

Q3
2023

Everything within Reach

Quarterly Consolidated Report

Sustainable access to ocean space

REACH
SUBSEA

3rd Quarter 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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3rd Quarter 2023

Highlights

1. Record high quarterly turnover and continued strong EBIT driven by growth, improved pricing, and strong project execution.
2. EBIT for 3Q2023 was NOK 112.4 million (NOK 58.4 million), while pre-tax result was NOK 92.3 million (NOK 67.3 million).
3. EBIT for the first nine months of 2023 was NOK 252.3 million (NOK 70.6 million), while pre-tax result was NOK 208.4 million (NOK 79.2 million).
4. Strong market conditions across all sectors fuelled by high energy prices, increased focus on energy security, and structural growth in offshore renewables.
5. After quarter end: Obtaining strong Australian market access and world-leading survey capabilities by acquiring Guardian Geomatics

Key figures

	3Q 2023	3Q 2022	9M 2023	9M 2022	12M 2022
	UNAUDITED				AUDITED
Revenue (NOKm)	651	365	1 522	835	1 163
EBIT (NOKm)	112	58	252	71	105
Pre-tax profit (NOKm)	92	67	208	79	98
Cash and cash equivalents (NOKm)	137	225	137	225	192
Net working capital (NOKm)	249	99	249	99	71
Net interest bearing debt excl IFRS 16 leases (NOKm)	(97)	(185)	(97)	(185)	(164)
Net interest bearing debt incl IFRS 16 leases (NOKm)	1 212	(3)	1 212	(3)	(61)
Equity (NOKm)	823	565	823	565	579
Order backlog (NOKm)	530	440	530	440	740
Outstanding tender value (NOKbn)	7.5	2.5	7.5	2.5	2.5
Number of ROV days sold	806	846	2 283	2 438	3 204
Number of ROV days available	1 174	1 196	3 494	3 280	4 363
Technical uptime on ROVs	100 %	100 %	99.6 %	99 %	99 %
Number of offshore personnel days sold	6 282	7 764	21 140	18 219	26 987
LTIs	0	0	0	1	1
Number of vessel days sold	550	348	1 315	883	1 246

CEO Letter



The third quarter was another record-breaking period for Reach Subsea. Without question, these past months have been the busiest time of our history – by far, and I would like to extend my heartfelt gratitude to the whole team for their dedication and hard work.

For the ninth straight quarter, we've experienced robust revenue growth. On a rolling 12-month basis, our revenue now stands at NOK 1.85 billion. Remarkably, over the past two years, we've nearly tripled our revenue on this same basis.

In Reach Subsea, disciplined growth is a guiding principle, and I'm pleased to report that we've achieved an EBIT margin of 17.3 %. Looking at the rolling 12-month perspective, we've exceeded 15 % – a marked improvement from our position just a year ago.

Our noteworthy surge in revenue and profitability isn't just by chance. It's the tangible result of our deliberate strategic choices. We've not only expanded our vessel capacity through new long-term charters but also enhanced our service offerings with targeted acquisitions. Our core fleet of cost-efficient subsea spreads, coupled with our globally recognized subsea services, survey and monitoring expertise, it's clear we're positioned to serve a diverse range of customers around the world for the coming years. It also makes a solid foundation for further growth.

Our strategic expansion couldn't have come at a better time, aligning perfectly with the current strong market momentum – a trend we anticipate will persist. The oil & gas sector remains robust, while investments in renewable energy are gaining speed. With thousands of offshore wind turbines in the pipeline, the sheer volume of subsea work needed is vast. Furthermore, promising sectors like subsea mining, carbon storage, and other facets of offshore and subsea industries amplify this growing demand.

Our international presence shows consistent positive development and our tender volume has swelled accordingly, further bolstering our optimism for what lies ahead. Given these positive indicators, we're actively pursuing additional capacity enhancements.

We have for several years articulated our ambition of extending Reach Subsea's presence across all time zones. This October, we made significant strides toward this goal with the acquisition of the Australian marine survey firm, Guardian Geomatics. They come with a seasoned team and top-tier proprietary surveying and data processing technology. Integrating Guardian Geomatics into the Reach family not only paves our way into the Australian and Asia Pacific markets but also positions us to introduce our unmanned Reach Remote platform both in Australia and other international markets.

It's great to follow the steady progress of the construction of our first two Reach Remote vessels at the Trosvik Yard. Slated for a 2024 launch, these unmanned vessels promise to revolutionize the industry, boasting substantial reductions in costs and emissions, together with enhanced personnel safety. Coupled with our expanded, cost-efficient traditional vessel fleet and our comprehensive subsea services offering, we stand poised for sustained growth and positive development in the upcoming years.

And as usual, we can conclude:

Everything within Reach!

Jostein Alendal
CEO, Reach Subsea ASA

Operations



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

Reach Subsea ASA Group ("Reach") operated by quarter end 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 nine months of 2023 was 1,315 (883), with a 95 % utilization (84 %).

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 3,494 available ROV-days in the first nine months of 2023 (3,280), of which 2,283 days were sold (2,438) leading to a total utilization of 65 % (74 %). 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 nine 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 06 November 2023 a firm order book of NOK 530 million for projects with execution in 4Q2023 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 is estimated to be early 2Q2024, but will be on track for start up of commercial projects during the main season of 2024.

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 full utilization in 3Q2023 and is currently scheduled for projects lasting towards the end of 2023 in the cable 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 3Q2023 working on projects in Brazil expected to last throughout 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 well into 4Q2023. The vessel will thereafter be mobilized with one Supporter WROV and one Constructor WROV ready for subsea projects within light construction, IMR and decommissioning. Deep Cygnus is further scheduled for a battery installation at owners expense in 1Q2024, an important step in our goal to reduce emissions.

