

2020 Q4

Everything is within REACH

Quarterly Consolidated Report



4th Quarter 2020

About Reach Subsea

The Group's business concept is to offer subsea services as subcontractor and/or directly to end clients, based out of our head office in Haugesund. The core business of the Group is based on modern, high spec Work ROVs operated by highly qualified offshore personnel, and supported by our competent onshore engineering resources.

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

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4th Quarter 2020

4th Quarter Highlights

- Best 4Q and annual result in Reach Subsea's history despite challenging market and operating conditions, driven by high utilization and successful project execution.
- New innovative subsea service solution, Reach Remote, recently announced. The solution will significantly reduce cost and virtually eliminate carbon footprint when brought to market in 2022.
- High growth in renewables segment during 4Q2020 with 57% (15% in 4Q2019) of revenue generated from non-oil & gas clients, driven by major survey projects in the offshore wind sector.
- 4Q 2020 EBITDA was NOK 60.8 million compared with NOK 31.3 mill in 4Q2019, while pre-tax result was NOK 14.2 million (NOK -24.8 million).
- EBITDA for the full year of 2020 was NOK 267.2 million (NOK 171.4 million), while pre-tax result was NOK 43.1 million (NOK - 35.7 million).
- The Board proposes a dividend of NOK 0.15 per share, in accordance with the company's dividend policy, to be resolved at the AGM on 26 May 2021.
- Busy tendering activity during the quarter, despite market turbulence, 550 project days secured for 2021.

Key figures

	4Q 2020 <i>unaudited</i>	4Q 2019 <i>unaudited</i>	12M 2020 <i>unaudited</i>	12M 2019 <i>audited</i>
Revenues (NOKm)	131	108	628	509
EBITDA (NOKm)	61	31	267	171
Pre-tax profit (NOKm)	14	-25	43	-36
Cash and cash equivalents (NOKm)	105	39	105	39
Net working capital (NOKm)	25	32	25	32
Net interest bearing debt, incl IFRS 16 leases (NOKm)	-64	144	-64	144
Equity (NOKm)	210	166	210	166
Order backlog (NOKm)	145	120	145	120
Outstanding tender value (NOKbn)	2.1	2.1	2.1	2.1
Number of ROV days sold	578	345	2 388	1 790
Number of ROV days available	767	838	3 250	3 638
Technical uptime on ROVs	99 %	100 %	99 %	100 %
Number of offshore personnel days sold	2 543	1 823	15 780	10 992
LTIs	0	0	0	1
Number of vessel days sold	252	164	956	818

See definitions on page 7

4th Quarter 2020

Operations

REACH had per quarter end ten WROV-systems available in addition to two "Surveyor Interceptor", owned by a joint venture between Reach Subsea and MMT Sweden AB ("MMT").

REACH had 767 available ROV-days in 4Q2020 (838 ROV-days in 4Q2019), of which 578 days were sold (345) leading to a total utilization of 75% (41%). Furthermore, the number of vessel days that passed through our P&L in 4Q2020 was 252 (164) and 956 (818) for the full year 2020.

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

REACH has not had any serious incidents during the quarter, which support our objective that the right procedures, well trained personnel, and high-quality equipment generate operational success.

REACH has per 22 February 2021 a firm order book of NOK 145 million for 2021 (NOK 120 million per 20 February 2020). Reach now has approximately 550 project days for execution in 2021 and beyond.

Vessel update:

Reach Subsea announced in November 2020 that new charter contracts have been signed for the vessels *Olympic Artemis* and *Olympic Delta*. *Olympic Artemis* is already part of our fleet and *Olympic Delta* is currently mobilized with two chartered-in WROVs. The new charterparties will commence during February 2021 with a firm period of 1 year. The charter contract with Olympic Shipping for the vessel *Olympic Challenger* expires during the first half of 2021. *Topaz Tiamat* was demobilized in December 2020 and will not be part of our fleet in 2021.

Topaz Tiamat was equipped with two Supporter WROVs and Reach Subsea offshore personnel and worked on survey/IMR projects in close cooperation with MMT in Europe in 4Q2020 until demobilization in December 2020.

Stril Explorer is a survey vessel on a charter contract from Møkster to Reach Subsea's cooperation partner MMT. Reach Subsea provides ROV services consisting of one Supporter WROV and offshore personnel to the vessel. Projects performed by the *Stril Explorer* spread are to a large extent ROV/Survey work handled as a cooperation between Reach Subsea and MMT. The spread started the Equinor Wind project in USA in August 2020, a contract expected to last into 2Q2021. The "Surveyor Interceptor I" is currently mobilized onboard *Stril Explorer*.

Viking Neptun is mobilized with one Supporter WROV and one Constructor WROV and Reach Subsea delivers all ROV-services onboard the construction vessel. The vessel spread is signed for a contract between Eidesvik and Havfram, with Reach Subsea as ROV service supplier, for 120-200 days in both 2020 and 2021. In 4Q2020 the vessel spread worked on a project for DEME in the offshore wind sector, lasting into March 2021, and will thereafter commence this year's scope for Havfram in April 2021.

