



# Q3 2022

## Financial results

---

Jostein Alendal – CEO

Birgitte Wendelbo Johansen – CFO

8 November 2022

# Disclaimer

IMPORTANT – You must read the following before continuing. The following applies to this document, the oral presentation of the information in this document by Reach Subsea ASA (the "Company") or any person on behalf of the Company, and any question-and-answer session that follows the oral presentation (collectively, the "Information"). In accessing the Information, you agree to be bound by the following terms and conditions.

The Information does not constitute or form part of, and should not be construed as an offer or the solicitation of an offer to subscribe for or purchase shares or other securities of the Company, and nothing contained therein shall form the basis of or be relied on in connection with any contract or commitment whatsoever, nor does it constitute a recommendation regarding such shares or other securities. Any shares or other securities of the Company may not be offered or sold in the United States or any other jurisdiction where such a registration would be required unless so registered, or an exemption from the registration requirements of the U.S. Securities Act of 1933, as amended, or other applicable laws and regulations is available. The Information is not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident of, or located in, any locality, state, country or other jurisdiction where such distribution or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction. The Information is not for publication, release or distribution in any jurisdiction in which offers or sales would be prohibited by applicable law.

The Information has been prepared by the Company, and no other party accepts any responsibility whatsoever, or makes any representation or warranty, express or implied, for the contents of the Information, including its accuracy, completeness or verification or for any other statement made or purported to be made in connection with the Company and nothing in this document or at this presentation shall be relied upon as a promise or representation in this respect, whether as to the past or the future.

The Information contains forward-looking statements. All statements other than statements of historical fact included in the Information are forward-looking statements. Forward-looking statements give the Company's current expectations and projections relating to its financial condition, results of operations, plans, objectives, future performance and business. These statements may include, without limitation, any statements preceded by, followed by or including words such as "target", "ambition", "outlook", "believe", "expect", "aim", "intend", "may", "anticipate", "estimate", "plan", "project", "will", "can", "have", "likely", "should", "would", "could" and other words and terms of similar meaning or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the Company's actual results, performance or achievements to be materially different from the expected results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which it will operate in the future. Furthermore, information about past performance given in this Information is given for illustrative purposes only and should not be relied upon as, and is not, an indication of future performance.

No representation, warranty or undertaking, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the Information or the opinions contained therein, and no liability whatsoever is accepted as to any errors, omissions or misstatements contained herein, and, accordingly, neither the Company nor any of its parent or subsidiary undertakings or any such person's officers or employees accepts any liability whatsoever arising directly or indirectly from the use of this document. The Information has not been independently verified and will not be updated. The Information, including but not limited to forward-looking statements, applies only as of the date of this document and is not intended to give any assurances as to future results. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to the Information, including any financial data or forward-looking statements, and will not publicly release any revisions it may make to the Information that may result from any change in the Company's expectations, any change in events, conditions or circumstances on which these forward-looking statements are based, or other events or circumstances arising after the date of this document.

This presentation contains statistics, data, statements and other information relating to the group's markets and the industry in which it operates. Where such information has been derived from third-party sources, such sources have been identified herein. In addition, the Company has been named as a source for certain market and industry statements included in this presentation. Such "Company information" reflects the Company's views based on one or more sources available to it (some of which are not publicly available, but can be obtained against payment), including data compiled by professional organisations, consultants and analysts and information otherwise obtained from other third party sources.

By reviewing this Information you acknowledge that you will be solely responsible for your own assessment of the market and the market position of the Company and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of the businesses of the Company. This Information must be read in conjunction with the recent financial reports of the Company and the disclosures therein

This Information shall be governed by Norwegian law, and any disputes relating to hereto is subject to the sole and exclusive jurisdiction of Norwegian courts.



# Operations

Q3 2022 highlights

## Strong third quarter in solid market

-  Another record-breaking financial quarter with revenues and EBIT growing 64% and 150%, respectively
-  Significant contract awards exceeding NOK 200 million for the main season 2023 in Europe and Brazil
-  Signed agreement with Volstad Maritime for use of the subsea vessel Deep Cygnus for 4+1 years
-  Successful integration of Octio and iSurvey, optimal positioning for the strong market development
-  Reach Remote on track for 2023 delivery



