

Everything within Reach

Quarterly Consolidated Report

Sustainable access to ocean space



Jostein Alendal, CEO | Birgitte Wendelbo Johansen, CFO | 27 August 2024

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Reach Subsea confirming steady progress

A strong 2Q in terms of operations and results, market improvements, and progress towards strategic goals.

Underlying financial performance in line with last year for 2Q, and well ahead of last year for 6M. Dividend of NOK 0.36 per share distributed in the quarter.

Key milestones achieved for Reach Remote with successful sea launch and award of landmark technology qualification contract with Equinor.

Strong outlook as evidenced by order backlog and outstanding tender value more than doubling year-over-year.

NOK 623 million

Revenue Q2 2024

NOK 1 600 million

Order backlog

NOK 121 million

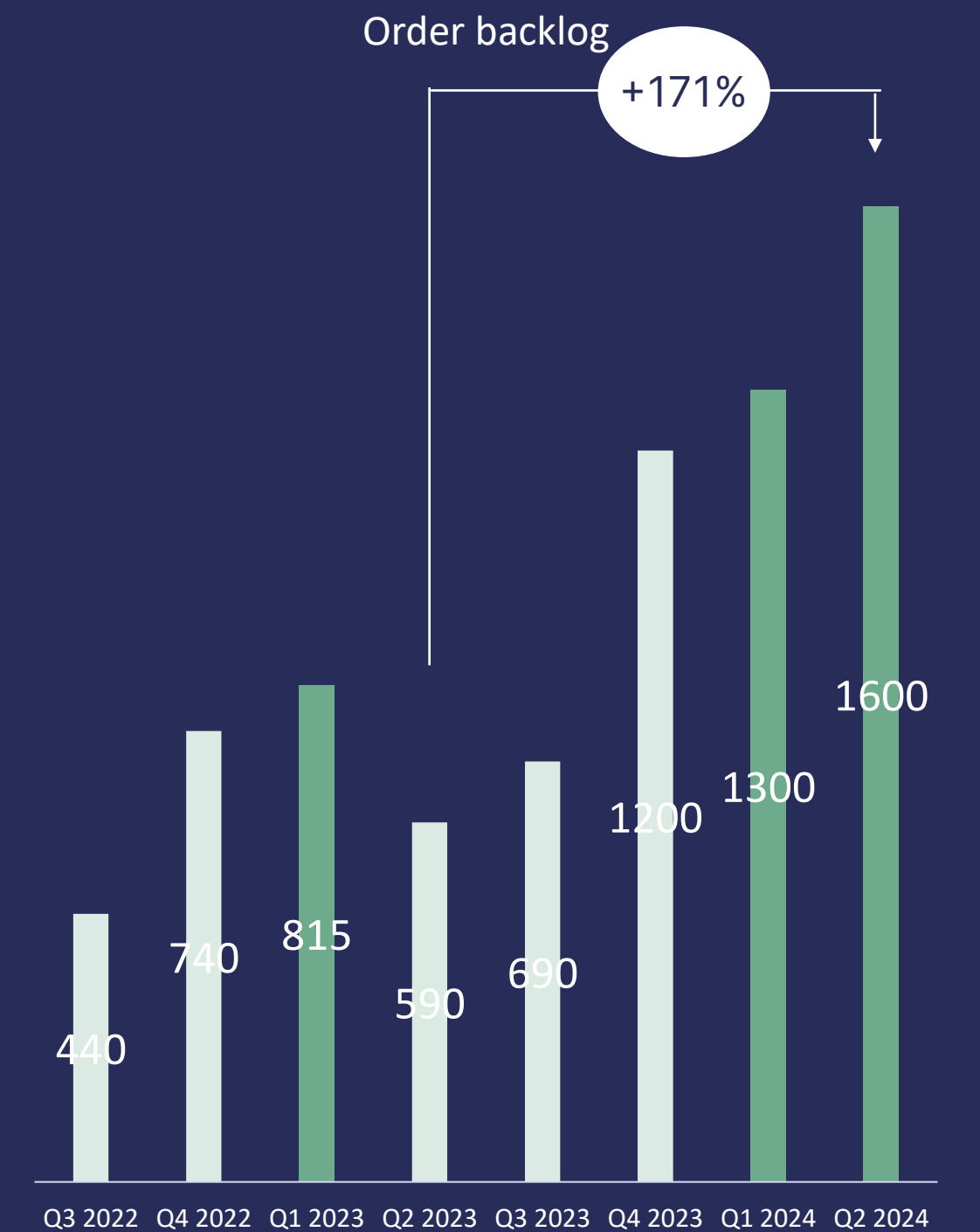
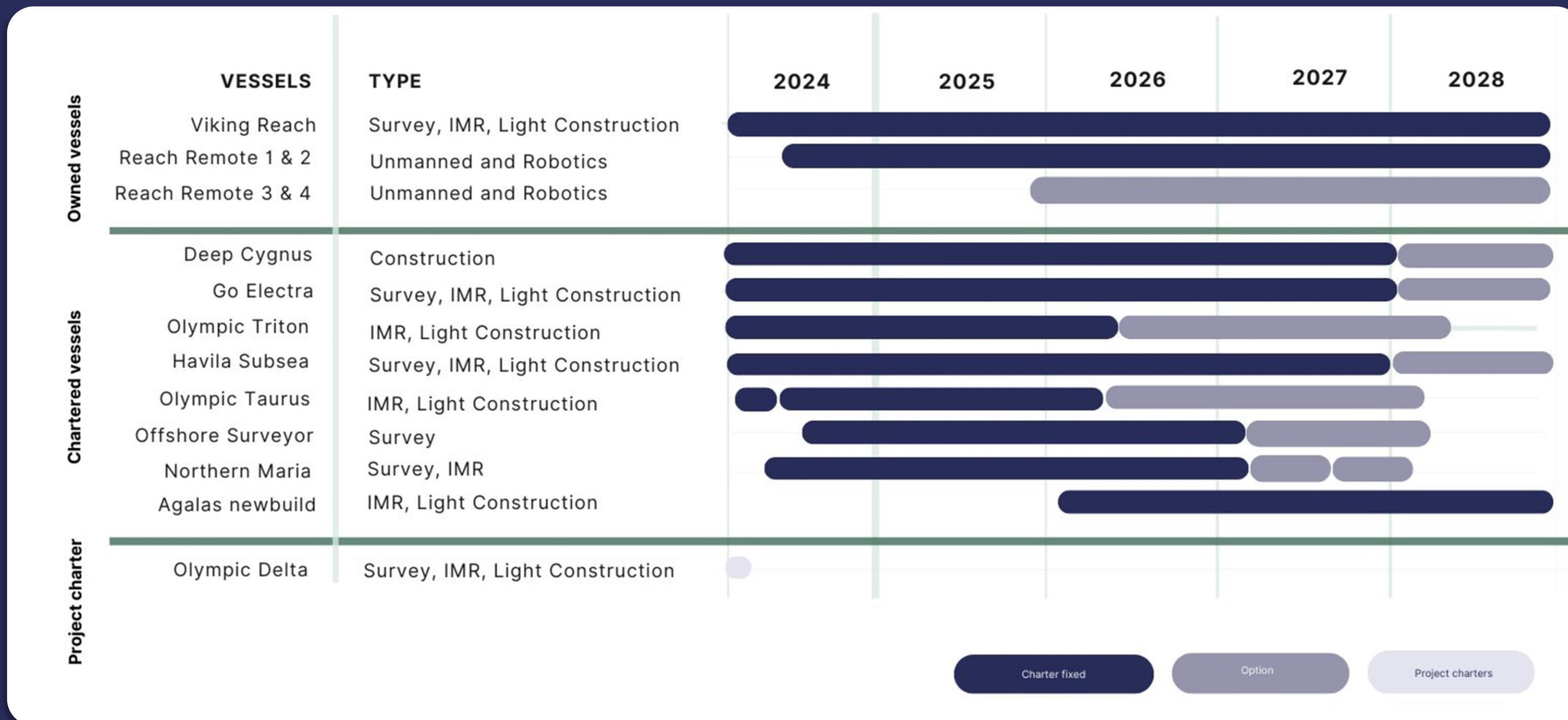
EBIT Q2 2024