Olympic Artemis is mobilized with one Supporter WROV and is set up for projects in survey and light construction within the renewables and oil and gas sector. The vessel spread worked in the spot market in the northern part of Europe and had decent utilization in 4Q2020.

Havila Subsea is equipped with two owned Schilling WROVs and offshore personnel from Reach Subsea's offshore pool and is scheduled for projects in cooperation with MMT. *Havila Subsea* worked in the North Sea and in the Mediterranean with full utilization during 4Q2020 whereafter she will have a planned docking on the owners' account at the beginning of 2021. The vessel is expected to have good utilization in 2021.

Olympic Challenger is equipped with two chartered-in WROVs and offshore personnel from Reach Subsea's offshore pool. The vessel is currently working on a project in US Gulf of Mexico lasting into 2Q2021, whereafter she will be demobilized.

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Financial results

Revenue for 4Q2020 was NOK 130.8 million compared with NOK 107.6 million for 4Q2019, while revenue for the full year 2020 was NOK 628.0 million (NOK 508.5 million). The increased revenue is primarily explained by a higher project activity level.

Operating expense for 4Q2020 was NOK 115.8 million (NOK 126.5 million), while it amounted to NOK 576.7 million (NOK 524.9 million) for the full year. Project-related expense represents the majority of the operating expense for the group. As already mentioned, activity levels were higher, explaining the year-over-year increase in operating expense. Also, COVID-19 has had a cost effect in 2020 of NOK 16.5 million on our operations (increased medic, quarantining of offshore personnel), of which our clients have compensated us NOK 7.7 million.

4Q2020 EBITDA was NOK 60.8 million (NOK 31.3 million) while EBITDA for the full year 2020 was NOK 267.2 million (NOK 171.4 million). Improved project results and higher utilization are the primary explanations for the improved EBITDA. Included in EBITDA are also accounting gains from early termination of two charter-in agreements (*Havila Harmony* and *Topaz Tiamat*), which amounted to NOK 8.7 million for the full year. These gains are classified as other income in our P&L.

Depreciation for 4Q2020 was NOK 45.9 million (NOK 50.1 million). The decrease is explained by reduced charter commitment, as expenses under IFRS 16 rules are classified as depreciation of right of use assets. Depreciation for the full year 2020 was NOK 208.4 million (NOK 187.7 million in 2019). The year-on-year increase is primarily a result of higher project activity levels, giving rise to increased charter hires under our pay-as-use charter agreements.

There was no impairment in 4Q2020. Impairment of NOK 7.5 million for the full year (incurred in 2Q 2020) is related to expected lower utilization of one of our chartered vessels. There was no impairment in 2019. See further evaluation of impairment sensitivity in the Notes. Please note that in the 2Q2020 report, the early termination gain on *Havila Harmony* was booked as a NOK 8.8 million reduction in depreciation and a NOK 2.6 million impairment charge. The net effect of NOK 6.2

million has in the full year 2020 figures been reclassified to revenues as other income.

The operating result for 4Q2020 was NOK 14.9 million (NOK -18.9 million) and NOK 51.3 million (NOK -16.3 million) for the full year. Increased utilization and good project results are the key reasons to the strong improvement in operating result.

The time charterparty with P&O for the vessel *Topaz Tiamat* was terminated early September 2020. No termination fee has been recognized in the accounts. The vessel was further hired on a pay as you go charter contract until December 2020.

Special effects related to *Topaz Tiamat*, *Havila Harmony*, impairments, and net COVID-19 costs impacted the operating result by NOK -7.1 million for the full year 2020.

Net financial items for 4Q2020 was NOK -0.7 million (NOK -5.9 million). Net financial items for the full year was NOK -8.2 million (NOK -19.4 million). Currency effects have been amounting to NOK -2.8 million (NOK -2.1 million) in 4Q2020 and NOK -3.3 million (NOK -5.2 million) for the full year. The main reason for the fluctuating currency effects in our accounts this year is that some of our charter hire was in USD (classified as debt/lease liability with quarterly revaluations according to IFRS 16), impacted by this year's massive movements in the foreign exchange markets.

The total comprehensive income for 4Q2020 ended at NOK 13.9 million, compared with NOK -24.9 million for 4Q2019. Total comprehensive income for the full year 2020 was NOK 43.8 million compared to NOK -36.4 million in 2019.

Special effects related to *Topaz Tiamat*, *Havila Harmony*, impairments, COVID-19 costs, and currency effects have impacted 4Q2020 and full year 2020 comprehensive income by NOK -4.6 million and NOK -10.5 million, respectively.

For 4Q2020, Oil & Gas revenues constituted 43 % while Renewable/Other constituted 57 % of total revenues. By comparison, in 4Q2019 Oil & Gas revenues were 93 % while Renewable/Other constituted 7 % 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).

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Capital structure

Total current assets at the end of the year were NOK 242.0 million (NOK 168.1 million per 31.12.2019), of which cash and cash equivalents amounted to NOK 105.4 million (NOK 38.7 million). Including the unutilized revolving credit facility, available liquidity was NOK 125.4 million. Receivables and inventories were NOK 136.6 million (NOK 129.5 million). Total non-interest-bearing current liabilities were NOK 111.5 million (NOK 97.0 million), leaving a net working capital of NOK 25.1 million (NOK 32.4 million). The working capital level is in line with the seasonal activity.

