2022

Everything within Reach

Reach Subsea ASA

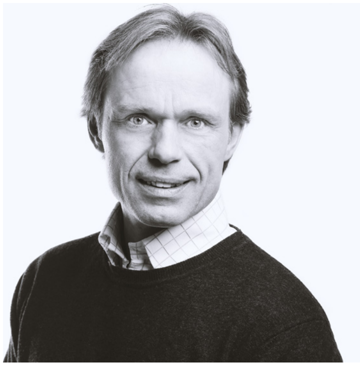
Annual Report 2022

Find out more at reachsubsea.no

Contents

2022 was a record year for Reach Subsea. Strong markets, good execution and high utilization led to revenue growth of 73 percent to NOK 1.16 billion and 64 percent underlying increase in profit before tax. At the same time, we continued to lay the grounds for sustainable long-term growth through the integration of iSurvey and Octio, the securing of a long-term vessel fleet on attractive terms and the start of the construction of our first two unmanned Reach Remote vessels.

CEO letter



When summing up 2022, it is tempting to say that Reach Subsea was firing on all cylinders. It is indeed a cliché but, in this case, I truly find it justified, illustrated by the following key developments:

- We reached record high revenue and profitability.
- We broadened our service offering through the successful acquisitions and integration of the seismic monitoring company Octio and the survey and positioning company iSurvey.
- We took important steps towards the robotic future and started the construction of our first unmanned Reach Remote vessels.
- We exited 2022 with a record high order book.
- We secured a long-term core fleet on highly attractive terms, giving us a strong platform for continued growth.
- We strengthened our balance sheet and entered into a strategic partnership with Wilhelmsen.

Reflecting on the points above, it is important to stress success hasn't come by chance. Ever since the start ten years ago, Reach Subsea has been about building a culture of reliability, safety, and honesty combined with profitable growth. At the same time, we are passionate when it comes to driving product innovation and technology forward securing a sustainable service for the offshore energy sector

In this respect the acquisitions of iSurvey and Octio have been instrumental. With iSurvey, we have added world-class technology and competence for ocean floor surveys and positioning. And through Octio we now have state of the art cost efficient and accurate technology for seismic surveys. Both these acquisitions have complemented our offering, and moved us upwards in the value chain, as we can now provide end-to-end subsea solutions for clients – including data processing and analysis.

Octio is particularly exciting from another perspective, as it opens up the vast market of carbon capture and storage (CCS) for Reach Subsea. The Octio sensors are optimal for monitoring of CO_2 reservoirs, a market that is expected to be very large in the future. Even if the oil & gas markets are currently strong, we all know that in the long run, renewable energy and sustainable solutions will be an important part of the mix.

In 2022 we also reached important milestones for our most exciting technology development project, Reach Remote. The development and construction contract with Kongsberg was signed in 2022, and the construction of the first unmanned surface vehicles, which will serve as a mother ship, communication and power platform for our subsea robots, started in in the second half of the year. Reach Remote will represent a giant leap in competitive strength for our company as it offers some highly attractive features: The operational cost will be significantly lower than traditional vessels, and the climate emissions will go dramatically down.

The investment cost is significantly lower than for a traditional vessel and by being unmanned it obviously removes the safety risk of having personnel out on the sea. Reach Remote will be an important enabler for our ambitions to expand globally.

Despite working relentlessly on technology and product development, we never lose sight of operational excellence and financial performance. The activity in the oil & gas markets was very high in 2022, and with strengthened vessel capacity we realized a high number of project days sold, strong utilization numbers and the prices of our services increased. This was turned into record high revenues of NOK 1.16 billion, an organic growth of 37 percent. Total revenue growth was 73 percent, including the effect of the acquisitions of Octio and iSurvey.

Profitability followed suit and profit before tax was NOK 98 million, an underlying growth of 64 percent. The strong development underpins our solidity, and the Board has proposed to pay a dividend of NOK 0.18 per share, which represents an attractive dividend yield.

Working in the middle of nature, protection of the environment and the climate is essential for us. Throughout the year, we have reported quarterly on the progress of our ESG targets, and we are happy to conclude that we achieved all but two of our 16 goals for the year. Personnel safety is always the very top of our priority. Unfortunately, we had one work-related injury in 2022, but fortunately our colleague was well taken care of, and has now fully recovered.

Despite a solid 2022, we are not slowing down. The outlook is positive both on the short- and long term, and we entered 2023 with an order backlog of NOK 740 million, 7 times higher than one year earlier. We are ready and able to capture the market opportunities, and our fleet has been renewed and improved on attractive terms through several long-term charters and the acquisition of "Edda Sun", soon to be renamed to "Viking Reach". Organizationally and business wise, our platform for growth is stronger than ever, with solid financials, a complete portfolio of products and services and not the least a fantastic team.

Lastly, I would as always like to express my thanks to all my colleagues in Reach, customers, partners, and shareholders, who have continued to support us and trusted us. We will continue to work hard to provide value for all stakeholders and deliver on the promises in our vision and values.

Jostein Alendal

CEO, Reach Subsea ASA

Everything within Reach

Our vision is sustainable access to ocean space. We offer high quality solutions and technology to clients in need of ocean data and services.

Our values

Our values

Learn

We are in constant search for new and relevant insight making us agile and difficult to keep up with

- We question and challenge established ways of performance
- We acquire and develop technology to constantly improve data acquisition, analysis and operations
- We evaluate and improve methods to put our ever increasing knowledge into action

Teach

We share our knowledge to grow as a team and to improve industry standards

- We continuously strive to find solutions beyond current paradigms to work out and implement best practice in our field
- We share knowledge in-house, to grow as a team
- We use our knowledge to succeed in alignment with our clients and enable industry improvements

Reach

We have ambitions and we believe that everything is within reach

- We constantly reach for improvements as our knowledge and capabilities now, are not the endpoint
- We have great ambitions. By investing in R&D, driving technological leaps and methodological improvements, we reach for new heights
- We continuously seek for better solutions, because no matter how good we get, there is always something better ahead of us — so we reach for it

Our focus

Well-positioned
Reach is perfectly positioned in a rapidly growing market driven by a strong oil & gas market as well as accelerating green energy transition, which will drive ocean-based activities for generations.

Expanding for the future
Our strategy is to take even larger parts of the value chain, and after the acquisitions and successful integration of iSurvey and Octio in 2021 and 2022 Reach has the capabilities to capture and process geophysical data, refining it into valuable input for our customers decision processes.

The future is autonomous
Our ambition is to be at the frontier with regards to technology development, and in 2023 we will launch our first two autonomous offshore support vessels under the name Reach Remote.

Solid financials and increased capacity
While always maintaining a rigorous focus on profitability and a solid financial position, Reach is growing rapidly both through the expanded service offering and increased vessel capacity.

Integrated offering
With more than ten years of spotless execution and an established global network of customers, Reach Subsea has over the last two years developed into an integrated provider of IMR and ROV services, surveys, decommissioning and construction support below the ocean surface.

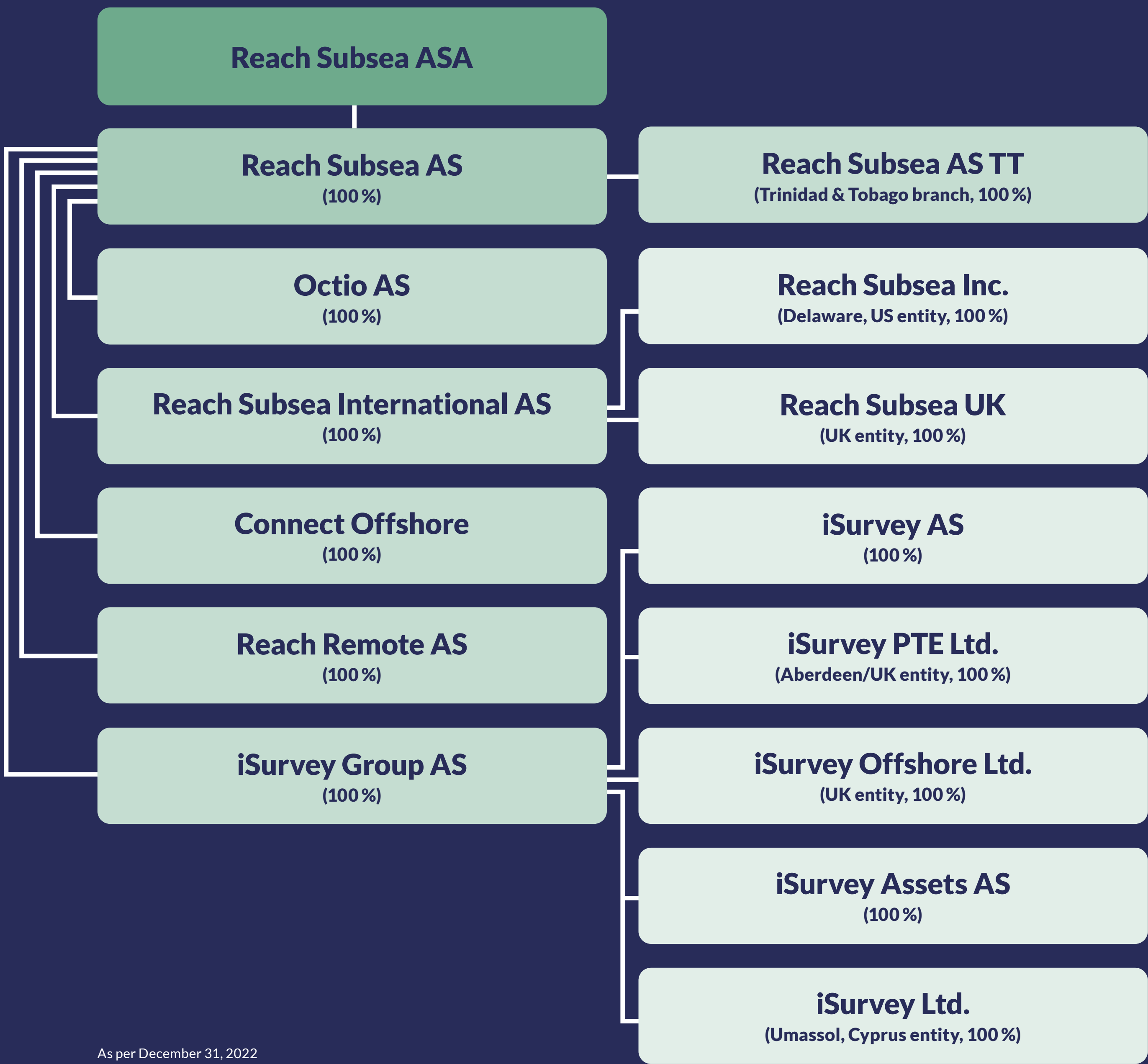
Based on a platform of modern, highly specified work ROVs, operating on a fleet of modern, specialized offshore vessels operated by highly qualified and experienced personnel, we can be a comprehensive partner for everyone with subsea operations and installations.

To find out more about what we can offer, request information about our assets and operations or arrange a meeting, please don't hesitate to get in touch.

Møllervegen 6
5525 Haugesund
+47 40 00 77 10
post@reachsubsea.no

Corporate Structure

Our vision is sustainable access to ocean space. We constantly strive to develop Reach as the preferred ocean data and service provider.



As per December 31, 2022

Meet the Management Team

Jostein Alendal

Managing Director

Education: Automation Engineer. Experience: Technical Manager and co-founder of DeepOcean with group responsibility of all ROV operations. Stolt Comex Seaway AS, Seateam AS and DSND.

30 years in subsea

Bård Thuen Høgheim

Chief Commercial Officer

Education: Master's in Finance from Imperial College Business School. Experience: Project Broker in the subsea and renewables market in RS Platou and has experience in offshore industry analysis.

16 years in offshore

Birgitte W. Johansen

Chief Financial Officer / HR Manager

Education: The Blue MBA and Master of Business and Economics. Experience: Account Manager in BNP Paribas, Shipping department. Analyst and Project Manager in Oceanlink Management. Relationship Manager in SpareBank 1 SR-Bank, Energy and Maritime department.

24 years in finance

Inge Grutle

Chief Operations Officer

Education: Master of Science degree in Marine and Subsea Technology. Experience: IMR Engineering Manager and Business Development in DeepOcean and has experience in planning and execution of offshore and subsea operations.

16 years in subsea

Audun Brandtzæg

Chief Technology Officer

Education: Civil Engineer / Surveyor. Experience: Offshore / Senior Surveyor, Reporting Manager Stolt Comex Seaway, Head of Survey DeepOcean, Asset Manager / Project Manager / Survey responsible Gassco, Pool Director JV MMT / Reach, Global Operation Director Ocean Infinity.

33 years in subsea

Directors Report

The Reach Subsea Group's business concept is to offer high quality solutions and technology to clients in need of ocean data and services.

Directors Report

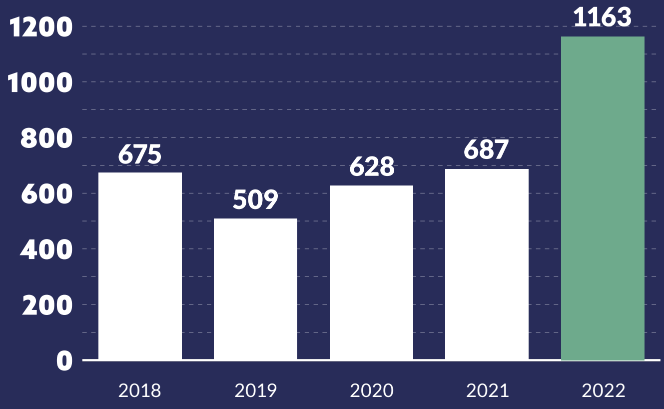
Business concept

The core business of the Reach Subsea Group ("Reach Subsea", "Reach" or "the Group")' is based on modern, high spec ROVs operated by highly qualified offshore personnel and supported by our competent onshore project management and engineering resources. Through targeted acquisitions and technology development Reach broadens its offering into surveying and collecting seabed data, as well as analyzing such data.

As a platform for performing the subsea services, Reach aims to utilize modern high specification subsea vessels, which is reflected in the vessels chartered in from various ship owners or owned. The Group's objective is to be a preferred subsea partner and full-service provider of subsea operations for clients, among others by having high focus on safety, environment, financial solidity and profitability. Contracts in the oil & gas, renewables, and utilities sectors are targeted, securing cash flow and laying the foundation for prudently growing the organization, the fleet and asset base in a sustainable manner.

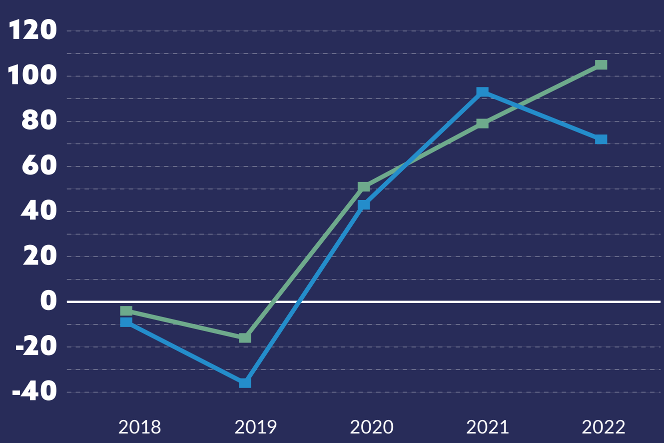
Total turnover

Million NOK

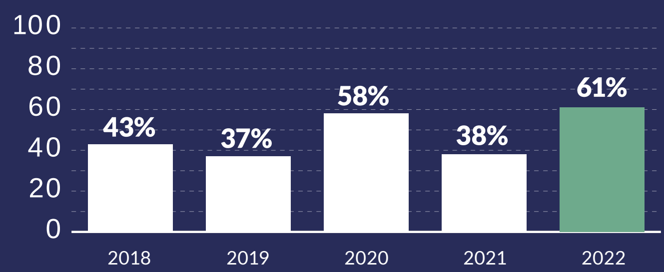


Operating result Profit for the year

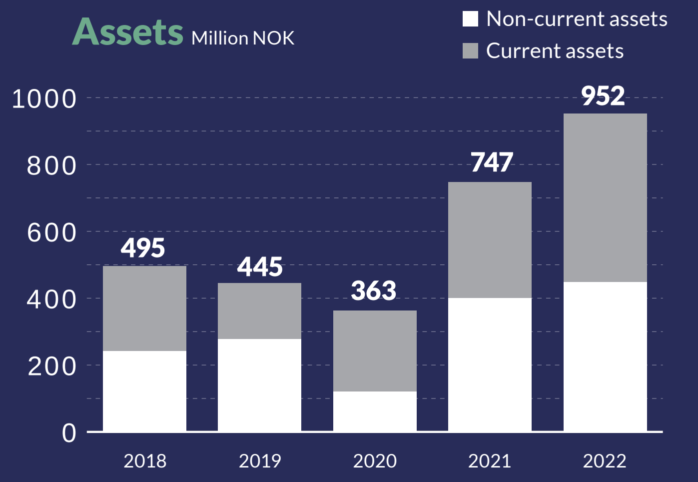
Million NOK

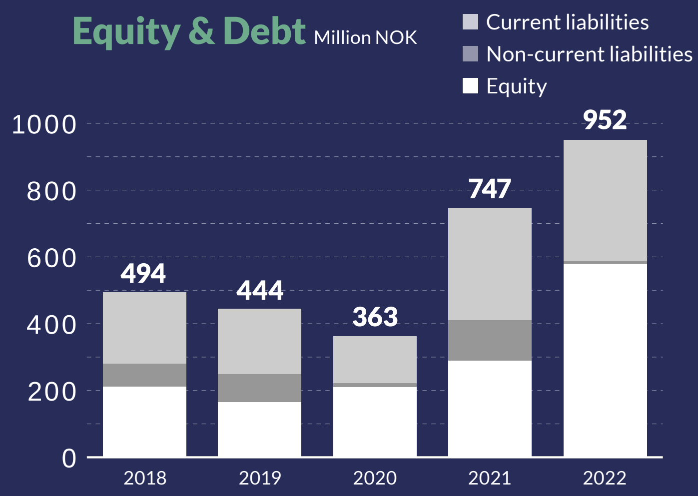


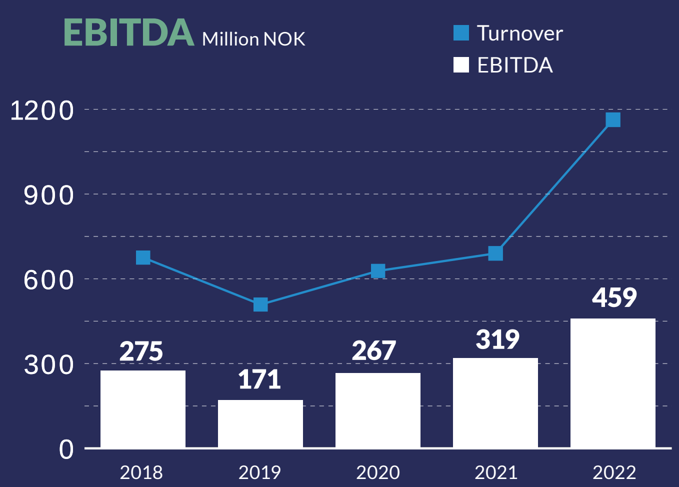
Equity share %



Directors Report







2022 Highlights

Financial

- Record high revenues driven by increased capacity, high utilization, successful project execution and strong market conditions. The acquisitions of Octio and iSurvey contributed positively to the growth, which was 73 percent, of which 37 percent was organic.
- Milestone reached with EBIT exceeding NOK 100 million (+60 percent underlying growth). A sub-standard 1Q was recouped during the year. Pre-tax result was NOK 98 million (+64 percent underlying).
- Raised NOK 150 million in new equity in the first quarter, strong balance sheet with 61% equity share (38% in at 2021 year-end).
- The Board proposes a dividend of NOK 0.18 (0.18) per share, in accordance with the company's dividend policy, to be resolved at the AGM on 31 May 2023.

HSEQ

- Despite all time high activity Reach has maintained a spotless reputation through 2022.
- All HSEQ goals achieved.
- No serious accidents or incidents.
- No major spills since commencement of offshore operations in 2013.
- 14/16 sustainability goals achieved.

Operations

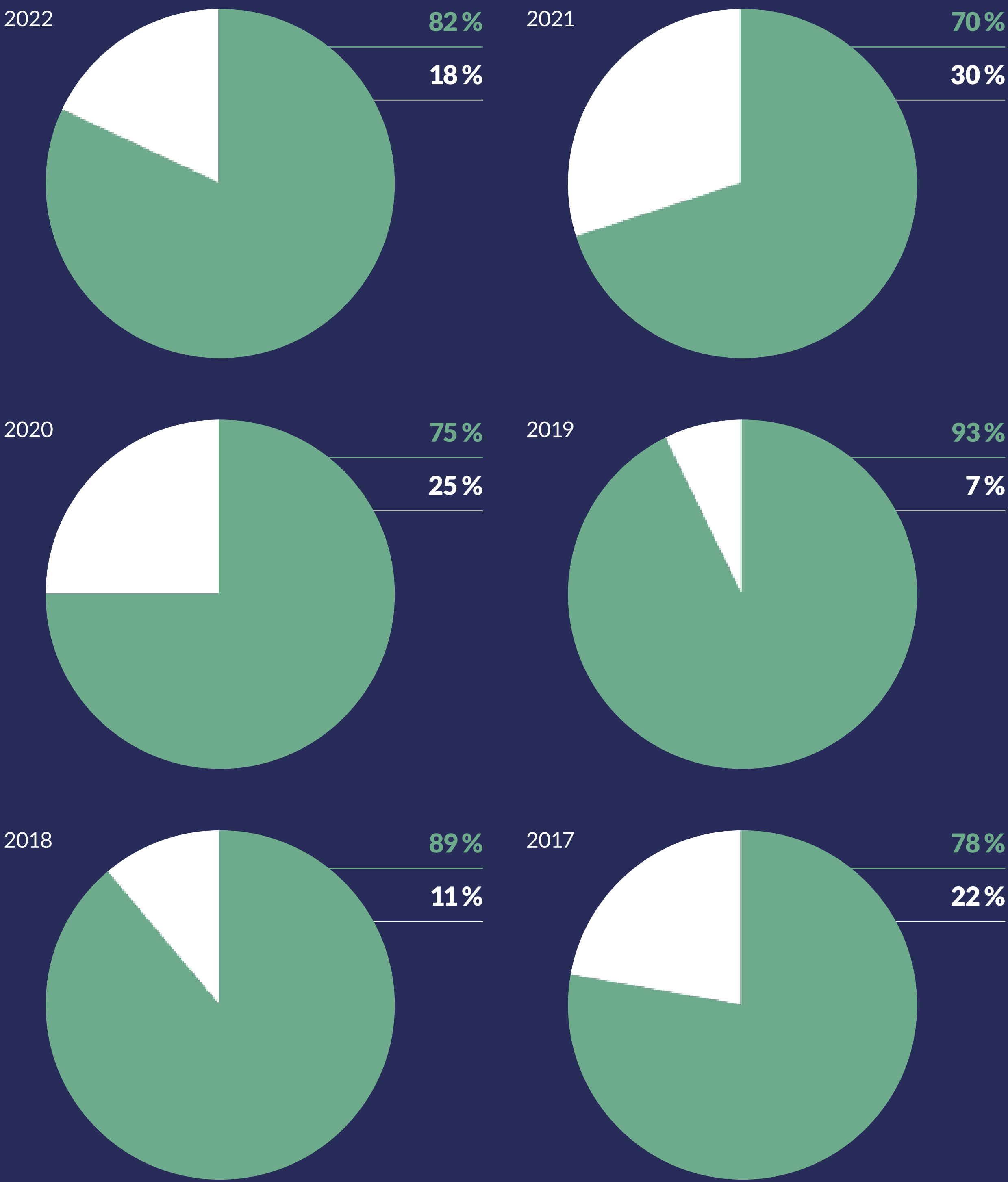
- High client satisfaction score (based on post-job surveys).
- Increased capacity and high utilization.
- Acquisition of iSurvey in the first quarter of 2022
- Successful integration of Octio and iSurvey through 2022.
- On track for the delivery of first Reach Remote USVs in 2023, which will significantly reduce cost and carbon footprint of subsea operations.
- Secured long-term core fleet at favorable terms. Signed agreement to acquire the subsea support vessel "Viking Reach" (previously named "Edda Sun") and entered into several long-term vessel charters.
- After year-end, entered into JV agreement with Eidesvik Offshore for the ownership of "Viking Reach", with Reach owning 49.9 percent. Eidesvik Offshore will be the operator of the vessel.

Directors Report

Revenue Sector

Oil & Gas

Renewable & Other



Directors Report

2022 Market Highlights

General

Reach Subsea is an established subsea service provider. Busy tendering activity through the year for projects in 2022 and 2023.

Oil & Gas Norway

Secured several call-offs under the frame agreements awarded.

Renewables

Awarded several contracts within the renewables market, including cable/route survey, installation, walk to work, light construction and decommissioning. The two in-house developed Surveyor Interceptor ROVs had good utilization with high satisfaction score from our clients.