NOK 11 billion

Tender volume



Vessel capacity for long-term growth



Continued strong order backlog

*Does not include options and expected call-off extensions under frame agreements

Outstanding tender volume NOK 11 billion (NOK 5 billion)

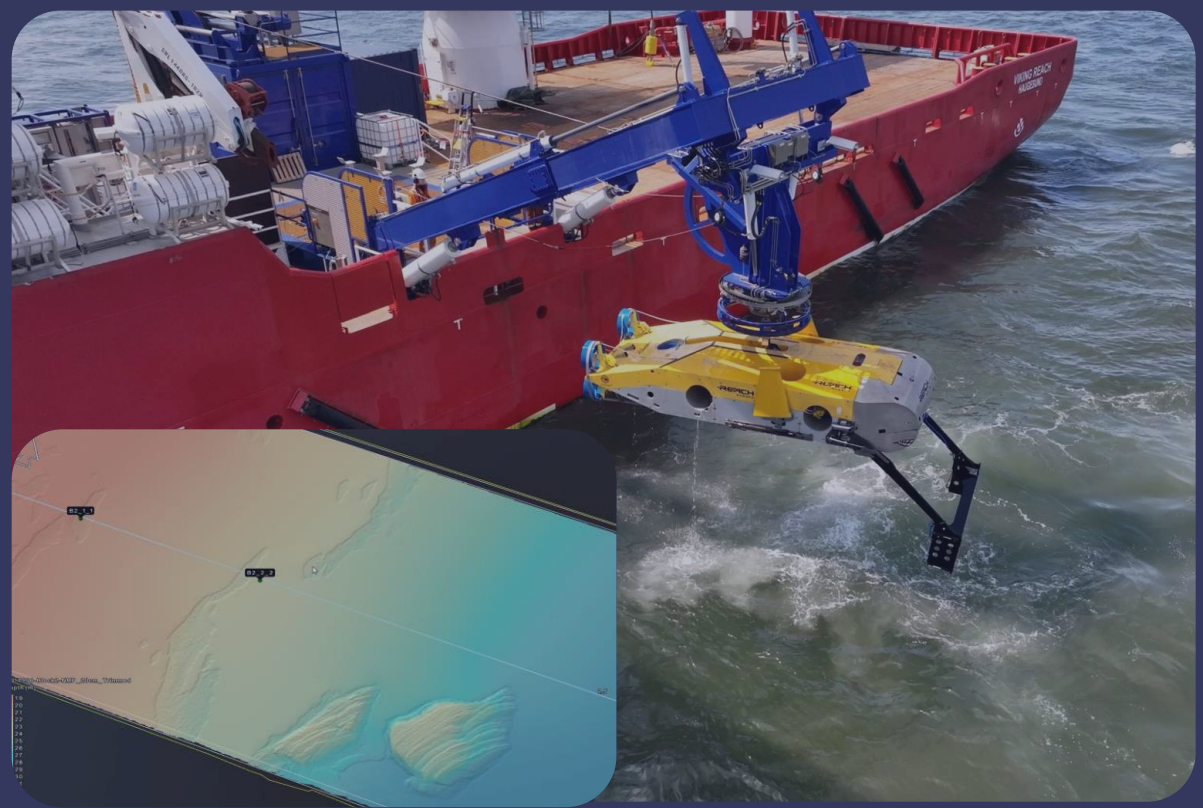
Whole fleet now equipped for more value-added services, supporting further growth

Our services seeing persistent advancement



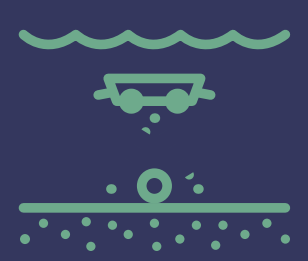
IMR & CONSTRUCTION

- Heavy construction and decommissioning
- Specialized inspection, maintenance and repair



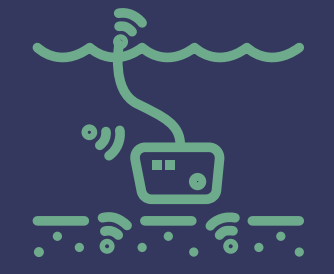
SURVEY

- Seabed mapping
- Pipeline inspection survey



MONITORING

- Hydrocarbon production
- CCS projects
- Environmental monitoring



Dedicated to utilizing the latest technology and robotization

Reach Subsea is a leader in technology development and application of innovative methods for our IMR, survey, and monitoring services in the offshore industry. The company has a highly skilled and interdisciplinary team of scientists and engineers with expertise and excellence in physics, geoscience, modeling, data analysis, sensors, instrument design, communication, and software development.