Total non-current assets at the end of the quarter were NOK 121.0 million (NOK 277.2 million). Property, plant and equipment includes NOK 13.5 million of leases capitalized under IFRS 16 (NOK 170.5 million). The reduction is explained by reduced remaining period of charter commitment for all vessels and the early termination of charterparties for the vessels *Topaz Tiamat* and *Havila Harmony*.

Property, plant and equipment also includes Launch and Recovery Systems ("LARS") booked at NOK 25 million that will be purchased by P&O Maritime Logistics, with settlement before the end of 3Q 2021. P&O will rent the LARS under a bareboat hire agreement until settlement takes place.

Net interest-bearing debt (total interest-bearing debt, including capitalized leases under IFRS 16, less cash) stood at NOK -64.0 million (NOK 143.9 million), with the reduction mainly explained by cash flow during the year, combined with reduced charter commitment as described above. Net financial interest-bearing debt to credit institutions (i.e. excluding IFRS 16 leases) was NOK -79.8 million (NOK 2.6 million).

The Group's equity as of 31 December 2020 was NOK 210.2 million, which represents 57.9 % of the total balance sheet (37.2 % at 31 December 2019).

Net cash flow from operating activities for 4Q2020 was NOK 70.7 million (NOK -4.3 million). Net cash flow from financing activities was NOK -44.6 million (NOK -42.2 million) and includes vessel charter hire classified as "Repayment of borrowings and leases" according to IFRS 16. Details about cash outflow from leases can be found in the Notes. Net change in cash and cash equivalents for 4Q2020 was NOK 26.1 million (NOK -46.4 million). Net change in cash for the full year 2020 was NOK 66.4 million compared to NOK -25.1 million in 2019.

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

The Share

REACH Subsea ASA is listed on the Oslo Stock Exchange. The Company has per 31 December 2020 issued 143 546 008 shares, of which the majority is owned by Norwegian shareholders.

A participant in the Company's share option program exercised a total of 60,000 options on 31 December 2020. Following the share option exercise, the Board of Directors, pursuant to authorization granted by the company's Annual General Meeting, resolved to increase the Company's share capital by NOK 60,000 by issuing 60,000 new shares, of par value NOK 1. Following the increase the Company's share capital is NOK 143,606,008 divided into 143,606,008 shares. The option program for employees ended 31.12.2020 and all unexercised options have now expired. The share capital increase was effectuated after year end.

Investor relations

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

Reach Subsea 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. Monthly operating statistics are released within 15 days after month end and are also enclosed in the quarterly reports.

Financial reports, General Meeting Minutes, Share price information, Corporate Governance, Operational figures and presentation of the Board and Management can be found on the company's web page www.reachsubsea.no as well as the full Sustainability Report covering initiatives and measures on Corporate Social Responsibility.

At the beginning of 2018 the Board of Directors adopted a dividend policy stating that the company aim to distribute a dividend of around 50% of adjusted net profit. Adjusted net profit was defined as reported net profit, adjusted for amortization of termination fee.

4th Quarter 2020

News after quarter end

REACH has been awarded short term 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.

REACH announced in January that new and future-proof, sustainable solutions for subsea services are under development. The project, named Reach Remote, is carried out in cooperation with renowned industrial partners Kongsberg Maritime and Massterly, and is also supported by a grant from Innovation Norway.

The first stage of Reach Remote is to introduce Unmanned Surface Vehicles (USVs) dedicated to survey, inspection, and light repair projects. These USVs will serve as mobile power banks, data centres and communication modules for underwater ROVs (Remotely Operated Vehicles), with both the USVs and ROVs operated from an onshore control centre. Features for both real time operator control and autonomous operations will be incorporated, as well as hybrid modes blending remote and semi-autonomous control. The goal is to be in the market with the first two USVs in 2022, with the ambition of providing a full portfolio of subsea services from a low-emission, cost-effective remote and autonomous fleet by 2025. For the sake of order, no investments have yet been made or committed in the project that require external financing.

Reach Subsea has approximately 550 project days or execution in 2021.

The order book figure of NOK 145 million take these contracts into account. See further details under «Vessel Update» and «Outlook».

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

	January		Year (to date)	
	2021	2020	2021	2020
Number of ROV days sold	109	39	109	39
Number of ROV days available	248	279	248	279
Technical uptime on ROVs	100 %	99 %	100 %	99 %
Number of offshore personnel days sold	663	437	663	437
LTI's	0	0	0	0
Number of Vessel days sold	42	11	42	11

Definitions

EBITDA: earnings before interest, taxes, depreciation and amortization.

Liquidity: Cash and cash equivalents.

Net working capital: Receivables less non-interest-bearing current liabilities.

Net interest-bearing debt: Interest bearing debt less cash and cash equivalents.

Number of ROV days sold: Total number of ROV days sold in Reach Subsea AS (ex Surveyor AS).

