

2021 Q3

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Quarterly Consolidated Report

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-REACH
SUBSEA

3rd Quarter 2021

About Reach Subsea

Reach Subsea ASA is listed on Euronext Oslo Stock Exchange under the ticker REACH. The Group's business concept is to offer subsea services as subcontractor and/or directly to end clients, based out of our head office in Haugesund. The core business of the Group is based on modern, high spec Survey- and Work ROVs operated by highly qualified offshore personnel and supported by competent onshore engineering resources.

The Group's objective is to be the preferred subsea partner and full-service provider of subsea operations for clients, focusing on safety, environment, financial solidity and profitability. Moderate risk contracts are targeted, thus securing revenue and strong liquidity, in parallel with increasing the fleet, asset base and staff size.

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3rd Quarter 2021

Highlights

- Strong quarterly result and highest nine-months' result in Reach Subsea's history, driven by continued high utilization and successful project execution.
- High activity in renewables segment with 44.5 % and 49.2 % of project days generated from non-oil & gas clients in 3Q2021 and year-to-date, respectively.
- On track to meet the fifteen Sustainability targets we have set for 2021.
- 3Q2021 EBIT was NOK 23.4 million (NOK 24.1 million), while pre-tax result was NOK 23.3 million (NOK 33.2 million). EBIT for the first nine months of 2021 ended at NOK 53.3 million (NOK 36.4 million), while pre-tax result was NOK 50.5 million (NOK 28.9 million).
- Busy tendering activity during the quarter, which extended into fourth quarter, providing a good schedule to build upon for the upcoming winter season.
- Continuous work and progress on Reach Remote project, on track for 2023. Significant interest from clients and potential partners across the world.

Key figures

	3Q 2021 <i>unaudited</i>	3Q 2020 <i>unaudited</i>	9M 2021 <i>unaudited</i>	9M 2020 <i>unaudited</i>	12M 2020 <i>audited</i>
Revenue (NOKm)	224	201	495	497	628
EBIT (NOKm)	23	24	53	36	51
Pre-tax profit (NOKm)	23	33	50	29	43
Cash and cash equivalents (NOKm)	98	78	98	78	105
Net working capital (NOKm)	99	39	99	39	25
Net interest bearing debt, incl IFRS 16 leases (NOKm)	-20	-16	-20	-16	-64
Equity (NOKm)	260	196	260	196	210
Order backlog (NOKm)	150	290	150	290	145
Outstanding tender value (NOKbn)	2.1	2.1	2.1	2.1	2.1
Number of ROV days sold	861	822	1 874	1 810	2 388
Number of ROV days available	1 107	838	2 802	2 483	3 250
Technical uptime on ROVs	100 %	99 %	99 %	99 %	99 %
Number of offshore personnel days sold	4 421	5 166	9 939	13 237	15 780
LTI's	0	0	0	0	0
Number of vessel days sold	306	340	811	704	956

3rd Quarter 2021

CEO Letter

The third quarter of 2021 was another strong quarter for Reach Subsea. As always, the safety of our employees and partners, and care for the environment, has been our top priority. Hence, I am particularly happy to report zero incidents during the quarter.

Market wise we are standing at an incredibly exciting point in history. For a long time, we have faced limited market visibility and volatile developments. This is about to change. We see clear signals of market stabilization and improvement in the coming period. High oil & gas prices are obvious reasons, but not the only one. More importantly we now experience strong demand and improved outlook from the renewable energy sector. Hundreds of offshore wind installations are in place, and thousands more are being planned and are under development across the globe. For us, this represents a segment with a strong outlook not only related to development and construction, but also long-term recurring maintenance and inspection business. Our long-lasting business relations with the world's largest energy companies, coupled with experience and technology from offshore oil and gas, means that we are well positioned to take part in this structural growth.

Renewables and other emerging market segments represent 30 % of our revenues year to date. This segment will continue to grow. At the same time, oil & gas revenues should prove resilient, as ageing offshore installations require more maintenance. Our services will also be needed for decommissioning when that time comes.

Financially, the third quarter was a strong one, mirroring the solid third quarter we had last year, while our results for the first nine months represent a new record. ROV utilization has been at a good level in the quarter, and it is positive to see that Covid-19 restrictions are being eased in many geographies globally.

Organic growth will be the key driver for us going forward. We are actively recruiting both in Haugesund, the UK and

the U.S. At the same time, Reach Subsea's robust financial platform, with limited debt and a strong cash flow, is a tremendously important part of our toolbox. It means that we have the muscles to execute on interesting M&A opportunities to drive further growth. We constantly keep an eye open for acquisitions that can bring special competence or technology that complement our offshore expertise. Carbon storage and subsea mining are sectors where we can accelerate our growth through M&A.

Solid financials combined with deep competence and experience means that we can be at the frontier when it comes to important technology development initiatives, like our remotely operated USV Reach Remote. When put into operation, it will reduce costs related to subsea operations massively and even more importantly, reduce CO2 emissions by around 90 %. I am happy to report that we are on track for the delivery of our first Reach Remote USV in 2023.



Jostein Alendal

CEO

3rd Quarter 2021

Operations

REACH had per the end of the quarter 10 WROV-systems and two "Surveyor Interceptor" available for subsea operations.

REACH had 1,107 available ROV-days in 3Q2021 (838 ROV-days in 3Q2020), of which 861 days were sold (822) leading to a total utilization of 78 % (98 %). Furthermore, the number of vessel days that passed through our P&L in 3Q2021 was 306 (340). As per 30 September 2021, the ROV utilization was 67 % (73 %), while vessel utilization was 93 % (77 %).

REACH offshore personnel contracting business, Connect Offshore, continued sourcing highly skilled offshore personnel during the quarter. This personnel base is highly important in peak seasons, when the number of man hours in operation normally doubles compared to Reach Subsea's own staff.