Dragonet ROV UXO surveys

The Reach Dragonet gradiometer system was successfully launched in Q1/Q2 this year.

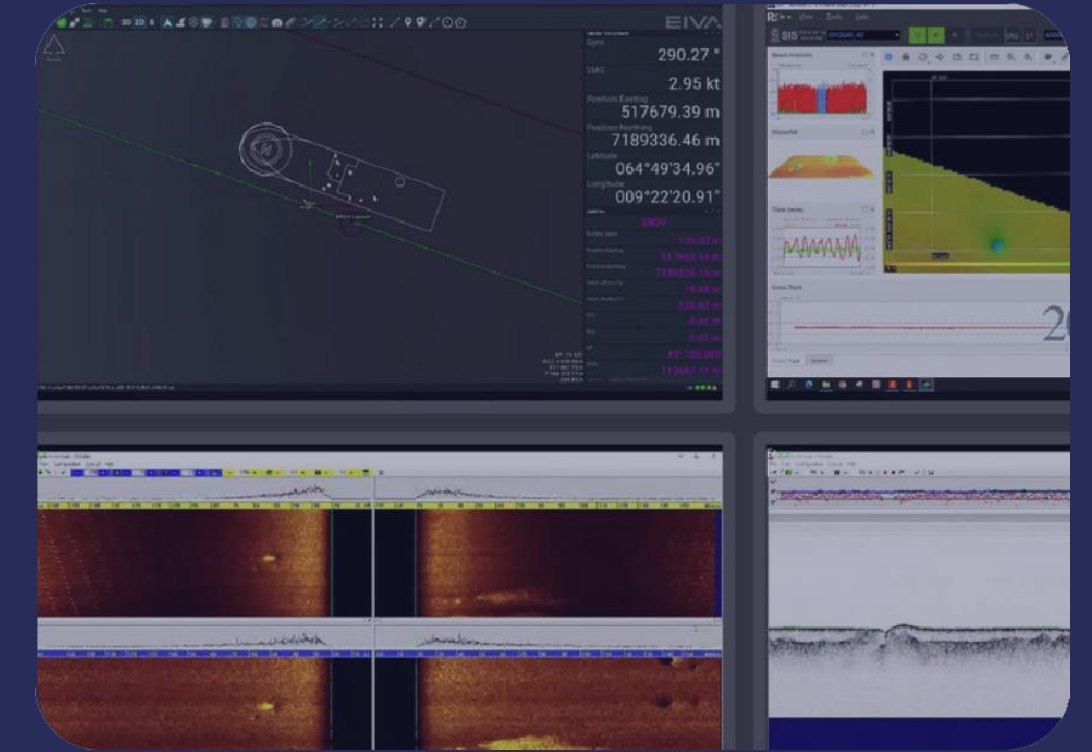
It has since delivered high-precision magnetic anomaly detection with low noise, enhanced by integrated HD cameras for real-time visual correlation. The modular, skid-based design ensures easy deployment and adaptability to various work scopes including geophysical sensors. There are several versions (width) of the system to provide versatile operations where the wide 9 meter frame is typically used for UXO surveys,



gWatch Remote

Reach's world-leading gWatch technology goes remote for unmanned operations.

Reach's gWatch is used for reservoir modelling by regular measuring of changes in gravity throughout the lifetime of the reservoir and was commercialized in 2013. It is currently used on all large gas / oil & gas / condensate fields in Norway and is rapidly reaching other parts of the world. The technology is undergoing a development project to reduce footprint and improve robustness and operational efficiency to prepare for remote operations with our fleet of Reach Remote vessels in Q4 2024.



Reach Horizon

Reach develops an internal platform for command & control of remote systems as well as supervising data acquisition.

Recent years hardware development enables possibility to operate a wide range of systems remotely. A key success factor is to manage all these systems under one umbrella which is why Reach is focusing on the Reach Horizon to broaden and improve our Remote Services.

Orca 1 & 2 in the longest-running operation record for DRIX globally



Reach Subsea DRIX (Orca 1 and Orca 2)

The DRIX is 8 meter long remotely controlled / autonomous survey vehicle designed for high quality hydrographic surveys in shallow waters. The vehicle is equipped with high performance subsea equipment and communication systems for over the horizon control and operations.

Q2 highlights

- In Q2 Reach Subsea took delivery of our second Drix unit named Orca 2 and immediately mobilised the vehicle for the hydrographic mapping project ongoing in Saudi Arabia.
- The operation of two Drix units (Orca 1 and Orca 2) from the same operation team has led to even more efficient operations and the two units has now exceeded 60.000 line km of surveys.
- With the operation of the Drix units Reach Subsea has further developed our remote survey capability and put Reach Subsea in the front of the ongoing technology shift towards un-crewed environmental friendly operations.

Key features include

- Length: 7.7 meters
- Draft: 2 meters
- Beam: 0.82 meters
- MBES: EM2040



Remote vessels transitioning from concept to operational validation



Q2 highlights

- Successfully launched Reach Remote 1 USV and conducted a series of successful tests throughout the second quarter.
- Held a successful client day, generating high interest and engagement, including visit onboard the Vessel in Brevik and in the Massterly Remote Operation Centre in Horten.
- Entered into an agreement with Equinor to conduct technology qualification program for the Reach Remote USVs. To be executed directly after delivery, estimated autumn 2024.
- Reach Remote 2, following its sea-launch, is steadily progressing and catching up with Reach Remote 1.