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 well into 4Q2023. 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 lasted until early 4Q2023. The vessel was thereafter demobilized and has exited the Reach fleet.

Olympic Triton is chartered in by Reach for use on own projects. The vessel was mobilized with a gangway system working on a project in the renewables sector in Europe, until late 3Q2023. The vessel was in dry dock in October, and is now mobilized with full WROV and survey spread ready for subsea projects within light construction, IMR and decommissioning.

Olympic Delta is mobilized with two hired-in WROVs. The vessel is on a contract between owners Olympic and Technip with Reach as WROV provider. The WROV spread had full utilisation in the third quarter 2023.

Stril Explorer is a survey vessel on a charter contract from Simon Møkster Shipping to Ocean Infinity lasting until the end of 3Q2023. Reach provided ROV services consisting of one Supporter WROV and one Surveyor ROV and offshore personnel to the vessel. The Reach spread onboard had decent activity in 3Q2023, whereafter the vessel was demobilized and exited the Reach fleet.

Operational update cont.

Other subsea business: 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.

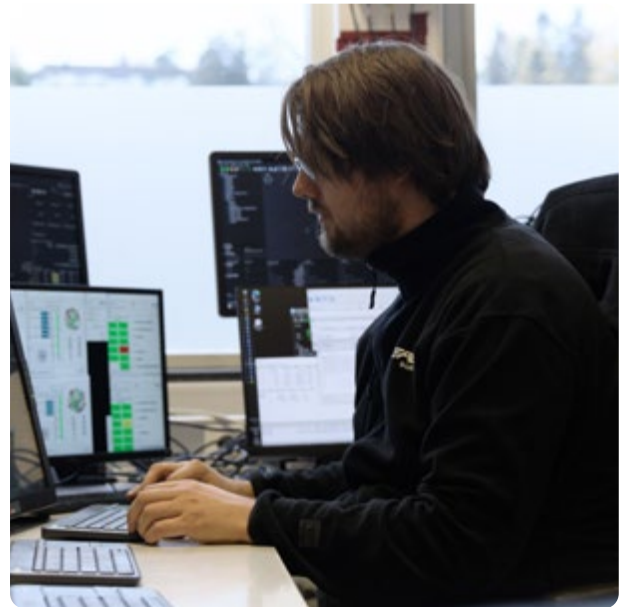


REACH Survey Division. Both in Europe and Asia, the high survey project activity from the previous quarter continued throughout 3Q2023. With new REACH vessels being mobilized to conduct advanced survey operations with the high-speed REACH Survey ROVs (SROV), the Survey Division has built project track record to efficiently deliver high quality data survey data.

The Survey Division client portfolio has proven to be a significant source for generating REACH vessel fleet utilization. The recently signed frame agreement with NKT is a good example. This new contract will put Reach Subsea in a position to supply additional marine services along with Reach Subsea's modern fleet of vessels and ROVs including Reach Remote for NKT's service projects.

In 4Q2023, the high activity is expected to continue, including major survey projects with the REACH SROV. With strategic project opportunities firming up in the South Americas, and the newly acquired survey company Guardian Geomatics in Australia, the REACH Group is established as a true global provider of Survey and Subsea Services.

REACH Monitoring Division. 3Q2023 has been a busy period for the REACH Monitoring Division, with high activity on operations, advanced processing services, and R&D. We have worked on processing data from past data acquisition campaigns for the environmental monitoring market while continuing to work on modelling and studies for new international gWatch projects, both within the O&G sector and for the emerging CCS market.



We initiated a multi-month gWatch data acquisition campaign for a customer on the NCS utilizing our Viking Reach vessel. This campaign covers four fields and will continue into Q4 with data acquisition and processing. As part of this campaign, we prepared an additional field on the NCS for future gWatch campaigns, by installing measurement benchmarks.

Finally, we have continued work to prepare for next year's baseline survey off the west coast of Australia.

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 3Q2023 was NOK 651.3 million (NOK 365.5 million), with the increase from last year explained by (i) a higher number of project days sold, (ii) increased service scope on projects and (iii) higher pricing.

Operating expenses for 3Q2023 were NOK 538.9 million (NOK 307.0 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.

3Q2023 operating result (EBIT) was NOK 112.4 million (NOK 58.4 million). The improved EBIT is primarily a result of higher activity with strong utilization and higher pricing.

Net financial items for 3Q2023 were NOK -20.1 million (NOK 8.8 million). The main year-over-year differences are (i) result from associated companies of NOK 8.1 million (N/A), (ii) increased interest expenses due to the higher level of IFRS 16 related debt, which amounted to NOK -24.6 million (NOK -3.0 million) and (iii) currency effects, which amounted to NOK -3.5 million (NOK 12.9 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 3Q2023 was NOK 77.8 million (NOK 51.7 million).

For 3Q2023, Oil & Gas revenues constituted 71.1 % while Renewable/ Other constituted 29.9 % of total revenues. By comparison, in 3Q2022 Oil & Gas revenues were 90 % while Renewable/Other constituted 10 % 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).

Financial results Year to date

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 nine months of 2023 was NOK 1,521.8 million (NOK 835.4 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) revenue from the acquired business.

Operating expenses for the first nine months of 2023 were NOK 1,269.5 million (NOK 764.8 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 nine months of 2023 was NOK 252.3 million (NOK 70.6 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 in 2Q2023.

Net financial items for the first nine months of 2023 were NOK -43.9 million (NOK 8.6 million). The main year-over-year differences are (i) result from associated companies of NOK 8.9 million (N/A), (ii) increased interest expenses due to the higher level of IFRS 16 related debt, which amounted to NOK -51.5 million (NOK -11.1 million), and (ii) currency effects, which amounted to NOK -1.8 million (NOK 21.6 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 the first nine months of 2023 was NOK 168.1 million (NOK 57.7 million).