REACH had zero serious incidents during the quarter, a result of our objective to ensure that we have the right procedures, well-trained personnel, and high-quality equipment in order to secure operational success.

REACH has per 3 November 2021 a firm order book of NOK 150 million and approximately 1,250 project days for execution in 4Q2021 and beyond.

The Reach Remote project, our new and future-proof, sustainable solutions for subsea services launched early 2021, is progressing. The project is carried out in cooperation with renowned industrial partners Kongsberg Maritime and Massterly and is also supported by a grant from Innovation Norway.

Pre-commissioning work has been ongoing during 3Q2021, with emphasis on detail engineering and supply chain evaluations for the build phase. As reported earlier, disruptions in global supply chains have led Reach to postpone the commissioning of the first USVs, and the first vehicles are expected to be launched in 2023. We are on track to meet this as technical supply chain comfort is soon in place, in parallel with finalization of building contract details.

In preparation of Reach Remote being operational in 2023, Reach aims to have the onshore control room ready for the 2022 season in order to start ROV operations on selected projects.

Since Reach Remote was publicly launched earlier this year, Reach has experienced great interest from clients and potential partners across the world. There are several industrial players Reach is in dialogue with who wish to be part of Reach Remote, and who could contribute to the funding and commercialization of the project. While still in the early stages, these dialogues form part of the

evaluation of which strategy is in the best interest of Reach Subsea and its shareholders.

Vessel update

Stril Explorer is a survey vessel on a charter contract from Møkster to Reach Subsea's cooperation partner MMT Sweden AB ("MMT"). Reach Subsea provides ROV services consisting of one Supporter WROV and one Surveyor ROV and offshore personnel to the vessel. Projects performed by the Stril Explorer spread are to a large extent ROV/Survey work handled as a cooperation between Reach Subsea and MMT. The spread is currently located in Trinidad working on projects for large oil companies and has projects thereafter filling the schedule throughout 4Q2021.

Viking Neptun is mobilized with one Supporter WROV and one Constructor WROV and Reach Subsea delivers all ROV-services onboard the construction vessel. The vessel spread is signed for contracts between Eidesvik and Havfram, with Reach Subsea as ROV service provider lasting into mid fourth quarter 2021. Eidesvik has further signed the vessel for a contract with Havfram that includes the use of Reach Subsea's WROVs for at least 180 days in 2022 with expected start-up early in 1Q.

Olympic Artemis is mobilized with one Supporter WROV and is set up for survey and light construction projects within the renewables and oil and gas sector. The subsea spread worked in the oil and gas segment in Europe in 3Q2021 and is scheduled for projects lasting through October 2021, whereafter she will operate in the spot market.

Olympic Delta is currently mobilized with two hired-in WROVs. The subsea spread worked on various projects in both the oil and gas and renewables segment in Europe in the third quarter. The vessel currently has a schedule lasting into mid fourth quarter 2021, whereafter she will operate in the spot market.

Havila Subsea is equipped with two owned Schilling WROVs and one Surveyor ROV and offshore personnel from Reach Subsea's offshore pool and is scheduled for projects in cooperation with MMT. Havila Subsea had good utilization also in the third quarter, and currently has a project schedule lasting towards the end of this year.

Olympic Zeuz was hired for a few projects in 2021. The vessel is mobilized with hired WROVs and the project was executed with Reach Subsea personnel on- and offshore.

Other business Reach entered into a two-year bareboat contract for mobilization and delivery of one ROV on a new subsea vessel outside the North Sea starting in September 2021.

3rd Quarter 2021

Financial results

As previously reported, Reach Subsea purchased cooperation partner MMT's shares in our jointly owned entity Surveyor AS at book value 31.03.2021. Surveyor AS owns the two "Surveyor Interceptor" high-speed survey ROVs. The transaction was closed in the second quarter 2021. Thus, Surveyor AS is fully consolidated into our Group accounts as from 31.03.2021. In the figures for 2020 (in brackets) Surveyor AS is presented as an associated company based on the equity method. The effects of the transaction are further described in the Notes.

Revenue for 3Q2021 was NOK 223.8 million compared with NOK 201.4 million for 3Q2020. The increased revenue is primarily explained by a higher share of complex projects compared to the same period last year. Year-to-date revenue was NOK 495.3 million compared to NOK 497.3 million as per 30.09.2020.

Operating expenses for 3Q2021 were NOK 200.4 million (NOK 177.2 million). Project-related expenses represent the majority of the operating expenses for the Group. Operating expenses for the first 9 months were NOK 442.0 million (NOK 460.9 million). Depreciation for 3Q2021 was NOK 66.2 million (NOK 63.8 million). There has not been any impairment year-to-date 2021 (NOK 7.5 million in 2020). See further evaluation of impairment sensitivity in the Notes.

3Q2021 operating result (EBIT) was NOK 23.4 million (NOK 24.1 million). On an underlying basis EBIT improved slightly, as 3Q2020 EBIT contained early termination gains of NOK 2.6 million. Operating result year-to-date was NOK 53.3 million (NOK 36.4 million). Good project margins underpinned by sound operations are the primary explanations for the improved EBIT for the first nine months. Project expenses related to Reach Remote are not capitalized and amounted to NOK 3.5 million year-to-date 2021.

Net financial items for 3Q2021 were NOK -0.1 million (NOK 9.1 million) and NOK -2.9 million year to date (-7.5 million). Financial costs in our 2020 accounts were influenced by the massive movements in the foreign exchange markets, causing fluctuating currency effects on charter hire in USD, which is the main reason for the year-over-year differences in net financial cost. During 2021, all our charter hires have been in NOK.

Reach has made a new assessment of the probability of future use of unutilized tax losses, based on strong financial results the past two years as well as a positive business outlook. The new assessment concludes that the deferred tax benefit associated with unutilized tax losses should be capitalized, which gives a positive tax effect on our P&L of NOK 20.2 million for 3Q2021.

