

2022 Q1

Everything is within Reach

Quarterly Consolidated Report

The preferred provider of subsea services and solutions

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REACH
SUBSEA

1st Quarter 2022

About Reach Subsea

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

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

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1st Quarter 2022

Highlights

1. First quarter 2022 was characterized by a winter season with demanding weather conditions and a poor spot market resulting in a reduced vessel utilization, combined with transaction costs from the recent M&A transactions.
2. 1Q2022 EBIT was NOK -37.7 m (NOK 12.2 m), while pre-tax result was NOK -44.3 m (NOK 11.3 m).
3. Secured survey capacity with the acquisition of iSurvey Group, strengthening the depth and scope of our capabilities and improving our market position.
4. Secured NOK 150 million in new equity in private placement towards industrial partner Wilhelmsen New Energy.
5. Improving market conditions going forward across all sectors fuelled by higher commodity prices, increased focus on energy security, and structural growth in renewables.
6. On track for the delivery of first Reach Remote USVs in 2023. Long lead items such as the USVs and eROVs secured by signing contracts with Kongsberg and Kystdesign, respectively.

Key figures

| | 1Q 2022 UNAUDITED | 1Q 2021 UNAUDITED | 12M 2021 AUDITED |
|---|----------------------|----------------------|---------------------|
| Revenue (NOKm) | 129 | 102 | 687 |
| EBIT (NOKm) | (38) | 12 | 79 |
| Pre-tax profit (NOKm) | (44) | 11 | 73 |
| Cash and cash equivalents (NOKm) | 248 | 144 | 149 |
| Net working capital (NOKm) | 58 | (1) | 58 |
| Net interest bearing debt, excl IFRS 16 leases (NOKm) | (211) | (99) | (118) |
| Equity (NOKm) | 512 | 222 | 287 |
| Order backlog (NOKm) | 350 | 230 | 110 |
| Outstanding tender value (NOKbn) | 1.9 | 2.3 | 2.1 |
| Number of ROV days sold | 660 | 405 | 2 667 |
| Number of ROV days available | 979 | 749 | 3 830 |
| Technical uptime on ROVs | 99 % | 98 % | 99 % |
| Number of offshore personnel days sold | 2 764 | 2 397 | 13 402 |
| LTI | 0 | 0 | 0 |
| Number of vessel days sold | 218 | 209 | 1 098 |

1st Quarter 2022

CEO Letter



The first quarter of 2022 was one of the most eventful and busy in Reach Subsea's history. With the acquisition of iSURVEY, the integration of OCTIO and Monviro, our new strategic partnership with Wilhelmsen and the final steps towards the signing of the contract with Kongsberg to build the first two Reach Remote USVs, we have put together a series of essential building blocks for the Reach Subsea of the future.

Reach Subsea now has the setup to realize our vision of being a world-leading provider of subsea data and solutions for a variety of clients, including the oil & gas and renewable energy sectors. We are now perfectly positioned for capturing the market growth that lies ahead of us. Not only do we see long-term positive trends from renewable energy and other emerging market segments, but we also experience a strong oil and gas market on the back of high commodity prices. Long-term, we expect the oil and gas market to prove resilient, as ageing offshore installations require more inspection and maintenance. Our services will also be needed for decommissioning when that time comes.

With the acquisitions of OCTIO/Monviro and iSURVEY we have deepened Reach's technology competence, data management and data analytics capabilities and expanded our value chain. I wish all our new colleagues welcome onboard, we have an exciting journey ahead as we will bring the marine subsea services into robotics through our Reach Remote program. A safe and sustainable solution which dramatically lowering operational costs and the environmental footprint of our operations. We were extremely excited to sign the construction of the first two Reach Remote USVs in April 2022 which now are on track for delivery in 2023.

The partnership with Wilhelmsen New Energy, providing new equity of NOK 150 million, sets us up with an industrial partner with long experience and solid credibility when it comes to high technology offshore operations. We could not imagine a better partner than Wilhelmsen for the roll-out of Reach Remote.

In the first quarter we increased our operating revenue with 26 percent compared to the same period last year. The number of ROV days, vessel days and offshore personnel days increased as well. However, our profit before tax was reduced from NOK 11 million in the first quarter 2021 to a negative 44 million this year, partly affected by one-off cost and the changes in the group compared to the first quarter 2021. Three main factors drove the profit decline. Firstly, the utilization of our fleet on charter was on the low side in the quarter as a result of poor weather conditions in the North Sea. Secondly, the newly acquired OCTIO had an operating loss, as expected in a seasonally soft quarter. And finally, the due diligence and transaction cost related to the acquisition of iSURVEY.

We see all these three factors as investments which we are confident will give good payback. OCTIO experiences already significant tender activities across the globe, and we expect to bring the business into profits in the near future.

Sustainability and ESG is top of mind for all our activities. I am happy and proud to report that Q1 was another quarter without injuries or incidents in Reach Subsea.

As we have previously said, the market has entered into a healthier state with significant increase in activity across all sectors. Based on our long-lasting relationships with the world's largest energy companies, our recent strategic moves and the significant fleet we have secured for the coming season, we are ready to reap the benefits of a strong market and create sustainable value for all our stakeholders both in the short- and long term.

Jostein Alendal

CEO, Reach Subsea ASA

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Operations

REACH had per the end of the quarter 10 WROV-systems and two "Surveyor Interceptor" available for subsea operations. REACH had 979 available ROV-days in 1Q2022 (749 ROV- days in 1Q2021), of which 660 days were sold (749) leading to a total utilization of 67% (54%). Furthermore, the number of vessel days that passed through our P&L in 1Q2022 was 218 (209), resulting in 63% utilization (96%).