For the first nine months of 2023, Oil & Gas revenues constituted 70.2 % while Renewable/ Other constituted 29.8 % of total revenues. By comparison, for the first nine months of 2022 Oil & Gas revenues were 79.2 % while Renewable/Other constituted 21.8 % of total revenues. Oil & Gas entails revenues from survey, IMR and light construction projects where the end client is an oil & gas company. Renewable/Other entails revenues from survey, IMR and light construction projects where the end client is a non- oil & gas company (typically a company in the renewables energy sector).

Capital structure

Total current assets at the end of the quarter were NOK 836.8 million (NOK 600.4 million), of which cash and cash equivalents amounted to NOK 136.6 million (NOK 225.4 million). Including the unutilized revolving credit facility, available liquidity was NOK 166.6 million (NOK 255.4 million).

Receivables and inventories were NOK 700.2 million (NOK 374.9 million). Total non-interest-bearing current liabilities were NOK 451.0 million (NOK 275.5 million). This leaves a net working capital of NOK 249.3 million (NOK 99.4 million).

The increase in working capital stems from increases in activity levels, as well as a few, late payments from clients. The majority of these payments were settled in early 4Q2023.

Total non-current assets at the end of the quarter were NOK 1,786.0 million (NOK 463.0 million). The increase is mainly a result of (i) increased Right of use assets (leases capitalized under IFRS 16) of net NOK 1,108.8 million (ii) Investment in joint ventures (49.9 % of the shares in the single purpose company owning Viking Reach) of NOK 104.5 million (iii) Assets under construction of net NOK 126.7 million, which is mainly related to the Reach Remote project. The first nine months of 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 1,212.2 million (NOK -2.6 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 -97.1 million (NOK -369.1 million), i.e. cash positive.

The Group's equity as of 30 September 2023 was NOK 823.1 million (NOK 565.1 million), which represents 31.4 % of the total balance sheet (53.1 %). 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 3Q2023 was NOK 266.6 million (NOK 201.4 million). For the first nine months of 2023, net cash flow from operating activities was NOK 506.1 million (NOK 329.3 million).

Net cash flow from investing activities for 3Q2023 was NOK -68.7 million (NOK -36.3). For the nine months of 2023, net cash flow from investing activities was NOK -151.9 million (NOK -123.2 million). Included in this figure is Purchase of fixed assets related to general equipment upgrades, mobilizations and general investments of NOK -118.6 million (NOK -86.3 million), proceeds from the sale of a WROV of NOK 31.4 million in 2Q2023 as well as a NOK 64.7 million investment in the Viking Reach vessel owning entity in 1Q2023.

Net cash flow from financing activities for 3Q2023 was NOK -193.2 million (NOK -83.4 million) and includes vessel charter hire classified as "Repayment of borrowings and leases" according to IFRS 16. For the first nine months of 2023, net cash flow from financing activities was NOK -414.7 million (NOK -134.9 million), which includes proceeds from a private placement of NOK 120.8 million (NOK 150.3 million) and dividends paid of NOK 46.0 million (NOK 40.5 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 3Q2023 was NOK 4.7 million (NOK 81.7 million). Net change in cash and cash equivalents for the first nine months of 2023 was NOK -60.5 million (NOK 71.2 million).

3rd Quarter 2023

Capital structure cont.

Reach has per 30 September 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 September Reach has capitalized NOK 180.9 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 35.6 million. Remaining investments are NOK 183.5 million, of which NOK 137 million is covered by external financing.

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 2023 include the vessels Go Electra, Olympic Triton, Olympic Zeus, Viking Reach, Deep Cygnus and Havila Subsea (extension). Investments in the coming six months associated with these vessels and other minor capex projects is expected to amount to approximately NOK 125 million, and encompass equipment, upgrades and mobilization activities for three vessels (Deep Cygnus, Go Electra and Olympic Triton). Reach has secured bank and lease financing of NOK 46 million to partly fund these investments.

The Share

Reach Subsea ASA is listed on the Oslo Stock Exchange (Euronext). The Company has per 30 September 2023 issued 255,449,563 shares, of which the majority is owned by Norwegian shareholders. The increased number of shares compared with 30 September 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 towards the end of 2023. We now have an order book of approximately NOK 530 million (NOK 440 million), with projects for execution in 4Q2023 and beyond. These contracts cover a wide spectrum of project types and are across both oil & gas and renewables projects and are included in the "Operational update" in this report. Furthermore, Guardian Geomatics has an order backlog of NOK 160 million, which will be included once the acquisition is closed.

These figures do not include options and expected call-off extensions under frame agreements, which from experience can constitute significant additional work.

News after quarter end cont.

Current tender volume for the Group is NOK 7.5 billion (2.5 billion). See further details under «Operational Update» and «Outlook». Guardian Geomatics' tender volume is not included in this figure, see below.

Reach subsea announced 6 October 2023 the purchase of the Australia-based marine survey company Guardian Geomatics.

Guardian Geomatics was established in February 2018 by a group of industry experts with vast industry experience from among other places Fugro. The company has been highly successful since the launch.

In FY 2023 (fiscal year ending 30 June), revenues reached AUD 41.7 million, a growth of 96 % compared to FY 2022. 2023 EBITDA was AUD 6.2 million, a growth of 41 %. Guardian Geomatics currently has an orderbook of about NOK 160 million for work in 4Q2023, 2024 and onwards. Tender volume is NOK 890 million.

Key terms:

- Reach Subsea purchases 100 % of the shares in Guardian Geomatics with expected closing 15th November 2023.
- The purchase consideration paid to selling shareholders will consist of approximately 16 million new shares in Reach Subsea ASA, plus AUD 5.5 million in cash to be paid one year after the closing date. The exact number of consideration shares to be issued will be determined on the closing date based on the REACH shareprice and NOK/AUD currency development.
- The consideration shares issued to selling shareholders are subject to a 4-year lock-up structure, whereby 25 % of the shares are released on each anniversary.
- Guardian Geomatics will, after closing have a total working capital (cash plus net working capital) of AUD 1.4 million, and the company has no financial debt.

