use, also considering the expected impact of climate change; • the pre-tax discount rate applied to future cash flows. Impairment of shares in affiliated undertakings is considered a key audit matter because of the significant judgement involved regarding the assessment of their recoverable amount.
Our response:	Our audit procedures in relation to the valuation of the investments in affiliated undertakings included, among others: We assessed management's impairment testing by obtaining the supporting model and assessing the methodology and key assumptions made: • Future EBITDA forecasts – we evaluated management's EBITDA forecasts and tested the underlying values used in the calculations by comparing management's forecast to the latest management approved five-year plan. • We assessed actual performance in the year against the prior year budgets to evaluate historical forecasting accuracy; • Long-term growth rate – we compared the rates applied by management to available externally developed rates; • Pre-tax discount rates – we involved our valuations specialists in our evaluation of the discount rate to consider the appropriateness of the rates used; and • Net assets – we agreed the net assets to the financial records of the respective companies. We compared the carrying amount of the investments to their recoverable amount in order to assess whether an impairment or reversal of previously recognised impairment exists. We assessed the adequacy and appropriateness of the disclosures in Note 2 and Note 3 of the Annual Accounts.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Management Report on page 78 and the accompanying Corporate Governance Statement from pages 48 to 70 but does not include the Financial Statements and our report of "réviseur d'entreprises agréé" thereon.

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

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

Report of the Réviseur d'Entreprises Agréé continued

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

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

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

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

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

Responsibilities of the "réviseur d'entreprises agréé" for the audit of the Financial Statements

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

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

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

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

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

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

Report on other legal and regulatory requirements

We have been appointed as "réviseur d'entreprises agréé" by the General Meeting of the Shareholders on 18 April 2023 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is ten years.

The Management Report on page 78 is consistent with the Financial Statements and has been prepared in accordance with applicable legal requirements.

The accompanying corporate governance statement on pages 48 to 70 is the responsibility of the Board of Directors. The information required by article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the Financial Statements and has been prepared in accordance with applicable legal requirements.

We have checked the compliance of the Financial Statements of the Company as at 31 December 2023 with relevant statutory requirements set out in the ESEF Regulation that are applicable to the Financial Statements.

For the Company, it relates to:

- Financial Statements prepared in valid xHTML format;
- The XBRL markup of the consolidated Financial Statements using the core taxonomy and the common rules on markups specified in the ESEF Regulation.

In our opinion, the Financial Statements of the Company as at 31 December 2023, identified as 222100AIF0CBCY80AH62-2023-12-31, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

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

Ernst & Young
Société anonyme
Cabinet de révision agréé

Alban Aubrée
Luxembourg, 28 February 2024

Subsea 7 S.A. Balance Sheet

At ($ in millions)	Notes	2023 31 Dec	2022 31 Dec
Assets			
Fixed assets			
Financial assets			
Shares in affiliated undertakings	3	**1,852.7**	1,702.1
Current assets			
Other debtors			
becoming due and payable within one year		**0.3**	0.3
Investments			
Own shares	6	**31.1**	75.0
Cash at bank and in hand		**–**	–
Prepayments		**0.4**	0.3
Total assets		**1,884.5**	1,777.7
Capital, reserves and liabilities			
Capital and reserves			
Subscribed capital	4	**608.6**	600.0
Share premium account	4	**697.1**	688.5
Reserves			
Legal reserve	4, 5	**60.9**	60.0
Reserve for own shares	4, 6	**31.1**	75.0
Profit brought forward	4	**98.4**	91.6
Profit for the financial year	4	**361.0**	7.7
Total capital and reserves		**1,857.1**	1,522.8
Provisions			
Provisions for pensions and similar obligations	7	**5.0**	–
Creditors			
Amounts owed to affiliated undertakings			
becoming due and payable within one year	8	**22.0**	254.0
Other creditors			
Tax authorities		**0.2**	–
Other creditors			
becoming due and payable within one year		**0.2**	0.9
Total liabilities		**27.4**	254.9
Total capital, reserves and liabilities		**1,884.5**	1,777.7

The accompanying notes on pages 162 to 167 form an integral part of the Financial Statements for Subsea 7 S.A.