REACH had zero serious incidents during the quarter, a result of our objective to ensure that we have the right procedures, well-trained personnel, and high-quality equipment in order secure operational success.

REACH offshore personnel contracting business, Connect Offshore, continued sourcing highly skilled offshore personnel during the quarter. This personnel base is highly important in peak seasons, when the number of man hours in operation normally doubles compared to Reach Subsea's own staff.

REACH business for gravimetric surveys, the Octio Group, had limited revenues in the first quarter (4% of total revenues), as all activity was centred on tendering and preparations for projects with start-up after quarter end. Thus, the business is expected to grow through the year.

REACH acquired iSurvey Group during 1Q2022, securing in-house survey capacity. The transaction was settled in new shares and cash, and closed towards the end of March 2022. Thus, iSurvey financials are not included in the 1Q2022 income statement, but the transaction is included in the 31.03.2022 balance sheet.

REACH secured NOK 150 million in new equity through a private placement towards industrial investor Wilhelmsen New Energy.

REACH has, together with Octio and iSurvey, per 5 May 2022, a firm order book of NOK 350 million for projects with execution in 2Q2022 and beyond.

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



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

1st Quarter 2022

Vessel update

Olympic Artemis is mobilized with one Supporter WROV and is set up for survey and light construction projects within the renewables and oil and gas sector. The subsea spread worked in the oil and gas segment in Europe until November 2021, whereafter she started a project for Magseis in the US Gulf expected to last through the third quarter 2022.

Olympic Delta is currently mobilized with two hired-in WROVs. The subsea spread had low utilization in the first quarter, impacted by difficult weather conditions which led to postponement of spot contracts. The vessel is currently on a contract between Olympic and Technip lasting into the third quarter, with Reach as ROV service provider.

Havila Subsea is equipped with two owned Schilling WROVs and one Surveyor ROV and offshore personnel from Reach Subsea's offshore pool and is scheduled for projects in cooperation with MMT. Havila Subsea had sufficient utilization in the first quarter, and currently works on a project in the Mediterranean expected to last into the third quarter 2022.

Olympic Challenger is equipped with two hired-in WROVs and currently works on an offshore wind project in Europe that is expected to last throughout the second quarter 2022. The vessel spread had low utilization in the first quarter, impacted by difficult weather conditions which led to postponement of spot contracts.

Stril Explorer is a survey vessel on a charter contract from Møkster to Reach cooperation partner MMT Sweden AB ("MMT"). Reach Subsea 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 MMT. The spread is currently located in Europe.

Viking Neptun is mobilized with one Supporter WROV and one Constructor WROV and Reach delivers all ROV- services onboard the construction vessel. The subsea spread is signed for contracts between Eidesvik and Havfram, with Reach as ROV service provider for at least 180 days in 2022, with start-up in 1Q2022. Eidesvik recently announced that the vessel has been sold to Deme with expected delivery late 2022. There are various opportunities for further work for the WROVs given the current market situation.

Other business: Reach has one WROV mobilized onboard a vessel in Brazil performing projects for large oil companies in the region. Octio/Gravitude started a project in US Gulf in the first quarter and expects a busy season.

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Financial results

Reach Subsea acquired cooperation partner MMT's shares in our jointly owned entity Surveyor AS at book value 31.03.2021. Surveyor AS owns the two "Surveyor Interceptor" high-speed survey ROVs. The transaction was closed in the second quarter 2021. Surveyor AS was fully consolidated into our Group accounts as from 31.03.2021. Reach Subsea acquired Octio AS, Gravitude AS, Monviro AS and Monviro CCS AS ("Octio Group") in December 2021. Octio Group was fully consolidated from 08.12.2021. Reach Subsea acquired iSurvey Group in March 2022. The transaction was closed 22nd March 2022. iSurvey Group is fully consolidated from 31.03.2022. Consolidated balance sheet as per 31.03.2022 includes all the acquired entities. The financial effects of the transactions are further described in the Notes.

Revenue for 1Q2022 was NOK 129.0 million compared with NOK 101.8 million for 1Q2021. The increased revenue is explained by a higher number of project days sold compared to the same period last year. In addition, revenue for Octio Group represented NOK 8.5 million in 1Q2022 (not part of our financial report the same period last year, as explained above).

Operating expenses for 1Q2022 were NOK 166.6 million (NOK 89.6 million). Project-related expenses represent the majority of the operating expenses for the Group. The increase compared to the same period last year is primarily explained by higher vessel commitment and transaction cost from the purchase of iSurvey Group of NOK 7.6 million. In addition, operating expenses in Octio Group represented NOK 12.0 million in 1Q2022 (not part of our financial report the same period last year, as explained above). There has not been any impairment recognized in 1Q2022. See further evaluation of impairment sensitivity in the Notes.

1Q2022 operating result (EBIT) was NOK -37.7 million (NOK 12.2 million). The weakened EBIT is primarily explained by a lower vessel utilisation in the first quarter 2022 compared to the same period in 2021 (63% versus 96%). In addition, cost related to the acquisition of iSurvey Group of NOK 7.6 million had a negative impact.

Furthermore, EBIT for Octio Group represented NOK -7.2 million in 1Q2022 (not part of our financial report the same period last year, as explained above), as activity in the first quarter was primarily related to preparations and tendering for project 5 commencing in 2Q2022.

Net financial items for 1Q2022 were NOK -6.7 million (NOK -0.9 million). The main reasons for the year-over-year differences in net financial cost are negative currency effects and increased interest expenses on IFRS 16 leases. Charter commitment has increased, resulting in debt related to IFRS 16 of NOK 309.4 million per 31.03.22 compared to NOK 117.4 million per 31.03.21. All our charter hires are in NOK, while income in the quarter was in NOK, USD and EUR.