Guardian Geomatics offers a variety of marine survey solutions to the oil and gas industry, and Government sector clients. These include geographical, hydrographic, oceanographic and environmental surveys. In addition, Guardian conducts geotechnical site Investigations, positioning and ROV Services, as well as providing prime contracting and consulting services. The business is highly complementary to Reach Subsea's existing operations and offers significant synergies with Reach Subsea.

Founders and current shareholders of Guardian Geomatics, Steve Duffield and Paul Kennedy are still fully engaged in the company.

Key strategic benefits of the transaction:

- Adding significant survey software and hardware applicable for the global market.
- Providing established market access to the Australian and Asia Pacific markets.
- Strengthened offering within construction, as well as inspection, maintenance, and repair (IMR) both in existing and new markets.
- Significant synergy potential related to cross sale opportunities and due to complementary peak seasons, which allows for optimal resource utilization. No overlap with existing operations.
- Well-established and highly profitable existing business.
- Platform for the introduction of Reach Remote robotics in the Australian oil & gas and renewables markets. . Guardian Geomatics owns and operates an USV ("Drix").
- Adding a highly competent team with vast experience from the surveying industry.



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 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

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 aquaculture, carbon storage monitoring and subsea mining.

Going into 2023 we took multiple steps to ensure that we could continue to grow our business profitably into an improving market. These steps involved securing several vessels through new longer term charter agreements, the part acquisition of "Viking Reach", investing in upgrades of our equipment pool across all our business lines, and strengthening our organisation through several key recruitments. With a threefold increase in year-to-date profits and outstanding tender volumes, we can safely say that the initiatives have paid off so far.

Our commitment to growth and global expansion is underpinned by the recent announcement to acquire Australian-based Guardian Geomatics. This move is a testament to our strategic vision of establishing Reach Subsea services in the key global hubs, while it also enhances our capabilities. Guardian Geomatics brings to Reach a wealth of expertise in marine surveying and geosciences, which complements our existing services and paves the way for us to capture a significant share of the burgeoning Asia-Pacific market. We are thrilled about the new avenues this acquisition opens for us, and we are confident that it will serve as a catalyst for our global expansion plans.

The Reach Remote project is progressing well, and we anticipate being ready for commercial operations in the 2024 season. We are in active dialogue with clients around the globe and notice substantial interest for a more sustainable way of providing subsea services and gathering subsea data.

Furthermore, 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.

Haugesund, 06 November 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 monthly. As we enter the final quarter of 2023, we are now pleased to report on our performance up to the third quarter.

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. We have been actively involved in the renewable energy sector for several years, and we anticipate our engagement will continue to grow in tandem with the expanding market, thanks to the versatility of our services.

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.

Addressing the imperative of reducing fuel emissions is of utmost importance. Regrettably, our year-to-date data for 2023 reveals an increase in emissions rather than the desired reduction. This uptick can be attributed to the surge in mobilizations and transits, driven by our expanding international presence. Furthermore, modifications in our fleet have contributed to heightened fuel emissions. Nonetheless, it is essential to underscore our commitment to an overarching emissions reduction strategy. In this regard, the introduction of our Reach Remote USVs holds promising potential and aligns with our long-term goals for emissions reduction.

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.



It's important to note that our ambitions extend beyond these specific endeavours. Our global team continually takes strides in refining our operations and make a positive impact on the environment. Throughout September and October, our global teams actively participated in our annual Coastal Cleanup campaign. These initiatives serve a dual purpose: not only do they facilitate hands-on cleaning efforts, but they also contribute significantly to raising awareness and fostering a culture of continuous coastal cleanup. This year's campaign held a special focus on encouraging the involvement of children, and the response from our future workforce was exceptionally enthusiastic. Through these collective efforts, we remain steadfast in our dedication to shaping a sustainable future.

Sustainability

Environmental



Key Performance Indicators

Increase activity within non-O&G segment

● ● ●

Q3 = 29 %, YTD = 30 %
(Q3 2022 = 10 %, YTD 2022 = 21 %)

Reduce fuel emission of CO2 compared to activity levels

● ● ○

Our total CO2 emissions per sold vessel day YTD = 35.29 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 %

● ● ●

Q3 = 99.8 %, YTD = 99.6 %

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 by end of Q3 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. By end of Q3, we have reached our target of maximum 8 % turnover rate. This is carefully monitored, and actions are taken to prevent further increase.

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. Our teams are now actively performing audits in compliance with our refined structure.



In anticipation of continued growth, particularly considering our recent substantial expansion, we are pro-actively advancing the development of comprehensive employee development programs across all our global offices. This initiative is designed to cultivate growth and enhance skills throughout our entire organization. To accelerate and reinforce these efforts, we are now bolstering our HR 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 %)

● ● ●

Q3 = 0 %, YTD = 0 %

Zero work related injuries (LTI)

● ● ●

Q3 = 0, YTD = 0

Maintain turnover below 8 %

● ● ●

YTD 8 %

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.

Acknowledging the rising cyber security threats that companies confront in today's dynamic landscape, we have implemented mandatory cyber security training courses for all Reach Subsea employees. These courses are easily accessible through our ReachED training portal, and we provide monthly reports that offer detailed statistics and outcomes. We are delighted to share that we are making significant progress toward achieving our engagement goals for 2023.

Similar initiatives have been implemented for the training modules covering code of conduct, anti-bribery policies and human rights available to all employees through our ReachED training portal. We firmly believe that every individual employee stands to benefit from comprehending the risks and expectations, enabling collective efforts to mitigate these risks.

