

Everything within Reach

Quarterly Consolidated Report

Sustainable access to ocean space



About Reach Subsea



Reach Subsea ASA is listed on the Euronext Oslo Stock Exchange under the ticker REACH. The Reach Subsea Group business concept is to offer high quality solutions and technology to clients in need of ocean data and services.

Our services are delivered through a fleet of vessels, supported by offices in Norway, Sweden, the UK, the US, Brazil, Cyprus, Trinidad, Australia, and Singapore. We currently employ over 400 people across both offshore and onshore locations.

The company operates a wide range of work and survey ROVs from its fleet of vessels, ranging from smaller survey, IMR, and light construction vessels to high-capacity subsea construction vessels. Operations are performed by highly qualified offshore personnel and supported by competent onshore engineering resources.

The Group's objective is to offer high quality solutions and technology to clients in need of ocean data and services.

Our vision, 'Sustainable access to ocean space,' underpins our commitment to developing sustainable solutions while carefully balancing the interests of all our stakeholder groups.

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Highlights

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.

Key figures

	Q2 2024	Q2 2023	6M 2024	6M 2023	12M 2023
	UNAUDITED				AUDITED
Revenue (NOKm)	623	636	1 198	870	1 996
EBIT (NOKm)	121	148	150	140	332
Pre-tax profit (NOKm)	111	110	102	116	290
Cash and cash equivalents (NOKm)	222	129	222	129	436
Net working capital (NOKm)	94	230	94	230	(105)
Net interest bearing debt, excl IFRS 16 leases (NOKm)	(128)	(120)	(128)	(120)	(369)
Net interest bearing debt, incl IFRS 16 leases (NOKm)	1 566	1 216	1 566	1 216	823
Equity (NOKm)	931	745	931	745	928
Order backlog (NOKm)	1 600	590	1 600	590	1 600
Outstanding tender value (NOKbn)	11.0	5.0	11.0	5.0	10.0
Number of ROV days sold	610	910	1 300	1 477	2 942
Number of ROV days available	841	1 274	1 893	2 320	4 506
Technical uptime on ROVs	99 %	99 %	99 %	99 %	99 %
Number of offshore personnel days sold	10 831	8 844	21 100	14 860	29 849
LTIs	0	0	0	0	1
Number of vessel days sold	558	517	1 039	765	1 759

Revenue, EBIT and pre-tax profit for Q2 2023 and 6M 2023 include a gain on asset disposal of NOK 30 million.

CEO Letter



I am pleased to present our second quarter and first half year report for 2024, confirming steady progress in accordance with our strategic objectives. We are showing steady positive increase compared to 2023, both in terms of revenues and EBIT.

Our journey of expanding Reach is making significant strides within a vibrant market, all while upholding our commitment to profitability and high-quality service. Our core services; IMR, Construction, Survey, and Monitoring, are at the heart of this growth, with each area seeing persistent advancement.

Our dedication to integrating robotization into the subsea industry is quickly taking shape and this past quarter has been a testament to our progress and achievements. We kicked off the period with the successful sea-launch of Reach Remote 1 USV at the end of the first quarter, followed by a series of successful tests throughout the second quarter. June brought a landmark moment with our first client agreement for Reach Remote 1, marking the beginning of a crucial technology qualification program with Equinor. This project symbolizes a pivotal transition for Reach Remote, evolving from a promising concept to a robust, full-scale operation, allowing us to validate its true potential. Meanwhile, Reach Remote 2, having also been sea-launched, is steadily catching up, demonstrating impressive progress.

In addition, our platform has gained new strength this quarter with the extension of the Havila Subsea charter agreement and the mobilization of our newest Survey vessel, Offshore Surveyor. Our second DRIX USV, Orca 2, has now joined Orca 1 in active operations, further enhancing our capabilities.

Our dedication to utilizing the latest technology and robotization for the subsea industry extends beyond Reach Remote, supported by ongoing investments in technology that align seamlessly with our operations. To showcase these advancements, we're introducing a Technology Development chapter in this report, highlighting how these innovations play a crucial role in our long-term strategy.

Our order backlog remains strong, standing at NOK 1.6 billion with projects for execution in 3Q2024 and beyond and our tender volume persists at the level of 11 billion.

Given the strong demand across various market segments, we are unwavering in our investment in conventional subsea services.

It's inspiring to witness our offshore and onshore teams working together to develop efficient and thoughtful operational concepts for the upcoming Agalas vessel, set to enhance our IMR and light construction capabilities.

As we pursue "Sustainable Access to Ocean Space" and celebrate milestones that reinforce our vision, our primary measure of success remains the highest safety standards for and by our people, as evidenced by our continued record of zero work-related injuries. We are confident in our belief that "Everything is within Reach".

Jostein Alendal
CEO, Reach Subsea ASA

Our vision

‘Sustainable access to ocean space’ underpins our commitment to take part in the creation of a sustainable future.

Our values



LEARN

We are in constant search for new and relevant insight making us agile and difficult to keep up with.

- We question and challenge established ways of performance.
- We acquire and develop technology to constantly improve data acquisition, analysis and operations.
- We evaluate and improve methods to put our ever increasing knowledge into action.



TEACH

We share our knowledge to grow as a team and to improve industry standards.

- We continuously strive to find solutions beyond current paradigms to work out and implement best practice in our field.
- We share knowledge in-house, to grow as a team.
- We use our knowledge to succeed in alignment with our clients and enable industry improvements.



REACH

We have ambitions and we believe that everything is within reach.

- We constantly reach for improvements as our knowledge and capabilities now, are not the endpoint.
- We have great ambitions. By investing in R&D, driving technological leaps and methodological improvements, we reach for new heights.
- We continuously seek for better solutions, because no matter how good we get, there is always something better ahead of us – so we reach for it.

Meet the management team



Jostein Alendal

Chief Executive Officer

Jostein Alendal is the founder of Reach Subsea and has been the company's Business Development manager and CEO since 2008. Education: Automation Engineer. Experience: Technical Manager and co-founder of DeepOcean with group responsibility of all ROV operations. Stolt Comex Seaway AS, Seateam AS and DSND.

31 years in subsea



Bård Thuen Høgheim

Chief Commercial Officer

Bård Høgheim has been CCO in Reach Subsea since 2014. Education: Master in Finance from Imperial College Business School. Experience: Project Broker in the subsea and renewables market in RS Platou and has experience in offshore industry analysis.

17 years in subsea



Birgitte W. Johansen

Chief Financial Officer

Birgitte W. Johansen has been CFO in Reach Subsea since 2012. Education: The Blue MBA and Master of Business and Economics. Experience: Account Manager in BNP Paribas, Shipping department. Analyst and Project Manager in Oceanlink Management. Relationship Manager in SpareBank 1 SRBank, Energy and Maritime department.

25 years in finance



Inge Grutle

Chief Operations Officer

Inge Grutle has been COO in Reach Subsea since 2012. Education: Master of Science degree in Marine and Subsea Technology. Experience: IMR Engineering Manager and Business Development in DeepOcean and has experience in planning and execution of offshore and subsea operations.

17 years in subsea



Audun Brandtzæg

Chief Technology Officer

Audun Brandtzæg has been CTO in Reach Subsea since 2023. Education: Civil Engineer / Surveyor. Experience: Offshore / Senior Surveyor, Reporting Manager Stolt Comex Seaway, Head of Survey DeepOcean, Asset Manager / Project Manager / Survey responsible Gassco, Pool Director JV MMT / Reach, Global Operation Director Ocean Infinity.

34 years in subsea

Directors Report

The Reach Subsea Group's business concept is to offer high quality solutions and technology to clients in need of ocean data and services.



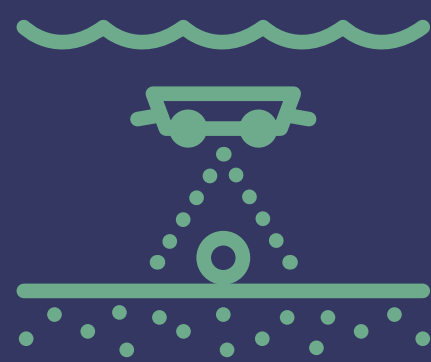
Our services



IMR & CONSTRUCTION

The Reach Subsea Vessel fleet offers a diverse array of capabilities, ranging from heavy construction and decommissioning services to specialized inspection, maintenance, and repair operations.

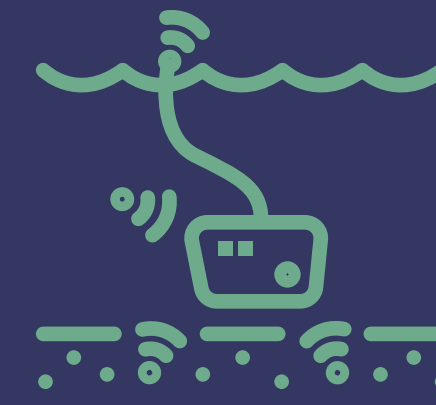
Our reliable and proficient ROV fleet, coupled with the extensive experience and expertise within our organization, consistently demonstrates that no task is too small or too large. We are here to be a reliable partner for our clients, supporting them throughout the entire lifecycle of all types of assets in the ocean space.



SURVEY

Reach Subsea provides cost-efficient high-end seabed mapping and pipeline inspection survey services.

Reach Subsea has further developed our survey capability and we deliver high end survey services on a global basis. These services include reconnaissance and detailed seabed mapping for typical Oil and Gas and Offshore Windfarm development projects as well as detailed inspection of subsea assets. The survey services are mostly ROV based and performed from our advanced fleet of traditional vessels with dedicated survey ROVs as well as from our unmanned survey platforms. As we keep advancing our remote capabilities, we are performing an increasing part of our projects remotely.



MONITORING

Reach Subsea provide innovative services for hydrocarbon production, CCS projects and environmental monitoring.

By using passive methods, we can offer data to allow efficient reservoir management and field development strategy, in a cost-effective manner, and with a minimal environmental footprint. We help clients to understand reserve depletion, target untapped reserves, increase hydrocarbon recovery, optimize top-side infrastructure, monitor injection plume, reduce uncertainties in CO2 density and storage capacity, detect leakage, and confirm long-term containment.

