

Q4
2021

Everything is within reach

Quarterly Consolidated Report

The preferred provider of subsea
services and solutions

Find out more at reachsubsea.no

-REACH
SUBSEA

4th 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.

Contents

<u>About Reach Subsea</u>	02
<u>Highlights</u>	03
<u>CEO Letter</u>	04
<u>Operations</u>	05
<u>Financial results</u>	06
<u>Capital structure</u>	07
<u>The Share</u>	07
<u>News after quarter end</u>	08
<u>Definitions</u>	09
<u>Outlook</u>	10
<u>Reach Subsea Fleet</u>	11
<u>Sustainability</u>	13
<u>Accounts</u>	18
<u>Notes</u>	22

4th Quarter 2021

Highlights

- The best fourth quarter and annual result in company's history, driven by high utilization and successful project execution as well as a one-off effect from the purchase of Octio. The Board proposes a dividend of NOK 0.18 per share (NOK 0.15).
- 4Q2021 EBIT was NOK 25.7 million (NOK 14.9 million), while pre-tax result was NOK 22.6 million (NOK 14.2 million). EBIT for the full year of 2021 ended at NOK 79.1 million (NOK 51.3 million), while pre-tax result was NOK 73.0 million (NOK 43.1 million).
- Deepened Reach Subsea's technology competence and expanded value chain through acquisition of geophysical monitoring solutions provider OCTIO.
- High activity in renewables segment with 31% and 45% of project days generated from non-oil and gas clients in 4Q2021 and in the full year, respectively.
- Entered into a charter agreement with Olympic Subsea for the use of three modern subsea vessels for the 2022 season.
- Awarded contract in US Gulf for end of 2021 and 2022 execution, representing ~230 project days.
- On track for the delivery of first Reach Remote USVs in 2023. Offer received after year end from strategic partner seeking to invest in Reach and co-operate on commercialization of Reach Remote.

Key figures

	4Q 2021 unaudited	4Q 2020 unaudited	12M 2021 unaudited	12M 2020 audited
Revenue (NOKm)	191	131	687	628
EBIT (NOKm)	26	15	79	51
Pre-tax profit (NOKm)	23	14	73	43
Cash and cash equivalents (NOKm)	149	105	149	105
Net working capital (NOKm)	58	25	58	25
Net interest bearing debt, excl IFRS 16 leases (NOKm)	-118	-80	-118	-80
Equity (NOKm)	287	210	287	210
Order backlog (NOKm)	110	145	110	145
Outstanding tender value (NOKbn)	2.1	2.1	2.1	2.1
Number of ROV days sold	793	578	2,667	2,388
Number of ROV days available	1,028	767	3,830	3,250
Technical uptime on ROVs	100%	99%	99%	99%
Number of offshore personnel days sold	3,463	2,543	13,402	15,708
LTIs	0	0	0	0
Number of vessel days sold	287	252	1,098	956

4th Quarter 2021

CEO Letter

The fourth quarter of 2021 was another solid quarter for Reach Subsea. Consequently, we're delivering the best annual result in the company's history, driven by high vessel utilization and successful project execution. The fact that these results were achieved with zero work incidents makes me even prouder. The health and safety of our employees and partners is, and will remain, our top priority.

This quarter we announced the acquisition of geophysical monitoring solutions provider OCTIO and the associated company Monviro. I would like to wish our new colleagues in Bergen a warm welcome to Reach. We've worked with OCTIO for many years, so we knew the team was a good cultural fit for us. With the acquisition of OCTIO, we're deepening Reach's technology competence and expanding our value chain, thereby accelerating our strategy to become a full-service provider of subsea data and solutions for clients globally. OCTIO's cost-efficient and highly accurate survey and monitoring technology enhances data value for clients and provides optimal solutions for monitoring of future CO2 reservoir storage. This enables us to expand our services portfolio into the carbon capture and storage (CCS) segment, which we anticipate will generate significant activity in the coming years.

In addition, OCTIO's patented technologies and competence will strengthen the data gathering, data processing, and data analytics capabilities of Reach Remote. I am happy to report that we are on track for the delivery of our first Reach Remote USV next year, keeping us on the path of achieving our ambition of providing a full portfolio of subsea services from a low-emission, cost-effective remote and autonomous fleet by 2025.

Financially, we posted a 46% quarterly revenue advance year-on-year, and a 64% increase in pre-tax profit to NOK 23 million, bringing 12M profit before taxes to NOK 73 million, compared to NOK 43 million in 2020. ROV utilization was at a solid 77% in the fourth quarter, reflecting the increasing activity levels in the market.

After a long period of volatility and limited market visibility, the market is stabilizing and we're seeing healthy demand across sectors. High commodity prices, led by record-high gas prices, are driving up activity levels in the petroleum sector. On the Norwegian Continental Shelf alone, several additional fields are in the pipeline, with eight development plans submitted in 2021 and dozens expected this year, according to the Norwegian Petroleum Directorate. The emergence of new industries is also gathering pace, as reflected by the recent "ScotWind" seabed tender that auctioned 8,600 km² of sea space, which could host almost

25 GW of offshore wind, and record carbon capture project pipeline growth globally in 2021.

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 accounted for 45% of our project days for 2021, and we expect the share to grow further. At the same time, oil and gas revenues should prove resilient, as ageing offshore installations require more maintenance. Our services will also be needed for decommissioning when that time comes.

