

2022 Q3

Everything is within Reach

Quarterly Consolidated Report

The preferred provider of subsea services and solutions

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REACH
SUBSEA

1st Quarter 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.

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3rd Quarter 2022

Highlights

- Record result recorded for 3Q2022 and year-to-date fuelled by high utilisation, improved pricing, solid execution and addition of new businesses.
- EBIT for 3Q2022 was NOK 58.4 million (NOK 23.4 million), while pre-tax result was NOK 67.3 million (NOK 23.3 million).
- EBIT for the first nine months of 2022 was NOK 70.6 million (NOK 53.3 million), while pre-tax result was NOK 79.2 million (NOK 50.5 million).
- iSurvey and Octio, our recently acquired businesses, contributed positively to both our market footprint and financial results.
- 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.

Key figures

	3Q 2022	3Q 2021	9M 2022	9M 2021	12M 2021
	UNAUDITED				AUDITED
Revenue (NOKm)	365	224	835	495	687
EBIT (NOKm)	58	23	71	53	79
Pre-tax profit (NOKm)	67	23	79	50	73
Cash and cash equivalents (NOKm)	225	98	225	98	149
Net working capital (NOKm)	99	99	99	99	58
Net interest bearing debt, excl IFRS 16 leases (NOKm)	-185	-63	-185	-63	-118
Net interest bearing debt, incl IFRS 16 leases (NOKm)	-3	-20	-3	-20	164
Equity (NOKm)	565	260	565	260	287

	3Q 2022	3Q 2021	9M 2022	9M 2021	12M 2021
Order backlog (NOKm)	440	150	440	150	110
Outstanding tender value (NOKbn)	2.5	2.1	2.5	2.1	2.1
Number of ROV days sold	846	861	2 438	1 874	2 667
Number of ROV days available	1 196	1 107	3 280	2 802	3 830
Technical uptime on ROVs	100 %	100 %	99 %	99 %	99 %
Number of offshore personnel days sold	7 664	4 421	18 219	9 939	13 402
LTIs	0	0	1	0	0
Number of vessel days sold	348	306	883	811	1 098

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CEO Letter



The third quarter 2023 was another record strong quarter for Reach Subsea, with a 63 % growth in revenue and 139 % improvement in operating profit compared to the same period last year.

During the last few quarters, we have worked systematically to broaden our base of products and services, as well as increasing our vessel- and ROV capacity. The acquisitions of Octio and iSurvey brought us vital technology and know-how and means that Reach Subsea can offer a complete service along the subsea value chain.. As the market for subsea services is soaring, we can conclude that this is a very successful strategy for us, and during the third quarter our capacity utilization has been very high.

The short- and long-term outlook remains strong. High energy prices means that the oil and gas industry is investing more after years of low activity, and the roll-out of renewable energy production, like offshore wind, has only just begun. Reach Subsea is now a complete end-to-end subsea service provider, and with the strong market conditions we remain very optimistic for the future development.

I am also happy to report that we had no safety or environmental incidents during the quarter. Care for our employees, the environment and our customers are always our top priority.

With the acquisitions of iSurvey and Octio, our organization has changed significantly during the last 12 months. Over time we gather all the businesses under one umbrella, and during the third quarter we have taken steps in the direction of integration of iSurvey and Octio, thanks to significant efforts by our great employees. We already see that there are strong synergy effects in terms of joint assignments and cooperation. Octio is also proving to be a door-opener for accelerated internationalization of Reach. In August, Octio won a significant contract for 4D geophysical monitoring in Australia, being the first entry for Reach Subsea in this highly interesting market.

I am also particularly pleased with the strategic contract we signed in Brazil in September. This is a vast market with huge opportunities for Reach, which we are now starting to tap into.

Next year, Reach Subsea will take a tremendously important step into the future, when we launch our two first Reach Remote systems. The autonomous offshore vessel will replace or work jointly with significantly larger traditional manned offshore vessels, supporting subsea operations across the globe, serving as mobile power banks, data centers and communication modules for underwater ROVs. Reach Remote will reduce cost for clients and lower emissions with 90-100 percent. Safety for personnel will of course be improved as no persons will be at sea; the whole operation will be controlled from onshore control rooms. I am happy to report that the Reach Remote project is well on track.

All in all, Reach Subsea is perfectly positioned for continued growth with state-of-the-art future proof technology, a broad product offering, high capacity and solid financials. With the strong tailwind from the market, we remain very optimistic for the time to come.

Jostein Alendal

CEO, Reach Subsea ASA

3rd Quarter 2022

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 3,280 available ROV-days year to date 2022 (2,802 ROVdays year to date in 2021), of which 2,438 days were sold (1,874) leading to a total utilization of 74 % (67 %). Furthermore, the number of vessel days that has passed through our P&L the first nine months of 2022 is 883 (811), with a 84 % utilization (93 %). 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 has not had any serious incidents (LTI) during the quarter. 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 further sequentially in the third quarter. In addition, activity centred 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 third quarter performing survey services for external clients as well as contributing on in-house route surveys on Reach subsea spreads.