Services delivered during Q2

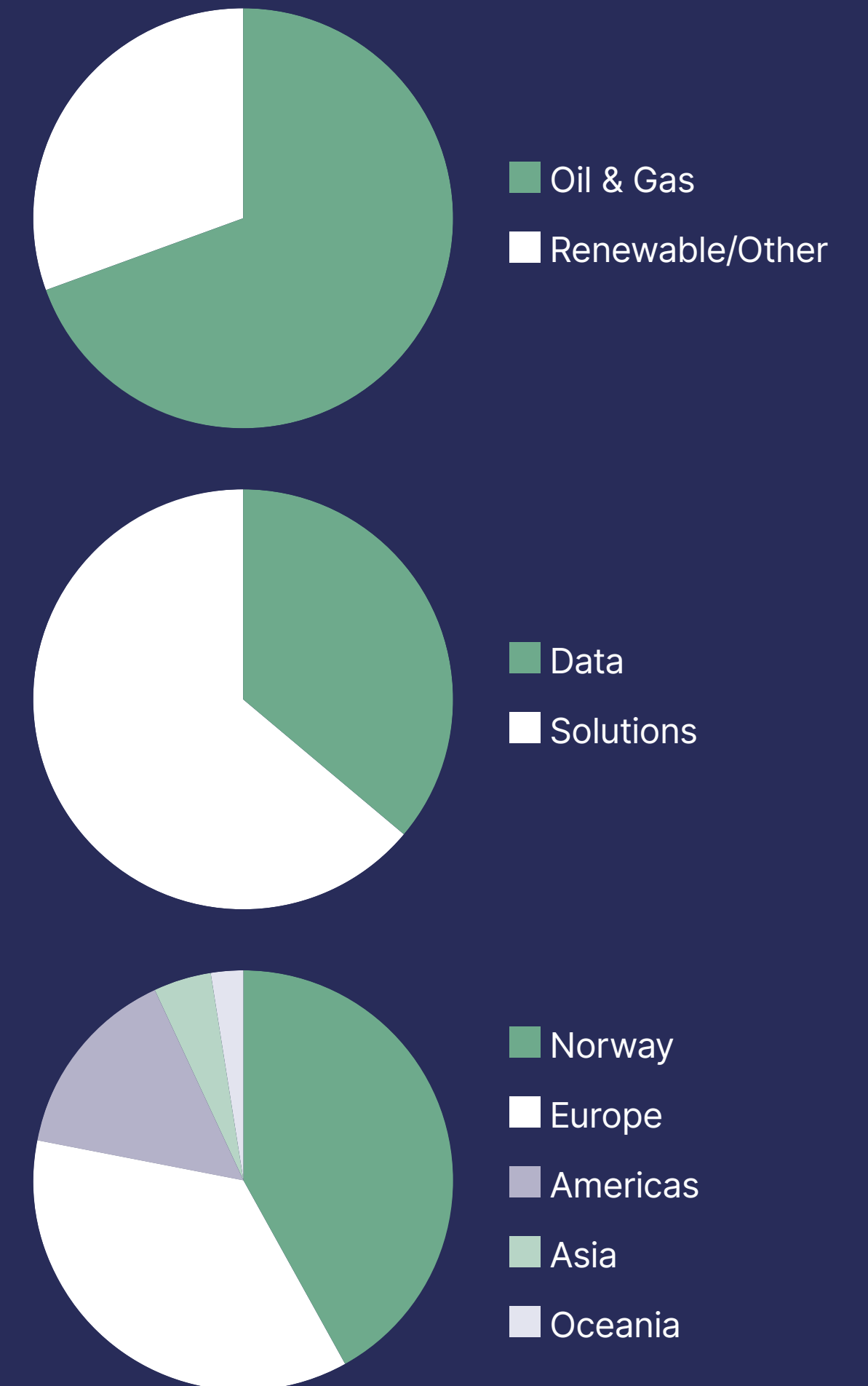


Figures for the same period last year are presented in brackets in the text.

REACH Subsea ASA Group (“Reach”) operates and markets by quarter end eight subsea spreads + 2 USV spreads. In addition, Reach delivers survey, positioning, and monitoring services onboard a number of vessels and platforms.

Reach Subsea had a very active quarter with a varied service offering in all three main segments, IMR/Construction, Survey and Monitoring. Approximately one third of the revenue in Q2 has come from projects in the Renewable sector, and two thirds from Oil and Gas related projects. These projects have a widespread geographical distribution with operations both in Europe, Americas, Asia and Oceania in Q2.

The number of vessel days that passed through our P&L in Q2 2024 was 558 (517) with a 98 % utilisation (95 %). For the first six months of 2024 the number of vessel days that passed through our P&L amounted to 1,039 (765) with a 94 % utilisation (93 %). REACH had per quarter end 11 WROV-systems and two “Surveyor Interceptor” systems available for subsea operations, in addition to a pool of high quality survey and monitoring assets and equipment.

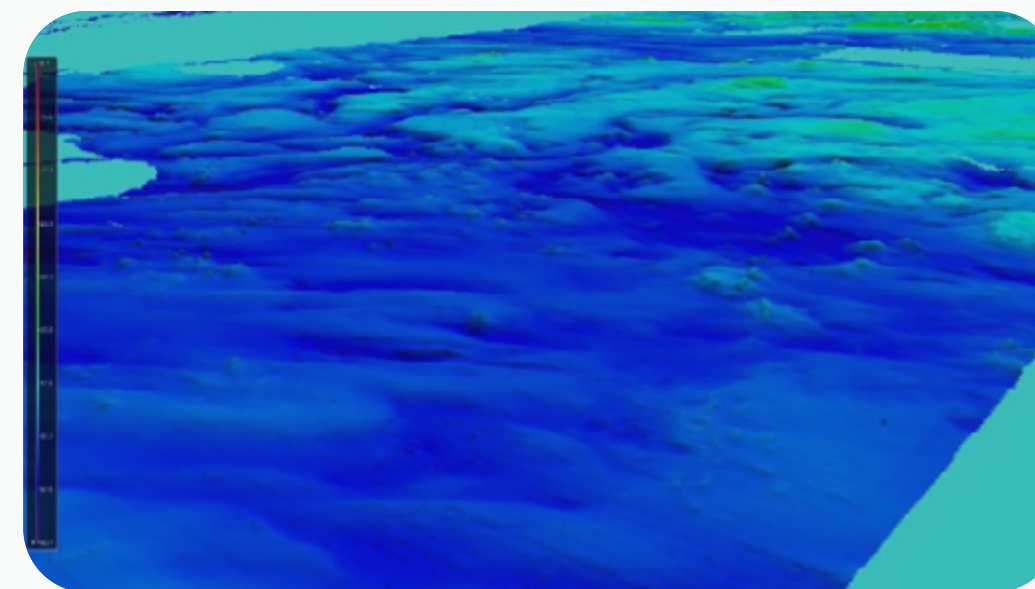


Guardian Geomatics and Nudhum deploy USVs for hydrographic survey

Guardian Geomatics along with its partner Nudhum LLC, was awarded Hydrographic Survey Project (HSP18) by GEOSA. HSP18 cover an area of 8,600 km² in the Arabian Gulf.

GEOSA requested Unmanned Surface Vessels (USVs) to undertake the work, and we began with an Exail DRIX named Orca1 in July 2023. Orca-1 operates on an 'Over-The-Horizon (OTH)' basis, with the Remote Operating Centre (ROC) based on the shoreside. Orca-1 comes into port every 3 days to receive fuel, transfer the acquired data on hard drives and general checks. The data is then transferred to Riyadh for processing and reporting and to be eventually published as updated navigation charts.

Multibeam data acquisition is the main focus of the survey, conducted according to IHO SP44 Order 1A specifications.



In addition, the project includes the acquisition and sampling of Sub-Bottom Profiler data, tide measurements, current meter reading, sediment sampling, bioluminescence, water clarity and updates to the aids to navigation for the respective charts.

Following acquisition by Reach Subsea, a 2nd DRIX (Orca-2) was ordered. Orca-2 commenced work on June 24 and the two USV's are working together to complete the data acquisition of the area. Together, they have acquired 5858 km² so far. Both Orca1 and Orca-2 operate with Kongsberg EM2040 multibeam systems. In addition, Orca-2 has an Echoes 3500 sub bottom profiler.

Orca-1 has operated continuously for over 1 year and Exail advise that this has been the longest-running operation record for a DRIX globally. Orca-1 and Orca-2 on the HSP 18 project have proven the viability for USV's in long term data acquisition. The learnings from the Orca's will be included in the operations of the Reach Remotes to begin work later this year.

Vessel

Exail DRIX Orca 1 & 2

Client

GEOSA

Location

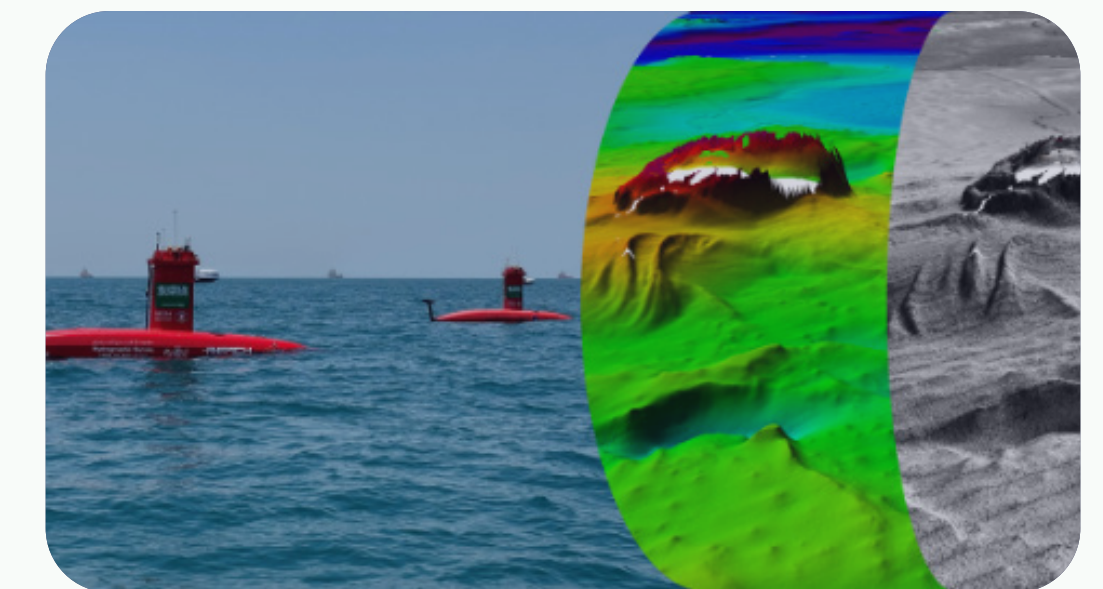
Arabian Gulf

Period

July 2023 - October 2024

Water Depth

15m - 70m



Viking Reach - Light Construction Vessel Campaign 2024

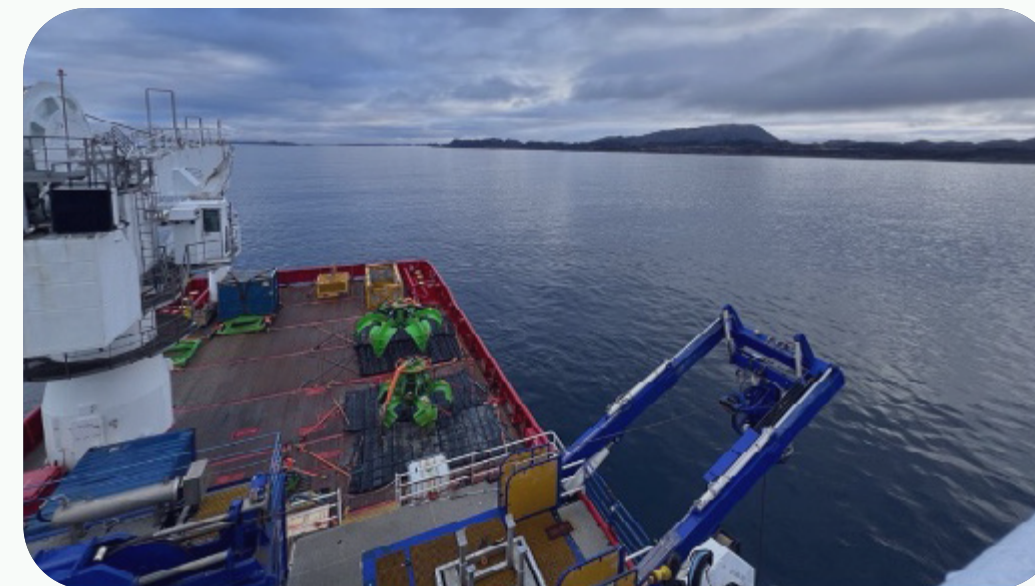
Services Frame Agreement with Equinor, Reach Subsea has been called off for performance of various work packs to be performed in the North Sea, NCS.