Subsea 7 S.A. Profit and Loss Account

For the year ended ($ in millions)	Notes	2023 31 Dec	2022 31 Dec
Other operating income	9	**14.5**	41.3
Raw materials and consumables and other external expenses			
Other external expenses	11	**(2.8)**	(1.3)
Staff costs			
Wages and salaries		**(0.1)**	(0.1)
Other operating expenses	12	**(52.7)**	(33.6)
Income from participating interests			
derived from affiliated undertakings	13	**400.0**	–
Other interest receivable and similar income			
derived from affiliated undertakings	14	**0.5**	0.1
other interest and similar income		**–**	1.9
Value adjustments			
in respect of financial assets and of investments held as current assets	3, 6	**8.7**	10.9
Interest payable and similar expenses			
concerning affiliated undertakings	8	**(7.0)**	(11.7)
Other taxes		**(0.1)**	0.2
Profit for the financial year		**361.0**	7.7

The accompanying notes on pages 162 to 167 form an integral part of the Financial Statements for Subsea 7 S.A.

Notes to the Financial Statements

1. Organisation

Subsea 7 S.A. (the Company) is a holding company which was incorporated under the laws of Luxembourg on 10 March 1993. The Company has been incorporated for an unlimited period of time. The Subsea 7 S.A. Group (the Group) consists of Subsea 7 S.A. and its affiliated undertakings at 31 December 2023.

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

The Company also prepares Consolidated Financial Statements in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the European Union; these are shown on pages 87 to 147 and are also available at the registered office of the Company or on www.subsea7.com.

2. Significant accounting policies

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

2.1 Financial assets

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

2.2 Own shares

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

2.3 Translation of foreign currencies

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

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

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

2.4 Share-based payments

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

At 31 December 2023, a provision for awards vesting in future periods has been recorded.

2.5 Parent company guarantees

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

2.6 Interest payable and receivable

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

2.7 Other debtors

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

2.8 Amounts owed to affiliated undertakings and other creditors

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

3. Financial assets

($ in millions)	Shares in affiliated undertakings
Cost	
At 31 December 2022	3,386.9
Additions	139.6
At 31 December 2023	**3,526.5**
Accumulated value adjustments	
At 31 December 2022	(1,684.8)
Reversal of value adjustments for the year	11.0
At 31 December 2023	**(1,673.8)**
Carrying amount	
At 31 December 2022	1,702.1
At 31 December 2023	**1,852.7**

During the year ended 31 December 2023, the Company purchased 240,784,866 shares in Seaway 7 ASA for a consideration of $139.6 million. The Company issued a total of 9,976,239 new shares and paid $12.6 million cash. During May 2023, Seaway 7 ASA became a wholly-owned subsidiary of the Group, was de-listed from Euronext Growth Oslo and renamed Seaway 7 AS.

A review of the carrying amount of the financial assets was performed at 31 December 2023 which resulted in a reversal of value adjustments of $11.0 million being recognised in the Company's shares held in Acergy Holdings (Gibraltar) Limited (2022: $11.8 million reversal of value adjustments).

Shares in affiliated undertakings

		Percentage held		Carrying amount ($ in millions)	
Name of company	Registered in	**2023**	2022	**2023**	2022
Acergy Holdings (Gibraltar) Limited	Gibraltar	**100%**	100%	**131.7**	120.7
Subsea 7 International Holdings (UK) Limited	UK	**100%**	100%	**1,501.5**	1,501.5
Subsea 7 (UK Service Company) Limited	UK	**100%**	100%	**79.9**	79.9
Seaway 7 AS	Norway	**28%**	–	**139.6**	–
Total shares in affiliated undertakings				**1,852.7**	1,702.1

The capital, reserves and profit and loss of the affiliated undertakings of the Company are included within the Annual Report and Consolidated Financial Statements of Subsea 7 S.A. as shown on pages 145 to 147, and the Company has applied the exemption, in accordance with article 67.3b of the law of 19 December 2002, to not disclose this information.

