

2022 Q2

Everything is within Reach

Half year Consolidated Report

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REACH
SUBSEA

2nd Quarter and 1st Half 2022

About Reach Subsea

Reach Subsea ASA is listed on Euronext Oslo Stock Exchange under the ticker REACH. The Group's business concept is to offer subsea services as subcontractor and/or directly to end clients, based out of our head office in Haugesund. The core business of the Group is based on modern, high spec Survey- and Work ROVs operated by highly qualified offshore personnel and supported by competent onshore engineering resources.

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

Contents

About Reach Subsea	02
Highlights	03
CEO Letter	04
Operations	05
Financial results	07
Capital structure	09
The Share	09
News after quarter end	10
Definitions	11
Outlook	12
Sustainability	13
Reach Subsea Fleet	16
Accounts	23
Notes	27

Highlights

- Record quarterly result recorded for 2Q2022 fuelled by high utilisation, improved pricing environment, solid execution and addition of new businesses.
- 2Q2022 EBIT was NOK 49.8 million (NOK 17.8 million), while pre-tax result was NOK 56.2 million (NOK 15.9 million).
- First half 2022 EBIT was NOK 12.2 million (NOK 30.0 million), while pre-tax result was NOK 11.9 million (NOK 27.2 million).
- iSurvey and Octio, our recently acquired businesses, contributed positively to both our market footprint and financial results. First landmark full scale route survey project executed successfully by a Reach-iSurvey integrated spread.
- Strong market conditions across all sectors fuelled by high energy prices, increased focus on energy security, and structural growth in offshore renewables.
- Reach Remote project progressing according to schedule, while conventional vessel capacity for transitional era is being secured through Deep Cygnus charter.

Key figures

	2Q 2022 UNAUDITED	2Q 2021 UNAUDITED	YTD 2022 UNAUDITED	YTD 2021 UNAUDITED	12M 2021 AUDITED
Revenue (NOKm)	341	170	470	272	687
EBIT (NOKm)	50	18	12	30	79
Pre-tax profit (NOKm)	56	16	12	27	73
Cash and cash equivalents (NOKm)	140	73	140	73	149
Net working capital (NOKm)	137	94	137	94	58
Net interest bearing debt, excl IFRS 16 leases (NOKm)	-106	-34	-106	-34	-118
Net interest bearing debt, incl IFRS 16 leases (NOKm)	141	40	141	40	164
Equity (NOKm)	513	216	513	216	287
Order backlog (NOKm)	350	253	350	253	110
Outstanding tender value (NOKbn)	2.3	2.0	2.3	2.0	2.1
Number of ROV days sold	932	608	1 592	1 013	2 667
Number of ROV days available	1 105	946	2 084	1 695	3 830
Technical uptime on ROVs	99 %	99 %	99 %	99 %	99 %
Number of offshore personnel days sold	7 791	3 121	10 555	5 518	13 402
LTIs	1	0	1	0	0
Number of vessel days sold	317	296	535	505	1 098

2nd Quarter and 1st Half 2022

CEO Letter



It is a pleasure to report strong results for Reach Subsea in the second quarter of 2022. With revenue growth and increased operating profit we clearly demonstrate the strength of our business model in a positive market environment. We now reap the benefits of our efforts to firm up significant long-term vessel capacity, and in the second quarter utilization was very high. This was not only driven by the increased investments in the oil & gas segment, but also more projects within new segments like renewable energy.

In parallel with great operational and financial results, it is extremely important for me to conclude that our work to transform and broaden Reach Subsea is progressing well. As result of the acquisitions of OCTIO late 2021 and iSURVEY in the first quarter this year we grew significantly to 250 employees, and an optimal integration of our new colleagues and the product offering of OCTIO and iSURVEY is crucial. Our goal is to operate as “One Reach” by 2023, and based on the progress so far, we are on track.

Our focus on safety and operational performance also remains solid in this period of consolidation and increased activity.

The strategic outcome of the acquisitions is clear: Reach Subsea has now become a complete provider of subsea services, including surveying technology, data management and data analytics. To put it simply, we cover the whole subsea value chain. This means that we can offer better and more comprehensive services for our clients, will be able to attract more high-competence talent, and we will be able to produce even better project economics.

Our next leap comes next year, when the transition to remotely controlled and unmanned operations gains speed through the launch our first two remotely operated and autonomous Reach Remote vessels. The advantages are many: Reach Remote will reduce cost for clients with 20-30 percent and lowers emissions with 90-100 percent. Personnel safety is vastly improved,

as all operations are conducted from an onshore control room, and the return on investment for Reach is high. Equity funding and a strategic partner for the Reach Remote project is secured through the strategic partnership with Wilhelmsen New Energy, which we entered into in the first quarter this year. The technology development and construction is on track together with our partners at Kongsberg and Massterly.

The acquisitions of OCTIO and iSURVEY fit perfectly with Reach Remote, as they give us in-house technology, competence and customer relations to be leveraged on the Reach Remote platform.

The outlook for Reach Subsea is positive. Despite turbulent markets and geopolitical concerns affecting us all, activity is set to continue to increase both in the oil & gas sector as well as in renewable energy. We experience significant tender activity, and we were particularly happy to see OCTIO's contract for a large survey mission offshore Australia, OCTIO's first significant global step.

Reach Subsea has the competence, technology, capacity, financial muscle and long-lasting client relations to be a winner in the years to come and deliver on our vision of being a world-leading provider of subsea data and solutions.

Never has the future looked more exciting, and we are looking forward to reach new subsea goals for the benefit of our great colleagues, clients and shareholders.

Jostein Alendal

CEO, Reach Subsea ASA

Operations

Reach Subsea ASA Group ("REACH" had per the end of the quarter 10 WROV-systems and two "Surveyor Interceptor" available for subsea operations.

REACH had 2,084 available ROV-days year to date 2022 (1,695 ROVdays year to date in 2021), of which 1,592 days were sold (1,013 leading to a total utilization of 76 % (60 % Furthermore, the number of vessel days that passed through our P&L in the first half of 2022 was 535 (505, with a 78% utilization (91%. As the activity in iSurvey and Octio/Monviro is not reflected in the ROV/Vessel operational days the monthly reporting of these figures have been suspended.

REACH had one serious incident (LTI) during the quarter. The employee is with good health after the injury and has returned to work. Reach Subsea's strong statistics for LTIs is a result of our objective to ensure that we have the right procedures, well-trained personnel, and high-quality equipment in order secure operational success.

REACH offshore personnel contracting business, Connect Offshore, continued sourcing highly skilled offshore personnel during the quarter to Reach and other clients. 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 business for gravimetric surveys, the Octio Group, has increased in the second quarter (4% of total revenues YTD). In addition, activity centered on tendering and preparations for upcoming projects is high.

REACH acquired iSurvey Group in 1Q2022, securing in-house survey capacity. The transaction was settled in new shares and cash, and closed towards the end of March 2022. Thus, iSurvey financials are included as from the 2Q2022 income statement and in the balance sheet. iSurvey had high activity in the second quarter.

REACH has per 22 August 2022, a firm order book of NOK 350 million for projects with execution in 3Q2022 and beyond.

The Reach Remote project, our new and future-proof, sustainable solutions for subsea services launched early 2021, is progressing. Contracts with the two major suppliers, Kongsberg Maritime (USV) and Kystdesign (ROV) have been signed and we are on track for 2023 delivery.



Pre-commissioning work with emphasis on detail engineering and supply chain evaluations for the build phase is ongoing. In preparation of Reach Remote being operational in 2023, Reach aims to have the onshore control room ready during the 2022 season in order to start ROV operations on selected projects.

Operational update

Olympic Artemis is mobilized with one Supporter WROV and is set up for survey and light construction projects within the renewables and oil and gas sector. The subsea spread works on a project for Magseis in the US Gulf expected to last throughout the end of the year.