The work is performed with the vessel Viking Reach equipped with one Supporter Work Class ROV and one Surveyor Survey Class ROV.

Typical works to be performed during the campaign:

- Seabed mapping-reconnaissance
- Detailed Deepwater Seabed Mapping
- Pipeline Survey
- Gravimetric Survey
- Seabed Levelling and Debris/Boulder Clearance

Reach Subsea is responsible for provision of Engineering services, Project Management, Procurement and offshore execution during the campaign.



Vessel

Viking Reach

Client

Equinor

Location

North Sea, Norwegian Sector

Period

March 2024 - Ongoing

Equipment utilized during the campaign:

- Seabed Survey Acquisition Sensors, MBES, SSS, SBP Sensors
- HD Cameras
- Dragonet Gradiometer System
- Boulder Grabs Dalagripen, Tag40, Orange Peeler Grab
- Subsea Dredgers
- Subsea Excavator from Scanmudring

Havila Subsea - Nodes Positioning Survey

In Q2-Q4 Reach Subsea performed Nodes Positioning Survey.

The works were performed with Havila Subsea, equipped with 1x Schilling HD45 System and 1x Schilling HD46 System work class ROV's and manned with full ROV And Survey Crew.

Typical works done during the campaign:

- Node Positioning
- Node Acceptance
- Oceanographic sensors deployment and recovery
- Data files processed

In excess of 7000 nodes were deployed and recovered, covering an area over 10,000 km² on two different projects.



Equipment utilized during the campaign:

- ROV MUX, RTS GEN6 or Innova MKII+
- Valeport mini IPS 300
- Impact Subsea, ISD4000
- Valeport mini SVS
- SprintNav 500 AAINS
- 4DNAV NavView including NodeDashboard
- CTD Valeport CTD-DR or SAIV 204
- Digital Barometer
- Altimeter for TMS 200m
- Gemini 702iS
- cNode MiniS 34-40 Narrow Beam
- cNode MiniS 34-180
- Subsea Cables



Vessel

Havila Subsea

Location

Gulf of Mexico

Period

April - December 2024

Technology development

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, modelling, 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.

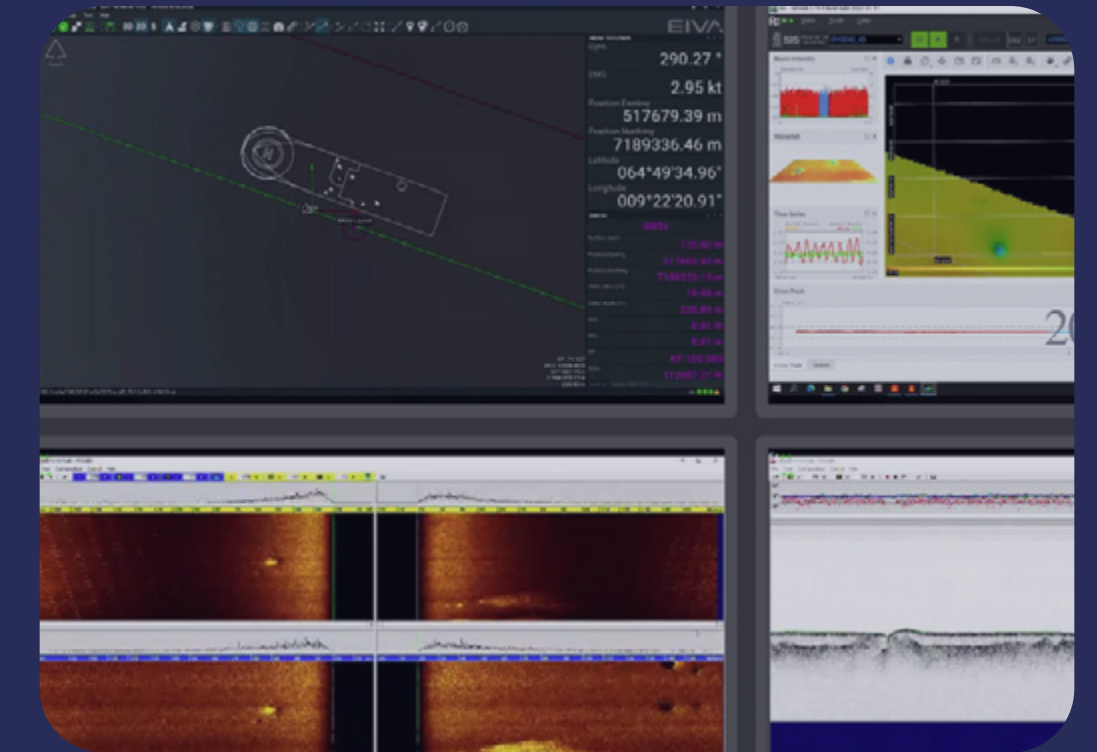
It has since delivered high-precision magnetic anomaly detection with low noise, enhanced by integrated HD cameras for real-time visual correlation. The modular, skid-based design ensures easy deployment and adaptability to various work scopes including geophysical sensors. There are several versions (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.

Chartered vessels and assets


[View online](#)

Viking Reach

Survey, IMR and Light Construction Vessel

Charter period: April 2023 - April 2029. 3-year option.

Vessel owner: Eidesvik Offshore ASA (50.1 %)
 Reach Subsea ASA (49.9 %)

Crane: 70 ton

Assets: 1 Surveyor WROV, 1 Surveyor Interceptor ROV, survey equipment

Q224 status: Survey and light construction work in the North Sea continuously throughout the quarter. Project backlog until end of September.


[View online](#)

Havila Subsea

Survey, IMR and Light Construction Vessel

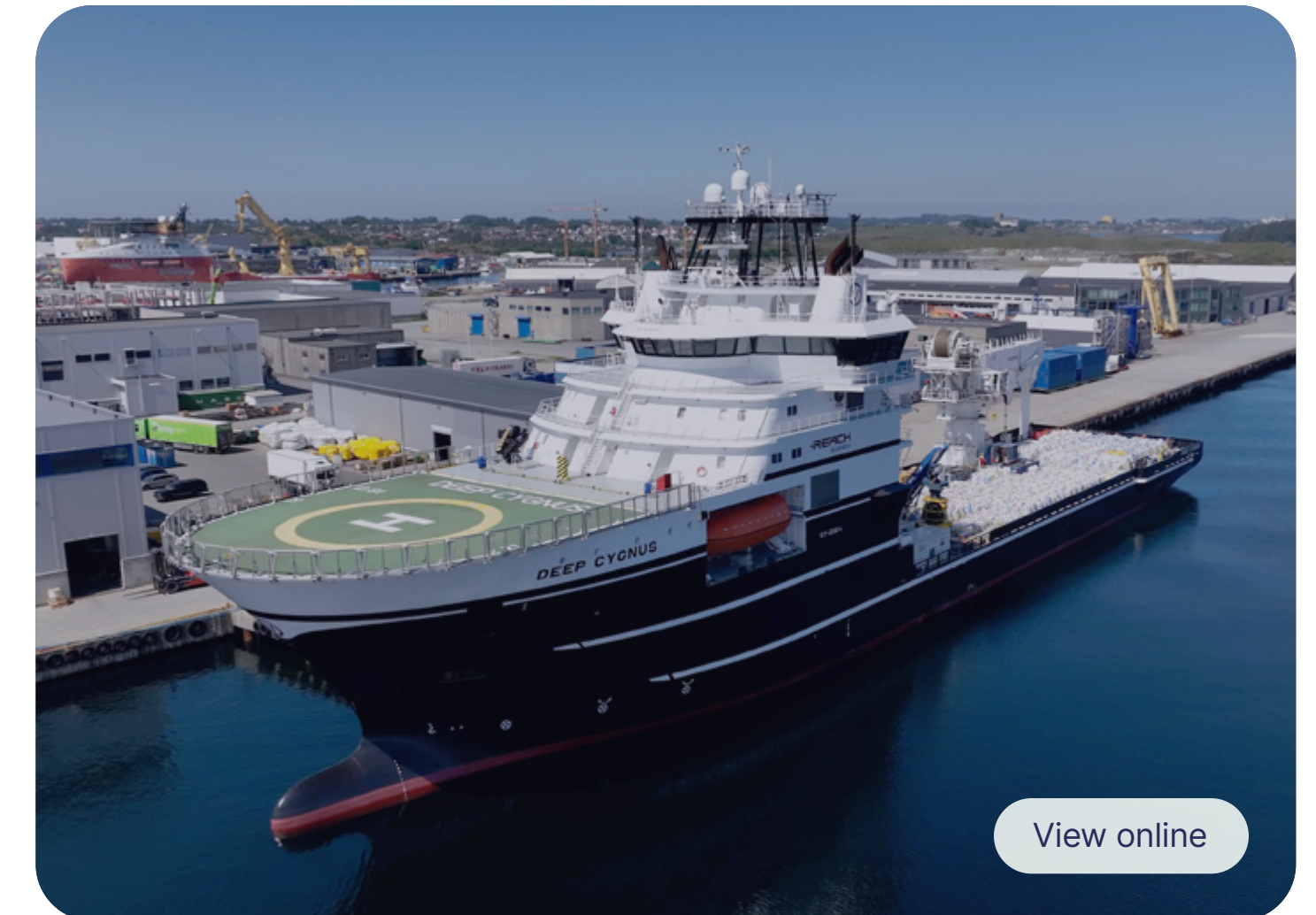
Charter period: June 2024 - June 2027. 2-year option.

Vessel owner: Havila Shipping ASA

Crane: 150 ton

Assets: 2 x Schilling HD WROV, survey equipment

Q224 status: Ocean Bottom Node Operations for PX Geo in Gulf of Mexico continuously throughout the quarter. Project backlog until December 2025.


[View online](#)

Deep Cygnus

Construction Vessel

Charter period: April 2022 - April 2026. 1-year option.

Vessel owner: Volstad Maritime AS

Crane: 150 ton

Assets: 1 Supporter WROV, survey equipment

Q224 status: The Vessel spent most of the quarter at a yard for battery installation and mobilisation of subsea equipment. Started full IMR operations in the North Sea during June and has project backlog until second quarter 2025.

Chartered vessels and assets



Go Electra

Survey, IMR and Light Construction Vessel

Charter period: March 2023 - March 2027. 2 year option.

Vessel owner: Go Offshore Pty Ltd.

Crane: 25 ton

Assets: 1 x Supporter WROV, survey equipment

Q224 status: Working continuously for Bluestream in Q2 on miscellaneous IMR scopes. Project backlog until end December.



