

2021 Q1

Everything is within REACH

# Quarterly Consolidated Report

Our vision is to be the preferred operator by those who need the best possible subsea partner, one that will always perform above expectations

# 1st Quarter 2021

## About Reach Subsea

Reach Subsea ASA is listed on Euronext Oslo Stock Exchange under the ticker REACH.

The Group's business concept is to offer subsea services as subcontractor and/or directly to end clients, based out of our head office in Haugesund. The core business of the Group is based on modern, high spec 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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# 1st Quarter 2021

## Highlights

- Best 1Q results in Reach Subsea's history driven by high utilization and successful project execution.
- New innovative subsea service solution, Reach Remote project, has good progress. The solution will significantly reduce cost and virtually eliminate carbon footprint when brought to market in 2022.
- High activity in renewables segment during 1Q2021 with 47% (25% in 1Q2020) of revenue generated from non-oil & gas clients, driven by major survey projects in the offshore wind sector.
- 1Q2021 EBIT was NOK 12.2 million compared with NOK -16.8 mill in 1Q2020, while pre-tax result was NOK 11.3 million (NOK -31.8 million).
- Busy tendering activity during the quarter. Our schedule now indicates good utilization during the summer season for all of our subsea spreads.

## Key figures

	1Q 2021 <i>unaudited</i>	1Q 2020 <i>unaudited</i>	12M 2020 <i>audited</i>
Revenues (NOKm)	102	79	628
EBIT (NOKm)	12	-17	51
Pre-tax profit (NOKm)	11	-32	43
Cash and cash equivalents (NOKm)	144	38	105
Net working capital (NOKm)	-1	48	25
Net interest bearing debt, incl IFRS 16 leases (NOKm)	18	153	-64
Equity (NOKm)	222	135	210
Order backlog (NOKm)	230	230	145
Outstanding tender value (NOKbn)	2.3	2.0	2.1
Number of ROV days sold	405	254	2 388
Number of ROV days available	749	770	3 250
Technical uptime on ROVs	98 %	99 %	99 %
Number of offshore personnel days sold	2 397	2 522	15 780
LTIs	0	0	0
Number of vessel days sold	209	96	956

See definitions on page 6

# 1st Quarter 2021

## Operations

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

In March 2021 our joint venture partner MMT Sweden AB ("MMT") was acquired by Ocean Infinity. This transaction triggered an option for Reach Subsea to purchase MMT's shares in our jointly owned entity Surveyor AS at book value. Surveyor AS owns the two "Surveyor Interceptor" high speed survey ROVs. 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 quarter end. The effects of the transaction are described in the Capital structure section and in the Notes. The transaction is expected to be closed in full before the end of May 2021.

REACH had 749 available ROV-days in 1Q2021 (770 ROV-days in 1Q2020), of which 405 days were sold (254) leading to a total utilization of 54% (33%). Furthermore, the number of vessel days that passed through our P&L in 1Q2021 was 209 (96).

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 04 May 2021 a firm order book of NOK 230 million and approximately 625 project days for execution in 2Q2021 and beyond.

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

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.

### Vessel update:

**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 towards late 2Q2021, with new projects thereafter filling the schedule into 4Q2021. 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 150 days in 2021. In 1Q2021 the subsea spread worked on a project for DEME in the offshore wind sector, lasting into March 2021, and commenced 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 subsea spread worked in the spot market in the northern part of Europe in 1Q2021 and is currently scheduled for projects lasting through May 2021.

**Olympic Delta** is currently mobilized with two hired-in ROVs and with an Ampelmann system set up for walk to work projects. The subsea spread worked on offshore wind projects in the northern part of Europe in 1Q2021 expected to last through May 2021.

**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* had a planned docking on the owners' account early 2021 and thereafter had good utilization in the first quarter. The subsea spread currently has a project schedule lasting into 3Q2021.

**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 without use of ROVs in US Gulf of Mexico lasting until June 2021, whereafter she will be demobilized and exit Reach Subsea's marketed fleet.