Number of ROV days available: Total number of ROVs owned by Reach Subsea AS (ex Surveyor) multiplied with number of days in the month, plus total number of ROVs hired in (pay as use) by Reach Subsea AS multiplied with actual number of operational days in the month.

Technical uptime on ROVs: Percentage of hours in operation compared with technical breakdown.

Number of offshore personnel days sold: Total offshore man hours (offshore pool), including own and hired in resources.

LTI's: Number of loss time incidents (number of incidents resulting in absence from work).

Number of vessel days sold: Vessel days sold by Reach Subsea AS (excl. JV/Cooperation partners).

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Outlook

REACH currently markets and operates six 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 opportunistic asset additions to complement and strengthen our portfolio, while at the same time progressing Reach Remote towards market launch in 2022.

The combination of a lean and agile organization, and the attractive cost structure of our subsea spreads, gives Reach Subsea a flexible and competitive cost base tailored to cope with weak markets. These features of our business model were put to the test in 2020, with impressive results.

Looking into 2021 and beyond we see that the dramatic changes in global energy markets creates a business environment with both challenges and opportunities. The challenges are evident as subsea services provided to the oil & gas sector, our historical core market, will have lower activity levels than in the past. The opportunities are that our core subsea service competence can be utilized in the

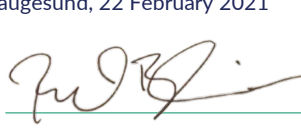
growing offshore wind sector as well as new emerging sectors such as offshore fish farming and subsea mining. We have together with our partner MMT a very competitive survey offering, which had a major breakthrough in 2020 through the Massachusetts wind survey for Equinor in USA. Our ambition is to build on this success, and also increase our footprint within IMR services to the offshore wind sector.

Our response to both the challenges and opportunities we face is twofold. First, in the near term we will maintain a competitive cost structure and remain agile and flexible in order to generate good returns in a market we expect to be characterized by short- and medium-term projects. It is, however, encouraging to observe that we currently have approximately 550 project days secured for 2021 compared with 400 project days at the same time a year ago.

Second, we will introduce Reach Remote to the market in 2022 and aim to provide our subsea services from a remote and autonomous platform from 2025. With Reach Remote fully deployed, we will virtually eliminate the carbon footprint and personnel risk associated with our offshore operations, while also achieving a game changing reduction to the cost of providing subsea services.

The Board and management are very pleased with delivering record results in 2020, which provides a good foundation for addressing both the challenges and opportunities we face.

Haugesund, 22 February 2021



Rachid Bendriss
Chairman of the Board



Kåre Johannes Lie
Vice-Chairman of the Board



Anders Onarheim
Board member



Martha Kold Bakkevig
Board member



Ingunn Iveland
Board member



Kristine Skeie
Board member



Sverre B. Mikkelsen
Board member



Jostein Alendal
Managing Director

Contact: Jostein Alendal (CEO) / Birgitte Wendelbo Johansen (CFO)

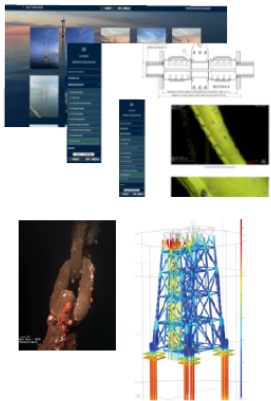
INNOVATION in REACH

REACH REMOTE



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

The USV solution has been optimised for very low energy consumption and a minimal carbon footprint. The current design is based on a redundant hybrid electric configuration and will be capable of 30 days or more endurance for most operations, ensuring efficiency and operational flexibility.

Survey or inspection service today	End product	Survey or inspection service tomorrow
 <p>Operational parameters:</p> <ul style="list-style-type: none"> ▪ 80 meter vessel with 70-80 berths ▪ 30-50 personnel offshore ▪ Strict HSEQ regime ▪ 8,000 tons in annual CO2 emissions 		 <p>Operational parameters:</p> <ul style="list-style-type: none"> ▪ 25 meter vessel – unmanned ▪ All personnel onshore ▪ Simple HSEQ regime ▪ 90-100% reduction in emissions
<p><i>Shifting from a capital- and personnel intensive set-up towards a lean remote and autonomous platform</i></p>		

