

Q2
2023

Everything within Reach

Quarterly Consolidated Report

Sustainable access to ocean space

Find out more at reachsubsea.com

REACH
SUBSEA

2nd Quarter & 1st Half 2023

About Reach Subsea

Reach Subsea ASA is listed on the EURONEXT Oslo Stock Exchange under the ticker REACH. The Reach Subsea Group business concept is to offer high quality solutions and technology to clients in need of ocean data and services. Services are offered out of our head office in Haugesund as well as from our subsidiaries located across Norway, Sweden, UK, US, Brazil, Cyprus, Trinidad and Singapore. The company currently has over 300 employees located across these locations.

The company operates a wide range of work- and survey ROV's from its fleet of vessels, ranging from smaller survey, IMR and Light Construction Vessels to high-capacity Subsea Construction Vessels. Operations are performed by highly qualified offshore personnel and supported by competent onshore engineering resources.

The Group's objective is to be a preferred partner and full-service provider of ocean services for clients focusing on safety, environment, financial solidity and profitability. Our vision "Sustainable access to ocean space" underpins our commitment to the development of sustainable solutions, with stakeholder groups key interests in focus.

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Highlights

- Record high results driven by growth, improved pricing, and strong project execution.
- EBIT for 2Q2023 was NOK 148.2 million, including a gain of NOK 29.8 million, (NOK 49.8 million), while pre- tax result was NOK 110.4 million (NOK 56.2 million).
- EBIT for the first six months of 2023 was NOK 139.8 million (NOK 12.2 million), while pre- tax result was NOK 116.0 million (NOK 11.9 million).
- Strong market conditions across all sectors fueled by high energy prices, increased focus on energy security, and structural growth in offshore renewables.

Key figures

	2Q 2023	2Q 2022	6M 2023	6M 2022	12M 2022
	UNAUDITED				AUDITED
Revenue (NOKm)	636	341	870	470	1163
EBIT (NOKm)	148	50	140	12	105
Pre-tax profit (NOKm)	110	56	116	12	98
Cash and cash equivalents (NOKm)	129	140	129	140	192
Net working capital (NOKm)	230	137	230	137	71
Net interest bearing debt, excl IFRS 16 leases (NOKm)	(120)	(106)	(120)	(106)	(164)
Net interest bearing debt, incl IFRS 16 leases (NOKm)	1 216	141	1 216	141	(61)
Equity (NOKm)	745	513	745	513	579
Order backlog (NOKm)	590	350	590	350	740
Outstanding tender value (NOKbn)	5.0	2.3	5.0	2.3	2.5
Number of ROV days sold	910	932	1 477	1 592	3 204
Number of ROV days available	1 274	1 105	2 320	2 084	4 363
Technical uptime on ROVs	99 %	99 %	99 %	99 %	99 %
Number of offshore personnel days sold	8 844	7 791	14 860	10 555	26 987
LTIs	0	1	0	1	1
Number of vessel days sold	517	317	765	535	1 246

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CEO Letter



With a revenue growth of 87 % and close to tripling of the EBIT, Reach Subsea can once again celebrate a record breaking quarter. Our rolling 12-month revenue is now close to NOK 1.6 billion, and for the first time, we surpassed NOK 200 million in operating profit on a rolling 12-month basis.

A new level achieved with every possibility for further growth. The development reflects a significant step-change in activity and profitability during 2022 and 2023. During this period, we have grown to a new level with our cutting-edge ROV and subsea technology and highly competent personnel. At the same time, we have been able to execute our projects even more efficiently with higher utilization. Organic growth and last years acquired capacities within surveillance, positioning and geophysical monitoring, contribute well to the growth and our ability to win new clients.

Our increased capacity is perfectly aligned with the strong growth in demand for services in the ocean space. The roll-out of offshore wind is accelerating with enormous need for subsea work, and high energy prices fuel the activity in the oil and gas sector. Energy security is another driver for the demand.

Furthermore, emerging markets such as subsea mining, carbon storage and offshore fish farming, which we have served for some years, require more of our services in the future.

Reach Subsea is perfectly positioned to grow across these segments. Our fleet expansion is in the form of cost-efficient long-term charter contracts and the joint ownership of the subsea support vessel Viking Reach.

Our firm backlog and the possibility of extensions to our current contracts reassures me that we will be equally busy for the remainder of the year. Together with increased capacity and global expanded services comes increased tender volume, which now is on an all-time high of approx NOK 5 billion.

This is a very positive signal for the future and adds to our confidence in the strong market outlook. This forms part of the basis for our continued ambition for further capacity increases.

While we expand our fleet of conventional vessels and service capacities, the development of our first two vessels in the Reach Remote class continues. With much lower investment and operating costs combined with significantly lower emissions than conventional vessels, the autonomous Reach Remote will be a game changer not only for Reach but for the whole industry. Together with our partners in Kongsberg Maritime and Massterly, we have been working on the project for some years, and the first two Reach Remote ships are expected to be ready for commercial operations in the main season of 2024. Existing and potential new customers across the globe are eager, and we can't wait to demonstrate in real life how Reach Remote can help them reduce both cost and emissions while improving personnel safety.

Finally, let me highlight the most important thing at the end of the day: Sustainability, environment and personnel safety. I am happy to report that we are making good progress towards all our ESG targets and importantly: We had no serious incidents during the first six months of 2023.

Summing up, the second quarter was very strong, good results come from doing a good job for our clients and I remain very optimistic for continued positive growth and development in the coming years.

Once again, we can say with confidence:

Everything within Reach!

Jostein Alendal

CEO, Reach Subsea ASA

2nd Quarter & 1st Half 2023

Operations



Figures for the same period last year are presented in brackets in the text.

Reach Subsea ASA Group ("Reach") currently operate and market eight (six) subsea spreads, whereof six (four) subsea spreads consist of vessels chartered in by Reach. In addition, Reach delivers survey, positioning, and monitoring services onboard a number of vessels and platforms.

The number of vessel days that has passed through our P&L in the first six months of 2023 was 765 (535), with a 93 % utilization (78 %).

Reach had per the end of the quarter 11 WROV-systems and two "Surveyor Interceptor" available for subsea operations, in addition to a pool of high quality survey and monitoring assets and equipment.

REACH had 2,320 available ROV-days in the first six months of 2023 (2,084), of which 1,477 days were sold (1,592) leading to a total utilization of 64 % (76 %). The decreased ROV utilization is mainly a result of three vessels working on non-ROV projects (walk-to-work and diving) in 2023.

REACH acquired Octio/Monviro in 4Q2021 and iSurvey Group in 1Q2022, securing in-house monitoring and survey capacity. From 2023 the acquired businesses are fully merged and consolidated into the Reach Subsea Group, with joint asset base and projects. The Group now offers integrated monitoring and survey services with own equipment and personnel to our clients.

Reach has not had any serious incidents (LTI) during the first six months of 2023. Reach'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 to secure operational success.

REACH has per 22 August 2023 a firm order book of NOK 590 million for projects with execution in 3Q2023 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). Kongsberg Maritime has notified that delivery of Reach Remote will slip from late 2023 to early 2024, but will be on track for start up of commercial projects in the main season of 2024.