4. Capital and reserves

($ in millions)	Subscribed capital	Share premium account	Legal reserve	Reserve for own shares	Profit brought forward	Profit for the financial year	Total
Balance at 1 January 2022	600.0	733.6	60.0	29.9	108.8	16.3	1,548.6
Allocation of the result	–	–	–	–	16.3	(16.3)	–
Dividends declared	–	–	–	–	(33.5)	–	(33.5)
Net movement of own shares	–	(45.1)	–	45.1	–	–	–
Profit for the financial year	–	–	–	–	–	7.7	7.7
Balance at 31 December 2022	600.0	688.5	60.0	75.0	91.6	7.7	1,522.8
Allocation of the result	–	–	–	–	7.7	(7.7)	–
Share cancellation	(11.4)	(30.2)	–	–	–	–	(41.6)
Share issuance	20.0	107.0	–	–	–	–	127.0
Increase of legal reserve	–	–	0.9	–	(0.9)	–	–
Dividends declared	–	(112.1)	–	–	–	–	(112.1)
Net movement of own shares	–	43.9	–	(43.9)	–	–	–
Profit for the financial year	–	–	–	–	–	361.0	361.0
Balance at 31 December 2023	**608.6**	**697.1**	**60.9**	**31.1**	**98.4**	**361.0**	**1,857.1**

At 31 December 2023, the authorised share capital comprised 450,000,000 $2.00 common shares (2022: 450,000,000 $2.00 common shares) and the subscribed capital comprised 304,294,272 $2.00 common shares (2022: 300,000,000 $2.00 common shares).

Notes to the Financial Statements continued

4. Capital and reserves continued
A dividend of NOK 4.00 per share was approved by the shareholders of the Company at the Annual General Meeting on 18 April 2023, which was paid from the distributable reserves on 28 April 2023.

On 14 March 2023 and 14 April 2023, the Company issued a total of 9,979,239 new common shares for a nominal amount of $20.0 million.

During the year ended 31 December 2023, the reduction of the reserve for own shares of $43.9 million was represented by shares cancelled of $41.6 million and reallocations relating to share-based payments of $2.3 million.

5. Legal reserve
Luxembourg law requires that 5% of the Company's unconsolidated net income is allocated to a legal reserve annually, prior to declaration of dividends. This requirement continues until the reserve is 10% of its issued share capital at nominal value, after which no further allocations are required until further issuance of shares. The legal reserve may also be satisfied by allocation of the required amount at the issuance of shares or by a transfer from share premium. The legal reserve is not distributable. The required allocation to the legal reserve, following the increase of common shares, has been satisfied and will be ratified at the next Annual General Meeting.

6. Reserve for own shares

	2023 Number of shares	**2023 in $ millions**	2022 Number of shares	2022 in $ millions
At year beginning	**9,794,267**	**75.0**	4,534,107	29.9
Shares cancelled	**(5,681,967)**	**(41.6)**	–	–
Shares reallocated relating to share-based payments	**(272,496)**	**(2.3)**	(387,912)	(3.9)
Shares repurchased	**–**	**–**	5,648,072	46.0
Reversal in year	**–**	**–**	–	3.0
Balance at year end	**3,839,804**	**31.1**	9,794,267	75.0

At 31 December 2023, the Company directly held 3,839,804 (2022: 9,794,267) own shares with a total nominal value of $31.1 million (2022: $75.0 million), representing 1.26% (2022: 3.26%) of the total number of issued shares.

During the year ended 31 December 2023, 5,681,967 shares representing 1.87% of the total number of issued shares were cancelled. In addition, 272,496 (2022: 387,912) shares representing 0.09% (2022: 0.13%) of the total number of issued shares were reallocated for nil consideration to employees of the Subsea7 Group to satisfy share awards under the 2018 Long Term Incentive Plan.

During the year ended 31 December 2023, the Company recognised a loss of $2.3 million (2022: $3.9 million) related to own shares used for settlement of Long Term Incentive Plans.

A review of the carrying amount of own shares was performed at 31 December 2023; and no value adjustment was deemed necessary (2022: $3.0 million reversal of value).

7. Provisions

Provision for pensions and similar obligations

At ($ in millions)	**2023 31 Dec**	2022 31 Dec
Provision for share-based payments vesting in future period	**5.0**	–

A provision was recorded at year end to reflect the Company's expectation of the number of performance shares which will vest under the 2018 and 2022 Long Term Incentive Plans.

8. Amounts owed to affiliated undertakings

Becoming due and payable within one year

At ($ in millions)	**2023 31 Dec**	2022 31 Dec
Amounts owed to affiliated undertakings	**22.0**	254.0

Amounts owed to affiliated undertakings were mainly related to amounts due to Subsea 7 Treasury (UK) Limited under a short-term working capital facility. During the year ended 31 December 2023, interest costs of $7.0 million were recognised by the Company (2022: $11.7 million).