Olympic Triton

IMR and Light Construction Vessel

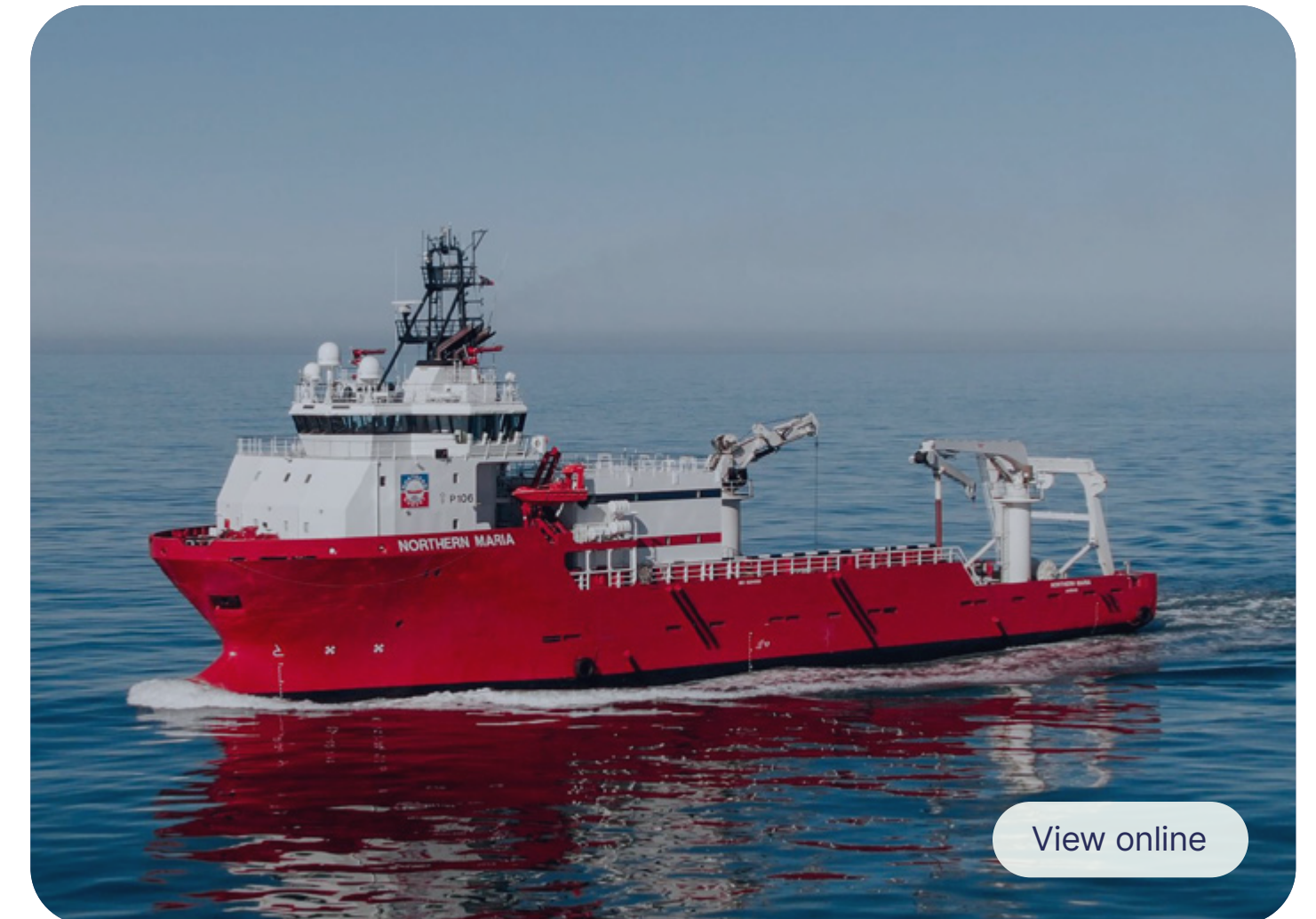
Charter period: February 2023 - February 2026. 2-year option.

Vessel owner: Olympic Subsea ASA

Crane: 150 ton

Assets: 2 x WROV Constructor and Supporter, survey equipment

Q224 status: Continuous IMR and construction support throughout the quarter in the North Sea. Project backlog until end October.



Northern Maria

Survey and IMR vessel

Charter period: April 2024 - April 2027. 1-year option.

Vessel owner: Northern Survey Aps

Crane: 20 ton

Assets: Survey equipment

Q224 status: Chartered to Bluestream for subsea inspection works throughout the quarter. Project backlog until mid October.

Chartered vessels and assets


[View online](#)

Olympic Taurus

IMR and Light Construction Vessel

Charter period: April 2024 - April 2027. 2-year option.

Vessel owner: Olympic Subsea ASA

Crane: 150 ton

Assets: 2 x WROV Constructors, survey equipment

Q224 status: W2W scopes in the Offshore Wind sector for different clients throughout the quarter. Project backlog until mid August before mobilizing 2 x WROV and Survey spread for complex subsea operations. The spread has been secured for its first subsea contract following mobilization.


[View online](#)

Offshore Surveyor

Survey Vessel

Charter period: June 2024 - June 2027. 2-year option.

Vessel owner: Guardian Offshore AU

Crane: None

Assets: Survey equipment

Q224 status: Entered the fleet in June and commenced hydrographic mapping for the Australian authorities until the end of September.


[View online](#)

Newbuild

IMR and Light Construction Vessel

Charter period: 2026 →

Vessel owner: Eidesvik Agalas AS

Crane: 150 ton

Assets: Will be mobilized with state-of-the-art WROVs and survey equipment.

Q224 status: Under construction

Remote vessels


[View online](#)

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.

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



Remote vessels



[View online](#)

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 uncrewed environmental friendly operations.

Key features include

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



Sustainability within reach

Reach firmly focuses on sustainability across environmental, social, and governance (ESG) aspects. The journey towards CSRD reporting is in progress, with workshops centred on the ESRS Standards and a developing a new reporting and communication structure in the company. This new structure aims to better align with the ESRS Standards under CSRD reporting. It will shift our focus from "Key targets" to directly connecting our ambitions with the ESRS standards and metrics. This will provide a clear framework for communicating and working with what our actual goals are, the actions we take, and what measurement parameters we use.



Sustainability

nvironmental

One of our key focus areas and targets over several years has been to achieve zero major spills. We invest in biodegradable oil to minimize environmental damage in the event of a spill.

We have a unified definition in Reach of what constitutes as a major spill (to ensure consistent language and calculations), but we report all spills to maintain a comprehensive overview of any discharges from our operations, regardless of its size.

We are also working on increasing our activity within the non-O&G segment. Although this target has not yet been fully achieved for this quarter (with Q2 2024 activity at 24 % compared to 30 % in Q2 2023), efforts are ongoing.

ocial

We aim to keep employee turnover below 8 %, and have achieved a 5.3 % turnover rate year-to-date in Q2 2024, slightly improved from 5.5 % in Q2 2023. This low turnover rate indicates high employee satisfaction in the company.

In addition, our trainee program continues to thrive, with 9 apprentices and trainees currently participating in 2024. These individuals are so far only based in our Norwegian offices and offshore locations, contributing to workforce development and skills enhancement.

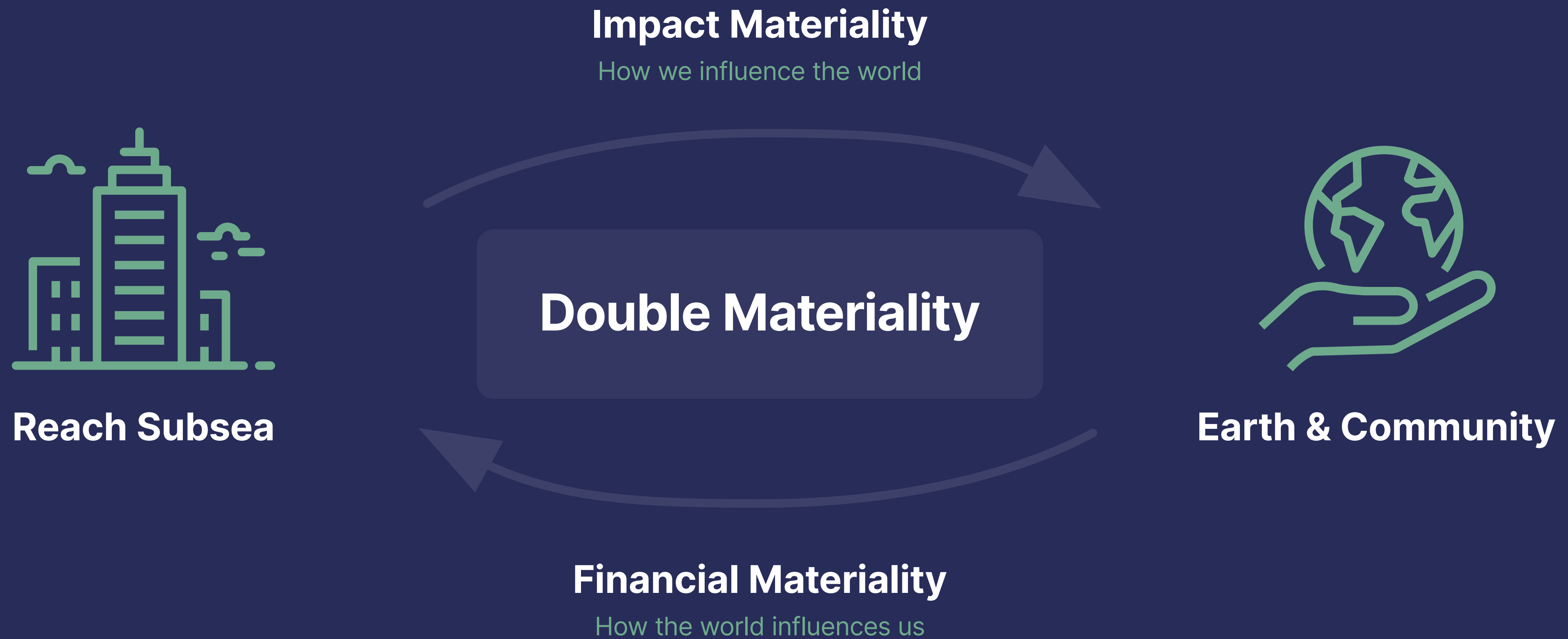
overnance

In line with our commitment to transparency and accountability, our Transparency Act has been updated this quarter, [click here](#) to view online.

We also conducted an internal competition among all departments on courses aligning with our Key Targets, to gain higher completion rate and engagement. This initiative led many of our employees to achieve a 100 % completion rate on all assigned courses.

By completing these courses, employees gain crucial knowledge in Cyber Security Awareness, Sustainability, Anti-Bribery, and Code of Conduct. This not only enhances their skills, but also strengthens the entire organization.

Double Materiality Principle



Environmental

Key Targets for 2024

Successfully bring two USVs to market in 2024

🕒 Ongoing

The first Reach Remote unit (USV1) on water, launched March 25th. USV2 is under construction, set to be sea-launched late summer 2024.