Olympic Delta is currently mobilized with two hired-in WROVs. The subsea spread was on a contract between Olympic and Technip with Reach as ROV service provider in the second quarter, whereafter she has been working in the spot/medium term market. The spread is currently scheduled for projects lasting towards the end of 3Q 2022.

Havila Subsea is equipped with two owned Schilling WROVs and one Surveyor ROV and offshore personnel from Reach Subsea's offshore pool and is scheduled for projects in cooperation with Ocean Infinity. Havila Subsea had full utilization in the second quarter working on a project in the Mediterranean that lasted into the third quarter 2022. Thereafter the spread is scheduled for projects lasting throughout the third quarter of 2022.

Olympic Challenger is equipped with two hired-in WROVs and worked on an offshore wind project in Europe in the second quarter 2022 with high utilization. The vessel spread currently works on projects expected to last into the fourth quarter of 2022 (plus options).

Stril Explorer is a survey vessel on a charter contract from Møkster to Reach cooperation partner Ocean Infinity. Reach provides ROV services consisting of one Supporter WROV and one Surveyor ROV and offshore personnel to the vessel. Projects performed by the Stril Explorer spread are to a large extent ROV/Survey work handled as a cooperation between Reach

Subsea and Ocean Infinity. The spread is currently located in Europe with sufficient utilization of the Reach assets.

Viking Neptun is mobilized with one Supporter WROV and one Constructor WROV and Reach delivers all ROV- services onboard the construction vessel. The subsea spread is signed for contracts between Eidesvik and Havfram, with Reach as ROV service provider throughout the third quarter, whereafter the vessel will be delivered to new owners and the Reach equipment will be demobilized and prepared for mobilization onboard Deep Cygnus early 2023.

iSURVEY Group experienced a high and stabile activity throughout the second quarter, with a good combination of supporting clients with fixed framework and newly won opportunities. The services performed during the quarter extends from remotely support of rig between locations, cable installation and protection support, various ROV support operations, and route survey performed along with Reach Subsea for a major client. Next quarter outlook remains positive and the high activity is expected to prolong with established work and ongoing campaigns for long term clients.

OCTIO had a busy second quarter and delivered gWatch services in Norway and DepthWatch services in the GoM, USA. The activity period will continue through the third quarter with another upcoming gWatch campaign in Norway and continuation of the DepthWatch campaign in GoM, USA.

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

2Q 2022 Financial Results

REACH acquired cooperation partner Ocean Infinity's shares in our jointly owned entity Surveyor AS at book value 31.03.2021. Surveyor AS owns the two "Surveyor Interceptor" high-speed survey ROVs. The transaction was closed in the second quarter 2021. Surveyor AS was fully consolidated into our Group accounts as from 31.03.2021. Reach Subsea acquired Octio AS, Gravitude AS, Monviro AS and Monviro CCS AS ("Octio Group" in December 2021. Octio Group was fully consolidated from 08.12.2021. Reach Subsea acquired iSurvey Group in March 2022. The transaction was closed 22nd March 2022. iSurvey Group is fully consolidated from 31.03.2022. Consolidated balance sheets from 31.03.2022 include all the acquired entities. The financial effects of the transactions are further described in the Notes. Figures for the same period last year are presented in brackets in the text.

Revenue for 2Q2022 was NOK 340.9 million compared with NOK 169.8 million for 2Q2021. The increased revenue from last year is explained by (i) a higher number of project days sold as well as higher pricing, and (ii) revenue from the acquired businesses. Revenue for Octio Group was NOK 13.4 million while revenue for iSurvey Group was NOK 53.9 million for 2Q2022 (not part of our financial report in 2Q2021).

Operating expenses for 2Q2022 were NOK 291.1 million (NOK 152.0 million where project-related expenses represent the majority of the operating expenses for the Group. The increase compared to the same period last year is primarily explained by (i) higher project activity, hereunder more vessel days, and (ii) operating expenses from the acquired businesses. Operating expenses in Octio Group represented NOK 11.6 million while operating expenses in iSurvey Group represented NOK 47.8 million in 2Q2022 (not part of 2Q2021). There has not been any impairment recognized in 2Q2022. See further evaluation of impairment sensitivity in the Notes.

2Q2022 operating result (EBIT was NOK 49.8 million (NOK 17.8 million. The improved EBIT is primarily a result of high utilisation and strong project execution in an improving market, as well as contribution from the acquired businesses. EBIT for Octio Group represented NOK 1.8 million while EBIT for iSurvey Group represented NOK 6.1 million in 2Q2022 (not part of 2Q2021).

Net financial items for 2Q2022 were NOK 6.4 million (NOK -1.9 million. The main year-over-year differences are positive currency effects, partly offset by increased interest expenses on IFRS 16 leases. Charter commitment has increased, resulting in debt related to IFRS 16 of NOK 246.8 million per 30.06.22 compared to NOK 73.1 million per 30.06.21. All our charter hires are in NOK, while income in the quarter was in NOK, USD and EUR. The total comprehensive income for 2Q2022 was NOK 41.1 million, compared with NOK 15.9 million for 2Q2021. The improvement is strongly driven by higher utilization and project margins as well as currency gain.

For 2Q2022, Oil & Gas revenues constituted 69% while Renewable/ Other constituted 31% of total revenues (excl Other income. By comparison, in 2Q2021 Oil & Gas revenues were 73 % while Renewable/Other constituted 27% 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).

1st Half 2022 Financial Results

REACH acquired cooperation partner Ocean Infinity's shares in our jointly owned entity Surveyor AS at book value 31.03.2021. Surveyor AS owns the two "Surveyor Interceptor" high-speed survey ROVs. The transaction was closed in the second quarter 2021. Surveyor AS was fully consolidated into our Group accounts as from 31.03.2021. Reach Subsea acquired Octio AS, Gravitude AS, Monviro AS and Monviro CCS AS ("Octio Group" in December 2021. Octio Group was fully consolidated from 08.12.2021. Reach Subsea acquired iSurvey Group in March 2022. The transaction was closed 22nd March 2022. iSurvey Group is fully consolidated from 31.03.2022. Consolidated balance sheets from 31.03.2022 include all the acquired entities. The financial effects of the transactions are further described in the Notes. Figures for the same period last year are presented in brackets in the text.

1st Half 2022 Financial Results cont.

Revenue for first half 2022 was NOK 469.9 million compared with NOK 271.6 million for first half 2021. The increased revenue from last year is explained by (i) a higher number of project days sold as well as higher pricing, and (ii) revenue from the acquired businesses. Revenue for Octio Group was NOK 18.4 million while revenue for iSurvey Group was NOK 53.9 million for first half 2022 (not part of our financial report in first half 2021).

Operating expenses for first half 2022 were NOK 457.8 million (NOK 241.6 million) where project-related expenses represent the majority of the operating expenses for the Group. The increase compared to the same period last year is primarily explained by (i) higher project activity, hereunder more vessel days, and (ii) operating expenses from the acquired businesses. Operating expenses in Octio Group represented NOK 23.8 million while operating expenses in iSurvey Group represented NOK 47.8 million in 2Q2022 (not part of first half 2021). There has not been any impairment recognized in first half 2022. See further evaluation of impairment sensitivity in the Notes.

First half 2022 operating result (EBIT) was NOK 12.2 million (NOK 30.0 million), with the reduction explained by the weak 1Q2022 with low utilization (see 1Q2022 report for further details). EBIT for Octio Group represented NOK -5.4 million while EBIT for iSurvey Group represented NOK 6.1 million in first half 2022 (not part of first half 2021).

Net financial items for first half 2022 were NOK -0.3 million (NOK -2.8 million). The main year-over-year differences are positive currency effects, partly offset by increased interest expenses on IFRS 16 leases. Charter commitment has increased, resulting in debt related to IFRS 16 of NOK 246.8 million per 30.06.22 compared to NOK 73.1 million per 30.06.21. All our charter hires are in NOK, while income in the first half was in NOK, USD and EUR. The total comprehensive income for first half 2022 was NOK 6.0 million (NOK 27.3 million), with the reduction due to the weak 1Q2022 financial performance.