Other business

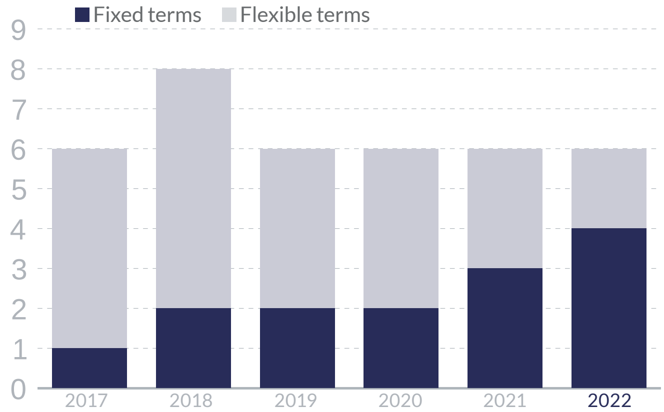
Executed several projects within our newly acquired business Octio/Monviro (gravimetric and monitoring) as well as other emerging sectors.

International activity

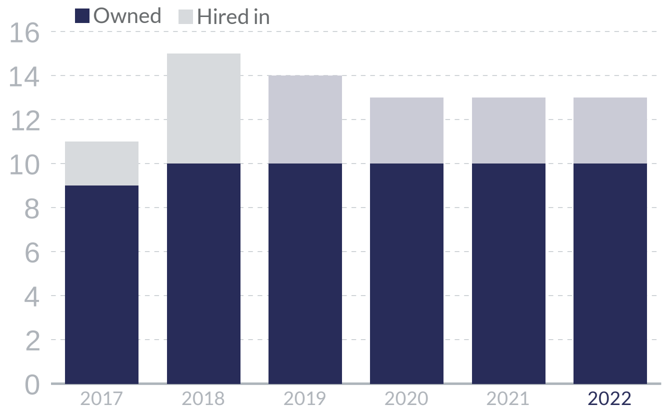
Increased international presence with offices in Singapore, Aberdeen and Cyprus as well as contract awards in the US, Brazil, Trinidad and Tobago and other regions.

Balancing growth & flexibility

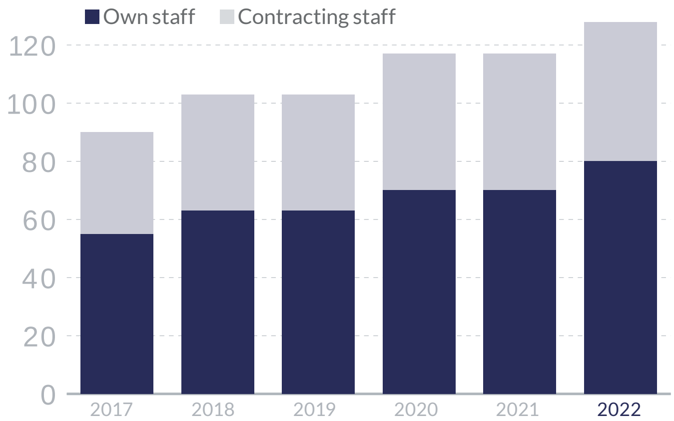
Vessels marketed



ROV Systems



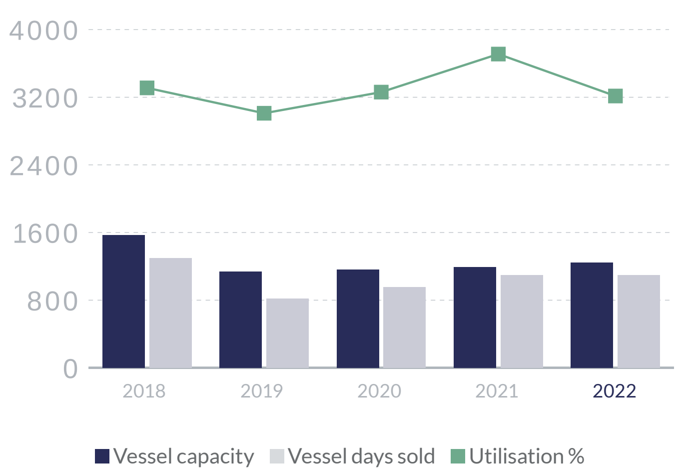
Offshore ROV personnel



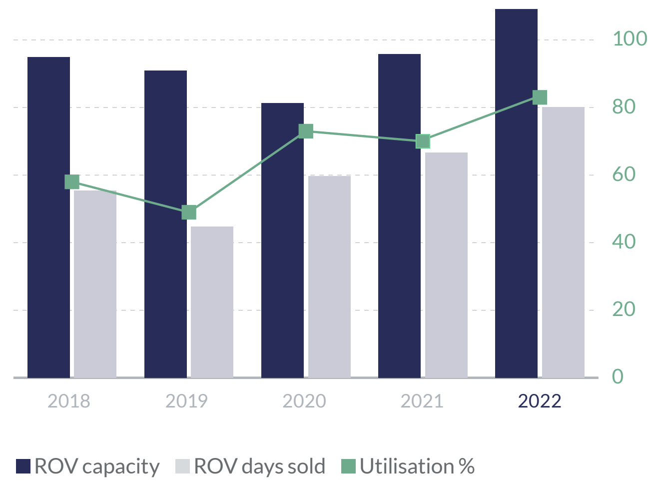
Directors Report

Performance = Utilisation = Profits

Vessels



ROVs



This map shows the areas we have operated during the last couple of years along with our current office locations. This illustrates that we REACH further and are recognized in other markets than the home market. Firstly, by being invited to tender for work in other areas of the world, but also by performing at a level that met or exceeded our clients' expectations.

Examples of areas of operation in 2022: North Sea, Baltic, Atlantic Ocean, Arctic area, Mediterranean, US Gulf of Mexico and Caribbean.

Directors Report

2022 Review

REACH had per year end ten WROV-systems and two "Surveyor Interceptor" systems available for subsea operations.

REACH had 4,363 available ROV-days in 2022 (3,830 ROV days in 2021), of which 3,204 days were sold (2,667) leading to a total utilization of 73% (70%). Furthermore, the number of vessel days that has passed through our P&L in 2022 was 1,246 (1,098), with an 88% utilization (92%).

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

REACH had 273 full-time equivalent employees in 2022, of which 13% were female. The sick leave was 2.06 %, whereof 1.3 % short term.

There was one work-related injury leading to absence from work registered during the year. An offshore employee suffered a cut in his hand which later became infected. The employee is now back at work in good health after the injury.

At 2022 year-end 43 percent of the Board of Directors and 25 percent of the Management were women.

REACH had per year end 2022 a firm order book of NOK 780 million for work in the first quarter of 2023 and beyond, with the vast majority related to work in 2023. The order book figures do not include expected volumes from the frame agreements.

Project cooperation with Ocean Infinity ("OI") continued in 2022, as the two companies together have a strong track record in the survey, light construction and IMR (inspection, maintenance and repair) market. Included in the cooperation agreement in 2022 were joint projects related to the subsea spreads (vessel/WROV/survey equipment) "Stril Explorer" and "Havila Subsea".

Offshore operations performed by the Reach spreads received high client scores in all segments and on all sectors. Our high attention to HSEQ is illustrated by the fact that we have had no serious accidents or incidents since commencement of offshore operations in 2013.

	Q1		Q2		Q3		Q4		Year	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
Number of ROV days sold	405	660	608	932	861	846	793	766	2 667	3 204
Number of ROV days available	749	979	946	1 105	1 107	1 196	1 028	1 083	3 830	4 363
Technical uptime on ROV	98 %	99 %	99 %	99 %	100 %	100 %	100 %	99 %	99 %	99 %
Number of offshore personnel days sold	2 397	2 764	3 121	7 791	4 421	7 664	3 463	7 768	13 402	26 987
LTIs	0	0	0	1	0	0	0	0	0	1
Number of Vessel days sold	209	218	296	317	306	348	287	363	1 098	1 246

Directors Report

Operational report from 2022 and status update

Olympic Artemis

Olympic Artemis was mobilized with one Supporter WROV set up for survey and light construction projects within the renewables and oil and gas sector. The subsea spread worked on a project for Magseis in the US Gulf lasting until 01.02.2023, covering the firm commitment for the vessel, whereafter she exited our marketed fleet. The Reach equipment will be mobilized onboard Viking Reach before the main season 2023.

Havila Subsea

Havila Subsea is equipped with two owned Schilling WROVs, one Surveyor ROV, and offshore personnel from Reach Subsea's offshore pool. Havila Subsea had high utilization in 2022 working on projects in Europe for large energy companies within light construction, IMR and survey. The spread is further scheduled for a project in Brazil expected to last 200 days in the main season of 2023.

Olympic Delta

Olympic Delta is currently mobilized with two hired-in WROVs. The subsea spread worked on projects in the oil and gas market in the North Sea and in Trinidad in 2022, primarily in the oil & gas sector. The spread is currently working on a contract lasting through 1Q23, whereafter Reach and Olympic will jointly market the vessel with Reach as ROV provider.

Olympic Challenger

Olympic Challenger was equipped with two hired-in WROVS and worked with high utilization on various projects in Europe in the fourth quarter 2022 whereafter she exited our marketed fleet.

Stril Explorer

Stril Explorer is a survey vessel on a charter contract from Møkster to Reach cooperation partner Ocean Infinity. Reach 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 Ocean Infinity. The spread was in 2022 mainly located in Europe with sufficient utilization of the Reach assets.

Viking Neptun

Viking Neptun was mobilized with one Supporter WROV and one Constructor WROV and Reach delivered all ROV- services onboard the construction vessel until early December 2022, when the vessel was delivered to new owners and exited our marketed fleet. The vessel has performed very well with excellent feedback reports from end clients, primarily within the oil & gas sector. The Reach equipment will be mobilized onboard Deep Cygnus in 2023.

Directors Report

REACH Survey Division

The REACH Survey Division (the former iSURVEY Group) completed a healthy 2022 with an all-time high December month revenue and EBITDA. The main contributors were geophysical seabed surveys, survey support for offshore high voltage power cable installations and multi vessel operations. The business outlook for Q1 and 2023 is split in two main segments, i.e. 1) support and generation of REACH fleet projects and 2) Survey Division core business. The core business is mainly based on established long term service agreements with key clients. In addition to handling the existing workload, the Q1 day to day business is characterized by hectic tender and contracting activity.

REACH Monitoring Division

The REACH Monitoring Division had high activity with DepthWatch surveys in GoM, data processing, and field studies of new gWatch and DepthWatch campaigns in 2022 and are currently preparing for a busy season with activity covering campaigns of up to four fields in the NCS using our gWatch service. The seasonal activity also includes monitoring a CCS site. Further, the Reach Subsea group has been awarded a frame agreement with one of our customers covering survey vessel, ROVs, and monitoring equipment for a strong integrated offering. Other subsea business: Reach has one WROV mobilized onboard a vessel in Brazil performing projects for large oil companies in the region.

New vessels

Deep Cygnus

Deep Cygnus will be mobilized with one Supporter WROV and one Constructor WROV during the first half of 2023 ready for subsea projects. The vessel is on a four-year charter contract with owners Volstad starting in 1Q2023 and will be a core asset for Reach projects the coming years.

Viking Reach

Viking Reach, owned 49,9% by Reach from March 2023, will be mobilized with two Supporter WROVs and one Surveyor ROV during the first half of 2023 ready for subsea projects. Viking Reach is a very well-suited vessel for survey and light construction projects in Reach.

Go Electra

Go Electra will be mobilized with one Supporter WROV during the first half of 2023 and is specifically suited for survey projects. The vessel is on a four-year contract between Reach and owners Go Offshore starting 1Q2023.

Olympic Zeus

Olympic Zeus will be hired in for a 120 days' project in the Ivory Coast in the main season 2023.

Olympic Triton

Olympic Triton will be hired in for a 6 months' project in the renewables sector in the main season 2023.
Reach has an option to extend the charterparty for the vessel for another 3 years.

Directors Report

Annual HSEQ Report

Reach Subsea consider HSEQ as a core value in our day-to-day operations. Our goal is zero harm to personnel, environment, and equipment. We benchmark our HSEQ performance towards ISO 9001:2015, ISO 45001:2018, ISO 31000:2018 and ISO 14001:2015.

Risk Management

For us, Risk Management is a key tool for monitoring and controlling the rapid changes which our business is exposed to. On a corporate level, formal risk and opportunity reviews are performed every month to identify any major changes and the associated risk reducing actions. All projects require a risk/opportunity evaluation of both operational, commercial and HSE, whereas the associated risk reducing actions are monitored by the HSEQ Department.

Employee Involvement & Competence

As well as participating in risk assessments, employees are involved in HSEQ meetings, audits, inspections, and the Working Environment Committee meetings. All employees are provided with HSEQ training, adjusted to their respective work tasks and adjacent risk exposure. Managing personnel onshore and offshore are gathered once a year for sharing lessons learned, discuss, and agree on strategies for the upcoming year. Reach Subsea has an own E-learning system – REACHED. This gives us a brilliant opportunity to provide internal courses specially made for our industry. Reach Subsea also provides training to our suppliers. Ongoing integration between iSurvey and Octio, and establish routines for involvement of competent resources from both companies, as an addition to the highly competent crew already employed in the company.

HSEQ Results

While the overall HSEQ results for 2022 have been positive, we unfortunately registered 1 LTI. IP is back to work. Together with the newly integrated companies iSurvey and Octio the reporting has been very positive. There has been a positive trend in the reporting level of safety observations, both negative and positive.

REACH described

REACH — as described by our employees:

- **R- Reliable**
- **E – Effective**
- **A – Adaptable**
- **C – Committed**
- **H - Honest**

95 %

Our goal of achieving at least 95 % customer satisfaction has been met.

1.65 %

Sickness absence has been higher than normal du to a combination of long-term absence and short time CV-19 absence.

Long-term	0.76 %
Short-term offshore	**0.64 %**
Short-term onshore	1.07 %
COVID 19 related	0.10 %

Directors Report

HSEQ Trends

	2018	2019	2020	2021	2022
Man hours	361 405	303 680	428 646	384 834	737 861
Improvement reports	**280**	**231**	**213**	**181**	**292**
Recordable cases	2	2	0	0	2
Sick leave	0.85 %	2.8 %	5.2 %	5.7 %	1.65 %

Environmental Management

Reach Subsea continuously work to have a sustainable business strategy. Our target is 0 spills to the environment. We emphasize the use of environmentally friendly solutions, both technically and operationally, choosing modern assets and technology. We also work constantly on reducing the amount of chemicals onboard. Suppliers are encouraged to reduce their environmental footprint and are committed to achieve energy efficiency. Any impact on the environment is reported and followed up to prevent reoccurrence.

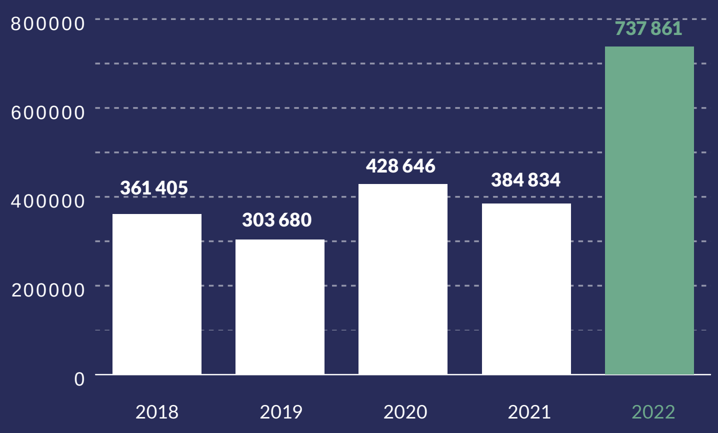
Reportable incidents

	2020	2021	2022
Fatalities	0	0	0
Lost-Time Injuries	**0**	**0**	**1**
Medical Treatment Injuries	0	0	2
Restricted Work Injuries	0	0	0

Security

Our operations are expanding geographically and by this we are exposed to changes in the global risk situation. At present, Reach Subsea has no operations in areas with high risk.

Total Man Hours



Directors Report

Share information

REACH Subsea ASA is listed on Oslo Stock Exchange (Euronext). The Company had per 31 December 2022 issued 225,725,928 shares, of which the majority is owned by Norwegian shareholders. The increased number of shares compared with 31 December 2021 is related to purchase of the iSurvey Group, which was partly settled in new shares, the directed private placement of NOK 150 million towards Wilhelmsen New Energy AS, and a share increase of 812,500 new shares related to a share incentive program for employees. The iSurvey Group and Wilhelmsen New Energy AS transactions closed in the first quarter of 2022 while the employee share program was exercised in December 2022.

Wilhelmsen New Energy was in 2022 granted the right to subscribe for and be allocated an additional 44,766,684 new Reach shares at a subscription price of NOK 4.00 per share, with the subscription price subject to customary adjustment clauses. The warrants have a duration of three years and can be exercised at any time.

On 15 February 2023 Reach announced and successfully executed a private placement. A total of 29,411,000 new shares were allocated by the Board of Directors. In addition, the company also announced that the Board had resolved to undertake a subsequent offering, which was completed on 28 March 2023 through the issuance of 312,635 shares. After the completion of the private placement and the subsequent offering, the new share capital of the company is NOK 255,449,563 divided into the equivalent number of shares, each with a nominal value of NOK 1.00.

The Board proposes a dividend of NOK 0.18 per share, to be resolved at the AGM on 31 May 2023. This is in line with the Board of Directors' dividend policy stating that the company aim 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 Group consisted at the end of 2022 of fourteen companies; Reach Subsea ASA and the fully owned subsidiaries Reach Subsea AS, Connect Offshore AS, Reach Subsea International AS, Reach Subsea UK Ltd, Reach Subsea Inc, Octio AS, Reach Remote AS, iSurvey Group AS, iSurvey AS, iSurvey PTE Ltd, iSurvey Offshore Ltd, iSurvey Assets Ltd and iSurvey Ltd. The main activity of the Group is conducted in Reach Subsea AS. Reach Subsea AS has a branch in Trinidad & Tobago and further Permanent Establishments (branch) in countries of long-term operation. Connect Offshore AS provides hired offshore personnel to Reach Subsea and other clients. Reach Subsea International is an owning entity for Reach Subsea UK Ltd and Reach Subsea Inc. During 2022, Surveyor AS (owning the "Surveyor Interceptor" and "Surveyor II" as well as holding the rights for the first five Surveyor Interceptor deliveries from Kystdesign AS) was merged into Reach Subsea AS. Octio AS, Gravitude AS, Monviro AS and Monviro CCS as were acquired in December 2021, and merged into Octio AS in 2022. iSurvey Group companies were acquired in 1Q2022. As per 1.1.2023 the legal corporate structure in Reach Subsea Group was restructured and simplified. See details below under "News after quarter end".

Investor relations

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

Reach makes every effort to ensure that accurate, relevant, and timely information is disclosed about the Group's performance and results in order to maintain confidence in the capital market. Reach aims to have a high level on content and frequency of information to its investors. Our quarterly financial reports include financial details to increase the transparency of our business. Operating statistics are enclosed in the quarterly reports. In addition, presentations are made to partners, lenders, analysts and investors regularly and upon request.

It is in Reach's own interest that financial analysis of the highest possible quality is published by the analyst community. All analysts are treated equally regardless of their recommendations and views on the REACH share. An overview of analysts covering the share can be found at www.reachsubsea.no/investors/analyst-coverage.

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 www.reachsubsea.no as well as the

Directors Report

full Sustainability Report covering initiatives and measures on Corporate Social Responsibility.

Corporate, Social Responsibility

The Group has established a CSR policy based on Human Resources, Environment, Financial and Society, further described under "Sustainability" in this report.

A broader presentation of CSR activities performed by the Group, including reporting as required by the Norwegian Accounting Act (section 3-3a and c), Transparency Act (section 5.1) and Gender Equality (section 26.a.2), can be found in "Reach Subsea Sustainability Report" released together with this report and made available on https://reachsubsea.no/sustainability/. Statement according to the Transparency Act will be available on https://reachsubsea.no/investors/corporate-governance/.

People, our employees, is the cornerstone of our business. We are committed to performing safe operations, with the health and safety of our people as our utmost priority. All employees are provided with training, adjusted to their respective work tasks and adjacent risk exposure in our educational program REACHED, to ensure safe operations and that all offshore employees return home safely.

We are committed to treat our employees with respect and have a zero tolerance for all forms of discrimination. All employees are given the same rights and possibilities, regardless of gender, background, religion, nationality or disability, and recruitment processes do not exclude any applicant based on these factors. Reach is proud to have employees with different backgrounds. The nationality of our employees includes Norwegian, British, Danish, Polish, Algerian, Trinidadian, Indian, Spanish and American. The age range is 18-67 with education levels from trainee to PHD degree. We have employees with different disabilities and religions and intend to facilitate to avoid any challenges. Notification routines are well implemented and give employees the opportunity to notify the management or an external independent party about unwanted incidents, anonymously or by signing with their name.

The offshore industry has historically been dominated by male workers. We aim for a gender-balanced offshore workforce and work continuously to recruit the best candidates through our trainee program. Increasing the number of female offshore employees was one of our Sustainability KPIs in 2022. Reach has performed an in-depth review of salary differences by employment categories and found that when adjusting for seniority, education levels and level of responsibility there are no major difference in female to male salaries. The salary of offshore personnel is fully based on an agreed matrix with the trade union SAFE, taking into account seniority and employment category. As such, all offshore workers have aligned salary terms regardless of gender and nationality.

To monitor the working environment, surveys and annual appraisals are being conducted for all employees. In 2022 a working environment survey was conducted with no major findings. A Working Environment Committee is established with representatives from offshore and onshore positions, and the Management holds meetings with the SAFE club on a quarterly basis. Managers encourage employees to seek opportunities internally by participating in projects, trainee programs and act in higher positions.

Read more about our work towards equal possibilities in our Sustainability Report.

Sustainability in REACH

"Reach Subsea Sustainability Report" can be found in full on the company's web page https://reachsubsea.no/sustainability/.

Reach strives to be an industry-leading subsea operator within sustainability based on a long-term goal of zero harm to personnel, environment and equipment. The management and Board believe that sustainability and long-term profitability go hand in hand. By continuing to focus on sustainable solutions risk will be reduced, transparency increased, and the use of our resources will be more efficient. In turn, profitability and financial solidity strengthens Reach as a reliable employer and service provider. Reach takes a proactive stance to safeguard and integrate the consideration of human rights, labor rights and social and environmental conditions.

Directors Report

Reach's priorities within sustainability are defined based on an evaluation of stakeholders' expectations and interests. Stakeholders are defined as entities or individuals that can reasonably be expected to be significantly affected by our activities and services, such as employees, customers, suppliers, business partners and society at large.

The report includes the Group's Key Performance Indicators and goals defined by the Board and Management as well as an overview of certifications, such as ISO 9001, ISO 45001 and ISO 14001, and activities done to reduce the footprint of operations.

Climate risk

Reach's goal is to have zero impact to the environment. As with most companies within the offshore industry, CO_2 emissions from fuel consumption is the most significant environmental impact.

Reach works actively to mitigate this risk by choosing fuel efficient tonnage and develop new technology that will reduce the Group's footprint. Examples of this work, including statistics of fuel emission, energy consumption and spills can be found in the Sustainability Report.

Physical risks

Reach is exposed to the expected changes in weather conditions. More extreme weather could result in more challenging offshore working conditions. In turn, this may impact the project cycle, shortening the seasons where subsea services can be performed, resulting in possible adverse financial impact. An increase in sea level may also have adverse impacts, such as less availability of docking locations and may make crew changes and vessel and project mobilizations more difficult to perform.

Regulatory risks

In the effort to drive society towards lower emissions there is a risk of regulatory changes that may have financial impacts for Reach. Such changes may include scenarios with increased fees and taxes related to CO_2 emissions or other changes in framework that may have negative economic impacts on the industry.

Changes in demand

Targeted implementation of regulatory frameworks to reduce CO_2 emission may create shifts in demand for hydrocarbons, which in turn may affect future investment levels for the petroleum sector and increase competition between subsea suppliers.

Directors Report

Based on the dialogue with stakeholder groups, REACH has identified the following material topics for sustainability reporting:

Environment

- Transition to renewable energy segments
- Preparing for climate change
- Reducing our emissions
- Reducing our impact on the sea

Social

- The safety and well-being of our people
- Development of skills and competences
- Equal opportunities

Governance

- Profitability and financial solidity
- Quality services
- Anti-corruption and business ethics
- Sustainability in the supply chain

Directors Report

UN Sustainability Goals

In 2015, the UN General Assembly adopted the 2030 Agenda for Sustainable Development, which includes 17 Sustainable Development Goals (SDGs). The 17 SDGs provide a blueprint to achieve a better and more sustainable future for all. These are equally important in meeting the broad range of targets set by the UN. The most material SDGs for Reach are selected based on the global challenges the world is facing and how the Group can provide impact on these. The four selected SDGs are closely linked to Reach's vision and values.

4. Quality education

Obtaining a quality education is the foundation to improving people's lives and sustainable development.

The competence of each individual working for us represents the backbone for performing safe subsea operations and providing quality in everything we do. We have implemented training procedures for our employees as well as local training programs in communities where we have a long-term local presence. Reach hires 4-8 trainees each year, the vast majority of whom continue in full-time employment and some now works as Supervisors.

8. Decent work and economic growth

Sustainable economic growth requires societies to create the conditions that allow people to have quality jobs.

We believe that sustainability and long-term profitability go hand in hand. By continuing to focus on sustainable solutions we minimize risk, increase transparency, and facilitate more efficient use of our resources – increasing our value and competitiveness. In turn, profitability and financial strength helps to secure Reach as a reliable employer by providing workers with a secure and meaningful place to work. Our Quality Assurance system, including the personnel handbook, covers employees worldwide. Reach has a strong focus on HSEQ and risk management, ensuring the safety of the people who work with us. We believe that a good HSEQ culture arises from a respectful and positive dialogue between people and by giving support to our people in search for the safest and most optimal solutions.

13. Climate action

Climate change is a global challenge that affects everyone, everywhere.