Increase activity within non-O&G segment

🕒 Ongoing

Q2 = 24 %
(Q2 2023 = 30 %)

Zero major spills of hazardous materials to the sea

✅ Achieved

Q2 = Zero major spills
(Q2 2023 = zero major spills)

CO₂ footprint below the NSA relevant emission targets

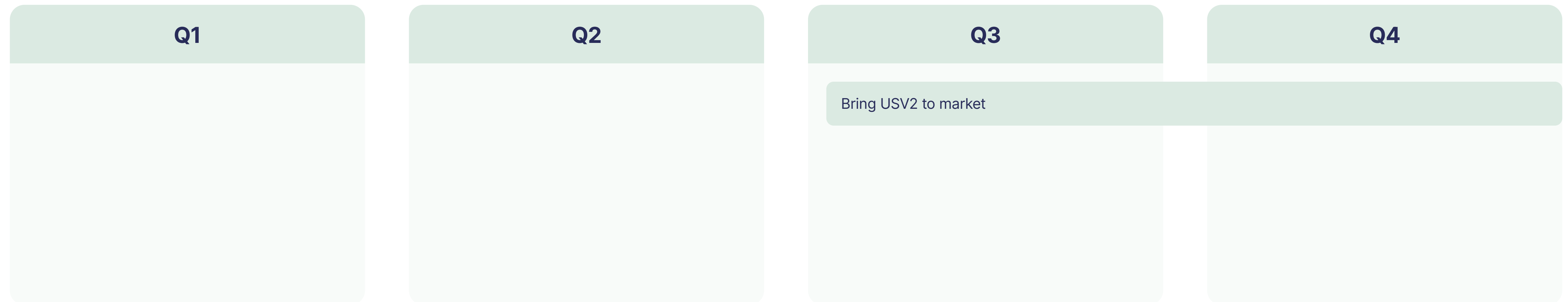
✅ Achieved

Q2 = 27.94 (YTD: 28.67)

Compared to our total CO₂ emissions per sold vessel day was in 2023 (35,08 ton of CO₂ equivalents) (YTD 2023: 33.76).

Based on fuel consumption on vessels hired in by Reach.

Scheduled activities



Social

Key Targets for 2024

Maintain turnover below 8 %

✔ **Achieved**

Q2 = 5.3 % YTD
(Q2 2023 = 5.5 % YTD)

10 apprentices and trainees participating yearly in trainee program

🕒 **Ongoing**

9 apprentices and trainees in 2024 to this date, located at Norwegian offices and offshore

Zero work related injuries (LTI)

✔ **Achieved**

Q2 = Zero work related injuries
(Q2 2023 = Zero work related injuries)

Lost time incidents (LTI) 0

✔ **Achieved**

Q2 = 0 LTI
(Q2 2023 = 0 LTI)

Scheduled activities

Q1	Q2	Q3	Q4
		9 apprentices and trainees participating yearly in trainee program	

Governance

Key Targets for 2024

90 % completion of Cyber security awareness training courses

🕒 Ongoing

Q2 = Ongoing

90 % completion of Code of Conduct and Anti Bribery course

🕒 Ongoing

Q2 = Ongoing

Implement and gain 90 % completion of Sustainability course

🕒 Ongoing

Q2 = Ongoing

(The sustainability course was implemented 15.04.24)

Scheduled activities

Q1

Q2

Q3

Q4

90 % completion of Cyber security awareness training courses. Q2 = Ongoing

90 % completion of Code of Conduct and Anti Bribery course. Q2 = Ongoing

Implement and gain 90 % completion of Sustainability course. Q2 = Ongoing
(The sustainability course was implemented 15.04.24)

Finance

Financial results, capital structure and outlook



Financial results for the quarter



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

Reach Subsea acquired Guardian Geomatics 15th November 2023. Financial results are fully consolidated as of that date. The financial effects of the transactions are further described in the Notes.

Revenue for 2Q2024 was NOK 623.1 million (NOK 636.4 million), with the decrease from last year primarily explained by 2Q2023 revenue including a gain of NOK 30 million from disposal of one ROV.

Operating expenses for 2Q2024 were NOK 502.0 million (NOK 488.2 million) where project-related expenses, including depreciation of IFRS 16 assets, represent the majority of the operating expenses for the Group. The increase compared to the same period last year is primarily explained by a general market cost increase. Details about depreciations and impairment sensitivity is presented in the Notes.

2Q2024 operating result (EBIT) was NOK 121.1 million (NOK 148.2 million).

The decreased EBIT is primarily a result of the sale of one ROV in 2Q2023, which had a net effect of NOK 29.8 million. Adjusting for the sales gain, EBIT increased slightly year over year. It is also worth noting that Deep Cygnus spent most of the quarter at a yard for battery installation and mobilisation for subsea mode. Furthermore, two other vessels worked in vessel only mode. During the second half of 2024 these three vessels will be mobilised in full subsea mode, along with the rest of our fleet, and be deployed towards higher value add work scopes.

Net financial items for 2Q2024 were NOK –10.2 million (NOK –37.8 million). The main year-over-year differences are (i) result from associated companies of NOK 7.3 million (NOK 0.8 million), (ii) increased interest expenses due to the higher level of IFRS 16 related debt, which amounted to NOK –32.3 million (NOK –24.5 million) and (iii) currency effects, which amounted to NOK 13.8 million (NOK –15.1 million).

Our charter hires are in AUD, GBP, EUR, USD and NOK, while income in the first half was primarily in AUD, NOK, USD and EUR.

The total comprehensive income for 2Q2024 was NOK 86.0 million (NOK 86.3 million). For 2Q2024, Oil & Gas revenues constituted 69 % while Renewable/ Other constituted 31 % of total revenues. By comparison, in 2Q2023 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's asset is used in the oil & gas sector. Renewable/Other entails revenues from survey, IMR and light construction projects where the end client's asset is used outside the oil & gas sector.

Financial results year to date



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

Reach Subsea acquired Guardian Geomatics 15th November 2023. Financial results are fully consolidated as of that date. The financial effects of the transactions are further described in the Notes.

Revenue for the first half of 2024 was NOK 1,198.3 million (NOK 870.5 million), with the increase from last year explained by higher activity in the first quarter of 2024 compared to 1Q2023, partly offset by a gain of NOK 30 million from disposal of one ROV in 2Q2023.

Operating expenses for the first half of 2024 were NOK 1,048.6 million (NOK 730.6 million) where project-related expenses, including depreciation of IFRS 16 assets, represent the majority of the operating expenses for the Group. The increase compared to the same period last year is primarily explained by a higher activity in the first quarter of 2024 compared to 1Q2023 and a general market cost increase. Details about depreciations and impairment sensitivity is presented in the Notes.

Operating result (EBIT) for the first half of 2024 was NOK 149.8 million (NOK 139.8 million).

The increased EBIT is primarily driven by a strong 1Q2024, partly offset by the sale of one ROV in 2Q2023 with a net gain of NOK 29.8 million. Adjusting for the sales gain, EBIT increased 36 % year over year. It is also worth noting that Deep Cygnus during the first half worked in vessel only mode until it spent most of the second quarter at a yard for battery installation and mobilisation for subsea mode. Furthermore, two other vessels worked in vessel only mode.

During the second half of 2024 these three vessels will be mobilised in full subsea mode, along with the rest of our fleet, and be deployed towards higher value add work scopes.

Net financial items for the first half of 2024 were NOK –47.8 million (NOK –23.8 million). The main year-over-year differences are (i) result from associated companies of NOK 7.9 million (NOK 0.8 million), (ii) increased interest expenses primarily due to the higher level of IFRS 16 related debt, which amounted to NOK –56.4 million (NOK –27.9 million) and (iii) currency effects, which amounted to NOK –2.6 million (NOK 1.7 million). Our charter hires are in AUD, GBP, EUR, USD and NOK, while income in the first half was primarily in AUD, NOK, USD and EUR.

The total comprehensive income for the first half of 2024 was NOK 91.9 million (NOK 90.4 million).

For the first half of 2024, Oil & Gas revenues constituted 59 % (70 %) while Renewable/ Other constituted 41 % (30 %) of total revenues.

Capital structure

The Group's equity as of 30 June 2024 was NOK 930.7 million (NOK 745.1 million), which represents 28.5 % (34.5 %) of the total balance sheet.

The increased equity is explained by generated comprehensive income over the last 12 months, and partly offset by dividends paid in 2Q2024. The increase in total assets resulted in a reduced equity ratio compared to the same period last year.

Total current assets at the end of the quarter were NOK 857.2 million (NOK 760.9 million), of which cash and cash equivalents amounted to NOK 221.5 million (NOK 128.8 million). Including the unutilized revolving credit facility, available liquidity was NOK 251.5 million (NOK 158.8 million).

Receivables and inventories were NOK 635.7 million (NOK 632.1 million). Total non-interest-bearing current liabilities were NOK 542.2 million (NOK 401.6 million). This leaves a net working capital of NOK 93.5 million (NOK 230.5 million).

Total non-current assets at the end of the quarter were NOK 2,402.9 million (NOK 1,731.0 million). The increase is mainly a result of (i) increased Right of use assets (leases capitalized under IFRS 16) of net NOK 327.5 million (ii) Assets under construction of net NOK 147.9 million, which is mainly related to the Reach Remote project and (iii) Property, plant and equipment of net NOK 124.4 million. For details related to vessel commitment, please see the Notes.

Net interest-bearing debt (total interest-bearing debt, including capitalized leases under IFRS 16, less cash) stood at NOK 1,565.7 million (NOK 1,216.3 million). The increase is explained by the increased charter commitment as described above. Net financial interest-bearing debt to credit institutions (i.e. excluding IFRS 16 leases) was NOK -127.6 million (NOK -119.7 million), i.e. cash positive.

Net cash flow from operating activities for 2Q2024 was NOK 328.9 million (NOK 244.7 million) with the main year on year differences related to increased Change in trade debtors and creditors and Depreciations. Net cash flow from operating activities for the first half of 2024 was NOK 285.0 million (NOK 239.5 million).

Net cash flow from investing activities for 2Q2024 was NOK -34.0 million (NOK 7.5 million). Included in this figure is Purchase of fixed assets related to general equipment upgrades, mobilizations and general investments of NOK -34.0 million (NOK -23.8 million). Net cash flow from investing activities for the first half of 2024 was NOK -117.4 million (NOK -83.2 million).

Net cash flow from financing activities for 2Q2024 was NOK -273.3 million (NOK -261.3 million) and includes vessel charter hire classified as "Repayment of borrowings and leases" according to IFRS 16. Net cash flow from financing activities for the first half of 2024 was NOK -392.7 million (NOK -221.5 million).

Net change in cash and cash equivalents for 2Q2024 was NOK 21.6 million (NOK -9.1 million). Net change in cash and cash equivalents for the first half of 2024 was NOK -225.1 million (NOK -65.2 million). Reach has per 30 June 2024 no major debt maturities to credit institutions falling due the next three years. Details about cash flow can be found in the Cash flow statement and the Notes.

The Reach Remote project is expected to amount to approximately NOK 426 million. As of June 30 2024 the company has capitalized NOK 237.5 million as Asset under construction. Thus, remaining investments in the Reach Remote project amounts to approximately NOK 190 million, of which NOK 146 million is covered by bank and lease financing.

