

Q4  
2022

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# Quarterly Consolidated Report

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**REACH**  
SUBSEA

# 4th 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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# 4th Quarter 2022

## Highlights

1. Record 4Q and full year EBIT fuelled by high utilisation, improved pricing, solid execution and addition of new businesses.
2. EBIT for 4Q2022 was NOK 34.6 million (NOK 25.7 million), while pre-tax result was NOK 18.8 million (NOK 22.6 million).
3. EBIT for full year 2022 was NOK 105.2 million (NOK 79.1 million), while pre-tax result was NOK 98.0 million (NOK 73.0 million).
4. iSurvey and Octio, our businesses acquired the last year, contributed positively to both our market footprint and financial results.
5. Strong market conditions across all sectors fuelled by high energy prices, increased focus on energy security, and structural growth in offshore renewables.
6. Taking multiple steps to increase capacity and integrate services to utilize the improving business environment.

## Key figures

	4Q 2022	4Q 2021	12M 2022	12M 2021
	UNAUDITED			AUDITED
Revenue (NOKm)	327	191	1163	687
EBIT (NOKm)	35	26	105	79
Pre-tax profit (NOKm)	19	23	98	73
Cash and cash equivalents (NOKm)	192	149	192	149
Net working capital (NOKm)	71	58	71	58
Net interest bearing debt, excl IFRS 16 leases (NOKm)	(164)	(118)	(164)	(119)
Net interest bearing debt, incl IFRS 16 leases (NOKm)	(61)	164	(61)	164
Equity (NOKm)	579	287	579	287

	4Q 2022	4Q 2021	12M 2022	12M 2021
Order backlog (NOKm)	740	110	740	110
Outstanding tender value (NOKbn)	2.5	2.1	2.5	2.1
Number of ROV days sold	766	793	3 204	2 667
Number of ROV days available	1 083	1 028	4 363	3 830
Technical uptime on ROVs	99 %	100 %	99 %	99 %
Number of offshore personnel days sold	7 768	3 463	26 987	13 402
LTI's	0	0	1	0
Number of vessel days sold	363	287	1 246	1 098

# 4th Quarter 2022

## CEO Letter



Reach Subsea ended 2022 with another record-breaking quarter, with revenue growth of 71 percent and 39 percent growth in operating profit.

The last two years have been extraordinary in our history: Our revenue and profits have risen to a whole new level. In 2022, our revenue was NOK 1.16 billion, almost twice as much as in 2020. Correspondingly, operating profit and pre tax profit has reached the NOK 100 million level.

While we have experience steadily improving markets over the last 12-18 months, this achievement is the result of disciplined investments in capacity and competence over many years. We have more than 10 years of spotless subsea operations behind us, focusing relentlessly on safety and the environment. We constantly seek to challenge technical boundaries to be able to deliver better and more efficient solutions for our customers. Furthermore, we have a proven track record with regards to expanding and adapting our operations to the market conditions through cost efficient procurement of vessel capacity.

2022 was the year when Reach Subsea became a complete end-to-end subsea service provider, as we welcomed Octio and iSurvey to the Reach Subsea family. They brought us extremely valuable competence and technology and the integration of the two companies has been very successful. I am proud to see how our new colleagues have settled so well into the group. We are winning contracts because our clients appreciate our ability to support from A to Z. The in-house competence Reach Subsea now offers is optimizing value creation for all stakeholders.

Looking ahead, we see that the offshore service market remains strong. Investments in the oil & gas sector continues, and there is no doubt that the roll out of offshore wind projects will accelerate both in Norway and internationally.

Reach Subsea is now primed for continued growth and profitability improvement. Our market position and business network and reputation are stronger than ever, and our extended service offering means that we can compete for all subsea assignments. Long-term core vessel capacity is secured at attractive terms through the acquisition of Edda Sun and new charter contracts for Go Electra and Olympic Triton.

Later this year, we will launch our two first Reach Remote unmanned subsea support vessels. This will be another important driver for us, meaning that we can offer significantly lower cost offshore services with minimal emissions. We also expect Reach Remote to be an important enabler for continued international expansion.

Profitable growth and being shareholder friendly are deeply rooted values at Reach Subsea, and a strong balance sheet is a requisite for our growth strategy. We have a tradition of disciplined capital allocation, and in line with our dividend policy the Board will propose a dividend of NOK 0.18 per share.

We entered 2023 with record high order backlog, and we remain confident in the development for Reach Subsea both in the short and long term. I am excited to see what the future brings!

**Jostein Alendal**  
CEO, Reach Subsea ASA

# 4th Quarter 2022

## Operations

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

REACH had 4,363 available ROV-days in 2022 (3,830 ROV days in 2021), of which 3,204 days were sold (2,667) leading to a total utilization of 73 % (70 %). Furthermore, the number of vessel days that has passed through our P&L in 2022 was 1,246 (1,098), with a 88 % utilization (92 %). As the activity in iSurvey and Octio/ Monviro is not reflected in the ROV/Vessel operational days the monthly reporting of these figures have been suspended.

REACH has not had any serious incidents (LTI) during the quarter. Reach Subsea's strong statistics for LTIs is a result of our objective to ensure that we have the right procedures, well- trained personnel, and high-quality equipment in order secure operational success.

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

REACH acquired iSurvey Group in 1Q2022, securing in-house survey capacity. The transaction was settled in new shares and cash and closed towards the end of March 2022. Thus, iSurvey financials are included as from the 2Q2022 income statement and in the balance sheet. iSurvey had high activity in the fourth quarter performing survey services for external clients as well as contributing on in-house route surveys on Reach subsea spreads.

REACH has per 10th February 2023, a firm order book of NOK 740 million for projects with execution in 1Q2023 and beyond.



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

Pre-commissioning work with emphasis on detail engineering and supply chain evaluations for the build phase is ongoing. In preparation of Reach Remote being operational in 4Q2023, Reach aims to have the onshore control room ready during the first half of 2023 in order to start ROV operations on selected projects. Reach Remote is on track for delivery late 2023.

# 4th Quarter 2022

## Operational update

**Olympic Artemis** was mobilized with one Supporter WROV set up for survey and light construction projects within the renewables and oil and gas sector. The subsea spread worked on a project for Magseis in the US Gulf lasting until 01.02.2023, covering the firm commitment for the vessel, whereafter she exited our marketed fleet. The Reach equipment will be mobilized onboard Edda Sun before the main season 2023.



**Olympic Delta** is currently mobilized with two hired-in WROVs. The subsea spread worked on projects in the oil and gas market in the North Sea and in Trinidad in the fourth quarter. The spread is currently working on a contract lasting through 1Q23, whereafter Reach and Olympic will jointly market the vessel with Reach as ROV provider.