Reach makes continuous assessment of the probability of future use of unutilized tax losses. The deferred tax benefit associated with unutilized tax losses for the period has been capitalized, which gives a positive tax effect on our P&L of NOK 8.9 million in 1Q2022.

The total comprehensive income for 1Q2022 was NOK -35.4 million, compared with NOK 11.4 million for 1Q2021.

A weaker vessel utilization driven by difficult weather conditions this winter season, seasonally low Octio Group revenues, and transaction cost from the acquisition of iSurvey Group are the main reasons for the decreased 1Q2022 result.

For 1Q2022, Oil & Gas revenues constituted 75% while Renewable/ Other constituted 25% of total revenues (excl Other income). By comparison, in 1Q2021 Oil & Gas revenues were 53% while Renewable/Other constituted 47% of total revenues.

Oil & Gas entails revenues from survey, IMR and light construction projects where the end client is an oil & gas company. Renewable/Other entails revenues from survey, IMR and light construction projects where the end client is a non-oil & gas company (typically a company in the renewables energy sector).

1st Quarter 2022

Capital structure

Reach Subsea acquired Octio Group in December 2021 and iSurvey Group in March 2022. Consolidated balance sheet as per 31.03.2022 includes the acquired entities. The financial effects of the transactions are further described in the Notes.



Total current assets at the end of the quarter were NOK 478.8 million (NOK 266.9 million per 31.03.2021), of which cash and cash equivalents amounted to NOK 248.3 million (NOK 144.3 million). Including the unutilized revolving credit facility, available liquidity was NOK 268.3 million. The increase is mainly a result of the new equity raised in March 2022 (NOK 150 million). Receivables and inventories were NOK 230.5 million (NOK 122.7 million). Total non-interest-bearing current liabilities were NOK 172.8 million (NOK 123.5 million). This leaves a net working capital of NOK 57.7 million (NOK -0.8 million). The working capital level is higher than normal for this part of the year and influenced by a high level of invoicing towards the end of the quarter.

Total non-current assets at the end of the quarter were NOK 552.4 million (NOK 240.7 million). Property, plant and equipment includes NOK 296.3 million of leases capitalized under IFRS 16 (NOK 117.3 million). The increase is explained by the securing of vessel capacity as announced in the fourth quarter of 2021, resulting in an increased charter commitment, inclusion of right-of-use of office facilities of NOK 5.1 million and NOK 10.3 million from iSurvey Group. Further, the increase is a result of goodwill of NOK 86.7 million related to the acquisition of iSurvey Group, and capitalization of deferred tax benefit of NOK

50.3 million (NOK 8.2 million). Net interest-bearing debt (total interest-bearing debt, including capitalized leases under IFRS 16, less cash) stood at NOK 98.4 million (NOK 18.3 million), with the increase explained by the increased charter commitment as described above and in the Notes. Net financial interest-bearing debt to credit institutions (i.e. excluding IFRS 16 leases) was NOK -211.0 million (NOK -99.2 million), i.e. cash positive.

The Group's equity as of 31.03.2022 was NOK 511.8 million (NOK 221.6 million), which represents 49.6% of the total balance sheet (43.7% 31.03.2021).

Net cash flow from operating activities for 1Q2022 was NOK 50.3 million (NOK 64.6 million). Cash flow from investing activities in the fourth quarter was NOK -32.7 million (NOK 12.5) and is related to the acquisition of iSurvey Group, that was partly settled in cash. Net cash flow from financing activities was NOK 82.9 million (NOK -38.3 million) and includes vessel charter hire classified as "Repayment of borrowings and leases" according to IFRS 16 as well as the new equity of NOK 150 million raised in the quarter. Details about cash outflow from leases can be found in the Cash flow statement and the Notes. Net change in cash and cash equivalents for 1Q2022 was NOK 100.5 million (NOK 38.8 million).

Reach has per 31.03.2022 no major debt maturities to credit institutions. Reach has received an offer for the long term financing of the Reach Remote project, expected to be closed in 2Q2022.

The Share

Reach Subsea ASA is listed on the Oslo Stock Exchange (Euronext). The Company has per 31.03.2022 issued 224,913,428 shares, of which the majority is owned by Norwegian shareholders. The increased number of shares compared with 31.12.2021 is related to the purchase of iSurvey, that was partly settled in new shares, and the private placement of NOK 150 million, both transactions closed in the first quarter 2022.

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Investor relations

Reach Subsea essentially follows the recommendation for reporting of IR-information issued by the Oslo Stock Exchange and publishes all its news releases on www.newsweb.no, a service provided by the Oslo Stock Exchange. Reach Subsea aims for a high level of quality on the content, and high frequency of information, provided to its investors. Our quarterly financial reports include financial details to increase the transparency of our business. Monthly operating statistics are released within 15 days after month end and are also enclosed in the quarterly reports. Financial reports, General Meeting Minutes, share price information, Corporate Governance, Operational figures and presentation of the Board and Management can be found on the company's web page, as well as the full Sustainability Report covering initiatives and measures on Corporate Social Responsibility.



Reach Subsea ASA has a dividend policy stating that the company aims to distribute a dividend of around 50% of adjusted net profit. Adjusted net profit is defined as reported net profit, adjusted for items the Board regard as transitory. The deferred tax income incurred in 2021 and the one-off effect from the purchase of Octio are regarded as transitory items. Based on this, and taking into account the upcoming investment in the Reach Remote project, the Board of Directors will propose a dividend of NOK 0.18 per share to be resolved by the Annual General Meeting on 30.05.2022.

News after quarter end

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



Our schedule indicates good utilization throughout the second quarter for all our subsea spreads. Reach has entered into various contracts and call-offs under frame agreements. We now have an order book of approximately NOK 350 million, with projects for execution in 2Q2022 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 1.8 billion. See further details under «Vessel Update» and «Outlook».