Key features include

- Length: 23.9 meters
- Optimized for low energy consumption
- Electric Work Class ROV onboard
- Hull-mounted survey sensors
- Endurance of 30 days
- No personnel onboard

Reach Remote 1 & 2

Setting new standards, Reach Remote introduces Norway’s pioneering fleet of uncrewed 24-meter surface vessels (USVs), featuring hull-mounted survey sensors and a Work Class Electric ROV.

Scheduled for deployment in 2024 under the Norwegian Flag, these vessels are poised to revolutionize offshore subsea operations, aligning with sustainability initiatives. Reach Remote offers secure, eco-friendly, and cost-effective solutions for global subsea inspection, survey, and intervention services. This ground breaking project integrates Uncrewed Surface Vessels (USVs) with Remotely Operated Vehicles (ROVs), paving the way for advancements in remote maritime technologies and marking a significant milestone in global maritime operations.



Financials

Q2 2024 Highlights



- Strong Q2 quarter leveraged by global operations
- Q2 revenue at NOK 623 million
- Order backlog remaining strong at NOK 1.6 billion



Revenue
NOK 623 million (NOK 607 million*)



EBIT
NOK 121 million (NOK 119 million*)



Pre-tax profit
NOK 111 million (NOK 81 million*)



Cash and cash equivalents
NOK 222 million (NOK 129 million)



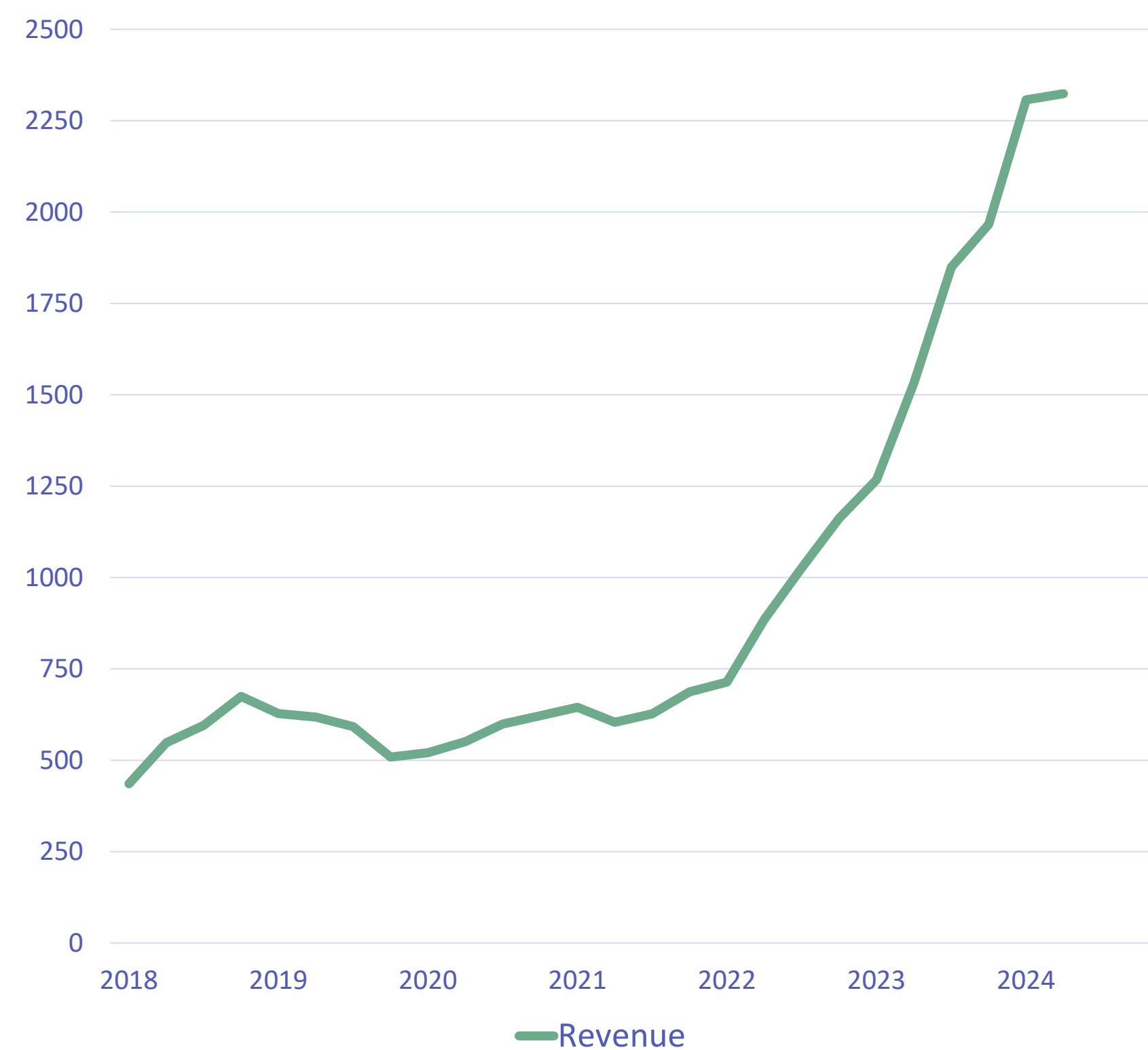
Cash positive position; net interest-bearing debt, excl IFRS 16
leases negative NOK 128 million (negative NOK 120 million)

*Excluding a 29,8 MNOK one-off effect from sale of one ROV in Q2-2023.