**Olympic Challenger** was equipped with two hired-in WROVs and worked with high utilization on various projects in Europe in the fourth quarter 2022 whereafter she exited our marketed fleet.



**Havila Subsea** is equipped with two owned Schilling WROVs, one Surveyor ROV, and offshore personnel from Reach Subsea's offshore pool. Havila Subsea had full utilization in the fourth quarter working on projects in Europe for large energy companies expected to last throughout 1Q23. The spread is further scheduled for a project in Brazil expected to last 200 days in the main season of 2023.

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

**Viking Neptun** was mobilized with one Supporter WROV and one Constructor WROV and Reach delivered all ROV- services onboard the construction vessel until early December 2022, when the vessel was delivered to new owners and exited our marketed fleet. The Reach equipment will be mobilized onboard Deep Cygnus in 2023.

# 4th Quarter 2022

## Operational update cont.

The REACH Survey Division (the former iSURVEY Group) completed a healthy 2022 with an all-time high December month revenue and EBITDA. The main contributors were geophysical seabed surveys, survey support for offshore high voltage power cable installations and multi vessel operations. The business outlook for Q1 and 2023 is split in two main segments, i.e. 1) support and generation of REACH fleet projects and 2) Survey Division core business. The core business is mainly based on established long term service agreements with key clients. In addition to handling the existing workload, the Q1 day to day business is characterized by hectic tender and contracting activity.



The Monitoring division had high activity with DepthWatch surveys in GoM, data processing, and field studies of new gWatch and DepthWatch campaigns during the last quarter of 2022. We are currently preparing for a busy season with activity covering campaigns of up to four fields in the NCS using our gWatch service. The seasonal activity also includes monitoring a CCS site. Further, the Reach Subsea group has been awarded a frame agreement with one of our customers covering survey vessel, ROVs, and monitoring equipment for a strong integrated offering.

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



## New vessels

**Deep Cygnus** will be mobilized with one Supporter WROV and one Constructor WROV during the first half of 2023 ready for subsea projects. The vessel is on a four-year charter contract with owners Volstad starting in 1Q2023 and will be a core asset for Reach projects the coming years.

**Edda Sun** will be mobilized with two Supporter WROVs and one Surveyor ROV during the first half of 2023 ready for subsea projects. Reach has entered into an agreement with the current owners to purchase the vessel in March 2023. Edda Sun is a very well-suited vessel for survey and light construction projects in Reach.

**Go Electra** will be mobilized with one Supporter WROV during the first half of 2023 and is specifically suited for survey projects. The vessel is on a four-year contract between Reach and owners Go Offshore starting 1Q2023.

**Olympic Zeus** will be hired in for a 120 days' project in the Ivory Coast in the main season 2023.

**Olympic Triton** will be hired in for a 6 months' project in the renewables sector in the main season 2023.

# 4th Quarter 2022

## Financial results

REACH acquired cooperation partner Ocean Infinity's shares in our jointly owned entity Surveyor AS at book value 31.03.2021. Surveyor AS owns the two "Surveyor Interceptor" high-speed survey ROVs. The transaction was closed in the second quarter 2021. Surveyor AS was fully consolidated into our Group accounts as from 31.03.2021. Reach Subsea acquired Octio AS, Gravitude AS, Monviro AS and Monviro CCS AS ("Octio Group") in December 2021. Octio Group was fully consolidated from 08.12.2021. Reach Subsea acquired iSurvey Group in March 2022. The transaction was closed 22.03.2022. iSurvey Group is fully consolidated from 31.03.2022. Consolidated balance sheets from 31.03.2022 include all the acquired entities. The financial effects of the transactions are further described in the Notes. Figures for the same period last year are presented in brackets in the text.

Revenue for 4Q2022 was NOK 327.4 million (NOK 191.3 million), with the increase from last year explained by (i) a higher number of project days sold, (ii) higher pricing, and (iii) revenue from the acquired businesses. Revenue for Octio Group was NOK 8.1 million while revenue for iSurvey Group was NOK 71.5 million for 4Q2022 (not part of our financial report in 4Q2021).

Operating expenses for 4Q2022 were NOK 292.8 million (NOK 165.5 million) where project-related expenses represent the majority of the operating expenses for the Group. The increase compared to the same period last year is primarily explained by (i) higher project activity, hereunder more vessel days, and (ii) operating expenses from the acquired businesses. Operating expenses in Octio Group represented NOK 18.5 million while operating expenses in iSurvey Group represented NOK 70.4 million in 4Q2022 (not part of 4Q2021). Details about depreciations and impairment sensitivity is presented in the Notes.

4Q2022 operating result (EBIT) was NOK 34.6 million (NOK 25.7 million). Last year's Q4 EBIT included a NOK 13.3 million goodwill gain from the Octio acquisition. Thus, the underlying improvement is stronger than reported figures indicate. The improved EBIT is primarily a result of high utilization and strong project execution in an improving market, as well as contribution from the acquired businesses. EBIT for Octio Group represented NOK -11.0 million while EBIT for iSurvey Group represented NOK 1.2 million in 4Q2022 (not part of 4Q2021).

Net financial items for 4Q2022 were NOK -15.8 million (NOK -3.2 million). The main year-over-year differences are negative currency effects, partly offset by lower interest expenses on IFRS 16 leases. All our charter hires are in NOK, while income in the quarter was in NOK, USD and EUR. The total comprehensive income for 4Q2022 was NOK 12.0 million (NOK 23.3 million). The decrease is explained by financial currency effects and non-cash tax effects, which together account for a year-over-year negative deviation of NOK 22 million.

For 4Q2022, Oil & Gas revenues constituted 89 % while Renewable/ Other constituted 11 % of total revenues. By comparison, in 4Q2021 Oil & Gas revenues were 74 % while Renewable/Other constituted 26 % 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).



# 4th Quarter 2022

## Financial Results for the full year 2022

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

Revenue for the full year 2022 was NOK 1,162.8 million compared with NOK 686.7 million in 2021. The increased revenue from last year is explained by (i) a higher number of project days sold, (ii) higher pricing, and (iii) revenue from the acquired businesses. Revenue for Octio Group was NOK 46.8 million while revenue for iSurvey Group was NOK 193.7 million in 2022 (not part of our financial report in 2021).