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Operational update

Viking Reach is chartered in by Reach for use on own projects. The vessel is mobilized with one Supporter WROV, one Surveyor ROV and survey equipment, specialized for survey and light construction work. Viking Reach had nearly full utilization in 2Q2023 and is currently scheduled for projects lasting throughout 3Q2023 with options in the oil & gas sector in Northern Europe. Reach holds 49.9 % of the shares in the entity owning the vessel.

Havila Subsea is chartered in by Reach for use on own projects. The vessel is equipped with two Reach owned Schilling WROVs and survey equipment. Havila Subsea had full utilization in 2Q2023 working on a project in Brazil expected to last throughout the main season of 2023.



Deep Cygnus is chartered in by Reach for use on own projects. The vessel is currently mobilized with a gangway, working in the walk to work market on contracts expected to last throughout 3Q2023. The vessel will thereafter be mobilized with one Supporter WROV and one Constructor WROV ready for subsea projects within light construction, IMR and decommissioning.

Go Electra is chartered in by Reach for use on own projects. The vessel is currently mobilized with an air diving spread and observation class ROV's, working on a contract in Europe expected to last throughout 3Q2023. The vessel will thereafter be mobilized with one Supporter WROV and survey equipment, specialized for integrated survey projects.



Olympic Zeus is chartered in for a project in the oil & gas sector in the Ivory Coast, which commenced late 1Q2023 and is expected to last until end 3Q2023 including transit.

Olympic Triton is chartered in by Reach for use on own projects. The vessel is currently mobilized with a gangway system working on a project in the renewables sector in Europe, which commenced mid 1Q2023 and is expected to last for 180 days. The vessel will thereafter be mobilized with a WROV spread ready for subsea projects within light construction, IMR and decommissioning.

Olympic Delta is mobilized with two hired-in WROVs. The subsea spread was chartered in for Reach projects in the oil and gas market in the North Sea in 1Q2023, whereafter the vessel continued on a contract between owners Olympic and Technip with Reach as ROV provider throughout the main season.

Stril Explorer is a survey vessel on a charter contract from Simon Møkster Shipping to 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 Reach spread onboard had sufficient activity in 2Q2023, which is expected to last throughout 3Q2023.

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Operational update cont.

Other subsea business: Reach had one WROV mobilized onboard a vessel in Brazil performing projects for large oil companies in the region until late June 2023, whereafter the WROV was sold to the client. 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's own staff.

REACH Survey Division. The high project activity from the previous quarter continued throughout 2Q2023 with a good combination of survey operations onboard the Reach fleet and supporting existing clients with direct services. As we continuously increase the scope of our in-house survey capabilities onto the Reach fleet, the increased activity level is as expected and has also resulted in continuous production of deliverables for our onshore reporting department through the quarter.

In addition to performance of geophysical surveys with the Viking Reach, operations within cable installation, launch and recovery of ocean bottom nodes, and remote support of rig positioning are key activities among a large variety of work in 2Q2023.

In 3Q2023, the high activity is expected to continue with ongoing planning for our yearly pipeline inspection program, as well as other long-term obligations and newly secured work.

REACH Monitoring Division. In 2Q2023, the REACH Monitoring Division performed a deep-water gWatch survey off the coast of Japan while we continued working on modelling and simulations for new international gWatch projects. The team has also prepared for our 3Q2023 gWatch campaign in the NCS covering a minimum of four fields – and worked with our customer in preparations for next year's baseline survey off the west coast of Australia.



2nd Quarter & 1st Half 2023

Financial results for the quarter

Figures for the same period last year are presented in brackets in the text.

Reach Subsea acquired iSurvey Group in March 2022. The transaction was closed 22 March 2022. iSurvey Group is fully consolidated from 31 March 2022. Consolidated balance sheets from 31 March 2022 include all the acquired entities. The financial effects of the transactions are further described in the Notes.

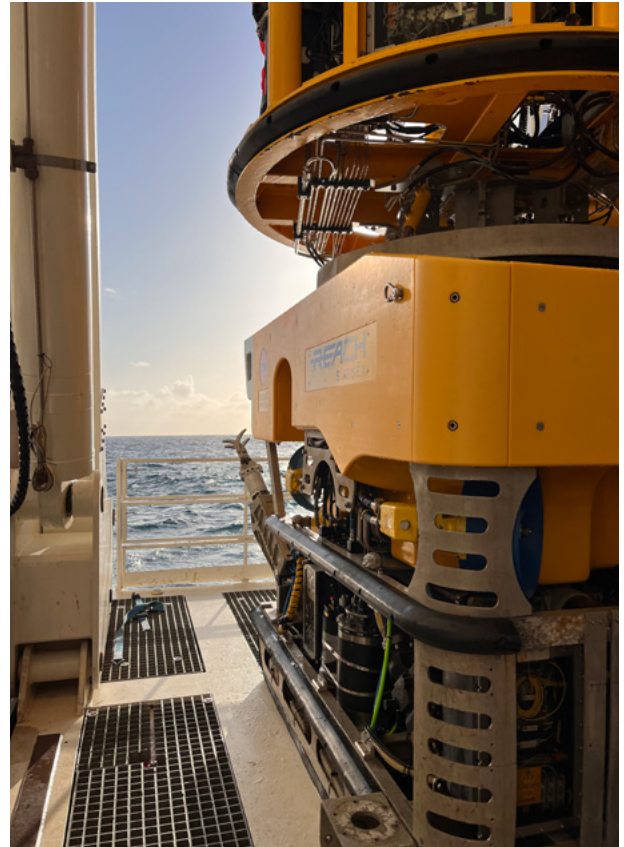
Revenue for 2Q2023 was NOK 636.4 million (NOK 340.9 million), with the increase from last year explained by (i) a higher number of project days sold, (ii) increased service scope on projects, (iii) higher pricing, and (iv) sale of an ROV.

Operating expenses for 2Q2023 were NOK 488.2 million (NOK 291.16 million) where project-related expenses, including depreciation of IFRS 16 assets, 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. Details about depreciations and impairment sensitivity is presented in the Notes.

2Q2023 operating result (EBIT) was NOK 148.2 million (NOK 49.8 million). The improved EBIT is primarily a result of higher activity with strong utilization and higher pricing, as well as a NOK 29.8 million gain on sale of a WROV.

Net financial items for 2Q2023 were NOK -37.8 million (NOK 6.4 million). The main year-over-year differences are currency effects, which amounted to an expense of NOK 15.1 million in 2Q2023 (income of NOK 10.7 million) Our charter hires are in USD and NOK, while income in the quarter was in NOK, USD and EUR.

The total comprehensive income for 2Q2023 was NOK 86.3 million (NOK 41.4 million). NOK 5 million of the improvement is explained by special effects such as financial currency effects and gains from asset sales.



For 2Q2023, Oil & Gas revenues constituted 69.5 % while Renewable/ Other constituted 30.5 % of total revenues. By comparison, in 2Q2022 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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Financial results for the 1st Half 2023

Figures for the same period last year are presented in brackets in the text.