In response to the strengthening market, Reach entered into a charter agreement with Olympic Subsea ASA for the use of three modern subsea vessels for the 2022 season. These fit-for-purpose vessels are intended for use on projects within Survey, IMR, construction support and light construction within the renewables and oil and gas sector. We this, we're reinforcing the trust our clients have in our ability to deliver low-emission, cost-effective subsea services with low risk of operational downtime.

Going forward, Reach Subsea will keep growing both organically and inorganically. 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, permits us to consider accretive bolt-on acquisitions to deepen our technology base, expand our value chain and strengthen our revenue potential and margins. We're on the look-out for cutting-edge technology companies that will support Reach Subsea's journey to future-proof subsea services through safe and sustainable solutions that will dramatically lower operational costs and the environmental footprint of our operations.

As part of the journey, I am pleased to announce that Reach Subsea met 13 of its 15 sustainability goals it set for 2021.

2021 turned out to be a busy for Reach Subsea and we see no signs of this trend abating. Quite the contrary. And while we'll continue to grow, we will also keep working on improving our operations, enhancing efficiency and reducing emissions, thereby creating sustainable value for all our stakeholders.

Jostein Alendal
CEO



4th Quarter 2021

Operations

REACH had per the end of the quarter 10 WROV-systems and two "Surveyor Interceptor" available for subsea operations. REACH had 1,028 available ROV-days in 4Q2021 (767 ROV-days in 4Q2020), of which 793 days were sold (578) leading to a total utilization of 77% (75%). Furthermore, the number of vessel days that passed through our P&L in 4Q2021 was 287 (252). For the full year 2021, the ROV utilization was 70% (73%), while vessel utilization was 92% (81%).

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 7 February 2022, a firm order book of NOK 110 million and approximately 1063 project days for execution in 1Q2022 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 continued through 4Q2021, with emphasis on detail engineering and supply chain evaluations for the build phase. We are on track for 2023 delivery as technical supply chain comfort is now in place, and critical long lead key components have been secured. The final commercial details of the USV building contract and the bank financing package are expected to be in place shortly.

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. 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 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 Europe, after projects in Trinidad and US for large oil companies in the fourth quarter.

Viking Neptun is mobilized with one Supporter WROV and one Constructor WROV and Reach delivers all ROV-services onboard the construction vessel. The subsea spread is signed for contracts between Eidesvik and Havfram, with Reach as ROV service provider for at least 180 days in 2022, with start-up early in 1Q2022. Eidesvik recently announced that the vessel has been sold to Deme with expected delivery late 2022. There are various opportunities for further work for the WROVs given the current market situation.

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 until November 2021, whereafter she started a project for Magseis in the US Gulf lasting well into the second quarter 2022.

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 fourth quarter. The vessel currently has a schedule lasting into mid first quarter 2022, 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 fourth quarter, and currently works in the spot market.

Olympic Challenger is equipped with two hired-in WROVs and currently works on a project for an oil company in Europe that is expected to last towards the end of the first quarter 2022.

Other business Reach has one WROV mobilized onboard a vessel in Brazil performing projects for large oil companies in the region.

4th 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.

As announced in December 2021, Reach has purchased Octio AS, a provider of monitoring solutions for hydrocarbon producing fields and CO2 storage reservoirs, including daughter company Gravitude AS and associated companies Monviro AS and Monviro CCS AS (jointly referred to as "Octio"). Closing took place 8.12.2021, hence profit and loss figures are consolidated as from that date. Consolidated balance sheet as per 31.12.2021 includes the acquired entities. The financial effects of the transaction are described in detail in the Notes.

Revenue for 4Q2021 was NOK 191.3 million compared with NOK 130.8 million for 4Q2020. The increased revenue is primarily explained by a higher share of complex projects compared to the same period last year. Revenue for the full year 2021 ended at NOK 686.6 million compared to NOK 628.0 million in 2020. Revenue for Octio represented NOK 0.86 million in 2021.

Operating expenses for 4Q2021 were NOK 165.5 million (NOK 115.8 million). Project-related expenses represent the majority of the operating expenses for the Group. Operating expenses for the full year 2021 were NOK 607.5 million (NOK 576.7 million). Operating expenses for Octio represented NOK 4.4 million in 2021. Depreciation for 4Q2021 was NOK 60.7 million (NOK 45.9 million), and NOK 239.8 million (NOK 208.4 million) for the full year. There has not been any impairment recognized in 2021 (NOK 7.5 million in 2020). See further evaluation of impairment sensitivity in the Notes.