Besides the Reach Remote project, Reach has taken multiple steps to secure vessel capacity at competitive terms. The additions to Right of use assets and liabilities in 2024 include the vessels Olympic Taurus, Offshore Surveyor and Northern Maria in addition to the lengthening of the charterparty for the vessel Havila Subsea.

Investments associated with these vessels and other capex projects is expected to amount to approximately NOK 281 million, and encompass equipment, upgrades and mobilization activities for vessels. As of June 30 2024 remaining investments related to these investments is estimated to NOK 164 million. Reach has secured bank and lease financing of NOK 126 million to partly fund these investments.

The Share

Reach Subsea ASA is listed on the Oslo Stock Exchange (Euronext). The Company has per 30 June 2024 issued 271,769,245 (255,449,563) shares, of which the majority is owned by Norwegian shareholders. The increased number of shares compared with 30 June 2023 is related to (i) a share increase of 850,000 new shares from the share incentive program for employees exercised in December 2023 and (ii) the purchase of Guardian Geomatics, partly settled by issuing 15,469,682 new shares.

Investor relations

Reach essentially follows the recommendation for reporting of IR-information issued by the Oslo Stock Exchange and publishes all its news releases on www.newsweb.no, a service provided by the Oslo Stock Exchange. Reach aims for a high level of quality on the content, and high frequency of information, provided to its investors.

Our quarterly financial reports include financial details to increase the transparency of our business. Financial reports, General Meeting Minutes, share price information, Corporate Governance, Operational figures and presentation of the Board and Management can be found on the company's web page, as well as the latest Reach Subsea ASA Annual and Sustainability Report covering initiatives and measures on Corporate Social Responsibility.

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

News after quarter end

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

Our schedule indicates good utilization for all our subsea spreads throughout the main season 2024. We now have an order book of approximately NOK 1.6 billion (NOK 590 million), with projects for execution in 3Q2024 and beyond. These contracts cover a wide spectrum of project types and are across both oil & gas and renewables projects and are included in the "Operational update" in this report. 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 11 billion (5 billion).

Outlook

REACH currently markets and operates eight subsea spreads + 2 USV spreads (vessel, ROVs, and personnel, alone or together with partners), which have a competitive cost structure. These subsea and USV spreads are tailored to our target markets and are well suited to the scope of services that are at the core of our business. We are continuously monitoring the market for opportunities to complement and strengthen our business, while at the same time progressing Reach Remote towards commercialization in 2024.

Looking ahead we see that the 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 new and fast growing maritime sectors such as offshore wind, offshore aquaculture, carbon storage monitoring, environmental surveillance, and subsea mining.

The last year we have taken multiple steps to ensure that we continue to grow our business profitably into an improving market. These steps involved securing several vessels through new longer term charter agreements, investing in upgrades of our equipment pool across all our business lines, and strengthening our organisation through several key recruitments.

A major milestone in 2024 will be the introduction of Reach Remote to the market. We notice substantial interest for a more sustainable way of providing subsea services and gathering subsea data. This is now materializing through the pilot projects signed with our key clients.

Furthermore, the substantial increase in charter rates for conventional subsea vessels further contributes to the competitive cost advantage of the Reach Remote solution.

Thus, from a commercial and value creation standpoint, Reach Remote is looking even more attractive.

The Board and management are pleased with the company's financial performance in the first half of 2024. There is still a large untapped potential within the group, and efforts to bundle our new capabilities into

more value-added integrated services, as well as utilizing the full capabilities on all our subsea spreads will accelerate going forward. During the first half, three of our spreads worked in vessel only mode. These spreads are now equipped, or in the process of being equipped, for full subsea mode. Thus, during the second half and going forward, our entire fleet will be equipped for more value-added services, supporting further growth.

Statement pursuant to section 5-6 of the securities trading act.

Statement by the Board of Directors and Chief Executive Officer: We hereby confirm that the half-year financial statements for the period 1 January to 30 June 2024 have, to the best of our knowledge, been prepared pursuant to IAS 34 Interim Financial Reporting and that the information provided presents a true and fair picture of the company's and the group's assets, liabilities, financial positions and profit as a whole. We hereby also confirm that, to the best of our knowledge, the half year financial statements provide a true and fair overview of developments, the financial performance and important events during the accounting period and their effect on the half-year

financial statements, the most important risk and uncertainty factors that the group faces in the next accounting period and material transactions with close associates.

Haugesund, 26 August 2024

Rachid Bendriss (S)

Chairman of the Board

Martha Kold Monclair (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

Financial Statements

Reach Subsea ASA Group



Income statement

Statement of profit or loss (NOK 1000)	Q2 2024	Q2 2023	6M 2024	6M 2023	12M 2023	Notes
Operating revenue	623 069	606 596	1 198 341	840 599	1 966 584	9
Other income/losses	-	29 843	-	29 858	29 319	3
Revenue	623 069	636 439	1 198 341	870 456	1 995 903	
Procurement expenses	(129 042)	(134 801)	(323 550)	(210 915)	(503 760)	
Personnel expenses	(94 388)	(71 918)	(196 138)	(134 378)	(348 794)	7
Other operating expenses	(98 736)	(72 860)	(172 089)	(111 534)	(188 558)	
EBITDA	300 903	356 860	506 563	413 629	954 790	
Depreciation and impairment	(179 828)	(208 640)	(356 809)	(273 780)	(623 005)	3, 10
Operating result (EBIT)	121 075	148 220	149 754	139 848	331 786	
Result from associated companies	7 250	794	7 870	794	16 714	12
Interest income	1 045	1 035	3 350	1 530	4 991	11
Interest expenses	(32 285)	(24 516)	(56 365)	(27 870)	(77 881)	10, 11
Other net financial items	13 802	(15 129)	(2 641)	1 743	13 925	11
Profit (loss) before taxes	110 887	110 405	101 967	116 046	289 534	
Income taxes	(23 550)	(23 909)	(10 396)	(25 644)	(63 743)	8
Profit (loss)	87 337	86 496	91 571	90 402	225 791	

Comprehensive income (NOK 1000)	Q2 2024	Q2 2023	6M 2024	6M 2023	12M 2023	Notes
Translation differences	(1 302)	(157)	330	(41)	(1 116)	
Comprehensive income items	(1 302)	(157)	330	(41)	(1 116)	
Total comprehensive income	86 034	86 340	91 901	90 361	224 675	
Earnings per share	0.32	0.34	0.34	0.37	0.89	
Diluted earnings per share	0.30	0.34	0.32	0.36	0.88	

Balance Sheet

Statement of financial position (NOK 1000)	30.06.2024	30.06.2023	31.12.2023	Notes
Non-current assets				
Goodwill	109 590	86 723	109 590	4
Deferred tax assets	11 756	5 429	-	8
Intangible assets	27 989	10 017	30 769	4
Investment in associated companies	121 350	96 426	113 452	12
Assets under construction	308 423	160 489	266 658	3
Property, plant and equipment	196 549	72 120	183 279	3
Right-of-use assets	1 627 272	1 299 765	1 163 222	3, 10
Total non-current assets	2 402 929	1 730 969	1 866 970	
Current assets				
Bunkers	33 305	25 487	28 418	
Trade receivables	544 360	486 835	314 166	
Other receivables	58 074	119 738	41 904	
Cash and cash equivalents	221 508	128 836	436 423	
Total current assets	857 247	760 896	820 912	
Total assets	3 260 175	2 491 865	2 687 882	

Statement of financial position (NOK 1000)	30.06.2024	30.06.2023	31.12.2023	Notes
Equity				
Share capital	271 769	255 450	271 769	6
Share premium	388 273	358 418	388 273	
Proposed dividends	-	-	97 837	
Other equity	270 703	131 228	170 126	7
Total equity	930 746	745 095	928 005	
Non-current liabilities				
Interest-bearing debt to credit institutions	74 991	1 266	57 418	5, 10
Interest-bearing debt leases	1 000 071	965 517	805 931	5, 10
Deferred tax liabilities	-	-	10 567	8
Total non-current liabilities	1 075 062	966 783	873 916	
Current liabilities				
Interest-bearing debt to credit institutions short term	18 956	7 850	10 176	5, 10
Interest-bearing debt leases	693 208	370 540	386 036	5, 10
Tax payable	67 907	13 868	41 026	8
Trade payables	245 995	238 507	205 773	
Other current liabilities	228 301	149 223	242 951	
Total current liabilities	1 254 367	779 987	885 960	
Total liabilities	2 329 429	1 746 770	1 759 877	
Total equity and liabilities	3 260 175	2 491 865	2 687 882	

Cash flow

Statement of cash flow (NOK 1000)	Q2 2024	Q2 2023	6M 2024	6M 2023	12M 2023	Notes
Cash flow from operating activities						
Profit before tax	110 887	110 405	101 967	116 046	289 534	
Paid taxes	(750)	-	(4 848)	-	(8 808)	
Depreciation and amortisation	179 828	208 640	356 809	273 780	623 005	
Gain/loss on assets sold	-	(29 843)	0	(29 843)	(29 843)	
Interest income	(1 045)	(1 035)	(3 350)	(1 530)	(4 991)	
Interest expense	32 285	24 516	56 365	27 870	77 881	
Change in trade debtors	50 200	(237 560)	(230 194)	(270 507)	(12 535)	
Change in trade creditors	14 652	119 560	35 163	136 077	27 038	
Change in other provisions	(54 446)	49 746	(27 758)	(12 862)	5 264	
Investments accounted for using the equity method	(7 250)	-	(7 870)	-	(16 714)	
IFRS 2 share-based payments	4 534	240	8 676	477	2 897	
Net cash flow from operating activities	328 896	244 668	284 963	239 508	952 728	
Cash flow from investing activities						
Acquired cash balance from consolidation of Guardian Geomatics	-	-	-	-	27 652	
Sale of fixed assets	-	31 384	-	31 384	31 384	
Purchase of fixed assets	(34 043)	(23 844)	(117 366)	(49 894)	(202 708)	
Purchase of shares in associated companies	-	-	-	(64 72)	(64 721)	
Net cash flow from investing activities	(34 043)	7 540	(117 366)	(83 231)	(208 392)	

(NOK 1000)	Q2 2024	Q2 2023	6M 2024	6M 2023	12M 2023	Notes
Cash flow from financing activities						
Net interest received/paid	(353)	18	836	565	2 001	
Proceeds from issuance of ordinary shares	-	1 237	-	120 796	123 040	
Proceeds from bank loan	-	-	27 500	-	27 500	
Payment of dividends	(97 837)	(45 981)	(97 837)	(45 981)	(45 981)	
Repayment of borrowings	(2 635)	(4 918)	(3 961)	(18 902)	(23 300)	
Repayment of leases (including interests)	(172 473)	(211 670)	(319 210)	(278 001)	(571 042)	
Net cash flow from financing activities	(273 298)	(261 314)	(392 672)	(221 523)	(487 781)	
Net change in cash and cash equivalents	21 555	(9 106)	(225 075)	(65 245)	256 556	
Cash and cash equivalents in the start of the period	201 090	137 274	436 423	191 591	191 591	
Translation differences	(1 137)	668	10 160	2 490	(11 723)	
Cash and cash equivalents in the end of the period	221 508	128 836	221 508	128 836	436 423	

Equity

(NOK 1000)	Share capital	Share premium	Proposed dividends	Other reserves	Retained earnings	Total
Equity 1 January 2024	271 769	388 273	97 837	10 790	159 336	928 006
Profit for the year					91 571	91 571
Other comprehensive income for the year					330	330
Total comprehensive income for the year					91 901	91 901
Proceeds from shares issued						-
Dividends paid			(97 837)			(97 837)
Proposed dividends						-
IFRS 2 share-based payments				8 676		8 676
Equity 30 June 2024	271 769	388 273	-	19 466	251 238	930 746

Notes

Note 1 - Basis for preparation

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

Note 2 - Significant accounting principles, estimates and judgements

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

The preparation of the interim accounts entails the use of judgements, estimates and assumptions that affect the application of accounting policies and the amounts recognised as assets and liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances. The actual results may deviate from these estimates. The material assessments underlying the application of the company's accounting policies and the main sources of uncertainty are the same for the interim accounts as for the annual accounts for 2023.