Furthermore, as we enter the latter half of 2023, our commitment remains steadfast in revitalizing and fortifying our sustainability governance framework. We are diligently preparing to meet the forthcoming requirements outlined in the EU Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS).



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

2 x WROV

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



Gravity and seafloor deformation

Reach Subsea delivering integrated solutions



Equinor Project Success

Since its inception, Reach Subsea has continually expanded its capabilities, now offering integrated solutions encompassing a wide range of services. Earlier this year, Reach was awarded a project by Equinor as part of the multi-scope agreement with Reach Subsea. This project commenced in August and is set to finish late October this year. This award underscores the company's diversified product offering and the value it delivers to its clients.

Project in brief

- Monitor survey at the Troll field (Troll East and Troll West).
- Monitor survey at the Aasta Hansteen field.
- Installation of 35 concrete pads on the Iropa field.
- Monitor survey at the Snøhvit field (including the Snøhvit CO₂ injection site).
- Monitor survey at the Albatross field.
- Installation of 12 concrete pads and monitor survey at the Askeladd field.

Vessel

Viking Reach

Client

Equinor

Location

North, Norwegian and Barents Sea

Period

August - October 2023

Water Depth

300 - 1300 m



Gravity and seafloor deformation

The gravity and seafloor deformation survey campaign covered multiple gas fields under Equinor's operation. These fields, situated in the North Sea, Norwegian Sea, and Barents Sea, hold significant potential for gas production. By conducting meticulous surveys, Reach Subsea aimed to gather essential data that will enhance Equinor's understanding of these fields, enabling the optimization of production strategies and maximizing resource extraction.



The Viking Reach, Reach Subsea's newly acquired ROV survey/light construction vessel, played a pivotal role in the recent gravimetry survey campaign. Equipped with state-of-the-art technology and designed to handle complex underwater operations, the vessel provides a stable and efficient platform for survey operations. The Viking Reach is permanently fitted with both the Surveyor Interceptor, Work-class ROV and full survey data acquisition package. Additionally, hull-mounted survey equipment was utilized to collect comprehensive datasets from the underwater environment. This comprehensive setup ensures that the gravimetry surveys are performed with the highest precision and accuracy.

Reach Subsea's monitoring division supplied its cutting-edge gWatch technology for this project. This advanced 4D measurement delivers exceptional data quality with minimal impact on the environment. gWatch measures changes in the gravity field and seafloor subsidence with an accuracy far beyond the reach of any alternative technology.



It combines our proprietary compact instrumentation, efficient data collection methods, advanced processing, and sustainable practices to ensure accurate data collection while reducing harm to marine life. The gravimetry technology employed by Reach Subsea offers valuable insights into subsea bed strata and reservoir characteristics. The combination of Reach Subsea's expertise and innovative technology sets the stage for ground breaking survey capabilities.



Gravity and seafloor deformation

The integration of diverse teams from across all three Reach Subsea Divisions, now working from one common platform, has significantly increased efficiency by promoting seamless collaboration and communication among team members from various backgrounds and expertise.

Reach Subsea remains committed to continue strengthening its integrated solutions capabilities.



Income statement UNAUDITED



Statement of profit or loss (NOK 1000)	Q3 2023	Q3 2022	9M 2023	9M 2022	12M 2022	Notes
Operating revenue	651 847	365 105	1 492 446	834 878	1 161 533	9
Other income/losses	(539)	378	29 319	529	1 287	3
Revenue	651 308	365 483	1 521 765	835 407	1 162 821	
Procurement expenses	(148 836)	(81 874)	(359 751)	(186 518)	(272 803)	
Personnel expenses	(103 105)	(77 200)	(237 483)	(171 821)	(251 031)	7
Other operating expenses	(70 386)	(54 098)	(181 920)	(138 178)	(180 200)	
EBITDA	328 982	152 311	742 610	338 890	458 787	
Depreciation and impairment	(216 567)	(93 872)	(490 347)	(268 283)	(353 532)	3, 10
Operating result (EBIT)	112 415	58 439	252 263	70 607	105 255	
Result from associated companies	8 061	-	8 856	-	-	12
Interest income	938	139	2 468	221	1 264	11
Interest expenses	(25 561)	(4 190)	(53 432)	(13 241)	(15 415)	10, 11
Other net financial items	(3 530)	12 892	(1 787)	21 582	6 918	11
Profit (loss) before taxes	92 323	67 280	208 369	79 169	98 023	
Taxes	(14 640)	(15 844)	(40 284)	(19 682)	(25 838)	8
Profit (loss)	77 683	51 435	168 085	59 488	72 185	
Comprehensive income						
Translation differences	78	265	37	(1 833)	(2 503)	
Comprehensive income items	78	265	37	(1 833)	(2 503)	
Total comprehensive income	77 761	51 701	168 122	57 654	69 682	
Earnings per share	0.30	0.23	0.68	0.29	0.35	
Diluted earnings per share	0.26	0.23	0.57	0.28	0.34	

