

Subsea 7 Blue Space Limited
(formerly known as Subsea 7 Contracting (UK) Limited)

Report and Financial Statements

For the year ended 31 December 2020

Registered Number SC128705



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Subsea 7 Blue Space Limited
(formerly known as Subsea 7 Contracting (UK) Limited)

Registered Number SC128705

Directors and Other Information
for the year ended 31 December 2020

Directors

Simon Ellis (resigned 6 July 2021)
Nathalie Louys (appointed 6 July 2021)
Ricardo Rosa (appointed 6 July 2021)
Colin Strachan (resigned 6 July 2021)
Rachel Watts (appointed 6 July 2021)

Company Secretary

Lorna Peace

Registered Office

East Campus
Prospect Road
Arnhall Business Park
Westhill
Aberdeenshire
AB32 6FE

Independent Auditor

Ernst & Young LLP
4th Floor
2 Marischal Square
Broad Street
Aberdeen
AB10 1BL

Strategic Report

for the year ended 31 December 2020

The Directors present their Strategic Report for Subsea 7 Blue Space Limited (the 'Company') for the year ended 31 December 2020. This report is specific to the Company and not the wider Subsea 7 S.A. group. The results for the Subsea 7 S.A. group are contained within the Annual Report of Subsea 7 S.A. which can be found at www.subsea7.com.

Review of the business

During 2020 the Company had very limited activity, earning interest income on amounts due from group undertakings only. The Directors have considered the future outlook of the Company and going forward the Company's principal activity will be the investment in, and provision of finance to entities which are involved in the delivery of offshore projects and services to the Energy industry.

The total comprehensive income for the year ended 31 December 2020 was £31,000 (2019: £62,000).

The financial position of the Company, its liquidity position and borrowing facilities are set out in the Financial Statements. As at 31 December 2020, the Company had total assets of £2.4 million (2019: £2.3 million) with total net assets of £2.4 million (2019: £2.3 million).

On 30 June 2020, as part of an intra-group reorganisation, the Company's immediate parent company changed from Subsea 7 Senior Holdings (UK) Limited to Subsea 7 International Holdings (UK) Limited, a company incorporated in the United Kingdom.

The Directors do not recommend the payment of a dividend for the year.

Key performance indicators

Under s414c of the Companies Act 2006, the Directors are required to disclose the Company's financial and non-financial key performance indicators. The Subsea 7 S.A. group, being Subsea 7 S.A. and its subsidiaries, (the 'Group'), manages its operations at a segmental and geographical level. For these reasons the Directors believe that the disclosure of key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Group, which includes this Company, is discussed in the Annual Report of the ultimate parent undertaking, Subsea 7 S.A.

The Directors are satisfied with the performance and results of the Company for the year.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The Company is subject to management processes applicable to the entire Group. The Group's risk management programme seeks to limit the adverse effects of these factors on the financial performance of group companies. Information on how the risks specific to the Company arise are set out below, as are the objectives, policies and processes for their management and the methods used to measure each risk. The key business risks and uncertainties affecting the Company include:

Compliance and ethics risk

The Company is committed to conducting business in a legal and ethical manner. However, there is a risk that its employees, representatives or such other persons may take actions that breach the Group's Code of Conduct or applicable laws, including but not limited to anti-bribery and anti-corruption laws. Any such breach could result in monetary penalties, convictions, debarment and damage to the Company's reputation and could therefore impact its ability to do business.

Integrity is one of the Group's core values and the Group also has an Ethics Policy Statement and Code of Conduct, which clearly sets out the behaviours expected of its employees and those who work with it. 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 and to prevent bribery and corruption. The programme includes financial controls, supply chain management procedures, and procedures for managing third party risks. Mandatory annual compliance and ethics e-learning for employees raises awareness, highlights the whole range of consequences and encourages compliance. A committee comprising members of the Group's Executive Management Team sets objectives for the implementation of the compliance and ethics programme and monitors progress. The Group has engaged an independent third party assurance provider to benchmark the compliance and ethics programme against best practice including International Standard ISO 37001.