Notes

Note 3 - Fixed assets

Asset category	Assets under construction	Property plant and equipment	Property plant and equipment	Property plant and equipment	Right-of-use assets	
Fixed assets (NOK 1000)	Assets under construction	ROV and ROV equipment	ROV, leased from financial institutions	Equipment and office machinery	Right of use asset Vessel and other equipment	Total
Purchase cost 01.01.24	266 658	186 981	125 134	155 858	1 607 273	2 341 904
Additions	64 230	7 202	832	12 795	787 949	873 008
Reclassifications	(22 465)	-	15 586	6 879	-	-
Disposals/adjusted commitment	-	-	-	-	-	-
Purchase cost 30.06.24	308 423	194 183	141 553	175 532	2 395 222	3 214 913
Accumulated depreciation 30.06.24	-	(149 632)	(109 448)	(55 728)	(767 948)	(1 082 755)
Accumulated impairment 30.06.24	-	-	-	-	-	-
Net book value 30.06.24	308 423	44 551	32 105	119 893	1 627 272	2 132 244
Depreciation in 2024	-	(6 896)	(632)	(22 597)	(323 905)	(354 030)
Impairment in 2024	-	-	-	-	-	-
Expected useful life (years)		3-8	3-8	3-5	1-3	
Depreciation plan	Ongoing projects	Linear	Linear	Linear	Linear	

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

Notes

Note 3 - Fixed assets - continued

Assets under construction can be divided into the following categories:

Reach Remote	237 490
Other capex-projects and mobilizations	70 932
Net book value 30.06.24	308 423

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 11.0 %.

Revenue assumptions

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

Right-of use-assets - vessels:

The right-of-use assets at 30 June 2024 represents the remaining committed vessel days on charter agreements with vessel owners and lease agreements for offices. The impairment testing demonstrated that the recoverable amount is larger than book value, and as such no impairment charge is required. The recoverable amount is sensitive to estimated utilisation and selling rate assumptions. See note 10 for further information on Right-of-use assets.

ROV and ROV equipment:

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

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

Drop in estimated revenue	Impairment charge (NOK 1000)
10 %	25 206
20 %	90 264
30 %	190 656

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

Notes

Note 4 - Intangible assets and goodwill

Asset description (NOK 1000)	Research and development	Customer relationships	Goodwill	Total
Purchase cost 01.01.24	2 372	32 000	109 589	143 961
Additions	-	-	-	-
Disposals/adjustments	-	-	-	-
Purchase cost 30.06.24	2 372	32 000	109 589	143 961
Accumulated depreciation 30.06.24	(341)	(6 042)	-	(6 383)
Net book value 30.06.24	2 031	25 958	109 589	137 579
Depreciation in 2024	(113)	(2 667)	-	(2 780)
Depreciation plan	Linear	Linear		
Estimated useful life	5-10 years	6 years	Indefinite	

Research and development are related to development of software/equipment related to the company's ASUMO project. As of June 30 2024 the group has net book values for R&D totalling NOK 2.1 million. Hours spent have been capitalized for personnel as well as other external consultants related to the development of equipment and software.

Customer relationships and goodwill are related to the acquisition of iSurvey Group in March 2022 and Guardian Geomatics in November 2023. Refer to the 2023 annual report for further information regarding the transactions.

The residual goodwill is tested for impairment on corporate level. The starting point for the impairment test is the difference between market value and book value of equity. As of June 30 2024 the market value exceeds the carrying amount of equity, and no impairment indicators have been identified.

Notes

Note 5 - Borrowings

(NOK 1000)	30.06.2024	31.12.2023
Non-current liabilities		
Bank borrowings (including capitalized loan costs)	42 628	24 623
Lease liabilities to credit institutions	32 363	32 795
Other non-current lease liabilities (IFRS 16)	1 000 071	805 931
Total non-current borrowings	1 075 062	863 350
Current borrowings		
Bank borrowings (including capitalized loan costs)	13 734	5 817
Lease liabilities to credit institutions	5 222	4 358
Other current lease liabilities (IFRS 16)	693 208	386 036
Total current interest-bearing debts	712 163	396 211
Carrying amount		
Bank borrowings	56 362	30 441
Lease liabilities	1 730 864	1 229 120
Total carrying amount	1 787 226	1 259 561
Fair value		
Bank borrowings	56 362	30 441
Lease liabilities	1 730 864	1 229 120
Total fair value	1 787 226	1 259 561

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

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

As of 30 June 2024 the liquidity position (including overdraft facility) is 251,5 million, the Debt service Coverage Ratio is 5.0, and Booked equity NOK 930.7 million/29 %. All financial covenants are well within the thresholds mentioned above. Please note that some of the financial covenants in the groups debt facilities exclude the effects from IFRS 16, and therefore can not be directly derived from the groups financial statements.

Total borrowings to bank and financial institutions includes secured liabilities (bank and collateralised borrowings) of NOK 56.4 million (2023: NOK 30.4 million). Bank borrowings are secured by equipment and receivables of the group.

Notes

Note 6 - Shareholders

20 largest shareholders as per 30.06.24	Shares	Stake
WILHELMSSEN NEW ENERGY AS	52 136 636	19.2 %
NORTH INDUSTRIES 1 AS	50 832 449	18.7 %
SURVEY HOLDING AS	29 116 897	10.7 %
CITIBANK, N.A.	11 602 262	4.3 %
SOBER AS	10 963 446	4.0 %
HOLME HOLDING AS	6 400 000	2.4 %
JT INVEST AS	5 889 539	2.2 %
NORMAND DRIFT AS	5 000 000	1.8 %
PERSHING LLC	4 100 389	1.5 %
LION INVEST AS	3 769 928	1.4 %
DANSKE INVEST NORGE VEKST	3 127 815	1.2 %
ALTEA AS	2 973 658	1.1 %
CORUNA AS	2 725 000	1.0 %
AVANZA BANK AB	2 365 392	0.9 %
STAVA INVEST AS	2 193 426	0.8 %
BARRUS CAPITAL AS	2 110 090	0.8 %
RMS INVEST AS	2 000 000	0.7 %
JAKOB HATTELAND HOLDING AS	2 000 000	0.7 %
A-Å INVEST AS	1 938 725	0.7 %
NORDNET BANK AB	1 266 315	0.5 %
Total 20 largest	202 511 967	74.5 %
Others	69 257 278	25.5 %
Total	271 769 245	100.0 %

Reach Subsea's share capital amounts to NOK 271,769,245 divided into 271,769,245 shares, each with a nominal value of NOK 1.

On 17 February 2022, Wilhelmsen New Energy AS, a wholly owned subsidiary of Wilh. Wilhelmsen Holding ASA, agreed to subscribe for, and be allocated, 46,126,567 new shares in Reach Subsea ASA at a subscription price of NOK 3.25 per share. The agreement also included the issuance of warrants, whereby Wilhelmsen New Energy AS 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. 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. Wilhelmsen New Energy AS have a combined holding of shares and warrants of 96,903,500.

Notes

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 2Q2024 the Company has recognized NOK 1.3 million in cost related to the options.

Notes

Note 8 - Tax

(NOK 1000)	01.04 - 30.06 2024	01.04 - 30.06 2023	01.01 - 30.06 2024	01.01 - 30.06 2023	01.01 - 31.12 2023
Taxes payable	21 706	2 777	32 723	6 158	42 261
Changes in deferred taxes	1 844	21 132	(22 327)	19 486	21 482
Taxes, in total	23 550	23 909	10 396	25 644	63 743

Deferred taxes / (Deferred tax assets)

Temporary differences	30.06 2024	30.06 2023	31.12 2023
Other fixed assets	(12 405)	(10 983)	(3 135)
Financial leases	19 165	717	17 415
Fixed-price contracts	-	-	-
Inventories	(934)	(934)	(934)
Accruals	(21 923)	(5 260)	(18 376)
Right-of-use assets	(66 017)	(31 136)	(29 172)
Intangible assets	66 708	22 917	74 775
Tax loss carried forward Norway	-	-	0
Tax loss carried forward outside of Norway	(56 354)	(61 834)	(64 338)
Temporary differences, in total	(71 759)	(86 512)	(23 765)
Deferred tax assets	(11 756)	(5 429)	(799)
Not recognized deferred tax assets	-	(10 811)	(11 366)
Deferred tax assets in balance sheet*	11 756	5 429	(10 567)

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.

Notes

Note 8 - Tax continued

(NOK 1000)	01.04 - 30.06 2024	01.04 - 30.06 2023	01.01 - 30.06 2024	01.01 - 30.06 2023	01.01 - 31.12 2023
Reconciliation from nominal to actual tax rate					
Profit & loss before taxes	110 887	110 405	101 967	116 046	289 534
Nominal tax rate	22 %	22 %	22 %	22 %	22 %
Anticipated income tax due to nominal tax rate	24 395	24 289	22 433	25 530	63 698
Actual tax cost	23 550	23 909	10 396	25 644	63 743
Deviation	(845)	(380)	(12 037)	114	46
Tax effects of:					
Permanent differences	1 446	212	913	973	104
Effect of tax rates outside Norway different from 22 %	(601)	169	(241)	(1 087)	(270)
Changes in deferred tax assets, not recognized	-	-	-	-	120
Changes in deferred tax assets, previously not recognized	-	-	11 366	-	-
Explanation	845	380	12 037	(114)	(46)
Effective tax rate	21 %	22 %	10 %	22 %	22 %
Payable taxes in the balance sheet	30.06 2024	30.06 2023	31.12 2023		
Payable taxes in the tax charge	(32 723)	(6 158)	(37 511)		
Advances paid on tax charge	535	1 590	1 056		
Tax payable previous years	(35 719)	(9 344)	-		
Tax payable from business combinations	-	-	(4 570)		
Payable taxes in the balance sheet	(67 907)	(13 868)	(41 026)		

Notes

Note 9 - Segments

(NOK 1000)	01.04 - 30.06 2024	01.04 - 30.06 2023	01.01 - 30.06 2024	01.01 - 30.06 2023	01.01 - 31.12 2023
Operating revenue					
Oil & Gas	430 189	421 736	704 661	584 426	1 332 996
Renewable / other	192 881	184 860	493 679	256 172	633 588
Total	623 069	606 596	1 198 341	840 599	1 966 584
Revenue by region					
Norway	261 426	80 753	319 900	112 268	316 820
Europe	224 965	216 906	534 362	332 308	740 578
Americas	94 089	87 511	247 011	110 720	332 837
Asia	27 494	-	63 304	-	53 946
Oceania	15 156	-	33 673	-	29 002
Other	(60)	221 411	90	285 303	493 401
Total	623 069	606 596	1 198 341	840 599	1 966 584
Revenue by type of service					
Data	225 146	106 626	435 254	160 132	406 336
Solutions	397 924	499 970	763 087	680 467	1 560 248
Total	623 069	606 596	1 198 341	840 599	1 966 584

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.