# 1st Quarter 2021

## Financial results

Revenue for 1Q2021 was NOK 101.8 million compared with NOK 78.8 million for 1Q2020. The increased revenue is primarily explained by a higher project activity level. Operating expense for 1Q2021 was NOK 89.6 million (NOK 95.6 million). Project-related expense represents the majority of the operating expense for the group. Depreciation for 1Q2021 was NOK 37.8 million (NOK 42.0 million). The decrease is explained by reduced charter commitment, as expenses under IFRS 16 rules are classified as depreciation of right of use assets. There was no impairment in the quarter. See further evaluation of impairment sensitivity in the Notes

1Q2021 Operating result (EBIT) was NOK 12.2 million (NOK -16.8 million). Improved project results and higher utilization are the primary explanations for the improved EBIT.

Net financial items for 1Q2021 were NOK -0.9 million (NOK -15.1 million), including NOK 0.1 million (NOK -1.4 million) in result from Surveyor AS. Financial cost in our 1Q2020 accounts were influenced by the massive movements in the foreign exchange markets, causing fluctuating currency effects on charter hire in USD (classified as debt/lease liability with quarterly revaluations according to IFRS 16), which was the main reason for a higher net financial cost in 1Q2020 compared to 1Q2021. As per 31.03.2021 all charter hire is in NOK.

The total comprehensive income for 1Q2021 ended at NOK 11.4 million, compared with NOK -31.2 million for 1Q2020. Higher utilization and project results combined with less (negative) currency effects are the main reasons for the improvement.

For 1Q2021, Oil & Gas revenues constituted 53 % while Renewable/Other constituted 47 % of total revenues. By comparison, in 1Q2020 Oil & Gas revenues were 75 % while Renewable/Other constituted 25 % 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

As mentioned under "Operations", an option to purchase the remaining 50 % of the shares in Surveyor AS was exercised 31.03.2021. The price to be paid is approximately NOK 23 million, which equals book value. As a result of the option exercise the full balance sheet for Surveyor AS is consolidated into the accounts for the Group per quarter end, adding approximately NOK 45 million to our total assets. In the figures for 2020 (in brackets) Surveyor AS is presented as an associated company based on the equity method.

Total current assets at the end of the quarter were NOK 266.9 million (NOK 201.5 million per 31.03.2020), of which cash and cash equivalents amounted to NOK 144.3 million (NOK 38.0 million). Including the unutilized revolving credit facility, available liquidity was NOK 164.3 million. Receivables and inventories were NOK 122.7 million (NOK 163.6 million). Total non-interest-bearing current liabilities were NOK 123.6 million (NOK 115.9 million), of which the purchase liability for 50% of the shares in Surveyor AS amounts to NOK 23 million. Excluding this purchase liability, which is not an operating item, leaves a net working capital of NOK 21.8 million (NOK 47.7 million). The working capital level is in line with the seasonal activity.

Total non-current assets at the end of the quarter were NOK 240.7 million (NOK 239.6 million). Book value of the assets owned by Surveyor AS was NOK 44.9 million. Property, plant and equipment includes NOK 117.3 million of leases capitalized under IFRS 16 (NOK 104.2 million). Property, plant and equipment also includes Launch and Recovery Systems ("LARS") booked at NOK 25 million that were sold 30.04.2021.

Net interest-bearing debt (total interest-bearing debt, including capitalized leases under IFRS 16, less cash) stood at NOK 18.3 million (NOK 152.5 million), with the consolidation of Surveyor AS contributing NOK 10.5 million (NOK 23 million in interest-bearing debt and NOK 12.5 million in cash). Net financial interest-bearing debt to credit institutions (i.e. excluding IFRS 16 leases) was NOK -99.2 million (NOK 10.3 million), i.e. cash positive. The year-over-year reduction in net debt is largely explained by positive cash flows the past year.

The Group's equity as of 31 March 2021 was NOK 222 million, which represents 43.7 % of the total balance sheet (30.5 % 31 March 2020).