Our goal is zero harm to the environment. We work towards reducing emissions and climate impact by chartering fuel-efficient vessels, promoting environmentally friendly ways of travel, extending use of video conferencing and waste management on both onshore and offshore sites. Any impact on the environment is reported and followed up to prevent re-occurrence. Our suppliers are encouraged to reduce their environmental footprint and improve energy efficiency. A positive effect of the COVID 19 pandemic is the increased awareness to participate digitally in meetings and conferences, reducing travel and emissions.

14. Life below water

Careful management of this essential global resource is a key feature for a sustainable future.

The sea is our workplace, and we understand the importance of preserving the sea as a shared resource. We aim to minimize our environmental impact by using environmental-friendly degradable hydraulic oil in our subsea operations and strive to leave the seabed unharmed in the same condition as we found it. We cooperate closely with vessel owners on waste management and water discharge plans. One of our Key Performance Indicators is "No major spills".

Directors Report

Risk Factors

The Group is exposed to commercial, operational and financial risk by the nature of the business. Freight rates, currency exchange rates and interest rates may impact the value of the Group's assets, liabilities and future cash flows. To reduce and manage these risk factors management regularly reviews and reassesses the main market risks. Whenever a major risk factor is identified, action to reduce the specific threat is considered. The Board conducts a SWOT (strengths, weaknesses, opportunities and threats) analysis as part of their yearly strategy meeting in order to be prepared for current and future risk factors. Also, the Board monitors risk by identifying the key overall risk factors to the business, evaluates the probability and impact of adverse negative changes to these risk factors, and ensures that risk mitigating actions are in place.

The Board members and the CEO are covered by liability insurance. The policy has worldwide coverage, and in addition to financial loss, it provides cover for aggravated, punitive and exemplary damages imposed on the insured, where these are insurable by law. The limit of liability is NOK 50 million per claim.

Technological innovation occurs as an important factor, which the Group mitigates by holding a strong focus on the matter by participating in various fora and conferences and discussing with suppliers and clients.

The Group is exposed to interest rate risk and exchange rate risk through financing and contracts with clients and suppliers. The Management is continuously considering hedging and other risk reducing methods as well as aiming to have expenses and income in the same currency. The Group is further exposed to tax risk, when working on projects in various countries, hereunder sales tax, withholding tax, environmental tax and corporate tax. The tax risk is partly mitigated by establishing a branch or reporting on a Permanent Establishment basis. Risk assessments are performed on each tender and before start-up of projects. Larger tenders and tenders involving new risk factors are reviewed by a Tender Board consisting of members from the Board of Directors and Management before submitted.

The Group has no major loan instalments to financial institutions or maturities the next five years. No uncovered need for financing has been recognized in the near future, however a worsened market situation may change this radically on relatively short notice.

Reach has the intention to invest in a series of remotely operated vessels ("Reach Remote"). The Reach Remote is a USV (Unmanned Service Vessel) mobilized with an eROV (Remotely Operated Vehicle) that is operated through a moonpool with an umbilical. The USV and the eROV will be operated from an onshore location. Per 31 March the Group has two USVs (including eROVs) under construction. The risk factors related to the project includes governmental regulations, market risk, technical risk and financial risk. The major risk factors are related to the new technology and new regulations for unmanned vehicles in this innovative project.

The Group's liquidity situation as per 31 December 2022 is satisfactory based on the current financial position and project schedule.

After the balance sheet date, Reach has increased the vessel commitment by entering into new charter agreement. As per 31 March 2023 vessel commitment includes "Havila Subsea" (commitment expires 30 April 2023), "Deep Cygnus" (commitment expires 1 March 2027), "Go Electra" (commitment expires 1 March 2027), "Olympic Zeus" (commitment expires 9 May 2023), "Olympic Triton" (commitment expires 30 September 2023) and "Viking Reach" (partly owned, commitment expires 1 April 2029). The vessels have a competitive cost level and are scheduled for projects within the Reach Subsea Group.

The Board emphasizes that there is considerable uncertainty about future events, hereunder availability of spare parts and cost of goods and services. Market and operational risk are related to changes in demand for and prices of services provided by the Group, and potential adverse effects of the provision of such services.

Reach is currently not directly affected by the political instability and war in Ukraine. There have been few projects in this region and outstanding amounts from clients is limited. The demand in the oil and gas sector is currently not expected to decrease, but future events might adversely alter this expectation.

Directors Report

The Group continually evaluates measures to reduce risk exposure as mentioned above. Certain risk factors are further described in the notes. Reference is also made to the Outlook statement in this report.

The Annual Results

In accordance with IAS 1.25, the Board of Directors confirms that the financial statements have been prepared under the assumption of going concern. This assumption is based on the Group's budget for the year 2023 including the Business Plan, the cash flow forecast and the contract backlog. Reference is also made to the Outlook statement in this report. Figures for 2021 are presented in brackets.

Reach acquired cooperation partner Ocean Infinity's shares in our jointly owned entity Surveyor AS at book value 31 March 2021. Surveyor AS owns the two "Surveyor Interceptor" high-speed survey ROVs. The transaction was closed in the second quarter 2021. Surveyor AS was fully consolidated into our Group accounts as from 31 March 2021. Reach acquired Octio AS, Gravitude AS, Monviro AS and Monviro CCS AS ("Octio Group" in December 2021. Octio Group was fully consolidated from 8 December 2021.

Reach acquired iSurvey Group in March 2022. The transaction was closed 22 March 2022. iSurvey Group was fully consolidated from 31 March 2022. Consolidated balance sheets from 31 March 2022 include all the acquired entities. The financial effects of the transactions are further described in the Notes.

Reach Subsea ASA serves as parent and holding company for the Group. In 2022, the parent company turnover was NOK 18.4 million (NOK 9.9 million in 2021). The main activity in the parent company is consultancy services. Operating expenses in 2022 was NOK 23.4 million (NOK 14.0 million). The increased operating expense is a result of increased cost being allocated to the entity, hereunder cost related to being listed as well as mergers and acquisitions. Interest income from Group companies and Other financial and interest income totaled NOK 70.1 million (85.4 million). Profit for the year was NOK 50.8 million (NOK 96.0 million). The parent company has an equity of NOK 546.5 million (NOK 279.5 million), representing 90.8 % (86.3 %) of the total balance sheet.

Reach Subsea Group total operating income for the full year 2022 was NOK 1,162.8 million (NOK 686.6 million). The increased revenue from last year is explained by (i) a higher number of project days sold, (ii) higher pricing, and (iii) revenue from the acquired businesses. Revenue for Octio Group was NOK 46.8 million while revenue for iSurvey Group was NOK 193.7 million in 2022 (not part of our financial report in 2021).

Operating expenses for the full year 2022 were NOK 1,057.6 million (NOK 607.5 million) where project-related expenses represent the majority of the operating expenses for the Group. The increase compared to the same period last year is primarily explained by (i) higher project activity, hereunder more vessel days, and (ii) operating expenses from the acquired businesses. Operating expenses in Octio Group represented NOK 57.5 million while operating expenses in iSurvey Group represented NOK 182.7 million in 2022 (not part of our financial report in 2021).

Depreciation for the full year 2022 was NOK 353.5 million (NOK 239.8 million). Details about depreciations and impairment sensitivity is presented in the Notes.

Operating result (EBIT) for 2022 was NOK 105.3 million (NOK 79.1 million), with the increase explained by the high utilization and market improvement experienced in the second, third and fourth quarter, partly offset by a weak 1Q2022 (see 1Q2022 report for further details). Also, last year's EBIT included a NOK 13.3 million badwill gain from the Octio acquisition, while 2022 EBIT included NOK 7.6 million in transaction expenses related to the iSurvey acquisition. Thus, the underlying improvement is stronger than reported figures indicate. EBIT for Octio Group represented NOK -10.8 million while EBIT for iSurvey Group represented NOK 11.1 million in 2022 (not part of our financial report in 2021).

Net financial items in 2022 were NOK -7.2 million (NOK -6.2 million). The main year-over-year differences are positive currency effects, partly offset by increased interest expenses on IFRS 16 leases. Charter commitment increased during 2022 compared to 2021.

In 2022 all our charter hires were in NOK, while income was in NOK, USD, and EUR.

The total comprehensive income in 2022 was NOK 69.7 million (NOK 94.5 million). 2021 comprehensive income includes a tax income of NOK 20.8 million, while this year's comprehensive income includes a tax expense of NOK 25.8

Directors Report

The Annual Results

million (mostly non-payable tax effects, see tax note for details). Excluding tax effects, the year-over-year comprehensive income improvement is driven by operational and pricing improvements, as well as currency gains, partly offset by the 2021 badwill gain from the Octio acquisition and 2022 transaction expenses from the iSurvey acquisition.

The Group presents revenues, operating result and EBITDA for its two main segments: Oil & Gas and Renewable/Other. In 2022, Oil & Gas revenues constituted 82 % while Renewable/ Other constituted 18 % of total revenues. By comparison, in 2021 Oil & Gas revenues were 70 % while Renewable/ Other constituted 30 % 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

Reach acquired Octio Group in December 2021 and iSurvey Group in March 2022. Consolidated balance sheet as per year end 2022 includes the acquired entities. The financial effects of the transactions are further described in the Notes. Figures for the same period/date last year are presented in brackets in the text.

Total current assets at year-end 2022 were NOK 504.1 million (NOK 353.9 million), of which cash and cash equivalents amounted to NOK 191.6 million (NOK 149.0 million). Including the unutilized revolving credit facility, available liquidity was NOK 211.6 million (NOK 169.0 million). The increase is mainly a result of cash generated from operations during 2022. Receivables and bunkers totaled NOK 312.5 million (NOK 204.9 million). Total non-interest bearing current liabilities were NOK 241.7 million (NOK 147.2 million). This leaves a net working capital of NOK 70.8 million (NOK 57.7 million). The working capital level is considered normal for this part of the year.

Total non-current assets at year-end 2022 were NOK 448.0 million (NOK 392.6 million). The increase is mainly a result of (i) Assets under construction of NOK 150.5 million, which is mainly related to the Reach Remote project and a pre-payment on the acquisition of “Viking Reach” (see further information in the Notes) and (ii) Goodwill of NOK 86.7 million related to the acquisition of iSurvey Group, offset by a reduction in Right of use assets (leases capitalized under IFRS 16). The decrease in Right of use assets from NOK 277.2 million 31 December 2021 to NOK 90.3 million 31 December 2022 is explained by charter commitments for the vessels “Olympic Delta”, “Olympic Artemis” and “Olympic Challenger” expiring late 2022/ early 2023. Read more about charter commitments under “News after quarter end”.

Net interest-bearing debt (total interest-bearing debt, including capitalized leases under IFRS 16, less cash) stood at NOK -60.6 million (NOK 163.5 million), i.e cash positive. The decrease is explained by the decreased charter commitment as described above and in the Notes combined with the improved cash position.

Net financial interest- bearing debt to credit institutions (total interest-bearing debt, excluding capitalized leases under IFRS 16, less cash) was NOK –163.6 million (NOK –118.3 million), i.e. cash positive. The year over year change is mainly a result of cash generated from operations during 2022, plus the private placement completed in 1Q2022, exceeding capital expenditures and the dividend payment.

The Group’s equity as of 31 December 2022 was NOK 579.4 million (NOK 286.8 million), which represents 60.9 % of the total balance sheet (38.4 % in 2021).

Net cash flow from operating activities for 2022 was NOK 466.3 million (NOK 279.2 million), while Cash flow from investing activities was NOK -204.7 million (NOK 7.0 million). The major components of our 2022 investments are (i) progress payments on the Reach Remote project of NOK 116 million, (ii) the paid cash portion of the acquisition of iSurvey Group of NOK 37 million, and (iii) a pre-payment of NOK 29 million on the “Viking Reach” acquisition.

Net cash flow from financing activities for 2022 was NOK -214.5 million (NOK -245.1 million) and includes vessel charter hire classified as “Repayment of interest bearing debt - leases” according to IFRS 16, payment of dividend, as well as the new

Directors Report

Capital structure

equity of NOK 150 million raised in the first quarter. Details about cash outflow from leases can be found in the Cash flow statement and the Notes. Net change in cash and cash equivalents for 2022 was NOK 47.1 million (NOK 41.0 million).

Reach has per 31 December 2022 no major debt maturities to credit institutions. However, Reach has signed a term sheet with EksFin and SpareBank 1 SR Bank for the financing of the Reach Remote at market terms. Remaining investments on the Reach Remote project amounts to approximately NOK 285 million, of which NOK 200 million is covered by credit facilities while the rest has ample coverage from existing cash and working capital of NOK 262.4 million. See further information about relevant financing activities completed after 31 December 2022 under "News after year end" below.

News after year 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 for all our subsea spreads in the main season 2023. At year end 2022 we had an order book of approximately NOK 780 million, with projects for execution in 1Q2023 and beyond.

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.

In December 2022 Reach announced the acquisition of the Subsea IMR vessel "Edda Sun" (renamed "Viking Reach") for execution in March 2023. Further, to secure vessel capacity, the Group has entered into new charter agreements for the vessels "Deep Cygnus" and "Go Electra" lasting 4 years + options from in March 2023.

In February 2023 Reach announced a strategic partnership with Eidesvik Offshore for the vessel "Viking Reach". The vessel is held by a special purpose vehicle ("SPV" named Eidesvik Reach AS) owned 49.9% by Reach, and 50.1% by Eidesvik Offshore. In addition to being a co-owner, Eidesvik Offshore will provide full technical management, crewing and operation of the vessel. The vessel, including equipment and Launch and recovery systems, will be financed with (i) equity from the shareholders of about NOK 200 million (pro rata), (ii) a new bank loan of NOK 150 million and (iii) leasing facilities of NOK 20 million. The vessel is on a 6 year time charter party from the SPV to Reach for use on projects within the Group.

During the first quarter of 2023 Reach has prepared and partly mobilized "Deep Cygnus", "Viking Reach" and "Go Electra" with owned WROVs and SROV and owned and new survey and handling equipment. In addition, Reach has chartered in two vessels for specific projects starting in March 2023; "Olympic Zeus" works on a project in Western Africa for 4 months and "Olympic Triton" works on a contract with a client in the Walk to work segment lasting 6 months.

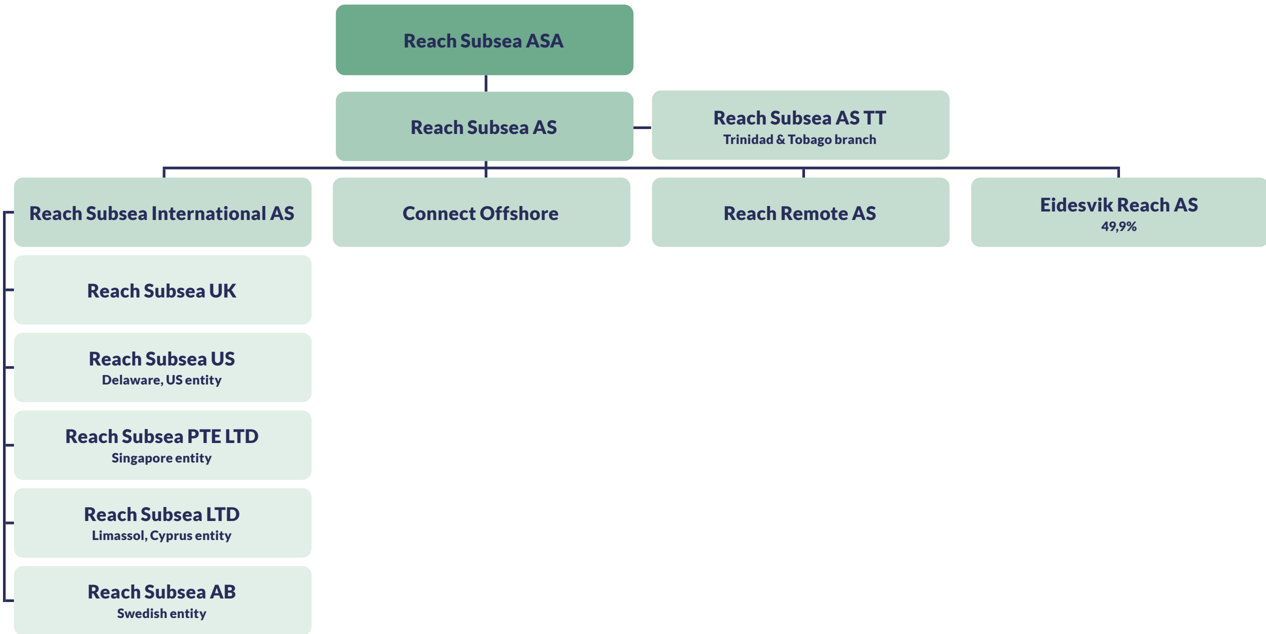
On 15 February 2023, Reach announced that a private placement was successfully executed, raising gross proceeds of approx. NOK 125 million. The Company will use the net proceeds from the Private Placement (i) to finance the equity portion of the acquisition of "Viking Reach", (ii) for investments in necessary equipment and mobilization of the three new vessels ("Viking Reach", "Go Electra" and "Olympic Triton), (iii) for working capital and (iv) for general corporate purposes. To fully finance the equipment acquisitions and mobilizations Reach has obtained new leasing agreements from financial institutions of about NOK 75 million.

On 10 March 2023, the Extraordinary General Meeting approved the private placement, and approved a Subsequent Offering of up to 3,000,000 shares at a subscription price of NOK 4.25 per share, directed towards shareholders who did not participate in the private placement. The subscription period for the subsequent Offering ended on 28 March 2023, resulting in a total subscription of 312,635 shares, equivalent to gross proceeds of NOK 1,328,698 million.

Directors Report

News after year end

As per 1 January 2023 Reach a has executed a restructuring of the legal entities in the Group.
As per 31 March 2023 the legal structure is as follows:



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, carbon storage monitoring 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.

Going into 2023 we have taken multiple steps to ensure that we can continue to grow our business profitably. In a market where access to qualified people and the right assets is becoming increasingly difficult, we have to ensure we have the right capabilities to deploy against the demands of our clients.

Directors Report

Outlook

Thus, we have over the past 8 months secured several vessels through new longer term charter agreements and through the part acquisition of "Viking Reach", as well as investing in upgrades of our equipment pool across all our business lines. We are also happy to observe that people are eager to join the Reach team, which has allowed us to strengthen our organization and management through several key recruitments.

The Reach Remote project is progressing well, with expected delivery late 2023. We will during first half enter the critical assembly phase and will continue to monitor progress closely. Other aspects of the project such as work towards clients and regulators continues with full force. Furthermore, we see that the substantial increase in charter rates for conventional subsea vessels further contributes to the competitive cost advantage of the Reach Remote solution. Thus, from a commercial and value creation standpoint, Reach Remote is looking even more attractive.

In our 2021 Sustainability Report we set 16 targets for 2022, and we have reported progress towards in our quarterly reports through the year. Now that 2022 is behind us, we can report that 14 of the 16 targets were achieved, which is a satisfactory outcome.

The Board and management are pleased with the company's performance in 2022, and the company's strategic position going into 2023. However, there is still a large untapped potential within the group, and efforts to bundle our new capabilities into more value-added integrated services will accelerate going forward. Matching these efforts with the promising opportunity and pricing environment we see unfolding will be key to drive growth and margins further.

Statement by the Board of Directors and Managing Director

We hereby confirm that, to the best of our knowledge, the Annual Accounts for the period 1 January to 31 December 2022 have been prepared in compliance with applicable accounting standards; and that the information in the accounts offers a true and fair view of the Group's and the parent company's assets, liabilities, financial standing and overall performance. We further confirm that the Annual Report provides a true and fair view of the development, earnings and standing of the Group and the parent company; and sets out most important risk factors and uncertainties facing the Group.

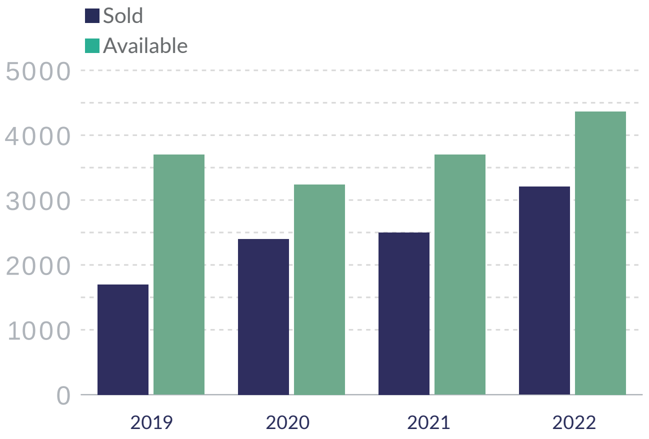
CEO and Board of Reach Subsea ASA - Haugesund 28 March 2023

Haugesund,
28 March 2023

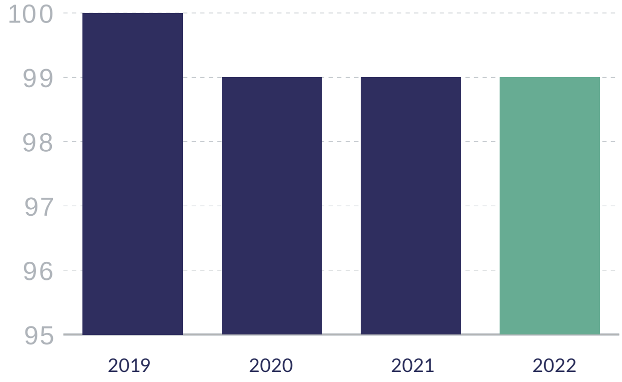
/s/ Rachid Bendriss Chairperson of the Board	**/s/ Kristine Skeie** Board Member	**/s/ Espen Gjerde** Board Member	**/s/ Arvid Pettersen** Board Member
/s/ Ingunn Ø. Iveland Board Member	**/s/ Anders Onarheim** Board Member	**/s/ Martha Kold Bakkevig** Board Member	**/s/ Jostein Alendal** CEO

Directors Report

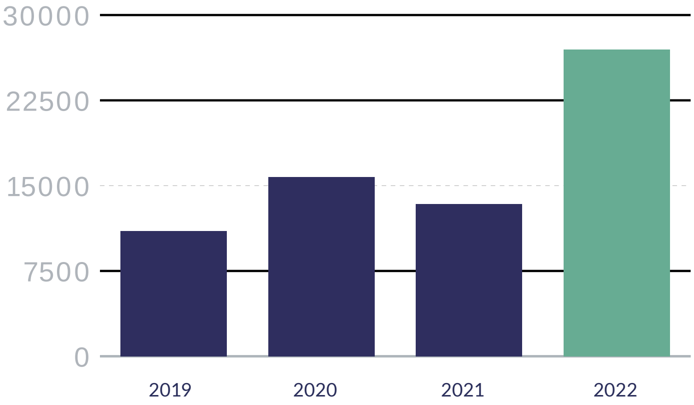
Number of ROV days – Annually



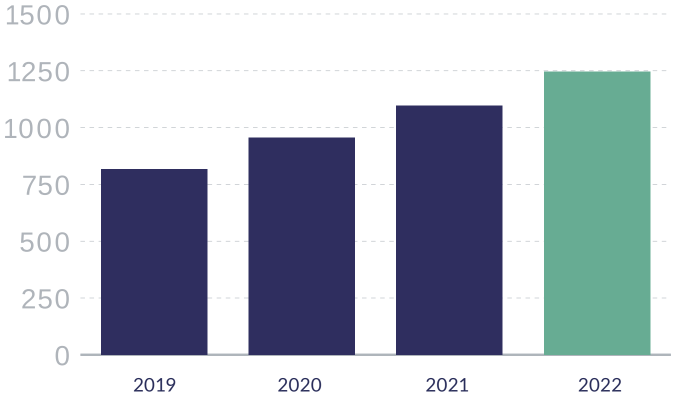
Technical uptime on ROVs



Offshore ROV personnel days sold



Vessel days sold



The Board of Directors

Rachid Bendriss

Chairperson of the Board

Rachid Bendriss (1969) has been Chairperson of the Board of Reach since 2020 and holds a Master of Management degree from BI – Norwegian Business School. He has more than 25 years of extensive capital markets and transaction experience through employment at firms like Morgan Stanley, Danske Bank and Carnegie, and as an independent strategic and financial advisor to various companies in the energy sector. North Energy ASA, where Mr. Bendriss is the CEO, owns 50,832,449 shares.

Ingunn Ø. Iveland

Board member

Ingunn Øvereng Iveland (1971) has been a board member of Reach since 2019 and holds a Master of Science degree from NTNU – Norwegian University of Science and Technology in physics and mathematics and a Master of Management degree from BI- Norwegian Business School. She has broad experience from positions in the subsea service and aquaculture industry. She is currently holding the position as strategic purchase director in Knutsen OAS Shipping AS. Mrs. Iveland owns 30,000 shares privately, and 30,588 through her fully owned Company I Øvereng AS.

Kristine Skeie

Board member

Kristine Skeie (1974) has been a board member of Reach since 2018 and is Managing Director of HK Shipping Group AS which is a Shipping company trading in the shortsea bulk segment. Skeie is also a board member in Eidesvik Offshore ASA. She is a College graduate in Business administration from the Norwegian Business School and has attended a Maritime Executive Program directed by Norwegian Shipowners Association. Mrs. Skeie beneficially owns 505,588 shares through her fully owned company Vest-Norsk Handelskompani AS.|

Martha K. Bakkevig

Board member

Martha Kold Bakkevig (1962) has been a board member of Reach since 2020 and is the founder and managing partner of MKOLD AS and a non-executive director of public listed companies as Hexagon Purus, Edda Wind and BW LPG. Prior to that Ms. Bakkevig served two years as Chief Executive Officer of Steinsvik Group, an equipment and service provider for fish farming industry worldwide and ten years as Chief Executive Officer of DeepWell, an oil service company operating in the North Sea. Ms. Bakkevig has extensive experience in management, strategy and business development, and a broad academic background with a doctor’s degree in both technical and business strategical subjects. She holds a master’s degree and PhD from the Norwegian University of Science and Technology (NTNU) and a Doctorate in Economics from BI Norwegian Business School. Bakkevig beneficially owns 949,534 shares through her fully owned company Kold Invest AS.