Notes

Note 10 - Leasing

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

As of June 30 2024, Right of use assets in the balance sheet consist of contractual commitments for vessels and offices. Short term leases with no contractual commitment (pay as you go contracts), are not capitalized.

At inception of a contract the lease liability and the corresponding Right-of-use assets is measured at the present value of the estimated lease payments. Short term hired in vessels and ROV's are treated as short term leases under IFRS 16 and are also recognized as depreciations. The calculated lease liability is calculated with a discount rate of 7.5 %.

The following have been recognized in 2024:

Right-of-use assets	30.06.2024	31.12.2023
Property plant and equipment	1 627 272	1 163 222
Total	1 627 272	1 163 222

Lease liabilities	30.06.2024	31.12.2023
Current	693 208	386 036
Non current	1 000 071	805 931
Total	1 693 279	1 191 967

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

	Q2 2024	Q2 2023	6M 2024	6M 2023	12M 2023
Depreciation charge of right-of use assets	163 423	195 829	323 905	259 593	581 645
Depreciation recognised as contract asset	-	3 826		(5 101)	-
Impairment charge of right-of-use assets	-	-	-	-	-
Interest expense	30 888	23 498	53 851	26 905	74 892
Total charges to the P&L	194 311	219 327	377 756	281 397	656 537

The total cash outflow for leases in 2Q2024 was NOK 172.5 million (2Q2023: 211.7 million).

Notes

Note 10 - Leasing continued

Reconciliation of leases on committed days recognised in 2023:	Right-of use assets	Lease liability, non-current	Lease liability, current
Opening balance 01.01.2024	1 163 222	805 931	386 036
Additions	787 949	-	787 949
Additions from business combination (note 14)	-	-	-
Disposals	-	-	-
Depreciation of right-of-use-assets	(323 905)	-	-
Impairment	-	-	-
Interests	-	-	53 851
Reclassification from long to short term	-	194 141	(194 141)
Adjusted commitment	-	-	-
Currency adjustment	-	-	12 650
Payments	-	-	(353 148)
Ending balance 30.06.2024	1 627 272	1 000 071	693 208

Reconciliation of depreciation	Q2 2024	Q2 2023	6M 2024	6M 2023	12M 2023
Depreciation of long term right-of-use assets	142 468	162 184	274 533	221 106	429 015
Depreciation of short term right-of-use assets	20 955	33 645	49 372	38 487	152 630
Depreciation recognised as contract asset	-	3 826	-	(5 101)	-
Depreciation of other assets	16 405	8 986	32 905	19 288	41 360
Total depreciation	179 828	208 640	356 809	273 780	623 005

The right-of-use assets are calculated based on a discounted estimated commitment on vessels (Havila Subsea, Olympic Triton, Viking Reach, Go Electra, Deep Cygnus, Olympic Taurus, Northern Maria, Offshore Surveyor) and offices. Other short term hired in vessels are treated as short term leases under IFRS 16 and are also recognised as depreciations.

Notes

Note 11 - Financial items

Finance income and expenses	Q2 2024	Q2 2023	6M 2024	6M 2023	12M 2023
Interest income on short term bank deposits	1 045	1 036	3 350	1 530	4 991
Total interest income	1 045	1 036	3 350	1 530	4 991
Interest expense on bank borrowings	(1 398)	(1 018)	(2 141)	(966)	(2 617)
IFRS 16 interest expense	(30 888)	(23 498)	(53 851)	(26 905)	(74 892)
Other interest expense	-	-	(373)	-	(373)
Total interest expense	(32 285)	(24 516)	(56 366)	(27 871)	(77 883)
Net foreign exchange expense/income	(5 055)	5 281	10 365	17 123	1 885
Currency adjustment related to IFRS 16	19 061	(20 296)	(12 650)	(15 083)	12 616
Other finance costs	(204)	(114)	(356)	(297)	(580)
Total other net financial items	13 802	(15 129)	(2 641)	1 743	13 925
Net financial items	(17 438)	(38 609)	(55 656)	(24 597)	(58 965)

Note 12 - Investment in associated companies

Investment in associated companies comprises shares in the entities Eidesvik Reach AS and Guardian Geomatics Arabia Limited. Reach Subsea holds a 49.9 % ownership in Eidesvik Reach AS, and a 40 % ownership in Guardian Geomatics Arabia Limited. Eidesvik Reach AS owns and operates the vessel Viking Reach. Guardian Geomatics Arabia Limited is a Saudi Arabia registered company, and was acquired through the purchase of 100 % of the shares in Guardian Geomatics in November 2023. Refer to annual report 2023 for further information regarding the Guardian transaction.

The investments are accounted for using the equity method:

Reconciliation and specification of carrying amount of investment in associates:	30.06.2024	30.06.2023	31.12.2023
Opening balance carrying amount of investments in associates	113 452	-	-
Acquisition cost shares acquired, Eidesvik Reach AS	-	95 632	95 632
Acquisition cost shares acquired through business combination, Guardian Geomatics Arabia Limited	-	-	1 129
Translation differences	28	-	(23)
Share of net result in investment, Eidesvik Reach AS	7 870	794	16 714
Total carrying amount of investments in associates at balance date	121 350	96 426	113 452
Specification of net result from investment in associates recognised in the income statement:			
Share of net result in investment, Eidesvik Reach AS	7 870	794	16 714
Net result from investments in associates	7 870	794	16 714

Notes

Note 13 - Commitments

The Reach Remote project is expected to amount to approximately NOK 426 million. As of June 30 2024 the company has capitalized NOK 238 million as Asset under construction. In addition, the company has financed two eROVs through leasing. As of June 30 the ROVs are under construction, and costs not recognised related to the ROVs amounts to NOK 52 million. The ROVs will be recognised in the balance sheet at commencement date.

Besides the Reach Remote project, Reach has taken multiple steps to secure vessel capacity at competitive terms. The additions to Right of use assets and liabilities in 2024 include the vessels Olympic Taurus, Northern Maria, Offshore Surveyor and Havila Subsea (extension).

Investments associated with these vessels and other capex projects is expected to amount to approximately NOK 264 million, and encompass equipment, upgrades and mobilization activities for vessels. As of June 30 2024 remaining investments related to these investments is estimated to NOK 164 million. Reach has secured bank and lease financing of NOK 126 million to partly fund these investments.

Note 14 - Events after quarter end

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

Definitions

EBIT

Earnings before interest and taxes (operating result).

Liquidity

Cash and cash equivalents plus unutilized revolving credit facility

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

Total number of ROV days sold in Reach Subsea AS during a defined period.

Number of ROV days available

Total number of ROVs owned by Reach Subsea multiplied with number of days in a defined period, plus total number of ROVs hired in 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.

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.

Contact

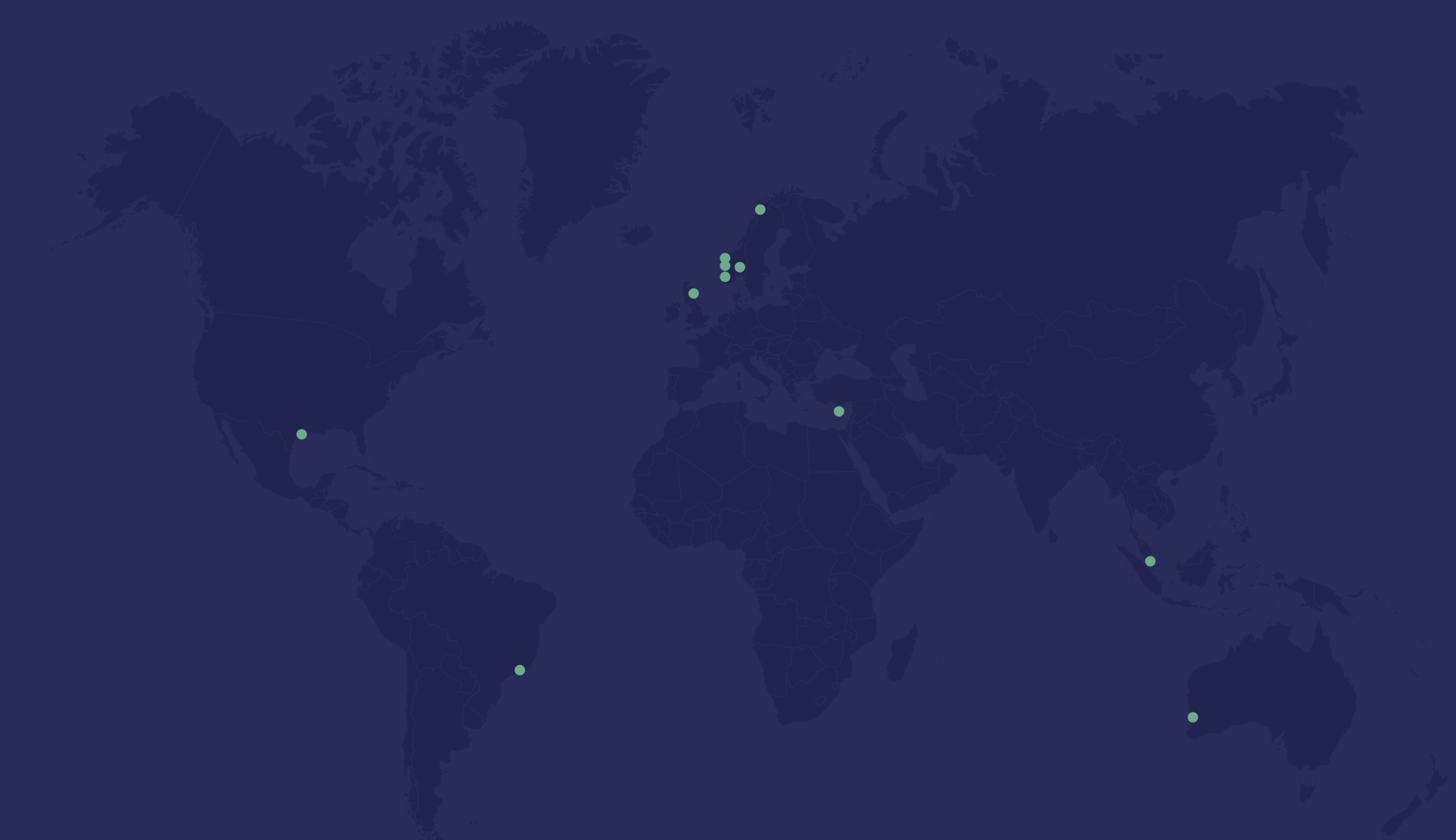


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