Net cash flow from operating activities for 1Q2021 was NOK 64.6 million (NOK 19.1 million). Net cash flow from investing activities was NOK 12.5 million (NOK -1.6 million per 31.03.2020) and is a result of the business combination (Surveyor AS). Net cash flow from financing activities was NOK -38.3 million (NOK -18.8 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 1Q2021 was NOK 38.8 million (NOK -1.2 million), with the consolidation of Surveyor AS explaining NOK 12.5 million

REACH has no major debt maturities to credit institutions or capital expenditure (investment) commitments for 2021 and onwards. Purchase of the shares in Surveyor AS will be settled with cash in 2Q2021.

# 1st Quarter 2021

## The Share

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

The Company has per 31.03.2021 issued 143,606,008 shares, of which the majority is owned by Norwegian shareholders.

## Investor relations

Reach Subsea essentially follows the recommendation for reporting of IR-information issued by the Oslo Stock Exchange's and publish all the news releases on [www.newsweb.no](http://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](http://www.reachsubsea.no) as well as the full Sustainability Report covering initiatives and measures on Corporate Social Responsibility.

Reach Subsea ASA has a dividend policy stating that the company aims to distribute a dividend of around 50% of adjusted net profit. Adjusted net profit is defined as reported net profit, adjusted for amortization of termination fee. The Board has proposed a dividend of NOK 0.15 per share, to be resolved at the AGM on 26 May 2021, based on the annual results for 2020.

## News after quarter end

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

Our schedule now indicates good utilization during the summer season for all of our subsea spreads. Reach now has approximately 1,000 project days (equivalent to about 1,300 ROV days) for 2021 execution, of which 375 (405 ROV days) were executed in the first quarter. The remaining approximately 625 project days are primarily for execution in the summer season of 2021. These figures do not include options and expected call-off extensions under frame agreements, which from experience can constitute significant additional work.

The order book figure of NOK 230 million take these contracts into account. See further details under «VesselUpdate» and «Outlook».

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

	January		February		March		Q1		April		Year (to date)	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Number of ROV days sold	109	39	114	53	182	162	405	254	178	198	583	452
Number of ROV days available	248	279	224	210	277	281	749	770	300	280	1 049	1 050
Technical uptime on ROVs	100 %	99 %	99 %	100 %	96 %	99 %	98 %	99 %	99 %	100 %	99 %	99 %
Number of offshore personnel days sold	663	437	700	756	1 034	1 329	2 397	2 522	822	1 369	3 219	3 891
LTI's	0	0	0	0	0	0	0	0	0	0	0	0
Number of Vessel days sold	42	11	51	13	116	72	209	96	119	66	328	162

### Definitions

**EBIT:** Earnings before interest and taxes (operating result).

**Liquidity:** Cash and cash equivalents.

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

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

**Number of ROV days sold (ROV days):** Total number of ROV days sold in Reach Subsea AS (incl. Surveyor AS from 1.4.2021).

**Number of ROV days available:** Total number of ROVs owned by Reach Subsea AS (incl. Surveyor AS from 1.4.2021) multiplied with number of days in the month, plus total number of ROVs hired in (pay as use) by Reach Subsea AS multiplied with actual number of operational days in the month.

**Project days:** Total number of days that a subsea spread old to projects, including ROV, personnel and/or vessel.

**Technical uptime on ROVs:** 1-unpaid break down hours divided by total sold operation hours

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

# 1st Quarter 2021

## 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.

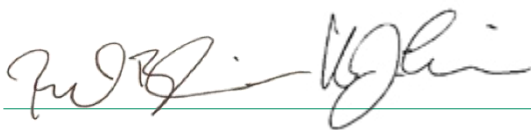
For the 2021 season we have experienced increased tender activity within all subsea segments, and with the limited availability of mobilized vessels rates are expected to remain strong.

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.

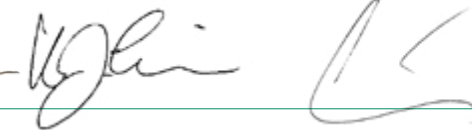
Second, we will introduce Reach Remote to the market in 2022 and aim to provide our subsea services from a remote and autonomous platform from 2025. With Reach Remote fully deployed, we will virtually eliminate the carbon footprint and personnel risk associated with our offshore operations, while also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

The Board and management are very pleased with delivering record results in 1Q2021, which provides a good foundation for addressing both the challenges and opportunities we face.