Strategic Report (continued)
for the year ended 31 December 2020

Principal risks and uncertainties (continued)

Information technology and security risk

The Group and Company's operations depend on the availability and security of a number of key information technology (IT) systems. These systems could be disrupted or compromised by a general IT failure or cybercrime risks including but not limited to:

- Unauthorised system access;
- Malware (including computer viruses);
- Theft and misappropriation of data and sensitive information; and
- Targeted fraud attacks

Such breaches in IT security could adversely impact the Group and Company's ability to operate and lead to financial loss, damaged reputation, loss of customer and shareholder confidence and regulatory fines.

The Group recognises the increased incidence of cyber security threats and continually reviews its policies, procedures and defences to mitigate associated risks, engaging market-leading specialists where appropriate. The Group has a number of IT policies, including a policy on information security, designed to protect its systems and ensure availability and integrity as well as combating attempted fraud. These policies are regularly reviewed to ensure they continue to address existing and emerging information security, cyber maritime and cybercrime risks. Internal e-learning courses are used to raise awareness among employees of IT security risks and of the Group's procedures to manage them. Furthermore, the Group maintains a programme of regular investment in new hardware, software and systems to ensure the integrity of IT security defences.

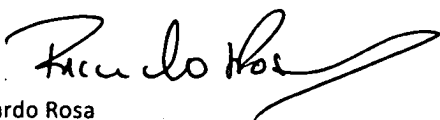
Cash flow and liquidity risk

The Company is part of the Group's centralised financing arrangements which, through committed banking facilities, seeks to meet the working capital requirements of all group companies and finance the acquisition or construction of new assets. The Group actively maintains a mixture of long-term and short-term committed facilities that are designed to ensure the Group has sufficient available funds for operations and planned expansions. The Group has access to committed external facilities and other sources of external finance which can be made available to the Company as required. The Company has access to these sources of funding through a working capital facility provided by a fellow group company.

As the global economy is impacted by the unprecedented health and economic crisis following the outbreak of the Covid-19 pandemic, Management continues to monitor the potential operational and financial impacts for the Company. This is considered further within the Directors' Report.

In the opinion of the Directors, the Company is well placed to successfully manage the principal risks and uncertainties.

On behalf of the Board



Ricardo Rosa
Director
28 July 2021

Directors' Report

for the year ended 31 December 2020

The Directors present their report for Subsea 7 Blue Space Limited (the 'Company') for the year ended 31 December 2020. This report is specific to the Company and not the wider Subsea 7 S.A. group. The results for the Subsea 7 S.A. group are contained within the Annual Report of Subsea 7 S.A. which can be found at www.subsea7.com.

Directors

The names of the current Directors are listed on page 1. Colin Strachan and Simon Ellis held office throughout the year and subsequent to the year end, resigned from the Company on 6 July 2021. Nathalie Louys, Ricardo Rosa and Rachel Watts were appointed Directors of the Company on 6 July 2021.

Qualifying third party indemnity provisions

The Company has granted an indemnity to one or more of its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force at the date of approving the Directors' Report.

Principal activities

In prior years the principal activity of the Company was the provision of equipment maintenance services to entities within the Subsea 7 S.A. group, being Subsea 7 S.A. and its subsidiaries, (the 'Group'). During 2020 the Company had very limited activity, earning interest income on amounts due from group undertakings only.

Results and performance

The Statement of Comprehensive Income for the year is set out on page 10. The Company's total comprehensive income for the financial year of £31,000 (2019: £62,000) has been transferred to reserves.

Dividends

The Company does not have a formal dividend policy. Dividends are recommended based on a review of financial position and financial performance by the Directors. The Directors do not recommend the payment of a final ordinary dividend.

Financial instruments

The Company, as part of the Group's centralised arrangements, monitors and manages the financial risks relating to its financial operations through internal risk reports which analyse exposures by degree and magnitude of risks. The Group seeks to minimise the effects of these risks by using a variety of financial instruments to hedge these financial risk exposures. The Group reviews compliance with policies and exposure limits on a regular basis and it does not enter into or trade financial instruments for speculative purposes.

The Company does not enter into financial instruments or non-derivative financial instruments in order to manage foreign currency exposures.