REACH has per 4th November 2022, a firm order book of NOK 440 million for projects with execution in 4Q2022 and beyond.

The Reach Remote project, our new and future-proof, sustainable solutions for subsea services launched early 2021, is progressing in close cooperation with our two major suppliers, Kongsberg Maritime (USV) and Kystdesign (ROV).



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 first half of 2023 in order to start ROV operations on selected projects. Reach Remote is on track for delivery late 2023.

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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 into 2023 covering the firm commitment for the vessel.

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 until August, whereafter she has been working in the spot/medium term market on various projects. The spread is currently scheduled for projects lasting towards the end of 4Q 2022.

Havila Subsea is equipped with two owned Schilling WROVs, 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 third quarter working on projects in Europe for a large energy company expected to last throughout 2022. The spread is further scheduled for a project in Brazil expected to last 200 days in the main season of 2023.

Olympic Challenger is equipped with two hired-in WROVs and worked on various projects in Europe in the third quarter 2022 with high utilization. The vessel spread currently works on a project expected to last well into the fourth quarter of 2022, whereafter she will be delivered back to owner.

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 well into the fourth quarter of 2022, whereafter the vessel will be delivered to new owners. The Reach equipment will be demobilized and prepared for mobilization onboard Deep Cygnus early 2023.

iSURVEY Group experienced a high and stable activity throughout the third quarter in Northern Europe, Mediterranean and in Asia, with a good combination of supporting clients with fixed framework and newly won opportunities. The services performed during the quarter extends from remote positioning support of drill rig operations, offshore high voltage cable installation and protection support, various ROV support operations, and geophysical route surveys. 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 third quarter and delivered gWatch services in Norway and DepthWatch services in the GoM, USA. The activity will continue through the fourth quarter with 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.

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.

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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 22.03.2022. 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 3Q2022 was NOK 365.5 million (NOK 223.8 million), with the increase from last year explained by (i) a higher number of project days sold, (ii) higher pricing, and (iii) revenue from the acquired businesses. Revenue for Octio Group was NOK 20.3 million while revenue for iSurvey Group was NOK 68.3 million for 3Q2022 (not part of our financial report in 3Q2021).

Operating expenses for 3Q2022 were NOK 307.0 million (NOK 200.4 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 15.0 million while operating expenses in iSurvey Group represented NOK 64.5 million in 3Q2022 (not part of 3Q2021). Details about depreciations and impairment sensitivity is presented in the Notes.

3Q2022 operating result (EBIT) was NOK 58.4 million (NOK 23.4 million). The improved EBIT is primarily a result of high utilization and strong project execution in an improving market, as well as contribution from the acquired businesses. EBIT for Octio Group represented NOK 5.3 million while EBIT for iSurvey Group represented NOK 3.8 million in 3Q2022 (not part of 3Q2021). Net financial items for 3Q2022 were NOK 8.8 million (NOK -0.1 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 184.7 million per 30.09.22 compared to NOK 43.4 million per 30.09.21. All our charter hires are in NOK, while income in the quarter was in NOK, USD and EUR. The total comprehensive income for 3Q2022 was NOK 51.7 million (NOK 43.8 million). 3Q2021 comprehensive income included a tax income of NOK 20.2 million (capitalization of deferred tax asset), while 3Q2022 includes a tax expense of NOK 15.8 million. The improvement is strongly driven by higher utilization and project margins as well as currency gain.

For 3Q2022, Oil & Gas revenues constituted 90 % while Renewable/ Other constituted 10 % of total revenues. By comparison, in 3Q2021 Oil & Gas revenues were 72 % while Renewable/Other constituted 28 % 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).

3rd Quarter 2022

Financial Results Year to Date

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 the first nine months of 2022 was NOK 835.4 million compared with NOK 495.3 million for the same period 2021. The increased revenue from last year is explained by (i) a higher number of project days sold, (ii) higher pricing, and (iii) revenue from the acquired businesses. Revenue for Octio Group was NOK 38.7 million while revenue for iSurvey Group was NOK 122.2 million for the first nine months 2022 (not part of our financial report in the first nine months of 2021).

Operating expenses for the first nine months of 2022 were NOK 764.8 million (NOK 442.0 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 39.0 million while operating expenses in iSurvey Group represented NOK 112.3 million in the first nine months of 2022 (not part of our financial report in the first nine months of 2021). Details about depreciations and impairment sensitivity is presented in the Notes.

Year to date 2022 operating result (EBIT) was NOK 70.6 million (NOK 53.3 million), with the increase explained by the high utilization and market improvement experienced in the second and third quarter, partly offset by a weak 1Q2022 (see 1Q2022 report for further details). EBIT for Octio Group represented NOK -0.2 million while EBIT for iSurvey Group represented NOK 9.9 million in the first nine months of 2022 (not part of our financial report in the first nine months of 2021).