Haugesund, 04 May 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 Skele**  
Board member



**Sverre B. Mikkelsen**  
Board member



**Jostein Alendal**  
Managing Director

Contact:

Jostein Alendal (CEO)

Birgitte Wendelbo Johansen (CFO)

# The Vessel Fleet



## Viking Neptune

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

600 Te AHC Main Crane and 100 Te AHC Auxiliary Crane DP3, ICE 1B  
4.400 Te below deck Carousel,

Moonpool

2600 m<sup>2</sup> 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 m<sup>2</sup>



## 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 m<sup>2</sup> deck

Helideck 26 m diameter

2x Schilling WROVs in hangar



# The Vessel Fleet



## Olympic Delta

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

- 80t AHC Crane
- Helideck
- 900m<sup>2</sup> deck
- Moonpool
- Dual WROV hangar
- Permanent full survey suite
- Large office facilities



## 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
- 450m<sup>2</sup> 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 m<sup>2</sup> deck
- 2xWROVs in WROV hangar
- Permanent full survey suite
- Large office facilities

# Sustainability

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

Our assessment of material topics and key targets for 2021 can be found in full in our Sustainability report for 2020, which can be found on our webpage [www.reachsubsea.no](http://www.reachsubsea.no).

Our sustainability performance will be measured regularly and presented to the market on a quarterly basis.

Status per Q1 is summarized below:

## Environment

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

✔ **Achieved**

Activity is measured through performed project days during the quarter. Activity within non-Oil&Gas segment was 53% percent of total activity during Q1. The activity is driven by major survey projects in the offshore wind sector.

### Reduce CO2 emissions compared to activity levels

✔ **Achieved**

In Q1 our total CO2 emission per sold vessel day was 34.14 tonn CO2 equivalents, compared to 37.19 in 2020. The reduction of 8% is mainly due to less transit activity during the quarter.

### Zero major spills of hazardous materials to the sea

✔ **Achieved**

0 major spills during the quarter. Reach continues to focus on use of environmentally friendly highly degradable hydraulic oils in our ROVs.

### Increase use of remote operations

✔ **Achieved**

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

### Invest in Unmanned Surface Vessels

✔ **Ongoing**

REACH is currently performing a study related to Reach Remote. A final investment decision is expected in Q2 2021.

### Participate in Ocean Cleanup campaign

✔ **Ongoing**

Reach has not participated in a Ocean Cleanup during Q1, however we still plan on performing such a campaign during the year.

# Sustainability

## Employees

### Maintain turnover below 8 %

✔ **Achieved**

There has been no material turnover during the quarter.

### Further develop REACH-ED with new e-learning

⏸ **Ongoing**

We are currently planning an expansion of the REACH-ED system. As of Q1 no new e-learning are implemented.

### Zero work related injuries

✔ **Achieved**

No work related injuries occurred in Q1.

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

✔ **Achieved**

There has been no work related sick leave during the quarter.

### Increase percentage of female employees in offshore employment categories

✔ **Achieved**

REACH has hired new offshore trainees during Q1, whereof one is female.

### Implement campaign with focus on mental and physical health

⏸ **Ongoing**

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

## Responsible business

### Maintain customer satisfaction score at 4 and higher

✔ **Achieved**

During the quarter our registered customer satisfaction score is 4.83.

### Develop REACH-ED to include e-training for suppliers

✔ **Achieved**

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

### Maintain technical uptime at 99 % or higher

✘ **Not achieved**

Technical uptime during the quarter was 98 %, compared to 99 % in 2020. The reduction is mainly caused by breakdown on one of our ROVs.

## Featured Project #1



# UXO Survey

### Vessel

Olympic Delta

### Client

Global Marine/Vattenfall

### Location

Germany

### Period

1Q2021

### Water Depth

19-28 m



### Survey on DanTysk Offshore Windfarm

#### Scope of work

- As Found- and UXO corridor survey to allow cable route to be adjusted around potential obstructions for 25 new array cables.