Future developments

As part of the Group, the Company is well positioned to take advantage of future opportunities in a highly competitive and cost-efficient market. In recent years the oil and gas market has undergone a transformational downturn. Where possible the Company has responded with innovation and reorganisation in order to drive down costs and find better, more efficient solutions. A focused strategy and differentiated offering has been effective in strengthening market position and changing the industry dynamics. The Directors expect that interest income will continue to be generated from amounts due from group undertakings.

The Directors have considered the future outlook of the Company and going forward the Company's principal activity will be the investment in, and provision of finance to entities which are involved in the delivery of offshore projects and services to the Energy industry.

Directors' Report (continued)
for the year ended 31 December 2020

Going concern

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposures to risks are described in the Strategic Report.

The Company is part of the wider Subsea 7 group. As the global economy remains impacted by the unprecedented health and economic crisis following the outbreak of the Covid-19 pandemic, Management continues to monitor the potential operational, market and financial impacts to the Group including the mitigating impacts of the vaccination roll-out in 2021. Despite the remaining uncertainty regarding the potential impacts of the Covid-19 pandemic and the associated imbalance in the energy market, Management considers that there are no significant doubts over the application of the going concern assumption and no disclosable material uncertainties which cast doubt upon the Group's and the Company's ability to continue as a going concern.

Despite the challenges facing the energy sector the Group closed the year with an order backlog of \$6.2 billion, an increase of \$1.0 billion compared to 31 December 2019, demonstrating improving; near to medium-term activity levels, particularly in renewables. Forecasts continue to demonstrate that the Group will generate cash flows from operations more than sufficient 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 plausible downside scenarios. These include scenarios which reflect extended periods of low oil prices and potential operational and Covid-19 related issues which could adversely impact the Group. Management has also performed reverse stress testing through modelling of anticipated reasonable worst-case scenarios. In all scenarios, Management identified no forecast breaches of banking covenants and demonstrated sufficient liquidity.

The Group has a strong Balance Sheet with significant cash balances. At 31 March 2021, the Group had cash and cash equivalents of \$527 million. The Group had \$656 million available and undrawn against its multi-currency revolving credit and guarantee facility. Furthermore, Management believes the Group has continued access to the debt capital markets and other funding sources as a result of the strength of the Balance Sheet. Should additional funding be required, Management consider that it will be possible to secure new funding through the issuance of new debt instruments or the arrangement of additional bank facilities.

On 24 February 2021, the Group entered into a \$500 million five-year amortising loan facility backed by a \$400 million guarantee from UK Export Finance. The Group has a two-year availability period during which to draw on the facility, and the facility has a five-year tenor which commences at the end of the availability period or when the facility is fully drawn, if earlier. The facility can be used for general corporate purposes, including to provide working capital financing for services provided from the United Kingdom. The facility is guaranteed by Subsea 7 S.A., the ultimate parent company.

The Company had net assets of £2.4 million (2019: £2.3 million). The Company's receivable balance is held with a fellow group undertaking. An impairment review has been performed on this balance and no impairment has been recognised. Due to the significant financial resources of the Group, the Directors consider the balance to be recoverable.

The Directors have considered the forecast cash flow of the Company, as part of the overall Group cash flow projections, which are considered to be sufficient to support continued trading operations for a period of 12 months from the date of signing the Financial Statements. In addition, the Directors believe that should additional short-term or long-term funding be required, over and above that available within the Company, this would be made available from other group companies.

Events since the Balance Sheet date

On 26 March 2021, the Company purchased 334,325 shares in Salamander Offshore Wind Limited, for a nominal value of €0.0001 per share. This represents a shareholding of 21.5%.

On 26 March 2021, the Company entered into an unsecured term loan facility agreement with Salamander Offshore Wind Limited, making available funding not exceeding £225,001. Interest is applied at three months Sterling Overnight Index Average (SONIA) plus 12%. On 15 April 2021, £99,000 was drawn and on 28 May 2021, £62,500 was drawn.

On 15 April 2021, the Company also entered into an unsecured term loan facility agreement with Salamander Offshore Wind Limited, making available funding not exceeding £33,750.

Directors' Report (continued)
for the year ended 31 December 2020

Events since the Balance Sheet date (continued)

Interest is applied at three months SONIA plus 12%. The latter loan facility can only be utilised upon the full drawdown of the former loan facility provided from the Company, and full drawdown of initial facility agreements entered into with the two remaining shareholders.