The Board of Directors

Anders Onarheim

Board member

Anders Onarheim (1959) has been a board member of Reach since 2012 and is the CEO of BW LPG, a global leader in seaborn transport of LPG. He holds an MBA from Washington University of St. Louis. He has extensive knowledge of management, business development and capital markets after serving as the chief executive of companies in the Carnegie Group investment bank for 16 years, and preceding positions internationally with Goldman Sachs and Merrill Lynch. Mr Onarheim beneficially owns 1,000,000 shares through his fully owned company AB Investment AS. Furthermore, North Energy ASA, where Mr Onarheim is the Chairman of the Board, owns 50,832,449 shares.

Espen Gjerde

Board member

Espen Gjerde (1981) has been a board member of Reach since 2022 and holds a Master of Science degree in Naval Architecture and Marine Technology from Norwegian University of Science and Technology (NTNU). He is a Shipping, Offshore & Renewable Energy investment professional with offshore operational experience. In addition, he has broad experience from the international equity capital, bond debt and bank financing markets. Background from leadership education in the Norwegian Armed Forces, as a maritime management consultant in DNV, experience with shipping/offshore financing from DVB Bank and has been responsible for investments and portfolio management in Ship Finance International Limited (SFL Corp). Experience within maritime and energy sectors from insight gained through work for different shipping, offshore and oil & gas companies. Wilhelmsen New Energy AS, where Mr. Gjerde is Senior Vice President, owns 52,136,636 shares.

Arvid Pettersen

Board member

Arvid Pettersen (1957) has been a board member of Reach since 2022 and has a background as naval officer and vessel master. He has more than 35 years of experience from the offshore and subsea business and has 15 years of experience from serving as Chief Executive Officer of subsea companies in Brazil and Norway. He is currently acting as a consultant to different companies both within and outside the oil & gas industry as well as board member. Mr. Pettersen does not own shares in Reach Subsea ASA.

Corporate Governance & Management

Corporate Governance (CG) in Reach Subsea ASA shall increase trust towards the company and contribute to optimal value creation over time.

The objective of corporate governance is to regulate the division of roles between shareholders, the Board and executive management more comprehensively than is required by legislation.

Corporate Governance & Management

1. Implementation & Reporting on Corporate Governance

Implementation & Regulations

Reach Subsea ASA's ("Reach Subsea" or "the Company") Board of Directors (the "Board") has the ultimate responsibility for ensuring that the company practices good corporate governance and has thus prepared and approved the Company's policy for corporate governance. The Company, through its Board and executive management, carries out an annual review of its principles for corporate governance. Reach Subsea is a Norwegian public limited company listed on the Euronext Oslo Børs (Oslo Stock Exchange). The Norwegian Accounting Act includes provisions on corporate governance which impose a duty on the Company to issue an annual statement on its principles and practice for corporate governance. These provisions also stipulate minimum requirements for the content of this report.

The Norwegian Corporate Governance Board (NCGB) has issued the Norwegian Code of Practice for Corporate Governance (the "Code"). Adherence to the Code is based on the "comply or explain" principle, which means that a Company must comply with the recommendations of the Code or explain why it has chosen an alternative approach to specific recommendations. The Code was last revised 14th October 2021.

The Oslo Stock Exchange's Continuous Obligations for issuers of shares, part of Euronext Oslo Rulebook II, requires publicly listed companies to publish an annual statement of their policy on corporate governance in accordance with the Code in force at the time. The Euronext Oslo Rulebook II is available on https://www.euronext.com/en/regulation/euronext-regulated-markets. Reach Subsea complies with the Norwegian Accounting Act § 3-3b and the Code, unless otherwise specifically stated. The Company provides a statement on its principles for corporate governance in its annual report, and this information is further available on the Company website, www.reachsubsea.no.

Corporate Governance & Management

2. Business activity

Objective

The Company's business objective is, as set out in its articles of association § 1, to provide engineering, construction and related services to the offshore energy industry, shipping and other transport operations through ownership and / or operation, participation in such activity by other companies, and related activities. The Board establishes the Group's overall goals and strategy.

The Company's stated vision is "sustainable access to ocean space", which shall be achieved through offering high quality solutions and technology to clients in need of ocean data and services.

Values, objectives and strategies

Confidence in Reach Subsea as a Company and in its business activities as a whole is essential for the Company's continuing competitiveness. The Company aims to maintain high ethical standards in its business concept and relations with customers, suppliers and employees. The Company has established their own Code of Conduct and guidelines for Corporate Social Responsibility (CSR). The Board of directors evaluates objectives, strategies and risk profiles yearly, with the goal to create value for shareholders in a sustainable way. The Company's strategy and key metrics related to environment, social factors, and governance (ESG) are described in the Sustainability report.

3. Equity and dividend

Equity

The Board aims to maintain a satisfactory equity ratio and capital structure in the Company in light of the Company's goals, objective, strategy and risk profile, thereby ensuring that there is an appropriate balance between equity and other sources of financing. The Board regularly assesses the Company's capital requirements.

Dividend

The Company's objective is to generate a return for its shareholders through dividends and increases in the share price that is at least in line with the return available on similar investment opportunities of comparable risk. The Board has a dividend policy stating that the Company aim 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.

Authorizations to the Board

The Board will in the outset not propose that authorizations to increase the share capital and to buy own shares are granted for periods longer than until the next Annual General Meeting of the Company. The Board will only propose authorizations with specific purposes and each proposed purpose will be treated as a matter for the Annual General Meeting. As per 31 March 2023, the Board had two authorizations to increase the share capital, granted by the Annual General Meeting on 30 May 2022 and the Extraordinary General Meeting on 10 March 2023. One authorization is to increase the share capital with NOK 3,000,000, of which NOK 2,187,500 remains outstanding, and may only be used to issue shares as consideration in connection with the share option incentive scheme for employees and management. The other authorization is for a capital increase of NOK 25,513,692. The intention of this authorization is to give the Board flexibility to strengthen the Company's capital or use the shares of the Company as consideration in connection with acquisitions. Both authorizations are valid until the annual general meeting in 2023, however no later than 30 June 2023. The Board does not hold any rights to purchase own shares.

Corporate Governance & Management

4. Equal treatment of shareholders & transactions with close associates

Rights

The Company has one class of shares with equal rights. Capital increases where existing shareholders' preferential rights are waived shall be justified. By waiver of rights based on authorizations, the reason for the waiver shall be stated in the press release/ announcement in connection with the capital increase. In the event that the Board is granted authorizations to buy own shares and decides to use this authorization, the transactions will be carried out in accordance with the requirements stipulated in Commission Delegated Regulation (EU) 2016/1052.

Transactions with related parties

Any transactions, agreements or arrangements between the Company and its shareholders, members of the Board, members of the executive Management team or close associates of any such parties shall only be entered into as part of the ordinary course of business and on arm's length market terms. All such transactions shall comply with the procedures set out in the Norwegian Public Limited Liability Companies Act or similar provisions, as applicable. The Company's financial statements shall provide further information about transactions with related parties. Board members and members of the Executive Management team shall immediately notify the Board if they have any material direct or indirect interest in any transaction entered into by the Company.

5. Shares & negotiability

Transfer of shares

The Shares are freely transferable and there is no limit to own, trade or vote for shares in the Company. The Company's Articles of Association do not contain any provisions imposing limitations on the ownership of the Shares and there are no limitations under Norwegian law on the rights of non-residents or foreign owners to hold or vote for the Shares.

Corporate Governance & Management

6. The General Meeting

The annual general meeting of Reach Subsea ASA

to ensure that the AGM is an effective forum for communication between the shareholders and the Board, and encourages shareholders to participate in the meeting.

Preparations for the AGM

The Annual General Meeting is normally held before 31st May every year and at least by 30 June, which is the latest date permitted by Company law.

The notice calling the AGM is made available on the Company's website, www.reachsubsea.no, and sent to shareholders no later than 21 days prior to the meeting. The same notice period applies for extraordinary general meetings. The notices calling the general meetings shall provide information on the procedures shareholders must observe in order to participate in and vote at the general meeting. The notice will also set out:

- The procedure for representation at the meeting through a proxy, including a form to appoint a proxy, to allow for shareholders who are unable to attend in person will be able to vote by proxy and
- The right for shareholders to propose resolutions in respect of matters to be dealt with by the general meeting.

The Company shall appoint one person that can vote for the shareholders as a proxy. The Company's articles of association stipulate that the supporting documents dealing with matters to be considered by the AGM can be made available on the Company's website rather than being sent to shareholders by post. However, shareholders are still entitled to receive the documents by post upon request if they so wish. The supporting documentation provides all the necessary information for shareholders to form a view on the matters to be considered.

The date of the next AGM is included in the Company's financial calendar, as described in "Information and communication" below.

Agenda and conduct of the AGM

The Board decides the agenda for the AGM and the agenda shall be described in the notice. The main agenda items are determined by the requirements of the Public Limited Liability Companies Act § 5-6 and Article 5 of the articles of association of Reach Subsea ASA. The Board may propose a person independent of the Company and the Board to chair the General Meetings, ensuring that the AGM has an independent chairperson in accordance with the recommendations of the Code.

Members of the Board Nomination Committee and Auditors attend the Annual General Meeting, but normally the full Board has not participated. Matters on the agenda have so far not created a need for this. The Chairman of the Board and the Managing Director always attend to answer questions. The AGM minutes are published by issuing a stock exchange announcement and are also made available on the Company's website at www.reachsubsea.no.

7. Nomination committee

Reach Subsea has a board nomination committee consisting of three members elected for a period of 2 years, according to section 3 of the Company's articles of association. The following three members form the nomination committee, following the election for a two-year term at the 2022 AGM:

- Christian Berg (Chairman)
- Rune Lande
- Didrik Leikvang

Pursuant to section 6 of the Articles of Associations, the nomination committee shall propose Board member candidates to the general meeting in connection with notices thereof.

The nomination committee shall also make proposal for the remuneration of the Board.

Corporate Governance & Management

8. The Board of directors - composition and independence

The composition of the Board of directors ensures that the Board can attend to the common interests of all shareholders and meets the Company's need for expertise, capacity, and diversity. The Board of Reach Subsea is appointed by the General Meeting.

According to section 3 of the Company's articles of association, the Board shall consist of 3 to 7 members. The Board has the required competence to independently evaluate the cases presented by the management as well as the Company's operations, and function well as a body of colleagues. The members of the Board represent varied and broad experience from relevant industries and areas of technical expertise, and the members bring experience from both Norwegian and international companies. More information about the Board members' expertise and background, as well as their holdings of shares in the Company can be found on the Company's website www.reachsubsea.no.

The Board does not include any members from the Company's executive Management team and all the members are considered independent of the Company's material business contacts. All Board members are shareholder elected. 4 (57 %) of the members of the Board are considered independent of the Company's main shareholders. There has been high attendance at the Board Meetings, with almost no absenteeism.

9. The work of the board of directors

Responsibilities and duties

The Board plans for its work with special emphasis on the Company's objectives, strategies and risk profiles. The Board's primary responsibilities are:

- Participating in the development and approval of the Company's strategy,
- Performing necessary monitoring functions and
- Acting as an advisory body for the Executive Management Team.

Its duties are not static, and the focus will depend on the Company's ongoing needs. The Board is also responsible for ensuring that the operation of the Company is in compliance with the Company's values and ethical guidelines. The Chairman of the Board is responsible for ensuring that the Board's work is performed in an effective and correct manner. The Board shall ensure that the Company has a good management with clear internal distribution of responsibilities and duties. The CEO is responsible for the Executive Management and day-to-day operations of the Company.

Further details on the duties of the Board are included in the instructions to the Board. All members of the Board receive information about the Company's operational and financial development on a monthly basis. The Company's strategy shall regularly be subject to review and evaluation by the Board.

The Board evaluates its work on an annual basis. The Board of the Company has appointed an Audit committee consisting of three Board members. The Board may from to time also appoint other sub-committees, as deemed necessary or appropriate.

Related parties

The Board ensures that members of the Board and executive personnel make the Company aware of any material interest that may have in items to be considered by the Board.

10. Risk management and internal control

The Board shall seek to ensure that the Company has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the Company's activities. The internal control and systems include the Company's value creation and guidelines for ethics and corporate governance.

The Board shall ensure that the Company's internal control comprises guidelines, processes, duties, conduct and other matters that:

Corporate Governance & Management

- Facilitate targeted and effective operational arrangements for the Company and also make it possible to manage commercial risk, operational risk, the risk of breaching applicable legislation and regulations as well as all other forms of risk that may be material for achieving the Company's commercial objectives;
- Contribute to ensuring the quality of internal and external reporting; and
- Contribute to ensuring that the Company operates in accordance with the relevant legislation and regulations as well as with its internal guidelines for its activities, including the Company's ethical guidelines and corporate values.

Routines

The Board shall form its own opinion on the Company's internal controls, based on the information presented to the Board. Reporting by Executive Management to the Board shall be prepared in a format that gives a balanced presentation of all risks of material significance, and of how the internal control system handles these risks.

The Board has approved routines for internal control and risk management. The objective for the Company's risk management and internal control is to manage, rather than eliminate, exposure to risks related to the successful conduct of the Company's business and to support the quality of its financial reporting. Effective risk management and good internal control contribute to securing shareholders' investment in the Company and the Company's assets. The Board shall carry out an annual review of the Company's most important areas of exposure to risk and its internal control arrangements and provide an account in the annual report of the main features of the Company's internal control and risk management systems as they relate to the Company's financial reporting.

Audit committee

Within risk management and internal control, the Audit Committee's duties and responsibilities include monitoring the financial reporting process, focusing on the following main areas:

- Changes in accounting principles
- Critical accounting estimates or judgments
- Material adjustments to the accounts requested or suggested by the statutory auditor
- Areas where there is a difference of opinion between the Management and the statutory auditor
- Monitoring the effectiveness of the Company's reporting process – financial and social responsibility, internal control/audit and risk management.
- Monitoring the statutory audit of the annual accounts.
- Monitoring services provided by the auditors other than audit.
- Establishing and evaluating procedures for the correct handling and registering of complaints relating to financial reporting, accounting, internal control and statutory audit.

11. Remuneration of the Board of directors

The General Meeting annually determines the Board's remuneration, based on proposal by the nomination committee. Remuneration of Board members shall be reasonable and based on the Board's responsibilities, work, time invested and the complexity of the enterprise. The compensation shall be a fixed annual amount. The Chairman of the Board may receive a higher compensation than the other members. The Board shall be informed if individual board members perform other tasks for the Company than exercising their role as board members. Work in subcommittees may be compensated in addition to the remuneration received for board membership. This will be specified in the Annual Report. The Company's annual accounts provide information about the Board's compensation.

Corporate Governance & Management

12. Remuneration of executive personnel

In accordance with §6-16a of the Norwegian Public Limited Liability Companies act, remuneration of the CEO and the Executive Management team is regulated by the Company's Executive Remuneration Policy, which was approved by the AGM on 30 May 2022. The main purpose of the Company's remuneration of executive management is to attract and retain executives, to align interests between executives and the Company's shareholders, and to encourage a strong and sustainable performance-based culture which supports the Company's overall strategic ambitions and goals over time.

The Board decides the salary and other compensation to the CEO, however so that any compensation linked to the value of the Company's shares shall be approved by the General Meeting in accordance with the Norwegian Public Limited Companies Act.

The CEO's salary and bonus shall be determined based on an evaluation with emphasis on the following factors: financial results, business development, sustainability of operations, employee and customer satisfaction, and compliance with Company values and ethical standards. Any fringe benefits shall be in line with market practice and should not be substantial in relation to the CEO's basic salary.

The Board annually carries out an assessment of the salary and other remuneration to the CEO and Executive Management team. The Company's annual accounts provide information about salary and other compensation to the CEO and the Executive Management team. Furthermore, the Company has prepared a separate remuneration report for 2022, which will be put forth the AGM in 2023 and be made available on www.reachsubsea.no.

The CEO determines the remuneration of executive employees based on the Executive Remuneration Policy, which lay down the main principles for the Company's management remuneration policy. The salary levels should not be of a size that could harm the Company's reputation, or above the norm in comparable companies. The salary levels should, however, ensure that the Company can attract and retain executive employees with the desired expertise and experience.

13. Information & communication

Reach Subsea maintains a proactive dialogue with analysts, investors and other stakeholders of the Company. The Company strives to continuously publish relevant information to the market in a timely, effective and non-discriminatory manner, and has a clear goal to attract both Norwegian and foreign investors and to promote higher stock liquidity. Emphasis is placed on ensuring that the shareholders receive identical and simultaneous information.

All stock exchange announcements are made available on the Oslo Stock Exchange news website, www.newsweb.no as well as the Company's website, www.reachsubsea.no.

Reach Subsea publishes its preliminary annual results by the end of February and the complete annual report, including approved and final annual accounts and the Board of Directors report, is available no later than 30 April each year as required by the Securities Trading Act.

The Company's financial calendar for the coming year is published as a stock exchange announcement and made available on the Company's website no later than

31 December each year. Reach Subsea ASA intends to hold open physical or digital presentations in connection with the publication of the Company's results. At the presentations, the Executive Management review and comment on the published results, market conditions and the Company's future prospects. The Company's Management gives high priority to communication with the capital market. Individual meetings are organized

for major investors, investment managers and analysts. The Company also attends investor conferences. The Board has issued guidelines for the investor relations function of the Company, including authorized spokespersons of the Company.

14. Take-overs

It is not considered necessary to develop explicit guidelines for how Reach Subsea will act in the event a takeover bid is presented to the Company. The Board supports the Recommendation on this issue.

Corporate Governance & Management

15. Auditor

Reach Subsea is audited by PricewaterhouseCoopers in Stavanger, Norway.

As PricewaterhouseCoopers has been the Company's auditor since the accounting year 2012, the Audit Committee undertook a tender process for auditing services from and including the financial year 2022, pursuant to the Auditors Act. Based on the recommendation from the Audit Committee supported by the full Board, the Annual General Meeting 30 May 2022 resolved to re-elect PricewaterhouseCoopers (PwC) as auditor on the grounds of the need for continuity in the phase the company is in, size of fees and PwC's insight into recently acquired companies.

Each year the auditor present to the Board a plan for the audit work and confirm that the auditor satisfies established requirements as to independence and objectivity.

The auditor shall be present at Board meetings where the annual accounts are on the agenda. Whenever necessary, the Board shall meet with the auditor to review the auditor's view on the Company's accounting principles, risk areas, internal control routines etc. At least one time per year, the Board and the auditor shall meet without the presence of anyone from the Executive Management.

The use of the auditor as a financial advisor to the Company should be sought limited to cases where such use of the auditor does not have the ability to affect or question the auditors' independence and objectiveness as auditor for the Company.

Only the Board's Audit Committee shall have the authority to enter into agreements in respect of such counselling assignments. The Audit Committee has delegated a limited authority to the Company's CFO, where use of such limited authority is monitored by the Audit Committee. At the Annual General Meeting, the Board shall present a review of the auditor's compensation as paid for auditory work required by law and remuneration associated with other assignments.

In connection with the auditor's presentation to the Board of the annual work plan, the Board should specifically consider if the auditor to a satisfactory degree also carries out a control function. The Board shall arrange for the auditor to attend General Meetings as and where appropriate.

Financial Statements

Reach Subsea ASA Group

Profit & Loss

Consolidated statement of comprehensive income

(NOK 1000)	2022	2021	NOTES
Revenues	1 161 533	673 253	5, 25
Other income/losses	1 287	13 347	26
Operating income, in total	**1 162 821**	**686 601**	
Operating expenses			
Procurement expenses	(272 803)	(158 633)	6
Depreciation	(353 532)	(239 807)	14, 24
Personnel expenses	(251 031)	(122 374)	8
Other operating expenses	(180 200)	(86 722)	7, 8
Operating cost, in total	**(1 057 566)**	**(607 537)**	
Operating results	**105 255**	**79 064**	
Financial income and financial costs			
Interest income	1 264	237	9
Interest expense	(15 415)	(7 838)	9
Other financial items	6 918	1 437	9
Finance items - net	**(7 232)**	**(6 164)**	
Share of profit of investments accounted for using the equity method	-	146	
Profit (loss) before taxes	**98 023**	**73 046**	
Taxes	(25 838)	20 760	10
Profit (loss) for the year	**72 185**	**93 806**	
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Translation differences	(2 503)	654	
Total comprehensive income for the year	**69 682**	**94 460**	
Earnings (loss) per share	0,35	0,65	11
Diluted result (loss) per share	0,34	0,65	11

The notes on page 49 to 96 are an integral part of these financial statements.

Financial Position

Consolidated statement of financial position

(NOK 1000)	2022	2021	NOTES
ASSETS			
Non-current assets			
Goodwill	86 723	-	15,26
Deferred tax asset	24 915	40 151	10
Intangible assets	10 623	1 457	15,26
Assets under construction	150 499	-	14
Property, plant and equipment	85 010	73 761	14
Right-of-use assets	90 258	277 212	14,24
Non-current assets, in total	**448 030**	**392 582**	
Current assets			
Bunkers	9 884	8 130	
Trade receivables	216 328	149 633	16, 21
Other current receivables	86 252	47 150	16
Cash and cash equivalents	191 591	149 035	17
Current assets, in total	**504 055**	**353 948**	
Total assets	**952 085**	**746 529**	

The notes on page 49 to 96 are an integral part of these financial statements.

Financial Position

Consolidated statement of financial position, continued

(NOK 1000)	2022	2021	NOTES
EQUITY AND LIABILITIES			
Equity			
Share capital	225 726	144 941	18
Share premium	267 345	85 928	
Proposed dividends	45 981	40 484	
Other equity	40 390	15 454	
Equity, in total	579 442	286 806	
Non-current liabilities			
Interest-bearing debt to credit institutions	4 932	14 497	21, 22
Interest-bearing debt, leases	4 310	105 171	21,24
Non-current liabilities, in total	**9 242**	**119 668**	
Current liabilities			
Trade payables	102 430	63 467	21
Taxes, payables	7 853	-	10
Public duties a.o.	18 831	8 498	
Interest-bearing debt to credit institutions	23 086	16 260	21, 22
Interest-bearing debt, leases	98 660	176 627	21,24
Other current liabilities	112 541	75 203	20
Current liabilities, in total	**363 401**	**340 055**	
Total equity and liabilities	**952 085**	**746 529**	

Haugesund,
28 March 2023

/s/ Rachid Bendriss
Chairperson of the Board

/s/ Kristine Skeie
Board Member

/s/ Espen Gjerde
Board Member

/s/ Arvid Pettersen
Board Member

/s/ Ingunn Ø. Iveland
Board Member

/s/ Anders Onarheim
Board Member

/s/ Martha Kold Bakkevig
Board Member

/s/ Jostein Alendal
CEO

The notes on page 49 to 96 are an integral part of these financial statements.

Cash Flow

Consolidated statement of cash flow

(NOK 1000)	2022	2021	NOTES
Operations			
Profit before tax	98 023	73 046	
Gain on acquisitions	-	(13 265)	26
Depreciation and amortisation	353 532	239 807	14, 24
Interest income	(1 264)	(237)	9
Interest expense	15 415	7 838	9
Change in trade debtors	(39 877)	(41 164)	16
Change in trade creditors	31 454	(11 863)	21
Change in other provision	7 792	25 053	
Share option cost employees	1 235	-	19
Net cash flow from operating activities (1)	**466 309**	**279 214**	
Investments			
Acquired cash balance from consolidation of Octio AS and Monviro AS	-	19 196	
Acquired cash balance from consolidation of Surveyor AS	-	12 482	
Acquired cash balance from consolidation of iSurvey Group AS	6 132	-	26
Sale of fixed assets	-	24 718	14
Purchase of fixed assets	-167 805	-1 561	14
Purchase of shares in subsidiary	-43 029	-47 872	26
Net cash flow from investment activities (2)	**-204 702**	**6 963**	
Financing			
Net interest paid	(1 061)	(1 740)	
Proceeds from issuance of ordinary shares	152 270	3 119	
Payment of dividends	(40 484)	(21 541)	
Repayment of interest bearing liabilities including interest - leases	(13 448)	(17 793)	21, 24
Repayment of interest bearing debt, leases	(311 814)	(207 185)	21, 24
Net cash flow from financing activities (3)	**(214 537)**	**(245 139)**	
Net cash flow for the year (1+2+3)	**47 070**	**41 037**	
Cash and cash equivalents 1/1	149 035	105 396	
Translation differences	(4 514)	2 602	
Cash and cash equivalents 31/12	191 591	149 035	

The notes on page 49 to 96 are an integral part of these financial statements.