9. Other operating income

At ($ in millions)	**2023 31 Dec**	2022 31 Dec
Parent company guarantee income	**14.5**	41.3

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

Facilities

The $700 multi-currency revolving credit and guarantee facility
On 15 June 2022, the Group entered into a $700.0 million multi-currency revolving credit and guarantee facility with a five-year tenor, with two one-year extension options. The facility is available in a combination of guarantees, up to a limit of $200.0 million, and cash drawings, or in full for cash drawings. The facility is guaranteed by the Company and Subsea 7 Finance (UK) PLC, a wholly-owned subsidiary of the Group. During the year, the Group requested a one year extension to the multi-currency revolving credit and guarantee facility which will now mature in June 2028. The facility size will reduce from $700 million to $600 million in June 2027 until maturity in June 2028. The facility was unutilised at 31 December 2023.

The South Korean Export Credit Agency (ECA) facility
In July 2015, the Group entered into a $357 million senior term loan facility secured on two vessels owned by the Group. The facility is provided 90% by an Export Credit Agency (ECA) and 10% by two banks and is available for general corporate purposes. The ECA tranche has a 12-year maturity and a 12-year amortising profile. The commercial tranche initially had a five-year maturity and a 15-year amortising profile, which commenced in April 2017. The commercial tranche was refinanced during November 2021, now maturing in January 2027, while retaining the original amortising profile. The facility is guaranteed by the Company. At 31 December 2023, the amount outstanding under the facility was $135.2 million (2022: $159.8 million).

UK Export Finance (UKEF) facility
On 24 February 2021, the Group entered into a $500 million five-year amortising committed loan facility backed by a $400 million guarantee from UK Export Finance. The facility has a five-year tenor which commenced when the facility was fully drawn. The facility can be used for general corporate purposes, including to provide working capital financing for services provided from the UK. The facility is guaranteed by the Company. At 31 December 2023, the amount outstanding under the facility, net of facility fees, was $420.5 million (2022: $195.8 million).

2023 UK Export Finance (UKEF 2023) facility
On 27 July 2023, the Group entered into a $450 million five-year amortising loan facility backed by a $360 million guarantee from UK Export Finance. The Group has a two-year availability period during which to draw on the facility, and the facility has a five-year tenor which commences the earlier of availability period expiry or when the facility is fully drawn. The lenders have classified the facility as a green loan as the funds are for use within the Group's Renewables business unit. The facility is guaranteed by the Company and Subsea 7 Finance (UK) PLC, a wholly-owned subsidiary of the Group. At 31 December 2023, the amount outstanding under the facility, net of facility fees, was $288.9 million.

Utilisation of facilities

At (in $ millions)	**2023 31 Dec Utilised**	**2023 31 Dec Unutilised**	**2023 31 Dec Total**	2022 31 Dec Utilised	2022 31 Dec Unutilised	2022 31 Dec Total
Committed borrowing facilities	**852.6**	**857.6**	**1,710.2**	359.8	1,000.0	1,359.8

Other facilities
In addition to the above there are a number of uncommitted, unsecured bi-lateral guarantee arrangements in place in order to provide specific geographical coverage. The utilisation of these facilities at 31 December 2023 was $2.2 billion (2022: $1.6 billion).

11. Other external expenses

For the year ended ($ in millions)	**2023 31 Dec**	2022 31 Dec
Administrative expenses	**2.5**	1.1
Statutory audit fees	**0.3**	0.2
Total	**2.8**	1.3

12. Other operating expenses

For the year ended ($ in millions)	**2023 31 Dec**	2022 31 Dec
Corporate allocation and shareholders' costs	**46.8**	32.7
Provision for share-based payments vesting in future period	**5.0**	–
Other operating expenses	**0.9**	0.9
Total	**52.7**	33.6

13. Income from participating interests derived from affiliated undertakings
On 12 May 2023, the Company received a $400.0 million interim dividend from Subsea 7 International Holdings (UK) Limited (2022: $nil). Consideration for this transaction was settled under, and in line with the terms of, the Group's internal working capital agreement.