The total comprehensive income for 3Q2021 was NOK 43.8 million, compared with NOK 33.3 million for 3Q2020. Total comprehensive income for the first nine months of 2021 ended at NOK 71.2 million compared to NOK 29.9 million the same period last year.

Tax effects as described above as well as a stronger operating performance are the main reasons for the improvement.

For 3Q2021, Oil & Gas revenues constituted 76 % while Renewable/ Other constituted 24 % of total revenues. By comparison, in 3Q2020 Oil & Gas revenues were 68 % while Renewable/Other constituted 32 % of total revenues.

Oil & Gas entails revenues from survey, IMR and light construction projects where the end client is an oil & gas company. Renewable/Other entails revenues from survey, IMR and light construction projects where the end client is a non-oil & gas company (typically a company in the renewables energy sector).

Capital structure

Total current assets at the end of the quarter were NOK 327.5 million (NOK 246.6 million per 30.09.2020), of which cash and cash equivalents amounted to NOK 98.3 million (NOK 78.2 million). Including the unutilized revolving credit facility, available liquidity was NOK 118.3 million.

Receivables and inventories were NOK 229.2 million (NOK 168.4 million). Total non-interest-bearing current liabilities were NOK 130.1 million (NOK 129.5 million). This leaves a net working capital of NOK 99.2 million (NOK 38.9 million). The working capital level is seasonally high and influenced by a high level of invoicing towards the end of the quarter.

Total non-current assets at the end of the quarter were NOK 140.6 million (NOK 141.2 million). As mentioned above, an updated assessment of the probability of future use of unutilized tax losses has resulted in capitalization of a deferred tax benefit, increasing the deferred tax asset from NOK 8.2 million per 30.09.20 to NOK 28.3 million per 30.09.21. Property, plant and equipment includes NOK 58.1 million of leases capitalized under IFRS 16 (NOK 27.7 million).

Net interest-bearing debt (total interest-bearing debt, including capitalized leases under IFRS 16, less cash) stood at NOK -20.0 million (NOK -16.1 million), i.e. cash positive. Net financial interest-bearing debt to credit institutions (i.e. excluding IFRS 16 leases) was NOK -63.4 million (NOK -48.6 million), i.e. cash positive.

The Group's equity as of 30.09.21 was NOK 259.8 million, which represents 55.5 % of the total balance sheet (50.6 % 30.09.20).

Net cash flow from operating activities for 3Q2021 was NOK 93.0 million (NOK 88.2 million). There was no cash flow related to investing activities (NOK -0.6 million for 3Q2020). Net cash flow from financing activities was NOK -69.7 million (NOK -67.0 million) and includes vessel charter hire classified as "Repayment of borrowings and leases" according to IFRS 16. Details about cash outflow from leases can be found in the Notes. Net change in cash and cash equivalents for 3Q2021 was NOK 23.3 million (NOK 20.5 million). Net change in cash and cash equivalents was NOK -9.2 million (NOK 40.3 million) for the first nine months of 2021, influenced by an increase in trade receivables, purchase of the shares in Surveyor AS and payment of dividend.

REACH has no major debt maturities to credit institutions or capital expenditure (investment) commitments for 2021 and onwards.

The Share

REACH Subsea ASA is listed on the Oslo Stock Exchange (Euronext).

The Company has per 30.09.2021 issued 143,606,008 shares, of which the majority is owned by Norwegian shareholders.

Investor relations

Reach Subsea essentially follows the recommendation for reporting of IR-information issued by the Oslo Stock Exchange and publishes all its news releases on www.newsweb.no, a service provided by the Oslo Stock Exchange.

Reach Subsea aims for a high level of quality on the content, and high frequency of information, provided to its investors. Our quarterly financial reports include financial details to increase the transparency of our business. Monthly operating statistics are released within 15 days after month end and are also enclosed in the quarterly reports.

Financial reports, General Meeting Minutes, share price information, Corporate Governance, Operational figures and presentation of the Board and Management can be found on the company's web page, as well as the full Sustainability Report covering initiatives and measures on Corporate Social Responsibility.

Reach Subsea ASA has a dividend policy stating that the company aims to distribute a dividend of around 50% of adjusted net profit. Adjusted net profit is defined as reported net profit, adjusted for Amortization of termination fee. As amortization of termination fee no longer form part of our financial statements, the Board has changed the definition of adjusted net profit to: "Adjusted net profit is defined as reported net profit, adjusted for items the Board regard as transitory". The deferred tax income incurred in 2021 is regarded as a transitory item.

News after quarter end

REACH has been awarded several contracts and call-offs under frame agreements, involving inspection, survey and construction support projects across Europe and the Americas. Clients represent major operators and tier 1 contractors in both the oil & gas and renewable sectors.

Our schedule indicates good utilization throughout the fourth quarter for all our subsea spreads. Reach has entered into various contracts and call-offs under frame agreements. Also, Reach has converted a previously announced LOI into a firm contract for mobilization of one ROV, which was formerly on Topaz Tiamat, on a new subsea vessel towards a two-year firm contract. We now have approximately 1,250 project days (equivalent to approximately 1,700 ROV days), of which approximately 300 project days are for 4Q2021 execution and approximately 950 project days are for 2022/23 execution. These contracts cover a wide spectrum of project types and are across both oil & gas and renewables projects. Our schedule now indicates good utilization for the fourth quarter to build upon for the 2021/22 winter season.

These figures do not include options and expected call-off extensions under frame agreements, which from experience can constitute significant additional work.

REACH extended the contract with Havila Shipping ASA for the subsea vessel Havila Subsea for a fixed period lasting until 31.12.23, with an option to extend to 31.12.24.

The order book figure of NOK 150 million includes the above-mentioned contracts. See further details under «Vessel Update» and «Outlook».

Year-to-date Operation figures are presented in the table below.