Equity

Consolidated statement of changes in equity

(NOK 1000)	Share capital	Share premium	Proposed dividends	Other Equity: Other reserves	Other Equity: Retained earnings	Total
Equity 1 January 2022	**144 941**	**85 927**	**40 484**	**6 657**	**8 795**	**286 806**
Profit for the year	-	-	-	-	72 185	72 185
Other comprehensive income for the year	-	-	-	-	(2 503)	(2 503)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**69 682**	**69 682**
Proceeds from shares issued	79 973	179 939				259 911
Proceeds from shares issued, not registered	813	1 479	-	-	-	2 291
Dividends paid			(40 484)			(40 484)
Proposed dividends	-		45 981	-	(45 981)	-
Employee share options	-	-	-	1 235	-	1 235
Equity 31 December 2022	**225 726**	**267 345**	**45 981**	**7 892**	**32 497**	**579 442**
Equity 1 January 2021	143 606	83 529	21 541	6 657	(45 180)	210 155
Profit for the year	-	-	-	-	93 806	93 806
Other comprehensive income for the year	**-**	**-**	**-**	**-**	**654**	**654**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**94 460**	**94 460**
Proceeds from shares issued	975	1 948				2 923
Proceeds from shares issued, not registered	360	450	-	-	-	810
Dividends paid			(21 541)			(21 541)
Proposed dividends	-		40 484	-	(40 484)	-
Employee share options	-	-	-	-	-	-
Equity 31 December 2021	**144 941**	**85 927**	**40 484**	**6 657**	**8 795**	**286 806**

The notes on page 49 to 96 are an integral part of these financial statements.

Notes

Note 1
General Information

Reach Subsea ASA Group offers subsea services as a sub-contractor and/or directly to end clients, based out of our head office in Haugesund. Reach Subsea ASA's shares are listed on Oslo Stock Exchange (Oslo Børs) under the ticker REACH.

Reach Subsea ASA is the parent company in the Group and is domiciled in Norway, with office address Garpeskjærvegen 2, 5527 Haugesund. The Group has a Branch in Trinidad & Tobago. The company's consolidated financial statements for the 2022 financial year covers Reach Subsea ASA and its subsidiaries Reach Subsea AS, Connect Offshore AS, Reach Remote AS, Reach International AS, Reach Subsea Inc, Gravitude UK Ltd, Octio AS, Monviro AS, iSurvey Group AS, iSurvey AS, iSurvey Assets AS, Reach Subsea UK Ltd, Reach Subsea PTE Ltd and iSurvey Ltd.

Note 2
Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The consolidated financial statements of Reach Subsea ASA have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations, as adopted by the EU, and in accordance with the additional requirements following the Norwegian Accounting Act.

The consolidated financial statements are prepared under the assumption of going concern and on a historical cost basis, with some exceptions as detailed under accounting policies set out below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

The consolidated financial statements have been prepared on a going concern basis.

New & amended standards adopted by the Group

Certain new standards, amendments to standards, and annual improvements to standards and interpretations are effective for annual periods beginning after January 1, 2022 and have been applied in preparing these consolidated financial statements. These applications did not materially impact the Group's consolidated financial statements.

New standards & interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Notes

Basis of consolidation

SUBSIDIARIES

The consolidated financial statements incorporate the financial statements of Reach Subsea ASA, and entities controlled by Reach Subsea ASA. Control is achieved where Reach Subsea ASA

is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. Companies that are acquired during the year are consolidated from the date control was obtained.

Inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

ASSOCIATES

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20 and 50 % of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost.

The Group's share of its associates' income or other comprehensive income is recognized on separate lines in the consolidated statement of comprehensive income or the statement of other comprehensive income respectively. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognize further losses, unless it has incurred obligations on behalf of the associate. In the statement of financial position associates are presented as non-current assets.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. When accounting policies of associates are different from those of the group, the figures are amended to ensure consistency.

JOINT ARRANGEMENTS

The group has applied IFRS 11 to all joint arrangements as of 1 January 2012. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. Reach Subsea ASA has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the group's net investment in the joint ventures), the group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealized gains on transactions between the group and its joint ventures are eliminated to the extent of the group's interest in the joint ventures. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions. The group has two segments. Oil & Gas and Renewable/Other, and Data and Solutions. Revenues are categorized as either Data or Solutions based on the nature of the service delivered to a client. Data represents delivery of various types of maps, models and/or reports collected through subsea survey and/or inspection projects. Solutions represents

Notes

delivery of a specific client solution such as repair, modification, installation or removal of subsea equipment and infrastructure.

Foreign currency translation

FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

The Group presents its financial statements in NOK. The functional currency of the consolidated entities in the Group is the currency of the primary economic environment in which the entity operates. All Norwegian companies have NOK as functional currency. Reach Subsea AS' branch in Trinidad and Reach Subsea Inc have USD as functional currency, Gravitude UK Ltd and Reach Subsea UK Ltd has GBP as functional currency, Reach Subsea PTE Ltd has SGD as functional currency and iSurvey Ltd has EUR as functional currency.

TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of comprehensive income within financial income and financial costs.

Property, plant and equipment

Property, plant and other equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes costs related to the purchase of the item.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Upon acquisition, property, plant and equipment are decomposed for depreciation purposes if this is material for the determination of the depreciation expense. The components are depreciated on a straight-line basis over expected useful life to estimated residual value at the end of their useful life

Depreciation of other assets is calculated using the straight-line method to allocate their cost or revalued amounts less their residual values over their estimated useful lives, as follows:

- Furniture, fittings and equipment: 3-8 years
- ROVs: 3-8 years

The assets' residual values and useful lives are reviewed, and the depreciation schedule adjusted, if appropriate, at the end of each reporting period.

Impairment of non-financial assets

GENERAL

At each reporting date the Group assesses whether there is an indication that an asset may be impaired. If any such indication exists, or where annual testing for impairment is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed.

GOODWILL

Goodwill is measured as described in 'Business combinations' in the section below. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include

Notes

the carrying amount of goodwill relating to the entity sold.

CUSTOMER CONTRACTS

Customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

Onerous contracts

Provisions for onerous contracts are recognized when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Leases

ACCOUNTING AS LESSEE

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract includes the right to control the use of an identified asset for a period of time in exchange for consideration.

Short term leases (lease term 12 month or less) and assets that are leased for more than 12 months, but where the lease terms do not contain any commitments ("pay-as-you-go"), are also capitalized as right-of-use assets and depreciated. The impact is that all cost in relation to leases of vessels and ROVs are classified as depreciation and interest expense. Vessels and ROVs with a "pay-as-you-go" lease structure are treated as short term leases, where the lease expenses are classified as depreciation, and where the lease is capitalized at the balance sheet date only to the extent a commitment is incurred at the reporting date.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise of:

- Fixed lease payments
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date
- Payment of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying value to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right of use asset) whenever:

- the lease term has changed.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value.
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right of use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The right of use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group applies IAS 36 to determine whether a right of use asset is impaired, and accounts for any identified impairment loss as described in the "Impairment of non-financial asset" section.

Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

Notes

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Bunkers

Bunkers comprise fuel and lube oil inventory and are valued at the lower of cost and net realisable value.

Fuel and lube are expensed to the consolidated statement of comprehensive income based on FIFO principle (First in, first out) as they are consumed.

Financial assets

The Group classifies its financial assets in the following categories: fair value through other comprehensive income (FVOCI), fair value through profit and loss (FVTPL), and amortized cost. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial instrument is managed and its contractual cash flow characteristics. Classification of financial assets is determined at initial recognition and is not reclassified subsequently unless the Group changes its business model for managing financial assets.

A financial asset shall be measured at amortized cost if both of the following conditions are met and it is not designated at FVTPL:

- the financial asset is held within a business model whose objective is to hold financial assets, in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at FVOCI if both of the following conditions are met and it is not designated at FVTPL:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

FINANCIAL ASSETS AT FVTPL

The assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

FINANCIAL ASSETS AT AMORTIZED COST

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

FINANCIAL ASSETS AT FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are not reclassified to profit or loss.

DERECOGNITION

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

IMPAIRMENT

The Group assesses at the end of each reporting period the expected credit losses for a financial asset or a group of financial assets.

Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions. Government grants relating to costs are deferred and recognized in the consolidated statement of comprehensive over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to property, plant and equipment are included in noncurrent liabilities as deferred government grants and are credited to the consolidated statement of comprehensive income on a straight- line basis over the expected lives of the related assets.

Cash and cash equivalents

Cash equivalents are short-term liquid investments that can be converted instantly into cash of a known amount and have a maximum maturity of three months.

Share capital

Ordinary shares are classified as equity. Incremental cost directly attributable to the issue of new shares is shown in equity as a deduction, net of tax, from the proceeds.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Notes

Taxes

The tax expense in the period comprises current tax and changes in deferred taxes. Tax expense is recognized in the consolidated statement of comprehensive income, except to the extent that it relates to items that are recognized in other comprehensive income, or directly in equity. In such cases the relating tax expense is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

Share-based payments

The group has an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the group. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity.

When the options are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

The grant by the company of options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognized over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

Notes

The social security contributions payable in connection with the grant of the share options is considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an economic settlement will take place in consequence of this obligation, and a reliable estimate can be made of the amount. Provisions are based on best estimate.

Contingent liabilities are not recognized in the financial statements. Significant contingent liabilities are disclosed, with the exception of contingent liabilities where the probability of the liability occurring is remote.

A contingent asset is not recognized in the annual financial statements but is disclosed if it is probable that a benefit will accrue to the Group.

Recognition of revenue

GENERAL

Revenue from sale of services is recognized in accordance with IFRS 15. Revenues are shown net of value added tax and discounts.

SALES OF SERVICES

The Group revenue comprises revenue recognized from contracts with customers for the provision of subsea services. Although scope of work varies from project to project, there are similarities in all projects, such as mobilisation and demobilisation of vessel, vessel hire, ROV crewing etc. These elements are highly related and comprise an integrated service negotiated as a whole with the customer. As such, all elements within a contract is normally considered to be one single performance obligation. Reach Subsea reviews all customer contracts to assess if there are elements that may indicate several performance obligations within one contract. Such elements may be use of several vessel spreads or project phases requiring separate mobilisation of vessels.

For sales of services under fixed rate contracts, revenue is recognized in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided. For other services, revenue is recognized based on the agreed rate as the services are rendered. The transaction price for day-rate contracts is determined by the expected value approach being the number of scheduled days multiplied with dayrate. Where the contracts include multiple performance obligations, the transaction price is allocated to each performance obligation based on the stand-alone selling prices. For contracts with pricing elements that need to be estimated, revenue is recognised at best estimate only when it is highly probable that its inclusion will not result in a significant revenue reversal in the future when the uncertainty has been subsequently resolved.

Revenue is recognized as control is passed, either over time or at a point in time. Control of an asset is defined as the ability to direct the use of and obtain substantially all of the remaining benefits from the asset. This includes the ability to prevent others from directing the use of and obtaining the benefits from the asset. The benefits related to the asset are the potential cash flows that may be obtained directly or indirectly. Reach Subsea has concluded that customers receive benefits from the subsea services as they are performed, and therefore recognize revenue over the time the subsea service is provided.

Incremental costs of obtaining a contract is recognized as an asset if we expect to recover these costs. However, incremental costs are limited to the costs that would not have incurred if the contract had not been successfully obtained. No such cost has been recognized in 2022.

REVENUE FROM LEASES

Revenue from time-charter leases is recognized using a straight-line basis over the term of the contract

Cash flow statement

The cash flow statement is prepared according to the indirect method.

Notes

Note 3 - Financial Risk Management

3.1 Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management for the Group is carried out by Management. Management identifies, evaluates, and hedges financial risks in close co-operation with the operating units within the Group. The Board approves the principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investment of excess liquidity.

3.1.1 Market Risk

FOREIGN EXCHANGE RISK

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the NOK, USD, GBP and EUR. Foreign exchange risk arises from future commercial transactions and recognized assets or liabilities. Potential currency fluctuations are taken into account during the tendering phase. Long term contracts in a foreign currency will be considered hedged to be consistent with the currency of costs.

Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not an entity's functional currency. The Group aims at achieving a natural hedge between cash inflows and cash outflows and manages remaining foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, by forward contracts and similar instruments as appropriate.

The Group's risk management policy is to continuously review its exposure against foreign exchange risk, and consider the need for hedging activities on transactions in each major currency.

The following table demonstrates the sensitivity to a reasonably possible change in USD, GBP and EUR, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities.

	Increase /decrease in **USD**	Effect on profit before tax
2022	5 %	5 703 008
2021	5 %	665 935

	Increase /decrease in **EUR**	Effect on profit before tax
2022	5 %	867 596
2021	5 %	1 509 462

	Increase /decrease in **GBP**	Effect on profit before tax
2022	5 %	3 754 367
2021	5 %	1 050 224

PRICE RISK

The Group is exposed to commodity price risk at two main levels:

- The demand for ROV units is sensitive to changes in the offshore energy industry, for example oil price developments, fluctuation in production levels, exploration results and general activity levels. Market fluctuations may affect asset utilization and earnings.
- The cost of construction of future units is sensitive to changes in market prices of the input factors.

The risks are managed by having focus on targeting moderate risk contracts, signing contracts with suppliers with the necessary financial strength and using our expertise to complete projects in accordance with agreements. The Group also monitors commodity prices, evaluate the need for hedging activities, and consider commodity prices in our tender process.

3.1.2 Credit Risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers. The Group has no significant concentration of credit risk towards single financial institutions and has policies that limit the amount of credit exposure to any single financial

Notes

institution. Credit exposures to customers arise when entering into medium- or short-term contracts and are managed by performing a financial risk evaluation in the tendering process. The level of financial risk analysis performed in each case depends on the nature of the contract (including volume). Where the financial risk is substantial, bank guarantees are requested.

3.1.3 Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions. The Group aims to maintain flexibility in its liquidity by keeping committed credit lines available. The need for working capital is continuously being considered based on payment terms and financial status of clients and the Group's firm expenses (including loan instalments and interest). Please refer to note 21 for maturity analyses.

The Group entered into a one-year bank overdraft agreement in January 2022, securing access to NOK 20 million in excess funds. The agreement was extended for one year from January 2023. Further extensions will be considered based on liquidity position and needs at expiry date.

As the Group's business is capital intensive, the Group may need to raise additional funds in the future to execute the Group's strategies. The Group's loan agreement, and bank overdraft agreement include terms, conditions and covenants.

The Group monitors its future liquidity positions on an ongoing basis, with monthly reports on cash flow forecasts and covenants.

3.1.4 Cash Flow and Fair Value Interest Rate Risk

The Group's interest rate risk arises from bank deposit held at floating rates, and the possible impact on the financial statement is estimated to be immaterial.

3.1.5 Capital Management

The Group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

The Group has defined KPI levels for equity, liquidity and earning. The KPIs are consistent with loan covenants, and are being reported on a monthly basis as well as in budgets/forecasts. The development of the KPIs are being monitored closely. Breach of covenants request a waiver from the bank (measured quarterly) to avoid a formal breach of the loan agreement.

If a breach of one or more KPI is discovered in the forecast, the Board will consider taking actions such as provision capital from existing and/or new owners.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Note 4 - Accounting Estimates and Judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are assumed to be reasonable under current circumstances.

4.1 Critical Accounting Estimates and Assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

Impairment of property, plant and equipment

A review for indicators of impairment is performed at each reporting date. If there are indicators of impairment, a review for impairment is carried out by management. In order to determine an assets recoverable amount a value-in-use method is used, where management uses judgement in estimating future asset utilisation, cash flow and discount rate. For the purpose of assessing impairment of property, plant and equipment, management also use judgement to group assets at the lowest levels for which there are separately identifiable cash flows (Cash Generating Units, "CGU's"). Management has determined that each ROV and associated ROV equipment is

Notes

considered as separate GCU's. For right-of-use assets under IFRS 16, each vessel is considered as a separate CGU.

Assessment of leases under IFRS 16

The application of IFRS 16 requires significant judgements and certain key estimations. Critical judgements required in application of IFRS 16 may include, among others, the following:

- Identifying whether a contract includes a lease
- Determination of whether variable payments are in substance fixed
- Determining whether there are multiple leases in an arrangement.

Key sources of estimation uncertainty in the application of IFRS 16 may include, among others, the following:

- Estimation of lease term
- Estimation of lease payments when the contract includes options to extent the lease period
- Determination of the appropriate rate to discount the lease payments
- Assessment of whether a right of use asset is impaired.

Management uses judgement in evaluating each contract. At each balance sheet date management also assess if there are any impairment indicators for the right-of-use assets. For impairment see section above.

Income taxes

Judgment is required in determining the provision for income taxes, and the recognition of deferred tax assets. During the ordinary course of business, transactions and calculations occur for which the ultimate tax effect is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recognized, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The accounting for deferred income tax asset relies upon management's judgment of the Group's ability to generate future positive taxable income in each respective jurisdiction.

Business combinations

The acquisitions require the use of substantial judgement when assessing the fair value of net identifiable assets and liabilities in a business combination. Allocation of excess value relating to any business combinations is, amongst other, based on expected cash flows and results for certain items of the acquired assets. Refer to note 27 for further information.

Notes

Note 5 - Segment information*

(NOK 1000)	2022	2021
Oil&Gas vs Renewables/other		
Revenue		
Oil & Gas	954 399	471 917
Renewable / other	208 422	201 336
Total	**1 162 821**	**673 253**
Operating expense		
Oil & Gas	(868 009)	(425 853)
Renewable / other	(189 556)	(181 683)
Total	**(1 057 566)**	**(607 537)**
Operating result		
Oil & Gas	86 389	46 064
Renewable / other	18 866	19 652
Total	**105 255**	**65 716**
Data vs Solutions		
Revenue		
Data	735 559	350 695
Solutions	427 262	322 558
Total	**1 162 821**	**673 253**
Operating expense		
Data	(668 978)	(316 464)
Solutions	(388 587)	(291 073)
Total	**(1 057 567)**	**(607 537)**
Operating result		
Data	66 581	34 231
Solutions	38 674	31 485
Total	**105 255**	**65 716**

*) Note that the gain from bargain purchase in "Other income" is not related to a segment and therefore excluded from the table in 2021. Refer to note 26 for further information regarding business combinations.

All assets and liabilities are used jointly in all segments.

Notes

Note 6 - Procurement expenses specified

(NOK 1000)	2022	2021	NOTES
Project cost	89 991	66 189	
Fuel	72 389	44 870	
Victualling	27 543	19 937	
Rental offshore equipment	47 217	17 154	
Hire offshore personell	31 379	10 303	
Other procurements	4 284	181	
Procurement expenses, in total	**272 803**	**158 633**	

Note 7 - Other operating costs specified

(NOK 1000)	2022	2021	NOTES
Rental cost	12 021	4 041	23
Consultant cost	72 751	35 965	
Operating equipment and maintenance	45 919	25 833	
Administration costs	49 509	20 883	
Other operating costs, in total	**180 200**	**86 722**	

Notes

Note 8 - Personnel expenses

Wages and social costs (NOK 1000)	2022	2021
Salaries and wages including holiday allowance	201 172	98 363
Social security tax	29 004	14 525
Pensions	12 256	7 017
Other benefits	7 363	2 468
Option cost	1 235	-
Wages and social costs, in total	**251 031**	**122 374**
Number of man-years	253	109

The company has a defined contribution plan that complies with the requirements of the Mandatory Occupational Pension Act. Total cost during the year is as specified above.

COMPENSATION AND BENEFITS TO MANAGEMENT

Guidelines for remuneration

The company's guideline for management compensation and benefits is to offer competitive conditions to secure continuity in the management group. Reach Subseas shall offer benefits as for comparable Norwegian companies.

In accordance with Section 6-16 b. (2) of the Norwegian Public Limited Liability Companies Act and the Norwegian regulations on guidelines and report on remuneration for executives, the Group will publish a separate report on remuneration to executives for presentation at the Annual General Meeting on 31 May 2023. In addition to detailed information on paid and pending remuneration to directors for the 2022 accounting year, the report on remuneration for directors will contain an overview of performance targets that form the basis for variable remuneration. Shareholdings and allocated shares will also be included.

Compensation to CEO, CFO, CCO and COO is specified below.

(NOK 1000)	Salary	Pension costs	Other comp	Share options /granted
2022				
Jostein Alendal, Managing Director CEO	2 039	94	616	300
Birgitte W. Johansen, CFO	1 919	100	583	300
Bård Thuen Høgheim, CCO	1 919	87	616	300
Inge Grutle, COO	1 919	87	616	300
Total	**7 795**	**367**	**2 431**	**1 200**

Notes

Note 8 - Personnel expenses, continued

(NOK 1000)	Salary	Pension costs	Other comp	Share options /granted
2021				
Jostein Alendal, Managing Director CEO	1 780	90	300	450
Birgitte W. Johansen, CFO	1 559	82	300	450
Bård Thuen Høgheim, CCO	1 559	82	300	450
Inge Grutle, COO	1 559	89	300	450
Total	**6 457**	**344**	**1 200**	**1 800**

Managing director has no agreement regarding early retirement. Managing director will receive NOK 1.5 million in payment if employment is terminated. CFO has no agreement regarding early retirement and no agreement on payment in case of termination of employment.

THE BOARD'S REMUNERATION

(NOK 1000)	Position	2022	2021
Rachid Bendriss	Chairman of the Board	458	361
Kåre Johannes Lie	Vice-Chairman of the Board (until June 2022)	118	183
Anders Onarheim	Board member	231	183
Martha K. Bakkevig	Board member	231	183
Arvid Ståle Pettersen	Board member (from June 2022)	113	-
Espen Gjerde	Board member (from June 2022)	113	-
Sverre B. Mikkelsen	Board member (until February 2022)	61	235
Kristine Skeie	Board member	256	183
Ingunn Ø. Iveland	Board member	287	219

AUDITOR'S REMUNERATION

(NOK 1000)	2022	2021
Auditing	1 794	1 219
Attestation services	22	27
Tax advice*	397	282
Other assistance*	3 025	374
Total	**5 239**	**1 902**

All amounts are exclusive of value add tax.

* Included in tax advice and other assistance are services from Advokatfirmaet PricewaterhouseCoopers AS with the amount of NOK 0.78 million (2021: NOK 0.13 million).

Notes

Note 8 - Personnel expenses, continued

Shares owned by members of the Board and by the management at year-end, including shares owned by immediate family members and/or controlled companies are as follows:

		31.12.2022	
		Number of shares	Ownership
NORTH ENERGY ASA	Partly owned by Rachid Bendriss (COB) and Anders Onarheim (Board member)	46 126 567	20,4 %
JT INVEST AS	Partly owned by Jostein Alendal (CEO)	5 529 539	2,4 %
A-Å INVEST AS	Owned by Åge Nilsen (management)	1 948 725	0,9 %
SMS INVESTERING AS	Owned by Svein Magne Storesund (management)	1 662 366	0,7 %
INVICTA INVEST AS	Partly owned by Inge Grutle (management)	919 179	0,4 %
KOLD INVEST AS	Owned by Martha Kold Bakkevig (Board member)	867 181	0,4 %
BIRGITTE WENDELBO JOHANSEN	Management	149 050	0,1 %
BÅRD THUEN HØGHEIM	Management	460 625	0,2 %
INGUNN ØVERENG IVELAND	Board Member	30 000	0,0 %
AB INVESTMENT AS	Owned by Anders Onarheim (Board member)	500 000	0,2 %
VEST-NORSK HANDELSKOMPANI AS	Owned by Kristine Skeie (Board member)	35 000	0,0 %
KRISTINE SKEIE	Board Member	5	0,0 %
Total		**58 228 237**	**25,8 %**

Notes

Note 9 - Financial income and expenses

(NOK 1000)	2022	2021
Interest income on short term bank deposits	1 264	237
Total interest income	**1 264**	**237**
Interest expense on bank borrowings	(2 309)	(1 223)
IFRS 16 interest expense	(13 090)	(5 861)
Other interest expense	(16)	(763)
Total interest expense	**(15 415)**	**(7 838)**
Net foreign exchange expense/income	7 076	1 547
Other finance costs	(158)	(102)
Total Other finance items	**6 918**	**1 437**
Net finance items	**(7 232)**	**(6 164)**

Notes

Note 10 - Taxes

(NOK 1000)	2022	2021
Taxes payable	9 344	-
Changes in deferred taxes	16 490	(20 760)
Taxes, in total	**25 838**	**(20 760)**

DEFERRED TAXES / (DEFERRED TAX ASSETS)

Temporary differences:		
Other fixed assets	(31 709)	(17 537)
Financial leases	1 509	2 943
Fixed-price contracts	-	-
Inventories	(934)	(4 790)
Accruals	(4 025)	(3 669)
Right-of-use assets	(12 657)	
Intangible assets	25 750	
Tax loss carried forward	(91 184)	(159 469)
Temporary differences, in total	**(113 251)**	**(182 521)**
Deferred tax assets	(24 915)	(40 151)
Not recognized deferred tax assets	-	-
Deferred tax assets in balance sheet*	24 915	40 151

*In March 2022 Reach Subsea aquired iSurvey Group AS. The transaction was completed in end March 2022. Deferred tax assets incorporated at closing was NOK 7.85 million while deferred tax related to exess values was estimated to NOK 6.60 million.
Net deferred tax asset related to the acquisition was NOK 1.25 million and were recognized in the balance sheet as per end March 2022. Refer to note 26 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 dateand are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Notes

Note 10 - Taxes, continued

(NOK 1000)	31.12.2022	31.12.2021
Reconciliation from nominal to actual tax rate:		
Profit & loss before taxes	98 023	73 046
Nominal tax rate	22 %	22 %
Anticipated income tax due to nominal tax rate	21 565	16 070
Actual tax cost	25 838	(20 760)
Deviation	4 272	(36 830)
Tax effects of:		
Permanent differences	(1 421)	3 878
Effect of tax rates outside Norway different from 22%	(2 852)	-
Changes in deferred tax assets, previously not recognized	-	32 952
Explanation	**(4 272)**	**36 830**
Effective tax rate	26 %	-28 %
Payable taxes in the balance sheet		
Payable tax in the tax charge	(9 344)	-
Advances paid on tax charge	1 491	-
Payable tax in the balance sheet	**(7 853)**	-

Note 11 - Earnings per share

Profit (loss) per share is calculated on the consolidated profit (loss) divided by the average number of shares outstanding.