Operating expenses for the full year 2022 were NOK 1,057.6 million (NOK 607.5 million) where project-related expenses represent the majority of the operating expenses for the Group. The increase compared to the same period last year is primarily explained by (i) higher project activity, hereunder more vessel days, and (ii) operating expenses from the acquired businesses. Operating expenses in Octio Group represented NOK 57.5 million while operating expenses in iSurvey Group represented NOK 182.7 million in 2022 (not part of our financial report in 2021). Details about depreciations and impairment sensitivity is presented in the Notes.

Operating result (EBIT) for the full year 2022 was NOK 105.3 million (NOK 79.1 million), with the increase explained by the high utilization and market improvement experienced in the second, third and fourth quarter, partly offset by a weak 1Q2022 (see 1Q2022 report for further details). Also, Last year's EBIT included a NOK 13.3 million goodwill gain from the Octio acquisition. Thus, the underlying improvement is stronger than reported figures indicate. EBIT for Octio Group represented NOK -10.8 million while EBIT for iSurvey Group represented NOK 11.1 million in 2022 (not part of our financial report in 2021).

Net financial items for the full year 2022 were NOK -7.2 million (NOK -6.0 million). The main year-over-year differences are positive currency effects, partly offset by increased interest expenses on IFRS 16 leases. Charter commitment increased during 2022 compared to 2021. In 2022 all our charter hires were in NOK, while income was in NOK, USD and EUR. The total comprehensive income for the full year 2022 was NOK 69.7 million (NOK 94.5 million). 2021 comprehensive income includes a tax income of NOK 20.8 million, while this year's comprehensive income includes a tax expense of NOK 25.8 million (mostly non-payable tax effects, see tax note for details). Excluding tax effects, the year-over-year comprehensive income improvement is driven by operational and pricing improvements, as well as currency gains.

In 2022, Oil & Gas revenues constituted 82 % while Renewable/ Other constituted 18 % of total revenues. By comparison, in 2021 Oil & Gas revenues were 70 % while Renewable/Other constituted 30 % 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).

# 4th Quarter 2022

## Capital structure

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

Total current assets at the end of the quarter were NOK 504.1 million (NOK 353.9 million), of which cash and cash equivalents amounted to NOK 191.6 million (NOK 149.0 million). Including the unutilized revolving credit facility, available liquidity was NOK 211.6 million (NOK 169.0 million). The increase is mainly a result of cash generated from operations during 2022. Receivables and inventories were NOK 312.5 million (NOK 204.9 million). Total non-interest-bearing current liabilities were NOK 241.7 million (NOK 147.2 million). This leaves a net working capital of NOK 70.8 million (NOK 57.7 million). The working capital level is considered normal for this part of the year.

Total non-current assets at the end of the quarter were NOK 448.0 million (NOK 392.6 million). The increase is mainly a result of (i) Assets under construction of NOK 121.3 million, which is mainly related to the Reach Remote project (see further information in the Notes), (ii) Goodwill of NOK 86.7 million related to the acquisition of iSurvey Group, and (iii) a NOK 29.2 million pre-payment on the acquisition of Edda Sun, offset by a reduction in Right of use assets (leases capitalized under IFRS 16). The decrease in Right of use assets from NOK 277.2 million 31.12.2021 to NOK 90.3 million 31.12.2022 is explained by charter commitments for the vessels Olympic Delta, Olympic Artemis and Olympic Challenger expiring late 2022/ early 2023. Read more about charter commitments under "News after quarter end".

Net interest-bearing debt (total interest-bearing debt, including capitalized leases under IFRS 16, less cash) stood at NOK -60.6 million (NOK 163.5 million), i.e. cash positive. The decrease is explained by the decreased charter commitment as described above and in the Notes combined with the improved cash position.

Net financial interest-bearing debt to credit institutions (i.e. excluding IFRS 16 leases) was NOK -163.6 million (NOK -118.3 million), i.e. cash positive. The year over year change is mainly a result of cash generated from operations during 2022, plus the private placement completed in 1Q2022, exceeding capital expenditures and the dividend payment.



The Group's equity as of 31.12.2022 was NOK 579.4 million (NOK 286.8 million), which represents 60.9 % of the total balance sheet (38.4 %).

Net cash flow from operating activities for 4Q2022 was NOK 135.8 million (NOK 109.2 million) and NOK 465.1 million (NOK 279.2 million) for the full year 2022. Cash flow from investing activities in the fourth quarter was NOK -81.5 million (NOK -6.4) and NOK -204.7 million (NOK 7.0 million) for the full year 2022. The major components of our 2022 investments are (i) progress payments on the Reach Remote project of NOK 116 million, (ii) the cash portion of the acquisition of iSurvey Group of NOK 37 million, and (iii) a pre-payment of NOK 29 million on the Edda Sun acquisition.

# 4th Quarter 2022

## Capital structure cont.

Net cash flow from financing activities was NOK -78.4 million (NOK -52.6 million) in the fourth quarter 2022 and NOK -213.3 million (NOK -245.1 million) for the full year 2022 and includes vessel charter hire classified as "Repayment of borrowings and leases" according to IFRS 16, payment of dividend, as well as the new equity of NOK 150 million raised in the first quarter. Details about cash outflow from leases can be found in the Cash flow statement and the Notes. Net change in cash and cash equivalents for 4Q2022 was NOK -24.1 million (NOK 50.2 million) and NOK 47.1 million (NOK 41.0 million) for 2022.

Reach has per 31.12.2022 no major debt maturities to credit institutions. However, Reach has signed a term sheet with EksFin and SpareBank 1 SR Bank for the financing of the Reach Remote at market terms. Remaining investments on the Reach Remote project amounts to approximately NOK 285 million, of which NOK 200 million is covered by credit facilities while the rest has ample coverage from existing cash and working capital of NOK 262.4 million.

Besides the Reach Remote project, Reach has taken multiple steps to secure vessel capacity at competitive terms, in a market that is getting increasingly sold out. Investments in 2023 associated with these vessels is expected to amount to approximately NOK 400 million (including the acquisition of Edda Sun), and encompass equipment, upgrades and mobilization activities for three vessels (Edda Sun, Deep Cygnus, and Go Electra). Reach has secured bank and lease financing of NOK 230 million to partly fund these investments. Furthermore, Reach is in the process of completing an agreement with a strategic partner to become a co-owner of the Edda Sun. The agreement and financial implications is expected to be announced in the near future.

## The Share

Reach Subsea ASA is listed on the Oslo Stock Exchange (Euronext). The Company has per 31.12.2022 issued 225,725,928 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, and a share increase of 812,500 new shares related to a share incentive program for employees exercised in December 2022.