Balance Sheet

UNAUDITED



Statement of financial position (NOK 1000)	30.09.2023	30.09.2022	31.12.2022	Notes
Non-current assets				
Goodwill	86 723	86 723	86 723	4
Deferred tax assets	11 360	23 477	24 915	8
Intangible assets	9 503	10 852	10 623	4
Investment in associated companies	104 487	-	-	12
Assets under construction	212 295	85 560	150 499	3
Property, plant and equipment	89 391	93 013	85 010	3
Right-of-use assets	1 272 193	163 356	90 258	3, 10
Total non-current assets	1 785 952	462 981	448 030	
Current assets				
Bunkers	22 599	13 272	9 884	
Trade receivables	550 635	279 333	216 328	
Other receivables	127 007	82 326	86 252	
Cash and cash equivalents	136 565	225 447	191 591	
Total current assets	836 807	600 377	504 055	
Total assets	2 622 759	1 063 358	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	209 188	74 292	40 390	7
Total equity	823 055	565 072	579 442	
Non-current liabilities				
Interest-bearing debt to credit institutions	31 744	19 905	4 932	5, 10
Interest-bearing debt leases	909 620	27 455	4 310	5, 10
Total non-current liabilities	941 363	47 360	9 242	
Current liabilities				
Interest-bearing debt to credit institutions short term	7 682	20 232	23 086	5, 10
Interest-bearing debt leases	399 682	155 209	98 660	5, 10
Tax payable	34 430	1 239	7 853	8
Trade payables	246 954	136 833	102 430	
Other current liabilities	169 593	137 412	131 372	
Total current liabilities	858 340	450 925	363 401	
Total liabilities	1 799 704	498 286	372 643	
Total equity and liabilities	2 622 759	1 063 358	952 085	

Cashflow

UNAUDITED



Statement of cash flow (NOK 1000)	Q3 2023	Q3 2022	9M 2023	9M 2022	12M 2022	Notes
Cash flow from operating activities						
Profit before tax	92 323	67 280	208 369	79 169	98 023	
Depreciation and amortisation	216 567	93 872	490 347	268 283	353 532	
Gain/loss on assets sold	-	-	(29 843)	-	-	
Interest income	(938)	(139)	(2 468)	(221)	(1 264)	
Interest expense	25 561	4 190	53 432	13 241	15 415	
Change in trade debtors	(63 800)	7 695	(334 307)	(102 882)	(39 877)	
Change in trade creditors	8 447	39 480	144 524	65 857	31 454	
Change in other provisions	(11 790)	(11 361)	(24 652)	4 679	7 792	
Share option cost employees	199	367	675	1 185	1 235	
Net cash flow from operating activities	266 569	201 385	506 077	329 310	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	-	-	
Purchase of fixed assets	(68 681)	(32 564)	(118 575)	(86 271)	(167 805)	
Purchase of shares in associated companies	-	-	(64 721)	-	-	
Purchase of shares in subsidiary	-	(3 749)	-	(43 029)	(43 029)	
Net cash flow from investing activities	(68 681)	(36 313)	(151 911)	(123 168)	(204 702)	
Cash flow from financing activities						
Net interest received/paid	(53)	(1 100)	512	(1 921)	(1 061)	
Proceeds from issuance of ordinary shares	-	152	120 796	150 429	152 270	
Proceeds from bank loan	27 500	-	27 500	-	-	
Payment of dividends	-	-	(45 981)	(40 484)	(40 484)	
Repayment of borrowings	(2 160)	(7)	(21 062)	(13 833)	(13 448)	
Repayment of leases (including interests)	(218 446)	(82 476)	(496 447)	(229 118)	(311 813)	
Net cash flow from financing activities	(193 159)	(83 431)	(414 682)	(134 927)	(214 537)	
Net change in cash and cash equivalents	4 729	81 641	(60 516)	71 214	47 070	
Cash and cash equivalents in the start of the period	128 836	139 638	191 591	149 035	149 035	
Translation differences	3 001	4 167	5 490	5 197	(4 514)	
Cash and cash equivalents in the end of the period	136 565	225 447	136 565	225 447	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					168 085	168 085
Other comprehensive income for the year					37	37
Total comprehensive income for the year					168 122	168 122
Proceeds from shares issued	29 724	91 073				120 796
Dividends paid			(45 981)			(45 981)
Proposed dividends						-
Employee share options				675		675
Equity 30.09.2023	255 450	358 418	0	8 568	200 621	823 056

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 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	92 767	11 170	-	22 597	1 647 378	1 773 912
Reclassifications*	(30 972)	-	-	(968)	-	(31 940)
Disposals/adjusted commitment	-	-	-	(1 541)	(2 094)	(3 636)
Purchase cost 30.09.23	212 294	169 691	113 884	99 035	2 031 083	2 625 988
Accumulated depreciation 30.09.23	-	(139 481)	(108 722)	(45 069)	(757 615)	(1 050 888)
Accumulated impairment 30.09.23	-	-	-	-	-	-
Net book value 30.09.23	212 294	30 210	5 162	54 020	1 273 468	1 575 154
Depreciation in 2023	-	(9 453)	(2 783)	(14 657)	(462 073)	(488 967)
Depreciation recognised as contract asset in 2023	-	-	-	-	1 275	1 275
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 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 company" in the balance sheet as of September 30 2023. Costs related to financing of Reach Remote has been reclassified as non-current bank borrowings with the amount of NOK 2.7 million.

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



Note 3 - Fixed assets

Assets under construction can be divided into the following categories:

Reach Remote	180 944
Minor capex-projects and mobilizations	31 350
Net book value 30.09.23	212 294

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 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 %	-
20 %	29 149
30 %	79 219

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



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 30.09.23	2 133	10 000	12 133
Accumulated depreciation 30.09.23	(130)	(2 500)	(2 630)
Net book value 30.09.23	2 002	7 500	9 503
Depreciation in 2023	(130)	(1 250)	(1 380)
Depreciation plan	Linear	Linear	
Estimated useful life	5-10 years	6 years	

Research and development are related to development of software/equipment related to the company's ASUMO project. As of September 30 2023 Monviro has net book values for R&D totalling NOK 2.0 million. Hours spent have been capitalized for personell 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.