On 6 July 2021, Subsea 7 Contracting (UK) Limited changed its name to Subsea 7 Blue Space Limited. Subsequently, on 7 July 2021, the Company entered into an agreement with OHT ASA, a Norwegian company listed on the Merkur Stock Exchange, to act as the investor in respect of the contribution of the Group's Offshore Floating Wind Business to OHT ASA. In consideration for the contribution, the Company will be issued with new ordinary shares in OHT ASA, representing a 72% shareholding. Subject to conditions precedent being met, it is anticipated that this transaction will complete in 2021.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, Directors' Report and the Financial Statements in accordance with applicable UK law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

Under Company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the net income or loss of the Company for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

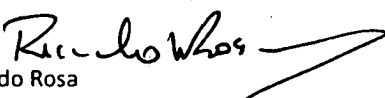
The Directors who were members of the Board at the time of approving the Directors' Report are listed on page 1. Having made enquiries of fellow Directors and of the Company's auditors, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware; and
- each Director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditor

Ernst & Young LLP have indicated their willingness to continue in office and a resolution that they be reappointed will be proposed at the Annual General Meeting.

On behalf of the Board


Ricardo Rosa

Director

28 July 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUBSEA 7 BLUE SPACE LIMITED (formerly known as Subsea 7 Contracting (UK) Limited)

Opinion

We have audited the Financial Statements of Subsea 7 Blue Space Limited for the year ended 31 December 2020, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 14, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 101, 'Reduced Disclosure Framework'.

In our opinion, the Financial Statements:

- give a true and fair view of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the Financial Statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least 12 months from when the Financial Statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Other information

The other information comprises the information included in the Report and Financial Statements, other than the Financial Statements and our Auditor's Report thereon. The Directors are responsible for the other information.

Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUBSEA 7 BLUE SPACE LIMITED (formerly known as Subsea 7 Contracting (UK) Limited) (continued)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the Financial Statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Directors are 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 Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives 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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and Management.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUBSEA 7 BLUE SPACE LIMITED (formerly known as Subsea 7 Contracting (UK) Limited) (continued)

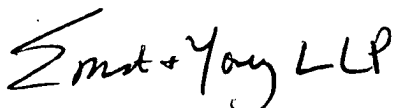
Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulations in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, GDPR and anti-bribery and corruption.
- We understood how Subsea 7 Blue Space Limited is complying with those frameworks by making enquiries of Management to understand how the Company maintains and communicates its policies and procedures and corroborated responses by obtaining and reviewing supporting documentation. We also inspected correspondence with relevant external authorities.
- We assessed the susceptibility of the Company's Financial Statements to material misstatement, including how fraud might occur by making enquiries with Management, including Subsea 7 S.A. Management, to understand and identify the internal policies and procedures related to the identification and monitoring of fraud risks. We considered the opportunity and incentives for the perpetration of fraud based on our understanding of the business.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved journal entry testing designed to identify unusual activity and lower testing thresholds applied to financial statement accounts with deemed higher risk of fraud. Transactions sampled were agreed to source documentation or independent confirmation, ensuring appropriate authorisation of the transactions.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Kenneth MacLeod Hall (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Aberdeen

28 JUL 2021

Subsea 7 Blue Space Limited (formerly known as Subsea 7 Contracting (UK) Limited)

Statement of Comprehensive Income for the year ended 31 December

	Note	2020 £000	2019 £000
Finance income	8	38	76
Net income before taxes		38	76
Taxation	9	(7)	(14)
Total comprehensive income		31	62

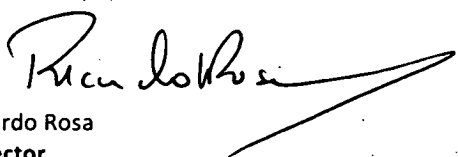
Subsea 7 Blue Space Limited (formerly known as Subsea 7 Contracting (UK) Limited)

Balance Sheet At 31 December

	Note	2020 £000	2019 £000
Assets			
Current assets			
Trade and other receivables	10	2,364	2,340
Total assets		2,364	2,340
Equity			
Issued share capital	11	1,010	1,010
Retained earnings		1,347	1,316
Equity attributable to shareholders		2,357	2,326
Liabilities			
Current liabilities			
Current tax liabilities		7	14
Total liabilities		7	14
Total equity and liabilities		2,364	2,340

The notes to the Financial Statements on pages 13 to 20 are an integral part of these Financial Statements.