4Q2021 operating result (EBIT) was NOK 25.7 million (NOK 14.9 million). Operating result for the full year 2021 was NOK 79.1 million (NOK 51.3 million). Good project margins underpinned by sound operations are the primary explanations for the improved EBIT. In addition, Octio contributed NOK 10 million to EBIT, including NOK 13.3

million in a one-off bargain purchase gain (recognized as Other income). Project expenses related to Reach Remote are not capitalized and amounted to NOK 2.0 million in 2021. 2021 projects had an estimated extra cost related to the COVID 19 pandemic of NOK 13.9 million (NOK 16.5 million), of which NOK 7.2 million (NOK 7.7 million) was covered by our clients.

Net financial items for 4Q2021 were NOK -3.2 million (NOK -0.7 million) and NOK -6.0 million (NOK -8.2 million) for the full year 2021. 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 20.8 million in 2021.

The total comprehensive income for 4Q2021 was NOK 23.3 million, compared with NOK 13.9 million for 4Q2020. Total comprehensive income for the full year 2021 ended at NOK 94.5 million compared to NOK 43.8 million in 2020.

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

For 4Q2021, Oil & Gas revenues constituted 74 % while Renewable/ Other constituted 26 % of total revenues (excl Other income). By comparison, in 4Q2020 Oil & Gas revenues were 44 % while Renewable/Other constituted 66 % of total revenues. For the full year, Oil & Gas projects represented 70% (75 %) of the 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).

4th Quarter 2021

Capital structure

Total current assets at the end of the quarter were NOK 353.9 million (NOK 242.0 million per 31.12.2020), of which cash and cash equivalents amounted to NOK 149.0 million (NOK 105.4 million). Including the unutilized revolving credit facility, available liquidity was NOK 169.0 million. Receivables and inventories were NOK 204.9 million (NOK 136.6 million). Total non-interest-bearing current liabilities were NOK 147.2 million (NOK 111.5 million). This leaves a net working capital of NOK 57.7 million (NOK 25.1 million). The working capital level is higher than normal for this part of the year 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 392.6 million (NOK 121.0 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. Furthermore, the acquisition of Octio added NOK 11.2 million in capitalized deferred tax asset. Thus, the deferred tax asset increased from NOK 8.2 million per 31.12.20 to NOK 40.2 million per 31.12.21. Property, plant and equipment includes NOK 277.2 million of leases capitalized under IFRS 16 (NOK 134.0 million). The increase is explained by the securing of vessel capacity as announced in the fourth quarter of 2021, resulting in an increased charter commitment, and inclusion of right-of-use of office facilities of NOK 5.1 million. Please see further details in the Notes. Net interest-bearing debt (total interest-bearing debt, including capitalized leases under IFRS 16, less cash) stood at NOK 163.5 million (NOK -64.0 million), with the increase explained by the increased charter commitment as described above in the Notes. Net financial interest-bearing debt to credit institutions (i.e. excluding IFRS 16 leases) was NOK -118.3 million (NOK -79.8 million), i.e. cash positive.

The Group's equity as of 31.12.21 was NOK 286.8 million (NOK 210 million), which represents 38 % of the total balance sheet (58 % 31.12.20).

Net cash flow from operating activities for 4Q2021 was NOK 109.2 million (NOK 70.7 million). Cash flow from investing activities in the fourth quarter was NOK -6.4 million (NOK 0) and is related to the purchase of Octio. Net cash flow from financing activities was NOK -52.6 million (NOK -44.6 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 4Q2021 was NOK 50.2 million (NOK 26.1 million). Net change in cash and cash equivalents was NOK 41.0 million (NOK 66.4 million) for the full year 2021, influenced by an increase in working capital, purchase of

the shares in Surveyor AS, Octio Group and the NOK 21.5 million dividend payment.

Reach has per 31.12. 2021 no major debt maturities to credit institutions or committed, unfinanced capital expenditure commitments for 2022 and onwards. Capital expenditure commitments for the Reach Remote project is expected to be incurred during the first quarter of 2022.

The Share

Reach Subsea ASA is listed on the Oslo Stock Exchange (Euronext). The Company has per 31.12.2021 issued 144,580,708 shares, of which the majority is owned by Norwegian shareholders. The increased number of shares compared with 30.09.2021 is related to the purchase of Octio. In addition, a share incentive program for employees was effectuated in December 2021. 360,000 shares were purchased under the program, but were not registered until after year end. Total number of shares as per 7.2.2022 is 144,940,708.

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 items the Board regard as transitory. The deferred tax income incurred in 2021 and the one-off effect from the purchase of Octio are regarded as transitory items. Based on this, and taking into account the upcoming investment in the Reach Remote project, the Board of Directors intend to propose a dividend of NOK 0.18 per share to be resolved by the Annual General Meeting on 30.05.2022.

4th Quarter 2021

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 first quarter for all our subsea spreads. Reach has entered into various contracts and call-offs under frame agreements. We now have approximately 1,063 project days for execution in 2022/23. These contracts cover a wide spectrum of project types and are across both oil & gas and renewables projects.