Featured Project #1



Installation of anchor bolts and hook-up of offshore fish farm

Vessel

Olympic Artemis

Client

Arctic Offshore Farming

Location

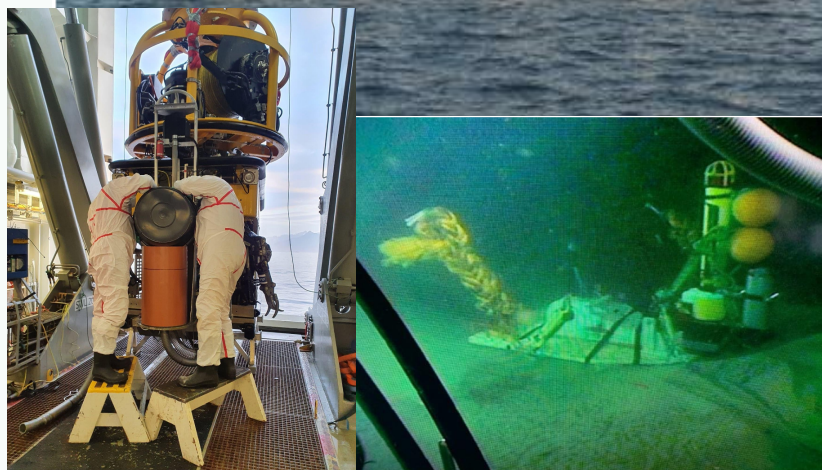
Norway

Period

3-4Q2020

Water Depth

100-130 m



Offshore Fish Farming Project – Mooring installation

Reach Subsea was in September - October 2020 chartered by client Arctic Offshore Farming to assist with installation of a mooring system for a newly developed offshore fish farm situated outside of Tromsø, Norway. The vessel used for the project was *Olympic Artemis*.

The scope of work included installation of 18 anchor bolts into pre-drilled holes on seabed by use of a subsea ROV grouting spread, and later hook up-of anchor chains to bolts once grouting mass had settled. This project involved complex subsea operations including subsea ROV grouting, and heavy duty chain connections using a combination of vessel crane and ROV guidance.

The project was completed with excellent performance within scheduled time, no HSE incidents, and with a satisfied client.

Featured Project #2



Survey of area for planned offshore wind project

Vessel

Topaz Tiamat

Client

MMT Sweden / Equinor

Location

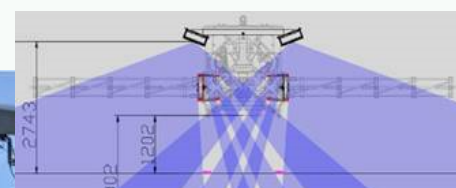
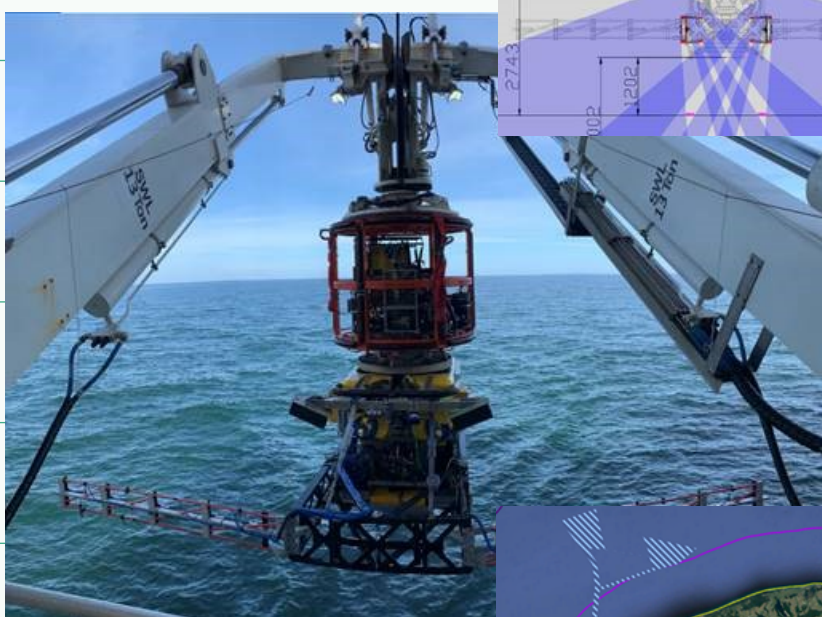
Poland

Period

3-4Q2020

Water Depth

25-35 m



Geophysical and UXO survey

From August to October 2020 (50 days), Reach Subsea and MMT Sweden was contracted by Equinor to perform geophysical and UXO survey of the planned offshore wind development projects Baltyk II and III.

Baltyk III and Baltyk II are two early-phase offshore wind development projects where Equinor has a 50% interest and Polenergia has a 50% interest.

The WROV Supporter 21 was used for the main survey and Supporter 20 for Target inspections. The WROV setup included a 12-pin gradiometer frame which enabled a 8m UXO survey coverage and also full 0,2 m grid DTM with noise from gradiometer frame successfully filtered.

The operation was completed safe and efficiently in some challenging COVID times.

The Vessel Fleet



Viking Neptune

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

—
D400 Te AHC Main Crane and 100 Te AHC Auxiliary Crane DP3, ICE 1B
4.400 Te below deck Carousel,
Moonpool
2600 m² steel deck
1x Kystdesign supporter WROV and 1x constructor WROV
Battery pack installed 1Q2020



Olympic Artemis

Cost effective IMR, survey and light construction vessel

—
60t AHC crane
Helideck
Moonpool
1x Kystdesign supporter WROV in hangar
Cargo deck 820 m²



Havila Subsea

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

—
150T AHC Main Crane
Moonpool in hangar for module handling
650 m² deck
Helideck 26 m diameter
2x Schilling WROVs in hangar

The Vessel Fleet



Topaz Tiamat

Multi-purpose ROV support vessel, designed specially to serve the offshore subsea market.