Reach Subsea acquired iSurvey Group in March 2022. The transaction was closed 22 March 2022. iSurvey Group is fully consolidated from 31 March 2022. Consolidated balance sheets from 31 March 2022 include all the acquired entities. The financial effects of the transactions are further described in the Notes.

Revenue for the first half 2023 was NOK 870.5 million (NOK 469.9 million), with the increase from last year explained by (i) a higher number of project days sold, (ii) increased service scope on projects, (iii) higher pricing, (iv) sale of an ROV and (v) revenue from the acquired business.

Operating expenses for the first half 2023 were NOK 730.6 million (NOK 457.8 million) where project-related expenses, including depreciation of IFRS 16 assets, 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 business. Details about depreciations and impairment sensitivity is presented in the Notes.

Operating result (EBIT) for the first half 2023 was NOK 139.8 million (NOK 12.2 million). The improved EBIT is primarily a result of higher activity with strong utilization and higher pricing, as well as contribution from the acquired business and a NOK 29.8 million gain on sale of a WROV.

Net financial items for the first half 2023 were NOK -23.8 million (NOK -0.3 million). The main year-over-year differences are currency effects, which amounted to an income of NOK 1.7 million in 2Q2023 (income of NOK 8.7 million), as well as increased interest expenses due to the higher level of IFRS 16 related debt. Our charter hires are in USD and NOK, while income in the quarter was in NOK, USD and EUR.



The total comprehensive income for the first half 2023 was NOK 90.4 million (NOK 6.0 million). NOK 19 million of the improvement is explained by special effects such as financial currency effects and gains from asset sales.

For the first half 2023, Oil & Gas revenues constituted 69.5 % while Renewable/ Other constituted 30.5 % of total revenues. By comparison, for the first half 2022 Oil & Gas revenues were 71 % while Renewable/Other constituted 29 % 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).

2nd Quarter & 1st Half 2023

Capital structure

Total current assets at the end of the quarter were NOK 760.9 million (NOK 492.1 million), of which cash and cash equivalents amounted to NOK 128.8 million (NOK 139.6 million). Including the unutilized revolving credit facility, available liquidity was NOK 178.8 million (NOK 159.6 million). Receivables and inventories were NOK 632.1 million (NOK 352.4 million). Total non-interest-bearing current liabilities were NOK 401.6 million (NOK 215.1 million). This leaves a net working capital of NOK 230.5 million (NOK 137.3 million). The increase in working capital stems from increases in activity levels, as well as the fact that some of the activity increase is backend loaded in the quarter.

Total non-current assets at the end of the quarter were NOK 1,731.0 million (NOK 516.7 million). The increase is mainly a result of (i) increased Right of use assets (leases capitalized under IFRS 16) of net NOK 1,070.6 million (ii) Investment in joint ventures (49.9 % of the shares in the single purpose company owning Viking Reach) of NOK 96.4 million (iii) Assets under construction of net NOK 60.1 million, which is mainly related to the Reach Remote project, and (iv) Property, plant and equipment of net NOK 20.3 million related to mobilizations and equipment investments, offset by reductions in Deferred tax asset of NOK 32.1 million. The first half 2023 additions to Right of use assets and liabilities include the vessels Go Electra, Olympic Triton, Olympic Zeus, Viking Reach and Deep Cygnus.

Net interest-bearing debt (total interest-bearing debt, including capitalized leases under IFRS 16, less cash) stood at NOK 1,216.3 million (NOK 141.0 million). The increase is explained by the increased charter commitment as described above.

Net financial interest-bearing debt to credit institutions (i.e. excluding IFRS 16 leases) was NOK -119.7 million (NOK -105.7 million), i.e. cash positive.

The Group's equity as of 30 June 2023 was NOK 745.1 million (NOK 513.0 million), which represents 29.9 % of the total balance sheet (50.9 %). The increased equity is explained by generated comprehensive income over the last 12 months, the private placement in 1Q2023, and partly offset by dividends paid in 2Q2023. The increase in total assets resulted in a reduced equity percentage compared to the same period last year.

Net cash flow from operating activities for 2Q2023 was NOK 244.7 million (NOK 77.6 million), with NOK 12.5 million of the year-over-year improvement explained by working capital movements. For the first six months of 2023, net cash flow from operating activities was NOK 239.5 million (NOK 127.9 million). Working capital movements reduced the year-over-year improvement by NOK 68.2 million.

Net cash flow from investing activities for 2Q2023 was NOK 7.5 million (NOK -54.1). Included in this figure is the sale of a WROV of NOK 31.4 million. For the first six months of 2023, net cash flow from investing activities was NOK 83.2 million (NOK 86.9 million), and includes sale of a WROW as well as a NOK 64.7 million investment in the Viking Reach vessel owning entity.

Net cash flow from financing activities for 2Q2023 was NOK -261.3 million (NOK -134.4 million) and includes dividends paid of NOK 46.0 million (NOK 40.5 million) and vessel charter hire classified as "Repayment of borrowings and leases" according to IFRS 16. For the first six months of 2023, net cash flow from financing activities was NOK -221.5 million (NOK -51.5 million), which includes proceeds from a private placement of NOK 120.8 million (NOK 150.3 million). 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 2Q2023 was NOK -9.1 million (NOK -100.9 million). Net change in cash and cash equivalents for the first six months of 2023 was NOK -65.2 million (NOK -10.4 million).

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Capital structure cont.

Reach has per 30 June 2023 no major debt maturities to credit institutions. The Reach Remote project represents a total investment of approximately NOK 400 million, of which NOK 200 million is covered by credit facilities. As of 30 June Reach has capitalized NOK 123 million as Asset under construction. In addition, two eROVs are under construction, financed by a build lease facility. Off balance sheet, not recognized, cost related to the eROVs amounts to NOK 33 million. Hence, remaining investments are NOK 244 million, of which NOK 167 million is covered by external financing.

Besides the Reach Remote project, Reach has taken multiple steps to secure vessel capacity at competitive terms. Investments in 2023 associated with these vessels and other minor capex projects are expected to amount to approximately NOK 160 million, and encompass equipment, upgrades and mobilization activities for the vessels Viking Reach, Deep Cygnus, Go Electra and Olympic Triton. Remaining investments after quarter end are estimated to NOK 126 million. Reach has secured bank and lease financing of NOK 45 million to partly fund these investments.

The Share

Reach Subsea ASA is listed on the Oslo Stock Exchange (Euronext). The Company has per 30 June 2023 issued 255,449,563 shares, of which the majority is owned by Norwegian shareholders. The increased number of shares compared with 30 June 2022 is related to (i) a share increase of 812,500 new shares from the share incentive program for employees exercised in December 2022, and

(ii) a private placement of NOK 125.0 million, resulting in 29,411,000 new shares, followed by (iii) a subsequent offering of NOK 1.3 million resulting in 312,635 new shares.

Investor relations

Reach 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 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 regards 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 for all our subsea spreads throughout the main season 2023. We now have an order book of approximately NOK 590 million, with projects for execution in 3Q2023 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 5.0 billion. See further details under «Operational Update» and «Outlook».