- Pre-lay geophysical survey to aid general lay operations and object avoidance

In addition, CPS inspections on turbine foundations in the area were performed using a real-time intelligent data collection system provided by 3rd party through client.

This was the first project on Reach Subsea's charter of *Olympic Delta*. Survey mobilisation took place in Haugesund, NO. Mob. for client and 3rd Party personnel in Blythe, UK and demobilisation in Esbjerg, DK.

## Featured Project #2



# Concrete mattress installation

### Vessel

Olympic Artemis

### Client

UK Pipeline operator

### Location

North Sea (UK)

### Period

1Q2021

### Water Depth

24-26 m



### Concrete Mattress Installation

Reach Subsea was chartered by an UK Pipeline Operator to perform remedial works on a pipeline freespan on the UK sector of the North Sea in Q1 2021. Scope of work was installation of 16 concrete mattresses on top of a pipeline freespan to remediate the span. The vessel utilized for the campaign was the *Olympic Artemis*.

On short notice, the *Olympic Artemis* was mobilized with crew and equipment to perform the mattress installation scope. The concrete mattresses were successfully installed offshore in challenging working conditions due to shallow waters and low visibility. The project was performed with great efficiency, no breakdown and no HSEQ incidents.

The photo illustrates the *Olympic Artemis* deck and the mattress installation frame used during the mattress installation

# Income statement

UNAUDITED



Statement of profit or loss (NOK 1000)	1Q 2021	1Q 2020	12M 2020	NOTES
Operating revenue	101 775	78 797	618 870	
Other income/losses	-	-	9 160	10
<b>Revenue</b>	<b>101 775</b>	<b>78 797</b>	<b>628 030</b>	
Procurement expenses	(16 902)	(20 040)	(169 972)	
Personnel expenses	(24 607)	(21 680)	(111 422)	
Other operating expenses	(10 334)	(11 801)	(79 429)	
<b>EBITDA</b>	<b>49 932</b>	<b>25 275</b>	<b>267 207</b>	
Depreciation	(37 757)	(42 049)	(208 386)	3,10
Impairment	-	-	(7 505)	3,10
<b>Operating result (EBIT)</b>	<b>12 175</b>	<b>(16 774)</b>	<b>51 317</b>	
Interest income	-	137	149	
Interest expenses	(599)	(1 695)	(6 576)	10
Other net financial items	(410)	(12 144)	(3 274)	
Result from associated companies	146	(1 371)	1 487	
<b>Profit (loss) before taxes</b>	<b>11 312</b>	<b>(31 848)</b>	<b>43 103</b>	
Taxes	-	-	-	8
<b>Profit (loss)</b>	<b>11 312</b>	<b>(31 848)</b>	<b>43 103</b>	
<b>Comprehensive income</b>				
Translation differences	119	658	684	
Gain/loss on financial derivatives of cash flow hedges	-	-	-	
<b>Comprehensive income items</b>	<b>119</b>	<b>658</b>	<b>684</b>	
<b>Total comprehensive income</b>	<b>11 431</b>	<b>(31 190)</b>	<b>43 787</b>	
Earnings per share	0,08	(0,22)	0.31	
Diluted earnings per share	0,08	(0,22)	0.31	