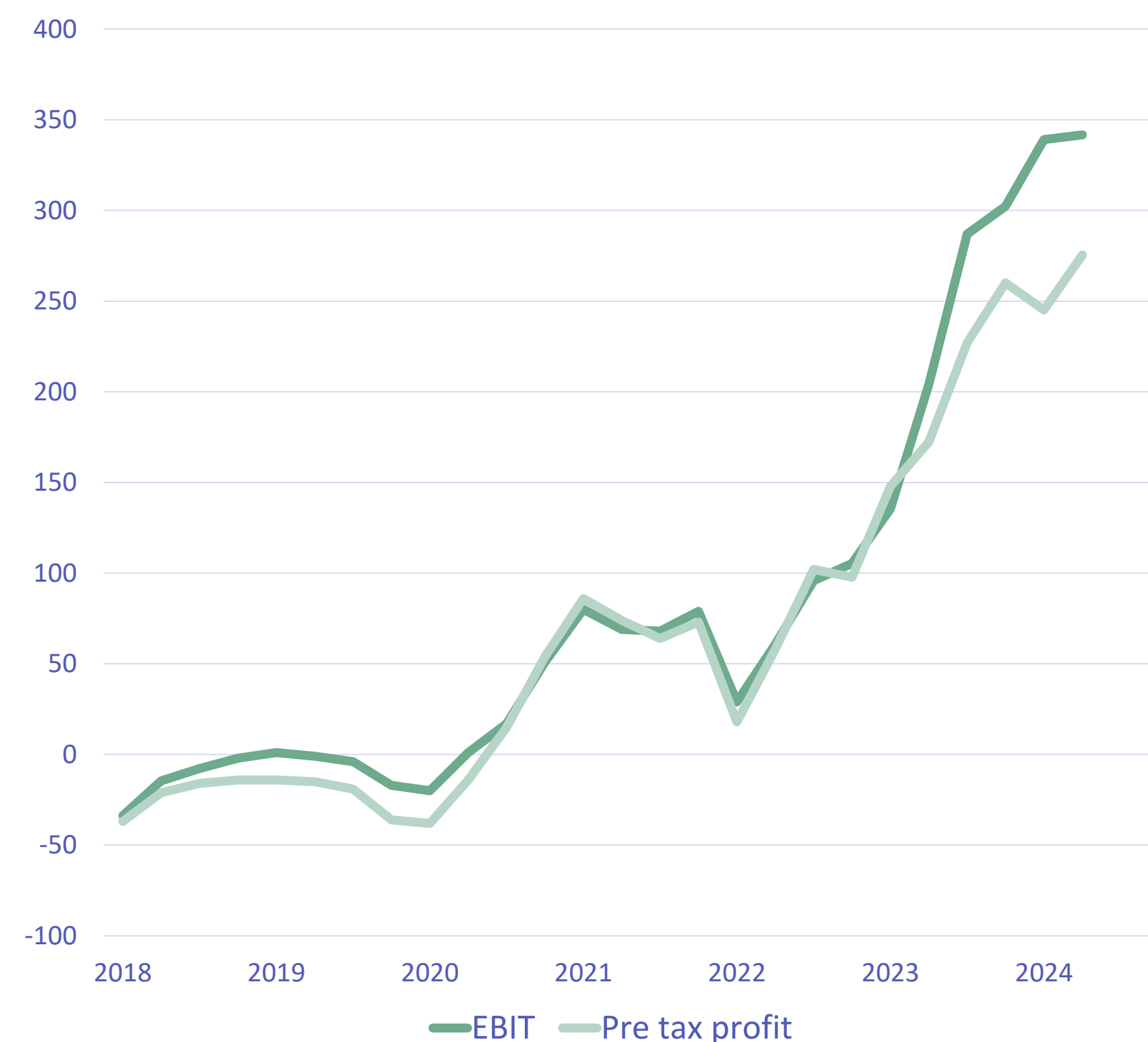
Revenue and profits raised to record levels

Revenue increased 163 percent* last 24 months

Rolling 12-month Revenue (MNOK)



Rolling 12-month EBIT and Pre-tax profit (MNOK)