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Operational figures UNAUDITED

| | January | | February | | March | | Q1 | | Year to date | |
|--|---------|------|----------|-------|-------|-------|-------|-------|--------------|-------|
| | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 |
| Number of ROV days sold | 109 | 215 | 114 | 208 | 182 | 237 | 405 | 660 | 405 | 660 |
| Number of ROV days available | 248 | 310 | 224 | 299 | 277 | 370 | 749 | 979 | 749 | 979 |
| Technical uptime on ROVs | 100 % | 98 % | 99 % | 100 % | 96 % | 100 % | 98 % | 99 % | 98 % | 99 % |
| Number of offshore personnel days sold | 663 | 454 | 700 | 885 | 1 034 | 1 425 | 2 397 | 2 764 | 2 397 | 2 764 |
| LTIs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Number of vessel days sold | 42 | 68 | 51 | 57 | 116 | 93 | 209 | 218 | 209 | 218 |

Definitions

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

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Outlook

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

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

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

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

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

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

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

The Board and management are disappointed with how the 2021/22 winter season ended, providing an operating environment whereby utilization proved hard to secure. However, our capacity is now well booked into the early part of the third quarter, with a promising opportunity and pricing environment unfolding thereafter. Also, iSurvey Group will start contributing from 2Q2022

Haugesund
5th May 2022



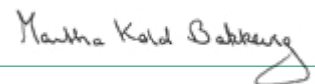
Rachid Bendriss

Chairman of the Board



Kåre Johannes Lie

Vice-Chairman of the Board



Martha Kold Bakkevig

Board member



Kristine Skele

Board member



Ingunn Ø. Iveland

Board member



Anders Onarheim

Board member



Jostein Alendal

Managing Director

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

Sustainability

Reach Subsea strives to be an industry-leading subsea operator with a long-term sustainability goal to have zero harm to personnel, environment and equipment. Reach Subsea's priorities within sustainability are defined based on an evaluation of stakeholders' expectations and interests. Our assessment of material topics and key targets for 2022 can be found in the Sustainability report for 2021. Our sustainability performance is measured regularly and presented to the market on a quarterly basis. Visit our webpage www.reachsubsea.no/sustainability for more information. The status for the year to date is summarized below

Environment

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

🔄 Ongoing

Activity is measured through performed project days. Activity within non-Oil & Gas segment represents 31% of total activity year to date 2022. The 50% target was not achieved due to higher activity under our existing oil and gas frame agreements.

Reduce CO2 emissions compared to activity levels

✅ Achieved

Our total CO2 emissions per sold vessel day was 27.26 ton of CO2 equivalents in 1Q22 compared to 31.88 in 2021 and 37.19 in 2020. The reduction is partly due to less project activity.

Zero major spills of hazardous materials to the sea

✅ Achieved

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

Increase use of remote operations

🔄 Ongoing

Reach performed remote operations projects in 2021, and expects to see more remote projects in 2022.

Invest in Unmanned Surface Vessels

✅ Achieved

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

Participate in Ocean Cleanup campaign

🔄 Ongoing

Reach intends participate in an Ocean Cleanup campaign in 2022.

Sustainability

Employees

Maintain turnover below 8%

✔ **Achieved**

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

Develop REACH-ED with new e-learning for employees

🔄 **Ongoing**

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

Zero work related injuries

✔ **Achieved**

No work-related injuries occurred in the first quarter 2022.

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

✔ **Achieved**

There has been no work-related sick leave year to date in 2022.

Increase percentage of female employees in offshore employment categories

🔄 **Ongoing**

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

Implement campaign with focus on mental and physical health

🔄 **Ongoing**

A HSEQ campaign covering well-being & mental health will be implemented during 2022.

Sustainability

Responsible business

Maintain customer satisfaction score at 4 and higher

✔ **Achieved**

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

Develop REACH-ED with new e-learning for suppliers

✔ **Ongoing**

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

Maintain technical uptime

✔ **Achieved**

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

Develop and implement audit plan for suppliers

✔ **Ongoing**

To ensure quality in our supply chain, Reach will develop and implement an audit plan meeting the transparency act.

The Vessel Fleet



Viking Neptune

State of the art, high capacity subsea construction vessel, prepared for flexible, cable installation and heavy lifting.

D400 Te AHC Main Crane and 100 Te
AHC Auxiliary Crane DP3, ICE 1B

4.400 Te below deck

Carousel, Moonpool

2600 m² steel deck

1x Kystdesign supporter WROV and 1x constructor WROV



Olympic Artemis

Cost effective IMR, survey and light construction vessel.

60T AHC crane

Helideck

Moonpool

1x Kystdesign supporter WROV in hanger

Cargo deck 820 m²



Havila Subsea

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

150T AHC Main Crane

Moonpool in hangar for module handling

650 m² deck

Helideck 26 m diameter

2x Schilling WROVs in hangar

The Vessel Fleet



Olympic Delta

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

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



Stril Explorer

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

- 60t offshore crane
- Large office and accommodation facilities 70 berths
- 450 m² deck
- 1x Kystdesign supporter WROV and 1x Surveyor Interceptor in ROV hangar



Olympic Challenger

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

- 250 Te AHC Main Crane
- Construction moonpool
- 1000 m² deck
- 2xWROVs in WROV hangar
- Permanent full survey suite
- Large office facilities

Featured Project #1



GOM DepthWatch campaign

Vessel

Confidential

Client

Confidential

Location

Gulf of Mexico

Period

1Q 2022

Water Depth

Various



GOM DepthWatch campaign

A major IOC customer contracted OCTIO to deliver DepthWatch to measure accurate depths for an OBN campaign scope exceeding 180 days. The customer has been providing repeat business to OCTIO and deploying DepthWatch service to improve the accuracy of OBN seismic data acquisitions and measure field-wide subsidence to the highest degree of accuracy. The campaign started at the end of Q1 2022 and will conclude during H2 2022.