## Investor relations

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

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

# 4th Quarter 2022

## News after quarter end

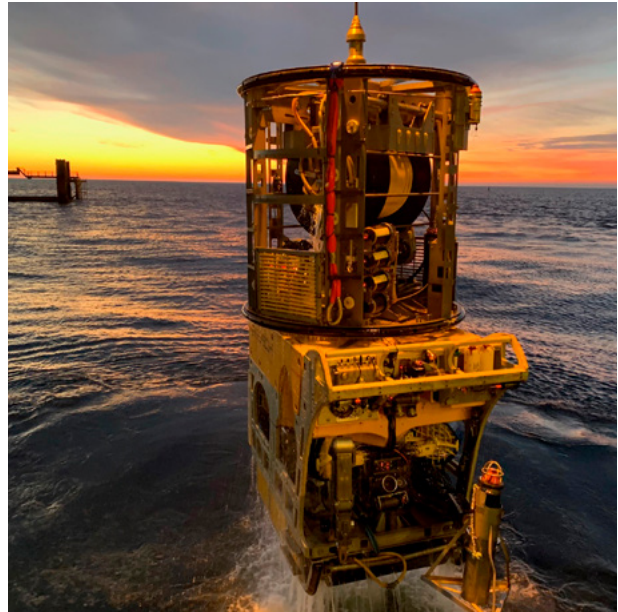
REACH has been awarded several contracts and call-offs under frame agreements, involving inspection, survey and construction support projects across Europe and the Americas. Clients represent major operators and tier 1 contractors in both the oil & gas and renewable sectors.

Our schedule indicates good for all our subsea spreads in the main season 2023. We now have an order book of approximately NOK 740 million, with projects for execution in 1Q2023 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.

During the first quarter of 2023 Reach will mobilize three subsea vessels for use in own project portfolio. Deep Cygnus, Edda Sun and Go Electra will be mobilized with owned WROVs and SROV and survey equipment and ready for operation before the main season. Deep Cygnus and Go Electra are on contracts between owners and Reach lasting 4 years + options. Edda Sun will be partly owned by Reach. In addition, Reach has chartered in two vessels for specific projects; Olympic Zeus will work on a project in Western Africa for 4 months starting late 1Q23 and Olympic Triton will work on a contract with a client in the Walk to work segment lasting 6 months from March 23.

Current tender volume for the Group is NOK 2,5 billion. See further details under «Operational Update» and «Outlook».



# 4th Quarter 2022

## Operational figures UNAUDITED

	Q1		Q2		Q3		Q4		Full year	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
Number of ROV days sold	405	660	608	932	861	846	793	766	2 667	3 204
Number of ROV days available	749	979	946	1 105	1 107	1 196	1 028	1 083	3 830	4 363
Technical uptime on ROVs	98 %	99 %	99 %	99 %	100 %	100 %	100 %	99 %	99 %	99 %
Number of offshore personnel days sold	2 397	2 764	3 121	7 791	4 421	7 664	3 463	7 768	13 402	26 987
LTIs	0	0	0	1	0	0	0	0	0	1
Number of vessel days sold	209	218	296	317	306	348	287	363	1 098	1 246

## 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

# 4th Quarter 2022

## 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, carbon storage monitoring and subsea mining. We have already in place frame agreements for subsea inspection services on Equinor's existing offshore wind farms, where we have successfully executed remote services on parts of the scope. Our ambition is to build on this success and increase our footprint within IMR services to the offshore wind sector.

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

Thus, we have over the past 8 months secured several vessels through new longer term charter agreements and through the acquisition of Edda Sun, as well as investing in upgrades of our equipment pool across all our business lines. We are also happy to observe that people are eager to join the Reach team, which has allowed us to strengthen our organisation and management through several key recruitments.

The Reach Remote project is progressing well, with expected delivery late 2023. We will during first half enter the critical assembly phase, and will continue to monitor progress closely. Other aspects of the project such as work towards clients and regulators continues with full force. Furthermore, we see that the substantial increase in charter rates for conventional subsea vessels further contributes to the competitive cost advantage of the Reach Remote solution. Thus, from a commercial and value creation standpoint, Reach Remote is looking even more attractive.

In our 2021 Sustainability Report we set 16 targets for 2022, and we have reported progress towards in our quarterly reports through the year. Now that 2022 is behind us, we can report that 14 of the 16 targets were achieved, which is a satisfactory outcome.

The Board and management are pleased with the company's performance in 2022, and the company's strategic position going into 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.

Haugesund, 13th February 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

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](http://www.reachsubsea.no/sustainability) for more information. The status for the year to date is summarized below

## Environment

### Increase activity within non-O&G segment to 50 % (project days)

⊗ **Not achieved**

Activity is measured through performed project days. Activity within non-Oil & Gas segment represents 20 % of total activity year to date 2022. The 50 % target was not achieved due to higher activity under our existing oil and gas frame agreements.

### Reduce fuel emission of CO<sub>2</sub> compared to activity levels

✔ **Achieved**

Our total CO<sub>2</sub> emissions per sold vessel day was 27.86 ton of CO<sub>2</sub> equivalents, year to date compared to 31.88 in 2021 and 37.19 in 2020. The reduction is partly due to less project activity.

### Zero major spills of hazardous materials to the sea

✔ **Achieved**

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

### Increase use of remote operations

✔ **Achieved**

Reach has increased the use of remote operation units in survey projects.

### Invest in Unmanned Surface Vessels

✔ **Achieved**

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

### Participate in Ocean Cleanup campaign

✔ **Achieved**

Reach participated in an Ocean Cleanup campaign in the third quarter 2022.

# Sustainability

## Employees

### Maintain turnover below 8 %

✔ **Achieved**

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

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

✔ **Achieved**

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

### Further develop REACHed with new e-learnings for employees

✔ **Achieved**

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

### Increase percentage of female employees in offshore employment categories

✔ **Achieved**

Reach has increased the number of females offshore during 2022.

### Zero work related injuries

✘ **Not achieved**

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

### Implement campaign with focus on mental and physical health

✔ **Achieved**

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



# Sustainability

## Responsible business

### Maintain customer satisfaction score at 4 and higher

✔ **Achieved**

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

### Develop REACH-ED with new e-learning for suppliers

✔ **Achieved**

ReachED includes e-training for suppliers. All suppliers working on Reach offshore projects have to perform the e-learning on our platform, that was further developed in 2022.