The Financial Statements of Subsea 7 Blue Space Limited, Company Number SC128705 on pages 10 to 20 were approved by the Board of Directors on 28 July 2021 and were signed on behalf of the Board:



Ricardo Rosa
Director

Subsea 7 Blue Space Limited (formerly known as Subsea 7 Contracting (UK) Limited)

Statement of Changes in Equity for the year ended 31 December 2020

	Issued share capital £000	Retained earnings £000	Total equity £000
At 1 January 2020	1,010	1,316	2,326
Comprehensive income			
Net income	-	31	31
Total comprehensive income	-	31	31
At 31 December 2020	1,010	1,347	2,357

	Issued share capital £000	Retained earnings £000	Total equity £000
At 1 January 2019	1,010	1,254	2,264
Comprehensive income			
Net income	-	62	62
Total comprehensive income	-	62	62
At 31 December 2019	1,010	1,316	2,326

Subsea 7 Blue Space Limited (formerly known as Subsea 7 Contracting (UK) Limited)

Notes to the Financial Statements for the year ended 31 December 2020

1 General information

The Financial Statements and notes contained within this document are specific to Subsea 7 Blue Space Limited (the 'Company') and not the wider Subsea 7 S.A. group. The results for the Subsea 7 S.A. group are contained within the Annual Report of Subsea 7 S.A., which can be found at www.subsea7.com.

The Financial Statements of the Company for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the Board of Directors on 28 July 2021. The Company is a limited company incorporated and domiciled in Scotland. The principal accounting policies adopted in the preparation of these Financial Statements are set out below.

Basis of preparation

These Financial Statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. In line with 'The Companies, Partnerships and groups (Accounts and Reports) Regulations 2015 (SI 2015/980)' the Company has chosen to adapt the formats of the Balance Sheet and Statement of Comprehensive Income and has applied the relevant presentation requirements of IAS 1 'Presentation of Financial Statements'.

The Financial Statements are presented in United Kingdom Pounds Sterling (£) which is the Company's functional and presentation currency, being the currency of the primary economic environment in which the Company operates. All values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of IAS 7 'Statement of Cash Flows';
- (b) the requirements of paragraph 17 and 18A of IAS 24 'Related Party Disclosures';
- (c) the requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors';
- (d) the requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly-owned by such a member;
- (e) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1;
- (f) the following paragraphs of IAS 1 'Presentation of Financial Statements':
 - 10(d) ('Statement of Cash Flows');
 - 16 (statement of compliance with IFRS);
 - 38A (requirement for minimum of two primary statements, including cash flow statements);
 - 38B-38D (additional comparative information);
 - 40A-40D (requirements for a third statement of financial position); and
 - 111 (cash flow statement information);
- (g) the requirements of IFRS 7 'Financial Instruments: Disclosures'; and
- (h) the requirements of paragraphs 91 to 99 of IFRS 13 'Fair Value Measurement'.

Subsea 7 Blue Space Limited (formerly known as Subsea 7 Contracting (UK) Limited)

Notes to the Financial Statements (continued)

for the year ended 31 December 2020

1 General information (continued)

Going concern

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposures to risks are described in the Strategic Report.

The Company is part of the wider Subsea 7 group. As the global economy remains impacted by the unprecedented health and economic crisis following the outbreak of the Covid-19 pandemic, Management continues to monitor the potential operational, market and financial impacts to the Group including the mitigating impacts of the vaccination roll-out in 2021. Despite the remaining uncertainty regarding the potential impacts of the Covid-19 pandemic and the associated imbalance in the energy market, Management considers that there are no significant doubts over the application of the going concern assumption and no disclosable material uncertainties which cast doubt upon the Group's and the Company's ability to continue as a going concern.