Net financial items for first nine months of 2022 were NOK 8.6 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 184.7 million per 30.09.22 compared to NOK 43.4 million per 30.09.21. All our charter hires are in NOK, while income in the first nine months was in NOK, USD and EUR. The total comprehensive income for first nine months of 2022 was NOK 57.7 million (NOK 71.2 million). Nine month 2021 comprehensive income includes a tax income of NOK 20.2 million, while this year's comprehensive income includes a tax expense of NOK 19.7 million (mostly non-payable tax effects, see tax note for details). Excluding tax effects, the year-over-year comprehensive income improvement is driven by operational and pricing improvements, as well as currency gains

For first nine months of 2022, Oil & Gas revenues constituted 79 % while Renewable/ Other constituted 21 % of total revenues (excl Other income. By comparison, in first nine months of 2021 Oil & Gas revenues were 69 % while Renewable/Other constituted 31 % of total revenues. Oil & Gas entails revenues from survey, IMR and light construction projects where the end client is an oil & gas company. Renewable/Other entails revenues from survey, IMR and light construction projects where the end client is a non-oil & gas company (typically a company in the renewables energy sector).

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Capital structure

REACH acquired Octio Group in December 2021 and iSurvey Group in March 2022. Consolidated balance sheet as per 30.09.2022 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 600.4 million (NOK 327.5 million), of which cash and cash equivalents amounted to NOK 225.4 million (NOK 98.3 million). Including the unutilized revolving credit facility, available liquidity was NOK 245.4 million (NOK 118.3 million). The increase is mainly a result of cash generated from operations over the past twelve months. Receivables and inventories were NOK 374.9 million (NOK 229.2 million). Total non-interest-bearing current liabilities were NOK 275.5 million (NOK 130.1 million). This leaves a net working capital of NOK 99.4 million (NOK 99.2 million). The working capital level is considered normal for this part of the year.

Total non-current assets at the end of the quarter were NOK 463.0 million (NOK 140.6 million). Right of use assets (leases capitalized under IFRS 16) have increased from NOK 41.9 million 30.09.2021 to NOK 163.4 million 30.09.2022. The increase is explained by the securing of vessel capacity as announced in the fourth quarter of 2021, resulting in an increased charter commitment, as well as inclusion of right-of-use of office facilities for the acquired entities. Further, the increase is a result of goodwill of NOK 86.7 million related to the acquisition of iSurvey Group, as well as Assets under construction of NOK 85.6 million, which is related to the Reach Remote project (see further information in the Notes).

Net interest-bearing debt (total interest-bearing debt, including capitalized leases under IFRS 16, less cash) stood at NOK -2.6 million (NOK -20.0 million), i.e. cash positive. The increase is explained by the increased charter commitment as described above and in the Notes, partly offset by the improved cash position. Net financial interest-bearing debt to credit institutions (i.e. excluding IFRS 16 leases) was NOK -185.3 million (NOK -63.4 million), i.e. cash positive. The improvement is mainly a result of cash generated from operations over the past twelve months.

The Group's equity as of 30.09.2022 was NOK 565.1 million (NOK 259.8 million), which represents 53.1 % of the total balance sheet (55.5 %).

Net cash flow from operating activities for 3Q2022 was NOK 201.4 million (NOK 93.0 million) and NOK 329.3 million (NOK 170.0 million) year to date. Cash flow from investing activities in the third quarter was NOK -36.3 million (NOK 0) and NOK -123.2 million (NOK 13.3 million) year to date. The first instalments 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 -83.4 million (NOK -69.7 million) in the third quarter 2022 and NOK -134.9 million (NOK -192.5 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 3Q2022 was NOK 81.6 million (NOK 23.3 million) and NOK 71.2 million (NOK -9.2 million) year to date.

Reach has per 30.09.2022 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 320 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 325 million.

The Share

Reach Subsea ASA is listed on the Oslo Stock Exchange (Euronext). The Company has per 30.09.2022 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.

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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 fourth quarter for all our subsea spreads. We now have an order book of approximately NOK 440 million, with projects for execution in 4Q2022 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.

Current tender volume for the Group is NOK 2.5 billion. See further details under «Operational Update» and «Outlook».

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Operational figures UNAUDITED

	Q1		Q2		Q3		Year to date	
	2021	2022	2021	2022	2021	2022	2021	2022
Number of ROV days sold	405	660	608	932	861	846	1 874	2 438
Number of ROV days available	749	979	946	1 105	1 107	1 196	2 802	3 280
Technical uptime on ROVs	98 %	99 %	99 %	99 %	100 %	100 %	99 %	99 %
Number of offshore personnel days sold	2 397	2 764	3 121	7 791	4 421	7 664	9 939	18 219
LTIs	0	0	0	1	0	0	0	1
Number of vessel days sold	209	218	296	317	306	348	811	883

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
LTIs	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

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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.

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 nine months of 2022 ended, after a winter season where utilization proved hard to secure. However, our capacity is now well booked throughout the year, with a promising opportunity and pricing environment unfolding thereafter.

Haugesund

7th November 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

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-O&G segment to 50 % (project days)

🕒 Ongoing

Activity is measured through performed project days. Activity within non-Oil & Gas segment represents 20 % 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 fuel emission of CO2 compared to activity levels

✅ Achieved

Our total CO2 emissions per sold vessel day was 27.86 ton of CO2 equivalents, year to date compared to 31.88 in 2021 and 37.19 in 2020. The reduction is partly due to less project activity.