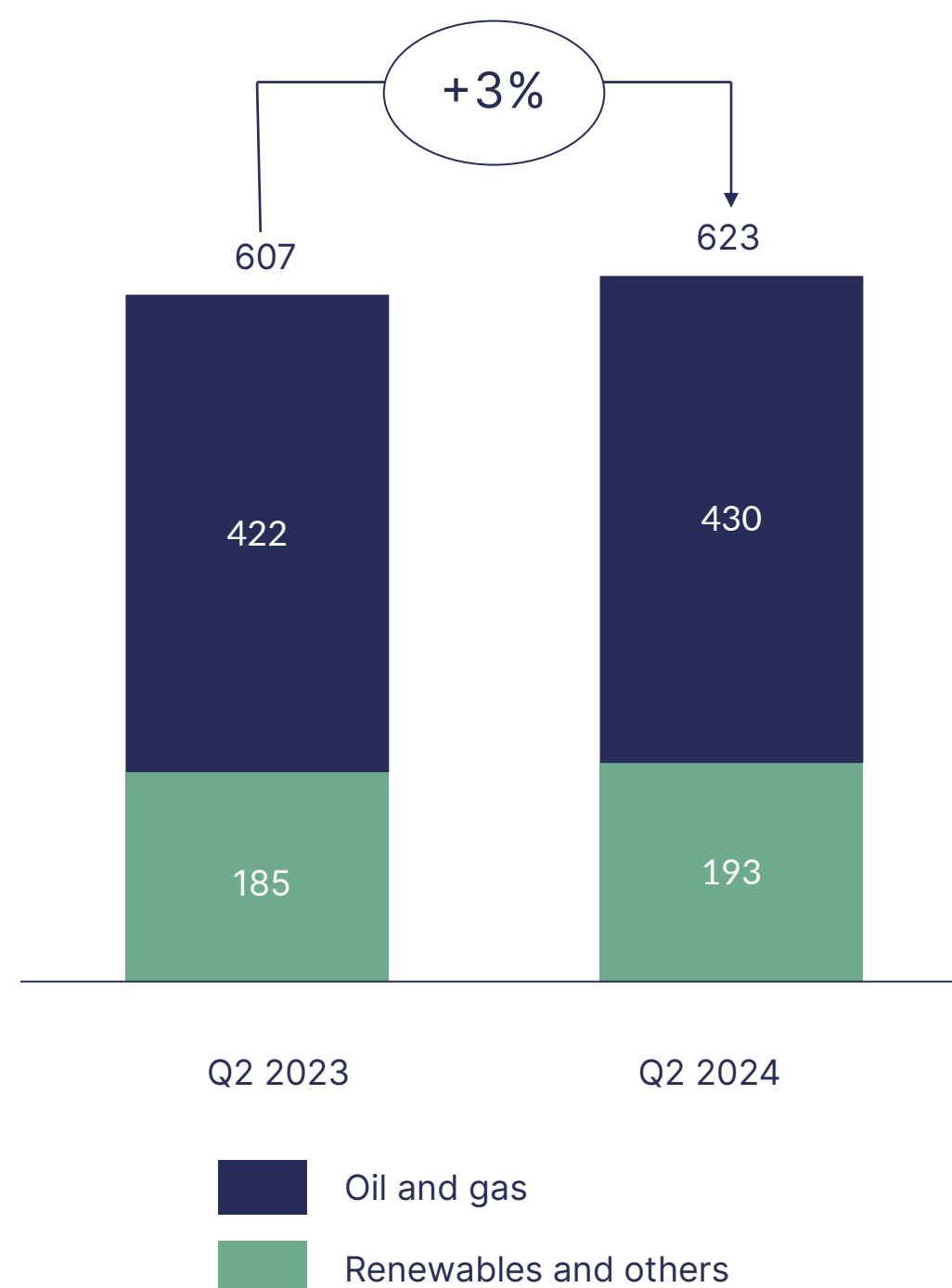


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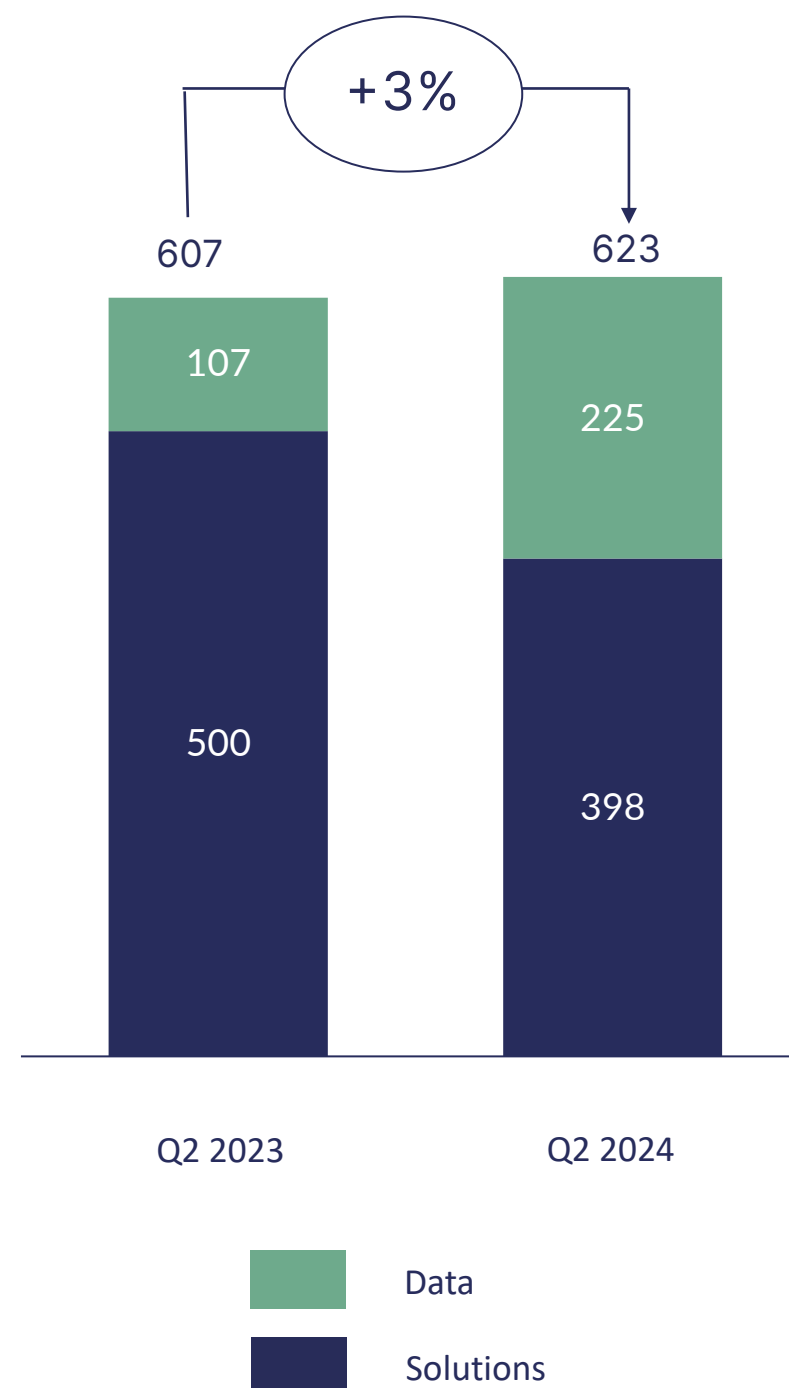
Q2 2024 Key developments