- 120t AHC Crane
- Helideck
- 1000m2 deck
- Construction moonpool
- 2x Kystdesign supporter WROVs in ROV hangar
- Optimized for low fuel consumption
- Battery pack installed 1Q2020



Stril Explorer

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

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



Olympic Challenger

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

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

Income statement UNAUDITED



Statement of profit or loss (NOK 1000)	4Q 2020	4Q 2019	12M 2020	12M 2019	NOTES
Operating revenue	130 337	107 625	618 870	508 337	
Other income/losses	426	-	9 160	194	10
Revenue	130 763	107 625	628 030	508 531	
Procurement expenses	-27 551	-34 842	-169 972	-184 140	
Personnel expenses	-30 620	-24 036	-111 422	-90 552	
Other operating expenses	-11 764	-17 469	-79 429	-62 433	
EBITDA	60 827	31 278	267 207	171 406	
Depreciation	-45 907	-50 149	-208 386	-187 728	3,10
Impairment	-	-	-7 505	-	3,10
Operating result (EBIT)	14 920	-18 871	51 317	-16 322	
Interest income	-84	132	149	680	
Interest expenses	107	-2 457	-6 576	-11 452	10
Other net financial items	-2 810	-2 147	-3 274	-5 200	
Result from associated companies	2 042	-1 475	1 487	-3 391	
Profit (loss) before taxes	14 175	-24 817	43 103	-35 685	
Taxes	-	-	-	-24	8
Profit (loss)	14 175	-24 817	43 103	-35 709	
Comprehensive income					
Translation differences	-324	-54	684	-699	
Gain/loss on financial derivatives of cash flow hedges	-	-	-	-	
Comprehensive income items	-324	-54	684	-699	
Total comprehensive income	13 851	-24 870	43 787	-36 408	
Earnings per share	0.10	-0.17	0.31	-0.25	
Diluted earnings per share	0.10	-0.17	0.31	-0.25	

Balance Sheet UNAUDITED



Statement of financial position (NOK 1000)	2020 31/12	2019 31/12	NOTES
Non-current assets			
Deferred tax assets	8 161	8 161	8
Investment in joint ventures	22 772	21 285	
Property, plant and equipment	90 103	247 802	3, 10
Total non-current assets	121 036	277 247	
Current assets			
Bunkers	1 376	6 696	
Trade receivables	90 783	59 154	
Other receivables	44 422	63 624	
Cash and cash equivalents	105 396	38 657	
Total current assets	241 978	168 131	
Total assets	363 014	445 378	
Equity			
Share capital	143 606	143 546	6
Share premium	105 070	105 025	
Other equity	-38 522	-82 740	7
Total equity	210 154	165 831	
Non-current liabilities			
Interest-bearing debt to credit institutions	12 731	25 216	4, 10
Interest-bearing debt, other (related to IFRS 16)	-	58 784	4, 10
Total non-current liabilities	12 731	83 999	
Current liabilities			
Interest-bearing debt to credit institutions, short term	12 859	16 023	4, 10
Interest-bearing debt, other (related to IFRS 16), short term	15 766	82 497	4, 10
Trade payables	65 055	53 984	
Other current liabilities	46 448	43 045	
Total current liabilities	140 128	195 548	
Total liabilities	152 859	279 548	
Total equity and liabilities	363 014	445 378	

Cashflow UNAUDITED



Statement of cash flow (NOK 1000)	4Q 2020	4Q 2019	12M 2020	12M 2019	NOTES
Cash flow from operating activities					
Operating result (EBIT)	14 920	-18 871	51 317	-16 322	
Paid taxes	-	-	-	-524	
Gain/loss on disposed assets	-426	-	-9 160	-194	
Depreciation and amortisation	45 907	50 148	208 386	187 728	
Impairment	-	-	7 505	-	
Change in trade debtors	27 986	7 135	-31 629	113 917	
Change in trade creditors	-16 305	-9 648	11 071	-31 268	
Change in other provisions	-1 477	-33 274	30 770	-63 345	
Share option cost employees	108	259	432	1 035	
Net cash flow from operating activities	70 713	-4 251	268 691	191 026	
Cash flow from investing activities					
Sale of fixed assets	-	-	-	6 794	
Purchase of fixed assets	-	-	-2 118	-33 908	
Net cash flow from investing activities	-	-	-2 118	-27 114	
Cash flow from financing activities					
Net interest paid	219	-612	-2 176	-1 726	
Payment of dividends	-	-	-	-10 048	
Drawdown on overdraft bank facility	-	-	-	-	
Repayment of borrowings and leases	-44 848	-41 577	-197 996	-177 231	
Net cash flow from financing activities	-44 629	-42 190	-200 172	-189 005	
Net change in cash and cash equivalents	26 084	-46 441	66 401	-25 093	
Cash and cash equivalents in the start of the period	78 166	84 907	38 657	63 277	
Translation differences	1 146	191	339	473	
Cash and cash equivalents in the end of the period	105 396	38 657	105 396	38 657	