# Balance Sheet

UNAUDITED



Statement of financial position (NOK 1000)	2021 31/03	2020 31/03	2020 31/12	NOTES
<b>Non-current assets</b>				
Deferred tax assets	8 161	8 161	8 161	8
Investment in joint ventures	-	19 913	22 772	11
Property, plant and equipment	232 504	211 546	90 103	3, 10
<b>Total non-current assets</b>	<b>240 665</b>	<b>239 620</b>	<b>121 036</b>	
<b>Current assets</b>				
Bunkers	4 973	5 179	1 376	
Trade receivables	81 987	96 244	90 783	
Other receivables	35 718	62 130	44 422	
Cash and cash equivalents	144 260	37 955	105 396	
<b>Total current assets</b>	<b>266 938</b>	<b>201 508</b>	<b>241 978</b>	
<b>Total assets</b>	<b>507 603</b>	<b>441 128</b>	<b>363 014</b>	
<b>Equity</b>				
Share capital	143 606	143 546	143 606	6
Share premium	83 529	105 025	83 529	
Proposed dividends	21 541	-	21 541	
Other equity	(27 091)	(113 822)	(38 522)	7
<b>Total equity</b>	<b>221 586</b>	<b>134 749</b>	<b>210 154</b>	
<b>Non-current liabilities</b>				
Interest-bearing debt to credit institutions	26 613	22 470	12 731	4, 10
Interest-bearing debt, other (related to IFRS 16)	-	42 561	-	4, 10
<b>Total non-current liabilities</b>	<b>26 613</b>	<b>65 031</b>	<b>12 731</b>	
<b>Current liabilities</b>				
Interest-bearing debt to credit institutions, short term	18 469	25 812	12 859	4, 10
Interest-bearing debt, other (related to IFRS 16), short term	117 428	99 645	15 766	4, 10
Trade payables	51 260	76 718	65 055	
Other current liabilities	72 248	39 174	46 448	
<b>Total current liabilities</b>	<b>259 404</b>	<b>241 348</b>	<b>140 128</b>	
<b>Total liabilities</b>	<b>286 017</b>	<b>306 379</b>	<b>152 859</b>	
<b>Total equity and liabilities</b>	<b>507 603</b>	<b>441 128</b>	<b>363 014</b>	

# Cashflow

UNAUDITED



Statement of cash flow (NOK 1000)	1Q 2021	1Q 2020	12M 2020	NOTES
<b>Cash flow from operating activities</b>				
Operating result (EBIT)	12 175	(16 774)	51 317	
Paid taxes	-	-	-	
Gain on sold assets	-	-	(9 160)	
Depreciation and amortisation	37 757	42 049	208 386	
Impairment	-	-	7 505	
Change in trade debtors	17 334	(37 090)	(31 629)	
Change in trade creditors	(19 156)	22 734	11 071	
Change in other provisions	16 495	8 087	30 770	
Share option cost employees	-	108	432	
<b>Net cash flow from operating activities</b>	<b>64 605</b>	<b>19 113</b>	<b>268 691</b>	
<b>Cash flow from investing activities</b>				
Acquired cash balance from consolidation of Surveyor AS	12 482	-	-	11
Purchase of fixed assets	-	(1 576)	(2 118)	
<b>Net cash flow from investing activities</b>	<b>12 482</b>	<b>(1 576)</b>	<b>(2 118)</b>	
<b>Cash flow from financing activities</b>				
Net interest paid	(1 096)	(175)	(2 176)	
Proceeds from issuance of ordinary shares	105	-	-	
Drawdown on overdraft bank facility	-	11 005	-	
Repayment of borrowings and leases	(37 300)	(29 610)	(197 996)	
<b>Net cash flow from financing activities</b>	<b>(38 291)</b>	<b>(18 781)</b>	<b>(200 172)</b>	
<b>Net change in cash and cash equivalents</b>	<b>38 797</b>	<b>(1 244)</b>	<b>66 401</b>	
Cash and cash equivalents in the start of the period	105 396	38 657	38 657	
Translation differences	67	542	339	
<b>Cash and cash equivalents in the end of the period</b>	<b>144 260</b>	<b>37 955</b>	<b>105 396</b>	



# Equity

UNAUDITED



(NOK 1000)	Share capital and share premium	Other equity	Total equity	NOTES
Equity 01.01.2021	248 676	(38 522)	210 154	
Translation difference	-	119	119	
Result for the period	-	11 312	11 312	
Equity 31.03.2021	248 676	(27 091)	221 586	