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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 April 2021) during a defined period
Number of ROV days available	Total number of ROVs owned by Reach Subsea 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



2nd Quarter & 1st Half 2023

Outlook

REACH currently markets and operates eight subsea spreads (vessel, ROVs, and personnel, alone or together with partners), which have a competitive 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 continuously monitoring the market for opportunities to complement and strengthen our business, while at the same time progressing Reach Remote towards commercialization in 2024.

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, carbon storage monitoring 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.

Going into 2023 we have taken multiple steps to ensure that we can continue to grow our business profitably. In a market where access to qualified people and the right assets is becoming increasingly difficult, we have to ensure we have the right capabilities to deploy against the demands of our clients.

Thus, we have over the past year secured several vessels through new longer term charter agreements and through the part acquisition of "Viking Reach", as well as investing in upgrades of our equipment pool across all our business lines. We are also happy to observe that people are eager to join the Reach team, which has allowed us to strengthen our organization and management through several key recruitments.

The Reach Remote project is progressing well, with expected delivery early 2024. We will during first half enter the critical assembly phase and will continue to monitor progress closely. Other aspects of the project such as work towards clients and regulators continues with full force. Furthermore, we see that the substantial increase in charter rates for conventional subsea vessels further contributes to the competitive cost advantage of the Reach Remote solution. Thus, from a commercial and value creation standpoint, Reach Remote is looking even more attractive.

The Board and management are pleased with the company's record breaking financial performance so far in 2023. However, there is still a large untapped potential within the group, and efforts to bundle our new capabilities into more value-added integrated services will accelerate going forward. Matching these efforts with the promising opportunity and pricing environment we see unfolding will be key to drive growth and margins further. We are therefore pleased to see that some of the new projects we have executed in 2023 incorporate the integrated use of capabilities across the Group.

2nd Quarter & 1st Half 2023

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 2023 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.



Haugesund, 22 August 2023

Rachid Bendriss (S)

Chairman of the Board

Martha Kold Bakkevig (S)

Board member

Kristine Skeie (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



The aspirations set forth in the Paris Agreement necessitate a 40 % reduction in greenhouse gas emissions within the European Union by 2030, relative to 1990 levels.

This imperative shift towards a low-emission society mandates the curtailment of hydrocarbon-related energy sources. Concurrently, as global population and energy demands surge, the drive to achieve sustainability remains a paramount concern on political agendas. Our overarching vision, “Sustainable access to ocean space,” underscores our unwavering commitment to actively engage in this essential transformation.

Central to our enterprise are the individuals who comprise it – our valued employees. In this vein, our foremost priority lies in ensuring secure operations that prioritize the well-being of our personnel.

Reach Subsea has firmly embedded a comprehensive HSEQ (Health, Safety, Environment, and Quality) Management System, replete with an array of protocols and procedures designed to safeguard the welfare of our workforce and the communities we touch. We recognize our multifaceted role as an employer, client, and a medium-to-large-scale organization.

Striving to epitomize excellence in the subsea sector, Reach is dedicated to upholding unwavering ethical standards, as outlined in our Code of Conduct. This guiding framework is anchored in the United Nations’ Sustainable Development Goals and adheres to the precautionary principle, setting a strong precedent for responsible and impactful action.

Reach Subsea has established transparent objectives that are reported on a monthly basis.

As we reach the midpoint of 2023, we are delighted to share an update on our achievements thus far.

Sustainability

Environmental

A central objective for Reach Subsea is to enhance engagement in non-O&G sectors. Achieving this involves not only dedicating more of our team's time to these sectors, but also ensuring that we secure a prominent position on their lists of offerings.

Furthermore, aligning our assets and services with the specific requirements of these sectors is crucial. Our expanding involvement is a testament to our progress in this direction.

Maintaining a high level of asset utilization is another pivotal aim. Over a considerable period, our assets have consistently operated at a range exceeding 99 %, underscoring the quality and competency that drive us toward our objectives.

Tackling fuel emissions reduction is equally paramount. The first quarter of 2023 experienced increase in emissions due to change in vessel fleet. However, we anticipate an overall reduction in emissions as part of our long-term strategy.

In our unwavering commitment to environmental stewardship, we diligently refine our operational procedures to prevent any significant spills into the sea. We are gratified to report that we have sustained a flawless record in this regard.

A significant ongoing endeavour is the successful introduction of two USVs to the market for the 2024 season. These USVs have the potential to make substantial positive environmental contributions.



Sustainability

Environmental



Key Performance Indicators

Increase activity within non-O&G segment

● ● ●

Q2 = 30 %, YTD 32 %
(Q2 - 22 YTD 29 %)

Reduce fuel emission of CO2 compared to activity levels

● ● ○

Our total CO2 emissions per sold vessel day YTD = 33.76 ton of CO2 (2022 – 27.5, 2021 – 31.88, 2020 – 37.19). The increase in average emission levels is impacted by change in vessel fleet.

Zero major spills of hazardous materials to the sea

● ● ●

0 major spills year to date in 2023.

Maintain technical uptime above 99 %

● ● ●

Q2 = 99.4 %, YTD = 99.5 %

Scheduled activities

Q1	Q2	Q3	Q4
Successfully bring two first USVs to market in 2023/2024			

Sustainability

Social

The realization of our goals hinges upon a dedicated, thriving, and motivated workforce. One of our vital objectives is the attainment of zero work-related sick leave.

We are pleased to announce that, as of the midpoint of 2023, we have sustained an impeccable record of 0 % work-related sick leave.

This unwavering commitment to safety extends to our approach to work-related injuries. Safety occupies a prominent place on our agenda at Reach Subsea, and we diligently monitor our surroundings for any potential shifts that might increase risks. For instance, as our company experiences significant growth, we recognize the amplified social risks that arise, prompting us to enhance our vigilance in this regard.

As we set our sights on expanding within this burgeoning market, the need for a substantial influx of qualified new employees becomes apparent. Equally imperative is the retention of our existing staff and the maintenance of a healthy turnover rate. We are pleased to report that by the second half of 2023, we have successfully kept the turnover rate below the targeted maximum of 8 %.

In line with our commitment to transparency and accountability, we have issued our inaugural statement in accordance with the Transparency Act, enacted in 2022, during the second quarter of 2023. Our efforts continue to concentrate on refining our protocols to fully align with the stipulated expectations. Our annual audit program now includes a heightened emphasis on human rights, and the list of auditable items has been adjusted accordingly.

Anticipating further growth, especially considering our recent substantial expansion, we are actively developing comprehensive employee development programs across all our global offices. This initiative aims to foster growth and skill enhancement throughout our entire organization.



Beyond the aforementioned objectives, our dedication to cultivating a healthy and motivating work environment is reflected in a variety of supplementary endeavours. Building and sustaining such an environment demands a multifaceted approach, and we remain committed to consistently enhancing our efforts in this domain.