For first half 2022, Oil & Gas revenues constituted 71% while Renewable/ Other constituted 29% of total revenues (excl Other income). By comparison, in first half 2021 Oil & Gas revenues were 66 % while Renewable/Other constituted 33% of total revenues. Oil & Gas entails revenues from survey, IMR and light construction projects where the end client is an oil & gas company. Renewable/Other entails revenues from survey, IMR and light construction projects where the end client is a non-oil & gas company (typically a company in the renewables energy sector).

Capital structure

REACH acquired Octio Group in December 2021 and iSurvey Group in March 2022. Consolidated balance sheet as per 30.06.2022 includes the acquired entities. The financial effects of the transactions are further described in the Notes. Figures for the same period/date last year are presented in brackets in the text.

Total current assets at the end of the quarter were NOK 492.1 million (NOK 258.4 million per 30.06.2021), of which cash and cash equivalents amounted to NOK 139.6 million (NOK 73.4 million). Including the unutilized revolving credit facility, available liquidity was NOK 159.6 million. The increase is mainly a result of the new equity raised in March 2022. Receivables and inventories were NOK 352.4 million (NOK 185.0 million). Total non-interest-bearing current liabilities were NOK 215.1 million (NOK 90.7 million). This leaves a net working capital of NOK 137.3 million (NOK 94.4 million). The working capital level is higher than normal for this part of the year and influenced by a high level of invoicing towards the end of the quarter.

Total non-current assets at the end of the quarter were NOK 516.7 million (NOK 161.1 million). Right of use assets (leases capitalized under IFRS 16) represents the main increase, from NOK 71.4 million 30.06.2021 to NOK 229.2 million 30.06.2022. The increase is explained by the securing of vessel capacity as announced in the fourth quarter of 2021, resulting in an increased charter commitment, inclusion of right-of-use of office facilities of NOK 5.1 million and NOK 10.3 million from iSurvey Group. Further, the increase is a result of goodwill of NOK 86.7 million related to the acquisition of iSurvey Group, and capitalization of deferred tax benefit of NOK 37.6 million (NOK 8.2 million). Net interest-bearing debt (total interest-bearing debt, including capitalized leases under IFRS 16, less cash) stood at NOK 141.0 million (NOK 39.5 million), with the increase explained by the increased charter commitment as described above and in the Notes. Net financial interest-bearing debt to credit institutions (i.e. excluding IFRS 16 leases) was NOK -105.7 million (NOK -33.5 million), i.e. cash positive.

The Group's equity as of 30.06.2022 was NOK 513.0 million (NOK 215.9 million), which represents 51.0% of the total balance sheet (51.5 %).

Net cash flow from operating activities for 2Q2022 was NOK 77.6 million (NOK 12.4 million) and NOK 127.9 million (NOK 77.0 million) year to date. Cash flow from investing activities in the second quarter was NOK -54.1 million (NOK 0.8 million) and NOK -86.9 million (NOK 13.3 million) year to date. The first installments of the investment in Reach Remote as well as the acquisition of iSurvey Group (partly settled in cash) represent the major contributions. Net cash flow from financing activities was NOK -134.4 million (NOK -84.6 million) in the second quarter 2022 and NOK -51.5 million (NOK -122.8 million) year to date and includes vessel charter hire classified as "Repayment of borrowings and leases" according to IFRS 16, payment of dividend, as well as the new equity of NOK 150 million raised in the first quarter. Details about cash outflow from leases can be found in the Cash flow statement and the Notes. Net change in cash and cash equivalents for 2Q2022 was NOK -110.9 million (NOK -71.3 million) and NOK -10.4 million (NOK -32.5 million) year to date.

Reach has per 30.06.2022 no major debt maturities to credit institutions. Reach has signed a term sheet with EksFin and SpareBank 1 SR Bank for the financing of the Reach Remote at market terms.

Remaining investments on the Reach Remote project amounts to approximately NOK 340 million, of which NOK 200 million is covered by credit facilities while the rest has ample coverage from existing cash and working capital of NOK 275 million.

The Share

Reach Subsea ASA is listed on the Oslo Stock Exchange (Euronext). The Company has per 30.06.2022 issued 224,913,428 shares, of which the majority is owned by Norwegian shareholders. The increased number of shares compared with 31.12.2021 is related to the purchase of iSurvey, that was partly settled in new shares, and the private placement of NOK 150 million, both transactions closed in the first quarter 2022.

Investor relations

Reach Subsea essentially follows the recommendation for reporting of IR-information issued by the Oslo Stock Exchange and publishes all its news releases on www.newsweb.no, a service provided by the Oslo Stock Exchange. Reach Subsea aims for a high level of quality on the content, and high frequency of information, provided to its investors. Our quarterly financial reports include financial details to increase the transparency of our business. Financial reports, General Meeting Minutes, share price information, Corporate Governance, Operational figures and presentation of the Board and Management can be found on the company's web page, as well as the full Sustainability Report covering initiatives and measures on Corporate Social Responsibility.



Reach Subsea ASA has a dividend policy stating that the company aims to distribute a dividend of around 50% of adjusted net profit. Adjusted net profit is defined as reported net profit, adjusted for items the Board regard as transitory.

News after quarter end

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



Our schedule indicates good utilization throughout the third quarter for all our subsea spreads. Reach has entered into various contracts and call-offs under frame agreements. We now have an order book of approximately NOK 350 million, with projects for execution in 3Q2022 and beyond.

These contracts cover a wide spectrum of project types and are across both oil & gas and renewables projects. These figures do not include options and expected call-off extensions under frame agreements, which from experience can constitute significant additional work.

Reach has entered into an agreement with Volstad Maritime for a four years' time charter agreement for the vessel Deep Cygnus expected to start in 1Q2023. The vessel will be mobilized with owned equipment.

Current tender volume for the Group is NOK 2.3 billion. See further details under «Operational Update» and «Outlook».

Operational figures UNAUDITED

	Q1		Q2		July		Year to date	
	2021	2022	2021	2022	2021	2022	2021	2022
Number of ROV days sold	405	660	608	932	250	335	1 263	1 927
Number of ROV days available	749	979	946	1 105	362	398	2 057	2 482
Technical uptime on ROVs	98 %	99 %	99 %	99 %	99 %	100 %	99 %	99 %
Number of offshore personnel days sold	2 397	2 764	3 121	7 791	993	1 495	6 511	12 050
LTI	0	0	0	1	0	0	0	1
Number of vessel days sold	209	218	296	317	90	105	595	640

Definitions

EBIT	Earnings before interest and taxes (operating result)
Liquidity	Cash and cash equivalents
Net working capital	Receivables and inventories less non-interest-bearing current liabilities
Net interest-bearing debt	Interest bearing debt less cash and cash equivalents
Number of ROV days sold (ROV days)	Total number of ROV days sold in Reach Subsea AS (incl. Surveyor AS from 1.4.2021) during a defined period
Number of ROV days available	Total number of ROVs owned by Reach Subsea AS (incl. Surveyor AS from 1.4.2021) multiplied with number of days in a defined period, plus total number of ROVs hired in (pay as use) by Reach Subsea AS multiplied with actual number of operational days in a defined period
Project days	Total number of days that a subsea spread is sold to projects, including ROV, personnel and/or vessel
Technical uptime on ROVs	1-unpaid break down hours divided by total sold operation hours
Number of offshore personnel days sold	Total offshore man-hours (offshore pool) sold to projects, including own and hired in resources
LTI	Number of loss time incidents (number of incidents resulting in absence from work)
Number of vessel days sold	Vessel days sold by Reach Subsea AS (excl. JV/Cooperation partners) that passes through our income statement

Outlook

REACH currently markets and operates five subsea spreads (vessel, ROVs, and personnel, alone or together with partners), which have an attractive cost structure. These subsea spreads are tailored to our target markets and are well suited to the scope of services that are at the core of our business. We are monitoring the market for opportunities to complement and strengthen our business, while at the same time progressing Reach Remote towards market launch in 2023.