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 increased the use of remote operation units in survey projects.

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

✅ Achieved

Reach participated in an Ocean Cleanup campaign in the third quarter 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.

Further develop REACHed with new e-learnings for employees

🔄 **Ongoing**

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

Increase percentage of female employees in offshore employment categories

✔ **Achieved**

Reach has increased the number of females offshore during 2022.

Zero work related injuries

✘ **Not achieved**

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

Implement campaign with focus on mental and physical health

✔ **Achieved**

A HSEQ campaign covering well-being & mental health was 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-learnings 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

✔ **Achieved**

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



Fault finding and repair works

Vessel

Havila Subsea

Client

BP Egypt

Location

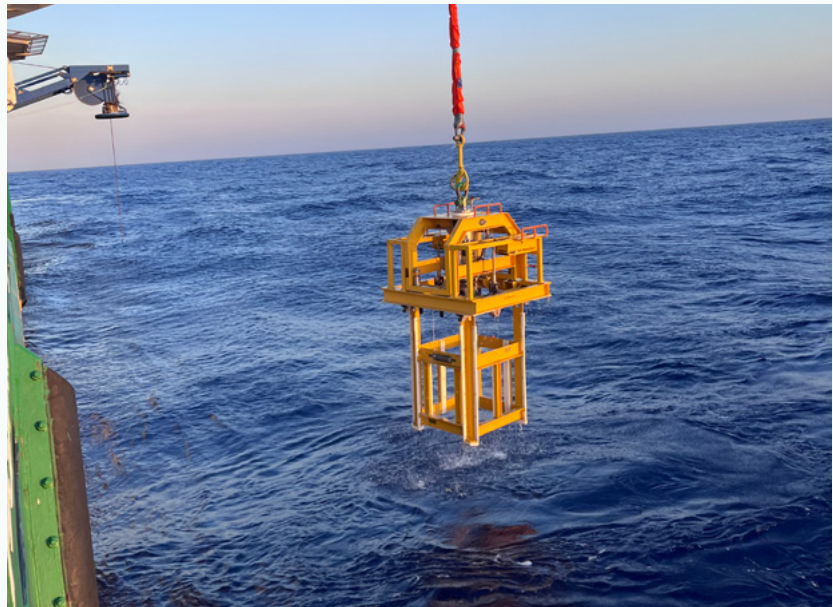
Mediterranean

Period

3Q 2022

Water Depth

600 m



Disconnect & reconnect the electrical flying leads

Havila Subsea was at the West Nile Delta field in the Mediterranean to do fault finding and repair works for BP Egypt. The main scope consisted of methodically disconnect & reconnect the electrical flying leads across the Raven North power distribution system to locate a discovered failure in one of the power channels. Following the identification of the faulty equipment it was found necessary to replace one of the Subsea Control Modules and do Flying Lead changeout. In addition to the main scope a visual inspection survey was carried out.

Featured Project #2



Boulder Clearance

Vessel

Havila Subsea

Client

Equinor

Location

Gullfaks/Oseberg/Gina Krogh

Period

Q3 2022

Water Depth

100 - 220 m



Equinor Survey & Light Construction 2022

Havila Subsea was at Gullfaks, Oseberg and Gina Krogh offshore fields to assist Equinor with clearance of boulder / debris objects that were observed within a given grid close to subsea structures and to perform detailed bathymetry survey.

Scope of work consisted of detailed bathymetry (incl. MBES, SSS, SBP, Gradiometer) to assist rig move, final setup and reduce risk of RPD (Rack Phase Differences) during the jacking up operations. In addition to removal of debris/ boulder items that could construe hindrance to skirts / jack-up rigs.

Equipment used to remove boulder was Dalagripen and Orange peel grab (the green one on the photo). These are tools from Deep Water Tooling AS is operated through a salt water based hydraulic system. It is developed to be an environmentally friendly and sustainable option to oil based. Not only hurting the environment but also the tool itself when water leaks in, damaging both pumps and valves with increased maintenance and repair as a result.