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

The order book figure of NOK 110 million includes the above-mentioned contracts. See further details under «Vessel Update» and «Outlook».

On 4 February, OCTIO announced the award of a multi-year geophysical monitoring contract with A/S Norske Shell for the Ormen Lange field. OCTIO has delivered

services to A/S Norske Shell for over a decade, and this contract further solidifies the long-standing relationship between the two parties.

REACH has received an offer from an undisclosed strategic partner to enter into a comprehensive agreement covering both an equity investment in Reach and a strategic co-operation on commercialization of Reach Remote. The offer is for Reach to issue 46,126,567 new shares towards the strategic partner at NOK 3.25 per share, thereby raising NOK 150 million in new equity. Furthermore, the offer entails that Reach will issue warrants at a subscription price of NOK 4.00 per share whereby each warrant gives the strategic partner the right to subscribe for one new Reach share. The warrants have a duration of 3 years and can be exercised anytime. If all warrants are exercised, the strategic partner will potentially end up with a 33% ownership stake. The Board is positive towards the proposed offer, which is subject to relevant corporate approvals by both parties and certain other conditions. The Board will work towards finalizing and concluding an agreement within the next couple of weeks, to be put forth an extraordinary general meeting in Reach.

Operational Figures

	Q1		Q2		Q3		Q4		Year	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Number of ROV days sold	405	254	608	734	861	822	793	578	2 667	2 388
Number of ROV days available	749	770	946	875	1 107	838	1 028	767	3 830	3 250
Technical uptime on ROVs	98%	99%	99%	99%	100%	99%	100%	99%	99%	99%
Number of offshore personnel days sold	2 397	2 552	3 121	5 549	4 421	5 166	3 463	2 543	13 402	15 780
LTI's	0	0	0	0	0	0	0	0	0	0
Number of Vessel days sold	209	96	296	268	306	340	287	252	1 098	956

4th Quarter 2021

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) during a defined period
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 a defined period, plus total number of ROVs hired in (pay as use) by Reach Subsea AS multiplied with actual number of operational days in a defined period
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) sold to projects, 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) that passes through our income statement

4th 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.

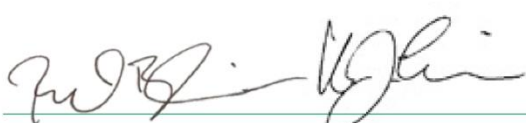
Our response to both the challenges and opportunities we face is twofold. First, in the near term we will maintain a competitive cost structure and remain agile and flexible. To that end, our recent charter agreements secure competitive vessel capacity for the next couple of years, in a market that we 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 have established comfort in the technical supply chain and secured long lead time key components. The final commercial details of the USV building contract and the bank financing package are expected to be in place shortly. Lastly, we have received an offer from a strategic partner to enter into a comprehensive agreement on Reach Remote. Provided the agreement is concluded, we will both have secured equity for Reach Remote as well as a strong strategic partner for commercialization of Reach Remote.


In our 2020 Sustainability Report we set 15 targets for 2021 and have this year decided to report our progress towards these targets as part of our quarterly reports. We are pleased with the fact that we met 13 out of the 15 targets. And will double down on our efforts to meet the remaining two targets in 2022.

The Board and management are very pleased with delivering record results for 2021 and will propose a dividend of NOK 0.18 per share for the upcoming Annual General Meeting.



Rachid Bendriss

Chairman of the Board



Kåre Johannes Lie

Vice-Chairman of the Board



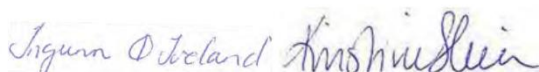
Anders Onarheim

Board member



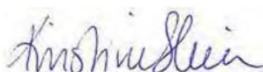
Martha Kold Bakkevig

Board member



Ingunn Iveland

Board member



Kristine Skele

Board member



Sverre B. Mikkelsen

Board member



Jostein Alendal

Managing Director

Contact:
Jostein Alendal, CEO
Birgitte W 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 is 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 full year of 2021 is summarized below:

Environment

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

✓ Ongoing

Activity is measured through performed project days. Activity within non-Oil & Gas segment was 45% of total activity in 2021. The 50% target was not achieved due to higher activity under our existing oil and gas frame agreements.

Reduce CO₂ emissions compared to activity levels

✓ Achieved

Our total CO₂ emissions per sold vessel day was 31.88 ton of CO₂ equivalents in 2021, compared to 37.19 in 2020. The reduction is partly due to less transit activity.

Zero major spills of hazardous materials to the sea

✓ Achieved

0 major spills in 2021. Reach continues to focus on use of environmentally friendly high degradable hydraulic oils in our ROVs.

Increase use of remote operations

✓ Achieved

Reach performed two remote operations projects in 2021, 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 early 2022.

Participate in Ocean Cleanup campaign

✓ Achieved

Reach participated in an Ocean Cleanup campaign in 2021.

Sustainability

Employees

Maintain turnover below 8%

✓ Achieved

There has been no material turnover in 2021.