Looking ahead we see that the dramatic changes in global energy markets create a business environment with both challenges and opportunities. The challenges are evident as subsea services provided to the oil & gas sector will have lower activity levels in the long run. However, in the short to medium term we are witnessing the resurgence of oil & gas activity, driving increased utilization across the industry.

The opportunities are that our core subsea service competence is being deployed in the growing offshore wind sector as well as new emerging sectors such as offshore fish farming and subsea mining. We have already in place frame agreements for subsea inspection services on Equinor's existing offshore wind farms, where we have successfully executed remote services on parts of the scope. Our ambition is to build on this success and increase our footprint within IMR services to the offshore wind sector.

Our response to both the challenges and opportunities we face is twofold. First, in the near term we will maintain a competitive cost structure and remain agile and flexible. To that end, our recent charter agreements secure competitive vessel capacity for the next couple of years, in a market that we see becoming tighter into 2022.

Second, we will introduce Reach Remote to the market in 2023 and aim to provide our subsea services from a remote and autonomous platform from 2025. With Reach Remote fully deployed, we will be able to provide our clients with marine data and solutions from a virtually carbon neutral and personnel-friendly offshore operations platform. The combination of securing conventional vessel capacity for the next couple of years with the phasing in of Reach Remote from 2023 onwards, will provide a good foundation for generating good returns in our transition towards the new era.

Haugesund
22nd August 2022

Rachid Bendriss (S)
Chairman of the Board

Martha Kold Bakkevig (S)
Board member

Kristine Skele (S)
Board member

Espen Gjerde (S)
Board member

Arvid Pettersen (S)
Board member

Ingunn Ø. Iveland (S)
Board member

Anders Onarheim (S)
Board member

Jostein Alendal (S)
Managing Director

Contact: Jostein Alendal, CEO, Birgitte Wendelbo Johansen, CFO

The progress on Reach Remote is on track for 2023. Together with our partners Kystdesign, Kongsberg and Masterly we have established comfort in the technical supply chain and secured long lead time key components by signing building contracts for two USVs with eROVs. With Wilhelmsen New Energy as a new industrial investor and securing in-house survey capacity with the acquisition of iSurvey Group, we have both secured equity for Reach Remote as well as strong strategic partners for commercialization of Reach Remote.

In our 2021 Sustainability Report we set 16 targets for 2022 and will continue to report our progress towards these targets as part of our quarterly reports.

The Board and management are satisfied with how the first half of 2022 ended, after a winter season where utilization proved hard to secure. However, our capacity is now well booked into the early part of the fourth quarter, with a promising opportunity and pricing environment unfolding thereafter.

Statement pursuant to section 5-6 of the securities trading act

Statement by the Board of Directors and Chief Executive Officer: We hereby confirm that the half-year financial statements for the period 1 January to 30 June 2022 have, to the best of our knowledge, been prepared pursuant to IAS 34 Interim Financial Reporting and that the information provided presents a true and fair picture of the company's and the group's assets, liabilities, financial positions and profit as a whole. We hereby also confirm that, to the best of our knowledge, the half year financial statements provide a true and fair overview of developments, the financial performance and important events during the accounting period and their effect on the half-year financial statements, the most important risk and uncertainty factors that the group faces in the next accounting period and material transactions with close associates.

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 2022 can be found in the Sustainability report for 2021. Our sustainability performance is measured regularly and presented to the market on a quarterly basis. Visit our webpage www.reachsubsea.no/sustainability for more information. The status for the year to date is summarized below

Environment

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

🔄 Ongoing

Activity is measured through performed project days. Activity within non-Oil & Gas segment represents 29% of total activity year to date 2022. The 50% target was not achieved due to higher activity under our existing oil and gas frame agreements.

Reduce CO2 emissions compared to activity levels

✅ Achieved

Our total CO2 emissions per sold vessel day was 27.5 ton of CO2 equivalents per 30.06.22 compared to 31.88 in 2021 and 37.19 in 2020.

Zero major spills of hazardous materials to the sea

✅ Achieved

0 major spills year to date in 2022. Reach continues to focus on use of environmentally friendly high degradable hydraulic oils in our ROVs.

Increase use of remote operations

✅ Achieved

Reach has performed a few remotely operated projects in 2022 and expects to see more in the second half.

Invest in Unmanned Surface Vessels

✅ Achieved

Reach has ordered two unmanned surface vessels equipped with eROVs. These assets will substantially reduce our carbon footprint and HSE risk.

Participate in Ocean Cleanup campaign

🔄 Ongoing

Reach plans to participate in an Ocean Cleanup campaign in 2022.

Sustainability

Employees

Maintain turnover below 8%

✔ **Achieved**

There has been no material turnover year to date in 2022.

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

✔ **Achieved**

There has been limited work-related sick leave year to date in 2022.

Develop REACH-ED with new e-learning for employees

🔄 **Ongoing**

We intend to update our REACH-ED portal with new e-learning for employees in 2022.

Zero work related injuries

✘ **Not achieved**

One work-related injuries occurred in the second quarter 2022. The employee is at good health after the injury and back at work.

Increase percentage of female employees in offshore employment categories

✔ **Achieved**

Reach intends to increase the number of females offshore during 2022.

Implement campaign with focus on mental and physical health

✔ **Achieved**

A HSEQ campaign covering well-being & mental health is implemented in 3Q 2022.

Sustainability

Responsible business

Maintain customer satisfaction score at 4 and higher

✔ **Achieved**

Year to date in 2022 our registered customer satisfaction score is 4.7 on a 1-5 scale.

Develop REACH-ED with new e-learning for suppliers

🔄 **Ongoing**

REACH-ED includes e-training for suppliers. All suppliers working on Reach offshore projects have to perform the e-learning, a platform to be further developed.

Maintain technical uptime

✔ **Achieved**

Technical uptime year to date in 2022 was nearly 100%, the same level as in 2021.

Develop and implement audit plan for suppliers

🔄 **Ongoing**

To ensure quality in our supply chain, Reach has developed and implemented an audit plan meeting the transparency act.

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



Olympic Artemis

Cost effective IMR, survey and light construction vessel.

60T AHC crane

Helideck

Moonpool

1x Kystdesign supporter WROV in hanger

Cargo deck 820 m²



Havila Subsea

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

150T AHC Main Crane

Moonpool in hangar for module handling

650 m² deck

Helideck 26 m diameter

2x Schilling WROVs in hangar

The Vessel Fleet



Olympic Delta

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

- 80t AHC Crane
- Helideck
- 900 m² deck
- Moonpool
- Dual WROV hangar
- Permanent full survey suite



Stril Explorer

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

- 60t offshore crane
- Large office and accommodation facilities 70 berths
- 450 m² 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

Featured Project #1



gWatch survey at Ormen Lange

Vessel

Siem Pride

Client

A/S Norske Shell

Location

Norway

Period

2Q 2022

Water Depth

Various



gWatch survey at Ormen Lange field

OCTIO kicked off a new gWatch survey for A/S Norske Shell in Q2 2022. A/S Norske Shell has been providing repeat business to OCTIO since 2014 and acquires gravimetry and seabed subsidence measurements at Ormen Lange field every second year to monitor aquifer influx, reservoir compaction and energy balance within the reservoir. OCTIO will conclude the campaign and deliver the final results in Q3 2022.