Notes to the Financial Statements continued

14. Other interest receivable and similar income derived from affiliated undertakings

For the year ended ($ in millions)	2023 31 Dec	2022 31 Dec
Guarantee fee commission receivable from Eidesvik Seven AS	**0.1**	0.1
Interest receivable on short-term working capital facility	**0.4**	–
Total	**0.5**	0.1

15. Tax on profit or loss

For the year ended 31 December 2023, the Company was fully taxable at an effective rate of 24.94% (2022: 24.94%). After taking account of required book to tax adjustments, the Company recorded a fiscal loss for the year. No benefit has been recorded in respect of those losses due to uncertainty over their future recoverability.

16. Share-based payments

Awards made under the Group's Long Term Incentive Plans, in the form of equity-settled share-based payments, are satisfied by the Company on behalf of its affiliated undertakings. A charge of $2.3 million (2022: $3.9 million) was recognised as adjustments in respect of investments held as current assets in relation to the settlement of share-based compensation.

The share-based schemes operated by the Group are:

2018 Long Term Incentive Plan

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

2022 Long Term Incentive Plan

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

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

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

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

Under the terms of the LTIP, participants are not entitled to receive dividend equivalent payments during the performance and holding periods. On 31 December 2023, there were approximately 150 participants in the active LTIP schemes (2018 LTIP and 2022 LTIP Plans). Individual award caps are in place such that no participant may be granted shares under the 2022 LTIP Plan in a single calendar year that have an aggregate fair market value in excess of 150%, in the case of the CEO, CFO and other members of the Executive Management Team, and 100%, in the case of other employees, of their annual base salary at the date of the award. Additionally, a holding requirement for the CEO, CFO and other members of the Executive Management Team applies where they must hold 50% of all awards that vest until they have built up a shareholding with a market value of 150% of their annual base salary which must be maintained throughout their tenure.

Total Shareholder Return based awards

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

Cash Conversion Ratio based awards

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

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

Return on Average Invested Capital based awards

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

Details of the TSR, ROAIC and CCR calculations, including further details of each Long Term Incentive Plan, are disclosed within the Remuneration Report on pages 65 to 70.

Vesting of LTIP 2020 award

The performance conditions applicable to the share awards granted in 2020 under the 2018 LTIP Plan that vested during 2023 were based upon two measures: TSR and ROAIC, with a weighting of 65% and 35%, respectively. Subject to these performance conditions the vested shares are transferred to participants in equal tranches on the third, fourth and fifth anniversary of the award date.

The performance conditions for the vesting of the share awards granted in 2020 under the 2018 LTIP Plan are set out below. For LTIP 2020 awards, both performance conditions were assessed over the three-year period and neither met the threshold for vesting under the plan rules, therefore did not vest.

Metric	Percentage of share awards under each metric	Range	Result	Percentage of shares to vest under each metric	Shares to vest
TSR	65%	50%-100%	38.4%	–	–
ROAIC	35%	9%-14%	(2.1)%	–	–
Total	**100%**				**–**

(a) Subsea7 ranked 9th out of the 14 companies within the selected peer group (below the median). This resulted in 0% vesting for the TSR portion.
(b) The average over the three-year performance period was (2.1)%. This resulted in 0% vesting for the ROAIC portion.

During 2023, in accordance with the terms of the 2018 LTIP Plan, shares totalling 272,496 were transferred to participants.

Long Term Incentive Plan awards in 2023

Conditional share awards were made to approximately 150 leaders and key employees on 1 October 2023 comprising 1,448,900 (2022: 1,391,000) shares under the terms of the 2022 LTIP Plan.

17. Staff

The average full-time equivalent number of employees of the Company for the year ended 31 December 2023 was one (2022: one).

18. Related party transactions

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

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

During 2023 the Company rented office accommodation from Siem Europe Properties S.à.r.l. a Company ultimately controlled by Siem Industries S.A. Total rental cost was less than $0.1 million (2022: less than $0.1 million).

Transactions with Treveri S.à r.l, a company controlled by Mr Siem, in relation to services provided totalled $0.1 million (2022: $0.1 million).

In addition, the Company received guarantee commission for an amount of $0.5 million (2022: $0.1 million) from Eidesvik Seven AS related to the 100% guarantee provided on the NOK 600 million ($57.9 million) loan facility by Subsea 7 International Holdings (UK) Limited.

19. Board of Directors' expenses

Fees paid to Directors for the year ended 31 December 2023 amounted to $0.9 million (2022: $0.9 million).