Sustainability

Social



Key Performance Indicators

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

● ● ●

Q2 = 0 %, YTD = 0 %

Zero work related injuries (LTI)

● ● ●

Q2 = 0, YTD = 0

Maintain turnover below 8 %

● ● ●

YTD 5.5 %

Scheduled activities

Q1	Q2	Q3	Q4
		<p>Conduct 15 supplier audits with focus on Social Responsibility and the Transparency act</p> <p>Establish program for employee development</p>	

Sustainability

Governance

On the governmental front, we have outlined clear objectives to be achieved in the course of 2023.

Recognizing the escalating cyber security risks faced by companies in today's landscape, we are in the process of introducing mandatory cyber security training courses for all Reach Subsea employees. These courses will be accessible through our ReachED training portal, with monthly reports detailing statistics and outcomes.

Similar initiatives have been implemented for the training modules covering code of conduct and anti-bribery policies. In contrast to the past practice of making these courses obligatory for specific employee groups, we have made them mandatory for all employees in 2023. We firmly believe that every individual employee stands to benefit from comprehending the risks and expectations, enabling collective efforts to mitigate these risks. Additionally, our protocols have been updated in response to the Transparency Act, with a distinct course available to all employees through our ReachED training portal.

Moreover, in the latter half of 2023, we are dedicated to revitalizing and enhancing our sustainability governance framework. We aim to align with the updated Taxonomy Reporting System by the close of the year 2023.



Sustainability

Governance



Scheduled activities

Q1	Q2	Q3	Q4
		80 % completion of cyber security training courses	
80 % completion of Code of Conduct and Anti Bribery course			
		Establish renewed sustainability governance structure	
		Implement Taxonomy Reporting System	

The Vessel Fleet



Viking Reach

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

70t AHC Crane

940 m² deck

1x Kystdesign Supporter ROV

1x Kystdesign Surveyor Interceptor ROV

72 PAX accommodation



Olympic Triton

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

150t AHC Crane

940 m² deck

Dual WROV hangar

100 PAX accommodation



Deep Cygnus

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

150t AHC Crane

1400 m² deck

1x Kystdesign Constructor ROV

1x Kystdesign Supporter ROV

92 PAX accommodation

The Vessel Fleet



Olympic Zeus

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

250t AHC Crane, 500t SWL AHC Winch
 Aux Crane 20t
 800 m² deck
 1x WROV in WROV Hangar
 68 PAX accommodation



Go Electra

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

25t AHC Crane
 500 m² deck
 Dual WROV Hangar
 OBSROV system
 66 PAX accommodation



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
- 2x Schilling WROV
- 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
- 1x Surveyor Interceptor in ROV hangar

Featured Project #1



NBOS Hollandse Kust west Beta

Vessel

Viking Reach

Client

NBOS

Location

Netherlands

Period

May 2023

Water Depth

13m - 50m



Optimized cable route survey through ROV integration

The newly acquired vessel Viking Reach was mobilised in Haugesund, Norway, with two ROVs setup for high-end survey data acquisition ahead of its first project. The mobilisation was followed by full calibrations of a wide range of survey sensors and transit to Netherlands.

The scope of work included pre-lay export- and interlink cable route surveys, acquiring data by using Side Scan Sonar, Multibeam Echosounder, Gradiometer, Sub-bottom profiler, and Cable tracker.

The scope of work was successfully performed with use of both Reach's high-tech ROVs for the geophysical route survey, allowing accurate line keeping and minimum infills.

Featured Project #2



Positioning of an Offshore Wind Farm

Vessel

Jumbo Javelin

Client

Jumbo Offshore Installation
Contractors BV / Yunneng Wind Power
Co. Ltd

Location

Yunlin Offshore Wind Farm, Taiwan

Period

April 2023 +7 months

Water Depth

Varying from 7m - 35m



Jumbo Offshore Installation Contractors BV / Yunneng Wind Power Co. Ltd

Provision of Survey and Positioning services required for the installation of Transition Pieces as part of the Construction of an Offshore Wind Farm. The Clients vessel was mobilised in Singapore, in advance of transit to Taiwan.

Our survey team provides survey related measurements and guidance for the installation of Transition Pieces onto the Monopiles as part of the construction of an offshore wind farm.

Featured Project #3



Deepwater gWatch campaign in Japan

Vessel

Confidential

Client

Confidential

Location

Off the coast of Japan

Period

2Q 2023

Water Depth

Up to 4200m



gWatch baseline survey in Japan

As part of an ongoing research project, the Reach Subsea Monitoring division has successfully completed a baseline survey off the coast of Japan in collaboration with a Japanese ocean research institute. The goal is to adapt our high-precision time-lapse gravity and vertical sea floor deformation monitoring to a new market within earthquake hazard and risk reduction, focusing on subduction zones. The campaign involved the use of the Japanese research institutes's vessel and ROV combined with Reach Subsea's newly developed deepwater gWatch instrumentation.

Income statement

UNAUDITED



Statement of profit or loss (NOK 1000)	Q2 2023	Q2 2022	6M 2023	6M 2022	12M 2022	Notes
Operating revenue	606 596	340 904	840 599	469 773	1 161 533	9
Other income/losses	29 843	34	29 858	151	1 287	3
Revenue	636 439	340 938	870 456	469 924	1 162 821	
Procurement expenses	(134 801)	(87 662)	(210 915)	(104 644)	(272 803)	
Personnel expenses	(71 918)	(56 424)	(134 378)	(94 621)	(251 031)	
Other operating expenses	(72 860)	(49 492)	(111 534)	(84 080)	(180 200)	
EBITDA	356 860	147 361	413 629	186 579	458 787	
Depreciation and impairment	(208 640)	(97 532)	(273 780)	(174 411)	(353 532)	3, 10
Operating result (EBIT)	148 220	49 828	139 848	12 168	105 255	
Result from associated companies	794	-	794	-	-	12
Interest income	1 035	42	1 530	82	1 264	11
Interest expenses	(24 516)	(4 335)	(27 870)	(9 051)	(15 415)	10, 11
Other net financial items	(15 129)	10 691	1 743	8 690	6 918	11
Profit (loss) before taxes	110 405	56 226	116 046	11 889	98 023	
Taxes	(23 909)	(12 732)	(25 644)	(3 837)	(25 838)	8
Profit (loss)	86 496	43 494	90 402	8 052	72 185	
Comprehensive income						
Translation differences	(157)	(2 119)	(41)	(2 099)	(2 503)	
Comprehensive income items	(157)	(2 119)	(41)	(2 099)	(2 503)	
Total comprehensive income	86 340	41 375	90 361	5 954	69 682	
Earnings per share	0.34	0.18	0.37	0.03	0.35	
Diluted earnings per share	0.34	0.18	0.36	0.03	0.34	