	2022	2021
Profit (loss) - attributable to the owners (NOK 1000)	72 185	93 806
Basic profit (loss) per share (NOK)	0,35	0,65
Diluted profit (loss) per share (NOK)	0,34	0,65
Average numbers of shares	206 966 734	143 677 290
Average diluted number of shares for EPS	209 835 227	143 677 290
Number of shares 1/1	144 940 708	143 606 008
Number of shares 31/12	225 725 928	144 940 708

Notes

Note 12 - Shares in subsidiaries

Company	Business office	Voting rights and ownership
Reach Subsea AS	Haugesund	100 %
Connect Offshore AS (100% owned by Reach Subsea AS)	Haugesund	100 %
Reach Remote AS (100% owned by Reach Subsea AS)	Haugesund	100 %
Octio AS (100% owned by Reach Subsea AS)	Bergen	100 %
Monviro AS (100% owned by Reach Subsea AS)	Bergen	100 %
iSurvey AS (100% owned by Reach Subsea AS)	Billingstad	100 %
iSurvey Assets AS (100% owned by Reach Subsea AS)	Billingstad	100 %
iSurvey Group AS (100% owned by Reach Subsea AS)	Billingstad	100 %
Reach Subsea UK Ltd (100% owned by iSurvey Group AS)	Scotland, UK	100 %
Reach Subsea Pte. Ltd (100% owned by iSurvey Group AS)	Singapore	100 %
iSurvey Ltd (100% owned by iSurvey Group AS)	Limassol, Cyprus	100 %
Reach Subsea International AS (100% owned by Reach Subsea AS)	Haugesund	100 %
Reach Subsea Inc (100% owned by Reach Subsea International AS)	Delaware, USA	100 %
Gravitude UK Ltd (100% owned by Reach Subsea International AS)	Scotland, UK	100 %

As of January 1 2023 the following changes have been made in the group structure:

- Octio AS, Monviro AS, iSurvey AS and iSurvey Assets have been merged with Reach Subsea AS.
- iSurvey Group AS have been merged with Reach Subsea International AS.
- iSurvey Ltd have been renamed Reach Subsea Ltd.

After completion of the changes, shares in subsidiaries will be as follows:

Company	Business office	Voting rights and ownership
Reach Subsea AS	Haugesund	100 %
Connect Offshore AS (100% owned by Reach Subsea AS)	Haugesund	100 %
Reach Remote AS (100% owned by Reach Subsea AS)	Haugesund	100 %
Reach Subsea International AS (100% owned by Reach Subsea AS)	Haugesund	100 %
Reach Subsea UK Ltd (100% owned by Reach Subsea International AS)	Scotland, UK	100 %
Reach Subsea Pte. Ltd (100% owned by Reach Subsea International AS)	Singapore	100 %
Reach Subsea Ltd (100% owned by Reach Subsea International AS)	Limassol, Cyprus	100 %
Reach Subsea Inc (100% owned by Reach Subsea International AS)	Delaware, USA	100 %
Gravitude UK Ltd (100% owned by Reach Subsea International AS)	Scotland, UK	100 %

Notes

Note 13 - Climate risk

Climate-related risks to Reach Subsea include market effects from changing demand for oil and gas (implying lower demand for our services in this segment), evolving laws and regulations, stricter climate policies, disruptive technology, as well as physical effects of climate change and reputational effects.

Reach Subsea assesses climate transition risks into two major categories: (1) risks related to the transition to a low-carbon economy and (2) risks related to the physical impacts of climate change.

Risks related to the transition to a low-carbon economy

DEMAND

Demand for our services within the Oil&Gas segment in the long-term is uncertain due to the global clean energy transition. The groups assessment is that risk of reduced demand for services within Oil&Gas is partly mitigated by correspondingly increased demand for our services within the renewable segment. The groups primary revenue stream is owning, leasing and operating vessels and ROVs. Based on the 2022-levels of revenue and distribution between different segments, the estimated effect of decrease in demand for services within Oil&Gas are as follows:

Decline in demand for services related to Oil&Gas	Decrease in total revenue (NOK1000)	Decrease in operating result (NOK 1000)
10 %	95 440	8 639
20 %	190 880	17 278
30 %	286 320	25 917

IMPAIRMENT/STRANDED ASSETS

“Reduced demand for services within the Oil&Gas segment in the long term could prompt the groups assets to become stranded. An assessment has been made as to whether the Group has assets that are exposed to significant environmental risk or climate risk (‘stranded assets’). The Group has not identified any stranded assets at 31 December 2022. The company’s assets are depreciated over a lifetime of maximum 8 years, and the groups assessment is that the risk of assets being stranded or subject to material impairments within its initial lifetime due to climate risk is low.

A sensitivity analysis have been made on the possible impact on impairment charges as a result of a decrease in demand for our services within Oil&Gas:

Decline in demand for services related to Oil&Gas	Impairment charge (NOK 1000)
10 %	-
20 %	642
30 %	3 713

FINANCING AND CAPITAL

Reach Subseas future development and investments depend on multiple sources, including operational cash flow, capital, and borrowings. Increased concern over climate change could lead to increased cost of capital. To mitigate such risk, the group works closely with financial institutions and investors and continuously evaluates its investment strategy to optimize a strong balance sheet.

Risks related to the physical impacts of climate change

Reach Subsea is exposed to changing weather conditions caused by climate change as a result of its operation activities offshore. Impact of severe climate change could cause damage to assets, disrupt operational activities and result in significant costs increased. The company maintain insurance to protect its physical assets and also manage the risk of lost revenue due to weather conditions through its contracts with customers.

Notes

Note 14 - Property, plant & equipment

ASSET CATEGORY	ASSETS UNDER CONSTRUCTION	PROPERTY PLANT AND EQUIPMENT	PROPERTY PLANT AND EQUIPMENT	PROPERTY PLANT AND EQUIPMENT	RIGHT-OF-USE ASSETS	
ASSETS DESCRIPTION (NOK 1000)	Assets under construction	ROV and ROV equipment	Right-of-use asset ROV, leased from financial institutions	Equipment and office mashinery	Vessels and other equipment*	Total
Year ended 31 December 2022						
Opening net book amount	-	46 709	13 340	13 720	277 212	350 974
Additions	150 499	3 453	-	13 437	126 717	294 106
Additions from acquisition of iSurvey Group**	-	-	-	39 837	10 327	50 163
Adjustment of commitment	-	-	-	-	(17 203)	(17 203)
Depreciation	-	(21 640)	(5 394)	(18 459)	(306 795)	(352 282)
Closing net book value	**150 499**	**28 530**	**7 945**	**48 535**	**90 258**	**325 768**
At 31 december 2022						
Cost 1.1.22	-	155 068	113 884	25 673	601 143	895 768
Additions	150 499	3 453	-	53 274	119 841	327 066
Adjustment fully depreciated items	-	-	-	-	(335 183)	(335 183)
Cost 31.12.22	**150 499**	**158 521**	**113 884**	**78 947**	**385 800**	**887 651**
Accumulated depreciation 1.1.22	-	(108 387)	(100 544)	(11 953)	(316 426)	(537 310)
Depreciation	-	(21 640)	(5 394)	(18 459)	(306 795)	(352 282)
Adjustment fully depreciated items	-	-	-	-	327 678	327 678
Accumulated depreciation 31.12.22	**-**	**(130 027)**	**(105 939)**	**(30 412)**	**(295 542)**	**(561 914)**
Accumulated impairment 1.1.22	-	-	-	-	(7 505)	(7 505)
Adjustment fully depreciated items	-	-	-	-	7 505	7 505
Accumulated impairment 31.12.22	**-**	**-**	**-**	**-**	**-**	**-**
Book value	**150 499**	**28 530**	**7 945**	**48 535**	**90 258**	**325 768**
Depreciation plan/useful life		3 - 8 years	3 - 8 years	3 years	1-3 years	
Depreciation method		linear	linear	linear	linear	

* See note 24 for further information for Right of use asset Vessels and other equipments and note 22 for Right of use asset ROV, leased from financial institutions.

**Refer to note 26 for equipment acquired in the iSurvey transaction, and note 24 for Right-of-use assets.

Notes

Note 14 - Property, plant & equipment, continued

ASSETS UNDER CONSTRUCTION CAN BE DIVIDED INTO THE FOLLOWING CATEGORIES:

Reach Remote	116 354
Minor capex-projects and mobilizations	4 936
Prepayments acquisition of Edda Sun (Viking Reach)	29 209
Net book value 31.12.22	**150 499**

ASSET CATEGORY	ASSETS UNDER CONSTRUCTION	PROPERTY PLANT AND EQUIPMENT	PROPERTY PLANT AND EQUIPMENT	PROPERTY PLANT AND EQUIPMENT	RIGHT-OF-USE ASSETS	
ASSETS DESCRIPTION (NOK 1000)	Assets under construction	ROV and ROV equipment	Right-of-use asset ROV, leased from financial institutions	Equipment and office mashinery	Vessels and other equipment*	Total
Year ended 31 December 2021						
Opening net book amount		51 547	23 976	1 046	13 533	90 103
Additions**		44 672	-	13 589	467 107	525 369
Closing net book value		(22 856)	(1 862)	-	-	(24 715)
At 31 december 2021		**(26 681)**	**(8 774)**	**(915)**	**(203 435)**	**(239 807)**
Cost 1.1.21		**46 709**	**13 340**	**13 720**	**277 212**	**350 974**
Additions						
Disposals at cost		133 253	115 746	12 084	134 029	395 112
Cost 31.12.21		44 672	-	13 589	467 107	525 369
Accumulated depreciation 1.1.21		**(22 856)**	**(1 862)**	**-**	**-**	**(24 718)**
Depreciation		155 068	113 884	25 673	601 143	895 767
Accumulated depreciation 31.12.21		(81 706)	(91 770)	(11 038)	(112 991)	(297 505)
Accumulated impairment 1.1.21		(26 681)	(8 774)	(915)	(203 435)	(239 807)
Impairment		**(108 387)**	**(100 544)**	**(11 953)**	**(316 426)**	**(537 312)**
Accumulated depreciation 31.12.21		-	-	-	(7 505)	(7 505)
Book value		-	-	-	-	-
Accumulated impairment 31.12.22		**-**	**-**	**-**	**(7 505)**	**(7 505)**
Book value		**46 701**	**13 340**	**13 720**	**277 212**	**350 974**
Depreciation plan/useful life		3 - 8 years	3 - 8 years	3 years	1-3 years	
Depreciation method		linear	linear	linear	linear	

Bank borrowings are secured on fixed assets for the value of NOK 37.1 million (2021: 61.0 million). Bank borrowings from the acquired company iSurvey Group are secured on fixed assets for the value of NOK 20.9 million. See also note 22 Borrowings.

Notes

Note 14 - Property, plant & equipment, continued

Impairment

SUMMARY

Impairment testing has been performed in accordance with IAS 36. The impairment testing for 2022 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 utilisation for assets and selling price. Utilisation is based on firm contractual days on a short to medium term and estimated future selling on a medium to longer term. Forecasted utilisation on a longer term is based on historical data, as well as managements expectations of market development. Forecasted selling rates are based on historical data. No inflation adjustments have been made to revenue assumptions. Future change in how the world will react in light of the goals set in the Paris-agreement could, depending on the characteristics of the change, have a negative effect on the demand for the companys services.

RIGHT-OF USE-ASSETS - VESSELS:

The right-of-use assets at 31 December 2022 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 utilisation and selling rate assumptions. Sensitivity analysis show however that a 20% drop in estimated future revenue would not result in an impairment. An increase in WACC of 2 percentage points will not result in any additional impairment due to the short remaining lifetime of the assets.

Se note 24 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. Other assets, such as activated mobilisation costs and other ROV equipment is not included in the impairment test as these assets do not have impairment indicators. The recoverable amount is based on estimated future cash flows, which is based on estimated selling price, budgeted maintenance cost and utilisation. 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 sensitive to utilisation and selling rate assumptions. Sensitivity analysis show that a 20% drop in revenue for all ROV CGU's would result in an impairment charge of NOK 1,6 million. An increase in WACC of 2 percentage points will not result in any impairment.

SENSITIVITY ON TOTAL FIXED ASSETS

Drop in estimated utilisation	Impairment charge on fixed assets (NOK 1000)
10%	-
20%	1 622
30%	5 805

Notes

Note 15 - Intangible assets

(NOK 1000)	Research & development	Customer relationships	Goodwill	Total
Year ended 31 December 2022				
Opening net book amount	1 457	-	-	1 457
Additions	727	-	-	727
Addition from business combination (note 26)	-	10 000	86 723	96 723
Depreciation	-	(1 250)	-	(1 250)
Disposals/adjustments	(310)	-	-	(310)
Closing net book value	**1 873**	**8 750**	**86 723**	**97 347**
At 31 december 2022				
Cost 1.1.22	1 457	-	-	1 457
Additions	727	-	-	727
Addition from business combination (note 26)	-	10 000	86 723	96 723
Disposals/adjustments	(310)	-	-	(310)
Cost 31.12.22	**1 873**	**10 000**	**86 723**	**98 597**
Accumulated depreciation 1.1.22	-	-	-	-
Depreciation	-	(1 250)	-	(1 250)
Accumulated depreciation 31.12.22	**-**	**(1 250)**	**-**	**(1 250)**
Accumulated impairment 1.1.22	-	-	-	-
Impairment	-	-	-	-
Accumulated impairment 31.12.22	**-**	**-**	**-**	**-**
Book value	**1 873**	**8 750**	**86 723**	**97 347**
Depreciation plan/useful life	Ongoing project	6 years	Indefinite	
Depreciation method		linear		

* Additions from business combination are related to the acquisition of iSurvey Group, refer to note 26 for further information.

Research and Development are related to R&D activities in Monviro AS. As of December 31 2022 Monviro has net book values for R&D totaling NOK 1.87 million that apply to development of software/equipment related to the company's ASUMO project. Hours spent have been capitalized for Monviro personnel, hired personnel from OCTIO as well as other external consultants related to the development of equipment and software.

Notes

Note 16 - Trade and other receivables

(NOK 1000)	2022	2021
Trade receivables	216 328	149 633
Less: provision for impairment of trade receivables	-	-
Current portion trade receivables	**216 328**	**149 633**
Prepayments	5 782	7 619
Revenue recognised, not billed	67 451	31 747
Other receivable	13 019	7 781
Current portion other receivables	**86 252**	**47 150**
Non-current positions	-	-

The fair values of trade and other receivables are as follows:

(NOK 1000)	2022	2021
Trade receivable	216 328	149 633
Receivables from related parties	-	-
Loans to related parties	-	-
Total trade receivables	**216 328**	**149 633**

Transactions with subsidiaries have been eliminated in the Group's financial statements and do not represent related party transactions.

CHANGES IN ALLOCATION FOR LOSSES OF ACCOUNT RECEIVABLES

There has been no losses or provisions for impairment of recievables in 2021 and 2022

As of 31.12., the Group had the following trade receivables which was due, but not been paid:

Trade receivables	Total	Not due	< 30 d	30-90 d	90 - 360 d	> 361 d
2022	216 328	158 342	48 893	7 958	1 134	-
2021	149 633	89 452	48 472	11 673	36	-

Based on previous experience with customers and assessment of intial credit risk and expected credit losses as at 31 December 2022, there is no allowance for bad debt on receivables in 2022. The main portion of overdue receivables has been paid after balance sheet date.

Notes

Note 16 - Trade and other receivables, continued

TRADE RECEIVABLES - COUNTERPARTY WITHOUT EXTERNAL CREDIT RATING

(NOK 1000)	2022	2021
Group 1	95 791	34 101
Group 2	120 537	115 532
Group 3	-	-
Total trade receivables	**216 328**	**149 633**

Group 1 - New customers (less than 6 months customer relationship)

Group 2 - Existing customers (more than 6 months customer relationship) with no defaults in the past

Group 3 - Existing customers (more than 6 months customer relationship) with some defaults in the past

The carrying amounts of the group's trade and other receivables are denominated in the following currencies:

(NOK 1000)	2022	2021
NOK	74 323	73 858
EUR	2 477	19 250
USD	83 556	44 523
GBP	54 714	11 614
SGD	148	-
DKK	1 110	-
AUD	-	388
Sum	**216 328**	**149 633**

Notes

Note 17 - Cash and cash equivalents

(NOK 1000)	2022	2021
Cash and cash equivalents in NOK	99 497	111 211
Cash and cash equivalents in USD	53 615	16 551
Cash and cash equivalents in EUR	15 382	11 141
Cash and cash equivalents in GBP	23 097	10 132
Restricted cash equivalence hereof	-	-
Cash and cash equivalents, in total	**191 591**	**149 035**

The company also has restricted cash related to withheld tax of NOK 10.3 million in 2022 (2021: NOK 6.4 million).

The Group has a bank overdraft agreement. As at 31.12.22 the Group had NOK 20 million in unused drawing rights.

RATING ON BANKS FOR CASH

AA+	56	28
A+	11 209	-
A-	180 310	148 992
BBB-	16	14
Total cash and cash equivalents	**191 591**	**149 035**

Notes

Note 18 - Share capital and information about shareholders

The 20 largest shareholders as of 31.12.2021		Number of shares	Ownership in per cent
1.	NORTH ENERGY ASA	46 126 567	20.4%
2.	WILHELMSEN NEW ENERGY AS	46 126 567	20.4%
3.	SURVEY HOLDING AS	29 116 897	12.9%
4.	SOBER AS	10 963 446	4.9%
5.	JOSO INVEST AS	7 267 928	3.2%
6.	HOLME HOLDING AS	6 338 000	2.8%
7.	JT INVEST AS	5 739 539	2.5%
8.	NORMAND DRIFT AS	5 000 000	2.2%
9.	Danske Invest Norge Vekst	2 820 462	1.2%
10.	LION INVEST AS	2 400 000	1.1%
11.	CORUNA AS	2 250 000	1.0%
12.	STAVA INVEST AS	2 010 000	0.9%
13.	RMS INVEST AS	2 000 000	0.9%
14.	TEOMAR AS	2 000 000	0.9%
15.	A-Å INVEST AS	1 988 725	0.9%
16.	BARRUS CAPITAL AS	1 510 090	0.7%
17.	NÆRINGSLIVETS HOVEDORGANISASJON	1 499 799	0.7%
18.	CASTEL AS	1 144 687	0.5%
19.	CONSUS AS	960 425	0.4%
20.	INVICTA INVEST AS	909 179	0.4%
Sum	20 largest	178 172 311	78.9%
	The rest of shareholders	47 553 617	21.1%
	Total number of shares	**225 725 928**	**100.0%**

Reach Subsea's share capital amounts to NOK 225,725,928 divided into 225,725,928 shares, each with a nominal value of NOK 1. This includes 812,500 shares not yet registered. Shares not registered is related to the Companys stock option scheme. Refer to stock exchange notice on 8th of December 2022 and note 19 for further information.

On 17 February 2022 the Group announced the acquisition of 100% of the shares in iSurvey Group AS from iSurvey Holding AS for NOK 135 million. The transaction was settled through the issuance of 33,846,153 shares in Reach, valued at NOK 3.25 per share, and NOK 25 million in cash. The transaction was closed in the first quarter of 2022.

On 17 February 2022, Wilhelmsen New Energy AS, a wholly owned subsidiary of Wilh. Wilhelmsen Holding ASA, agreed to subscribe for, and be allocated, 46,126,567 new shares in Reach Subsea ASA at a subscription price of NOK 3.25 per share.

Notes

Note 18 - Share capital and information about shareholders, continued

The agreement also included the issuance of warrants, whereby Wilhelmsen New Energy AS have received the right to subscribe for and be allocated an additional 44,766,864 new shares in Reach Subsea ASA at a subscription price of NOK 4.00 per share, corresponding to 20% of the shares in Reach Subsea ASA after the abovementioned issue of shares to iSurvey Holding AS. The warrants have a duration of three years and can be exercised at any time. The private placement and the issuance of the warrants was approved on an extraordinary general meeting in Reach Subsea ASA, held on 15 March 2022. After the approval by the extraordinary general meeting, Wilhelmsen New Energy AS have a combined holding of shares and warrants of 90,893,431.

On February 15 2023 Reach Subsea announced and successfully executed a private placement.
A total of 29,411,000 new shares was allocated by the Board of Directors.

In addition the company also announced that the Board has resolved to undertake a subsequent offering of up to 3,000,000 new shares. The subscription period for the subsequent offering ended on 27 March 2023 and resulted in a total subscription of 312,635 new shares.

After the completion of the private placement and the subsequent offering, the new share capital of the company is NOK 255,449,563 divided into the equivalent number of shares, each with a nominal value of NOK 1.00

Refer to note 27 for further information about the private placement and changes in owner structure.

Note 19 - Sharebased payments

‘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 finalised with a signed agreement between the company and Management and certain key employees 15.12.2021. 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 strike price is set equal to the volume weighted average share price of the Company´s stock traded on the Oslo Stock Exchange 10 days prior to the finalization of the option scheme.

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 constitued a maximum of 3,000,000 options equivalent to a similar number of Reach Subsea ASA shares. 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:

Excercise price:	NOK 3.0
Share price at grant date:	NOK 3.0
Expected volatility:	NOK 56.14%
Risk free interest rate:	NOK 1.092%
Term of options:	3 years

Notes

Note 19 - Sharebased payments, continued

	2022		2021	
	Average exercise price per share option	Number of options	Average exercise price per share option	Number of options
At 1 January	3.00	3 000 000	-	-
Granted	-	-	3.00	3 000 000
Forfeited	-	-	-	-
Exercised*	2.82	812 500	-	-
Expired	-	187 500	-	-
At 31 December	**2.82**	**2 000 000**	**3.00**	**3 000 000**

* The initial exercise price of 3.0 were in 2022 adjusted for dividends paid in 2022, making the actual exercise price 2.82.

The group has recognised NOK 1.6 million (including social security tax) in cost related to the options in 2022 (2021: NOK 0).
The group has no legal or constructive obligation to repurchase or settle the options in cash.

Note 20 - Other current liabilities

(NOK 1000)	2022	2021
Other current liabilities	1 631	7 168
Accruals	75 308	45 279
Accrued salaries and benefits	31 009	16 807
Witholding taxes	367	586
Other taxes payable	4 082	5 190
Accrued interests	145	174
Other current liabilities, in total	**112 541**	**75 203**

Other current liabilities consist mainly of incurred operational expenses and performed planned periodic maintenance not yet invoiced at year end.

Notes

Note 21 - Classification of financial assets and liabilities

2022 (NOK 1000)	Financial instruments measured at amortised cost	Financial instruments at fair value through profit or loss	Financial instruments measured at fair value through other comprehensive income	Fair value
Financial assets				
Trade receivables	216 328	-	-	216 328
Other receivables	86 252	-	-	86 252
Cash and cash equivalents	191 591	-	-	191 591
Assets, in total	**494 171**	**-**	**-**	**494 171**
Financial liabilites				
Borrowings (long & short term interest bearing debt)	130 988	-	-	130 988
Trade payables	102 430	-	-	102 430
Other current liabilities	112 541	-	-	112 541
Liabilites, in total	**345 959**	**-**	**-**	**345 959**

2021 (NOK 1000)	Financial instruments measured at amortised cost	Financial instruments at fair value through profit or loss	Financial instruments measured at fair value through other comprehensive income	Fair value
Financial assets				
Trade receivables	149 633	-	-	149 633
Other receivables	47 150	-	-	47 150
Cash and cash equivalents	149 035	-	-	149 035
Assets, in total	**345 818**	**-**	**-**	**345 818**
Financial liabilites				
Borrowings (long & short term interest bearing debt)	312 556	-	-	312 556
Trade payables	63 467	-	-	63 467
Public duties	-	-	-	-
Other current liabilities	75 203	-	-	75 203
Liabilites, in total	**451 225**	**-**	**-**	**451 225**

Notes

Note 21 - Classification of financial assets and liabilities, continued

The following of the Group's financial instruments are measured at amortised cost: cash and cash equivalents, trade receivables, other current receivables, trade payables, other current liabilities and all interest bearing debt.

The carrying amount of cash and cash equivalens is approximately similar to fair value since these instruments have a short term to maturity. Similarly, the carrying amount of trade receivables, trade payables and other receivables/liabilities is approximately equal to fair value since they are entered into at standard terms and conditions.

The fair value of the interest-bearing debt is the disclosed face value of the loans.