20. Events after the reporting period

Dividends and share repurchases

At the Annual General Meeting on 2 May 2024, the Board of Directors will propose that shareholders approve a cash dividend of NOK 6.00 per share, equating to approximately $170 million, payable in two equal instalments in May and November 2024. The Company has also committed to repurchase approximately $80 million of its own shares in 2024, resulting in shareholder returns of approximately $250 million.

Glossary

4Subsea	4Subsea is a leading provider of technology and services that help operators optimise energy production from subsea oil and gas fields and offshore wind farms. 4Subsea is a wholly-owned autonomous subsidiary of Subsea7.
Adjusted EBITDA	Adjusted EBITDA is defined on page 148 in the Consolidated Financial Statements.
AGM	Annual General Meeting
Backlog	Expected future revenue from in-hand projects only where an award has been formally signed. Awards to associates and joint ventures are excluded from backlog figures, unless otherwise stated.
BORAbox®	BORAbox is a suite of sensors fitted to our ROVs or other offshore infrastructure to collect ocean data. BORA Blue Ocean Research Alliance® is one of the first Industry and Science Alliances to be endorsed by the UN Ocean Decade.
Carbon intensity	The carbon intensity of oil and gas developments can be measured in CO_2e per barrel of oil equivalent, including production and transportation but excluding end-use combustion.
CCS	Carbon capture and storage
Clean Operation	A Clean Operation is any measure beyond a normal operating practice that will save energy.
Company	Subsea 7 S.A.
Conventional	Conventional services include the fabrication, installation, extension, hook-up and refurbishment of fixed and floating energy infrastructure in shallow water.
Decommissioning	The taking out of service of production facilities at the end of their economic lives and their removal or partial removal from offshore for recycling and/or disposal onshore.
DNV	DNV AS is a leading classification society for the maritime industry.
Dry-dock	A facility for the construction, maintenance and repair of vessels.
EPCI/EPIC	Engineering, procurement, construction and installation or engineering, procurement, installation and commissioning, typically on a fixed-price basis.
Executive Officers	For the purpose of the Remuneration Report, Executive Officers refers to the Executive Directors of Subsea 7 S.A. as well as the roles of Chief Executive Officer (CEO) and the Chief Financial Officer (CFO).
FEED	Front-end engineering and design
FID	Final investment decision
Flex-lay	A pipelay method for installing flexible pipelines, umbilicals and risers by spooling them from a reel, carousel or basket onto the seabed.
Flowline	A pipeline carrying oil, gas or water that connects the subsea wellhead to a manifold or to surface production facilities.
Global enabler	Any of Subsea7's most capable vessels that are frequently key to winning and executing large EPCI contracts.
Group	Subsea 7 S.A. and its subsidiaries
Heavy lift vessel	An offshore vessel or barge designed to lift objects greater than 1,000 tonnes such as offshore wind foundations and turbines.
Inner-array cables	Cables that run between the individual wind turbine foundations and substations.
Integrity management	A risk-based service supporting operators of subsea assets in the maintenance of their facilities.
IRM	Inspection, repair and maintenance of subsea infrastructure.
Jacket	A steel structure, typically comprised of an x-braced configuration between four steel legs. Jackets are one design of foundation for wind turbine generators.
Monopile foundation	A single, cylindrical, steel structure that can be used as a foundation for a wind turbine generator or offshore substation.
OneSubsea®	A joint venture between SLB, Aker Solutions and Subsea7. Focused on accelerating innovation to create a step change in subsea production economics and reduce emissions in subsea operations. The joint venture brings together deep reservoir domain expertise, broad front-end and system design knowledge. It has an extensive field-proven subsea production and processing technology portfolio, world-class manufacturing scale and capacity, and unique pore-to-process integration capabilities.
Performance share	Performance shares are awarded under the Long Term Incentive Plan and cover approximately 150 senior employees. These shares vest after at least three years, subject to performance conditions.
PLSV	Pipelay support vessel
Riser/riser systems	A pipe through which oil and/or gas travels upward from the seabed to a surface production facility.
ROAIC	Return on Average Invested Capital. A key performance indicator for the Group which is used as a non-market performance measure in the Long Term Incentive Plans.
Seaway7	Subsea7's Renewables business unit.
Subsea7	Subsea 7 S.A. and its subsidiaries
Subsea Integration Alliance	Subsea Integration Alliance is a strategic global alliance between OneSubsea and Subsea7, bringing together field development planning, project delivery, innovative contracting models and total lifecycle solutions under the world's leading subsea technology and services portfolio.
SPS	Subsea production system. Equipment placed on the seabed that is connected to subsea pipeline networks and riser systems to produce the reservoir to a host facility.
SURF	Subsea umbilicals, risers and flowlines
T&I	Transport and installation of wind or subsea infrastructure
TCFD	Task Force on Climate-related Financial Disclosures
TTF gas price	Title Transfer Facility is a virtual gas trading hub in the Netherlands. TTF is the main benchmark for European gas prices.
Tie-back	A connection between a new satellite oil and/or gas discovery and an existing production facility, improving the economics of marginal fields into profitable assets.
Total Shareholder Return	Total Shareholder Return combines share price appreciation and dividends paid to show the total return to the shareholder expressed as an annualised percentage.
Umbilical	An assembly of hydraulic hoses, which can also include electrical cables or optic fibres, used to control subsea structures from an offshore platform or a floating vessel.
Variation order	An instruction by the client for a change in the scope of the work to be performed under the contract which may lead to an increase or a decrease in contract revenue based on changes in the specifications or design of an asset and changes in the duration of the contract.
Xodus Group	Client-led engineering consultancy that provides engineering and advisory services to clients in the oil and gas, LNG, renewables and utilities industries worldwide. Xodus is a wholly-owned autonomous subsidiary of Subsea7.