Revenue increased 163 percent* last 24 months

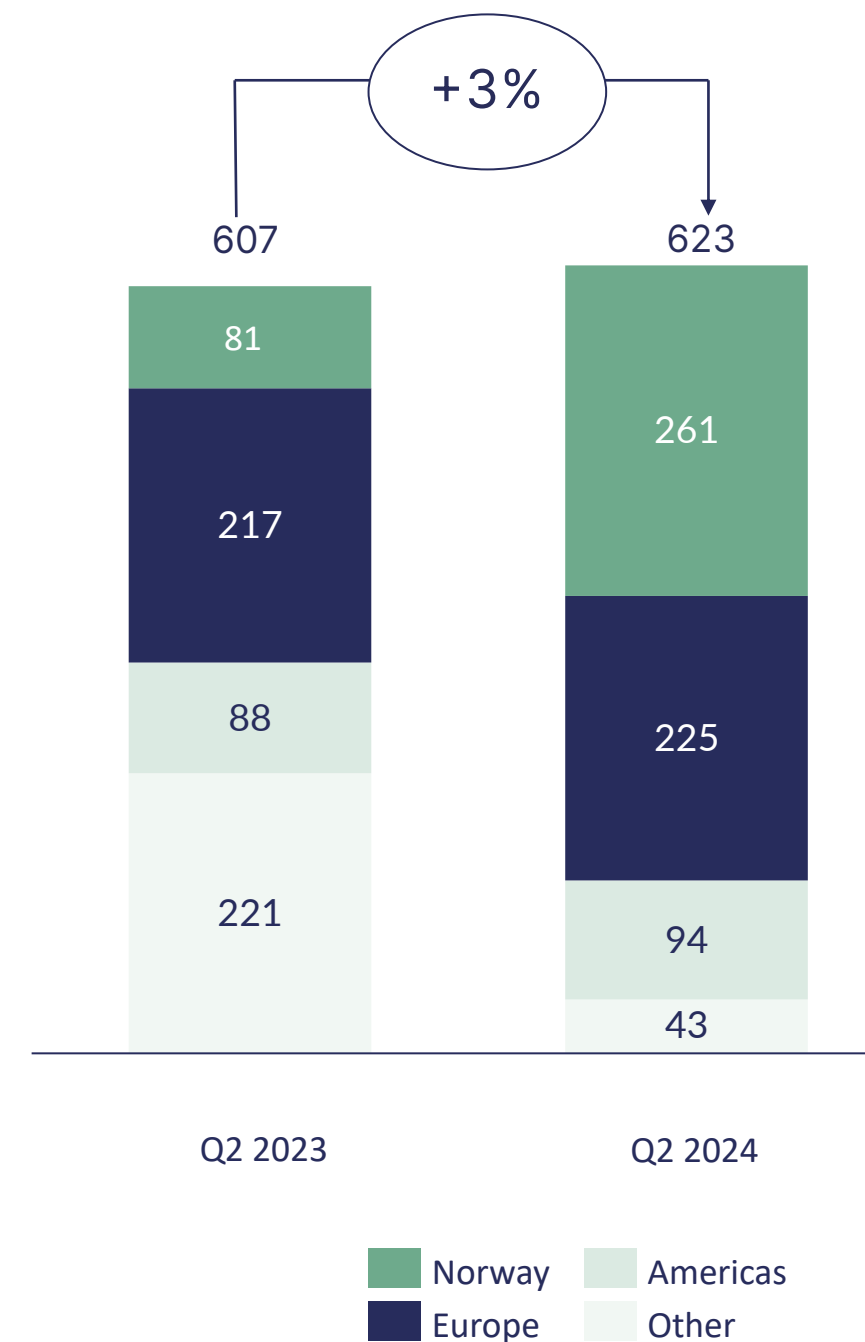
Revenue mix by sector



Revenue mix by segment



Revenue mix by geography

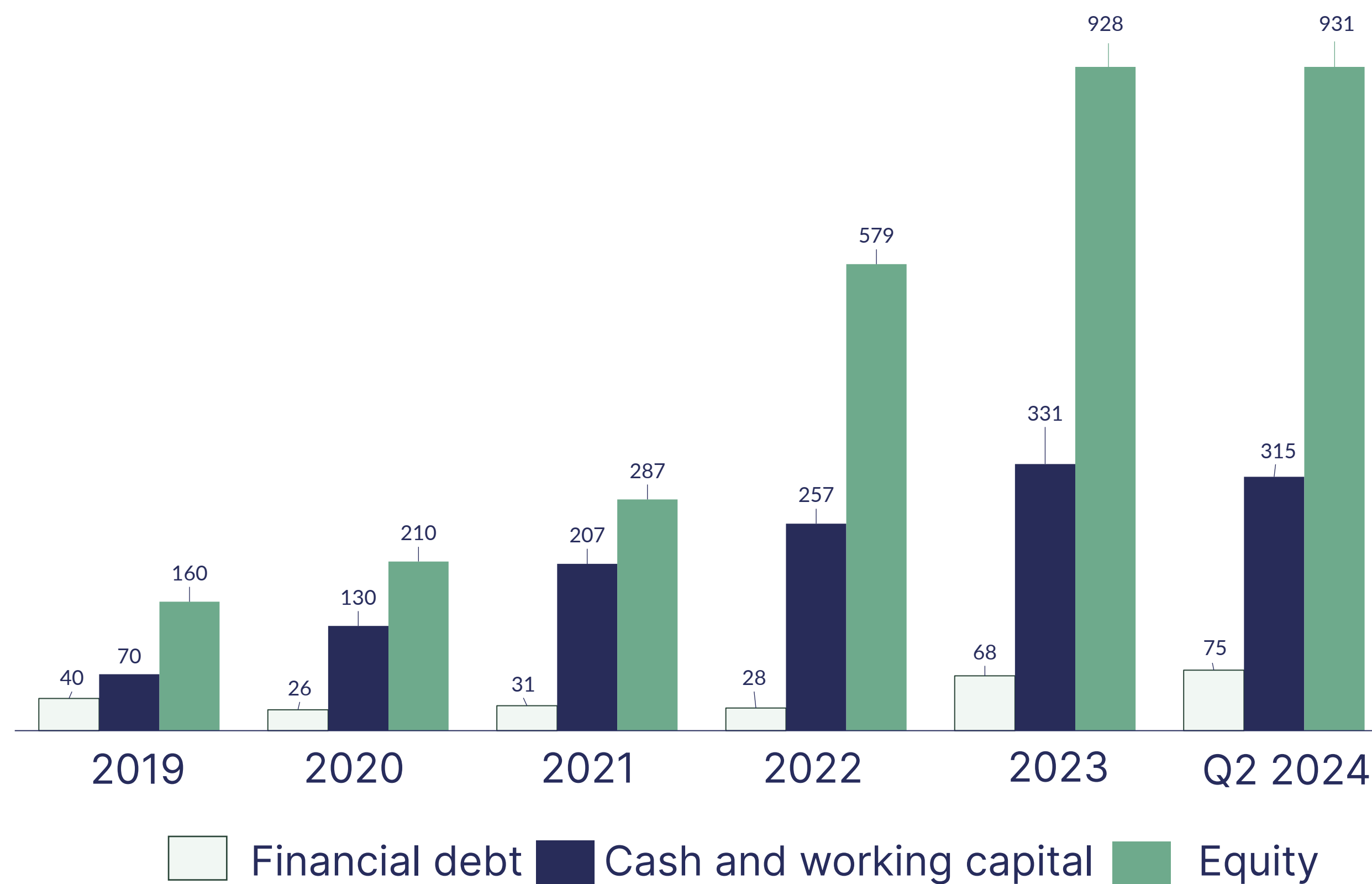


- 3 percent revenue increase for the quarter driven by
 - Increased number of project days
 - Higher pricing
 - Integrated, full service scope
- Solid growth in both oil & gas sector and renewables

*Excluding a 29,8 MNOK one-off effect from sale of one ROV in Q2-2023.