# 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 01.01.21	133 253	115 746	134 029	12 084	395 111
Additions*	45 155	-	134 997	-	180 152
Disposals/adjusted commitment	-	-	-	-	-
<b>Purchase cost 31.03.21</b>	<b>178 408</b>	<b>115 746</b>	<b>269 026</b>	<b>12 084</b>	<b>575 263</b>
Accumulated depreciation 31.03.21	(85 483)	(94 429)	(144 257)	(11 092)	(335 262)
Accumulated impairment 31.03.21	-	-	(7 505)	-	(7 505)
<b>Net book value 31.03.21</b>	<b>92 925</b>	<b>21 317</b>	<b>117 270</b>	<b>992</b>	<b>232 504</b>
Depreciation in the period	(3 778)	(2 659)	(31 267)	(54)	(37 757)
Impairment in the period	-	-	-	-	-
Expected useful life (years)	3-8	3-8	1-3	3	
Depreciation plan	Linear	Linear	Linear	Linear	

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

## Note 3 - Fixed assets

### Summary

Impairment testing has been performed in accordance with IAS 36. Impairment testing for Q1 2021 did not result in any impairment.

### Discount rate

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

### Revenue assumptions

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

### Right-of use-assets - vessels:

The right-of-use assets at 31 March 2021 represents the remaining committed vessel days on charter agreements with vessel owners. The impairment testing demonstrated that the recoverable amount is larger than book value, and as such no impairment charge is required. The recoverable amount is sensitive to estimated utilization and selling rate assumptions. See note 10 for further information on Right-of-use assets.

### ROV and ROV equipment:

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

A sensitivity analysis 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%	6 722
20%	21 636
30%	40 757

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



## Note 4 - Borrowings

(NOK 1000)	31/03/2021	31/12/2020
<b>Non-current liabilities</b>		
Bank borrowings	22 626	7 500
Lease liabilities to credit institutions	3 986	5 231
Other non-current lease liabilities (IFRS 16)	-	-
<b>Total non-current borrowings</b>	<b>26 613</b>	<b>12 731</b>
<b>Current borrowings</b>		
Bank borrowings	11 584	5 000
Lease liabilities to credit institutions	6 885	7 859
Other current lease liabilities (IFRS 16)	117 428	15 766
<b>Total current borrowings</b>	<b>135 897</b>	<b>28 625</b>
<b>Carrying amount</b>		
Bank borrowings	34 211	12 500
Finance lease liabilities	128 299	28 856
<b>Total carrying amount</b>	<b>162 510</b>	<b>41 356</b>
<b>Fair value</b>		
Bank borrowings	34 211	12 500
Finance lease liabilities	128 299	28 856
<b>Total fair value</b>	<b>162 510</b>	<b>41 356</b>

At 31.03.21 bank borrowings are secured on fixed assets for the value of NOK 115.2 million (31.12.20: 76.6 million).

## Note 5 - Transactions with related parties

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



## Note 6 - Shareholders

20 largest shareholders as per 31.03.2021:

	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	6 100 000	4.2 %
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 %
LION INVEST AS	2 300 000	1.6 %
CORUNA AS	2 250 000	1.4 %
RMS INVEST AS	2 000 000	1.4 %
TEOMAR AS	2 000 000	1.4 %
A-Å INVEST AS	1 938 725	1.4 %
SMS INVESTERING AS	1 652 366	1.3 %
NÆRINGSLIVETS HOVEDORGANISASJON	1 635 991	1.2 %
BARRUS CAPITAL AS	1 510 090	1.2 %
TEM INVEST AS	1 250 000	1.1 %
CASTEL AS	1 248 517	1.1 %
VERDIPAPIRFONDET EIKA ALPHA	1 142 850	0.9 %
TERSUS	1 023 351	0.9 %
<b>Total 20 largest</b>	<b>105 678 697</b>	<b>73.5 %</b>
Others	37 927 311	26.4 %
<b>Total</b>	<b>143 606 008</b>	<b>100.0 %</b>

List of 20 largest shareholders in updated monthly on [www.reachsubsea.no](http://www.reachsubsea.no)