Additional Information

Additional Information

Special note regarding forward-looking statements

Certain statements made in this report may include 'forward-looking statements'. These statements relate to our expectations, beliefs, intentions or strategies regarding the future. These statements may be identified by the use of words such as 'anticipate', 'believe', 'estimate', 'expect', 'intend', 'may', 'plan', 'project', 'should', 'will', 'seek', and similar expressions.

The forward-looking statements that we make reflect our current views and assumptions with respect to future events and are subject to risks and uncertainties. Actual and future results and trends could differ materially from those set forth in such statements due to various factors, including those discussed in this report under 'Risk Management', 'Financial Review' and the quantitative and qualitative information disclosures about market risk contained in Note 33 'Financial instruments' to the 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; (xvii) global availability at scale and commercially viability of suitable alternative vessel fuels; and (xviii) 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. We undertake no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Investor relations

Shareholders, equity analysts, portfolio managers and representatives of financial institutions may contact:

Email: ir@subsea7.com
Telephone: +44 20 8210 5568

Press enquiries

Representatives of the press may contact:

Email: subsea7corporate.communications@subsea7.com

Financial information

Copies of stock exchange announcements, including the Group's quarterly and semi-annual results announcements and the Group's Annual Report and Consolidated Financial Statements, are available on the Group's website www.subsea7.com.

Any shareholder requiring a printed copy of the Group's Annual Report and Consolidated Financial Statements or the Company's Financial Statements can request these via the website www.subsea7.com.

Stock listings

Common shares – Traded on the Oslo Stock Exchange under the symbol SUBC – www.oslobors.no.
ISIN: LU0075646355
LEI: 222100AIF0CBCY80AH62

Registrar – common shares

Registrar for the shares of Subsea 7 S.A., recorded in the Norwegian Central Securities Depository, Verdipapirsentralen ASA (Euronext Securities Oslo):

DNB Bank ASA
Postboks 1600 Sentrum
0021 Oslo, Norway
Telephone: +47 23 26 80 16
Email: sten.sundby@dnb.no

Depositary Bank – ADRs

Subsea 7 S.A. has a sponsored Level 1 ADR facility, for which Deutsche Bank Trust Company Americas acts as depositary. Each ADR represents one common share of the Company. The ADRs are quoted over-the-counter (OTC) in the US under the ticker symbol SUBCY.

For enquiries, beneficial ADR holders may contact:

Deutsche Bank Trust Company Americas
c/o Equiniti Trust Company, LLC, Peck Slip Station
PO Box 2050, New York NY10272-2050, USA

US toll free: +1 866 249 2593
International: +1 718 921 8137
Email: adr@equiniti.com

Further information is available at: www.equiniti.com.