Further develop REACH-ED with new e-learning

✓ Achieved

Our REACH-ED portal was updated with new e-learning for employees in 2021.

Zero work-related injuries

✓ Achieved

No work-related injuries occurred in 2021.

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

✓ Achieved

There has been no work-related sick leave in 2021.

Implement campaign with focus on mental and physical health

✓ Achieved

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

Increase percentage of female employees in offshore employment categories

✓ Achieved

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

Responsible business

Maintain customer satisfaction score at 4 and higher

✓ Achieved

In 2021 our registered customer satisfaction score is 4.7 on a 1-5 scale.

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

✓ Achieved

Technical uptime in 2021 was nearly 100%, the same level as in 2020.

Featured Project #1



Survey and Light Construction

Vessel

Havila Subsea

Client

Shell

Location

UK

Period

4Q 2021

Water Depth

Various



Survey and Light Construction

Reach Subsea and MMT were contracted by Shell UK to perform pipeline inspection works using the Surveyor Interceptor during 4Q 2021. Shell has been a recurring Client for the use of the innovative and disruptive Surveyor Interceptor Technology and once again, the Reach Subsea and MMT cooperation delivered a successful project.

Featured Project #2



Sandbank Offshore Wind Farm

Vessel

Olympic Artemis

Client

Boskalis

Location

Sandbank Offshore Wind Farm

Period

4Q 2021

Water Depth

Various



Installation of scour protection on offshore wind farm

During 4Q 2021 Reach Subsea was contracted by Boskalis to assist with the installation of scour protection on the Sandbank Offshore Windfarm. The project scope included crane operations with high complexity in challenging operational conditions, however, it was safely and successfully completed, largely due to the offshore team's strong operational experience.

Featured Project #3



OBN Node Recovery

Vessel

Olympic Delta

Client

MagseisFairfield

Location

Norwegian Continental Shelf

Period

4Q 2021

Water Depth

300-380m



Ocean Bottom Node recovery operation

During Q4 2021 Reach Subsea did once again complete a successful Ocean Bottom Node recovery operation for MagseisFairfield. Reach Subsea and MagseisFairfield have a strong track record of performing both installation and recovery of Ocean Bottom Nodes. This illustrates the value Reach Subsea can add to our clients, through consistent operational excellence.

Income statement



Statement of profit or loss NOK 1000	4Q 2021 unaudited	4Q 2020 unaudited	12M 2021 unaudited	12M 2020 audited	NOTES
Operating revenue	177,925	130,337	673,253	618,870	
Other income/losses	13,347	426	13,347	9,160	10,11
Revenue	191,273	130,763	686,601	628,030	
Procurement expenses	(37,686)	(27,551)	(158,633)	(169,972)	
Personnel expenses	(40,975)	(30,620)	(122,374)	(111,422)	
Other operating expenses	(26,218)	(11,764)	(86,722)	(79,429)	
EBITDA	86,394	60,827	318,871	267,207	
Depreciation	(60,654)	(45,907)	(239,807)	(208,386)	3,10
Impairment	-	-	-	(7,505)	3,10
Operating result (EBIT)	25,739	14,920	79,064	51,317	
Interest income	123	-84	237	149	
Interest expenses	(3,763)	107	(7,838)	(6,576)	10
Other net financial items	483	(2,810)	1,437	(3,274)	
Result from associated companies	-	2,042	146	1,487	
Profit (loss) before taxes	22,583	14,175	73,046	43,103	
Taxes	575	-	20,760	-	8
Profit (loss)	23,158	14,175	93,806	43,103	
Comprehensive income					
Translation differences	144	-324	654	684	
Gain/loss on financial derivatives of cash flow hedges	-	-	-	-	
Comprehensive income items	144	-324	654	684	
Total comprehensive income	23,302	13,851	94,460	43,787	
Earnings per share	0.16	0.10	0.66	0.31	
Diluted earnings per share	0.16	0.10	0.66	0.31	

Balance Sheet



Statement of financial position NOK 1000	2021 31/12 unaudited	2020 31/12 audited	NOTES
Non-current assets			
Deferred tax assets	40,151	8,161	9
Research and development	1,457	-	
Investment in joint ventures	-	22,772	11
Property, plant and equipment	73,761	76,569	3,10
Property, plant and equipment (related to IFRS 16)	277,212	13,534	3,10
Total non-current assets	392,582	121,036	
Current assets			
Bunkers	8,130	1,376	
Trade receivables	149,633	90,783	
Other receivables	47,150	44,422	
Cash and cash equivalents	149,035	105,396	
Total current assets	353,948	241,978	
Total assets	746,529	363,014	
Equity			
Share capital	144,941	143,606	6
Share premium	107,468	105,070	
Other equity	34,397	(38,522)	7
Total equity	286,806	210,154	
Non-current liabilities			
Interest-bearing debt to credit institutions	14,497	12,731	4, 10
Interest-bearing debt, other (related to IFRS 16)	105,171	-	4, 10
Total non-current liabilities	119,668	12,731	
Current liabilities			
Interest-bearing debt to credit institutions, short term	16,260	12,859	4, 10
Interest-bearing debt, other (related to IFRS 16), short term	176,627	15,766	4, 10
Trade payables	63,467	65,055	
Other current liabilities	83,700	46,448	
Total current liabilities	340,055	140,128	
Total liabilities	459,723	152,859	
Total equity and liabilities	746,529	363,014	