Goodwill (NOK 1000)	Goodwill
Purchase cost 01.01.23	86 723
Additions	-
Disposals/adjustments	
Purchase cost 30.09.23	86 723
Accumulated amortization 30.09.23	-
Net book value 30.09.23	86 723
Amortization in 2023	-
Amortization method	
Estimated useful life	Indefinite



Note 5 - Borrowings

(NOK 1000)	30.09.2023	31.12.2022
Non-current liabilities		
Bank borrowings (including capitalized loan costs)	25 135	4 932
Lease liabilities to credit institutions	6 609	-
Other non-current lease liabilities (IFRS 16)	909 620	4 310
Total non-current borrowings	941 363	9 242
Current borrowings		
Bank borrowings (including capitalized loan costs)	6 620	21 811
Lease liabilities to credit institutions	1 062	1 275
Other current lease liabilities (IFRS 16)	399 682	98 660
Total current interest-bearing debts	407 363	121 746
Carrying amount		
Bank borrowings	31 755	26 743
Lease liabilities	1 316 972	104 245
Total carrying amount	1 348 727	130 988
Fair value		
Bank borrowings	31 755	26 743
Lease liabilities	1 316 972	104 245
Total fair value	1 348 727	130 988

Bank borrowings mature in the range of 2024-2033 and bear average coupons of 8.5 % annually. The bank borrowings are subject to industry relevant covenants. Due to changes in equity and the financing of ongoing capex-projects the existing covenants have been updated in 2023. The financial covenants are as follows:

- Minimum liquidity: Cash and cash equivalents, including any undrawn and available part of the overdraft facility with SR-Bank, shall at all times be minimum NOK 40 million.
- Debt service Coverage Ratio: The ratio of last 12 months' (LTM) EBITDA to the next 12 months' total estimated interest and instalments on Interest Bearing Debt (excl IFRS16 instalments/incl. lease liabilities to credit institutions) shall at all times be minimum 2.00.
- Booked Equity shall be minimum NOK 500 million and Booked Equity Ratio shall be minimum 25 %.

As of 30 September 2023 the liquidity position (including overdraft facility) is 166.5 million, the Debt service Coverage Ratio is 6.6, and Booked equity NOK 815 million/31 %. All financial covenants are well within the thresholds mentioned above. Please note that some of the financial covenants in the groups debt facilities exclude the effects from IFRS 16, and therefore can not be directly derived from the groups financial statements.

Total borrowings to bank and financial institutions includes secured liabilities (bank and collateralised borrowings) of NOK 31.8 million (2022: NOK 26.7 million). Bank borrowings are secured by equipment and receivables of the group.



Note 6 - Shareholders

20 largest shareholders as per 30.09.23

	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	6 631 000	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 %
DANSKE INVEST NORGE VEKST	3 187 815	1.2 %
AVANZA BANK AB	2 817 499	1.1 %
ALTEA AS	2 777 550	1.1 %
CORUNA AS	2 725 000	1.1 %
NORDNET BANK AB	2 508 662	1.0 %
NÆRINGSLIVETS HOVEDORGANISASJON	2 499 799	1.0 %
STAVA INVEST AS	2 267 141	0.9 %
BARRUS CAPITAL AS	2 110 090	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 %
CASTEL AS	1 254 687	0.5 %
Total 20 largest	192 276 863	75.3 %
Others	63 172 700	24.7 %
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.



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 3Q2023 the Company has recognized NOK 0.7 million in cost related to the options.



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 30.09.2023 NOK 10.1 million is recognised.

(NOK 1000)	01.07 - 30.09 2023	01.07 - 30.09 2022	01.01 - 30.09 2023	01.01 - 30.09 2022	01.01 - 31.12 2022
Taxes payable	20 571	1 750	26 729	1 750	9 344
Changes in deferred taxes	(5 931)	14 095	13 555	17 932	16 490
Taxes, in total	14 640	15 844	40 284	19 682	25 838
Deferred taxes / (Deferred tax assets)					
Temporary differences					
Other fixed assets			(14 926)	(29 388)	(31 709)
Financial leases			3 761	2 441	1 509
Fixed-price contracts			-	-	-
Inventories			(934)	(4 790)	(934)
Accruals			(25 260)	(5 018)	(4 025)
Right-of-use assets			(35 778)	(19 254)	(12 657)
Intangible assets			21 500	27 167	25 750
Tax loss carried forward			(53 860)	(144 290)	(156 637)
Temporary differences, in total			(105 497)	(173 130)	(178 703)
Deferred tax assets			(23 209)	(38 089)	(39 315)
Not recognized deferred tax assets			(11 849)	(14 611)	(14 400)
Deferred tax assets in balance sheet			11 360	23 477	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.



Note 8 - Tax continued

(NOK 1000)	01.07 - 30.09 2023	01.07 - 30.09 2022	01.01 - 30.09 2023	01.01 - 30.09 2022	01.01 - 31.12 2022
Reconciliation from nominal to actual tax rate					
Profit & loss before taxes	92 323	67 280	208 369	79 169	98 023
Nominal tax rate	22 %	0	22 %	22 %	22 %
Anticipated income tax due to nominal tax rate	20 311	14 802	45 841	17 417	21 565
Actual tax cost	14 640	15 844	40 284	19 682	25 838
Deviation	(5 671)	1 042	(5 557)	2 265	4 272
Tax effects of:					
Permanent differences	3 050	(2 003)	2 550	(3 900)	(126)
Effect of tax rates outside Norway different from 22 %	(1 088)	3 027	887	3 027	(2 852)
Changes in deferred tax assets, not recognized	3 709	(2 068)	2 120	(1 392)	(1 294)
Explanation	5 671	(1 042)	5 557	(2 265)	(4 272)
Effective tax rate	16 %	24 %	19 %	25 %	26 %

(NOK 1000)			01.01 - 30.09 2023	01.01 - 30.06 2022	01.01 - 31.12 2022
Payable taxes in the balance sheet					
Tax payable recognised in the income statement			(26 729)	(1 750)	(9 344)
Tax paid			1 590	511	1 491
Tax payable previous years			(9 344)	0	0
Payable taxes in the balance sheet			(34 430)	(1 239)	(7 853)