Balance Sheet

UNAUDITED



Statement of financial position (NOK 1000)	30.06.2023	30.06.2022	31.12.2022	Notes
Non-current assets				
Goodwill	86 723	86 723	86 723	4
Deferred tax assets	5 429	37 572	24 915	8
Intangible assets	10 017	10 950	10 623	4
Investment in associated companies	96 426	-	-	12
Assets under construction	160 489	100 430	150 499	3
Property, plant and equipment	72 120	51 865	85 010	3
Right-of-use assets	1 299 765	229 156	90 258	3,10
Total non-current assets	1 730 969	516 697	448 030	
Current assets				
Bunkers	25 487	5 680	9 884	
Trade receivables	486 835	287 028	216 328	
Other receivables	119 738	59 716	86 252	
Cash and cash equivalents	128 836	139 638	191 591	
Total current assets	760 896	492 062	504 055	
Total assets	2 491 865	1 008 758	952 085	
Equity				
Share capital	255 450	224 913	225 726	6
Share premium	358 418	265 866	267 345	
Proposed dividends	-	-	45 981	
Other equity	131 228	22 225	40 390	7
Total equity	745 095	513 005	579 442	
Non-current liabilities				
Interest-bearing debt to credit institutions	1 266	17 023	4 932	5, 10
Interest-bearing debt leases	965 517	50 110	4 310	5, 10
Total non-current liabilities	966 783	67 133	9 242	
Current liabilities				
Interest-bearing debt to credit institutions short term	7 850	16 869	23 086	5, 10
Interest-bearing debt leases	370 540	196 642	98 660	5, 10
Tax payable	13 868	-	7 853	8
Trade payables	238 507	97 353	102 430	
Other current liabilities	149 223	117 757	131 372	
Total current liabilities	779 987	428 621	363 401	
Total liabilities	1 746 770	495 754	372 643	
Total equity and liabilities	2 491 865	1 008 758	952 085	

Cashflow

UNAUDITED



Statement of cash flow (NOK 1000)	Q2 2023	Q2 2022	6M 2023	6M 2022	12M 2022	Notes
Cash flow from operating activities						
Profit before tax	110 405	56 226	116 046	11 889	98 023	
Depreciation and amortisation	208 640	97 532	273 780	174 411	353 532	
Gain/loss on assets sold	(29 843)	-	(29 843)	-	-	
Interest income	(1 035)	(42)	(1 530)	(82)	(1 264)	
Interest expense	24 516	4 335	27 870	9 051	15 415	
Change in trade debtors	(237 560)	(123 846)	(270 507)	(110 577)	(39 877)	
Change in trade creditors	119 560	3 354	136 077	26 377	31 454	
Change in other provisions	49 746	39 668	(12 862)	16 040	7 792	
Share option cost employees	240	363	477	818	1 235	
Net cash flow from operating activities	244 668	77 591	239 508	127 925	466 309	
Cash flow from investing activities						
Acquired cash balance from consolidation of iSurvey Group AS	-	-	-	6 132	6 132	
Sale of fixed assets	31 384	-	31 384	-	-	
Purchase of fixed assets	(23 844)	(50 841)	(49 894)	(53 708)	(167 805)	
Purchase of shares in associated companies	-	-	(64 721)	-	-	
Purchase of shares in subsidiary	-	(3 286)	-	(39 280)	(43 029)	
Net cash flow from investing activities	7 540	(54 126)	(83 231)	(86 856)	(204 702)	
Cash flow from financing activities						
Net interest received/paid	18	(519)	565	(821)	(1 061)	
Proceeds from issuance of ordinary shares	1 237	163	120 796	150 277	152 270	
Payment of dividends	(45 981)	(40 484)	(45 981)	(40 484)	(40 484)	
Repayment of borrowings	(4 918)	(9 688)	(18 902)	(13 826)	(13 448)	
Repayment of leases (including interests)	(211 670)	(83 876)	(278 001)	(146 642)	(311 813)	
Net cash flow from financing activities	(261 314)	(134 404)	(221 523)	(51 496)	(214 537)	
Net change in cash and cash equivalents	(9 106)	(110 940)	(65 245)	(10 427)	47 070	
Cash and cash equivalents in the start of the period	137 274	248 319	191 591	149 035	149 035	
Translation differences	668	2 259	2 490	1 030	(4 514)	
Cash and cash equivalents in the end of the period	128 836	139 638	128 836	139 638	191 591	

Equity

UNAUDITED



(NOK 1000)	Share capital	Share premium	Proposed dividends	Other reserves	Retained earnings	Total
Equity 01.01.2023	225 726	267 345	45 981	7 892	32 498	579 442
Profit for the year					90 402	90 402
Other comprehensive income for the year					(41)	(41)
Total comprehensive income for the year					90 361	90 361
Proceeds from shares issued	29 724	91 073				120 796
Dividends paid			(45 981)			(45 981)
Proposed dividends						-
Employee share options				477		477
Equity 30.06.2023	255 450	358 418	0	8 369	122 859	745 095

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 web page (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 2022.

Notes



Note 3 - Fixed assets

Asset category	Assets under construction	Property plant and equipment	Property plant and equipment	Property plant and equipment	Right-of-use assets	
Fixed assets (NOK 1000)	Assets under construction	ROV and ROV equipment	Right of use asset ROV, leased from financial institutions	Equipment and office machinery	Right of use asset Vessel and other equipment	Total
Purchase cost 01.01.23	150 499	158 521	113 884	78 947	385 800	887 651
Additions	38 231	6 725	-	1 289	1 471 194	1 517 439
Reclassifications*	(28 241)	-	-	(968)	-	(29 209)
Disposals/adjusted commitment	-	-	-	(1 541)	(2 094)	(3 636)
Purchase cost 30.06.23	160 489	165 246	113 884	77 726	1 854 900	2 372 245
Accumulated depreciation 30.06.23	-	(136 298)	(108 005)	(40 488)	(550 034)	(834 825)
Accumulated impairment 30.06.23	-	-	-	-	-	-
Net book value 30.06.23	160 489	28 948	5 879	37 292	1 304 866	1 537 474
Depreciation in 2023	-	(6 280)	(2 066)	(10 076)	(254 492)	(272 914)
Depreciation recognised as contract asset in 2023	-	-	-	-	5 101	5 101
Impairment in 2023	-	-	-	-	-	-
Expected useful life (years)		3-8	3-8	3-5	1-3	
Depreciation plan	Ongoing projects	Linear	Linear	Linear	Linear	

During 2Q 2023 the group has sold various assets resulting in a gain of approximately 29.8 million. The gain was booked in 2Q 2023 and is presented as other income in the financial statement.

* Reclassifications is mainly explained by reclassification of the prepayments related to the acquisition of Viking Reach (former Edda Sun) of NOK 29.2 million. The prepayment was used to partly fund the investment in the associated company Eidesvik Reach AS in Q1 2023, and is classified as "Investment in associated companies" in the balance sheet as of June 30 2023.

Refer to note 10 for Right-of-use assets.

2nd Quarter & 1st Half 2023



Note 3 - Fixed assets

Assets under construction can be divided into the following categories:

Reach Remote	123 093
Minor capex-projects and mobilizations	37 396
Net book value 30.06.23	160 489

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 June 2023 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.

See note 10 for further information on Right-of-use assets.