Equity

UNAUDITED



(NOK 1000)	Share capital and share premium	Other equity	Total equity	NOTES
Equity 01.01.2020	248 571	-82 740	165 831	
IFRS 2 Option based salary	-	432	432	7
Translation difference	-	684	684	
Capital increase, not registered	105	-	105	
Result for the period	-	43 103	43 103	
Equity 31.12.2020	248 676	-38 522	210 154	

Notes



Note 1 - Basis for preparation

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

Note 2 - Significant accounting principles

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

Note 3 - Fixed assets

(NOK 1000)	ROV and ROV equipment	ROV, leased from financial institutions	Right of use asset Vessel and other equipment	Equipment and office machinery	Total
Purchase cost 01.01.20	141 086	115 884	328 578	18 884	604 431
Additions	2 118	-	133 666	-	135 784
Disposals/adjusted commitment	-9 951	-138	-328 214	-6 800	-345 104
Purchase cost 31.12.20	133 253	115 746	134 029	12 084	395 111
Accumulated depreciation 31.12.20	-81 706	-91 770	-112 991	-11 038	-297 505
Accumulated impairment 31.12.20	-	-	-7 505	-	-7 505
Net book value 31.12.20	51 547	23 976	13 534	1 046	90 103
Depreciation in the period	-18 211	-13 193	-174 802	-2 180	-208 386
Impairment in the period	-	-	-7 505	-	-7 505
Expected useful life (years)	3-8	3-8	1-3	3	
Depreciation plan	Linear	Linear	Linear	Linear	

Note 3 - Fixed assets

Summary

Impairment testing has been performed in accordance with IAS 36. An impairment of NOK 7.5 million was recognized in Q2 2020. Impairment testing for Q4 did not result in any additional 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 management's expectations of market development. Forecasted selling rates are based on historical data. No inflation adjustments have been made to revenue assumptions.

Right-of use-assets - vessels:

The right-of-use assets 31 December 2020 represents the remaining committed vessel days on charter agreements with vessel owners. The impairment testing in 2Q 2020 resulted in an impairment of NOK 7.5 million. No additional impairment in 4Q 2020. The recoverable amount is sensitive to estimated utilisation and selling rate assumptions. See note 10 for further information on Right-of-use assets.

ROV and ROV equipment:

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

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

Drop in estimated revenue	Impairment charge (NOK 1000)
10%	1 789
20%	9 735
30%	20 434

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



Note 4 - Borrowings

(NOK 1000)	31/12/2020	31/12/2019
Non-current liabilities		
Bank borrowings	7 500	12 500
Lease liabilities to credit institutions	5 231	12 716
Other non-current lease liabilities (IFRS 16)	-	58 784
Total non-current borrowings	12 731	83 999
Current borrowings		
Bank borrowings	5 000	5 000
Lease liabilities to credit institutions	7 859	11 023
Other current lease liabilities (IFRS 16)	15 766	82 497
Total current borrowings	28 625	98 520
Carrying amount		
Bank borrowings	12 500	17 500
Finance lease liabilities	28 856	165 019
Total carrying amount	41 356	182 568
Fair value		
Bank borrowings	12 500	17 500
Finance lease liabilities	28 856	165 019
Total fair value	41 356	182 568

At 31.12.20 bank borrowings are secured on fixed assets for the value of NOK 76.6 million (31.12.19: 114.7 million).

Note 5 - Transactions with related parties

The company has undertaken various transactions with related parties consisting of consultancy services. All transactions are carried out as part of the normal course of business and the deal is carried out on commercial terms in accordance with the Companies Act § 3-8 and 3-9.



Note 6 - Shareholders

20 largest shareholders as per 31.12.2020:

	Shares	Stake
NORTH ENERGY ASA	46 126 567	32.1 %
VERDIPAPIRFONDET EIKA NORGE	10 285 650	7.2 %
JOSO INVEST AS	7 564 589	5.3 %
HOLME HOLDING AS	5 910 000	4.1 %
JT INVEST AS	5 529 539	3.9 %
NORMAND DRIFT AS	5 000 000	3.5 %
DANSKE INVEST NORGE VEKST	2 820 462	2.0 %
STAVA INVEST AS	2 300 000	1.6 %
CORUNA AS	2 250 000	1.6 %
RMS INVEST AS	2 000 000	1.4 %
LION INVEST AS	2 000 000	1.4 %
TEOMAR AS	2 000 000	1.4 %
A-Å INVEST AS	1 938 725	1.4 %
ENGELSTAD	1 873 426	1.3 %
FREEMAN SHIPPING & OFFSHORE AS	1 700 000	1.2 %
SMS INVESTERING AS	1 652 366	1.2 %
NÆRINGSLIVETS HOVEDORGANISASJON	1 635 991	1.1 %
BARRUS CAPITAL AS	1 510 090	1.1 %
TEM INVEST AS	1 250 000	0.9 %
CASTEL AS	1 248 517	0.9 %
Total 20 largest	106 595 922	74.2 %
Others	37 010 086	25.8 %
Total	143 606 008	100.0 %