## 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.

## 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 capitalized.

## Note 9 - Segments

(NOK 1000)	<b>2021</b> 01.01.-31.03.	<b>2020</b> 01.01.-31.03	<b>2020</b> 01.01.-31.12.
<b>Revenue</b>			
Oil & Gas	53 941	70 346	473 389
Renewable / other	47 834	8 451	154 641
<b>Total</b>	<b>101 775</b>	<b>78 797</b>	<b>628 030</b>
<b>Operating expense</b>			
Oil & Gas	(47 488)	(85 321)	(434 708)
Renewable / other	(42 112)	(10 250)	(142 005)
<b>Total</b>	<b>(89 600)</b>	<b>(95 571)</b>	<b>(576 714)</b>
<b>Operating result</b>			
Oil & Gas	6 453	(14 975)	38 681
Renewable / other	5 722	(1 799)	12 636
<b>Total</b>	<b>12 175</b>	<b>(16 774)</b>	<b>51 317</b>
<b>EBITDA</b>			
Oil & Gas	26 464	22 564	201 412
Renewable / other	23 468	2 711	65 795
<b>Total</b>	<b>49 932</b>	<b>25 275</b>	<b>267 207</b>



## 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 1Q2021, Right-of-use assets consist of contractual commitments and estimated use in the contract period. Pay as you go contracts at the balance sheet date, with no contractual commitment, are not capitalized. The following have been recognized:

Right-of-use assets	31/03/2021	31/12/2020
Property, plant and equipment	117 270	13 534
<b>Total</b>	<b>117 270</b>	<b>13 534</b>

Lease liabilities	31/03/2021	31/12/2020
Current	117 428	15 766
Non-current	-	-
<b>Total</b>	<b>117 428</b>	<b>15 766</b>

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

	Q1 2021	Q1 2020	12M 2020
Depreciation charge of right-of use assets	31 267	33 245	174 802
Impairment charge of right-of-use assets	-	-	7 505
Interest expense	497	1 382	4 252
<b>Total charges to the P&amp;L</b>	<b>31 763</b>	<b>34 627</b>	<b>186 559</b>

The total cash outflow for leases in 1Q2021 was NOK 33.8 million (1Q2020: 25.6 million).



## Note 10 - Leasing

Reconciliation of leases on committed days recognized in 2021:	Right-of use assets	Lease liability, non-current	Lease liability, current
Opening balance 01.01.2021	13 534	-	15 766
Additions	126 894	-	126 894
Disposals	-	-	-
Depreciation	(23 165)	-	-
Impairment	-	-	-
Interests	-	-	497
Reclassification from long to short term	-	-	-
Adjusted commitment	-	-	-
Currency adjustment	-	-	-
Payments	-	-	(25 729)
Ending balance 31.03.2021	117 270	-	117 428

The right-of-use assets for the period were calculated based on a discounted estimated commitment on the following vessels; *Olympic Challenger*, *Olympic Delta* and *Olympic Artemis*. 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 recognized as depreciations.

Reconciliation of depreciation	Q1 2021	Q1 2020	12M 2020
Depreciation of long term right-of-use assets	23 165	29 028	103 857
Depreciation of short term right-of-use assets	8 102	4 217	70 945
Depreciation of other assets	6 490	8 803	33 584
Total depreciation	37 757	42 049	208 386



## Note 11 – Business combinations

In March 2021 our joint venture partner MMT Sweden AB (“MMT”) was acquired by Ocean Infinity. This transaction triggered an option for Reach Subsea to purchase MMT’s shares in our jointly owned entity Surveyor AS at book value. This option was exercised 31.03.2021 with the effect that the balance sheet for Surveyor AS is consolidated into our Group accounts as per quarter end. The transaction is expected to be closed in full before the end of May 2021.

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

(NOK 1000)	31/03/2021
Property, plant and equipment	44 855
Trade receivables	8 778
Other receivables	8 250
Cash and cash equivalents	12 482
<b>Total assets</b>	<b>74 365</b>
Interest-bearing debt to credit institutions	44 855
Trade payables	8 778
Other current liabilities	246
<b>Total assets</b>	<b>28 807</b>
Total identifiable net assets at fair value	45 558
Whereof 50 % is acquired	22 779
Total consideration	22 779
<b>Goodwill</b>	<b>-</b>

## Note 12 - Events after quarter end

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

# Contact

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