ROV and ROV equipment:

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

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

Drop in estimated revenue	Impairment charge (NOK 1000)
10 %	3 364
20 %	39 113
30 %	102 296

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

2nd Quarter & 1st Half 2023



Note 4 - Intangible assets and goodwill

Intangible assets (NOK 1000)	Research and development	Customer relationships	Total
Purchase cost 01.01.23	1 873	10 000	11 873
Additions	-	-	-
Disposals/adjustments	260	-	260
Purchase cost 30.06.23	2 133	10 000	12 133
Accumulated depreciation 30.06.23	(33)	(2 083)	(2 116)
Net book value 30.06.23	2 100	7 917	10 017
Depreciation in 2023	(33)	(813)	(866)
Depreciation plan	Linear	Linear	
Estimated useful life	5-10 years	6 years	

Goodwill (NOK 1000)	Goodwill
Purchase cost 01.01.23	86 723
Additions	-
Disposals/adjustments	
Purchase cost 30.06.23	86 723
Accumulated amortization 30.06.23	-
Net book value 30.06.23	86 723
Amortization in 2023	-
Amortization method	
Estimated useful life	Indefinite

Research and development are related to development of software/equipment related to the company's ASUMO project. As of June 30 2023 Monviro has net book values for R&D totalling NOK 2.1 million. Hours spent have been capitalized for personnel as well as other external consultants related to the development of equipment and software.

Customer relationships and goodwill is related to the acquisition of iSurvey Group in March 2022. Refer to the 2022 annual report for further information.

2nd Quarter & 1st Half 2023



Note 5 - Borrowings

(NOK 1000)	30.06.2023	31.12.2022
Non-current liabilities		
Bank borrowings	1 266	4 932
Lease liabilities to credit institutions	-	-
Other non-current lease liabilities (IFRS 16)	965 517	4 310
Total non-current borrowings	966 783	9 242
Current borrowings		
Bank borrowings	7 422	21 811
Lease liabilities to credit institutions	428	1 275
Other current lease liabilities (IFRS 16)	370 540	98 660
Total current interest-bearing debts	378 389	121 746
Carrying amount		
Bank borrowings	8 687	26 743
Lease liabilities	1 336 485	104 245
Total carrying amount	1 345 172	130 988
Fair value		
Bank borrowings	8 687	26 743
Lease liabilities	1 336 485	104 245
Total fair value	1 345 172	130 988

At 30.06.23 bank borrowings are secured on fixed assets for the value of NOK 43.6 million (31.12.22: 58.0 million).

2nd Quarter & 1st Half 2023



Note 6 - Shareholders

20 largest shareholders as per 30 June 2023

	Shares	Stake
WILHELMSSEN NEW ENERGY AS	52 136 636	20.4 %
NORTH INDUSTRIES 1 AS	50 832 449	19.9 %
SURVEY HOLDING AS	29 116 897	11.4 %
SOBER AS	10 963 446	4.3 %
HOLME HOLDING AS	6 629 500	2.6 %
JT INVEST AS	5 739 539	2.2 %
NORMAND DRIFT AS	5 000 000	2.0 %
LION INVEST AS	3 769 928	1.5 %
JOSO INVEST AS	3 585 965	1.4 %
DANSKE INVEST NORGE VEKST	3 187 815	1.2 %
CORUNA AS	2 725 000	1.1 %
NÆRINGSLIVETS HOVEDORGANISASJON	2 499 799	1.0 %
STAVA INVEST AS	2 267 141	0.9 %
BARRUS CAPITAL AS	2 110 090	0.8 %
ALTEA AS	2 037 550	0.8 %
RMS INVEST AS	2 000 000	0.8 %
JAKOB HATTELAND HOLDING AS	2 000 000	0.8 %
A-Å INVEST AS	1 938 725	0.8 %
AVANZA BANK AB	1 481 899	0.6 %
KRISTIAN FALNES AS	1 279 439	0.5 %
Total 20 largest	191 301 818	74.9 %
Others	64 147 745	25.1 %
Total	255 449 563	100.0 %

Reach Subsea's share capital amounts to NOK 255,449,563 divided into 255,449,563 shares, each with a nominal value of NOK 1.

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.

On February 15 2023 Reach Subsea announced and successfully executed a private placement. A total of 29,411,000 new shares was allocated by the Board of Directors. In addition the company also announced that the Board has resolved to undertake a subsequent offering of up to 3,000,000 new shares. The subscription period for the subsequent offering ended on 27 March 2023 and resulted in a total subscription of 312,635 new shares. The shares from the subsequent offering was registered 3 April 2023. After the completion of the private placement and the subsequent offering, the new share capital of the company is NOK 255,449,563 divided into the equivalent number of shares, each with a nominal value of NOK 1.00

2nd Quarter & 1st Half 2023



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 2Q2023 the Company has recognized NOK 0.5 million in cost related to the options.

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Note 8 - Tax

The Group has, based on contracts and budgets for 2022 and 2023, assumed that the tax loss carried forward can be recognised. Per 30.06.2023 NOK 5.4 million is recognised.

(NOK 1000)	01.04 - 30.06 2023	01.04 - 30.06 2022	01.01 - 30.06 2023	01.01 - 30.06 2022	01.01 - 31.12 2022
Taxes payable	2 777	-	6 158	-	9 344
Changes in deferred taxes	21 132	12 732	19 486	3 837	16 490
Taxes, in total	23 909	12 732	25 644	3 837	25 838
Deferred taxes / (Deferred tax assets)					
Temporary differences					
Other fixed assets	(10 983)	(30 405)	(10 983)	(30 405)	(31 709)
Financial leases	717	2 740	717	2 740	1 509
Fixed-price contracts	-	-	-	-	-
Inventories	(934)	(4 790)	(934)	(4 790)	(934)
Accruals	(5 260)	(4 997)	(5 260)	(4 997)	(4 025)
Right-of-use assets	(31 136)	(17 541)	(31 136)	(17 541)	(12 657)
Intangible assets	22 917	28 583	22 917	28 583	25 750
Tax loss carried forward	0	(144 373)	0	(144 373)	(91 184)
Temporary differences, in total	(24 678)	(170 781)	(24 678)	(170 781)	(113 251)
Deferred tax assets	(5 429)	(37 572)	(5 429)	(37 572)	(24 915)
Not recognized deferred tax assets	-	-	-	-	-
Deferred tax assets in balance sheet	5 429	37 572	5 429	37 572	24 915

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.