### Maintain technical uptime

✔ **Achieved**

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

### Develop and implement audit plan for suppliers

✔ **Achieved**

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

# The Vessel Fleet



## Viking Neptun

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 m<sup>2</sup> steel deck

1x Kystdesign supporter WROV

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 m<sup>2</sup>



## 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 m<sup>2</sup> 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 m<sup>2</sup> 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 m<sup>2</sup> 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 m<sup>2</sup> deck
- 2xWROVs in WROV hangar
- Permanent full survey suite
- Large office facilities

# Featured Project #1



# DepthWatch campaign in the GOM

**Vessel**

Confidential

**Client**

Confidential

**Location**

Gulf of Mexico

**Period**

4Q 2022

**Water Depth**

Various



**GoM DepthWatch campaign scope extension**

Reach monitoring division secured and successfully executed a 60+ days scope extension for the DepthWatch service for a large IOC in GOM. The additional scope resulted in a total campaign length exceeding 250 + days scope, the most extended commercial campaign for the service to date. The customer has been providing repeat business 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 was concluded in late Q4 2022 with outstanding results and 100 % project uptime.

## Featured Project #2



# Pipeline inspection in the North Sea

### Vessel

Havila Subsea

### Client

Equinor

### Location

North Sea

### Period

Q4 2022

### Water Depth

Various



### Surveyor Interceptor is the ultimate pipeline integrity assessment tool

The high speed survey ROV, the Surveyor Interceptor, was used onboard the Havila Subsea in Q4 2022 for pipeline inspection on behalf of Equinor. Once again the Surveyor Interceptor proved to be a very effective tool to perform risk and integrity assessment for subsea infrastructure and showcases Reach Subsea as a technology leader in the high end survey market.

## Featured Project #3



# Pre-Lay Survey for OWF development

### Vessel

Olympic Challenger

### Client

Confidential

### Location

NWE

### Period

Q4 2022

### Water Depth

Shore to field



### Geophysical pre-lay survey of the specific cable routes

In relation to the OWF development and planned export cables, iSURVEY (now Survey Division in Reach Subsea from 01.01.23) were contracted by undisclosed client to perform the geophysical pre-lay survey of the specific cable routes. The survey performed is to ensure that the routes are ready for cable operation and to allow further engineering and intervention if required.

The survey, for the pre-defined routes was executed by ROV-based methodology using dual head multi-beam echo sounder, side scan sonar and sub bottom profiler, along with high-definition video recording. With this setup the client was provided with highly detailed data of the seabed topography and subsurface conditions for further assessment.

Upon completion of the offshore operation, more than 220 000 line kilometre were surveyed and a delivery consisting of interpretation of data, 3D models and GIS deliveries are now at the final stage.

# Income statement UNAUDITED



Statement of profit or loss (NOK 1000)	4Q 2022	4Q 2021	YTD 2022	12M 2021	Notes
Operating revenue	326 655	177 925	1 161 533	673 253	9
Other income/losses	758	13 347	1 287	13 347	
<b>Revenue</b>	<b>327 413</b>	<b>191 273</b>	<b>1 162 821</b>	<b>686 601</b>	
Procurement expenses	(86 285)	(37 686)	(272 803)	(158 633)	
Personnel expenses	(79 210)	(40 975)	(251 031)	(122 374)	
Other operating expenses	(42 021)	(26 218)	(180 200)	(86 722)	
<b>EBITDA</b>	<b>119 897</b>	<b>86 394</b>	<b>458 787</b>	<b>318 871</b>	
Depreciation and impairment	(85 249)	(60 654)	(353 532)	(239 807)	3, 10
<b>Operating result (EBIT)</b>	<b>34 648</b>	<b>25 739</b>	<b>105 255</b>	<b>79 064</b>	
Interest income	1 043	123	1 264	237	11
Interest expenses	(2 174)	(3 763)	(15 415)	(7 838)	10, 11
Other net financial items	(14 663)	483	6 918	1 437	11
Result from associated companies	-	-	-	146	
<b>Profit (loss) before taxes</b>	<b>18 853</b>	<b>22 583</b>	<b>98 023</b>	<b>73 046</b>	
Taxes	(6 156)	575	(25 838)	20 760	8
<b>Profit (loss)</b>	<b>12 697</b>	<b>23 158</b>	<b>72 185</b>	<b>93 806</b>	
<b>Comprehensive income</b>					
Translation differences	(669)	144	(2 503)	654	
<b>Comprehensive income items</b>	<b>(669)</b>	<b>144</b>	<b>(2 503)</b>	<b>654</b>	
<b>Total comprehensive income</b>	<b>12 028</b>	<b>23 302</b>	<b>69 682</b>	<b>94 460</b>	
Earnings per share	0.05	0.16	0.34	0.65	
Diluted earnings per share	0.05	0.16	0.33	0.65	

# Balance Sheet

UNAUDITED



Statement of financial position (NOK 1000)	31.12.2022	31.12.2021	Notes
<b>Non-current assets</b>			
Goodwill	86 723	-	4
Deferred tax assets	24 915	40 151	8
Intangible assets	10 623	1 457	4
Assets under construction	150 499	-	3
Property plant and equipment	85 010	73 761	3
Right-of-use assets	90 258	277 212	3, 10
<b>Total non-current assets</b>	<b>448 030</b>	<b>392 582</b>	
<b>Current assets</b>			
Bunkers	9 884	8 130	
Trade receivables	216 328	149 633	
Other receivables	86 252	47 150	
Cash and cash equivalents	191 591	149 035	
<b>Total current assets</b>	<b>504 055</b>	<b>353 948</b>	
<b>Total assets</b>	<b>952 085</b>	<b>746 529</b>	
<b>Equity</b>			
Share capital	225 726	144 941	6
Share premium	267 345	85 927	
Proposed dividends	-	40 484	
Other equity	86 371	15 452	7
<b>Total equity</b>	<b>579 442</b>	<b>286 806</b>	
<b>Non-current liabilities</b>			
Interest-bearing debt to credit institutions	6 524	14 497	5, 10
Interest-bearing debt leases	4 310	105 171	5, 10
<b>Total non-current liabilities</b>	<b>10 834</b>	<b>119 668</b>	
<b>Current liabilities</b>			
Interest-bearing debt to credit institutions short term	21 494	16 260	5, 10
Interest-bearing debt leases	98 660	176 627	5, 10
Tax payable	7 853	-	8
Trade payables	102 430	63 467	
Other current liabilities	131 372	83 700	
<b>Total current liabilities</b>	<b>361 809</b>	<b>340 055</b>	
<b>Total liabilities</b>	<b>372 643</b>	<b>459 723</b>	
<b>Total equity and liabilities</b>	<b>952 085</b>	<b>746 529</b>	