Positioned for growth

Solid financial position (MNOK)



- Strong liquidity and equity positions
- Well-positioned for remaining investments in Reach Remote and mobilizations and equipment for the coming year

Progress on ESG targets

Environment

Increase activity within non-Oil & Gas segment
Ongoing

CO2 footprint below NSA relevant emission targets
Achieved

Zero major spills of hazardous materials to the sea
Achieved

Successfully bring two first USVs to market in 2024
Ongoing

Social

Lost time incidents (LTI) 0%
Achieved

Zero work-related injuries (LTI)
Achieved

Maintain turnover below 8%
Achieved

10 apprentices and trainees participating yearly in trainee program
Ongoing

Governance

90% completion of cyber security awareness training courses
Ongoing

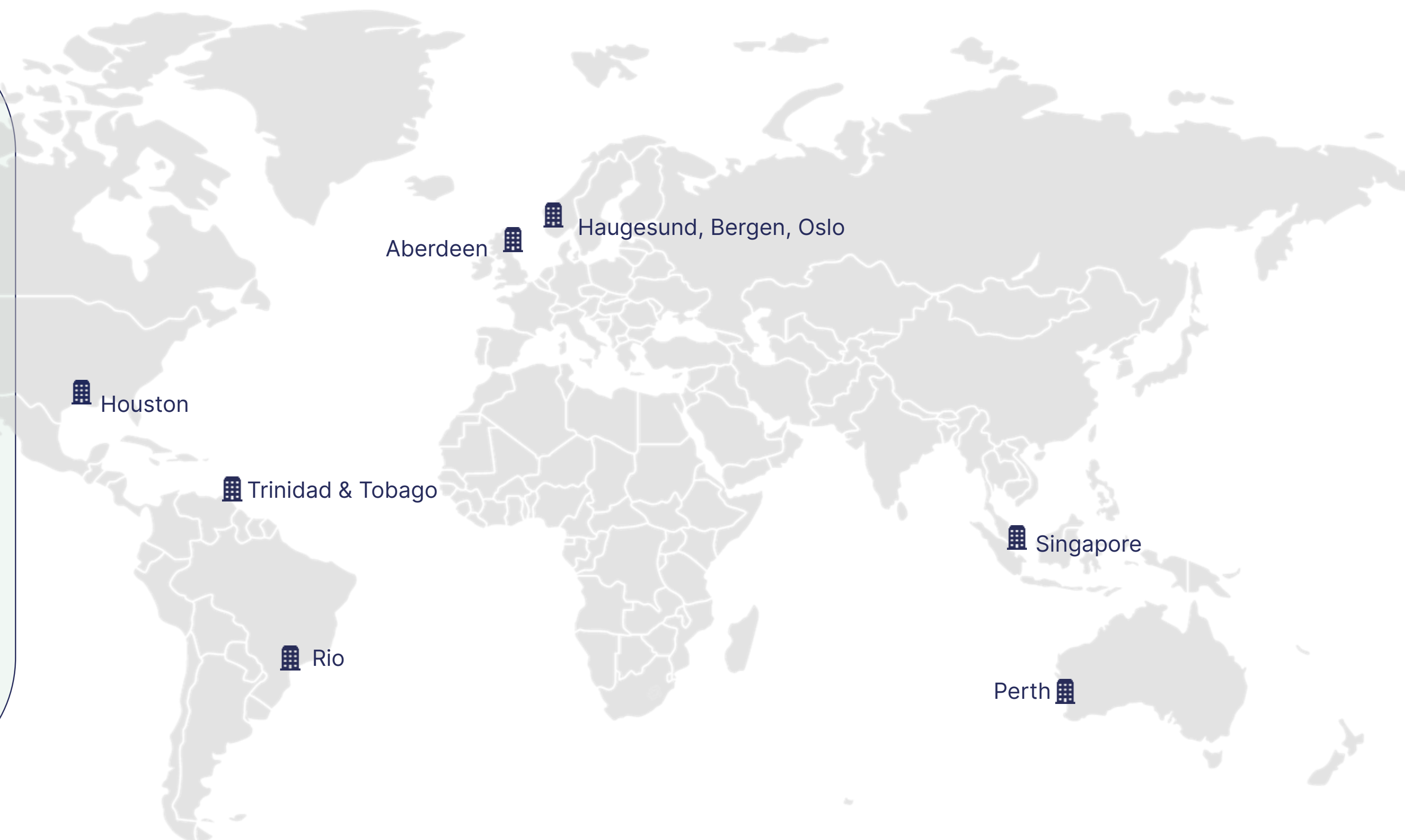
90% completion of Code of Conduct and Anti-bribery courses
Ongoing

Implement and gain 90% completion of Sustainability course
Ongoing

Summary

Positioned for continued growth and value creation, globally

- 1. ATTRACTIVE MARKET OUTLOOK**
High investments in Oil and renewable energy set to continue for years
- 2. POSITIONED FOR FURTHER GROWTH**
Expanded service offering, expanded long-term vessel capacity, growing global footprint
- 3. HIGH AND GROWING MARGINS**
Strong execution capabilities and track record, vessel capacity secured at attractive financial terms
- 4. TECHNOLOGY LEADER**
A global leader in marine robotization with attractive economics and emission benefits
- 5. ATTRACTIVE FINANCIALS**
Strong cash flow profile, shareholder friendly remuneration strategy and solid balance



Q&A