Despite the challenges facing the energy sector the Group closed the year with an order backlog of \$6.2 billion, an increase of \$1.0 billion compared to 31 December 2019, demonstrating improving, near to medium-term activity levels, particularly in renewables. Forecasts continue to demonstrate that the Group will generate cash flows from operations more than sufficient 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 plausible downside scenarios. These include scenarios which reflect extended periods of low oil prices and potential operational and Covid-19 related issues which could adversely impact the Group. Management has also performed reverse stress testing through modelling of anticipated reasonable worst-case scenarios. In all scenarios, Management identified no forecast breaches of banking covenants and demonstrated sufficient liquidity.

The Group has a strong Balance Sheet with significant cash balances. At 31 March 2021, the Group had cash and cash equivalents of \$527 million. The Group had \$656 million available and undrawn against its multi-currency revolving credit and guarantee facility. Furthermore, Management believes the Group has continued access to the debt capital markets and other funding sources as a result of the strength of the Balance Sheet. Should additional funding be required, Management consider that it will be possible to secure new funding through the issuance of new debt instruments or the arrangement of additional bank facilities.

On 24 February 2021, the Group entered into a \$500 million five-year amortising loan facility backed by a \$400 million guarantee from UK Export Finance. The Group has a two-year availability period during which to draw on the facility, and the facility has a five-year tenor which commences at the end of the availability period or when the facility is fully drawn, if earlier. The facility can be used for general corporate purposes, including to provide working capital financing for services provided from the United Kingdom. The facility is guaranteed by Subsea 7 S.A., the ultimate parent company.

The Company has net assets of £2.4 million (2019: £2.3 million).

The Company's receivable balance is held with a fellow group undertaking. An impairment review has been performed on this balance and no impairment has been recognised. Due to the significant financial resources of the Group, the Directors consider the balance to be recoverable.

The Directors have considered the forecast cash flow of the Company, as part of the overall Group cash flow projections, which are considered to be sufficient to support continued trading operations for a period of 12 months from the date of signing the Financial Statements. In addition, the Directors believe that should additional short-term or long-term funding be required, over and above that available within the Company, this would be made available from other group companies.

2 Adoption of new accounting standards

No new International Financial Reporting Standards (IFRS) were adopted by the Company for the financial year beginning 1 January 2020. Several amendments to IFRS were applied for the first time in 2020 but did not have an impact on the Financial Statements of the Company.

Subsea 7 Blue Space Limited (formerly known as Subsea 7 Contracting (UK) Limited)

Notes to the Financial Statements (continued) **for the year ended 31 December 2020**

3 Significant accounting policies

These accounting policies should be read in conjunction with the information contained within Note 2 'Adoption of new accounting standards'.

Financial instruments

The Company's financial assets include trade and other receivables which are classified as other financial assets. The Company's financial liabilities include current tax liabilities.

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 Company holds and manages the financial assets; 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 Company 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 Company does not enter into forward foreign currency contracts, in order to manage its foreign currency exposures. Nor does the Company enter into multi-currency contracts. Currently the Company does not perform hedge accounting.

Impairment of financial assets

The Company applies the Expected Credit Loss (ECL) impairment model to record allowances for expected credit losses. The expected credit loss model applies to all debt financial assets accounted for in accordance with IFRS 9 'Financial Instruments'.

For trade and other receivables which do not contain a significant financing component, the Company applies the simplified approach. This approach requires the allowance for ECLs to be recognised at an amount equal to lifetime expected credit losses.

For other debt financial assets, the allowance for ECLs is calculated on a 12-month basis and is based on the portion of ECLs expected to result from default events possible within 12 months of the reporting date. The Company monitors for significant changes in credit risk and where this is materially different to ECLs calculated on a 12-month basis changes the allowance to reflect the risk of expected default in the contractual lifetime of the financial asset. Unless there is a valid mitigating factor, the Company considers there to have been a significant increase in credit risk when contractual payments are more than 30 days past the due date for payment.