Featured Project #2



Cable Installation & Trenching Survey

Vessel

Nexans Aurora

Client

Nexans

Location

UK

Period

1Q 2022

Water Depth

0-70 m



Cable Installation and Trenching Survey Support

iSURVEY AS was contracted by Nexans Norway AS to provide survey services onboard Nexans Aurora during 1Q 2022 for the Seagreen project. The project scope included survey services for cable pull-in operations, cable laying, protection of cable and survey of cable. The first of three cables were successfully installed, and we are looking forward to a continued good cooperation with Nexans Norway AS.

Income statement

UNAUDITED



| Statement of profit or loss (NOK 1000) | 1Q 2022 | 1Q 2021 | 12M 2021 | NOTES |
|--|-----------------|----------------|----------------|-------|
| Operating revenue | 128 869 | 101 775 | 673 253 | |
| Other income/losses | 118 | - | 13 347 | |
| Revenue | 128 987 | 101 775 | 686 601 | |
| Procurement expenses | (16 982) | (16 902) | (158 633) | |
| Personnel expenses | (38 198) | (24 607) | (122 374) | |
| Other operating expenses | (34 589) | (10 334) | (86 722) | |
| EBITDA | 39 218 | 49 932 | 318 871 | |
| Depreciation | (76 878) | (37 757) | (239 807) | 3, 11 |
| Impairment | - | - | - | 3, 11 |
| Operating result (EBIT) | (37 660) | 12 175 | 79 064 | |
| Interest income | 41 | (0) | 237 | |
| Interest expenses | (4 716) | (599) | (7 838) | 11 |
| Other net financial items | (2 002) | (410) | 1 437 | |
| Result from associated companies | - | 146 | 146 | |
| Profit (loss) before taxes | (44 337) | 11 312 | 73 046 | |
| Taxes | 8 895 | - | 20 760 | 9 |
| Profit (loss) | (35 442) | 11 312 | 93 806 | |
| Comprehensive income | | | | |
| Translation differences | 21 | 119 | 654 | |
| Gain/loss on financial derivatives of cash flow hedges | - | - | - | |
| Comprehensive income items | 21 | 119 | 654 | |
| Total comprehensive income | (35 421) | 11 431 | 94 460 | |
| Earnings per share | (0.23) | 0.08 | 0.65 | |
| Diluted earnings per share | (0.23) | 0.08 | 0.65 | |

Balance Sheet

UNAUDITED



| Statement of financial position (NOK 1000) | 31.03.2022 | 31.03.2021 | 31.12.2021 | NOTES |
|--|------------------|----------------|----------------|-------|
| Non-current assets | | | | |
| Deferred tax assets | 50 301 | 8 161 | 40 151 | 9 |
| Research and development | 1 125 | - | 1 457 | 4 |
| Goodwill | 86 723 | - | - | 4 |
| Intangible assets | 10 000 | - | - | 4 |
| Property, plant and equipment | 107 949 | 115 234 | 73 761 | 3 |
| Right-of-use assets | 296 331 | 117 270 | 277 212 | 3, 11 |
| Total non-current assets | 552 430 | 240 665 | 392 582 | |
| Current assets | | | | |
| Bunkers | 8 659 | 4 973 | 8 130 | |
| Trade receivables | 163 181 | 81 987 | 149 633 | |
| Other receivables | 58 680 | 35 718 | 47 150 | |
| Cash and cash equivalents | 248 319 | 144 260 | 149 035 | |
| Total current assets | 478 840 | 266 938 | 353 948 | |
| Total assets | 1 031 269 | 507 603 | 746 529 | |
| Equity | | | | |
| Share capital | 224 913 | 143 606 | 144 941 | 7 |
| Share premium | 265 867 | 83 529 | 85 927 | |
| Proposed dividends | 40 484 | 21 541 | 40 484 | |
| Other equity | (19 514) | (27 091) | 15 452 | |
| Total equity | 511 751 | 221 586 | 286 806 | 8 |
| Non-current liabilities | | | | |
| Interest-bearing debt to credit institutions | 14 605 | 26 613 | 14 497 | 5, 11 |
| Interest-bearing debt, leases | 71 053 | - | 105 171 | 5, 11 |
| Total non-current liabilities | 85 657 | 26 613 | 119 668 | |
| Current liabilities | | | | |
| Interest-bearing debt to credit institutions, short term | 22 723 | 18 469 | 16 260 | 5, 11 |
| Interest-bearing debt, leases | 238 303 | 117 428 | 176 627 | 5, 11 |
| Trade payables | 93 999 | 51 260 | 63 467 | |
| Other current liabilities | 78 835 | 72 248 | 83 700 | |
| Total current liabilities | 433 860 | 259 404 | 340 055 | |
| Total liabilities | 519 518 | 286 017 | 459 723 | |
| Total equity and liabilities | 1 031 269 | 507 603 | 746 529 | |