Note 7 - Share-based remuneration

In 2018 the Board of Directors of Reach Subsea ASA approved a stock option scheme to further align the interests of the participating employees in Reach Subsea with those of the Shareholders. The stock option scheme was finalized with a signed agreement between the Company and Management and certain key employees 23.03.2018. Management and certain key employees of the Group was granted right to acquire up to a certain maximum number of shares in the Company at a fixed strike price ("the Option"). The strike price was divided into two levels, equal to the subscription price in the two last private placements conducted by the Company (May 2016 NOK 2.00 and January 2017 NOK 1.75). The options could be exercised over a period of three years until 31.12.2020. The options were non-tradable and conditional upon the participant being employed by the Group at the vesting date. The stock option plan constituted a maximum of 3 886 875 options equivalent to a similar number of Reach Subsea ASA shares. During 2020, 60 000 options were exercised. The remaining options expired 31.12.2020. During the year the Group has recognized kNOK 436 in cost related to the options.

Note 8 - Tax

The Group has, based on contracts and budgets for 2021 and 2022, assumed that parts of the tax loss carried forward can be recognized. Per 31.12.2020 NOK 8.2 million is capitalised

Note 9 - Segments

(NOK 1000)	2020 01.10.-31.12.	2019 01.10.-31.12.	2020 01.01.-31.12.	2019 01.01.-31.12.
Revenue				
Oil & Gas	56 768	91 372	473 389	472 943
Renewable / other	73 569	16 253	154 641	35 588
Total	130 337	107 625	628 030	508 531
Operating expense				
Oil & Gas	-50 291	-107 393	-434 708	-488 122
Renewable / other	-65 552	-19 103	-142 005	-36 731
Total	-115 843	-126 496	-576 714	-524 853
Operating result				
Oil & Gas	6 477	-16 021	38 681	-15 180
Renewable / other	8 017	-2 850	12 636	-1 142
Total	14 920	-18 871	51 317	-16 322
EBITDA				
Oil & Gas	26 407	26 554	201 412	159 410
Renewable / other	34 420	4 723	65 795	11 996
Total	60 827	31 278	267 207	171 406



Note 10 - Leasing

Short term leases (committed lease term 12 month or less) of vessels are capitalized as right-of-use assets and depreciated. The impact is that all cost in relation to leases of vessels are presented as depreciation and interest expense. As of 4Q2020, Right-of-use assets consist of contractual commitments and estimated use in the contract period. Pay as you go contracts at the balance sheet date, with no contractual commitment, are not capitalized. The following have been recognized in 2020:

Right-of-use assets	31/12/2020	31/12/2019
Property, plant and equipment	13 534	133 203
Total	13 534	133 203

Lease liabilities	31/12/2020	31/12/2019
Current	15 766	82 497
Non-current	-	58 784
Total	15 766	141 281

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

	Q4 2020	Q4 2019	12M 2020	12M 2019
Depreciation charge of right-of use assets	38 065	41 612	174 802	155 090
Impairment charge of right-of-use assets	-	-	7 505	-
Interest expense	4 989	1 469	4 252	9 046
Total charges to the P&L	43 054	43 081	186 559	164 136

The total cash outflow for leases in 4Q2020 was NOK 40.9 million (4Q2019: 37.2 million).



Note 10 - Leasing

Reconciliation of leases on committed days recognised in 2020:	Right-of use assets	Lease liability, non-current	Lease liability, current
Opening balance 01.01.2020	133 203	58 784	82 497
Additions	62 721	-	62 721
Disposals	-	-	-
Depreciation	-103 857	-	-
Impairment	-7 505	-	-
Interests	-	-	4 252
Reclassification from long to short term	-	-58 784	58 784
Adjusted commitment	-71 021	-	-86 892
Currency adjustment	-	-	5 725
Payments	-	-	-111 320
Ending balance 31.12.2020	13 534	-	15 766

The right-of-use assets at the beginning for the period were calculated based on a discounted estimated commitment on the following vessels; *Olympic Challenger*, *Havila Harmony* and *Topaz Tiamat*. The vessel *Havila Subsea* as well as other short term hired in vessels are treated as short term leases under IFRS 16 and are also recognised as depreciations. The adjusted commitment on *Havila Harmony* and *Topaz Tiamat* during the year has resulted in a derecognition of right-of-use assets of NOK 71 million and lease liability of NOK 86.9 million. The derecognition has resulted in a gain of NOK 8.7 million in the year. Derecognition of other assets related to the two vessels has been included in the calculated gain.

Reconciliation of depreciation	Q4 2020	Q4 2019	12M 2020	12M 2019
Depreciation of long term right-of-use assets	14 176	30 113	103 857	104 734
Depreciation of short term right-of-use assets	23 889	11 499	70 945	50 356
Depreciation of other assets	7 842	8 517	33 584	32 618
Total depreciation	45 907	50 149	208 386	187 728

Note 11 - Events after quarter end

The Group has entered into new agreements valid from Q1 2021. Based on agreed contractual commitments, NOK 110 million will be capitalized as additions to Right-of-use assets in Q1 2021.

The Board proposes a dividend of NOK 0.15 per share, in accordance with the company's dividend policy, to be resolved at the AGM on 26 May 2021.

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