Featured Project #2



Cable Inspection Program 2022

Vessel

MV Elektron

Client

Statnett

Location

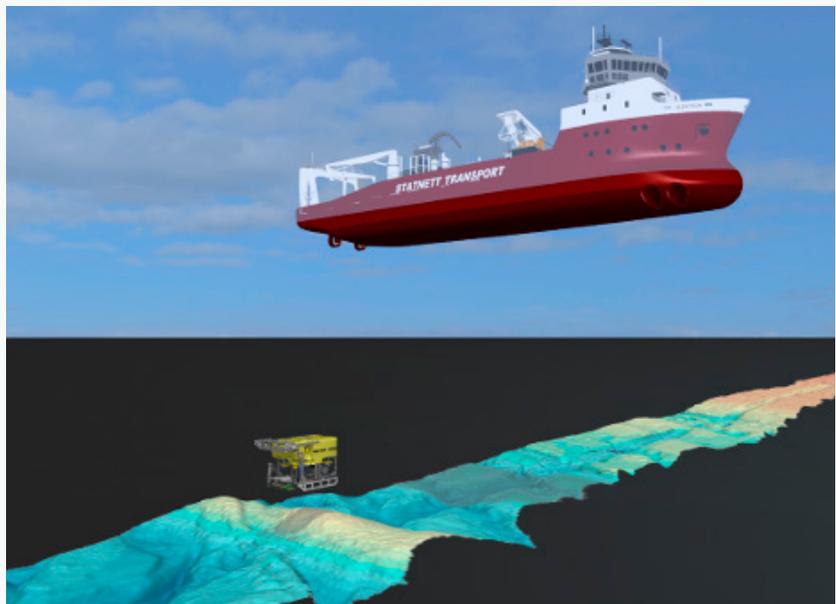
North Sea/Noway/Denmark

Period

Q2/Q3 2022

Water Depth

0 -approx. 500 m



Cable Installation and Trenching Survey Support

Statnett awarded iSURVEY AS the contract to perform cable inspection on the NordLink, NorNed and parts of Skagerrak interconnector. As part of the contract the MV Elektron will be supplied by Statnett and iSURVEY AS to manage preparation, operation and delivery. Preparations and planning towards mobilization were undertaken during Q2 and offshore operation to startup early Q3.

The inspection will be executed by ROV-based methodology using multibeam echosounder, active cable tracker and inertial navigation system, along with high-definition video recording. The setup will give high resolution data to determine the depth of burial and video coverage along the cables for any further assessments.

Upon completion of the offshore operation over a 1000km of cable will be inspected with associated data and video coverage. The production line offshore will give Statnett continuously results during the campaign before finalizing the data models and GIS deliveries.

Featured Project #3



Walk to Work Operations Offshore Wind

Vessel

Olympic Challenger

Client

Vattenfall

Location

DanTysk Sandbank

Period

Q2 2022

Water Depth

N/A

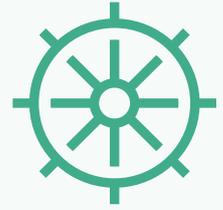


Walk to Work Operations Offshore Wind

Reach Subsea was contracted by Vattenfall to support the offshore wind farm DanTysk and Sandbank in the field of operation and maintenance.

This project included transport of personnel and cargo through a Walk to Work Telescopic Access Bridge and was successfully completed.

Featured Project #4



Subsea Integrity Inspection

Vessel

Olympic Challenger

Client

Altera

Location

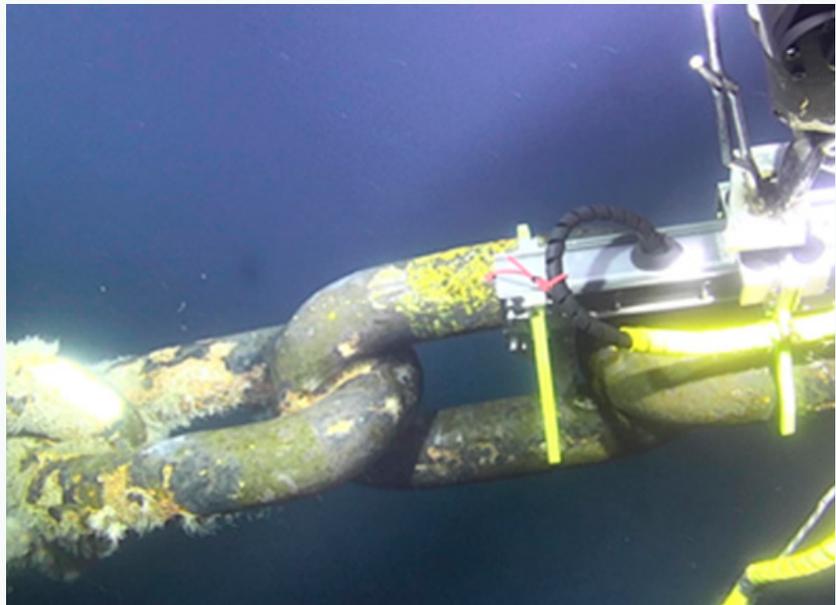
North Sea

Period

Q2 2022

Water Depth

~100 msw



Subsea Inspection Service

Altera Infrastructure AS contracted Reach Subsea AS to provide a fully managed subsea inspection service.

The Scope of Work was inspection of a Floating, Storage and Offloading unit (FSO) Hull and associated Mooring Lines.

The work was successfully carried out utilizing a Work Class Schilling HD system.

Featured Project #5



Geophysical Campaign

Vessel

Havila Subsea

Client

Magseis

Location

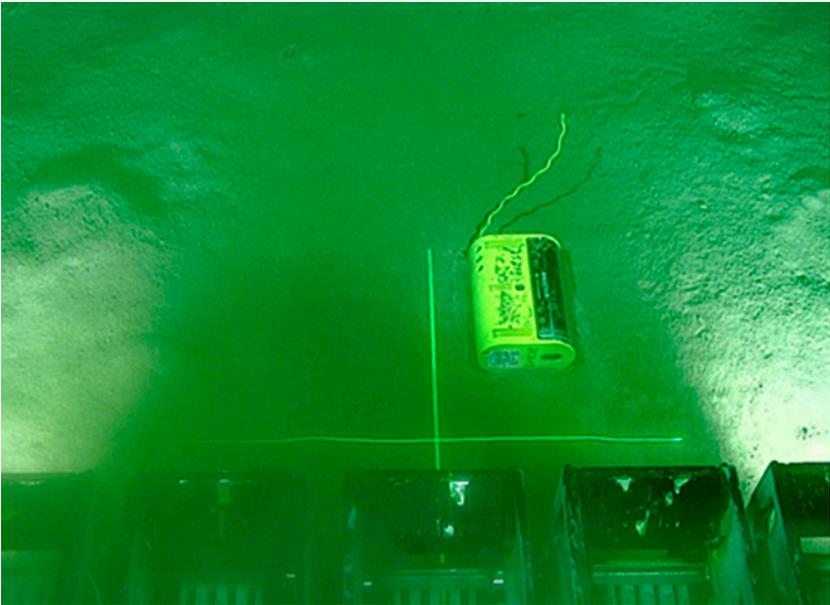
Egypt

Period

Q2 2022

Water Depth

1000 msw



Geophysical Campaign

Magseis Operations AS contracted Reach Subsea AS for ROV services offshore of Egypt in the Mediterranean Sea.

The Scope of Work was installation and handling of geophysical subsea nodes.