Featured Project #3



gWatch survey in the NCS

Vessel

Confidential

Client

Confidential

Location

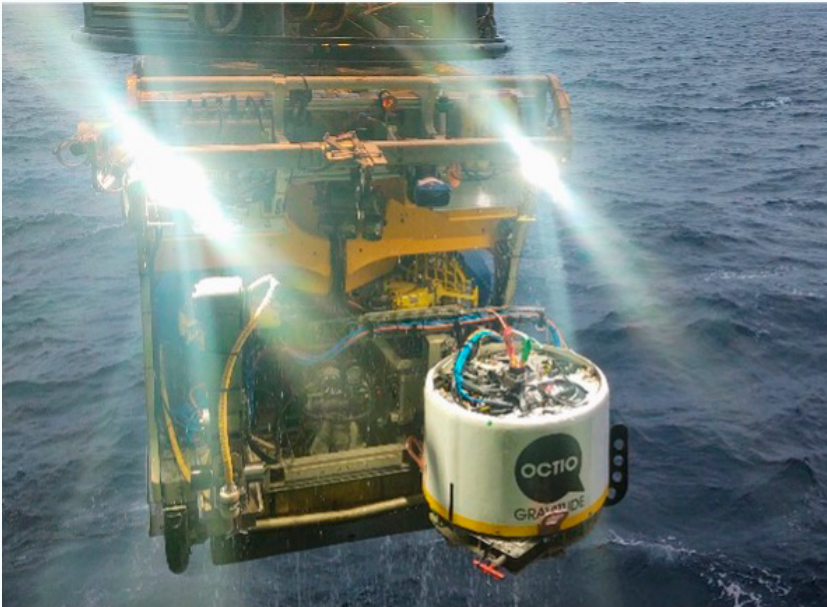
Norwegian Continental Shelf

Period

Q3 2022

Water Depth

< 500 m



gWatch monitor survey for a field in the NCS

OCTIO has completed a gWatch monitor survey in collaboration with other Reach Subsea divisions for a national oil company in Q3 2022. OCTIO completed the acquisition at time and cost with high data quality and will deliver the final results in Q4 2022.

The gWatch instrumentation features industry-leading sensitivity and can detect changes in the gravitational field with an accuracy of ~1 μ Gal. Such high precision allows gWatch to sense changes in fluid concentrations and the reservoir.

Featured Project #4



FPSO Mooring Installation & Hook-up

Vessel

Various vessels including Jumbo Fairplayer & Aurora Sandefjord

Client

Egypt

Location

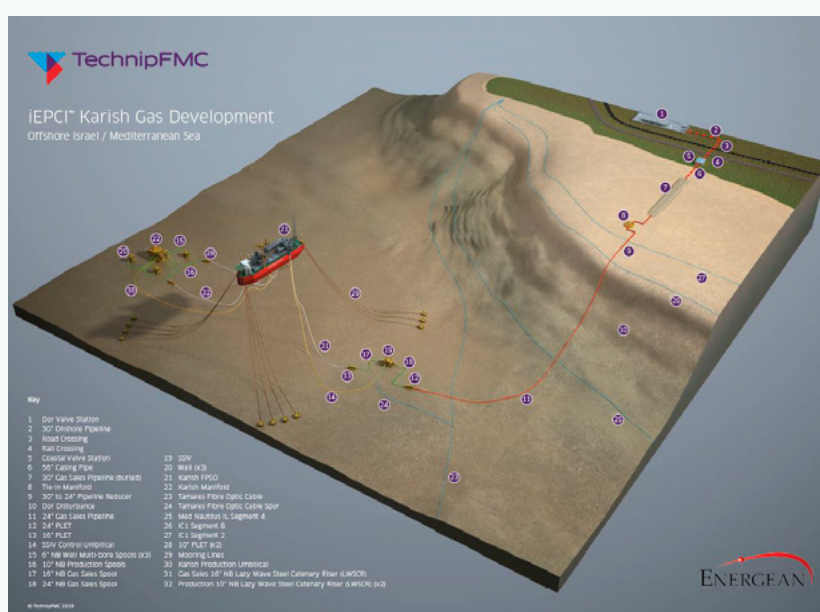
North Sea

Period

Q2 & Q3 2022

Water Depth

20 m - 1750 m



Ranging from Rig & Mooring to ROV Video & ROV MBES Surveys

In the last part of a multi-year campaign, iSURVEY successfully supported JUMBO Maritime during the installation of a deepwater mooring system, and associated FPSO tow and final hook-up. Survey & Positioning were crucial to the safe and efficient delivery of the project, and iSURVEY personnel and equipment from across the iSURVEY Group were instrumental in showing the importance of teamwork and collaboration on a truly international project.

The efficient delivery of this project showcased a wide range of iSURVEY capabilities ranging from Rig & Mooring to ROV Video & ROV MBES Surveys.

Income statement UNAUDITED



Statement of profit or loss (NOK 1000)	3Q 2022	3Q 2021	9M 2022	9M 2021	12M 2021	NOTES
Operating revenue	365 105	223 758	834 878	495 328	673 253	9
Other income/losses	378	-	529	(0)	13 347	
Revenue	365 483	223 758	835 407	495 328	686 601	
Procurement expenses	(81 874)	(73 678)	(186 518)	(120 948)	(158 633)	
Personnel expenses	(77 200)	(31 892)	(171 821)	(81 399)	(122 374)	
Other operating expenses	(54 098)	(28 657)	(138 178)	(60 504)	(86 722)	
EBITDA	152 311	89 532	338 890	232 477	318 871	
Depreciation and impairment	(93 872)	(66 164)	(268 283)	(179 153)	(239 807)	3, 10
Operating result (EBIT)	58 439	23 367	70 607	53 324	79 064	
Interest income	139	-	221	114	237	11
Interest expenses	(4 190)	(835)	(13 241)	(4 075)	(7 838)	10, 11
Other net financial items	12 892	743	21 582	954	1 437	11
Result from associated companies	-	-	-	146	146	
Profit (loss) before taxes	67 280	23 276	79 169	50 463	73 046	
Taxes	(15 844)	20 185	(19 682)	20 185	20 760	8
Profit (loss)	51 435	43 461	59 488	70 648	93 806	
Comprehensive income						
Translation differences	265	369	(1 833)	510	654	
Comprehensive income items	265	369	(1 833)	510	654	
Total comprehensive income	51 701	43 830	57 654	71 158	94 460	
Earnings per share	0.23	0.31	0.29	0.50	0.65	
Diluted earnings per share	0.23	0.31	0.28	0.50	0.65	