Subsea 7 Blue Space Limited (formerly known as Subsea 7 Contracting (UK) Limited)

Notes to the Financial Statements (continued)

for the year ended 31 December 2020

3 Significant accounting policies (continued)

Impairment of financial assets (continued)

At each Balance Sheet date, the Company assesses whether any indicators exist that a financial asset or group of financial assets has become credit impaired. Where an asset is considered to be credit impaired a specific allowance is recognised based on the actual cash flows that the Company expects to receive and is determined using historical credit loss experience and forward-looking factors specific to the counterparty and the economic environment. Any shortfall is discounted at the original effective interest rate for the relevant asset.

Except where there are valid mitigating factors, the Company considers a financial asset in default when contractual payments are 90 days past the due date for payment. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full.

Trade and other liabilities

Payables are recognised initially at fair value, net of transaction costs incurred. After initial recognition payables are subsequently measured at amortised cost using the effective interest rate method. Interest expenses (which don't meet the criteria for capitalisation), together with gains and losses when payables are derecognised or impaired, are recognised in the Statement of Comprehensive Income.

Finance income

Finance income is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Finance income is accrued by reference to the principal outstanding and the interest rate applicable.

Foreign currency translation

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

At 31 December 2020 the main exchange rates used throughout the Company, compared to the United Kingdom Pound Sterling (£), were as follows:

USD 1.336

Taxation

Taxation expense or income recorded in the Statement of Comprehensive Income represents the current 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 Statement of Comprehensive Income 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 amount of current tax payable are those that are enacted or substantively enacted at the Balance Sheet date.

Current tax assets or liabilities are representative of taxes being owed by, or owing to, local tax authorities. In determining current tax assets or liabilities, the Company takes into account the impact of uncertain tax treatments and whether additional taxes or penalties may be due.

Subsea 7 Blue Space Limited (formerly known as Subsea 7 Contracting (UK) Limited)

Notes to the Financial Statements (continued) **for the year ended 31 December 2020**

4 Judgement and key sources of estimation uncertainty

In the application of the Company's accounting policies which are described in Note 3 'Significant 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 the Company 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 on-going basis. Revisions to accounting estimates are recognised prospectively in the period in which the estimate is revised.

Carrying value of loans and receivables

Loans and receivables are reviewed at each reporting date for objective evidence to indicate whether the carrying values are impaired.

Where there is objective evidence of impairment, Management makes judgements as to whether an expected credit loss for impairment should be recognised. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly.

5 Auditors' remuneration

During the year, fees payable to the Company's auditors for the audit of the Company's Financial Statements were £7,514 (2019: £4,073). This amount was borne by another Subsea 7 S.A. group company.

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the Annual Report of its ultimate parent, Subsea 7 S.A.

6 Employees

During the year ended 31 December 2020 the Company did not have any employees (2019: Nil).

7 Directors' remuneration

The Directors of the Company are employed by and receive remuneration from fellow subsidiary undertakings. The Directors' emoluments are not paid to them due to their capacity as the Directors of the Company but are payable for services wholly attributable to other Subsea 7 group undertakings. Accordingly, no details in respect of their emoluments have been included in the Financial Statements.

8 Finance income

	2020	2019
For the year ended (in £000)	31 Dec	31 Dec
Interest income from group undertakings	38	76

Subsea 7 Blue Space Limited (formerly known as Subsea 7 Contracting (UK) Limited)

Notes to the Financial Statements (continued) for the year ended 31 December 2020

9 Taxation

	2020 31 Dec	2019 31 Dec
For the year ended (in £000)		
Tax charged in the Statement of Comprehensive Income is disclosed as follows:		
Current tax:		
UK corporation tax	7	14
Total current tax	7	14
Taxation expense reported in the Statement of Comprehensive Income	7	14

The tax on the Company's net income before taxes does not differ from the amount that would arise using the standard rate of corporation tax in the UK:

	2020 31 Dec	2019 31 Dec
For the year ended (in £000)		
Net income before taxes	38	76
Tax on ordinary activities at the standard UK rate of 19% (2019: 19%)	7	14
Taxation expense reported in the Statement of Comprehensive Income	7	14

Change in corporation tax rate

The UK corporation tax rate is 19% for the year ended 31 December 2020. The tax charge for the current year does not differ to the standard rate.