Cashflow

UNAUDITED



Statement of cash flow NOK 1000	4Q 2021	4Q 2020	12M 2021	12M 2020	NOTES
Cash flow from operating activities					
Operating result (EBIT)	25,739	14,920	79,064	51,317	
Paid taxes	-	-	-	-	8
Impairment	-	-	-	7,505	3
Depreciation and amortization	60,654	45,907	239,807	208,386	3
Gain/loss on assets sold	-	(426)	-	(9,160)	3
Gain on acquisitions	(13,265)	-	(13,265)	-	11
Change in trade debtors	2,583	27,986	(41,164)	(31,629)	
Change in trade creditors	(17,858)	(16,305)	(11,863)	11,071	
Change in other provisions	51,326	(1,477)	26,636	30,770	
Share option cost employees	-	108	-	432	7
Net cash flow from operating activities	109,179	70,713	279,214	268,691	
Cash flow from investing activities					
Acquired cash balance from consolidation of Octio AS and Monviro AS	19,196	-	19,196	-	11
Acquired cash balance from consolidation of Surveyor AS	-	-	12,482	-	11
Sale of fixed assets	-	-	24,718	-	3
Purchase of fixed assets	(561)	-	(1,561)	(2,118)	
Purchase of shares in subsidiary	(25,000)	-	(47,872)	-	11
Net cash flow from investing activities	(6,365)	-	6,963	(2,118)	
Cash flow from financing activities					
Net interest paid	(541)	219	(1,740)	(2,176)	
Proceeds from issuance of ordinary shares	3,014	-	3,119	-	
Drawdown of bank overdraft facility	-	-	-	-	
Payment of dividends	-	-	(21,541)	-	
Repayment of borrowings and financial leases	(4,131)	(3,927)	(17,793)	(15,648)	
Repayment of IFRS 16 leases	(50,943)	(40,920)	(207,185)	(182,348)	10
Net cash flow from financing activities	(52,600)	(44,629)	(245,139)	(200,172)	
Net change in cash and cash equivalents	50,214	26,084	41,037	66,401	
Cash and cash equivalents in the start of the period	98,296	78,166	105,396	38,657	
Translation differences	525	1,146	2,602	339	
Cash and cash equivalents in the end of the period	149,035	105,396	149,035	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	-	654	654	
Dividends paid		(21,541)	(21,541)	
Capital increase	2,923		2,923	6
Capital increase, not registered	810		810	6
Result for the period	-	93,806	93,806	
Allocation of other equity	-	-	-	
Equity 31.12.2021	252,410	34,397	286,806	

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 of 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, estimates and judgements

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.

The preparation of the interim accounts entails the use of judgements, estimates and assumptions that affect the application of accounting policies and the amounts recognized as assets and liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances. The actual results may deviate from these estimates. The material assessments underlying the application of the company's accounting policies and the main sources of uncertainty are the same for the interim accounts as for the annual accounts for 2020. For deferred tax assets see note 8.

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*	44,672	-	467,107	13,589	525,368
Disposals/adjusted commitment	(22,856)	(1,862)	-	-	(24,718)
Purchase cost 31.12.21	155,068	113,884	601,136	25,673	895,761
Accumulated depreciation 31.12.21	(108,359)	(100,545)	(316,425)	(11,953)	(537,282)
Accumulated impairment 31.12.21	-	-	(7,505)	-	(7,505)
Net book value 31.12.21	46,709	13,340	277,213	13,720	350,974
Depreciation in 2021	(26,681)	(8,774)	(203,435)	(915)	(239,808)
Impairment in 2021	-	-	-	-	-
Expected useful life (years)	3-8	3-8	1-3	3	
Depreciation plan	Linear	Linear	Linear	Linear	

* Refer to note 11 for ROV, ROV equipment and other equipment acquired in the Surveyor AS and Octio AS / Monviro AS transactions.

The Group sold two of its LARS systems during the second quarter. 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 4Q 2021 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 31 December 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%	-
20%	14,769
30%	52,938

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



Note 4 – Borrowings

NOK 1000	2021 31/12	2020 31/12
Non-current liabilities		
Bank borrowings	13,938	7,500
Lease liabilities to credit institutions	559	5,231
Other non-current lease liabilities (IFRS 16)	105,171	-
Total non-current borrowings	119,668	12,731
Current borrowings		
Bank borrowings	11,584	5,000
Lease liabilities to credit institutions	4,676	7,859
Other current lease liabilities (IFRS 16)	176,627	15,766
Total current borrowings	192,887	28,625
Carrying amount		
Bank borrowings	25,522	12,500
Finance lease liabilities	287,033	28,856
Total carrying amount	312,556	41,356
Fair value		
Bank borrowings	25,522	12,500
Finance lease liabilities	287,033	28,856
Total fair value	312,556	41,356