Balance Sheet

UNAUDITED



Statement of financial position (NOK 1000)	30.09.2022	30.09.2021	31.12.2021	NOTES
Non-current assets				
Goodwill	86 723	-	-	4
Deferred tax assets	23 477	28 346	40 151	8
Research and development	1 685	-	1 457	4
Intangible assets	9 167	-	-	4
Assets under construction	85 560	-	-	3
Property, plant and equipment	93 013	70 360	73 761	3
Right-of-use assets	163 356	41 880	277 212	3, 10
Total non-current assets	462 981	140 586	392 582	
Current assets				
Bunkers	13 272	5 808	8 130	
Trade receivables	279 333	143 308	149 633	
Other receivables	82 326	80 129	47 150	
Cash and cash equivalents	225 447	98 296	149 035	
Total current assets	600 377	327 541	353 948	
Total assets	1 063 358	468 127	746 529	
Equity				
Share capital	224 913	143 606	144 941	6
Share premium	265 866	83 529	85 927	
Proposed dividends	-	-	40 484	
Other equity	74 292	32 636	15 452	7
Total equity	565 072	259 772	286 806	
Non-current liabilities				
Interest-bearing debt to credit institutions	19 905	18 021	14 497	5, 10
Interest-bearing debt, leases	27 455	(0)	105 171	5, 10
Total non-current liabilities	47 360	18 021	119 668	
Current liabilities				
Interest-bearing debt to credit institutions, short term	20 232	16 867	16 260	5, 10
Interest-bearing debt, leases	155 209	43 377	176 627	5, 10
Tax payable	1 239	-	-	8
Trade payables	136 833	76 410	63 467	
Other current liabilities	137 412	53 680	83 700	
Total current liabilities	450 925	190 334	340 055	
Total liabilities	498 286	208 355	459 723	
Total equity and liabilities	1 063 358	468 127	746 529	

Cashflow

UNAUDITED



Statement of cash flow (NOK 1000)	3Q 2022	3Q 2021	9M 2022	9M 2021	12M 2021	NOTES
Cash flow from operating activities						
Profit before tax	67 280	23 276	79 169	50 463	73 046	
Paid taxes	-	-	-	-	-	
Depreciation and amortisation	93 872	66 164	268 283	179 153	239 807	
Gain on acquisitions	-	-	-	-	(13 265)	
Interest income	(139)	-	(221)	-114	(237)	
Interest expense	4 190	835	13 241	4 075	7 838	
Change in trade debtors	7 695	-314	(102 882)	-43 746	(41 164)	
Change in trade creditors	39 480	16 298	65 857	5 994	(11 863)	
Change in other provisions	(11 361)	-13 225	4 679	-25 790	25 053	
Share option cost employees	367	-	1 185	-	-	
Net cash flow from operating activities	201 385	93 034	329 310	170 035	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	-	-	12
Sale of fixed assets	-	-	-	24 718	24 718	
Purchase of fixed assets	(32 564)	-	(86 271)	(1 000)	(1 561)	
Purchase of shares in subsidiary	(3 749)	-	(43 029)	(22 872)	(47 872)	
Net cash flow from investing activities	(36 313)	-	(123 168)	13 328	6 963	
Cash flow from financing activities						
Net interest paid	(1 100)	59	(1 921)	(1 199)	(1 740)	
Proceeds from issuance of ordinary shares	152	-	150 429	105	3 119	
Payment of dividends	-	-	(40 484)	(21 541)	(21 541)	
Repayment of borrowings	(7)	-	(13 833)	-	(17 793)	
Repayment of leases (including interests)	(82 476)	(69 756)	(229 118)	(169 904)	(207 185)	
Net cash flow from financing activities	(83 431)	(69 697)	(134 927)	(192 539)	(245 139)	
Net change in cash and cash equivalents	81 641	23 336	71 214	(9 177)	41 037	
Cash and cash equivalents in the start of the period	139 638	73 354	149 035	105 396	105 396	
Translation differences	4 167	1 607	5 197	2 077	2 602	
Cash and cash equivalents in the end of the period	225 447	98 296	225 447	98 296	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					59 488	59 488
Other comprehensive income for the year					(1 833)	(1 833)
Total comprehensive income for the year					57 654	57 654
Proceeds from shares issued	79 973	179 939				259 911
Dividends paid			(40 484)			
Proposed dividends						
Employee share options				1 185		1 185
Equity 30.09.22	224 914	265 866	-	7 841	66 451	565 072