Cashflow

UNAUDITED



| Statement of cash flow (NOK 1000) | 1Q 2022 | 1Q 2021 | 12M 2021 | NOTES |
|---|-----------------|-----------------|------------------|-------|
| Cash flow from operating activities | | | | |
| Profit before tax | (44 337) | 11 312 | 73 046 | |
| Depreciation and amortisation | 76 878 | 37 757 | 239 807 | |
| Gain on acquisitions | - | - | (13 265) | |
| Interest income | (41) | 0 | (237) | |
| Interest expense | 4 716 | 599 | 7 838 | |
| Change in trade debtors | 13 269 | 17 334 | (41 164) | |
| Change in trade creditors | 23 023 | (19 156) | (11 863) | |
| Change in other provisions | (23 628) | 16 759 | 25 053 | |
| Share option cost employees | 455 | - | - | |
| Net cash flow from operating activities | 50 335 | 64 605 | 279 214 | |
| Cash flow from investing activities | | | | |
| Acquired cash balance from consolidation of Octio AS and Monviro AS | - | - | 19 196 | |
| Acquired cash balance from consolidation of Surveyor AS | - | 12 482 | 12 482 | |
| Acquired cash balance from consolidation of iSurvey Group AS | 6 132 | - | - | 12 |
| Sale of fixed assets | - | - | 24 718 | |
| Purchase of fixed assets | (2 867) | - | (1 561) | |
| Purchase of shares in subsidiary | (35 994) | - | (47 872) | |
| Net cash flow from investing activities | (32 730) | 12 482 | 6 963 | |
| Cash flow from financing activities | | | | |
| Net interest paid | (302) | (1 096) | (1 740) | |
| Proceeds from issuance of ordinary shares | 150 114 | 105 | 3 119 | |
| Payment of dividends | - | - | (21 541) | |
| Repayment of borrowings | (4 138) | (3 468) | (17 793) | |
| Repayment of leases | (62 766) | (33 831) | (207 185) | |
| Net cash flow from financing activities | 82 908 | (38 291) | (245 139) | |
| Net change in cash and cash equivalents | | | | |
| Cash and cash equivalents in the start of the period | 149 035 | 105 396 | 105 396 | |
| Translation differences | (1 229) | 67 | 2 602 | |
| Cash and cash equivalents in the end of the period | 248 319 | 144 260 | 149 035 | |

Equity

UNAUDITED



| (NOK 1000) | Share capital and share premium | Other equity | Total equity | NOTES |
|----------------------------|---------------------------------|--------------|--------------|-------|
| Equity 31.12.2021 | 230 868 | 55 937 | 286 806 | |
| IFRS 2 share based payment | - | 455 | 455 | 9 |
| Translation difference | - | 21 | 21 | |
| Capital increase | 259 911 | - | 259 911 | 7 |
| Result for the period | - | (35 442) | (35 442) | |
| Equity 31.03.22 | 490 780 | 20 971 | 511 751 | |

Notes



Note 1 - Basis for preparation

These consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. The interim financial statements are unaudited, and do not include all of the information required for the full financial statements, and should be read in conjunction with the consolidated yearly financial statement. The yearly financial statement are audited. Consolidated interims- and yearly financial statements are available on the news services from Oslo Stock Exchange (www.newsweb.no) or the company's webpage (www.reachsubsea.com).

Note 2 - Significant accounting principles, estimates and judgements

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

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

Note 3 - Fixed assets

| (NOK 1000) | ROV and ROV equipment | ROV, leased from financial institutions | Right of use asset Vessel and other equipment | Equipment and office machinery | Total |
|---|-----------------------|---|---|--------------------------------|-----------|
| Purchase cost 01.01.22 | 155 068 | 113 884 | 387 905 | 25 673 | 895 767 |
| Additions | 2 466 | - | 76 824 | 733 | 80 022 |
| Additions from acquisition of iSurvey Group | - | - | 10 327 | 39 837 | - |
| Disposals/adjusted commitment | - | - | - | - | - |
| Purchase cost 31.03.22 | 157 534 | 113 884 | 475 056 | 66 243 | 975 789 |
| Accumulated depreciation 31.03.22 | (113 940) | (101 893) | (178 730) | (13 898) | (408 461) |
| Accumulated impairment 31.03.22 | - | - | - | - | - |
| Net book value 31.03.22 | 43 614 | 11 991 | 296 331 | 52 344 | 404 281 |
| Depreciation in 2022 | (5 553) | (1 349) | (68 031) | (1 945) | (76 878) |
| Impairment in 2022 | - | - | - | - | - |
| Expected useful life (years) | 3-8 | 3-8 | 1-3 | 3-5 | |
| Depreciation plan | Linear | Linear | Linear | Linear | |

* Refer to note 12 for equipment acquired in the iSurvey transaction, and note 11 for Right-of-use assets

1st Quarter 2022

Note 3 - Fixed assets

Summary

Impairment testing has been performed in accordance with IAS 36. Impairment testing for Q1 did not result in any impairment.

Discount rate

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

Revenue assumptions

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

Right-of use-assets - vessels:

"The right-of-use assets at 31 March 2021 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 11 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 % | 15 488 |
| 30 % | 52 996 |

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

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Note 4 - Intangible assets and goodwill

| (NOK 1000) | Research and development | Customer relationships | Total |
|-----------------------------------|--------------------------|------------------------|--------|
| Purchase cost 01.01.22 | 1 457 | - | - |
| Additions | 151 | - | 151 |
| Acquisition of business (note 12) | | 10 000 | |
| Disposals/adjustments | (482) | | (482) |
| Purchase cost 31.03.22 | 1 125 | 10 000 | (331) |
| Accumulated amortization 31.03.22 | - | - | - |
| Net book value 31.03.22 | 1 125 | 10 000 | 11 125 |
| Amortization in 2022 | - | - | - |
| Amortization method | | Linear | |
| Estimated useful life | Ongoing project | 6 years | |

| (NOK 1000) | Goodwill | Total |
|-----------------------------------|------------|--------|
| Purchase cost 01.01.22 | - | - |
| Additions | - | - |
| Acquisition of business (note 12) | 86 623 | 86 623 |
| Disposals/adjustments | | - |
| Purchase cost 31.03.22 | 86 623 | 86 623 |
| Accumulated amortization 31.03.22 | - | - |
| Net book value 31.03.22 | 86 623 | 86 623 |
| Amortization in 2022 | - | - |
| Amortization method | | |
| Estimated useful life | Indefinite | |