Income statement

UNAUDITED



Statement of profit or loss (NOK 1000)	2Q 2022	2Q 2021	6M 2022	6M 2021	12M 2021	NOTES
Operating revenue	340 904	169 795	469 773	271 570	673 253	
Other income/losses	34	-	151	-	13 347	
Revenue	340 938	169 795	469 924	271 570	686 601	
Procurement expenses	(87 662)	(30 368)	(104 644)	(47 270)	(158 633)	
Personnel expenses	(56 424)	(24 901)	(94 621)	(49 508)	(122 374)	
Other operating expenses	(49 492)	(21 513)	(84 080)	(31 847)	(86 722)	
EBITDA	147 361	93 013	186 579	142 945	318 871	
Depreciation	(97 532)	(75 231)	(174 411)	(112 988)	(239 807)	3, 10
Impairment	-	-	-	-	-	10
Operating result (EBIT)	49 828	17 782	12 168	29 957	79 064	
Interest income	42	114	82	114	237	
Interest expenses	(4 335)	(2 641)	(9 051)	(3 240)	(7 838)	10
Other net financial items	10 691	621	8 690	211	1 437	
Result from associated companies	-	(0)	-	146	146	
Profit (loss) before taxes	56 226	15 875	11 889	27 187	73 046	
Taxes	(12 732)	-	(3 837)	-	20 760	8
Profit (loss)	43 494	15 875	8 052	27 187	93 806	
Comprehensive income						
Translation differences	(2 119)	22	(2 099)	141	654	
Gain/loss on financial derivatives of cash flow hedges	-	-	-	-	-	
Comprehensive income items	(2 119)	22	(2 099)	141	654	
Total comprehensive income	41 375	15 897	5 954	27 328	94 460	
Earnings per share	0.18	0.11	0.03	0.19	0.65	
Diluted earnings per share	0.18	0.11	0.03	0.19	0.65	

Balance Sheet

UNAUDITED



Statement of financial position (NOK 1000)	30.06.2022	30.06.2021	31.12.2021	NOTES
Non-current assets				
Deferred tax assets	37 572	8 161	40 151	8
Research and development	1 367	-	1 457	4
Goodwill	86 723	-	-	4
Intangible assets	9 583	-	-	4
Property, plant and equipment	100 430	81 577	73 761	3
Assets under construction	51 865	-	-	3
Right-of-use assets	229 156	71 393	277 212	3, 10
Total non-current assets	516 697	161 132	392 582	
Current assets				
Bunkers	5 680	6 100	8 130	
Trade receivables	287 028	142 994	149 633	
Other receivables	59 716	35 918	47 150	
Cash and cash equivalents	139 638	73 354	149 035	
Total current assets	492 062	258 365	353 948	
Total assets	1 008 758	419 497	746 529	
Equity				
Share capital	224 913	143 606	144 941	6
Share premium	265 866	71 775	85 927	
Proposed dividends	-	-	40 484	
Other equity	22 225	561	15 452	7
Total equity	513 005	215 942	286 806	
Non-current liabilities				
Interest-bearing debt to credit institutions	17 023	21 753	14 497	5, 10
Interest-bearing debt, leases	50 110	-	105 171	5, 10
Total non-current liabilities	67 133	21 753	119 668	
Current liabilities				
Interest-bearing debt to credit institutions, short term	16 869	18 051	16 260	5, 10
Interest-bearing debt, leases	196 642	73 069	176 627	5, 10
Trade payables	97 353	60 112	63 467	
Other current liabilities	117 757	30 542	83 700	
Total current liabilities	428 621	181 802	340 055	
Total liabilities	495 754	203 555	459 723	
Total equity and liabilities	1 008 758	419 497	746 529	

Cashflow

UNAUDITED



Statement of cash flow (NOK 1000)	2Q 2022	2Q 2021	6M 2022	6M 2021	12M 2021	NOTES
Cash flow from operating activities						
Profit before tax	56 226	15 875	11 889	27 187	73 046	
Paid taxes	-	-	-	-	-	
Impairment	-	-	-	-	-	
Depreciation and amortisation	97 532	75 231	174 411	112 988	239 807	
Gain on acquisitions	-	-	-	-	(13 265)	
Interest income	(42)	(114)	(82)	(114)	(237)	
Interest expense	4 335	2 641	9 051	3 240	7 838	
Change in trade debtors	(123 846)	(60 767)	(110 557)	(43 433)	(41 164)	
Change in trade creditors	3 354	8 853	26 377	(10 303)	(11 863)	
Change in other provisions	39 668	(29 324)	16 040	(12 564)	25 053	
Share option cost employees	363	-	818	-	-	
Net cash flow from operating activities	77 591	12 395	127 925	77 001	279 214	
Cash flow from investing activities						
Acquired cash balance from consolidation of Octio AS and Monviro AS	-	-	-	-	19 196	
Acquired cash balance from consolidation of Surveyor AS	-	-	-	12 482	12 482	
Acquired cash balance from consolidation of iSurvey Group AS	-	-	6 132	-	-	11
Sale of fixed assets	-	24 718	-	24 718	24 718	
Purchase of fixed assets	(50 841)	(1 000)	(53 708)	(1 000)	(1 561)	
Purchase of shares in subsidiary	(3 286)	(22 872)	(39 280)	(22 872)	(47 872)	
Net cash flow from investing activities	(54 126)	846	(86 856)	13 328	6 963	
Cash flow from financing activities						
Net interest paid	(519)	(162)	(821)	(1 258)	(1 740)	
Proceeds from issuance of ordinary shares	163	-	150 277	105	3 119	
Drawdown of bank overdraft facility	-	-	-	-	-	
Payment of dividends	(40 484)	(21 541)	(40 484)	(21 541)	(21 541)	
Repayment of borrowings	(9 688)	(5 278)	(13 826)	(8 746)	(17 793)	
Repayment of leases	(83 876)	(57 570)	(146 624)	(91 402)	(207 185)	
Net cash flow from financing activities	(134 404)	(84 551)	(51 496)	(122 842)	(245 139)	
Net change in cash and cash equivalents	(110 940)	(71 310)	(10 427)	(32 512)	41 037	
Cash and cash equivalents in the start of the period	248 319	144 260	149 035	105 396	105 396	
Translation differences	2 259	403	1 030	470	2 602	
Cash and cash equivalents in the end of the period	139 638	73 354	139 638	73 354	149 035	

Equity

UNAUDITED



(NOK 1000)	Share capital	Share premium	Proposed dividends	Other reserves	Retained earnings	Total
Equity 01.01.2022	144 941	85 927	40 484	6 657	8 795	286 806
Profit for the year					8 052	8 052
Other comprehensive income for the year					-2 099	-2 099
Total comprehensive income for the year					5 954	5 954
Proceeds from shares issued	79 973	179 939				-40 484
Dividends paid			-40 484			
Proposed dividends						
Employee share options				818		818
Equity 31.03.22	224 914	265 866	-	7 474	14 751	513 005

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 statement are audited. Consolidated interims- and yearly financial statements are available on the news services from Oslo Stock Exchange (www.newsweb.no) or the company's webpage (www.reachsubsea.com).

Note 2 - Significant accounting principles, estimates and judgements

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

The preparation of the interim accounts entails the use of judgements, estimates and assumptions that affect the application of accounting policies and the amounts recognised as assets and liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances. The actual results may deviate from these estimates. The material assessments underlying the application of the company's accounting policies and the main sources of uncertainty are the same for the interim accounts as for the annual accounts for 2021.

Note 3 - Fixed assets

(NOK 1000)	Assets under construction	ROV and ROV equipment	ROV, leased from financial institutions	Right of use asset Vessel and other equipment	Equipment and office machinery	Total
Purchase cost 01.01.22		155 068	113 884	387 905	25 673	682 530
Additions	51 865	820	-	94 230	7 383	154 298
Additions from acquisition of iSurvey Group		-	-	10 327	39 837	50 163
Disposals/adjusted commitment		-	-	-	-	-
Purchase cost 30.06.22	51 865	155 888	113 884	492 462	72 893	886 992
Accumulated depreciation 30.06.22		(119 382)	(103 241)	(263 306)	(19 648)	(505 577)
Accumulated impairment 30.06.22		-	-	-	-	-
Net book value 30.06.22	51 865	36 542	10 643	229 156	53 245	381 450
Depreciation in 2022		(10 995)	(2 697)	(152 607)	(7 695)	(173 994)
Impairment in 2022		-	-	-	-	-
Expected useful life (years)		3-8	3-8	1-3	3-5	
Depreciation plan	Ongoing projects	Linear	Linear	Linear	Linear	

* Refer to note 11 for equipment acquired in the iSurvey transaction, and note 10 for Right-of-use assets

Note 3 - Fixed assets

Summary

Impairment testing has been performed in accordance with IAS 36. Impairment testing for Q2 did not result in any impairment.