	Q1		Q2		Q3		Year (to date)	
	2021	2020	2021	2020	2021	2020	2021	2020
Number of ROV days sold	405	254	608	734	861	822	1 874	1 810
Number of ROV days available	749	770	946	875	1 107	838	2 802	2 483
Technical uptime on ROVs	98 %	99 %	99 %	99 %	100 %	99 %	99 %	99 %
Number of offshore personnel days sold	2 397	2 522	3 121	5 549	4 421	5 166	9 939	13 237
LTIs	0	0	0	0	0	0	0	0
Number of Vessel days sold	209	96	296	268	306	340	811	704

Definitions

EBIT	Earnings before interest and taxes (operating result)
Liquidity	Cash and cash equivalents
Net working capital	Receivables and inventories less non-interest-bearing current liabilities
Net interest-bearing debt	Interest bearing debt less cash and cash equivalents
Number of ROV days sold (ROV days)	Total number of ROV days sold in Reach Subsea AS (incl. Surveyor AS from 1.4.2021)
Number of ROV days available	Total number of ROVs owned by Reach Subsea AS (incl. Surveyor AS from 1.4.2021) multiplied with number of days in the month, plus total number of ROVs hired in (pay as use) by Reach Subsea AS multiplied with actual number of operational days in the month
Project days	Total number of days that a subsea spread is sold to projects, including ROV, personnel and/or vessel
Technical uptime on ROVs	1-unpaid break down hours divided by total sold operation hours
Number of offshore personnel days sold	Total offshore manhours (offshore pool), including own and hired in resources
LTIs	Number of loss time incidents (number of incidents resulting in absence from work)
Number of vessel days sold	Vessel days sold by Reach Subsea AS (excl. JV/Cooperation partners)

3rd Quarter 2021

Outlook

REACH currently markets and operates five subsea spreads (vessel, ROVs, and personnel, alone or together with partners), which have an attractive cost structure. These subsea spreads are tailored to our target markets and are well suited to the scope of services that are at the core of our business. We are monitoring the market for opportunities to complement and strengthen our business, while at the same time progressing Reach Remote towards market launch in 2023.

Looking ahead we see that the dramatic changes in global energy markets create a business environment with both challenges and opportunities. The challenges are evident as subsea services provided to the oil & gas sector will have lower activity levels in the long run. However, in the short to medium term we are witnessing the resurgence of oil & gas activity, driving increased utilization across the industry.

The opportunities are that our core subsea service competence is being deployed in the growing offshore wind sector as well as new emerging sectors such as offshore fish farming and subsea mining. We have already in place frame agreements for subsea inspection services on Equinor's existing offshore wind farms, where we have successfully executed remote services on parts of the scope. Our ambition is to build on this success and increase our footprint within IMR services to the offshore wind sector.

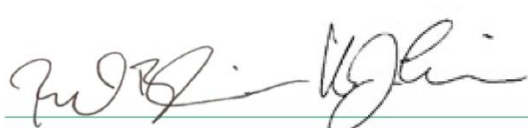
Our response to both the challenges and opportunities we face is twofold. First, in the near term we will maintain a competitive cost structure and remain agile and flexible. To that end, our recent charter agreements secure competitive vessel capacity for the next couple of years, in a market that we see becoming tighter into 2022.

Second, we will introduce Reach Remote to the market in 2023 and aim to provide our subsea services from a remote and autonomous platform from 2025. With Reach Remote fully deployed, we will be able to provide our clients with marine data and solutions from a virtually carbon neutral and personnel-friendly offshore operations platform. The combination of securing conventional vessel capacity for the next couple of years with the phasing in of Reach Remote from 2023 onwards, will provide a good foundation for generating good returns in our transition towards the new era.

The progress on Reach Remote is on track for 2023. Together with our partners Kongsberg and Masterly we are near complete in assuring the technical supply chain. In parallel with this, we are in the process of finalizing the building contract details. Lastly, we are advancing our discussions with clients, potential partners, and regulators to ensure the future commercial success of Reach Remote.

In our 2020 Sustainability Report we set fifteen targets for 2021 and have this year decided to report our progress towards these targets as part of our quarterly reports. We are proud to observe that we are on track to meet our fifteen targets, which taken together represent a meaningful step towards our long-term ambition.

The Board and management are very pleased with delivering record results for the first nine months of 2021, and for progressing well towards our 2021 sustainability targets. With a cash and working capital position of nearly NOK 200 million, and limited financial debt, we have a good foundation for addressing both the challenges and opportunities we face.



Rachid Bendriss

Chairman of the Board




Kåre Johannes Lie

Vice-Chairman of the Board



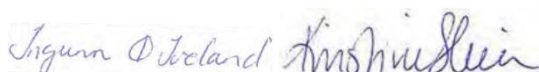
Anders Onarheim

Board member



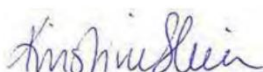
Martha Kold Bakkevig

Board member



Ingunn Iveland

Board member



Kristine Skele

Board member



Sverre B. Mikkelsen

Board member



Jostein Alendal

Managing Director

Contact:

Jostein Alendal (CEO)

Birgitte Wendelbo Johansen (CFO)

The Vessel Fleet



Viking Neptun

State of the art, high-capacity subsea construction vessel, prepared for flexible, cable installation and heavy

D400 Te AHC Main Crane and 100 Te AHC Auxiliary Crane DP3, ICE 1B

4,400 Te below deck

Carousel, Moonpool

2600 m² steel deck

1x Kystdesign supporter WROV and 1x constructor WROV



Olympic Artemis

Cost effective IMR, survey and light construction vessel

60t AHC crane

Helideck

Moonpool

1x Kystdesign supporter WROV in hangar

Cargo deck 820 m²



Havila Subsea

Cost effective IMR, survey and light construction vessel with long track record in the business.