# Reach Subsea in brief

A complete subsea services and data provider



250

employees

4

countries

10

Work class ROVs

2

High speed survey ROVs

4

Vessels on full time charter

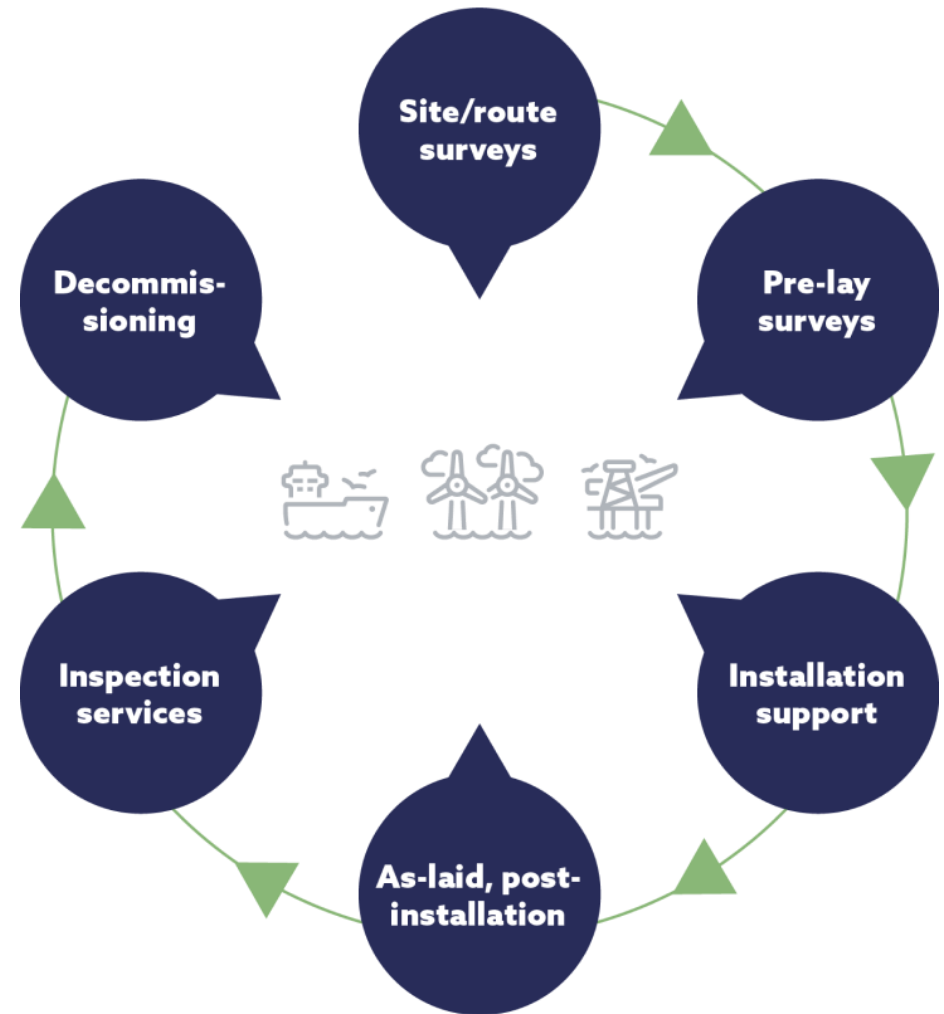
2

USVs in order

- 10 years of subsea experience, constantly challenging technical boundaries
- Focus on safety and environment
- Financial solidity and profitable growth
- Well positioned in stronger market than ever

# We provide services for all offshore assets

- Through the whole lifecycle
- We provide clients with **Data** and **Solutions** for clients' subsurface assets
- Services are delivered by our skilled people using the right technology from a subsea vessel
- Expanding into Carbon Capture and Storage segment
- Developed for the oil & gas sector, our services are increasingly adopted by other sectors of the blue economy



# Strong customer base across sectors

### Oil & Gas

Structural decrease in new installations, but ageing installed base requires increasing maintenance

Clients transitioning to offshore wind

### Offshore Wind

Structural growth market

Technology and solutions from oil and gas applicable for several parts of the value chain

### Offshore Cables

Structural growth market as the world electrifies

Subsea service assets widely used for survey, installation and maintenance

### Emerging Sectors

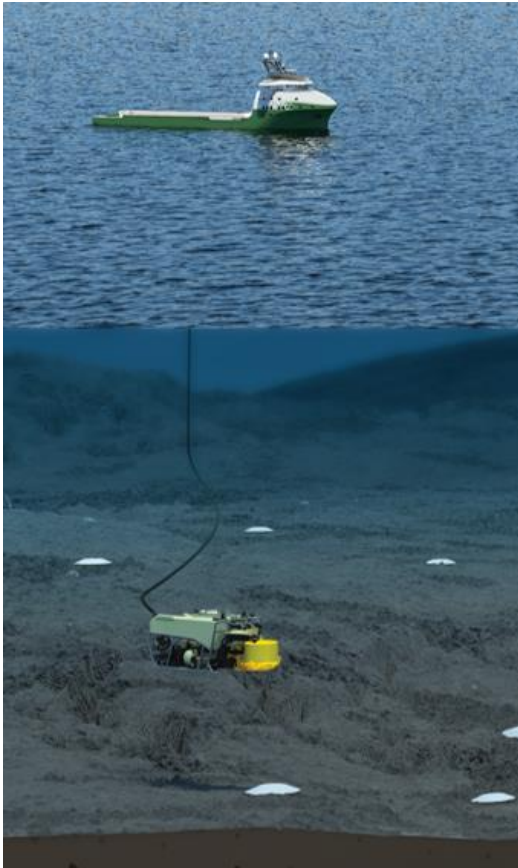
Offshore fish farming, subsea mining, environmental surveillance

