

Q1 2024

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.

Services are offered out of our head office in Haugesund as well as from our subsidiaries located across Norway, Sweden, UK, US, Brazil, Cyprus, Trinidad, Australia and Singapore. The company currently has over 360 employees located across these locations.

The company operates a wide range of work- and survey ROV's from its fleet of vessels, ranging from smaller survey, IMR and Light Construction Vessels to high-capacity Subsea Construction Vessels. Operations are performed by highly qualified offshore personnel and supported by competent onshore engineering resources.

The Group's objective is to be a preferred partner and full-service provider of ocean services for clients focusing on safety, environment, financial solidity and profitability. Our vision 'Sustainable access to ocean space' underpins our commitment to the development of sustainable solutions, with stakeholder groups key interests in focus.

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Highlights

A record 1Q in terms of activity level and operating results driven by growth, improved pricing, and strong project execution.

EBIT for 1Q2024 was NOK 28.7 million (NOK –8.4 million), while pre-tax result was NOK –8.9 million (NOK 5.6 million).

Strong outlook as evidenced by record high backlog of NOK 1.3 billion and tender volume of NOK 10 billion.

Key figures

	Q1 2024	Q1 2023	12M 2023
	UNAUDITED		AUDITED
Revenue (NOKm)	575	234	1 996
EBIT (NOKm)	29	(8)	332
Pre-tax profit (NOKm)	(9)	6	290
Cash and cash equivalents (NOKm)	201	137	436
Net working capital (NOKm)	149	149	(105)
Net interest bearing debt, excl IFRS 16 leases (NOKm)	(107)	(123)	(369)
Net interest bearing debt, incl IFRS 16 leases (NOKm)	1 525	237	823
Equity (NOKm)	938	704	928
Order backlog (NOKm)	1 300	815	1 600
Outstanding tender value (NOKbn)	10.0	2.7	10.0
Number of ROV days sold	690	567	2 942
Number of ROV days available	1 052	1 046	4 506
Technical uptime on ROVs	100 %	99 %	99 %
Number of offshore personnel days sold	10 269	6 016	29 849
LTIs	0	0	1
Number of vessel days sold	481	248	1 759

CEO Letter



I am pleased to present our first quarter report for 2024, highlighting continued growth in accordance with our strategic objectives. Our solid increased revenue, coupled with an EBIT improving from NOK – 8.4 in Q1 2023 to NOK 28.7 million this year, reaffirms our progress.

While maintaining profitability and delivering high-quality services, we are successfully expanding Reach within a robust market. Our established infrastructure, including vessels, assets, technology, and expertise, positions us well for organic growth opportunities, as we also highlighted in the previous quarter.

Additionally, this quarter saw further strengthening of our platform through the addition of two vessel charter agreements and strategic investments in assets such as the Constructor ROV's.

Our order backlog is continuously increasing, and we can report a record high first quarter backlog of NOK 1.3 billion and tender volume that now has reached 10 billion.

A notable milestone this quarter was the successful sea-launch of the Reach Remote USV, marking a significant achievement for our organization. Our first two Reach Remote vessels will be launched this season. Client interest in the Reach Remote is continuously increasing across all regions and we have both national and international projects in our pipeline that fit these vessels very well. Later this year they will be assigned for relevant operations.

Our aspirations for integrating robotization into the subsea industry are swiftly materializing. Alongside Reach Remote, we are already harnessing the capabilities of the USV type Drix.

Our first USV, commissioned in April last year, has already demonstrated its value, successfully completing over 25,000 km of high-precision hydrographic survey lines. This was achieved using a remote operations center, which allows for real-time control and data processing, a testament to our cutting-edge approach in a strategically important region.

Building on this success, we have expanded our fleet with the addition of a second Drix USV. This new vessel has just passed its System Acceptance trials and will soon join our initial USV in a large-scale project to update and enhance nautical charts and seafloor mapping for a key governmental client.

This project not only showcases our capability to manage and execute complex survey operations but also underscores our role in supporting critical infrastructure development.

Whilst we experience high demand across the different market segments, we will continue to invest in our conventional subsea services. Additionally, we are investing in technology to utilize Remote Services as a perfect supplement required to answer the high demand and fast-growing market segments.

We are looking forward to an exciting year. A year that certainly will mark a change in how we operate in the industry. Our vision "Sustainable access to ocean space" is something to reach for and we still believe that "Everything within Reach!"

A handwritten signature in black ink, appearing to read 'J. Alendal', written in a cursive style.

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 AS 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 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 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 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 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.



Operations



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 seven (seven) subsea spreads. In addition, Reach delivers survey, positioning, and monitoring services onboard a number of vessels and platforms.

The number of vessel days that passed through our P&L in 1Q2024 was 481 (248) with a 90 % utilization (88 %). 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. REACH had 1,052 available ROV-days in 1Q2024 (1,046), of which 690 days were sold (567) leading to a total utilization of 66 % (54 %).