Financial calendar

Subsea 7 S.A. intends to publish its quarterly financial results for 2024 on the following dates:

Q1 2024 results	25 April 2024
Q2 and H1 2024 results	25 July 2024
Q3 2024 results	21 November 2024
Q4 and FY 2024 results	27 February 2025

2024 Annual General Meeting and Extraordinary General Meeting

2 May 2024 at 15:00 CET
412F, route d'Esch
L-1471 Luxembourg

Registered office

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L-1471 Luxembourg

Website

www.subsea7.com

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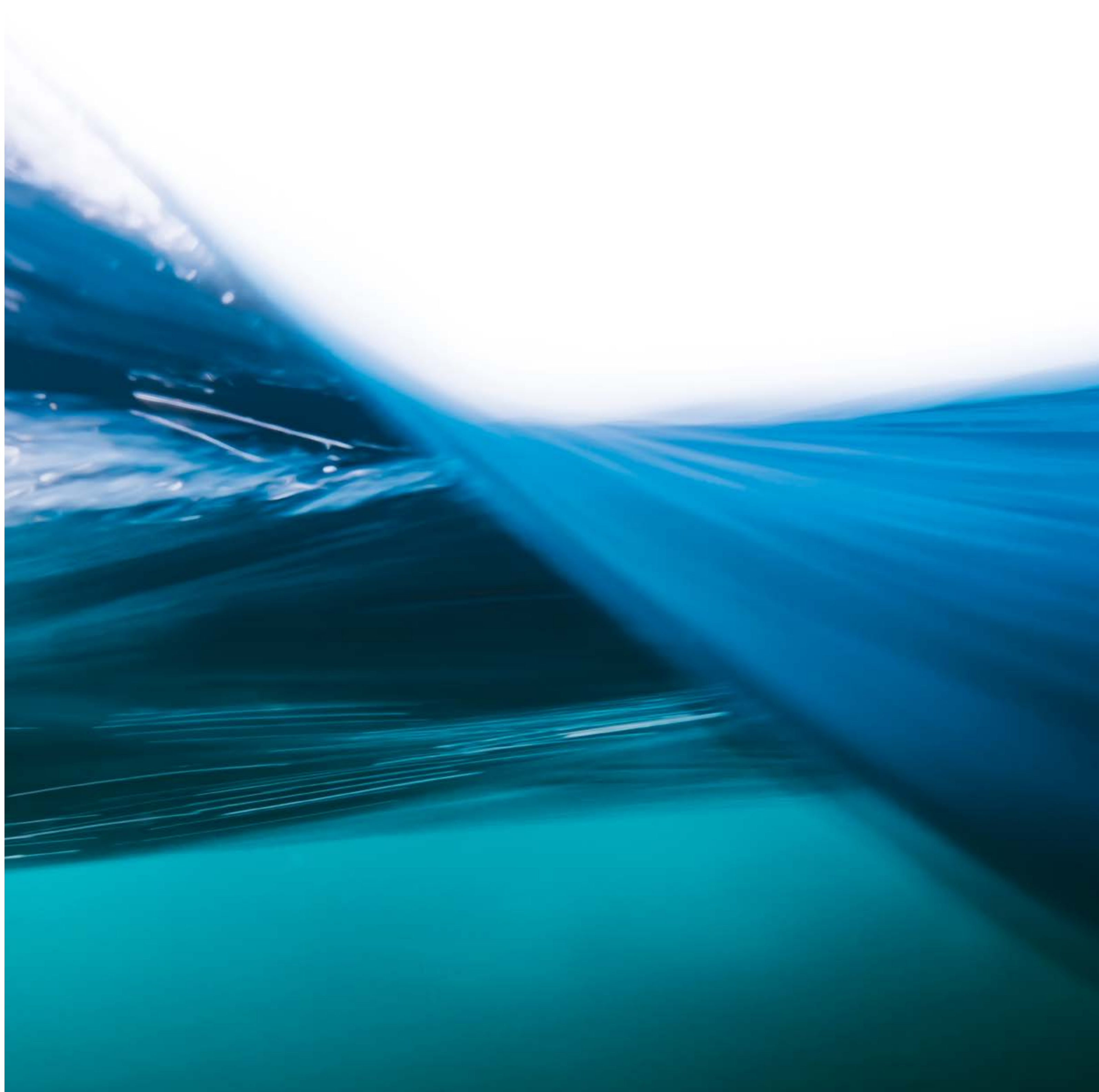

subsea 7

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