Subsea service solutions applicable in many aspects, at the right cost



# Expanding into CCS with OCTIO

Monitoring reservoirs with patented technology



## Strong value proposition

- Cost is 1/10 of conventional 4D seismic
- Simplified operations and logistic
- Environmentally friendly
- Perfectly fit for Reach Remote deployment

## Efficient CCS storage management

- Constrain uncertainties in the volumetric expansion of the injection plume
- Reduce uncertainties in in-situ CO<sub>2</sub> density
- Pressure communication in the reservoir
- Detect vertical leakage of the CO<sub>2</sub> plume

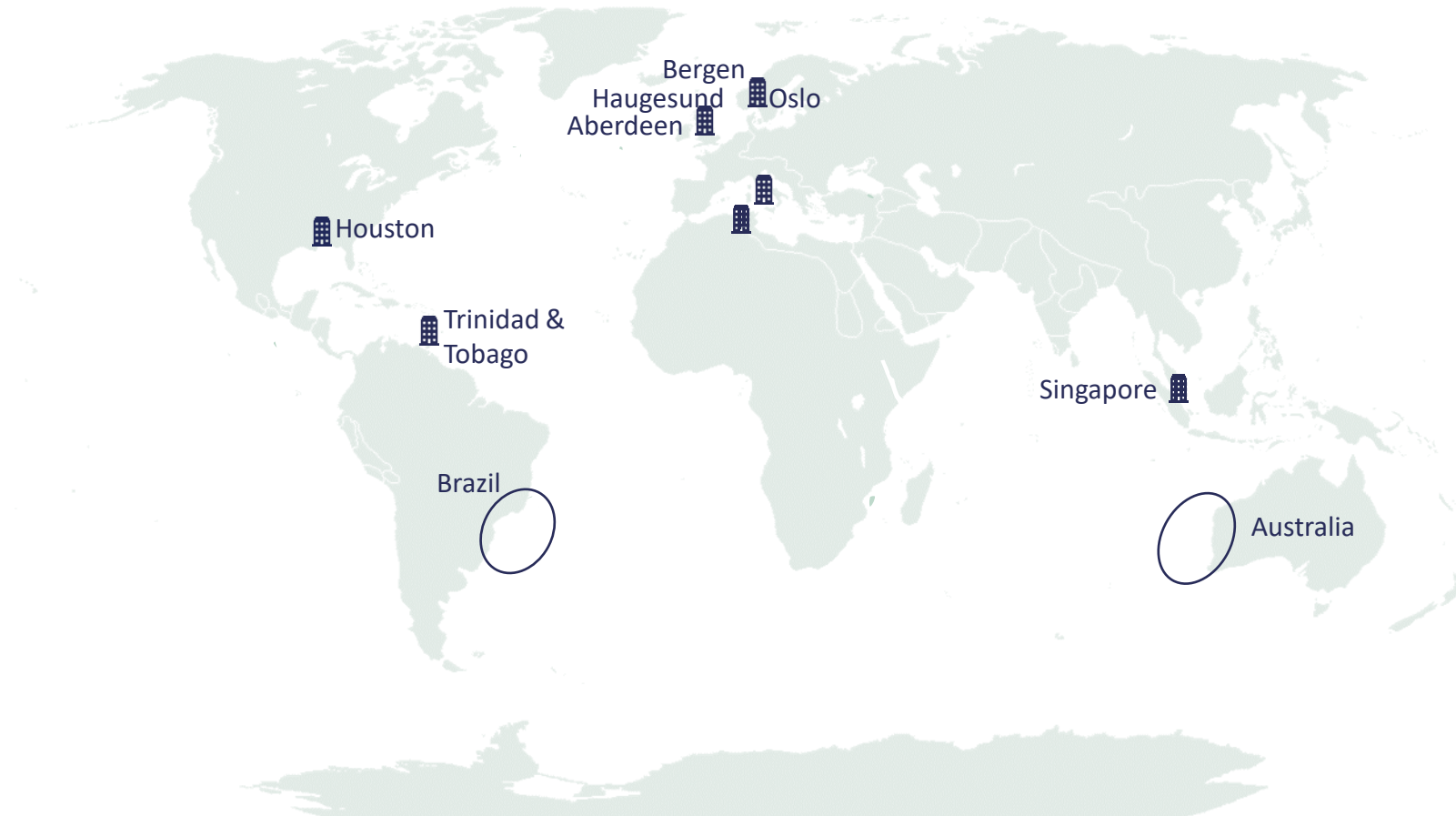
## Efficient oil and gas reservoir management

- Understanding of reserve depletion
- Target untapped reserves

## Efficient field development strategy of CCS and oil and gas production

# We expand globally

Recent contracts in new geographies Australia and Brazil



- Strategic partnership with large offshore company in Brazil
- First international contract for OCTIO in Australia
- Reach Remote is an ideal platform for further global expansion



# Successful strategic transition – execution on track

## Foundation for strategic transition in place H1 2022



## Successful execution in H2 2022 and onwards

- 01 iSURVEY and OCTIO working closely with rest of Reach. First joint projects delivered
- 02 Flexible fleet strategy well suited for transition to unmanned operations
- 03 High tender activity, taking on larger and more complex assignments
- 04 A solid foundation for further growth

We are taking a leading position in marine robotics and are ready for global expansion



## Reach Remote – a strong business case is getting even stronger

### The next steps in subsea operations

Technology is enabling a radical redesign of how ROV operations are performed: shifting from a capital- and personnel-intensive setup operated from larger, energy-intensive offshore vessels towards a lean remote and autonomous platform, with certified personnel located onshore.