A change to the UK corporation tax rate was substantively enacted on 24 May 2021. The corporation tax main rate for the period beginning 1 April 2023 will increase to 25%. As the change was not substantively enacted at the Balance Sheet date, the effect is not included in these Financial Statements.

10 Trade and other receivables

	2020 31 Dec	2019 31 Dec
At (in £000)		
Amounts due from group undertakings	2,364	2,340

The fair value of trade and other receivables approximate their carrying values due to the short period of time to maturity. Details of the Company's trade receivables balance, allowances for expected credit losses and allowances for credit impairment are shown in Note 12 'Financial instruments'.

Amounts due from group undertakings include amounts due from subsidiaries and other companies forming part of the Subsea 7 S.A. group. Amounts due from group undertakings that are party to the centralised Working Capital Agreement are unsecured, earn interest at a rate of LIBOR plus 1% per annum, have no fixed date of repayment and are repayable on demand.

Amounts due from group undertakings who are not party to the Working Capital Agreement are cash-settled, unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Allowances for expected credit losses are not applied to receivable balances due from group undertakings, associates or joint ventures of the Group. Due to their nature the likelihood of default is low. Any known exposure to credit risk will result in an allowance for credit impairment being recognised.

Subsea 7 Blue Space Limited (formerly known as Subsea 7 Contracting (UK) Limited)

Notes to the Financial Statements (continued) for the year ended 31 December 2020

11 Issued share capital

The Company's allotted, called up and fully paid share capital is as follows:

At (in £000)	2020 31 Dec
Allotted, called up and fully paid	
Ordinary shares of £1 each	1,010
	2020 No.
Allotted, called up and fully paid	
Ordinary shares of £1 each	
At 1 January	1,010,003
At 31 December 2020	1,010,003

All allotted shares have equal voting rights and equal rights to dividends.

12 Financial instruments

The Company's financial instruments are classified as follows;

At (in £000)	2020 31 Dec	2019 31 Dec
Financial assets		
<i>Financial assets measured at amortised cost:</i>		
Current amounts due from group undertakings	2,364	2,340

Financial assets measured at amortised cost

The Company classifies its financial assets as 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.

13 Post Balance Sheet events

On 26 March 2021, the Company entered into an unsecured term loan facility agreement with Salamander Offshore Wind Limited, making available funding not exceeding £225,001. Interest is applied at three months Sterling Overnight Index Average (SONIA) plus 12%. On 15 April 2021, £99,000 was drawn and on 28 May 2021, £62,500 was drawn. On 15 April 2021, the Company also entered into an unsecured term loan facility agreement with Salamander Offshore Wind Limited, making available funding not exceeding £33,750. Interest is applied at three months SONIA plus 12%. The latter loan facility can only be utilised upon the full drawdown of the former loan facility provided from the Company, and full drawdown of initial facility agreements entered into with the two remaining shareholders.

On 6 July 2021, Subsea 7 Contracting (UK) Limited changed its name to Subsea 7 Blue Space Limited. Subsequently, on 7 July 2021, the Company entered into an agreement with OHT ASA, a Norwegian company listed on the Merkur Stock Exchange, to act as the investor in respect of the contribution of the Group's Offshore Floating Wind Business to OHT ASA. In consideration for the contribution, the Company will be issued with new ordinary shares in OHT ASA, representing a 72% shareholding. Subject to conditions precedent being met, it is anticipated that this transaction will complete in 2021.

Subsea 7 Blue Space Limited (formerly known as Subsea 7 Contracting (UK) Limited)

Notes to the Financial Statements (continued)

for the year ended 31 December 2020

14 Ultimate and immediate parent undertaking and controlling party

The immediate parent undertaking of the Company is Subsea 7 International Holdings (UK) Limited, a company registered in England.

On 30 June 2020, as part of an intra-group reorganisation, the Company's immediate parent company changed from Subsea 7 Senior Holdings (UK) Limited to Subsea 7 International Holdings (UK) Limited, a company incorporated in the United Kingdom.

The Company's ultimate parent undertaking and controlling party at 31 December 2020 is Subsea 7 S.A. The largest (and smallest) group which includes these Financial Statements in their consolidation is the Subsea 7 S.A. group. The Annual Report of Subsea 7 S.A. can be obtained from the address below or at www.subsea7.com.

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