150T AHC Main Crane

Moonpool in hangar for module handling

650 m² deck

Helideck 26 m diameter

2x Schilling WROVs in hangar

The Vessel Fleet



Olympic Delta

Multi-purpose ROV support vessel, designed specially to serve the subsea inspection, maintenance and repair (IMR) market.

- 80t AHC Crane
- Helideck
- 900m² deck
- Moonpool
- Dual WROV hangar
- Permanent full survey suite



Stril Explorer

Multi-purpose support vessel, designed to be a cost-effective, flexible platform for subsea & offshore.

- 60t offshore crane
- Large office and accommodation facilities 70 berths
- 450m² deck
- 1x Kystdesign supporter WROV and 1x Surveyor/Interceptor in ROV hangar



Olympic Challenger

Light Construction / ROV Support Vessel designed with focus on good sea keeping abilities and excellent station keeping performances.

- 250 Te AHC Main Crane
- Construction moonpool
- 1000 m² deck
- 2x WROVs in WROV hangar
- Permanent full survey suite
- Large office facilities

Sustainability

Reach Subsea strives to be an industry-leading subsea operator with a long-term sustainability goal to have zero harm to personnel, environment and equipment. Reach Subsea's priorities within sustainability are defined based on an evaluation of stakeholders' expectations and interests.

Our assessment of material topics and key targets for 2021 can be found in the Sustainability report for 2020. Our sustainability performance will be measured regularly and presented to the market on a quarterly basis.

Visit our webpage www.reachsubsea.no/sustainability for more information.

The status for the first nine months of 2021 is summarized below:

Environment

Increase activity within non-Oil&Gas segment to 50%

□ Ongoing

Activity is measured through performed project days during the quarter. Activity within non-Oil&Gas segment was 49,2 % percent of total activity during the first nine months of 2021. The activity is driven by major survey projects.

Reduce CO2 emissions compared to activity levels

□ Achieved

Our total CO2 emission per soldvessel day was 32.0 ton CO2equivalents during first nine months of 2021, compared to 37.19 in 2020. The reduction of 13 % is partly due to less transit

Zero major spills of hazardous materials to the sea

□ Achieved

0 major spills during the first nine months of 2021. Reach continues to focus on use of environmentallyfriendly highly degradable

hydraulic oils in our ROVs.

Increase use of remote operations

□ Achieved

REACH performed remote operations in Q1 on Havila Subsea, with good results.

Invest in Unmanned Surface Vessels

□ Ongoing

REACH is currently performing a study related to Reach Remote. A final investment decision is expected in second

Participate in Ocean Cleanup campaign

□ Achieved

Reach participated in an Ocean Cleanup in the third quarter 2021.

Sustainability

Employees

Maintain turnover below 8 %

☐ **Achieved**

There has been no material turnover during the first nine months of 2021.

Further develop REACH-ED with new e-learning

☐ **Ongoing**

We are currently planning an expansion of the REACH-ED system. As of Q3 no new e-learning are implemented.

Zero work related injuries

☐ **Achieved**

No work related injuries occurred during first nine months of 2021.

Work related sick leave at low level (less than 1.0 %)

☐ **Achieved**

There has been no work related sick leave during the first nine months of 2021.

Increase percentage of female employees in offshore employment categories

☐ **Achieved**

REACH has hired new offshore trainees in 2021, whereof one is female.

Implement campaign with focus on mental and physical health

The HSEQ campaign 'Well-being & Mental Health' was implemented in Q2.

Responsible business

Maintain customer satisfaction score at 4 and higher

☐ **Achieved**

During the first nine months of 2021 our registered customer satisfaction score is 4.7.

Develop REACH-ED to include e-training for suppliers

☐ **Achieved**

REACH-ED now includes e-training for suppliers. All suppliers working on REACH offshore projects have to perform the e-learning 'Working on a Reach Subsea Vessel'.

Maintain technical uptime at 99 % or higher

☐ **Achieved**

Technical uptime during the first nine months of 2021 was 99 %, the same level as in 2020.

Featured Project #1



Survey and Light Construction

Vessel

Havila Subsea

Client

Equinor

Location

Norway North Sea

Period

2Q-3Q 2021

Water Depth

Various



Survey and Light Construction

Reach Subsea and MMT were contracted by Equinor to perform survey and light construction activities with Havila Subsea, Surveyor Interceptor and Work Class ROV.

The work mainly consisted of various survey services and seabed clearing activities at several locations in the North Sea.

Featured Project #2



Offshore Fish Farm

Vessel

Olympic Delta

Client

Norwegian Royal Salmon

Location

Norway

Period

3Q 2021

Water Depth

Various



Mooring of Offshore Fish Farm

Reach Subsea was contracted by Norwegian Royal Salmon to assist with mooring of the Arctic Fish Farming project outside Tromsø in Norway. The project was safely and effectively executed in collaboration with the Client, utilizing modern subsea technology in the emerging market of Offshore Fish Farming.

Income statement



Statement of profit or loss (NOK 1000)	3Q 2021	3Q 2020	9M 2021	9M 2020	12M 2020	NOTES
	unaudited	unaudited	unaudited	unaudited	audited	
Operating revenue	223,758	198,805	495,328	488,534	618,870	
Other income/losses	-	2,566	-	8,734	9,160	10
Revenue	223,758	201,370	495,328	497,267	628,030	
Procurement expenses	(73,678)	(55,743)	(120,948)	(142,421)	(169,972)	
Personnel expenses	(31,892)	(30,767)	(81,399)	(80,802)	(111,422)	
Other operating expenses	(28,657)	(26,947)	(60,504)	(67,665)	(79,429)	
EBITDA	89,532	87,914	232,477	206,380	267,207	
Depreciation	(66,164)	(63,790)	(179,153)	(162,479)	(208,386)	3,10
Impairment	-	-	-	(7,505)	(7,505)	3,10
Operating result (EBIT)	23,367	24,124	53,324	36,397	51,317	
Interest income	-	45	114	233	149	
Interest expenses	(835)	(1,224)	(4,075)	(6,683)	(6,576)	10
Other net financial items	743	8,794	954	(464)	(3,274)	
Result from associated companies	-	1,484	146	(554)	1,487	
Profit (loss) before taxes	23,276	33,221	50,463	28,927	43,103	
Taxes	20,185	-	20,185	-	-	8
Profit (loss)	43,461	33,221	70,648	28,927	43,103	
Comprehensive income						
Translation differences	369	120	510	1,008	684	
Gain/loss on financial derivatives of cash flow hedges	-	-	-	-	-	
Comprehensive income items	369	120	510	1,008	684	
Total comprehensive income	43,830	33,342	71,158	29,936	43,787	
Earnings per share	0.31	0.23	0.50	0.21	0.31	
Diluted earnings per share	0.31	0.23	0.50	0.21	0.31	