# Cashflow

UNAUDITED



Statement of cash flow (NOK 1000)	4Q 2022	4Q 2021	12M 2022	12M 2021	Notes
<b>Cash flow from operating activities</b>					
Profit before tax	18 853	22 583	98 023	73 046	
Paid taxes	-	-	-	-	
Depreciation and amortisation	85 249	60 654	353 532	239 807	
Gain on acquisitions	-	(13 265)	-	(13 265)	
Interest income	(1 043)	(123)	(1 264)	(237)	
Interest expense	2 174	3 763	15 415	7 838	
Change in trade debtors	63 005	2 583	(39 877)	(41 164)	
Change in trade creditors	(34 403)	(17 858)	31 454	(11 863)	
Change in other provisions	1 913	50 842	6 592	25 053	
Share option cost employees	51	-	1 235	-	
<b>Net cash flow from operating activities</b>	<b>135 799</b>	<b>109 179</b>	<b>465 109</b>	<b>279 214</b>	
<b>Cash flow from investing activities</b>					
Acquired cash balance from consolidation of Octio AS and Monviro AS	-	19 196	-	19 196	
Acquired cash balance from consolidation of Surveyor AS	-	-	-	12 482	
Acquired cash balance from consolidation of iSurvey Group AS	-	-	6 132	-	12
Sale of fixed assets	-	-	-	24 718	
Purchase of fixed assets	(81 534)	(561)	(167 805)	(1 561)	
Purchase of shares in subsidiary	-	(25 000)	(43 029)	(47 872)	
<b>Net cash flow from investing activities</b>	<b>(81 534)</b>	<b>(6 365)</b>	<b>(204 702)</b>	<b>6 963</b>	
<b>Cash flow from financing activities</b>					
Net interest paid	861	(541)	(1 061)	(1 740)	
Proceeds from issuance of ordinary shares	1 841	3 014	152 270	3 119	
Payment of dividends	-	-	(40 484)	(21 541)	
Repayment of borrowings	384	(4 131)	(13 448)	(17 793)	
Repayment of leases (including interests)	(81 495)	(50 943)	(310 613)	(207 185)	
<b>Net cash flow from financing activities</b>	<b>(78 409)</b>	<b>(52 600)</b>	<b>(213 337)</b>	<b>(245 139)</b>	
Net change in cash and cash equivalents	(24 144)	50 214	47 070	41 037	
Cash and cash equivalents in the start of the period	225 447	98 296	149 035	105 396	
Translation differences	(9 711)	525	(4 514)	2 602	
<b>Cash and cash equivalents in the end of the period</b>	<b>191 591</b>	<b>149 035</b>	<b>191 591</b>	<b>149 035</b>	

# Equity

UNAUDITED



(NOK 1000)	Share capital	Share premium	Proposed dividends	Other reserves	Retained earnings	Total
Equity 1 January 2022	144 941	85 927	40 484	6 657	8 795	286 806
Profit for the year					72 185	72 185
Other comprehensive income for the year					(2 503)	(2 503)
<b>Total comprehensive income for the year</b>					<b>69 682</b>	<b>69 682</b>
Proceeds from shares issued	80 785	181 417				262 203
Dividends paid			(40 484)			(40 484)
Proposed dividends						-
Employee share options				1 235		1 235
<b>Equity 31 December 2022</b>	<b>225 726</b>	<b>267 345</b>	<b>-</b>	<b>7 892</b>	<b>78 479</b>	<b>579 442</b>

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

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 01.01.22	-	155 068	113 884	25 673	387 905	682 530
Additions	150 499	3 453	-	13 437	126 717	294 106
Additions from acquisition of iSurvey Group	-	-	-	39 837	10 327	50 163
Disposals/adjusted commitment	-	-	-	-	(17 203)	(17 203)
<b>Purchase cost 31.12.22</b>	<b>150 499</b>	<b>158 521</b>	<b>113 884</b>	<b>78 947</b>	<b>507 746</b>	<b>1 009 596</b>
Accumulated depreciation 31.12.22	-	(130 027)	(105 938)	(30 412)	(417 488)	(683 865)
Accumulated impairment 31.12.22	-	-	-	-	-	-
<b>Net book value 31.12.22</b>	<b>150 499</b>	<b>28 531</b>	<b>7 946</b>	<b>48 534</b>	<b>90 258</b>	<b>325 768</b>
Depreciation in 2022	-	(21 640)	(5 394)	(18 459)	(306 789)	(352 282)
Impairment in 2022	-	-	-	-	-	-
Expected useful life (years)	-	3-8	3-8	3-5	1-3	-
Depreciation plan	Ongoing projects	Linear	Linear	Linear	Linear	-

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

# 4th Quarter 2022



## Note 3 - Fixed assets

Assets under construction can be divided into the following categories:

Reach Remote	116 354
Minor capex-projects and mobilizations	4 936
Prepayments	29 209
<b>Net book value 31.12.22</b>	<b>150 499</b>

### 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 31 December 2022 represents the remaining committed vessel days on charter agreements with vessel owners and lease agreements for offices. The impairment testing demonstrated that the recoverable amount is larger than book value, and as such no impairment charge is required. The recoverable amount is sensitive to estimated utilisation and selling rate assumptions. Se note 10 for further information on Right-of-use assets.

### ROV and ROV equipment:

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

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

Drop in estimated revenue	Impairment charge (NOK 1000)
10 %	-
20 %	1 622
30 %	5 805

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

# 4th Quarter 2022



## Note 4 - Intangible assets and goodwill

Intangible assets (NOK 1000)	Research and development	Customer relationships
Purchase cost 01.01.22	1 457	-
Additions	727	-
Addition from business combination (note 12)	-	10 000
Disposals/adjustments	(310)	-
<b>Purchase cost 31.12.22</b>	<b>1 873</b>	<b>10 000</b>
Accumulated depreciation 31.12.22	-	(1 250 )
<b>Net book value 31.12.22</b>	<b>1 873</b>	<b>8 750</b>
<b>Depreciation in 2022</b>	<b>-</b>	<b>(1 250)</b>
<b>Depreciation plan</b>		<b>Linear</b>
<b>Estimated useful life</b>	<b>Ongoing project</b>	<b>6 years</b>

Goodwill (NOK 1000)	Goodwill
Purchase cost 01.01.22	-
Additions	-
Addition from business combination (note 12)	86 723
Disposals/adjustments	-
<b>Purchase cost 31.12.22</b>	<b>86 723</b>
Accumulated amortization 31.12.22	-
<b>Net book value 31.12.22</b>	<b>86 723</b>
<b>Amortization in 2022</b>	<b>-</b>
<b>Amortization method</b>	
<b>Estimated useful life</b>	<b>Indefinite</b>