At 31.12.21 bank borrowings are secured on fixed assets for the value of NOK 61.0 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 31.12.2021

	Shares	Stake
NORTH ENERGY ASA	46,126,567	31.9%
JOSO INVEST AS	7,564,589	5.2%
HOLME HOLDING AS	6,206,000	4.3%
JT INVEST AS	5,529,539	3.8%
SOBER AS	5,200,000	3.6%
NORMAND DRIFT AS	5,000,000	3.5%
VERDIPAPIRFONDET EIKA NORGE	4,418,418	3.1%
Danske Invest Norge Vekst	2,820,462	2.0%
CORUNA AS	2,500,000	1.7%
LION INVEST AS	2,400,000	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	1.3%
SMS INVESTERING AS	1,652,366	1.1%
NÆRINGSLIVETS HOVEDORGANISASJON	1,517,532	1.0%
BARRUS CAPITAL AS	1,510,090	1.0%
FREEMAN SHIPPING & OFFSHORE AS	1,510,053	1.0%
TEM INVEST AS	1,250,000	0.9%
CASTEL AS	1,248,517	0.9%
Total 20 largest	104,692,858	72.4%
Others	39,887,850	27.6%
Total	144,580,708	100.0%

The list above includes only registered shares per 31.12.2021. In addition, there has been an approved, not registered capital increase of 360,000 shares in December 2021. As of 31.12.2021 total shares including capital increase not registered is 144,940,708.

An updated list of 20 largest shareholders can be found on www.reachsubsea.no



Note 7 – Share-based remuneration

In 2021 the Board of directors of Reach Subsea ASA 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 was finalized on 08.12.2021 with a signed agreement between the company and Management and certain key employees. Management and certain key employees of the Reach Subsea-group is granted the right to acquire up to a certain maximum number of shares in the Company at a fixed strike price ("the Option").

The options are vested with 1/3 each year, over a period of three years until 31.12.2024. The options are non-tradable and conditional upon the participant being employed by the Reach Subsea-group at the vesting date. The stock option plan constituted a maximum of 3,000,000 options equivalent to a similar number of Reach Subsea ASA shares. No cost has been recognized related to the options in 2021. The fair value at grant date was determined using a Black Scholes Model. The most significant inputs and assumptions in determining fair value at grant date was:

Exercise price:	3.0
Share price at grant date:	3.0
Expected volatility:	56.14%
Risk free interest rate:	1.09%
Term of options:	3 years

Note 8 – Tax

The Group has, based on contracts and budgets for 2021 and 2022, assumed that the tax loss carried forward can be recognized. Per 31.12.2021 NOK 40.4 million is capitalized.

NOK 1000	2021 31/12	2020 31/12
Taxes		
Taxes payable	-	-
Changes in deferred taxes	20,760	-
Taxes in total	20,760	-



Deferred taxes / (deferred tax assets)

NOK 1000	2021 31/12	2020 31/12
Temporary differences:		
Other fixed assets	(17,537)	(9,288)
Financial leases	2,943	13,268
Inventories	(4,790)	
Fixed-priced contracts	-	-
Accruals	(3,669)	(3,761)
Tax loss carried forward	(159,469)	(167,180)
Temporary differences, in total	(182,521)	(166,961)
Deferred tax assets	(40,151)	(36,731)
Not recognized deferred tax assets	-	(28,570)
Deferred tax assets in balance sheet	40,151	8,161

*In March 2021 Reach Subsea acquired Surveyor AS. The transaction was completed in end March 2021. Deferred tax assets incorporated at closing was NOK 0. Refer to note 11 for further details.

*In December 2021 Reach Subsea acquired Octio AS, Gravitude AS, Monviro AS and Monviro Ccs AS (together the "Octio Group"). The purchase was completed in December 2021 with the effect that the balance sheet from Octio Group is consolidated into our Group accounts as per December 2021. The amount of deferred tax assets consolidated into the Groups accounts was NOK 11,231. Refer to note 11 for further details.

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.

	2021 31/12	2020 31/12
Reconciliation from nominal to actual tax rate:		
Profit and loss before taxes	73,046	43,103
Nominal tax rate	22 %	22 %
Anticipated income tax due to nominal tax rate	16,070	9,483
Actual tax cost	(20,760)	-
Deviation	(36,830)	(9,483)
Tax effects of:		
Permanent differences	3,878	(604)
Changes in deferred tax assets, previously not recognized	32,952	(8,878)
Explanation	36,830	(9,483)
Effective tax rate	(28) %	0 %



Note 9 – Segments*

NOK 1000	2021 01.10.-31.12.	2020 01.10.-31.12.	2021 01.01.-31.12.	2020 01.01.-31.12.
Operating Revenue				
Oil & Gas	132,081	56,768	471,917	473,389
Renewable / other	45,844	73,569	201,336	154,641
Total	177,925	130,337	673,253	628,030
Operating expense				
Oil & Gas	(122,882)	(50,291)	(425,853)	(434,708)
Renewable / other	(42,651)	(65,552)	(181,683)	(142,005)
Total	(165,533)	(115,843)	(607,537)	(576,714)
Operating result				
Oil & Gas	9,199	6,477	46,064	38,681
Renewable / other	3,193	8,017	19,652	12,636
Total	12,392	14,920	65,716	51,317
EBITDA				
Oil & Gas	54,225	26,407	214,157	201,412
Renewable / other	18,821	34,420	91,367	65,795
Total	73,046	60,827	305,523	267,207

*) Please note that "Other income" is not related to a segment and therefore excluded from the table.