Balance Sheet



Statement of financial position (NOK 1000)	2021 30/09	2020 30/09	2020 31/12	NOTES
	unaudited	unaudited	audited	
Non-current assets				
Deferred tax assets	28,346	8,161	8,161	8
Investment in joint ventures	-	20,730	22,772	11
Property, plant and equipment	112,240	112,265	90,103	3, 10
Total non-current assets	140,586	141,157	121,036	
Current assets				
Bunkers	5,808	3,128	1,376	
Trade receivables	143,308	118,769	90,783	
Other receivables	80,129	46,506	44,422	
Cash and cash equivalents	98,296	78,166	105,396	
Total current assets	327,541	246,570	241,978	
Total assets	468,127	387,727	363,014	
Equity				
Share capital	143,606	143,546	143,606	6
Share premium	83,529	105,025	105,070	
Other equity	32,636	(52,481)	(38,522)	7
Total equity	259,772	196,090	210,154	
Non-current liabilities				
Interest-bearing debt to credit institutions	18,021	15,814	12,731	4, 10
Interest-bearing debt, other (related to IFRS 16)	-	-	-	4, 10
Total non-current liabilities	18,021	15,814	12,731	
Current liabilities				
Interest-bearing debt to credit institutions, short term	16,867	13,704	12,859	4, 10
Interest-bearing debt, other (related to IFRS 16), short term	43,377	32,591	15,766	4, 10
Trade payables	76,410	81,360	65,055	
Other current liabilities	53,680	48,169	46,448	
Total current liabilities	190,334	175,823	140,128	
Total liabilities	208,355	191,636	152,859	
Total equity and liabilities	468,127	387,727	363,014	

Cash Flow



Unaudited

Statement of cash flow (NOK 1000)	3Q 2021	3Q 2020	9M 2021	9M 2020	12M 2020	NOTES
Cash flow from operating activities						
Operating result (EBIT)	23,367	24,124	53,324	36,397	51,317	
Paid taxes	-	-	-	-	-	
Gain on sold assets	-	-	-	7,505	(9,160)	
Depreciation and amortization	66,164	63,790	179,153	162,479	208,386	
Impairment	-	(2,566)	-	(8,734)	7,505	
Change in trade debtors	(314)	10,235	(43,746)	(59,615)	(31,629)	
Change in trade creditors	16,298	(2,628)	5,994	27,376	11,071	
Change in other provisions	(12,482)	(4,896)	(24,690)	32,247	30,770	
Share option cost employees	-	108	-	324	432	
Net cash flow from operating activities	93,034	88,167	170,035	197,978	268,691	
Cash flow from investing activities						
Acquired cash balance from consolidation of Surveyor AS	-	-	12,482	-	-	11
Sale of fixed assets	-	-	24,718	-	-	
Purchase of shares in subsidiaries	-	-	(22,872)	-	-	11
Purchase of fixed assets	-	(680)	(1,000)	(2,118)	(2,118)	
Net cash flow from investing activities	-	(680)	13,328	(2,118)	(2,118)	
Cash flow from financing activities						
Net interest paid	59	(236)	(1,199)	(2,394)	(2,176)	
Proceeds from issuance of ordinary shares	-	-	105	-	-	
Drawdown on overdraft bank facility	-	-	-	-	-	
Payment of dividends	-	-	(21,541)	-	-	
Repayment of borrowings and leases	(69,756)	(66,729)	(169,904)	(153,149)	(197,996)	
Net cash flow from financing activities	(69,697)	(66,965)	(192,539)	(155,543)	(200,172)	
Net change in cash and cash equivalents	23,336	20,522	(9,177)	40,317	66,401	
Cash and cash equivalents in the start of the period	73,354	57,339	105,396	38,657	38,657	
Translation differences	1,607	306	2,077	(807)	339	
Cash and cash equivalents in the end of the period	98,296	78,166	98,296	78,166	105,396	

Equity



Unaudited

(NOK 1000)	Share capital and share premium	Other equity	Total equity	NOTES
Equity 01.01.2021	248 676	(38 522)	210 154	
Translation difference	-	510	510	
Dividends paid	(21 541)	-	(21 541)	
Result for the period	-	70,648	70,648	
Allocation of other equity	-	-	-	
Equity 30.09.2021	227,136	32,636	259,772	

Notes



Note 1 – Basis for preparation

These consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. The interim financial statements are unaudited, and do not include all the information required for the full financial statements and should be read in conjunction with the consolidated yearly financial statement. The yearly financial statements are audited. Consolidated interims- and yearly financial statements are available on the news services from Oslo Stock Exchange (www.newsweb.no) or the company's webpage (www.reachsubsea.com).

Note 2 - Significant accounting principles

The accounting principles used in the preparation of these financial statements are consistent with those used in the annual financial statements. These consolidated condensed financial statements should be read in conjunction with the annual financial statements, which include a full description of the Group's accounting principles.