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*	85 560	3 453	-	109 684	9 534	208 231
Additions from acquisition of iSurvey Group **				10 327	39 837	50 163
Disposals/adjusted commitment	-	-	-	-	-	-
Purchase cost 30.09.22	85 560	158 521	113 884	507 916	75 044	940 924
Accumulated depreciation 30.09.22	-	(124 847)	(104 590)	(344 561)	(25 036)	(599 033)
Accumulated impairment 30.09.22		-	-	-	-	-
Net book value 30.09.22	85 560	33 711	9 294	163 356	50 008	341 928
Depreciation in 2022	-	(16 460)	(4 046)	(233 862)	(13 083)	(267 450)
Impairment in 2022	-	-	-	-	-	-
Expected useful life (years)		3-8	3-8	1-3	3-5	
Depreciation plan	Ongoing projects	Linear	Linear	Linear	Linear	

* Additions related to assets under construction includes leased equipment (12.5 million) with no cash effect as of 30.09.2022.

** Refer to note 12 for equipment acquired in the iSurvey transaction, and note 10 for Right-of-use assets.

3rd Quarter 2022

Note 3 - Fixed assets

Summary

Impairment testing has been performed in accordance with IAS 36.

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 September 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 %	2 350
20 %	8 004
30 %	24 832

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

3rd Quarter 2022

Note 4 - Intangible assets and goodwill

Intangible assets (NOK 1000)	Research and development	Customer relationships
Purchase cost 01.01.22	1 457	-
Additions	645	-
Addition from business combination (note 12)	-	10 000
Disposals/adjustments	(416)	-
Purchase cost 30.09.22	1 685	10 000
Accumulated depreciation 30.09.22	-	(833)
Net book value 30.09.22	1 685	9 167
Depreciation in 2022	-	(833)
Depreciation plan		Linear
Estimated useful life	Ongoing project	6 years

Goodwill (NOK 1000)	Goodwill
Purchase cost 01.01.22	-
Additions	-
Addition from business combination (note 12)	86 723
Disposals/adjustments	
Purchase cost 30.09.22	86 723
Accumulated amortization 30.09.22	-
Net book value 30.09.22	86 723
Amortization in 2022	-
Amortization method	
Estimated useful life	Indefinite

* Refer to note 12 for further information regarding the acquisition of iSurvey Group.

3rd Quarter 2022



Note 5 - Borrowings

(NOK 1000)	30.09.2022	31/12/2021
Non-current liabilities		
Bank borrowings	7 402	13 938
Lease liabilities to credit institutions	12 504	559
Other non-current lease liabilities (IFRS 16)	27 455	105 171
Total non-current borrowings	47 360	119 668
Current borrowings		
Bank borrowings	18 541	11 584
Lease liabilities to credit institutions	1 690	4 676
Other current lease liabilities (IFRS 16)	155 209	176 627
Total current interest-bearing debts	175 441	192 887
Carrying amount		
Bank borrowings	25 943	25 522
Lease liabilities	196 859	287 033
Total carrying amount	222 802	312 556
Fair value		
Bank borrowings	25 943	25 522
Lease liabilities	196 859	287 033
Total fair value	222 802	312 556

At 30.09.22 bank borrowings are secured on fixed assets for the value of NOK 43.7 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 40.2 million.

3rd Quarter 2022



Note 6 - Shareholders

20 largest shareholders as per 30.09.22:

	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	6 327 000	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 %
LION INVEST AS	2 400 000	1.1 %
STAVA 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 %
BARRUS CAPITAL AS	1 510 090	0.7 %
NÆRINGSLIVETS HOVEDORGANISASJON	1 499 799	0.7 %
CASTEL AS	1 144 687	0.5 %
CONSUS AS	960 425	0.4 %
INVICTA INVEST AS	909 179	0.4 %
Total 20 largest	183 177 228	81.4 %
Others	41 736 200	18.6 %
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 above mentioned 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.

3rd Quarter 2022



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:

Exercise price: NOK 3.0

Share price at grant date: NOK 3.0

Expected volatility: NOK 56.14 %

Risk free interest rate: NOK 1.092 %

Term of options: 3 years

As of 3Q2022 the Company has recognized NOK 1.5 million in cost related to the options.

3rd Quarter 2022



Note 8 - Tax

The Group has, based on contracts and budgets for 2022, assumed that the tax loss carried forward can be recognised. Per 30.09.2022 NOK 23.5 million is capitalized.

(NOK 1000)	30.09.2022	31.12.2021
Taxes payable	1 750	-
Changes in deferred taxes	17 932	(20 760)
Taxes, in total	19 682	(20 760)
Deferred taxes / (Deferred tax assets)		
Temporary differences		
Other fixed assets	(29 388)	(17 537)
Financial leases	2 441	2 943
Fixed-price contracts	-	-
Inventories	(4 790)	(4 790)
Accruals	(5 018)	(3 669)
Right-of-use assets	(19 254)	-
Intangible assets	27 167	-
Tax loss carried forward	(77 875)	(159 469)
Temporary differences, in total	(106 716)	(182 521)
Deferred tax assets	(23 477)	(40 151)
Not recognized deferred tax assets	-	-
Deferred tax assets in balance sheet*	23 477	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 12 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. Unrecognised 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.