REACH closed the acquisition of Guardian Geomatics 15 November 2023, strengthening our position within survey and remote operations in Asia Pacific and contributing to REACH world wide footprint. Guardian Geomatics' operations and projects will be fully integrated into the Reach Group during 2024.

REACH Remote, our new and future-proof, sustainable solutions for subsea services is progressing in close cooperation with our two major suppliers, Kongsberg Maritime (USV) and Kystdesign (ROV). Estimated delivery of Reach Remote is slightly delayed from the yard, but is expected to be on track for startup of commercial projects during 2024.

REACH continued sourcing highly skilled offshore personnel during the quarter. The base of contractors is important in peak seasons, when the number of man hours in operation normally doubles compared to our own staff. Connect Offshore AS, our in-house contracting entity will be liquidated during 2Q2024, and the activity will be replaced by external suppliers combined with internal recruitment.

REACH has per 7. May 2024 a firm order backlog of NOK 1.3 billion for work in the second quarter of 2024 and beyond, with the vast majority related to work in 2024. The order backlog figures do not include expected volumes from the frame agreements. Offshore operations performed by the Reach spreads received high client scores in all segments and on all sectors.

Our high attention to HSEQ is illustrated by the fact that we have had no serious accidents or incidents since commencement of offshore operations in 2013.

Operations



Viking Reach is chartered in by Reach for use on own projects. The vessel is mobilized with one Supporter WROV, one Surveyor ROV and survey equipment, specialized for survey and light construction work. Viking Reach had high utilization in 1Q24 working on a survey project in the UK. The vessel is further scheduled for projects for key clients in the North Sea until expected docking in September 2024. Reach holds 49.9 % of the shares in the entity owning the vessel.



Havila Subsea is equipped with two owned Schilling WROVs, one Surveyor ROV, and offshore personnel from Reach's offshore pool. Havila Subsea had high utilization working on projects in Brazil that lasted towards the end of 1Q24. The spread is further scheduled for a project in US Gulf expected to last throughout the third quarter of 2024.



Deep Cygnus is chartered in by Reach for use on own projects and was mobilized with a gangway, working in the walk to work market in 1Q2024. The vessel thereafter spent approx. one month in dry dock at owner's expense for maintenance and battery installation, an important step in our goal to reduce emissions, as well as mobilization of full WROV and survey spread. The vessel is ready for subsea projects within light construction, IMR, trenching and decommissioning from early June 24.

Operations



Go Electra is chartered in by Reach for use on own projects. The vessel is mobilized with WROV and survey equipment, specialized for integrated survey projects. The vessel is scheduled for projects expected to last well into the main season of 2024.



Olympic Triton is chartered in by Reach for use on own projects. The vessel is mobilized with full WROV and survey spread ready for subsea projects within light construction, IMR and decommissioning. Olympic Triton had high utilisation in 1Q24 and is further scheduled for projects expected to last well into the main season of 2024.



Northern Maria is chartered in for 3 years firm period and 6+6 months options for use in Reach own, integrated survey projects. The contract started late 1Q2024 with the vessel scheduled for survey project well into the 2024 season.

Operations



Olympic Taurus is chartered in for a 2+2 years contract that started early 2024. The vessel is currently working on a walk to work contract in the North Sea and will thereafter be mobilized with WROVs and survey spread, ready for Reach projects.



Offshore Surveyor is chartered in by Guardian Geomatics for survey projects in Asia Pacific. Expected start up for this contract is June 2024.