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

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Note 5 - Borrowings

| (NOK 1000) | 31/03/2022 | 31/12/2021 |
|---|----------------|----------------|
| Non-current liabilities | | |
| Bank borrowings | 11 042 | 13 938 |
| Bank borrowings from acquisition of iSurvey Group (note 12) | 567 | - |
| Lease liabilities to credit institutions | 638 | 559 |
| Lease liabilities to credit institutions from acquisition of iSurvey Group (note 12) | 2 357 | - |
| Other non-current lease liabilities (IFRS 16) | 65 716 | 105 171 |
| Other non-current lease liabilities (IFRS 16) from acquisition of iSurvey Group (note 12) | 5 337 | - |
| Total non-current borrowings | 85 657 | 119 668 |
| Current borrowings | | |
| Bank borrowings | 11 584 | 11 584 |
| Bank borrowings from acquisition of iSurvey Group (note 12) | 7 784 | - |
| Lease liabilities to credit institutions | 3 355 | 4 676 |
| Other current lease liabilities (IFRS 16) | 233 313 | 176 627 |
| Current lease liabilities (IFRS 16) from acquisition of iSurvey Group (note 12) | 4 990 | - |
| Total current interest-bearing debts | 261 026 | 192 887 |
| Carrying amount | | |
| Bank borrowings | 30 978 | 25 522 |
| Finance lease liabilities | 315 706 | 287 033 |
| Total carrying amount | 346 684 | 312 556 |
| Fair value | | |
| Bank borrowings | 30 978 | 25 522 |
| Finance lease liabilities | 315 706 | 287 033 |
| Total fair value | 346 684 | 312 556 |

At 31.03.21 bank borrowings are secured on fixed assets for the value of NOK 68.2 million (31.12.21: 61.0 million). Bank borrowings from the acquired company iSurvey Group are secured on fixed assets for the value of NOK 0.1 MNOK and trade receivables for the value of NOK 22.5 million.

Note 6 - Transactions with related parties

The company has undertaken various transactions with related parties consisting of consultancy services. All transactions are carried out as part of the normal course of business, on commercial terms, and in accordance with relevant legislation.

1st Quarter 2022



Note 7 - Shareholders

20 largest shareholders as per 31.03.22:

| | Shares | Stake |
|----------------------------------|--------------------|----------------|
| NORTH ENERGY ASA | 46 126 567 | 20.5 % |
| WILHELMOSEN NEW ENERGY AS | 46 126 567 | 20.5 % |
| ISURVEY HOLDING AS | 33 846 153 | 15.0 % |
| SOBER AS | 10 963 446 | 4.9 % |
| JOSO INVEST AS | 7 564 589 | 3.4 % |
| HOLME HOLDING AS | 6 256 000 | 2.8 % |
| JT INVEST AS | 5 529 539 | 2.5 % |
| NORMAND DRIFT AS | 5 000 000 | 2.2 % |
| DANSKE INVEST NORGE VEKST | 2 820 462 | 1.3 % |
| CORUNA AS | 2 500 000 | 1.1 % |
| STAVA INVEST AS | 2 425 000 | 1.1 % |
| LION INVEST AS | 2 400 000 | 1.1 % |
| RMS INVEST AS | 2 000 000 | 0.9 % |
| TEOMAR AS | 2 000 000 | 0.9 % |
| A-Å INVEST AS | 1 938 725 | 0.9 % |
| SMS INVESTERING AS | 1 662 366 | 0.7 % |
| BARRUS CAPITAL AS | 1 510 090 | 0.7 % |
| NÆRINGS LIVETS HOVEDORGANISASJON | 1 499 799 | 0.7 % |
| TEM INVEST AS | 1 250 000 | 0.6 % |
| CASTEL AS | 1 144 687 | 0.5 % |
| Total 20 largest | 184 563 990 | 82.1 % |
| Others | 40 349 438 | 17.9 % |
| Total | 224 913 428 | 100.0 % |

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

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

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Note 8 - 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 1Q2022 the Company has recognized NOK 1 081 000 in cost related to the options.

1st Quarter 2022



Note 9 - Tax

The Group has, based on contracts and budgets for 2022, assumed that the tax loss carried forward can be recognised. Per 31.03.2022 NOK 50.3 million is capitalized.

| (NOK 1000) | 31/03/2022 | 31/12/2021 |
|---|----------------|-----------------|
| Taxes payable | - | - |
| Changes in deferred taxes | (8 895) | (20 760) |
| Taxes, in total | (8 895) | (20 760) |
| Deferred taxes / (Deferred tax assets) | | |
| Other fixed assets | (25 057) | (17 537) |
| Financial leases | 2 836 | 2 943 |
| Fixed-price contracts | - | - |
| Inventories | (4 790) | (4 790) |
| Accruals | (4 105) | (3 669) |
| Right-of-use assets | (12 969) | |
| Intangible assets | 30 000 | |
| Tax loss carried forward | (214 555) | (159 469) |
| Temporary differences, in total | (228 639) | (182 521) |
| Deferred tax assets | (50 301) | (40 151) |
| Not recognized deferred tax assets | - | - |
| Deferred tax assets in balance sheet* | 50 301 | 40 151 |

*In March 2022 Reach Subsea acquired iSurvey Group AS. The transaction was completed in end March 2022. Deferred tax assets incorporated at closing was NOK 7.85 million while deferred tax related to excess values is estimated to NOK 6.60 million. Net deferred tax asset related to the acquisition is NOK 1.25 million and is recognized in the balance sheet as per end March 2022. Refer to note 12 for further details.