Discount rate

The discount rate is based on the Weighted Cost of Capital (WACC) pre tax for the Group. The discount rate is 9,0%.

Revenue assumptions

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

Right-of use-assets - vessels:

The right-of-use assets at 30 June 2022 represents the remaining committed vessel days on charter agreements with vessel owners and lease agreements for offices. The impairment testing demonstrated that the recoverable amount is larger than book value, and as such no impairment charge is required. The recoverable amount is sensitive to estimated utilisation and selling rate assumptions.

Se 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 %	2 308
20 %	8 776
30 %	35 922

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

Note 4 - Intangible assets and goodwill

(NOK 1000)	Research and development	Customer relationships
Purchase cost 01.01.22	1 457	-
Additions	359	-
Addition from business combination (note 11)	-	10 000
Disposals/adjustments	-449	
Purchase cost 30.06.22	1 367	10 000
Accumulated depreciation 30.06.22	-	-417
Net book value 30.06.22	1 367	9 583
Depreciation in 2022	-	-417
Depreciation plan		Linear
Estimated useful life	Ongoing project	6 years

(NOK 1000)	Goodwill
Purchase cost 01.01.22	-
Additions	-
Addition from business combination (note 11)	86 723
Disposals/adjustments	
Purchase cost 30.06.22	86 723
Accumulated amortization 30.06.22	-
Net book value 30.06.22	86 723
Amortization in 2022	-
Amortization method	
Estimated useful life	Indefinite

*Refer to note 11 for further information regarding the acquisition of iSurvey Group.



Note 5 - Borrowings

(NOK 1000)	30.06.2022	31/12/2021
Non-current liabilities		
Bank borrowings	10 771	13 938
Lease liabilities to credit institutions	6 252	559
Other non-current lease liabilities (IFRS 16)	50 110	105 171
Total non-current borrowings	67 133	119 668
Current borrowings		
Bank borrowings	14 129	11 584
Lease liabilities to credit institutions	2 740	4 676
Other current lease liabilities (IFRS 16)	196 642	176 627
Total current interest-bearing debts	213 511	192 887
Carrying amount		
Bank borrowings	24 900	25 522
Lease liabilities	255 744	287 033
Total carrying amount	280 644	312 556
Fair value		
Bank borrowings	24 900	25 522
Lease liabilities	255 744	287 033
Total fair value	280 644	312 556

At 30.06.22 bank borrowings are secured on fixed assets for the value of NOK 106.4 million (31.12.21: 61.0 million). Bank borrowings from the acquired company iSurvey Group are secured on fixed assets for the value of NOK 0.1 MNOK and trade receivables for the value of NOK 27.3 million.



Note 6 - Shareholders

20 largest shareholders as per 30.06.22:

	Shares	Stake
NORTH ENERGY ASA	46 126 567	20.5 %
WILHELMSSEN NEW ENERGY AS	46 126 567	20.5 %
ISURVEY HOLDING AS	33 846 153	15.0 %
SOBER AS	10 963 446	4.9 %
JOSO INVEST AS	7 564 589	3.4 %
HOLME HOLDING AS	6 302 000	2.8 %
JT INVEST AS	5 529 539	2.5 %
NORMAND DRIFT AS	5 000 000	2.2 %
DANSKE INVEST NORGE VEKST	2 820 462	1.3 %
CORUNA AS	2 500 000	1.1 %
STAVA INVEST AS	2 400 000	1.1 %
LION INVEST AS	2 010 000	0.9 %
RMS INVEST AS	2 000 000	0.9 %
TEOMAR AS	2 000 000	0.9 %
A-Å INVEST AS	1 938 725	0.9 %
SMS INVESTERING AS	1 662 366	0.7 %
BARRUS CAPITAL AS	1 510 090	0.7 %
NÆRINGS LIVETS HOVEDORGANISASJON	1 499 799	0.7 %
TEM INVEST AS	1 353 501	0.6 %
CASTEL AS	1 309 453	0.6 %
Total 20 largest	184 463 257	82.0 %
Others	40 450 171	18.0 %
Total	224 913 428	100.0 %

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

On 17 February 2022, Wilhelmsen New Energy AS, a wholly owned subsidiary of Wilh. Wilhelmsen Holding ASA, agreed to subscribe for, and be allocated, 46,126,567 new shares in Reach Subsea ASA at a subscription price of NOK 3.25 per share. The agreement also included the issuance of warrants, whereby Wilhelmsen New Energy AS have received the right to subscribe for and be allocated an additional 44,766,864 new shares in Reach Subsea ASA at a subscription price of NOK 4.00 per share, corresponding to 20% of the shares in Reach Subsea ASA after the abovementioned issue of shares to iSurvey Holding AS. The warrants have a duration of three years and can be exercised at any time. The private placement and the issuance of the warrants was approved on an extraordinary general meeting in Reach Subsea ASA, held on 15 March 2022. After the approval by the extraordinary general meeting, Wilhelmsen New Energy AS have a combined holding of shares and warrants of 90,893,431.



Note 7 - Share-based remuneration

In 2021 the Board of directors of Reach Subsea ASA approved a stock option scheme to further align the interests of the participating employees in Reach Subsea with those of the shareholders. The stock option scheme was finalised with a signed agreement between the company and Management and certain key employees 15.12.2021. Management and certain key employees of the Reach Subsea-group is granted the right to acquire up to a certain maximum number of shares in the Company at a fixed strike price ("the Option"). The strike price is set equal to the volume weighted average share price of the Company's stock traded on the Oslo Stock Exchange 10 days prior to the finalization of the option scheme.

The options are vested with 1/3 each year, over a period of three years until 31.12.2024. The options are non-tradable and conditional upon the participant being employed by the Reach Subsea-group at the vesting date. The stock option plan constituted a maximum of 3.000.000 options equivalent to a similar number of Reach Subsea ASA shares.

The fair value at grant date was determined using a Black Scholes Model. The most significant inputs and assumptions in determining fair value at grant date was:

Excercise price: NOK 3.0

Share price at grant date: NOK 3.0

Expected volatility: NOK 56.14%

Risk free interest rate: NOK 1.092%

Term of options: 3 years

As of 2Q2022 the Company has recognized NOK 1.04 million in cost related to the options.



Note 8 - Tax

The Group has, based on contracts and budgets for 2022, assumed that the tax loss carried forward can be recognised. Per 30.06.2022 NOK 37.6 million is capitalized.

(NOK 1000)	30.06.2022	31.12.2021
Taxes payable	-	-
Changes in deferred taxes	3 837	(20 760)
Taxes, in total	3 837	(20 760)
Deferred taxes / (Deferred tax assets)		
Temporary differences		
Other fixed assets	(30 405)	-17 537
Financial leases	2 740	2 943
Fixed-price contracts	-	-
Inventories	(4 790)	-4 790
Accruals	(4 997)	-3 669
Right-of-use assets	(17 541)	
Intangible assets	28 583	
Tax loss carried forward	(144 373)	-59 469
Temporary differences, in total	(170 781)	-182 521
Deferred tax assets	(37 572)	-40 151
Not recognized deferred tax assets	-	-
Deferred tax assets in balance sheet*	37 572	40 151

*In March 2022 Reach Subsea acquired iSurvey Group AS. The transaction was completed in end March 2022. Deferred tax assets incorporated at closing was NOK 7.85 million while deferred tax related to excess values was estimated to NOK 6.60 million. Net deferred tax asset related to the acquisition was NOK 1.25 million and were recognized in the balance sheet as per end March 2022. Refer to note 11 for further details.