**65%**

Lower CAPEX

**65%**

Lower Daily OPEX

**90%**

Lower emissions

On track for launch in 2023

# Unmanned

Remotely Controlled Vessel

Connecting

Subsea robotics to Marine robotics



## Mobile Power Bank

Work Class E-ROV tethered to the mother vessel, self supplied with power for 30-day endurance.

## Data Centre

Safekeep offshore data acquisition for live progress tracking, anomaly reporting, field reporting all the way through to Cloud based HTML reporting & media integration.

## Communication Module

Robust communication platform enabling experts and clients to support and monitor the subsea operation, worldwide.



# Financials

## Q3 2022 Highlights

- High activity, near full utilization, and improved pricing drives profitability to record levels
- Improved ROV utilization of 74% in the nine months of 2022, compared to 67% in the same period last year
- Strong market with high activity in oil and gas segment driven by high energy prices, and structural growth in renewables

02



**Revenue**  
NOK 365 million (224 million)



**EBIT**  
NOK 58 million (23 million)



**Comprehensive income**  
NOK 52 million (44 million)



**Cash and cash equivalents**  
NOK 225 million (98 million)

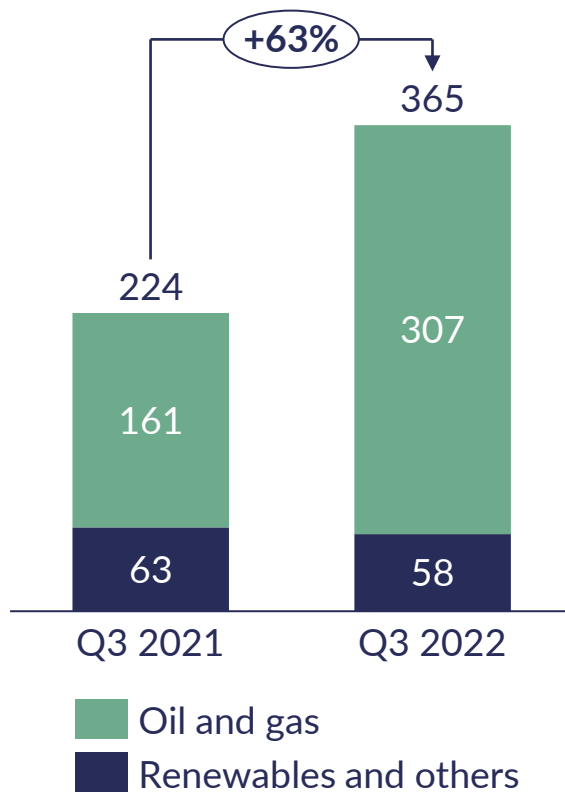


**Cash positive position, net interest-bearing debt, excl IFRS 16 leases**  
NOK -185 million (-63.0 million)

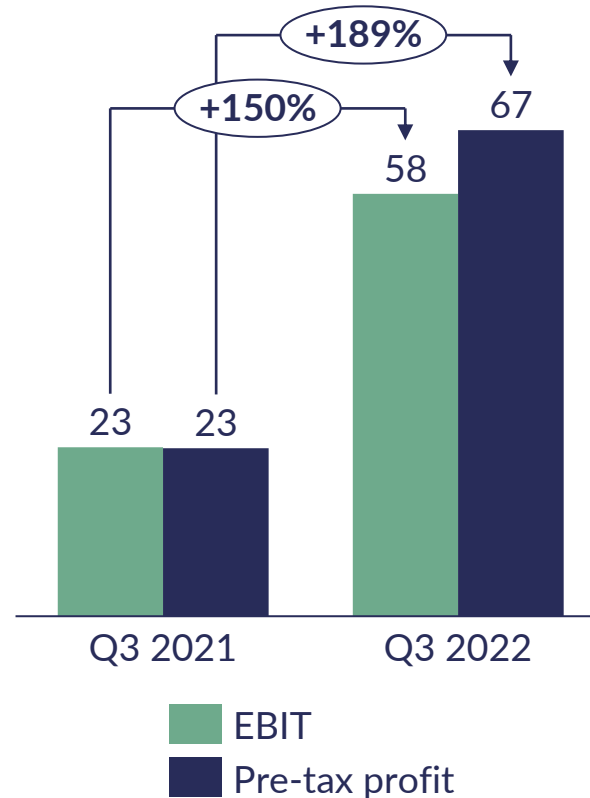


# Q3 2022 key developments

Revenue mix Q3  
(MNOK)