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

1st Quarter 2022



Note 9 - Tax cont.

| (NOK 1000) | 31/03/2022 | 31/12/2021 |
|---|--------------|---------------|
| Reconciliation from nominal to actual tax rate: | | |
| Profit & loss before taxes | (44 337) | 73 046 |
| Nominal tax rate | 22 % | 22 % |
| Anticipated income tax due to nominal tax rate | (9 754) | 16 070 |
| Actual tax cost | (8 895) | (20 760) |
| Deviation | 859 | (36 830) |
| Tax effects of: | | |
| Permanent differences | (859) | 3 878 |
| Changes in deferred tax assets, previously not recognized | - | 32 952 |
| Explanation | (859) | 36 830 |
| Effective tax rate | 20 % | (28) % |

1st Quarter 2022



Note 10 - Segments

| (NOK 1000) | 2022 01.01.-31.03 | 2021 01.01.-31.03 | 2021 01.01.-31.12 |
|--------------------------|-----------------------------|-----------------------------|-----------------------------|
| Revenue | | | |
| Oil & Gas | 97 001 | 53 941 | 471 917 |
| Renewable / other | 31 986 | 47 834 | 201 336 |
| Total | 128 987 | 101 775 | 673 253 |
| Operating expense | | | |
| Oil & Gas | (125 322) | (47 488) | (425 853) |
| Renewable / other | (41 325) | (42 112) | (181 683) |
| Total | (166 646) | (89 600) | (607 537) |
| Operating result | | | |
| Oil & Gas | (28 321) | 6 453 | 46 064 |
| Renewable / other | (9 339) | 5 722 | 19 652 |
| Total | (37 660) | 12 175 | 65 716 |
| EBITDA | | | |
| Oil & Gas | 29 493 | 26 464 | 214 157 |
| Renewable / other | 9 725 | 23 468 | 91 367 |
| Total | 39 218 | 49 932 | 305 523 |

1st Quarter 2022



Note 11 - 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 March 31 2022 the group has recognised a right-of-use asset related to long-term rental agreements for offices in the acquired company iSurvey Group AS and its subsidiaries. Capitalized addition related to the rental agreements was NOK 10.3 million and is included in the numbers presented in this note. Refer to note 12 for further information.

As of March 31 2021, Right of use assets in the balance sheet consist of contractual commitments for vessels and offices. Short term leases with no contractual commitment (pay as you go contracts), are not capitalized.

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

| Right-of-use assets | 31/03/2022 | 31/12/2021 |
|-------------------------------|----------------|----------------|
| Property, plant and equipment | 296 331 | 277 212 |
| Total | 296 331 | 277 212 |

| Lease liabilities | 31/03/2022 | 31/12/2021 |
|-------------------|----------------|----------------|
| Current | 238 303 | 176 627 |
| Non current | 71 053 | 105 171 |
| Total | 309 356 | 281 798 |

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

| | Q1 2022 | Q1 2021 | 12M 2021 |
|--|---------------|---------------|----------------|
| Depreciation charge of right-of use assets | 68 031 | 31 267 | 203 435 |
| Impairment charge of right-of-use assets | - | - | - |
| Interest expense | 4 374 | 497 | 5 861 |
| Total charges to the P&L | 72 405 | 31 763 | 209 296 |

The total cash outflow for leases in 1Q2022 was NOK 62.8 million (Q12021: 33.8 million)

1st Quarter 2022



Note 11 - Leasing cont.

| Reconciliation of leases on committed days recognised in 2022: | Right-of use assets | Lease liability, non-current | Lease liability, current |
|--|---------------------|------------------------------|--------------------------|
| Opening balance 01.01.2022 | 277 212 | 105 171 | 176 627 |
| Additions | 74 502 | - | 74 502 |
| Additions from acquisition of iSurvey Group (note 12) | 10 327 | 5 337 | 4 990 |
| Disposals | - | - | - |
| Depreciation | (65 710) | - | - |
| Impairment | - | - | - |
| Interests | - | - | 4 374 |
| Reclassification from long to short term | - | (39 455) | 39 455 |
| Adjusted commitment | - | - | - |
| Currency adjustment | - | - | - |
| Payments | - | - | (61 645) |
| Ending balance 31.03.2022 | 296 331 | 71 053 | 238 302 |

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

| Reconciliation of depreciation | Q1 2022 | Q1 2021 | 12M 2021 |
|--|---------------|---------------|----------------|
| Depreciation of long term right-of-use assets | 65 710 | 23 165 | 145 975 |
| Depreciation of short term right-of-use assets | 2 322 | 8 102 | 57 459 |
| Depreciation of other assets | 8 847 | 6 490 | 36 370 |
| Total depreciation | 76 878 | 37 757 | 239 807 |

1st Quarter 2022



Note 12 - Business combinations

Acquisition of iSurvey Group AS

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

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

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Note 12 - Business combinations

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

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

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

1st Quarter 2022



Note 13 - Events after quarter end

On April 13 2022 Reach announced signing of a landmark contract with Kongsberg Maritime AS, part of the Kongsberg Group, for the construction of the first two in a series of Reach Remote unmanned offshore surface vessels (USVs). Reach Subsea expects delivery of the two first Reach Remote systems mid-2023. The total investment for the first two Reach Remote units, which includes the Kongsberg contract as well as upfront development and infrastructure investments to the benefit of future units is NOK 380-400 million. The investment will be financed through loans from SR-Bank and Eksfin and proceeds from the private equity placement in which Wilhelmsen New Energy AS invested NOK 150 million in February 2022.

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