3rd Quarter 2022



Note 8 - Tax cont.

(NOK 1000)	30.09.2022	31.12.2021
Reconciliation from nominal to actual tax rate		
Profit & loss before taxes	79 169	73 046
Nominal tax rate	22 %	22 %
Anticipated income tax due to nominal tax rate	17 417	16 070
Actual tax cost	19 682	(20 760)
Deviation	2 265	(36 830)
Tax effects of:		
Permanent differences	(2 265)	3 878
Changes in deferred tax assets, previously not recognized	-	32 952
Explanation	(2 265)	36 830
Effective tax rate	25 %	-28 %

3rd Quarter 2022



Note 9 - Segments

(NOK 1000)	2022 01.07.-30.09	2021 01.07.-30.09	2022 01.01.-30.09	2021 01.01.-30.09	2021 01.01.-31.12
Revenue					
Oil & Gas	329 393	160 970	661 748	339 821	471 917
Renewable / other	36 090	62 788	173 659	155 507	201 336
Total	365 483	223 758	835 407	495 328	673 253
Operating expense					
Oil & Gas	(276 725)	(144 160)	(605 818)	(303 237)	(425 853)
Renewable / other	(30 319)	(56 231)	(158 982)	(138 766)	(181 683)
Total	(307 044)	(200 391)	(764 800)	(442 003)	(607 537)
Operating result					
Oil & Gas	52 668	16 810	55 930	36 583	46 064
Renewable / other	5 771	6 557	14 677	16 741	19 652
Total	58 439	23 367	70 607	53 324	65 716

(NOK 1000)	2022 01.07.-30.09	2021 01.07.-30.09	2022 01.01.-30.09	2021 01.01.-30.09	2021 01.01.-31.12
Revenue by region					
Norway	41 669	97 184	127 043	137 032	232 156
Europe	148 641	88 547	302 212	233 261	282 726
Americas	118 136	38 027	278 677	125 035	158 453
Other	57 037	-	127 476	-	-
Total	365 483	223 758	835 407	495 328	673 335
Revenue by type of service					
Data	244 134	90 432	508 744	253 506	350 736
Solutions	121 349	133 327	326 663	241 822	322 599
Total	365 483	223 758	835 407	495 328	673 335

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.

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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 12 for further information.

As of September 30 2022, Right of use assets in the balance sheet consist of contractual commitments for vessels and offices. Short term leases with no contractual commitment (pay as you go contracts), are not capitalized.

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

The following have been recognized in 2022:

Right-of-use assets	30.09.2022	31.12.2021
Property, plant and equipment	163 356	277 212
Total	163 356	277 212

Lease liabilities	31.09.2022	31.12.2021
Current	155 209	176 627
Non current	27 455	105 171
Total	182 665	281 798

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

	Q3 2022	Q3 2021	9M 2022	9M 2021	12M 2021
Depreciation charge of right-of use assets	81 254	56 431	233 868	152 988	203 435
Impairment charge of right-of-use assets	-	-	-	-	-
Interest expense	2 951	894	11 098	2 762	5 861
Total charges to the P&L	84 205	57 325	244 966	155 750	209 296

The total cash outflow for leases in 3Q2022 was NOK 82.5 million (3Q2021: 57.6 million)

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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	109 684	-	109 684
Additions from acquisition of iSurvey Group (note 12)	10 327	5 337	4 990
Disposals	-	-	-
Depreciation	(233 868)	-	-
Impairment	-	-	-
Interests	-	-	11 098
Reclassification from long to short term	-	(83 053)	83 053
Adjusted commitment	-	-	-
Currency adjustment	-	-	75
Payments	-	-	(230 318)
Ending balance 30.09.2022	163 355	27 455	155 209

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	Q3 2022	Q3 2021	9M 2022	9M 2021	12M 2021
Depreciation of long term right-of-use assets	65 800	29 513	198 685	100 497	145 975
Depreciation of short term right-of-use assets	15 454	26 918	35 183	52 491	57 459
Depreciation of other assets	12 618	9 733	34 415	26 162	36 370
Total depreciation	93 872	66 164	268 283	179 152	239 807

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Note 11 - Financial items

Finance income and expenses	Q3 2022	Q3 2021	9M 2022	9M 2021	12M 2021
Depreciation of long term right-of-use assets	139	-	221	114	237
Total depreciation	139	-	221	114	237
Interest expense on bank borrowings	(1 239)	97	(2 143)	(1 253)	(1 223)
IFRS 16 interest expense	(2 951)	(894)	(11 098)	(2 762)	(5 861)
Other interest expense	-	(38)	-	(60)	(763)
Total interest expense	(4 190)	(835)	(13 241)	(4 075)	(7 838)
Net foreign exchange expense/income	12 944	744	21 727	1 008	1 547
Other finance costs	(52)	(1)	(145)	(55)	(102)
Total Other net financial items	12 892	743	21 582	954	1 437
Net finance items	8 841	(92)	8 562	(3 007)	(6 164)

Note 12 - 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.

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Note 12 - 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.

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Note 13 - 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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