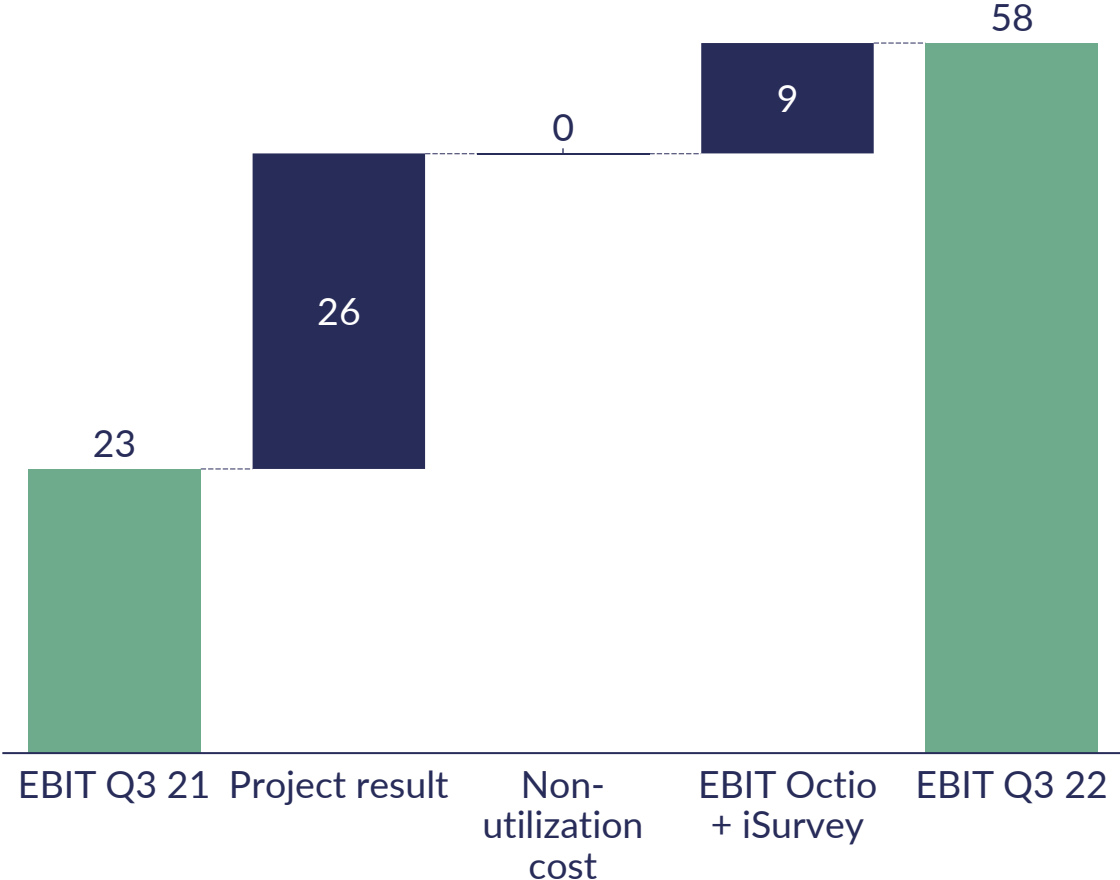
Higher project activity  
and profit (MNOK)



- 63 percent revenue growth
  - High number of project days sold
  - Higher pricing
  - Acquisitions of iSurvey and Octio
- 189 percent growth in pre-tax profit
  - High utilization in a strong market
  - Contribution from iSurvey and Octio
- Firm order book of NOK 440 million for projects with execution in 4Q2022 and beyond (as of 1 October 2022)