Financial liabilities 2022	Remaining contractual maturities				
(NOK 1000)	0-180 days	180 d-1 year	1-3 years	> 3 years	Total
Trade payables	102 430	-	-	-	102 430
Other current liabilities	112 541	-	-	-	112 541
Interest-bearing debt to credit institutions	19 506	3 580	4 932	-	28 018
Interest-bearing debt, leases	52 871	45 800	4 179	120	102 970
Interest on interest-bearing debt to credit institutions	753	317	183	-	1 252
Interest on interest-bearing debt, leases	2 213	943	166	0	3 322
Financial liabilities, in total	**290 313**	**50 639**	**9 460**	**121**	**350 533**

Financial liabilities 2021	Remaining contractual maturities				
(NOK 1000)	0-180 days	180 d-1 year	1-3 years	> 3 years	Total
Trade payables	63 467	-	-	-	63 467
Other current liabilities	75 203	-	-	-	75 203
Interest-bearing debt to credit institutions	8 290	7 471	14 997	-	30 757
Interest-bearing debt, leases	85 800	90 827	103 732	1 439	281 798
Interest on interest-bearing debt to credit institutions	620	444	596	-	1 660
Interest on interest-bearing debt, leases	6 407	4 301	3 047	43	13 798
Financial liabilities, in total	**239 786**	**103 043**	**122 372**	**1 482**	**466 683**

Notes

Note 21 - Classification of financial assets and liabilities, continued

Changes in interest-bearing debt	2022		2021	
(NOK 1000)	Interest bearing debt, leases	Interest bearing debt to credit institutions	Interest bearing debt, leases	Interest bearing debt to credit institutions
Opening balance	281 798	30 757	15 766	25 590
Drawdowns	-	-	-	-
Repayment incl interest	-311 814	-13 448	-207 185	-17 793
Interest-bearing debt from acquisition of iSurvey Group AS*	-	10 709	-	22 961
Non-cash changes:				
Interest-bearing debt from acquisition of iSurvey Group AS*	10 327	-	-	-
Addition IFRS 16 lease liability throughout the year	126 717	-	467 226	-
Adjustment IFRS 16 lease liability	-17 203	-	-	-
Currency adjustment	55	-	131	-
Accrued interest	13 090	-	5 861	-
Closing balance	**102 970**	**28 018**	**281 798**	**30 757**

* Refer to note 26 for debt acquired in the iSurvey Group transaction.

DISTRIBUTION NON-CURRENT AND CURRENT DEBT

(NOK 1000)	2022	2021
Non-current interest-bearing debt to credit institutions	4 932	14 497
Non-current interest-bearing debt, leases	4 310	105 171
Current interest-bearing debt to credit institutions	23 086	16 260
Current interest-bearing debt, leases	98 660	176 627
Closing balance	**130 988**	**312 556**

Notes

Note 22 - Borrowings

(NOK 1000)	2022	2021
Non current		
Bank borrowings	4 854	13 938
Lease liabilities to credit institutions (IFRS 16)	78	559
Other lease liabilities (IFRS 16)	4 310	105 171
Total	**9 242**	**119 668**
Current		
Bank borrowings	20 746	11 584
Lease liabilities to credit institutions(IFRS 16)	2 339	4 676
Other lease liabilities (IFRS 16)	98 661	176 627
	121 746	192 887
Total borrowings	**130 988**	**312 556**

Bank borrowings

'Bank borrowings mature until 2024 and bear average coupons of 5.0 % annually. The bank borrowings are subject to industry-relevant covenants. Due to changes in equity and the financing of ongoing capex-projects the existing covenants have been updated in 2022. The financial covenants are as follows:

- Minimum liquidity: Cash and cash equivalents, including any undrawn and available part of the over-draft facility with SR-Bank, shall at all times to be minimum NOK 40 million.
- Debt service Coverage Ratio: The ratio of last 12 months' (LTM) EBITDA1) to the next 12 months' total estimated interest and instalments on Interest Bearing Debt 1) (excl IFRS16 install-ments/incl. lease liabilities to credit institutions) shall at all times be minimum 2.00.
- Booked Equity shall be minimum NOK 350 million and Booked Equity Ratio shall be minimum 25%.

As of 31 December 2022 the liquidity position (including overdraft facility) is 211.5 million, the Debt service Coverage Ratio is 6.9, and Booked equity NOK 579.4 million/60.9%. All financial covenants are well within the thresholds mentioned above. Please note that the financial covenants in the groups debt facilities exclude the effects from IFRS 16, and therefore can not be directly derived from the groups financial statements.

Total borrowings to bank and financial institutions includes secured liabilities (bank and collateralised borrowings) of NOK 28.0 million (2021: NOK 30.8 million). Bank borrowings are secured by equipment and receivables of the group (note 14).

Notes

Note 22 - Borrowings, continued

The carrying amounts and fair value of the interest-bearing debts are as follows:

	Carrying amount		Fair value	
(NOK 1000)	2022	2021	2022	2021
Bank borrowings	25 600	25 522	25 600	25 522
Lease liabilities to credit institutions(IFRS 16)	2 418	5 235	2 418	5 235
Other lease liabilities (IFRS 16)	102 970	281 798	102 970	281 798
Sum	**130 988**	**312 556**	**130 988**	**312 556**

The fair value of Bank borrowings equals their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate of 5.0 % and are within level 3 of the fair value hierarchy. The carrying amounts of the group's borrowings are all denominated in Norwegian kroner.

Lease liabilities to credit institutions

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

(NOK 1000)	2022	2021
Gross lease liabilities - minimum lease payments		
No later than 1 year	2 339	4 676
Later than 1 year and no later than 5 years	78	559
Later than 5 years	-	-
Total instalments on lease liabilities	**2 418**	**5 235**
Future finance charges on finance lease liabilities	103	82
Total instalments and finance charges on lease liabilities	**2 520**	**5 317**

Refer to note 14 Property, plant and equiptment for secured assets. For other lease liabilities under IFRS 16 please see note 24.

Notes

Note 23 - Commitments

SHORT TERM LEASES

Costs relating to operational leases recognized in the income statement for 2022 is NOK 6.4 million, whereof NOK 3.4 million in real estate rental. The real estate rental is short term with 3 months termination notice.

CAPEX AND VESSEL CAPACITY

The Reach Remote project is expected to amount to approximately NOK 400 million. As of December 31 the company has capitalized NOK 116.4 million as Asset under construction. In addition, the company has financed two eROVs through leasing. As of December 31 the ROVs are under construction, and costs not recognised related to the ROVs amounts to NOK 20.8 million. The ROVs will be recognised in the balance sheet at commencement date.

Besides the Reach Remote project, Reach has taken multiple steps to secure vessel capacity at competitive terms. Investments in 2023 associated with these vessels is expected to amount to approximately NOK 260 million (including the acquisition of Edda Sun), and encompass equipment, upgrades and mobilization activities for three vessels (Edda Sun, Deep Cygnus, and Go Electra). Reach has secured bank and lease financing of NOK 160 million to partly fund these investments. On February 23 the company announced a strategic partnership with Eidesvik Offshore for ownership and operation of the ROV support vessel Edda Sun. The new joint venture (JV) is owned 50.1 percent by Eidesvik and 49.9 percent by Reach Subsea. Under its new name, Viking Reach, the vessel will commence on a 6-year contract between the JV and Reach Subsea starting in Q2. The contract will increase interest-bearing debt (leases) with an estimated amount of NOK 322 million.

In addition to Viking Reach, charter commitments for vessels mobilized in 1Q23 (Deep Cygnus, Go Electra, Olympic Triton, Olympic Zeus) will increase interest bearing debt (leases) with an estimated amount of NOK 750 million. The company has also entered into a new rental agreements for offices in Haugesund in 1Q23 which will inrease interest-bearing debt with an estimated amount of NOK 10 million.

Note 24 - Leases (Group as lessee)

Long and short term leases (committed lease term 12 months or less) of vessels and ROV's are capitalized as right- of use assets and depreciated under IFRS 16. The impact is that all cost in relation to leases of vessels/ROV's are presented as depreciation and interest expenses. No other short term leases, except for vessels and ROV's, are capitalized as right- of use assets and depreciated.

As of March 31 2022, the group has recognized a right-of-use asset related to a long-term rental agreement for offices in the acquired company iSurvey Group AS. Capitalized addition related to the rental agreement was NOK 10.3 million, with an ending balance December 31 2022 of NOK 6.4 million (right-of-use) and NOK 6.6 million (lease liability), and is included in the numbers presented in this note.

As of December 31 2022, Right of use assets in the balance sheet consist of contractual commitments for vessels and offices. Short term leases with no contractual commitment (pay as you go contracts), are not capitalized.

At inception of a contract the lease liability and the corresponding Right-of-use assets is measured at the present value of the estimated lease payments. Short term hired in vessels and ROV's are treated as short term leases under IFRS 16 and are also recognized as depreciations. The calculated lease liability is calculated with a discount rate of 5%.

For leases towards credit institutions please see note 22.
The following tables are related to leases, except for leases towards credit institutions.

Notes

Note 24 - Leases (Group as a lessee), continued

Movement schedule for right of use assets and lease liabilities (NOK 1000)	Right of use asset	Interest-bearing debt non-current	Interest-bearing debt, current
Opening balance 01.01.2022	277 212	105 171	176 627
Additions	126 717	-	126 717
Additions from acquisition of iSurvey Group (note 26)	10 327	5 337	4 990
Adjusted commitment	-17 203	-17 203	-
Depreciation	-306 795	-	-
Interests	-	-	13 090
Reclassed from short to long term	-	-88 995	88 995
Currency adjustments	-	-	55
Payments	-	-	-311 814
Ending balance 31.12.2022	**90 258**	**4 310**	**98 660**

Movement schedule for right of use assets and lease liabilities (NOK 1000)	Right of use asset	Interest-bearing debt non-current	Interest-bearing debt, current
Opening balance 01.01.2021	13 534	-	15 766
Additions	409 648	-	409 648
Adjusted commitment	-	-	(368)
Depreciation	(145 975)	-	-
Interests	-	-	5 861
Reclassed from short to long term	-	105 171	(105 171)
Currency adjustments	-	-	131
Payments	-	-	(149 239)
Ending balance 31.12.2021	**277 212**	**105 171**	**176 627**

Notes

Note 24 - Leases (Group as a lessee), continued

Lease liabilities (NOK 1000)	2022	2021
Amounts due for settlement within 12 months (shown under current liabilities)	98 660	176 627
Amounts due for settlement after 12 months (present value)	4 310	105 171
Total	**102 970**	**281 798**

Maturity analysis (NOK 1000)	2022	2021
Not later than 1 year	98 660	176 627
Later than 1 year and not later than 5 years	4 310	105 171
Later than 5 years	-	-
Total instalments	**102 970**	**281 798**
Future finance charges	3 322	13 798
Total instalments and finance charges	**106 292**	**295 596**

Reconciliation of depreciation (NOK 1000)	2022	2021
Depreciations of long term right- of use assets	254 580	145 975
Depreciations of short term right- of use assets (Pay as you go contracts)	52 215	57 459
Depreciations of other assets (Note 14)	46 737	36 370
Total depreciations	**353 532**	**239 807**

OTHER INFORMATION RELATED TO LEASES:

For information related to leases to credit institutions, see note 22.
For information related to cost of short-term leases (except for Vessels and ROV's), see note 7.
For information related to right-of-use assets, see note 14.

Notes

Note 25 - Contract with customers

The Groups revenue comprises of revenue recognized from contract with customers for the provision of subsea services. Reach Subsea has assessed its contracts with customers and concluded that these fall under the definition of customer contracts in IFRS 15, with one exception. Revenue derived from services provided to projects that fall under the cooperation agreement with Ocean Infinity Sweden AB (OI) does not constitute as revenue from a customer contract.
As such, this revenue is recognised on a monthly basis in line with rendering of services to OI.

2022 (NOK 1000)	Oil and gas	Renewable/Other	Total
Revenue from contracts with customers	831 413	186 715	1 018 127
Revenue from other contracts*	122 986	21 707	144 693
Segment revenue	**954 399**	**208 422**	**1 162 821**

Timing of revenue recognition	Oil and gas	Renewable/Other	Total
At a point in time	-	-	-
Over time	954 399	208 422	1 162 821
Sum	**471 917**	**201 336**	**673 253**

2021 (NOK 1000)	Oil and gas	Renewable/Other	Total
Revenue from contracts with customers	296 823	135 963	432 786
Revenue from other contracts*	175 094	65 373	240 467
Segment revenue	**471 917**	**201 336**	**673 253**

Timing of revenue recognition	Oil and gas	Renewable/Other	Total
At a point in time	-	-	-
Over time	471 917	201 336	673 253
Sum	**471 917**	**201 336**	**673 253**

Notes

Note 25 - Contract with customers

REVENUE BY REGION

(NOK 1000)	2022	2021
Norway	387 938	232 074
UK	262 720	133 942
US	156 730	92 740
Egypt	114 337	-
Sweden	77 753	34 800
Germany	51 553	63 464
Trinidad og Tobago	39 856	57 307
Singapore	29 499	-
France	21 491	7 098
Greece	8 463	-
Ivory Coast	5 293	-
Malta	2 437	-
Morocco	1 963	-
Denmark	1 200	8 575
Spain	932	34 847
Israel	631	-
Philippines	23	-
Brazil	-	8 406
Total	**1 162 821**	**673 253**

Notes

Note 25 - Contract with customers, continued

ASSETS AND LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS

The group has recognized the following assets and liabilities related to contracts with customers:

(NOK 1000)	31.12.2022	31.12.2021
Current contract assets	67 451	31 747
Loss allowance	-	-
Total contract assets	**67 451**	**31 747**
Contract liabilities	-	-
Total current contract liabilities	-	-
Revenue recognised that was included in contract liability balance at beginning of period	-	-
Revenue recognised from performance obligations satisfied in previous periods	-	75

The group has not recognised any assets from costs incurred to fulfil a contract at 31 December 2022 (2021: 0).

FIXED-PRICE CONTRACTS

No fixed-price contracts were entered into in 2022.

(NOK 1000)	31.12.2022	31.12.2021
Revenue recognised from fixed-price contract	-	-
Cost recognised for fixed-price contract	-	-
Net	-	-

Notes

Note 26 - Business combinations

ACQUISITION OF ISURVEY GROUP AS

In March 2022 Reach Subsea acquired iSurvey Group AS including its subsidiaries iSurvey AS, iSurvey Assets AS, iSurvey Ltd, iSurvey Pte Ltd and iSurvey Offshore Ltd, "iSurvey Group". The agreement was finalized 22.03.2022 with the effect that the balance sheet for iSurvey Group is consolidated into our Group accounts as per end March 2022. The transaction was closed in March 2022.

A preliminary 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 is NOK 135 million. Adjusted for interim period adjustments and working capital, the total cash consideration is estimated to NOK 138.4 million. At this stage, the purchase price allocation is preliminary. As a result, the final PPA and the impact on the financial statements from the transaction may differ. The final PPA will be completed within 12 months of the acquisition at the latest. The PPA presented below is based on the PPA on the acquisition date. No updates to the initial PPA have been made.

The fair values of the identifiable assets and liabilities in the transaction as at the date of the acquisition have been estimated as follows:

Purchase price allocation (NOK 1000)	
Deferred tax assets	1 254
Property, plant and equipment	19 837
Fair value adjustments property, plant and equipment	20 000
Right-of-use assets	10 327
Trade receivables	27 944
Fair value adjustments customer relationships	10 000
Other receivables	12 639
Cash and cash equivalents	6 132
Total assets	**108 133**
Interest-bearing debt to credit institutions (non-current)	2 924
Interest-bearing debt, leases (non-current)	5 337
Other long-term debt	-
Interest-bearing debt to credit institutions (current)	7 784
Interest-bearing debt, leases (current)	4 990
Public duties a.o	5 060
Tax payable	4
Trade payables	8 636
Other current liabilities	18 912
Provisions	2 780
Total liabilities	**56 429**

Notes

Note 26 - Business combinations, continued

Total identifiable net assets at fair value	51 704
Total consideration	138 427
Goodwill	**86 723**

SUMMARY

A goodwill of 86.7 million were recognized as a result of the transaction.

ACQUIRED RECEIVABLES

The fair value of the aquired trade recievebles equals the book value of recievables in the acquired company.

REVENUE AND PROFIT CONTRIBUTION

The acquired business contributed with revenues of NOK 178.3 million and net profit of NOK 11.8 million to the group for the period from 1 April to 31 December 2022.

If the acquisition had occurred on 1 January 2022, consolidated pro-forma revenue and profit for the year ended 31 December 2022 would have been NOK 1,199 million and NOK 85.7 million respectively.

These amounts have been calculated using the subsidiary's results and adjusting them for:

- differences in the accounting policies between the group and the subsidiary, and
- the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 January 2022, together with the consequential tax effects.

2021

AQUSITION 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 (50%) 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. After the transaction Reach Subsea holds 100% of the shares in Surveyor AS.

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:

Notes

Note 26 - Business combinations, continued

Purchase price allocation (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 liabilities	**28 807**
Total identifiable net assets at fair value	45 558
Whereof 50 % acquired	22 779
Total consideration	22 779
Goodwill	-

SUMMARY

No goodwill or gain from a bargain purchase were recognized as a result of the transaction.

ACQUIRED RECEIVABLES

The fair value of the acquired trade receivables equals the book value of receivables in the acquired company.

REVENUE AND PROFIT CONTRIBUTION

The acquired business contributed revenues of NOK 11.6 million and net profit of NOK -6.1 million to the group for the period from 1 April to 31 December 2021.

If the acquisition had occurred on 1 January 2021, consolidated pro-forma revenue and profit for the year ended 31 December 2021 would have been NOK 691,269 million and NOK 93.9 million respectively.

These amounts have been calculated using the subsidiary's results and adjusting them for:

- differences in the accounting policies between the group and the subsidiary, and
- the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 January 2021, together with the consequential tax effects.

No changes have been made on the preliminary purchase price allocation in 2022, and the allocation is considered final.

Notes

Note 26 - Business combinations, continued

AQUSITION 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. After the transaction Reach Subsea holds 100% of the shares.

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:

Purchase price allocation (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 liabilities	**9 172**
Total identifiable net assets at fair value	45 832
Total consideration*	32 567
Goodwill	**(13 265)**

* Of the total consideration of NOK 32.6 million, NOK 25.0 million was transferred to the seller in December 2021, and NOK 7.6 million of the consideration was transferred to the seller in January 2022.

SUMMARY

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 main reason why the transaction resulted in a gain is related to the recognition of deferred tax asset in the purchase price allocation. The gain from the bargain purchase is recognized in other income.

ACQUIRED RECEIVABLES

The fair value of the acquired trade receivables equals the book value of receivables in the acquired company.

Notes

Note 26 - Business combinations, continued

REVENUE AND PROFIT CONTRIBUTION

The acquired business contributed revenues of NOK 0.87 million and net profit of NOK -3.45 million to the group for the period from 1 December to 31 December 2021.

If the acquisition had occurred on 1 January 2021, consolidated pro-forma revenue and profit for the year ended 31 December 2021 would have been NOK 712,536 million and NOK 75.8 million respectively

These amounts have been calculated using the subsidiary's results and adjusting them for:

- differences in the accounting policies between the group and the subsidiary, and
- the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 January 2021, together with the consequential tax effects.

No changes have been made on the preliminary purchase price allocation in 2022, and the allocation is considered final.

Note 27 - Subsequent events

NEW COMMITMENTS

During the first quarter of 2023 Reach will mobilize three subsea vessels for use in own project portfolio. Deep Cygnus, Edda Sun and Go Electra will be mobilized with owned WROVs and SROV and survey equipment and ready for operation before the main season. Deep Cygnus and Go Electra are on contracts between owners and Reach lasting 4 years + options. Edda Sun will be partly owned by Reach. The vessel will commence on a 6-year contract between the JV and Reach Subsea starting in 2Q23. The contract will increase interest-bearing debt (leases) with an estimated amount of NOK 322 million.

In addition, Reach has chartered in two vessels for specific projects; Olympic Zeus will work on a project in Western Africa for 4 months starting late 1Q23 and Olympic Triton will work on a contract with a client in the Walk to work segment lasting 6 months from March 23. Charter commitments for vessels mobilized in 1Q23 (Deep Cygnus, Go Electra, Olympic Triton, Olympic Zeus) will increase interest bearing debt (leases) with an estimated amount of NOK 750 million. Refer to press releases sent via Newsweb for further information.

The company has also entered into a new rental agreements for offices in Haugesund in 1Q23 which will increase interest-bearing debt with an estimated amount of NOK 10 million.

PROPOSED DIVIDENDS

The Board proposed a dividend of NOK 0.18 per share, in accordance with the company's dividend policy, to be resolved on the AGM on 31 May 2023.

(NOK 1000)	2022	2021
Dividend per share (NOK)	0.18	0.18
Total number of shares*	255 449 563	224 913 428
Dividends in total (NOK million)	**45 981**	**40 484**

* The proposed dividends for 2022 are based on total number of shares after the private placement and subsequent offering completed in March 2023 (further described below).

Notes

Note 27 - Subsequent events

STRATEGIC PARTNER

On February 23 Reach Subsea announced a strategic partnership with Eidesvik Offshore for ownership and operation of the ROV support vessel Edda Sun. The new joint venture (JV) is owned 50.1 percent by Eidesvik and 49.9 percent by Reach Subsea. Under its new name, Viking Reach, the vessel will commence on a 6-year contract between the JV and Reach Subsea starting in Q2 2023. In addition to being co-owner, Eidesvik will provide full technical management, crewing and operation of the vessel. Edda Sun is a very well suited vessel for survey and light construction projects, and will be mobilized with one Supporter WROV and one Surveyor ROV.

Reach Subsea has over the recent months taken significant steps to put in place a renewed strong long-term core fleet and announced the acquisition of Edda Sun for USD 29 million on 24 November 2023. With the JV with Eidesvik Offshore, the acquisition of the vessel is fully financed. Reach Subsea's share of the investment is financed through equity and bank financing. Settlement of the acquisition and delivery of the vessel took place in March 2023.

PRIVATE PLACEMENT

On February 15 2023 Reach Subsea announced and successfully executed a private placement.

The company's Board of directors have allocated a total of 29,411,000 new shares in the company, each at a subscription price of NOK 4.25 per offer share, raising gross proceeds of approx. NOK 125 million.

The private placement consisted of one tranche of 22,500,000 new shares ("Tranche 1") and a second tranche of 6,911,000 new shares to applicants who have accepted deferred settlement in a separate tranche 2 ("Tranche 2"). The new shares in Tranche 2 was resolved issued in an extraordinary general meeting on 10 March 2023. Completion of Tranche 1 was not conditional upon or otherwise affected by the completion of Tranche 2.

To mitigate the dilution of existing shareholders not participating in the Private Placement, the Board resolved to undertake a subsequent offering of up to 3,000,000 new shares towards the Company's shareholders as of 15 February 2023. The subscription price in the subsequent offering was equal to the subscription price in the private placement. The subsequent offering was resolved issued in an extraordinary general meeting on 10 March 2023. The subscription period for the subsequent offering ended on 27 March 2023 and resulted in a total subscription of 312,635 new shares.

After the completion of the private placement and the subsequent offering, the new share capital of the company is NOK 255,449,563 divided into the equivalent number of shares, each with a nominal value of NOK 1.00

In relation to the private placement the company has received the following notifications of transactions from persons discharging managerial responsibilities and their close associates following completion of the Private Placement:

- North Industries 1 AS, a close associate of primary insider Rachid Bendriss (Chair of the Company's Board of Directors) and Anders Onarheim (Director), was allocated 4,705,882 Offer Shares;
- Wilhelmsen New Energy AS, a close associate of primary insider Espen Gjerde (Director), was allocated 6,010,069 Offer Shares;
- AB Investments, a close associate of primary insider Anders Onarheim (Director), was allocated 250,000 Offer Shares;
- Kold Invest AS, a close associate of primary insider Martha K. Bakkevig (Director) was allocated 82,353 Offer Shares
- Vest-Norsk Handelskompani AS, a close associate of primary insider Kristine Skeie (Director) was allocated 470,588 Offer Shares; and
- I Øvereng AS, a close associate of primary insider Ingunn Ø. Iveland (Director) was allocated 30,588 Offer Shares.

Financial Statements

Reach Subsea ASA Parent Company

Income statement Reach Subsea ASA

(NOK 1000)	2022	2021	NOTES
Operating income and costs			
Revenue	18 369	9 911	1,2
Total operating income	**18 369**	**9 911**	
Payroll expenses	13 690	11 081	3,4
Other operating expenses	9 667	2 917	1,2,4
Operating expenses	**23 357**	**13 999**	
Operating profit	**-4 988**	**-4 088**	
Financial income and costs			
Other interest income	24	0	
Interest income from group companies	6 424	792	
Other financial income	63 637	84 642	5
Financial income	70 086	85 434	
Other Interest expenses	-	-	
Other financial expenses	9	329	
Financial cost	9	329	
Profit (loss) before tax	65 088	81 016	
Taxes	-14 323	15 024	6
Profit (loss) for the year	50 766	96 040	
Brought forward			
Proposed dividend	45 981	40 484	
To other equity	4 785	55 556	
Total brought forward	**50 766**	**96 040**	

Balance sheet
Reach Subsea ASA

(NOK 1000)	2022	2021	NOTES
ASSETS			
Non-current assets			
Deferred tax asset	4 624	18 947	6
	4 624	**18 947**	
Financial fixed assets			
Investments in subsidiaries	341 502	196 040	7
Total financial fixed assets	**341 502**	**196 040**	
Total non-current assets	**346 126**	**214 987**	
Current assets			
Accounts receivables	-	-	
Receivables from group companies	238 550	102 935	8,9
Other receivables	487	1 023	
Total debtors	**239 037**	**103 958**	
Cash and bank deposits	16 198	5 074	10
Total current assets	**255 235**	**109 032**	
Total assets	**601 361**	**324 019**	

Balance sheet, continued Reach Subsea ASA

(NOK 1000)	2022	2021	NOTES
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	225 726	144 941	11,12
Share premium	245 396	63 979	11
Total restricted equity	**471 123**	**208 920**	
Other equity	75 389	70 603	11
Total retained earnings	**75 389**	**70 603**	
Total equity	**546 511**	**279 523**	
Short term liabilities			
Accounts payable	3 267	191	9
Public duties payable	2 461	1 653	
Proposed dividend	45 981	40 484	
Other short term liabilities	3 142	2 167	
Total short term liabilities	**54 851**	**44 496**	
Total liabilities	**54 851**	**44 496**	
Total equity and liabilities	**601 361**	**324 019**	

Haugesund,
28 March 2023

/s/ Rachid Bendriss
Chairperson of the Board

/s/ Kristine Skeie
Board Member

/s/ Espen Gjerde
Board Member

/s/ Arvid Pettersen
Board Member

/s/ Ingunn Ø. Iveland
Board Member

/s/ Anders Onarheim
Board Member

/s/ Martha Kold Bakkevig
Board Member

/s/ Jostein Alendal
CEO

Cash flow
Reach Subsea ASA

(NOK 1000)	2022	2021	NOTES
Cash flow from operating activities			
Profit (loss) before taxes	65 088	81 016	
Paid taxes	-	-	
Change in trade debtors	3 076	-11 852	
Change in trade creditors	-	11 823	
Change in other provisions	-61 302	22 055	
Net cash flow from operations	**6 862**	**103 042**	
Cash flow from investments			
Investment in shares and loans to subsidiaries	-107 456	-84 408	
Net cash flow from investments	**-107 456**	**-84 408**	
Financing			
Loans			
Repayment of loan	-	-	
Paid dividend	-40 484	-21 541	
Share issues	152 203	3 119	
Net cash flow from financing activities	**111 718**	**-18 422**	
Net cash flow for the year	**11 124**	**212**	
Profit (loss) due to exchange rate fluctuations on cash	-	226	
Cash and cash equivalent 1/1	5 074	4 636	
Cash and cash equivalent 31/12	16 198	5 074	

Notes
Reach Subsea ASA

Accounting principles

The annual accounts have been prepared in compliance with the Accounting Act and accounting principles generally accepted in Norway.