Note 3 - Fixed assets

(NOK 1000)	ROV and ROV equipment	ROV, leased from financial institutions	Right of use asset Vessel and other equipment	Equipment and office machinery	Total
Purchase cost 01.01.21	133,253	115,746	134,029	12,084	395,111
Additions*	44,855	-	181,328	-	226,183
Disposals/adjusted commitment	(22,856)	(1,862)	-	-	(24,718)
Purchase cost 30.09.21	155,252	113,884	315,357	12,084	596,576
Accumulated depreciation 30.09.21	(100,893)	(98,584)	(265,979)	(11,200)	(476,655)
Accumulated impairment 30.09.21	-	-	(7,505)	-	(7,505)
Net book value 30.09.21	54,359	15,301	41,880	884	112,420
Depreciation in the period	(19,187)	(6,814)	(152,988)	(162)	(179,153)
Impairment in the period	-	-	-	-	-
Expected useful life (years)	3-8	3-8	1-3	3	
Depreciation plan	Linear	Linear	Linear	Linear	

* Refer to note 11 for additions to ROV and ROV equipment acquired in purchase of Surveyor AS.

The Group sold two of its LARS systems during the second quarter 2021. No gain/loss has been recognized from this sale, as the assets depreciation plan took into consideration agreed selling price at time of sale.

Note 3 – Fixed assets

Summary

Impairment testing has been performed in accordance with IAS 36. Impairment testing for 3Q2021 did not result in any impairment.

Discount rate

The discount rate is based on the Weighted Cost of Capital (WACC) pre-tax for the Group. The discount rate is 9.0 %.

Revenue assumptions

The revenue assumption in the cash flow forecast is based on a combination of utilization for assets and selling price. Utilization is based on firm contractual days on a short to medium term and estimated future selling on a medium to longer term. Forecasted utilization on a longer term is based on historical data, as well as management's expectations of market development. Forecasted selling rates are based on historical data. No inflation adjustments have been made to revenue assumptions.

Right-of use-assets - vessels:

The right-of-use assets on 30 September 2021 represents the remaining committed vessel days on charter agreements with vessel owners. The impairment testing demonstrated that the recoverable amount is larger than book value, and as such no impairment charge is required. The recoverable amount is sensitive to estimated utilization and selling rate assumptions. See note 10 for further information on Right-of-use assets.

ROV and ROV equipment:

Impairment testing has been performed on each ROVs CGU, i.e., both owned and leased ROVs. The recoverable amount is based on estimated future cash flows, which is based on estimated selling price, budgeted maintenance cost and utilization. The impairment testing demonstrated that the assets recoverable amount is larger than book value, and as such no impairment charge is required. The recoverable amount is based on estimated future cash flow for the CGU and is sensitive to estimated utilization and selling rate assumptions.

A sensitivity analysis shows the following sensitivity in the impairment testing, including both Right-of-use assets, ROV and ROV equipment:

Drop in estimated revenue	Impairment charge (NOK 1000)
10%	3,896
20%	13,877
30%	30,074

An increase of the WACC of 2 percentage points will not result in any impairment charge.

Note 4 - Borrowings

(NOK 1000)	30/09/2021	31/12/2020
Non-current liabilities		
Bank borrowings	16,834	7,500
Lease liabilities to credit institutions	1,187	5,231
Other non-current lease liabilities (IFRS 16)	-	-
Total non-current borrowings	18,021	12,731
Current borrowings		
Bank borrowings	11,584	5,000
Lease liabilities to credit institutions	5,283	7,859
Other current lease liabilities (IFRS 16)	43,377	15,766
Total current borrowings	60,244	28,625
Carrying amount		
Bank borrowings	28,419	12,500
Finance lease liabilities	49,847	28,856
Total carrying amount	78,265	41,356
Fair value		
Bank borrowings	28,419	12,500
Finance lease liabilities	49,847	28,856
Total fair value	78,265	41,356

At 30.09.21 bank borrowings are secured on fixed assets for the value of NOK 70.5 million (31.12.20: 76.6 million).

Note 5 - Transactions with related parties

The company has undertaken various transactions with related parties consisting of consultancy services. All transactions are carried out as part of the normal course of business and are carried out on commercial terms in accordance with the Public Companies Act § 3-16.

Note 6 - Shareholders

20 largest shareholders as per 30.09.2021

	Shares	Stake
NORTH ENERGY ASA	46,126,567	32.1%
JOSO INVEST AS	7,564,589	5.3%
HOLME HOLDING AS	6,180,000	4.3%
JT INVEST AS	5,529,539	3.9%
SOBER AS	5,000,000	3.5%
NORMAND DRIFT AS	5,000,000	3.5%
VERDIPAPIRFONDET EIKA NORGE	4,968,418	3.5%
Danske Invest Norge Vekst	2,820,462	2.0%
CORUNA AS	2,500,000	1.7%
LION INVEST AS	2,380,000	1.7%
STAVA INVEST AS	2,300,000	1.6%
RMS INVEST AS	2,000,000	1.4%
TEOMAR AS	2,000,000	1.4%
A-Å INVEST AS	1,938,725	1.4%
SMS INVESTERING AS	1,652,366	1.2%
NÆRINGSLIVETS HOVEDORGANISASJON	1,635,991	1.1%
BARRUS CAPITAL AS	1,510,090	1.1%
FREEMAN SHIPPING & OFFSHORE AS	1,510,053	1.1%
TEM INVEST AS	1,250,000	0.9%
CASTEL AS	1,248,517	0.9%
Total 20 largest	105,115,317	73.20%
Others	38,490,691	26.80%
Total	143 606 008	100.00%

Note 7 - Share-based remuneration

The Board of Directors of Reach Subsea ASA has approved a stock option scheme to further align the interests of the participating employees in Reach Subsea with those of the Shareholders. The stock option scheme has not yet been finalized.