# Strong growth in EBIT

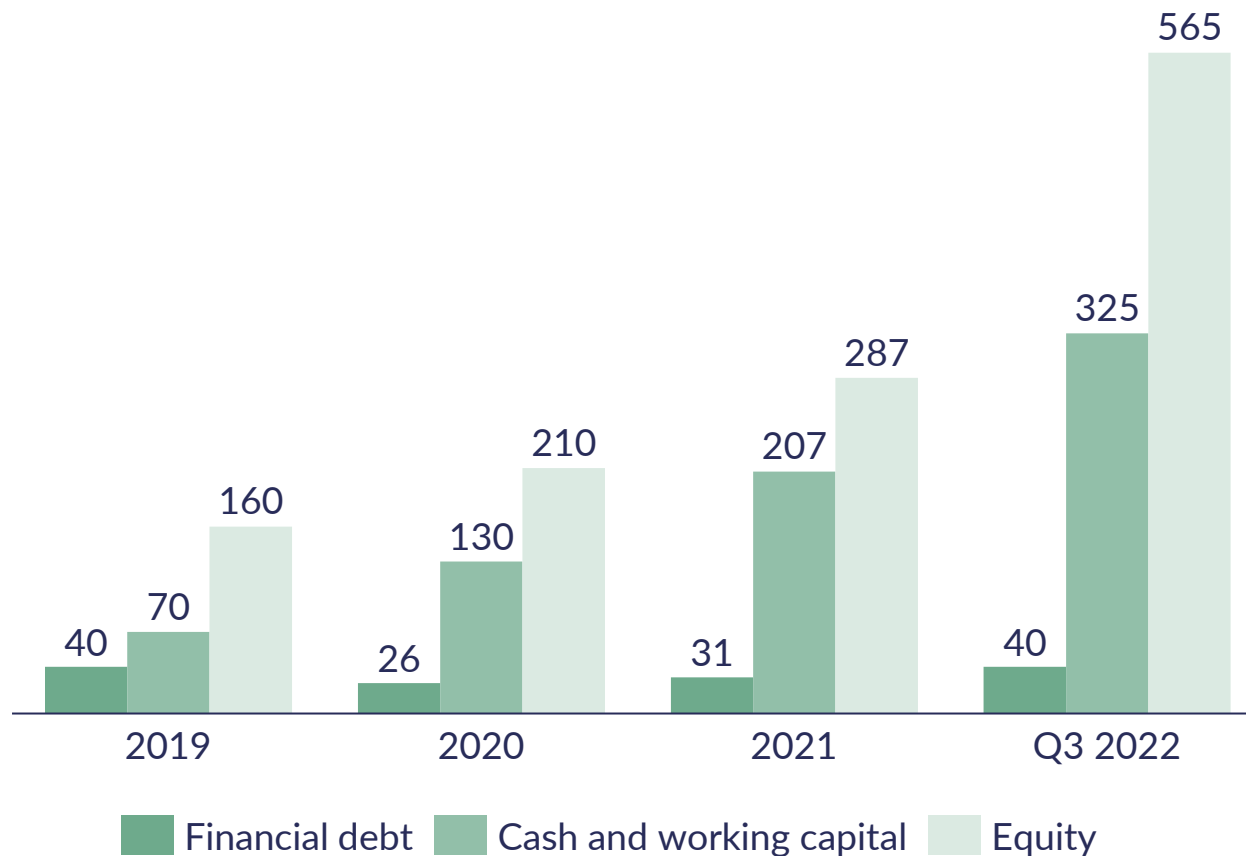
YoY EBIT bridge (MNOK)



- Solid execution in strong market
- Good pricing development
- Very high utilization of ROVs and vessels eliminated non-utilization cost
- Good development in Octio and iSurvey, contributing positively to profitability

# Positioned for growth

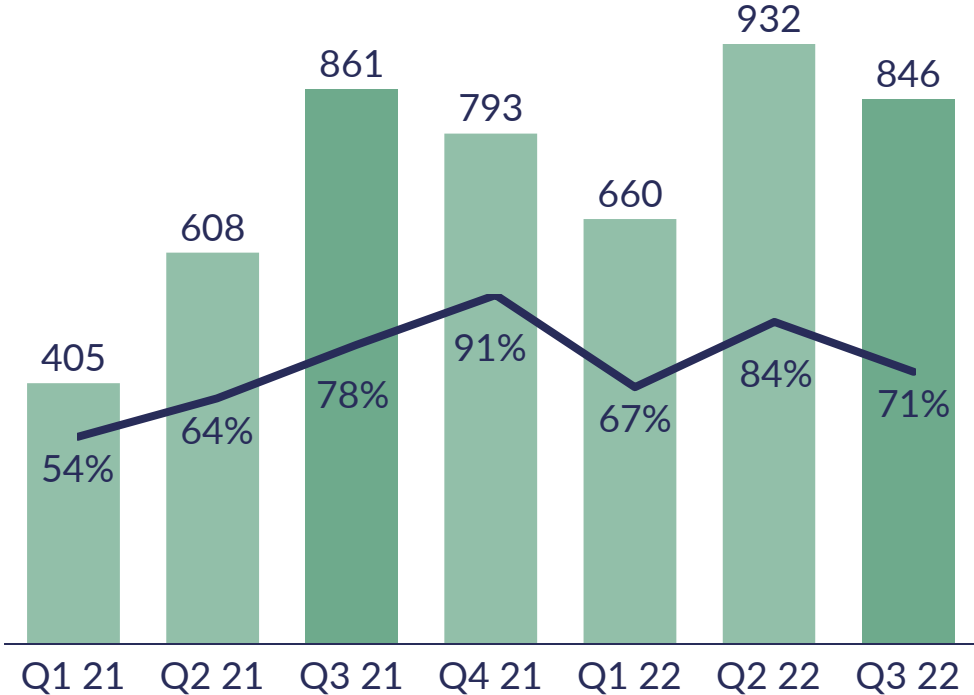
## Solid financial position (MNOK)