Note 10 – Leasing

Short term leases (committed lease term 12 month or less) of vessels and other material lease agreements are capitalized as right-of-use assets and depreciated. The impact is that all cost in relation to leases are presented as depreciation and interest expense. As of 4Q2021, 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 in 2021:

Right-of-use-assets	2021 31/12	2020 31/12
Property, plant and equipment	277,212	13,534
Total	277,212	13,534
Lease liabilities	2021 31/12	2020 31/12
Current	176,627	15,766
Non-current	105,171	-
Total	281,798	15,766

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

Note 10 - Leasing



	Q4 2021	Q4 2020	12M 2021	12M 2020
Depreciation charge of right-of use assets	50,446	38,065	203,435	174,802
Impairment charge of right-of-use assets	-	-	-	7,505
Interest expense	3,099	4,989	5,861	4,252
Total charges to the P&L	53,545	43,054	209,295	186,559

The total cash outflow for leases in 4Q2021 was NOK 50.9 million (4Q2020: 40.9 million).

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	409,648	-	409,648
Disposals	-	-	-
Depreciation	(145,975)	-	-
Impairment	-	-	-
Interests	-	-	5,861
Reclassification from short to long term	-	105,171	(105,171)
Adjusted commitment	-	-	(368)
Currency adjustment	-	-	131
Payments	-	-	(149,239)
Ending balance 31.12.2021	277,212	105,171	176,627

The right-of-use assets are calculated based on a discounted estimated commitment on the following vessels: Havila Subsea, Olympic Delta and Olympic Artemis. The group has entered into a commitment for the vessel Olympic Challenger from January 2022. Estimated commitment is NOK 69.9 million and will be recognized in January 2022 upon start up of the charter party.

Other short term hired in vessels are treated as short term leases under IFRS 16 and are also recognized as depreciations.

As of December 2021, the group has recognized a right-of-use asset related to a long-term rental agreement for offices in the acquired company Octio AS. Ending balance 31.12.2021 related to the rental agreement is NOK 5.1 million (right-of-use) and NOK 5.1 million (lease liability) and is included in the numbers presented in this note.

Reconciliation of depreciation	Q4 2021	Q4 2020	12M 2021	12M 2020
Depreciation of long term right-of-use assets	45,479	14,176	145,975	103,857
Depreciation of short term right-of-use assets	4,968	23,889	57,459	70,945
Depreciation of other assets	10,208	7,842	36,370	33,584
Total depreciation	60,654	45,907	239,807	208,386

Note 11 – Business combinations

Acquisition of Surveyor AS

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 end March 2021. The transaction was closed in June 2021.

A purchase price allocation (PPA) has been performed and all identified assets and liabilities have been measured at their acquisition date fair values in accordance with the requirements of IFRS 3. The agreed purchase price for MMT's share was 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 11 – Business combinations

Acquisition of Octio AS, Gravitude AS, Monviro AS and Monviro Ccs AS ("Octio Group")

In December 2021 Reach Subsea acquired Octio AS, Gravitude AS, Monviro AS and Monviro Ccs AS, "Octio Group". The agreement was finalized 30.11.2021 with the effect that the balance sheet for Octio Group is consolidated into our Group accounts as per end November 2021. The transaction was closed on 08.12.2021.



A purchase price allocation (PPA) has been performed and all identified assets and liabilities have been measured at their acquisition date fair values in accordance with the requirements of IFRS 3. The total agreed purchase price for the shares is NOK 32.6 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	
Deferred tax assets	11,231
Research and development	2,825
Property, plant and equipment	13,385
Trade receivables	6,016
Other receivables	2,352
Cash and cash equivalents	19,196
Total assets	55,004
Other long-term liabilities	2,840
Trade payables	2,017
Other current liabilities	4,316
Total assets	9,172
Total identifiable net assets at fair value	45,832
Total consideration	32,567
Goodwill	(13,265)

The Group's share of the fair value of the identifiable net assets of the acquired associates exceeds the cost of acquisition paid by the group. The excess is recognized as income as part of other income.

Note 12 – Events after quarter end

The Group has not had any major events after the balance sheet date that affects the accounts.

Contact

Reach Subsea ASA

Garpeskjærveien 2, 5527 Haugesund, Norway

+47 40 00 77 10

post@reachsubsea.no

reachsubsea.no