Note 8 - Tax

The Group has, based on contracts and budgets for 2021 and 2022, assumed that parts of the tax loss carried forward can be recognized. Per 30.09.21 NOK 28.3 million is capitalized.

(NOK 1000)	30/09/2021	31/12/2020
Taxes		
Taxes payable	-	-
Changes in deferred taxes	20,185	-
Taxes in total	20,185	-
Deferred taxes / (deferred tax assets)		
Temporary differences:		
Other fixed assets	(5,510)	(9,288)
Financial leases	11,214	13,268
Fixed-priced contracts	-	-
Accruals	(4,128)	(3,761)
Tax loss carried forward	(146,628)	(167,180)
Temporary differences, in total	(145,052)	(166,961)
Deferred tax assets	(31,911)	(36,731)
Not recognized deferred tax assets	(3,565)	(28,570)
Deferred tax assets in balance sheet	28,346	8,161
Deferred tax assets are recognized in the balance sheet based on expected utilization of tax losses carried forward and temporary differences. The carrying amount of deferred income tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.		
Reconciliation from nominal to actual tax rate:		
Profit and loss before taxes	23,276	43,103
Nominal tax rate	22%	22%
Anticipated income tax due to nominal tax rate	5,121	9,483
Actual tax cost	(20,185)	-
Deviation	(25,306)	(9,483)
Tax effects of:		
Permanent differences	301	(604)
Changes in deferred tax assets, previously not recognized	25,005	(8,878)
Explanation	25,306	(9,483)
Effective tax rate	-87%	0%

Note 9 - Segments

(NOK 1000)	2021 01.07.-30.09.	2020 01.07.-30.09.	2021 01.01.-30.09.	2020 01.01.-30.09.	2020 01.01.-31.12.
Revenue					
Oil & Gas	160,970	137,370	339,821	410,267	473,389
Renewable / other	62,788	64,000	155,507	87,000	154,641
Total	223,758	201,370	495,328	497,267	628,030
Operating expense					
Oil & Gas	(144,160)	(120,914)	(303,237)	(380,239)	(434,708)
Renewable / other	(56,231)	(56,333)	(138,766)	(80,632)	(142,005)
Total	(200,391)	(177,247)	(442,003)	(460,871)	(576,714)
Operating result					
Oil & Gas	16,810	16,457	36,583	30,029	38,681
Renewable / other	6,557	7,667	16,741	6,368	12,636
Total	23,367	24,124	53,324	36,397	51,317
EBITDA					
Oil & Gas	64,409	59,973	159,491	170,272	201,412
Renewable / other	25,123	27,941	72,986	36,107	65,795
Total	89,532	87,914	232,477	206,380	267,207

Note 10 - Leasing

Short-term leases (committed lease term 12 month or less) of vessels are capitalized as right-of-use assets and depreciated. The impact is that all cost in relation to leases of vessels are presented as depreciation and interest expense. As of 3Q2021, Right-of-use assets consist of contractual commitments and estimated use in the contract period. Pay as you go contracts at the balance sheet date, with no contractual commitment, are not capitalized. The following have been recognized:

Right-of-use assets	30/09/2021	31/12/2020
Property, plant and equipment	41,880	13,534
Total	41,880	13,534

Lease liabilities	30/09/2021	31/12/2020
Current	43,377	15,766
Non-current	-	-
Total	43,377	15,766

See note 4 for further information on the Company's borrowings.

	Q3 2021	Q3 2020	9M 2021	9M 2020	12M 2020
Depreciation charge of right-of use assets	56,431	55,608	152,988	136,737	174,802
Impairment charge of right-of-use assets	-	-	-	7,505	7,505
Interest expense	894	943	2,762	4,057	4,252
Total charges to the P&L	57,325	56,551	155,750	148,299	186,559

The total cash outflow for leases in 3Q2021 was NOK 57.6 million (Q32020: NOK 62.5 million).

Note 10 - Leasing

Reconciliation of leases on committed days recognized in 2021:	Right-of use assets	Lease liability, non-current	Lease liability, current
Opening balance 01.01.2021	13,534	-	15,766
Additions	128,837	-	128,837
Disposals	-	-	-
Depreciation	(100,497)	-	-
Impairment	-	-	-
Interests	-	-	2,762
Reclassification from long to short term	-	-	-
Adjusted commitment	-	-	(368)
Currency adjustment	-	-	131
Payments	-	-	(103,750)
Ending balance 30.06.2021	41,881	-	43,377

Note 11 - Business combinations

In March 2021 our joint venture partner MMT Sweden AB ("MMT") was acquired by Ocean Infinity. This transaction triggered an option for Reach Subsea to purchase MMT's shares in our jointly owned entity Surveyor AS at book value. This option was exercised 31.03.2021 with the effect that the balance sheet for Surveyor AS is consolidated into our Group accounts as per 2Q 2021. The transaction was closed in June 2021.

A preliminary purchase price allocation (PPA) has been performed and all identified assets and liabilities have been measured at the acquisition date. Fair values are in accordance with the requirements of IFRS 3. The agreed purchase price for MMT's shares is NOK 22.8 million. The fair values of the identifiable assets and liabilities in the transaction as at the date of the acquisition have been estimated as follows:

(NOK 1000)	
Property, plant and equipment	44,855
Trade receivables	8,778
Other receivables	8,250
Cash and cash equivalents	12,482
Total assets	74,365
Interest-bearing debt to credit institutions	22,961
Trade payables	5,601
Other current liabilities	246
Total assets	28,807
Total identifiable net assets at fair value	45,558
Whereof 50 % is acquired	22,779
Total consideration	22,779
Goodwill	-

Note 12 - Events after quarter end

The Group has entered into a time charter party with Havila Chartering for the hire of the vessel Havila Subsea. This contract will, according to IFRS 16, increase the company's debt and assets with approximately NOK 168 million.

New spot contracts and minor changes in project forecasts may also have an impact on debt and assets (IFRS 16), however not of significant values.

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