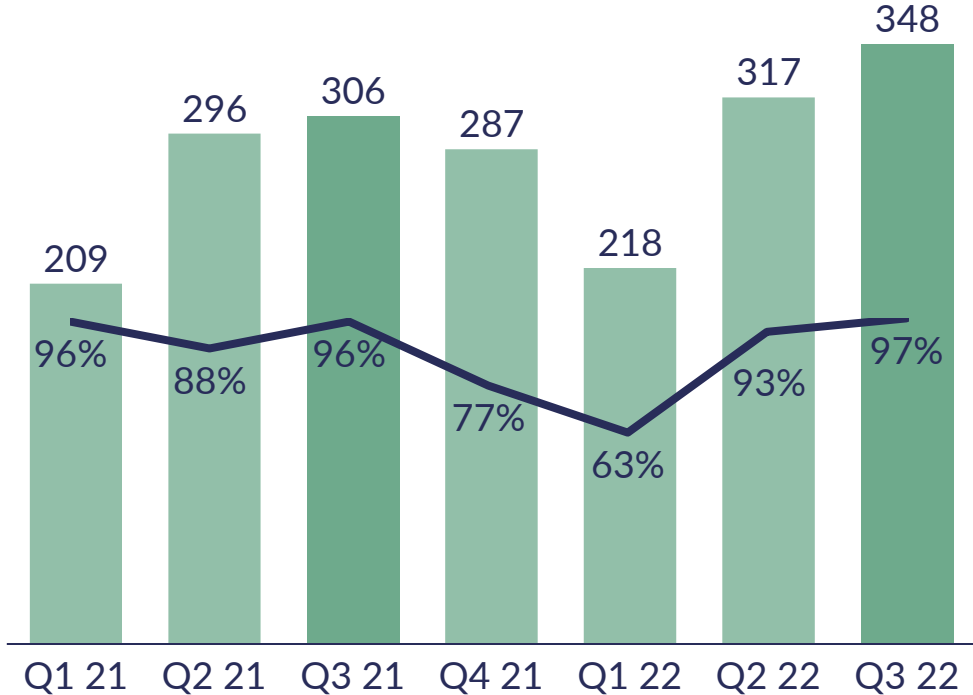
- Consolidated balance sheet after M&A transactions
- Strong liquidity and equity positions
- Positioned for remaining Reach Remote investment of NOK 320m
  - Debt financing of NOK 200m
  - Remaining NOK 120m well covered by existing funds of NOK 325m