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

# 4th Quarter 2022



## Note 5 - Borrowings

(NOK 1000)	31.12.2022	31.12.2021
<b>Non-current liabilities</b>		
Bank borrowings	6 524	13 938
Lease liabilities to credit institutions	-	559
Other non-current lease liabilities (IFRS 16)	4 310	105 171
<b>Total non-current borrowings</b>	<b>10 834</b>	<b>119 668</b>
<b>Current borrowings</b>		
Bank borrowings	20 219	11 584
Lease liabilities to credit institutions	1 275	4 676
Other current lease liabilities (IFRS 16)	98 660	176 627
<b>Total current interest-bearing debts</b>	<b>120 154</b>	<b>192 887</b>
<b>Carrying amount</b>		
Bank borrowings	26 743	25 522
Lease liabilities	104 245	287 033
<b>Total carrying amount</b>	<b>130 988</b>	<b>312 556</b>
<b>Fair value</b>		
Bank borrowings	26 743	25 522
Lease liabilities	104 245	287 033
<b>Total fair value</b>	<b>130 988</b>	<b>312 556</b>

At 31.12.22 bank borrowings are secured on fixed assets for the value of NOK 37.1 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 20.9 MNOK and trade receivables for the value of NOK 33.6 million.

# 4th Quarter 2022



## Note 6 - Shareholders

20 largest shareholders as per 31.12.2022

	Shares	Stake
NORTH ENERGY ASA	46 126 567	20.4 %
WILHELMSSEN NEW ENERGY AS	46 126 567	20.4 %
SURVEY HOLDING AS	29 116 897	12.9 %
SOBER AS	10 963 446	4.9 %
JOSO INVEST AS	7 267 928	3.2 %
HOLME HOLDING AS	6 338 000	2.8 %
JT INVEST AS	5 739 539	2.5 %
NORMAND DRIFT AS	5 000 000	2.2 %
DANSKE INVEST NORGE VEKST	2 820 462	1.2 %
LION INVEST AS	2 400 000	1.1 %
CORUNA AS	2 250 000	1.0 %
STAVA INVEST AS	2 010 000	0.9 %
RMS INVEST AS	2 000 000	0.9 %
TEOMAR AS	2 000 000	0.9 %
A-Å INVEST AS	1 988 725	0.9 %
BARRUS CAPITAL AS	1 510 090	0.7 %
NÆRINGSLIVETS HOVEDORGANISASJON	1 499 799	0.7 %
CASTEL AS	1 144 687	0.5 %
CONSUS AS	960 425	0.4 %
INVICTA INVEST AS	909 179	0.4 %
<b>Total 20 largest</b>	<b>178 172 311</b>	<b>78.9 %</b>
Others	47 553 617	21.1 %
<b>Total</b>	<b>225 725 928</b>	<b>100.0 %</b>

Reach Subsea's share capital amounts to NOK 225 725 928 divided into 225 725 928 shares, each with a nominal value of NOK 1. This includes 812 500 shares not yet registered. Shares not registered is related to the Company's share incentive program where the Board of Directors on 8th of December 2022 has allocated a total of 812 500 new shares to the participants in the incentive program. Refer to stock exchange notice on 8th of December 2022 for further information. 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.

# 4th Quarter 2022



## Note 7 - Share-based remuneration

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

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

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

Exercise price: NOK 3.0

Share price at grant date: NOK 3.0

Expected volatility: NOK 56.14 %

Risk free interest rate: NOK 1.092 %

Term of options: 3 years

As of 4Q2022 the Company has recognized NOK 1.6 million in cost related to the options.



# 4th Quarter 2022



## 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 31.12.2022 NOK 24.9 million is capitalized.

(NOK 1000)	01.01.2022 - 31.12.2022	01.01.2021 - 31.12.2021
Taxes payable	9 344	-
Changes in deferred taxes	16 490	(20 760)
<b>Taxes, in total</b>	<b>25 838</b>	<b>(20 760)</b>
<b>Deferred taxes / (Deferred tax assets)</b>		
<b>Temporary differences</b>		
Other fixed assets	(31 709)	(17 537)
Financial leases	1 509	2 943
Fixed-price contracts	-	-
Inventories	(934)	(4 790)
Accruals	(4 025)	(3 669)
Right-of-use assets	(12 657)	-
Intangible assets	25 750	-
Tax loss carried forward	(91 184)	(159 469)
Temporary differences, in total	(113 251)	(182 521)
Deferred tax assets	(24 915)	(40 151)
Not recognized deferred tax assets	-	-
Deferred tax assets in balance sheet*	24 915	40 151

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

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

# 4th Quarter 2022



## Note 8 - Tax cont.

(NOK 1000)	31.12.2022	31.12.2021
<b>Reconciliation from nominal to actual tax rate</b>		
Profit & loss before taxes	98 023	73 046
Nominal tax rate	22 %	22 %
Anticipated income tax due to nominal tax rate	21 565	16 070
Actual tax cost	25 838	(20 760)
Deviation	4 272	(36 830)
Tax effects of:		
Permanent differences	(1 421)	3 878
Effect of tax rates outside Norway different from 22 %	(2 852)	-
Changes in deferred tax assets, previously not recognized	-	32 952
<b>Explanation</b>	<b>(4 272)</b>	<b>36 830</b>
Effective tax rate	26 %	(28 %)

# 4th Quarter 2022



## Note 9 - Segments

(NOK 1000)	2022 01.10.-31.12	2021 01.10.-31.12	2022 01.01.-31.12	2021 01.01.-31.12
<b>Operating revenue</b>				
Oil & Gas	292 805	132 164	954 399	471 958
Renewable / other	34 609	45 844	208 422	201 378
<b>Total</b>	<b>327 413</b>	<b>178 007</b>	<b>1 162 821</b>	<b>673 336</b>
<b>Operating expense</b>				
Oil & Gas	(261 819)	(122 882)	(868 009)	(425 853)
Renewable / other	(30 946)	(42 651)	(189 556)	(181 683)
<b>Total</b>	<b>(292 766)</b>	<b>(165 533)</b>	<b>(1 057 566)</b>	<b>(607 537)</b>
<b>Operating result</b>				
Oil & Gas	30 985	9 282	86 389	46 064
Renewable / other	3 662	3 193	18 866	19 652
<b>Total</b>	<b>34 648</b>	<b>12 475</b>	<b>105 255</b>	<b>65 716</b>

(NOK 1000)	2022 01.10.-31.12	2021 01.10.-31.12	2022 01.01.-31.12	2021 01.01.-31.12
<b>Revenue by region</b>				
Norway	90 741	93 600	369 418	232 156
Europe	132 663	53 258	434 874	282 726
Americas	85 130	31 150	212 173	158 453
Other	18 879	0	146 355	-
<b>Total</b>	<b>327 413</b>	<b>178 007</b>	<b>1 162 820</b>	<b>673 336</b>
<b>Revenue by type of service</b>				
Data	226 815	95 400	735 559	350 736
Solutions	100 599	82 608	427 262	322 599
<b>Total</b>	<b>327 413</b>	<b>178 007</b>	<b>1 162 821</b>	<b>673 336</b>

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.