2nd Quarter & 1st Half 2023



Note 8 - Tax continued

(NOK 1000)	01.04 - 30.06 2023	01.04 - 30.06 2022	01.01 - 30.06 2023	01.01 - 30.06 2022	01.01 - 31.12 2022
Reconciliation from nominal to actual tax rate					
Profit & loss before taxes	110 405	56 226	116 046	11 889	98 023
Nominal tax rate	22 %	22 %	22 %	22 %	22 %
Anticipated income tax due to nominal tax rate	24 289	12 370	25 530	2 616	21 565
Actual tax cost	23 909	12 732	25 644	3 837	25 837
Deviation	(380)	364	114	1 222	4 272
Tax effects of:					
Permanent differences	212	(364)	973	(1 222)	(1 421)
Effect of tax rates outside Norway different from 22 %	169	-	(1 087)	-	(2 852)
Changes in deferred tax assets, previously not recognized	-	-	-	-	-
Explanation	380	(364)	(114)	(1 222)	(4 272)
Effective tax rate	22 %	23 %	22 %	32 %	26 %

(NOK 1000)	01.04 - 30.06 2023	01.04 - 30.06 2022	01.01 - 30.06 2023	01.01 - 30.06 2022	01.01 - 31.12 2022
Payable taxes in the balance sheet					
Tax payable recognised in the income statement	(6 158)	-	(6 158)	-	(9 344)
Tax paid	1 590	-	1 590	-	1 491
Tax payable previous years	(9 344)	-	(9 344)	-	-
Payable taxes in the balance sheet	(13 868)	-	(13 868)	-	(7 853)

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Note 9 - Segments

(NOK 1000)	01.04 - 30.06 2023	01.04 - 30.06 2022	01.01 - 30.06 2023	01.01 - 30.06 2022	01.01 - 31.12 2022
Operating revenue					
Oil & Gas	421 736	235 204	584 426	332 204	954 399
Renewable / other	184 860	105 734	256 172	137 720	208 422
Total	606 596	340 938	840 599	469 924	1162 821

(NOK 1000)	01.04 - 30.06 2023	01.04 - 30.06 2022	01.01 - 30.06 2023	01.01 - 30.06 2022	01.01 - 31.12 2022
Revenue by region					
Norway	80 753	106 943	112 268	160 540	369 418
Europe	216 906	112 358	332 308	153 571	434 874
Americas	87 511	51 198	110 720	85 374	212 173
Other	221 411	70 439	285 303	70 439	146 355
Total	606 596	340 938	840 599	469 924	1162 821

(NOK 1000)	01.04 - 30.06 2023	01.04 - 30.06 2022	01.01 - 30.06 2023	01.01 - 30.06 2022	01.01 - 31.12 2022
Revenue by type of service					
Data	106 626	200 017	160 132	264 610	735 559
Solutions	499 970	140 920	680 467	205 315	427 262
Total	606 596	340 938	840 599	469 924	1162 821

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.

As of June 30 2023, 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 7.5 %.

The following have been recognized in 2023:

Right-of-use assets	30.06.2023	31.12.2022
Property, plant and equipment	1 299 765	90 258
Total	1 299 765	90 258

Lease liabilities	30.06.2023	31.12.2022
Current	370 540	98 660
Non current	965 517	4 310
Total	1 336 057	102 970

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

	Q2 2023	Q2 2022	6M 2023	6M 2022	12M 2022
Depreciation charge of right-of-use assets	195 829	84 582	259 593	152 613	306 795
Depreciation recognised as contract asset	3 826	-	-5 101	-	-
Impairment charge of right-of-use assets	-	-	-	-	-
Interest expense	23 498	3 774	26 905	8 148	13 090
Total charges to the P&L	219 327	88 356	281 397	160 761	319 885

The total cash outflow for leases in 2Q2023 was NOK 211.7 million (2Q2022: 83.9 million).

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Note 10 - Leasing continued

Reconciliation of leases on committed days recognised in 2023:	Right-of use assets	Lease liability, non-current	Lease liability, current
Opening balance 01.01.2023	90 258	4 310	98 660
Additions	1 471 194	-	1 471 194
Disposals	-	-	-
Depreciation of right-of-use-assets	(259 593)	-	-
Impairment	-	-	-
Interests	-	-	26 905
Reclassification from long to short term	-	963 301	(963 301)
Adjusted commitment	(2 094)	(2 094)	-
Currency adjustment	-	-	15 083
Payments	-	-	(278 001)
Ending balance 30.06.2023	1 299 765	965 517	370 539

The right-of-use assets are calculated based on a discounted estimated commitment on vessels (Havila Subsea, Olympic Triton, Olympic Zeus, Viking Reach, Go Electra, Deep Cygnus, 2xROVs) 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 2023	Q2 2022	6M 2023	6M 2022	12M 2022
Depreciation of long term right-of-use assets	162 184	67 175	221 106	132 885	254 580
Depreciation of short term right-of-use assets	33 645	17 407	38 487	19 729	52 215
Depreciation recognised as contract asset	3 826	-	(5 101)	-	-
Depreciation of other assets	8 986	12 950	19 288	21 797	46 737
Total depreciation	208 640	97 532	273 780	174 411	353 532

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Note 11 - Financial items

Finance income and expenses	Q2 2023	Q2 2022	6M 2023	6M 2022	12M 2022
Interest income on short term bank deposits	1 036	42	1 530	82	1 264
Total interest income	1 036	42	1 530	82	1 264
Interest expense on bank borrowings	(1 018)	(561)	(966)	(903)	(2 309)
IFRS 16 interest expense	(23 498)	(3 774)	(26 905)	(8 148)	(13 090)
Other interest expense	-	-	-	-	-16
Total interest expense	(24 516)	(4 335)	(27 870)	(9 051)	(15 415)
Net foreign exchange expense/income	5 281	10 828	17 123	8 891	7 131
Currency adjustment related to IFRS 16	(20 296)	(92)	(15 083)	(92)	(55)
Other finance costs	(114)	(45)	(297)	(110)	(158)
Total other net financial items	(15 129)	10 691	1 743	8 690	6 918
Net financial items	(38 609)	6 398	(24 597)	(279)	(7 232)

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Note 12 - Investment in associated companies

Investment in associated companies comprises shares in the entity Eidesvik Reach AS. Reach Subsea holds a 49.9 % ownership, while Eidesvik Shipping Investments AS owns the remaining 50.1 %. Eidesvik Reach AS owns and operates the vessel Viking Reach.

The investment is accounted for using the equity method.

Reconciliation and specification of carrying amount of investment in associates:	30.06.2023
Opening balance carrying amount of investments in associates	-
Acquisition cost shares acquired, Eidesvik Reach AS	95 632
Share of net result in investment, Eidesvik Reach AS	794
Total carrying amount of investments in associates at balance date	96 426

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Note 13 - Commitments

The Reach Remote project is expected to amount to approximately NOK 400 million. As of June 30 the company has capitalized NOK 123 million as Asset under construction. In addition, the company has financed two eROVs through leasing. As of June 30 the ROVs are under construction, and costs not recognised related to the ROVs amounts to NOK 33 million. The ROVs will be recognised in the balance sheet at commencement date.

Besides the Reach Remote project, Reach has taken multiple steps to secure vessel capacity at competitive terms. The additions to Right of use assets and liabilities in the first half of 2023 include the vessels Go Electra, Olympic Triton, Olympic Zeus, Viking Reach and Deep Cygnus.

Investments in 2023 associated with these vessels and other minor capex projects is expected to amount to approximately NOK 160 million, and encompass equipment, upgrades and mobilization activities for three vessels (Viking Reach, Deep Cygnus, Go Electra and Olympic Triton). As of June 30 2023 remaining investments related to these investments is estimated to NOK 126 million. Reach has secured bank and lease financing of NOK 46 million to partly fund these investments.

Note 14 - Events after quarter end

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

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