# Steady growth in ROV and vessel activity and utilization

ROV days sold and % utilization



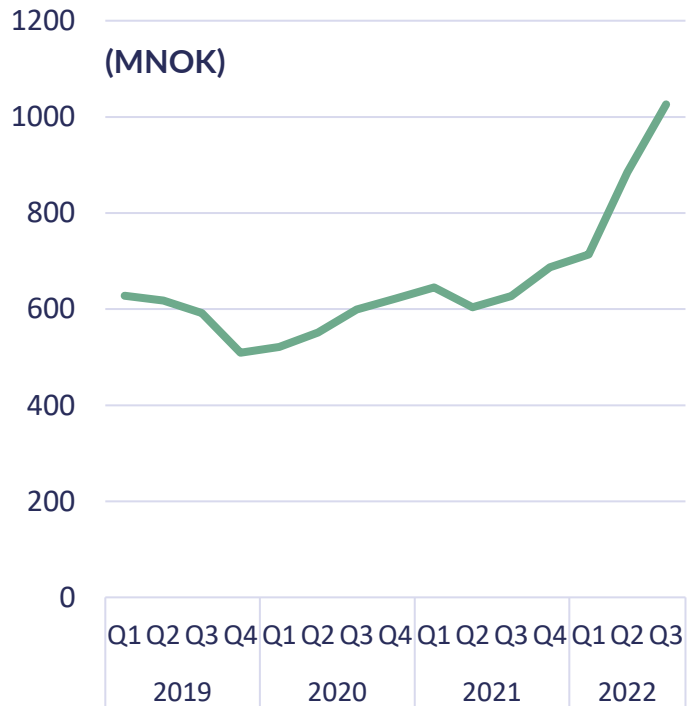
Vessel days sold and % utilization



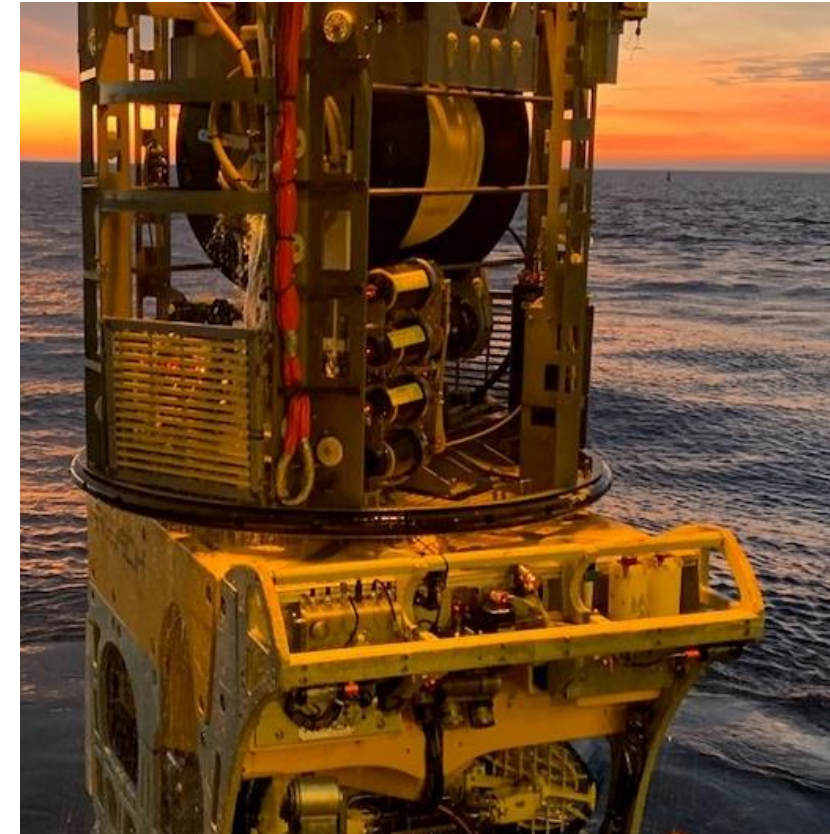
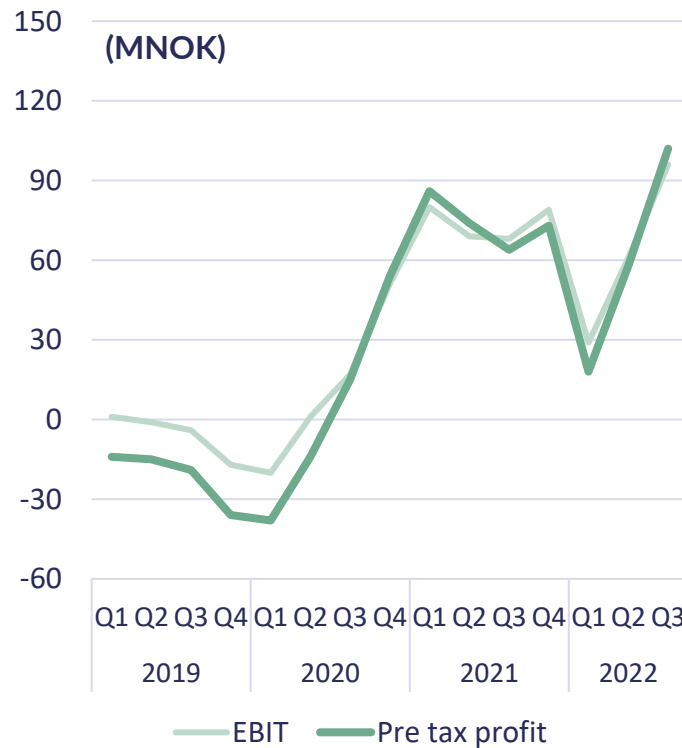


# Long-term positive revenue and profitability trend

Last 12 months Revenue (MNOK)



Last 12 months EBIT and Pre tax profit (MNOK)



# Progress on achieving ESG targets - Q3 status

## Environment

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

Ongoing

Reduce COE emissions compared to activity levels

Achieved

Zero major spills of hazardous materials to the sea

Achieved

Increase use of remote operations

Achieved

Invest in Unmanned Surface Vessels

Achieved

Participate in Ocean Cleanup campaign

Achieved

## Employees

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

Achieved

Zero work-related injuries

Not achieved

Implement campaign with focus on mental and physical health

Achieved

Increase percentage of female employees in offshore employment categories

Achieved

Develop REACH-ED with new e-learning for employees

Ongoing

Maintain turnover below 8%

Achieved

## Responsible business

Develop and implement audit plan for suppliers

Achieved

Maintain customer satisfaction score at 4 and higher

Achieved

Develop REACH-ED with new e-trainings for suppliers

Ongoing

Maintain technical uptime at 99% or higher

Achieved

# Summary

# The trusted data and subsea service provider for ocean-based industries

## Rapidly growing ocean-based industries market

- Stable oil and gas market mid to long-term, demand for maintenance and decommissioning to accelerate
- Green energy transition creating attractive business opportunities
- New verticals emerging

## Well-positioned to capture profitable growth opportunities

- Leveraging 10+ years of spotless execution and global customer network consisting of several energy supermajors
- Highly experienced management and operational team
- Digitally-enabled, cost-efficient, technology-driven services and solutions

## Robust financial profile

- Solid balance sheet
- Positive cash flow and liquidity buffer
- Attractive and sustainable dividend

## Creating sustainable value for all stakeholders

- Continuous operational improvements to enhance efficiency and reduce emissions
- Stringent HSEQ standards and solid safety track record
- Goal of zero harm to personnel, environment and equipment

## Pursuing value accretive bolt-on acquisitions

- Exploring opportunities to deepen technology base and expand value chain
- Lean and agile organization
- Supportive majority shareholders





# Q&A

The logo features the word "REACH" in a bold, white, sans-serif font. The letter "E" is highlighted in a vibrant green color. A thin green horizontal line is positioned above the "R" and "E". Below "REACH", the word "SUBSEA" is written in a smaller, white, sans-serif font.

**REACH**  
SUBSEA