# 4th Quarter 2022



## Note 10 - Leasing

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

In March 2022 Reach Subsea acquired iSurvey Group AS. The transaction was completed in end March 2022. As a result of the acquisition the company recognised a right-of-use asset related to long-term rental agreements for offices in the acquired company iSurvey Group AS and its subsidiaries. Capitalized addition related to the rental agreements was NOK 10.3 million and is included in the numbers presented in this note. Refer to note 12 for further information.

As of December 31 2022, Right of use assets in the balance sheet consist of contractual commitments for vessels and offices. Short term leases with no contractual commitment (pay as you go contracts), are not capitalized.

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

The following have been recognized in 2022:

Right-of-use assets	31.12.2022	31.12.2021
Property, plant and equipment	90 258	277 212
<b>Total</b>	<b>90 258</b>	<b>277 212</b>
Lease liabilities	31.12.2022	31.12.2021
Current	98 660	176 627
Non current	4 310	105 171
<b>Total</b>	<b>102 970</b>	<b>281 798</b>

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

	Q4 2022	Q4 2021	12M 2022	12M 2021
Depreciation charge of right-of-use assets	72 927	50 446	306 795	203 435
Impairment charge of right-of-use assets	-	-	-	-
Interest expense	4 942	3 099	13 090	5 861
<b>Total charges to the P&amp;L</b>	<b>77 870</b>	<b>53 545</b>	<b>319 885</b>	<b>209 296</b>

The total cash outflow for leases in 4Q2022 was NOK 81.5 million (4Q2021: 50.9 million).

# 4th Quarter 2022



## Note 10 - Leasing cont.

Reconciliation of leases on committed days recognised in 2022:	Right-of use assets	Lease liability, non-current	Lease liability, current
Opening balance 01.01.2022	277 212	105 171	176 627
Additions	126 717	-	126 717
Additions from acquisition of iSurvey Group (note 12)	10 327	5 337	4 990
Disposals	-	-	-
Depreciation	(306 795)	-	-
Impairment	-	-	-
Interests	-	-	13 090
Reclassification from long to short term	-	(88 995)	88 995
Adjusted commitment	(17 203)	(17 203)	-
Currency adjustment	-	-	55
Payments	-	-	(311 814)
<b>Ending balance 31.12.2022</b>	<b>90 258</b>	<b>4 310</b>	<b>98 660</b>

The right-of-use assets are calculated based on a discounted estimated commitment on vessels (Havila Subsea, Olympic Delta and Olympic Artemis) 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	Q4 2022	Q4 2021	12M 2022	12M 2021
Depreciation of long term right-of-use assets	55 894	45 479	254 580	145 975
Depreciation of short term right-of-use assets	17 033	4 968	52 215	57 459
Depreciation of other assets	12 322	10 208	46 737	36 370
<b>Total depreciation</b>	<b>85 249</b>	<b>60 654</b>	<b>353 532</b>	<b>239 807</b>

# 4th Quarter 2022



## Note 11 - Financial items

Finance income and expenses	Q4 2022	Q4 2021	12M 2022	12M 2021
Interest income on short term bank deposits	1 043	122	1 264	237
<b>Total interest income</b>	<b>1 043</b>	<b>122</b>	<b>1 264</b>	<b>237</b>
Interest expense on bank borrowings	-166	30	-2 309	(1 223)
IFRS 16 interest expense	(1 992)	(3 099)	(13 090 )	(5 861)
Other interest expense	(16)	(704)	(16)	(763)
<b>Total interest expense</b>	<b>(2 174)</b>	<b>(3 763)</b>	<b>(15 415)</b>	<b>(7 838)</b>
Net foreign exchange expense/income	(14 651)	539	7 076	1 547
Other finance costs	(12)	(47)	(158)	(102)
<b>Total Other net financial items</b>	<b>(14 663)</b>	<b>483</b>	<b>6 918</b>	<b>1 437</b>
<b>Net financial items</b>	<b>(15 795 )</b>	<b>(3 157)</b>	<b>(7 232)</b>	<b>(6 164)</b>

## 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. As a result, the final PPA and the impact on the financial statements from the transaction may differ. The final PPA will be completed within 12 months of the acquisition at the latest. The PPA presented below is based on the PPA on the acquisition date. No updates to the initial PPA have been made.

# 4th Quarter 2022



## 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:

<b>Purchase price allocation (NOK 1000)</b>	
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
<b>Total assets</b>	<b>108 133</b>
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
<b>Total liabilities</b>	<b>56 429</b>
Total identifiable net assets at fair value	51 704
Total consideration	138 427
<b>Goodwill</b>	<b>86 723</b>

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.

# 4th Quarter 2022



## Note 13 - Commitments

Besides the Reach Remote project, Reach has taken multiple steps to secure vessel capacity at competitive terms. Investments in 2023 associated with these vessels is expected to amount to approximately NOK 400 million (including the acquisition of Edda Sun), and encompass equipment, upgrades and mobilization activities for three vessels (Edda Sun, Deep Cygnus, and Go Electra). Reach has secured bank and lease financing of NOK 230 million to partly fund these investments. Furthermore, Reach is in the process of completing an agreement with a strategic partner to become a co-owner of the Edda Sun. The agreement and financial implications is expected to be announced in the near future. Charter commitments for vessels mobilized in 1Q23 (Deep Cygnus, Go Electra, Olympic Triton, Olympic Zeus) will increase interest bearing debt (leases) with an estimated amount of NOK 740 million.

## Note 14 - Events after quarter end

During the first quarter of 2023 Reach will mobilize three subsea vessels for use in own project portfolio. Deep Cygnus, Edda Sun and Go Electra will be mobilized with owned WROVs and SROV and survey equipment and ready for operation before the main season. Deep Cygnus and Go Electra are on contracts between owners and Reach lasting 4 years + options. Edda Sun will be partly owned by Reach. In addition, Reach has chartered in two vessels for specific projects; Olympic Zeus will work on a project in Western Africa for 4 months starting late 1Q23 and Olympic Triton will work on a contract with a client in the Walk to work segment lasting 6 months from March 23. Refer to press releases sent via Newsweb for further information.



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