Deferred tax assets are recognized in the balance sheet based on expected utilization of tax losses carried forward and temporary differences. The carrying amount of deferred income tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.



Note 8 - Tax cont.

(NOK 1000)	30.06.2022	31.12.2021
Reconciliation from nominal to actual tax rate		
Profit & loss before taxes	11 889	73 046
Nominal tax rate	22 %	22 %
Anticipated income tax due to nominal tax rate	2 616	16 070
Actual tax cost	3 837	(20 760)
Deviation	1 222	(36 830)
Tax effects of:		
Permanent differences	(1 222)	3 878
Changes in deferred tax assets, previously not recognized	-	32 952
Explanation	(1 222)	36 830
Effective tax rate	32 %	-28 %



Note 9 - Segments

(NOK 1000)	2022 01.04.-30.06	2021 01.04.-30.06	2022 01.01.-30.06	2021 01.01.-30.06	2021 01.01.-31.12
Revenue					
Oil & Gas	235 204	124 612	332 204	179 236	471 917
Renewable / other	105 734	45 183	137 720	92 334	201 336
Total	340 938	169 795	469 924	271 570	673 253
Operating expense					
Oil & Gas	-200 828	-108 796	-324 804	-161 441	-425 853
Renewable / other	-90 281	-43 217	-134 652	-80 171	-181 683
Total	-291 109	-152 013	-459 456	-241 613	-607 537
Operating result					
Oil & Gas	34 375	15 906	7 400	17 757	46 064
Renewable / other	15 453	1 876	3 068	12 200	19 652
Total	49 828	17 782	10 468	29 957	65 716
EBITDA					
Oil & Gas	100 487	83 202	130 697	84 731	214 157
Renewable / other	45 173	9 811	54 182	58 215	91 367
Total	145 661	93 013	184 879	142 945	305 523
Revenue by region					
Norway	106 943	32 137	160 540	38 544	232 074
Europe	112 358	102 374	153 571	145 632	282 726
Americas	51 198	35 283	85 374	87 394	158 453
Other	70 439	-	70 439	-	-
Total	340 938	169 795	469 924	271 570	673 253
Revenue by type of service*					
Data	200 017	84 498	264 610	162 650	350 654
Solutions	140 920	85 297	205 315	180 920	322 599
Total	340 938	196 795	469 924	271 570	673 253

Revenues are categorised as either Data or Solutions based on the nature of the service delivered to a client. Data represents delivery of various types of maps, models and/or reports collected through subsea survey and/or inspection projects. Solutions represents delivery of a specific client solution such as repair, modification, installation or removal of subsea equipment and infrastructure.



Note 10 - Leasing

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

In March 2022 Reach Subsea acquired iSurvey Group AS. The transaction was completed in end March 2022. As a result of the acquisition the company recognised a right-of-use asset related to long-term rental agreements for offices in the acquired company iSurvey Group AS and its subsidiaries. Capitalized addition related to the rental agreements was NOK 10.3 million and is included in the numbers presented in this note. Refer to note 11 for further information.

As of June 30 2021, Right of use assets in the balance sheet consist of contractual commitments for vessels and offices. Short term leases with no contractual commitment (pay as you go contracts), are not capitalized.

At inception of a contract the lease liability and the corresponding Right-of-use assets is measured at the present value of the estimated lease payments. Short term hired in vessels and ROV's are treated as short term leases under IFRS 16 and are also recognized as depreciations. The calculated lease liability is calculated with a discount rate of 5%. The following have been recongized in 2022:

Right-of-use assets	30.06.2022	31.12.2021
Property, plant and equipment	229 156	277 212
Total	229 156	277 212

Lease liabilities	31.03.2022	31.12.2021
Current	196 646	176 627
Non current	50 110	105 171
Total	246 756	281 798

See note 5 for further information on the Company's borrowings.

	Q2 2022	Q2 2021	6M 2022	6M 2021	12M 2021
Depreciation charge of right-of-use assets	84 582	65 290	152 613	96 557	203 435
Impairment charge of right-of-use assets	-	-	-	-	-
Interest expense	3 774	1 371	8 148	1 868	5 861
Total charges to the P&L	88 356	66 661	160 761	98 425	209 296

The total cash outflow for leases in 2Q2022 was NOK 83.9 million (2Q2021: 57.6 million)



Note 10 - Leasing cont.

Reconciliation of leases on committed days recognised in 2022:	Right-of use assets	Lease liability, non-current	Lease liability, current
Opening balance 01.01.2022	277 212	105 171	176 627
Additions	94 230	-	94 230
Additions from acquisition of iSurvey Group (note 12)	10 327	5 337	4 990
Disposals	-	-	-
Depreciation	-152 613	-	-
Impairment	-	-	-
Interests	-	-	8 148
Reclassification from long to short term	-	-60 398	60 398
Adjusted commitment	-	-	-
Currency adjustment	-	-	92
Payments	-	-	-147 842
Ending balance 30.06.2022	229 156	50 110	196 642

The right-of-use assets are calculated based on a discounted estimated commitment on vessels (Havila Subsea, Olympic Delta, Olympic Artemis and Olympic Challenger) and offices. Other short term hired in vessels are treated as short term leases under IFRS 16 and are also recognised as depreciations.

Reconciliation of depreciation	Q2 2022	Q2 2021	6M 2022	6M 2021	12M 2021
Depreciation of long term right-of-use assets	67 175	47 819	132 885	70 984	145 975
Depreciation of short term right-of-use assets	17 407	17 471	19 729	25 573	57 459
Depreciation of other assets	12 950	9 939	21 797	16 429	36 370
Total depreciation	97 532	75 231	174 411	112 988	239 807



Note 11 - Business combinations

Acquisition of iSurvey Group AS

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

A preliminary purchase price allocation (PPA) has been performed and all identified assets and liabilities have been measured at their acquisition date fair values in accordance with the requirements of IFRS 3. The agreed purchase price is NOK 135 million. Adjusted for interim period adjustments and working capital, the total cash consideration is estimated to NOK 138.4 million. At this stage, the purchase price allocation is preliminary due to the complexity of the transaction and the fact that Reach Subsea is in the process of performing a detailed review of the final completion statement prepared by the seller. As a result, the final PPA and the impact on the financial statements from the transaction may differ. The final PPA will be completed within 12 months of the acquisition at the latest.

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



Note 11 - Business combinations

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

Purchase price allocation (NOK 1000)	
Deferred tax assets	1 254
Property, plant and equipment	19 837
Fair value adjustments property, plant and equipment	20 000
Right-of-use assets	10 327
Trade receivables	27 944
Fair value adjustments customer relationships	10 000
Other receivables	12 639
Cash and cash equivalents	6 132
Total assets	108 133
Interest-bearing debt to credit institutions (non-current)	2 924
Interest-bearing debt, leases (non-current)	5 337
Other long-term debt	-
Interest-bearing debt to credit institutions (current)	7 784
Interest-bearing debt, leases (current)	4 990
Public duties a.o	5 060
Tax payable	4
Trade payables	8 636
Other current liabilities	18 912
Provisions	2 780
Total liabilities	56 429
Total identifiable net assets at fair value	51 704
Total consideration	138 427
Goodwill	86 723

A preliminary estimation of the impact from the transaction indicates that if the acquisition had taken place at the beginning of the year, total revenues for the year would have been increased by NOK 39.4 million, total expenses would have been increased by NOK 50.3 million, and profit before tax would have been approximately NOK 10.9 million lower.



Note 12 - Events after quarter end

On July 14 2022 Reach announced that the Group has entered into an agreement with Volstad Maritime for use of the subsea vessel Deep Cygnus for 4 years, with an option to extend for 1 year. The vessel will be installed with launch and recovery systems (LARS) and ROVs prior to delivery. Reach Subsea will mobilize the vessel during February/March 2023.

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