Use of estimates

The preparation of financial statements in compliance with the Accounting Act requires the use of estimates. The application of the company's accounting principles also require management to apply assessments. Areas which to a great extent contain such assessments, a high degree of complexity, or areas in which assumptions and estimates are significant for the financial statements, are described in the notes.

Revenues

Income from sale of services are recognised at fair value of the consideration, net after deduction of VAT, returns, discounts and reductions. Historical data is applied to estimate and recognise provisions for quantity rebates and returns at the sales date. Provisions for expected guarantee work are recognised as expenses and provisions for liabilities. Services are recognised in proportion to the work performed.

Classification of balance sheet items

Assets intended for long term ownership or use have been classified as fixed assets. Assets relating to the trading cycle have been classified as current assets. Other receivables are classified as current assets if they are to be repaid within one year after the transaction date. Similar criteria apply to liabilities. First year's instalment on long term liabilities and long term receivables are, however, not classified as short term liabilities and current assets.

Purchase costs

The purchase cost of assets includes the cost price for the asset, adjusted for bonuses, discounts and other rebates received, and purchase costs (freight, customs fees, public fees which are non-refundable and any other direct purchase costs). Purchases in foreign currencies are reflected in the balance sheet at the exchange rate at the transaction date.

For fixed assets and intangible assets purchase cost also includes direct expenses to prepare the asset for use, such as expenses for testing of the asset.

Investments in other companies

Except for short term investments in listed shares, the cost method is applied to investments in other companies. The cost price is increased when funds are added through capital increases or when group contributions are made to subsidiaries. Dividends received are initially taken to income. Dividends exceeding the portion of retained equity after the purchase are reflected as a reduction in purchase cost. Dividend/group contribution from subsidiaries are reflected in the same year as the subsidiary makes a provision for the amount. Dividend from other companies are reflected as financial income when it has been approved.

Asset impairments

Impairment tests are carried out if there is indication that the carrying amount of an asset exceeds the estimated recoverable amount. The test is performed on the lowest level of fixed assets at which independent cashflows can be identified. If the carrying amount is higher than both the fair value less cost to sell and recoverable amount (net present value of future use/ownership), the asset is written down to the highest of fair value less cost to sell and the recoverable amount.

Previous impairment charges, except writedown of goodwill, are reversed in later periods if the conditions causing the write-down are no longer present.

Debtors

Trade debtors are recognised in the balance sheet after provision for bad debts. The bad debts provision is made on basis of an individual assessment of each debtor and an additional provision is made for other debtors to cover expected losses.

Foreign currencies

Assets and liabilities in foreign currencies are valued at the exchange rate on the balance sheet date. Exchange gains and losses relating to sales and purchases in foreign currencies are recognised as operating income and cost of goods sold.

Notes
Reach Subsea ASA

Liabilities

Liabilities, with the exception of certain liability provisions, are recognised in the balance sheet at nominal amount.

Pensions

The company has defined contribution plans. With a defined contribution plan the company pays contributions to an insurance company. After the contribution has been made the company has no further commitment to pay. The contribution is recognised as payroll expenses. Prepaid contributions are reflected as an asset (pension fund) to the degree the contribution can be refunded or will reduce future payments.

Taxes

The tax charge in the income statement includes both payable taxes for the period and changes in deferred tax. Deferred tax is calculated at relevant tax rates on the basis of the temporary differences which exist between accounting and tax values, and any carryforward losses for tax purposes at the year-end. Tax enhancing or tax reducing temporary differences, which are reversed or may be reversed in the same period, have been eliminated. The disclosure of deferred tax benefits on net tax reducing differences which have not been eliminated, and carryforward losses, is based on estimated future earnings. Deferred tax and tax benefits which may be shown in the balance sheet are presented net.

Tax reduction on group contributions given and tax on group contribution received, booked as a reduction of cost price or taken directly to equity, are booked directly against tax in the balance sheet (offset against payable taxes if the group contribution has affected payable taxes, and offset against deferred taxes if the group contribution has affected deferred taxes).

Deferred tax is reflected at nominal value.

Cash flow statement

The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits, and other short term investments which immediately and with minimal exchange risk can be converted into known cash amounts, with due date less than three months from purchase date.

Options

The Company has established an option program. The option cost are based on a Black & Scholes model, and the cost are amortized over the vesting period.

Note 1 - Related-party transaction

The company has undertaken various transactions with related parties consisting of brokerage of management fee, vessels and leasing of office premises for the year. All transactions are carried out as part of the normal course of business and carried out on commercial terms in accordance with Companies Act §§ 3-8 and 3-9.

Transactions with the management and the Board (salaries) can be found in note 4.

Note 2 - Revenue and operating expenses

In 2022 the Company's turnover was NOK 18.4 million (NOK 9.9 million in 2021).
Both in 2022 and in 2021 activity has been limited to consultancy services to the Group companies.

Notes
Reach Subsea ASA

Note 3 - Options

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 finalised with a signed agreement between the company and Management and certain key employees 15.12.2021. 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 strike price is set equal to the volume weighted average share price of the Company´s stock traded on the Oslo Stock Exchange 10 days prior to the finalization of the option scheme.

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 constitutes a maximum of 3.000.000 options equivalent to a similar number of Reach Subsea ASA shares.

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:	NOK 3.0
Share price at grant date:	NOK 3.0
Expected volatility:	NOK 56.14%
Risk free interest rate:	NOK 1.092%
Term of options:	3 years

Movements in the number of share options and their related weighted average exercise prices were as follows:

	2022		2021	
(NOK 1000)	Average exercise price per share option	Number of options	Average exercise price per share option	Number of options
At 1 January	-	-	-	-
Granted	3.00	3 000 000	3.00	3 000 000
Forfeited	-	-	-	-
Exercised*	2.82	812 500	-	-
Expired	-	187 500	-	-
At 31 December	**2.82**	**2 000 000**	**-**	**-**

*The initial exercise price of 3.0 were in 2022 adjusted for dividends paid in 2022, making the actual exercise price 2.82.

The company has recognized NOK 1.6 million in cost related to the options in 2022 (2021: NOK 0)

The company has no legal or constructive obligation to repurchase or settle the options in cash.

Notes
Reach Subsea ASA

Note 4 - Payroll expenses, number of employees, remunerations, loans to employees, etc.

Payroll expenses (NOK 1000)	2022	2021
Salaries and wages including holiday allowance	8 883	8 147
Social security fees	1 783	1 375
Pension expenses	386	360
Other remuneration	2 638	1 200
Total	**13 690**	**11 081**
Number of man-year	4	4

The company has a defined contribution pension scheme which cover all employees.

The company's pension schemes met the requirements of the law on compulsory occupational pension.

Remuneration to executives	General manager	Board
Salaries/board fee	2 039	1 866
Pension expenses	94	-
Other remuneration	616	-
Share options granted	300	-

Expensed audit fee (NOK 1000)	2022	2021
Statutory audit (incl. technical assistance with financial statements)	1 050	600
Other assurance services	-	-
Tax advisory fee (incl. technical assistance with tax return)	6	-
Other assistance	2 373	275
Advisory fee booked to equity	-	-
Total audit fees	3 429	875

VAT is not included in the audit fee.

Notes
Reach Subsea ASA

Note 5 - Other financial income

Payroll expenses (NOK 1000)	2022	2021
Foreign exchange income	16	234
Group contribution from Reach Subsea AS	63 621	84 040
Group contribution from Connect Offshore AS	-	368
Other financial income	**63 637**	**84 642**

Note 6 - Taxes

Calculation of deferred tax/deferred tax benefit (NOK 1000)	2022	2021
Temporary differences		
Non-current assets	-47	-73
Other temporary differences	-	-
Net temporary differences	-47	-73
Tax losses carried forward	-20 970	-86 047
Basis for deferred tax	**-21 017**	**-86 120**
Deferred tax asset	-4 624	-18 947
Deferred tax asset not shown in the balance sheet	-	-
Deferred tax in the balance sheet	**-4 624**	-18 947

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.

Notes
Reach Subsea ASA

Note 6 - Taxes, continued

Basis for income tax expense, changes in deferred tax and tax payable (NOK 1000)	2022	2021
Result before taxes	65 088	81 016
Group contribution recognised	-63 621	-84 408
Basis for the tax expense for the year	**1 467**	**-3 391**
Change in temporary differences	-12	-15
Basis for payable taxes in the income statement	**1 456**	**-3 406**
+/- Group contributions received/given	63 621	84 408
Use of tax losses carried forward	-65 077	-81 002
Taxable income (basis for payable taxes in the balance sheet)	**-**	**-**

Components of the income tax expense (NOK 1000)	2022	2021
Payable tax on this year's result	-	-
Adjustment in respect of priors	-	-
Total payable tax	**-**	**-**
Change in deferred tax	14 323	-15 024
Tax expense	**14 323**	**-15 024**

Payable taxes in the balance sheet (NOK 1000)	2022	2021
Payable tax in the tax charge	-	-
Tax effect of group contribution	-	-
Payable tax in the balance sheet	**-**	**-**

Notes
Reach Subsea ASA

Note 7 - Subsidiaries, associated companies and joint venture

Investments in subsidiaries, associated companies and joint ventures are booked according to the cost method.

Subsidiaries	Location	Ownership/ voting right	Equity (100 %)	Result (100 %)	Balance sheet value
Reach Subsea AS	Haugesund	100 %	297 891	85 546	341 502

iSurvey Group was acquired by Reach Subsea ASA in March 2022. The shares in iSurvey Group was then given as a non-cash contribution to its subsidiary Reach Subsea AS. The purchase of iSurvey Group explains the increase in balance sheet value from 2021.

Note 8 - Debtors and liabilities

Trade debtors (NOK 1000)	2022	2021
Trade debtors at nominal value from external parties	-	0
Receivables at nominal value from group companies	238 550	102 935
Bad debts provision	-	-
Trade debtors in the balance sheet	238 550	102 935

Debtors which fall due later than one year (NOK 1000)	2022	2021
Loans to employees	-	-
Other non current assets	-	-
Total	-	-

Long term liabilities which fall due later than 5 years (NOK 1000)	2022	2021
Liabilities to credit institution	-	-
Other long term liabilities (specify)	-	-
Total	-	-

Guarantees (NOK 1000)	2022	2021
Mortgage loan guarantees	-	-

Notes
Reach Subsea ASA

Note 9 - Balance with group companies, etc.

(NOK 1000)	Current assets		Non-current assets	
	2022	2021	2022	2021
Group companies	238 550	102 935	-	-
Associated companies	-	-	-	-
Joint ventures	-	-	-	-
Total	**238 550**	**102 935**	**-**	**-**

The balances as of 31.12.22 includes group contributions of NOK 63.6 million (2021: 84.4 million).

(NOK 1000)	Current liabilities		Non-current liabilities	
	2022	2021	2022	2021
Group companies	125	63	-	-
Associated companies	-	-	-	-
Joint ventures	-	-	-	-
Total	**125**	**63**	**-**	**-**

Note 10 - Restricted bank deposits, overdraft facilities

Restricted bank deposits (NOK 1000)	2022	2021
Withheld employee taxes	1 863	1 284

Note 11 - Shareholder's equity

Equity changes in the year (NOK 1000)	Share capital	Share premium reserve	Other equity	Total
Equity 01.01.	144 941	63 979	70 604	279 524
Profit for the year	-	-	50 766	50 766
Share issue	79 973	179 939		259 911
Share issue, not registered	813	1 479		2 291
Proposed dividend	-	-	-45 981	-45 981
Equity 31.12.	**225 726**	**245 396**	**75 389**	**546 511**

Notes
Reach Subsea ASA

Note 12 - Share capital and shareholder information

List of (20) major shareholders at 31.12.2021		Number of shares	Ownership
1.	NORTH ENERGY ASA	46 126 567	20,4%
2.	WILHELMSEN NEW ENERGY AS	46 126 567	20,4%
3.	SURVEY HOLDING AS	29 116 897	12,9%
4.	SOBER AS	10 963 446	4,9%
5.	JOSO INVEST AS	7 267 928	3,2%
6.	HOLME HOLDING AS	6 338 000	2,8%
7.	JT INVEST AS	5 739 539	2,5%
8.	NORMAND DRIFT AS	5 000 000	2,2%
9.	Danske Invest Norge Vekst	2 820 462	1,2%
10.	LION INVEST AS	2 400 000	1,1%
11.	CORUNA AS	2 250 000	1,0%
12.	STAVA INVEST AS	2 010 000	0,9%
13.	RMS INVEST AS	2 000 000	0,9%
14.	TEOMAR AS	2 000 000	0,9%
15.	A-Å INVEST AS	1 988 725	0,9%
16.	BARRUS CAPITAL AS	1 510 090	0,7%
17.	NÆRINGSLIVETS HOVEDORGANISASJON	1 499 799	0,7%
18.	CASTEL AS	1 144 687	0,5%
19.	CONSUS AS	960 425	0,4%
20.	INVICTA INVEST AS	909 179	0,4%
	20 largest	178 172 311	78,9%
	The rest of shareholders	47 553 617	21,1%
	Total number of shares	**225 725 928**	**100,0%**

Reach Subsea's share capital amounts to NOK 225,725,928 divided into 225,725,928 shares, each with a nominal value of NOK 1. This includes 812,500 shares not yet registered. Shares not registered is related to the Company's stock option scheme. Refer to stock exchange notice on 8th of December 2022 for further information.

On 17 February 2022 the Group announced the acquisition of 100% of the shares in iSurvey Group AS from iSurvey Holding AS for NOK 135 million. The transaction was settled through the issuance of 33,846,153 shares in Reach, valued at NOK 3.25 per share, and NOK 25 million in cash. The transaction was closed in the first quarter of 2022.

On 17 February 2022, Wilhelmsen New Energy AS, a wholly owned subsidiary of Wilh. Wilhelmsen Holding ASA, agreed to subscribe

Notes
Reach Subsea ASA

Note 12 - Share capital and shareholder information, continued

for, and be allocated, 46,126,567 new shares in Reach Subsea ASA at a subscription price of NOK 3.25 per share. The agreement also included the issuance of warrants, whereby Wilhelmsen New Energy AS have received the right to subscribe for and be allocated an additional 44,766,864 new shares in Reach Subsea ASA at a subscription price of NOK 4.00 per share, corresponding to 20% of the shares in Reach Subsea ASA after the abovementioned issue of shares to iSurvey Holding AS. The warrants have a duration of three years and can be exercised at any time. The private placement and the issuance of the warrants was approved on an extraordinary general meeting in Reach Subsea ASA, held on 15 March 2022. After the approval by the extraordinary general meeting, Wilhelmsen New Energy AS have a combined holding of shares and warrants of 90,893,431.

On February 15 2023 Reach Subsea announced and successfully executed a private placement.
A total of 29,411,000 new shares was allocated by the Board of Directors.

In addition, the company also announced that the Board has resolved to undertake a subsequent offering of up to 3,000,000 new shares. The subscription period for the subsequent offering ended on 27 March 2023 and resulted in a total subscription of 312,635 new shares.

After the completion of the private placement and the subsequent offering, the new share capital of the company is NOK 255,449,563 divided into the equivalent number of shares, each with a nominal value of NOK 1.00

Note 13 - Profit (loss) per share

Profit (loss) per share is calculated on the profit (loss) divided by the average number of shares issued.

	2022	2021
Profit (loss)	50 766	96 040
Profit (loss) per share (NOK)	0,25	0,67
Diluted profit (loss) per share (NOK)	0,24	0,67
Average number of shares	206 966 734	143 677 290
Average diluted number of shares	209 835 227	143 677 290
Number of shares 1/1	144 940 708	143 606 008
Number of shares 31/12	225 725 928	144 940 708

Notes
Reach Subsea ASA

Note 14 - Subsequent events

PROPOSED DIVIDENDS

The Board proposed a dividend of NOK 0.18 per share, in accordance with the company's dividend policy, to be resolved on the AGM on 31 May 2023.

(NOK 1000)	2022	2021
Dividend per share (NOK)	0.18	0.18
Total number of shares*	255 449 563	224 913 428
Dividends in total (NOK million)	**45 981**	**40 484**

* The proposed dividends for 2022 are based on total number of shares after the private placement and subsequent offering completed in March 2023 (further described below).

STRATEGIC PARTNER

On February 23 Reach Subsea announced a strategic partnership with Eidesvik Offshore for ownership and operation of the ROV support vessel Edda Sun. The new joint venture (JV) is owned 50.1 percent by Eidesvik and 49.9 percent by Reach Subsea. Under its new name, Viking Reach, the vessel will commence on a 6-year contract between the JV and Reach Subsea starting in Q2 2023. In addition to being co-owner, Eidesvik will provide full technical management, crewing and operation of the vessel. Edda Sun is a very well suited vessel for survey and light construction projects, and will be mobilized with one Supporter WROV and one Surveyor ROV.

Reach Subsea has over the recent months taken significant steps to put in place a renewed strong long-term core fleet and announced the acquisition of Edda Sun for USD 29 million on 24 November 2023. With the JV with Eidesvik Offshore, the acquisition of the vessel is fully financed. Reach Subsea's share of the investment is financed through equity and bank financing. Settlement of the acquisition and delivery of the vessel will take place in March 2023.

PRIVATE PLACEMENT

On February 15 2023, Reach Subsea announced and successfully executed a private placement.

The Company's board of directors (the "Board") allocated a total of 29,411,000 new shares in the Company, each at a subscription price of NOK 4.25 per Offer Share, raising gross proceeds of approx. NOK 125 million.

The Private Placement consisted of one tranche of 22,500,000 new shares ("Tranche 1") and a second tranche of 6,911,000 new shares to applicants who have accepted deferred settlement in a separate tranche 2 ("Tranche 2"). The new shares in Tranche 2 were resolved issued in an extraordinary general meeting on 10 March 2023. Completion of Tranche 1 was not conditional upon or otherwise affected by the completion of Tranche 2.

To mitigate the dilution of existing shareholders not participating in the Private Placement, the Board resolved to undertake a subsequent offering of up to 3,000,000 new shares towards the Company's shareholders as of 15 February 2023. The subscription price in the subsequent offering was equal to the subscription price in the private placement. The subsequent offering was resolved issued in an extraordinary general meeting on 10 March 2023. The subscription period for the subsequent offering ended on 27 March 2023 and resulted in a total subscription of 312,635 new shares.

After the completion of the private placement and the subsequent offering, the new share capital of the company is NOK 255,449,563 divided into the equivalent number of shares, each with a nominal value of NOK 1.00.

To the General Meeting of Reach Subsea ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Reach Subsea ASA, which comprise:

- the financial statements of the parent company Reach Subsea ASA (the Company), which comprise the balance sheet as at 31 December 2022, the income statement and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of Reach Subsea ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 11 years from the election by the general meeting of the shareholders on 18 December 2012 for the accounting year 2012 with a renewed election on the 30 May 2022.

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Key Audit Matters

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

Accounting for leases and impairment of right of use assets has the same characteristics and risks as in the prior year, and therefore continues to be an area of focus this year. During 2022 the Company acquired iSurvey Group. The judgmental nature of purchase price allocation calculations made the acquisition a Key Audit Matters for our audit of the 2022 financial statements.

Key Audit Matters	How our audit addressed the Key Audit Matter
Accounting for leases and impairment of right of use assets The high activity level during 2022 has resulted in an increased need for vessels and ROVs, which management has secured through leasing. Management uses both short- and long-term leases, depending on the current needs of the operations. In line with Reach's accounting policies for leases, long and short-term leases of vessels and ROV's are capitalised as right of use assets and depreciated under IFRS 16. The high level of leasing requires management to prepare accurate and, to a degree, complex calculations to recognise assets and liabilities. This implies, in itself, an inherent risk of material errors in the financial statements. Further, the use of IFRS 16, requires management to perform impairment tests where use of judgement is necessary. We focused on this area due to the importance the resulting figures have on several line items in the financial statements, and the level of complexity and use of judgement necessary to arrive at reasonable numbers. In 2022, the effects on the profit and loss statement are a total of NOK 306 795 thousand in depreciation of right of use	We assessed management's accounting policy for leases and found it to be in line with IFRS requirements. We inquired with management about how they identify which lease contracts should be capitalised and which lease contracts should be expensed. We obtained management's schedule and reconciliation of expenses related to leases of vessels and ROVs. We tested the details in the schedule and the reconciliation towards supporting documentation to inspect whether contracts were correctly identified and classified as either short- or long-term leases. Next, we obtained management's lease calculation models. We assessed whether the models contained the elements we expect from such models. To check whether all contracts were correctly identified and recorded in the model, we reconciled the model against the above-mentioned schedule. We assessed the key inputs in the lease calculation by testing the details towards the individual contracts and actual lease payments. Further we tested the logic and mathematical accuracy of the model itself, and whether it performed calculations of asset values, lease liabilities, depreciation and interest cost as expected. We evaluated management's impairment memo and concur with management's assessment that

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assets and NOK 13 090 thousand in interest cost. The balance sheet showed a total carrying value of right of use assets of NOK 90 258 thousand and a total lease liability of NOK 102 970 thousand at 31 December 2022.	no impairment triggers were present at 31 December 2022. We evaluated the appropriateness of the related disclosures in notes 14 and 24 and found that they satisfied IFRS requirements
Acquisition of iSurvey Group AS In March 2022 Reach Subsea acquired iSurvey Group AS including its subsidiaries iSurvey AS, iSurvey Assets AS, iSurvey Ltd, iSurvey Pte Ltd and iSurvey Offshore Ltd (the "iSurvey Group"). The agreed purchase price of NOK 135 million (before pro & contra adjustments) consisted of shares in Reach Subsea ASA and a cash consideration. Reach Subsea ASA issued 33,85 million new shares to the owners of iSurvey Group AS as compensation. In addition Reach Subsea ASA paid a cash consideration of NOK 28,4 million. The purchase price allocation (PPA) and the measurement and determination of fair values required financial modelling and application of management judgement. This can be complex and requires a number of estimates and judgements to be applied including, but not limited to: • calculation of fair value of customer relationship, including churn rates and margins, • calculation of fair value of property, plant and equipment including estimates of repurchase prices, • calculation of deferred taxes and, • determination of discount rates to be applied. We focused on this area due to the significant value the investment represents in the balance sheet, and the applied level of management judgement in determining the value of the assets and liabilities	We obtained and read the Share Purchase Agreement between Reach Subsea ASA and the owners of iSurvey Holding AS and held meetings with management to discuss and understand the nature and details of the transaction. Management prepared a PPA showing the estimated fair value of assets and liabilities acquired in the transaction. During our meetings with management, we challenged management on whether there were other assets and liabilities not properly identified in the PPA. Our discussions were supported by us obtaining underlying documentation supporting the statements in the PPA. A major part of the value assumed in the transaction was allocated to property, plant and equipment and customer relationships. Management has measured the value of property, plant and equipment by estimating repurchase prices based on historical cost prices. We assessed the estimate of repurchase prices with reference to cost prices and the age of the assets acquired. We tested the mathematical calculation of fair value of customer relationship and assessed the applicable churn rate and the method by which this was calculated. The liabilities assumed in the transaction mainly relate to trade payables and other current liabilities. We obtained management schedules for trade payables and other current liabilities and reconciled towards supporting documentation. We assessed the mathematical accuracy and methodology of management's valuation models. The results of our testing showed that management applied reasonable assumptions for the valuation of assets and liabilities assumed as part of the transaction, that the methods applied

acquired from the transaction and resulting impacts on the income statement. Refer to note 26 for a description of the business combination and how management has accounted for the PPA.	were in accordance with IFRS requirements and that the model was mathematically accurate. We evaluated the appropriateness of the related note disclosures and found that they satisfied IFRS requirements.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility, and to the report on payments to governments.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Reach Subsea ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name REACH-2022-12-31-en, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities

For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: https://revisorforeningen.no/revisjonsberetninger

Stavanger, 28 March 2023
PricewaterhouseCoopers AS

Arne Birkeland
State Authorised Public Accountant

Everything you need is within reach.

Jostein Alendal

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