Note 9 - Segments

(NOK 1000)	01.07 - 30.09 2023	01.07 - 30.09 2022	01.01 - 30.09 2023	01.01 - 30.09 2022	01.01 - 31.12 2022
Operating revenue					
Oil & Gas	463 247	329 204	1 047 674	661 484	953 755
Renewable / other	188 600	35 901	444 772	173 394	207 778
Total	651 847	365 105	1 492 446	834 878	1 161 533

(NOK 1000)	01.07 - 30.09 2023	01.07 - 30.09 2022	01.01 - 30.09 2023	01.01 - 30.09 2022	01.01 - 31.12 2022
Revenue by region					
Norway	135 444	41 480	247 712	127 043	368 774
Europe	196 297	148 452	528 605	301 947	434 230
Americas	95 851	118 136	206 571	278 412	212 173
Other	224 255	57 037	509 558	127 476	146 355
Total	651 847	365 105	1 492 446	834 878	1 161 533

(NOK 1000)	01.07 - 30.09 2023	01.07 - 30.09 2022	01.01 - 30.09 2023	01.01 - 30.09 2022	01.01 - 31.12 2022
Revenue by type of service					
Data	94 966	243 945	255 098	508 480	734 915
Solutions	556 881	121 160	1 237 348	326 399	426 618
Total	651 847	365 105	1 492 446	834 878	1 161 533

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



Note 10 - Leasing

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

As of September 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	30.09.2023	31.12.2022
Property, plant and equipment	1 272 193	90 258
Total	1 272 193	90 258

Lease liabilities	30.09.2023	31.12.2022
Current	399 682	98 660
Non current	909 620	4 310
Total	1 309 301	102 970

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

	Q3 2023	Q3 2022	9M 2023	9M 2022	12M 2022
Depreciation charge of right-of use assets	203 756	81 254	463 349	233 868	306 795
Depreciation recognised as contract asset	3 826	-	(1 275)	-	-
Impairment charge of right-of-use assets	-	-	-	-	-
Interest expense	24 570	2 951	51 475	11 098	13 090
Total charges to the P&L	228 326	84 205	513 549	244 966	319 885

The total cash outflow for leases in 3Q2023 was NOK 496.5 million (3Q2022: 229.1 million).



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	1 647 378	-	1 647 378
Disposals	-	-	-
Depreciation of right-of-use-assets	(463 349)	-	-
Impairment	-	-	-
Interests	-	-	51 475
Reclassification from long to short term	-	907 404	(907 404)
Adjusted commitment	(2 094)	(2 094)	-
Currency adjustment	-	-	6 020
Payments	-	-	(496 447)
Ending balance 30.09.2023	1 272 193	909 620	399 681

The right-of-use assets are calculated based on a discounted estimated commitment on vessels (Havila Subsea, Olympic Triton, 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	Q3 2023	Q3 2022	9M 2023	9M 2022	12M 2022
Depreciation of long term right-of-use assets	112 167	65 800	333 273	198 685	254 580
Depreciation of short term right-of-use assets	91 589	15 454	130 076	35 183	52 215
Depreciation recognised as contract asset	3 826	-	(1 275)	-	-
Depreciation of other assets	8 986	12 618	28 274	34 415	46 737
Total depreciation	216 567	93 872	490 347	268 283	353 532



Note 11 - Financial items

Finance income and expenses	Q3 2023	Q3 2022	9M 2023	9M 2022	12M 2022
Interest income on short term bank deposits	938	139	2 468	221	1 264
Total interest income	938	139	2 468	221	1 264
Interest expense on bank borrowings	(991)	(1 239)	(1 957)	(2 143)	(2 309)
IFRS 16 interest expense	(24 570)	(2 951)	(51 475)	(11 098)	(13 090)
Other interest expense	-	-	-	-	(16)
Total interest expense	(25 561)	(4 190)	(53 432)	(13 241)	(15 415)
Net foreign exchange expense/income	(12 475)	12 960	4 648	21 802	7 131
Currency adjustment related to IFRS 16	9 063	(16)	(6 020)	(75)	(55)
Other finance costs	(117)	(52)	(414)	(145)	(158)
Total other net financial items	(3 530)	12 892	(1 787)	21 582	6 918
Net financial items	(28 153)	8 841	(52 750)	8 562	(7 232)



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:	30.09.2023
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	8 856
Total carrying amount of investments in associates at balance date	104 487



Note 13 - Commitments

The Reach Remote project is expected to amount to approximately NOK 400 million. As of September 30 the company has capitalized NOK 183.7 million as Asset under construction. In addition, the company has financed two eROVs through leasing. As of September 30 the ROVs are under construction, and costs not recognised related to the ROVs amounts to NOK 35.6 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 2023 include the vessels Go Electra, Olympic Triton, Olympic Zeus, Viking Reach, Deep Cygnus and Havila Subsea (extension).

Investments in the coming six months associated with these vessels and other minor capex projects is expected to amount to approximately NOK 125 million, and encompass equipment, upgrades and mobilization activities for three vessels (Deep Cygnus, Go Electra and Olympic Triton). Reach has secured bank and lease financing of NOK 46 million to partly fund these investments.

Note 14 - Events after quarter end

On 6 October 2023 Reach Subsea ASA announced an agreement to acquire 100 % of the shares of the Australian marine survey company Guardian Geomatics PTY. LTD. The consideration paid to selling shareholders will consist of approximately 16 million new shares in Reach Subsea ASA, plus AUD 5.5 million in cash to be paid one year after the closing date. The exact number of consideration shares to be issued will be determined on the closing date. The consideration shares issued to selling shareholders are subject to a 4-year lock-up structure, whereby 25 % of the shares are released on each anniversary. The transaction is subject to certain customary closing conditions. Expected closing during November 2023.

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