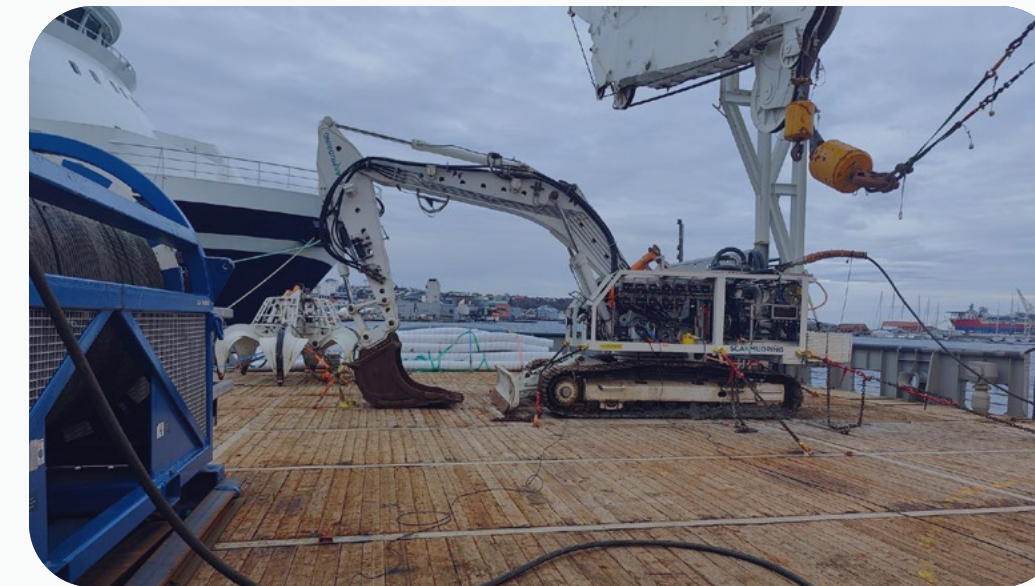
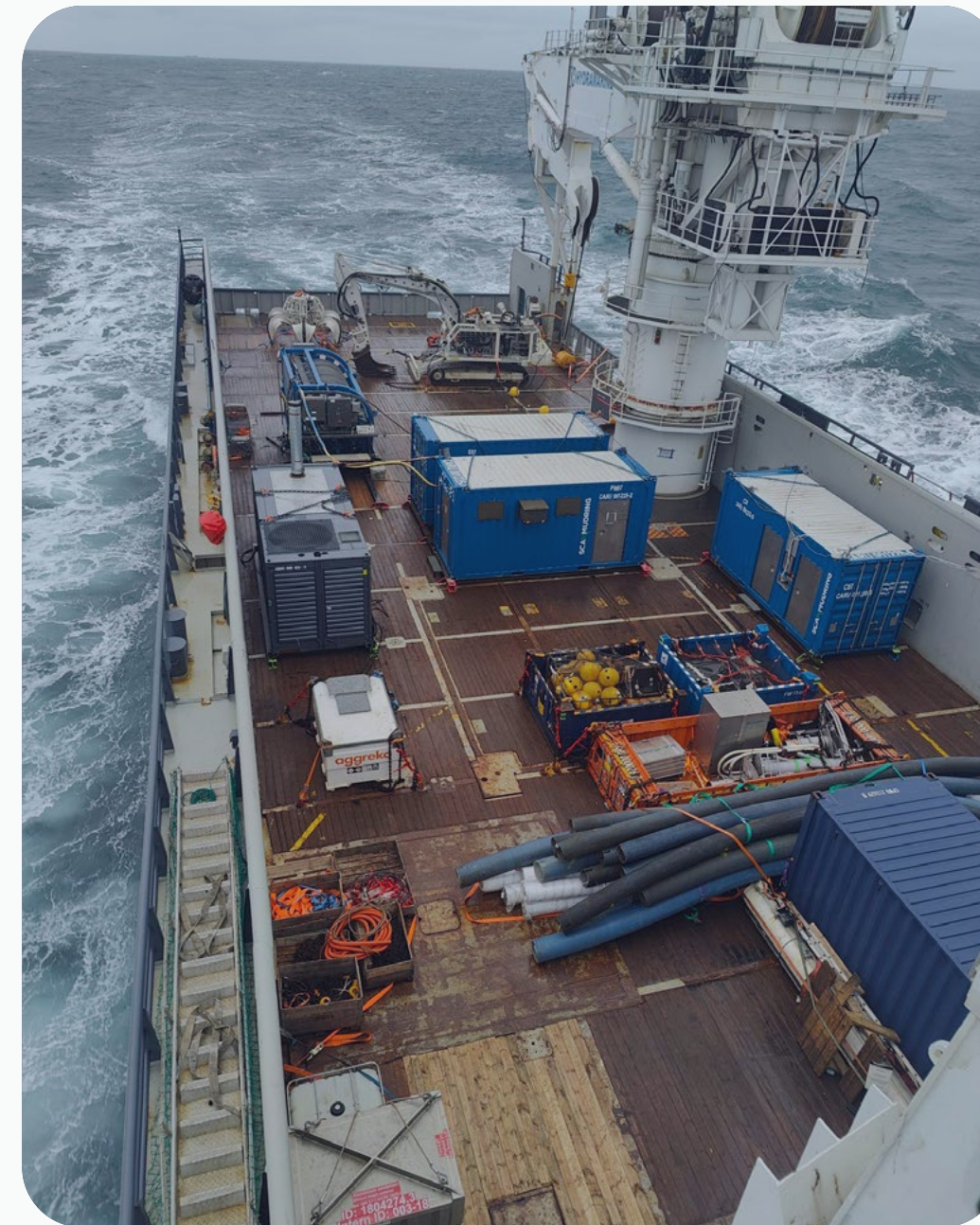
Agalas Newbuild Reach has entered into a charter agreement with owners of the newbuild subsea LCV Agalas. Expected delivery is early 2026. The vessel will be mobilized with full WROV and survey spread.

Preparations for Jack-up rig at Eldfisk

Reach Subsea was awarded a contract to prepare the seabed at Eldfisk field for a Jack-up rig by relocating cement from the spud can locations, using the Olympic Triton, equipped with a 150Te AHC crane and two work-class ROVs.

Mobilisation of equipment and personnel commenced in Tananger, Norway just before new year and the vessel mobilised ROV mounted survey equipment, a complete spread including peel grabber and a 40Te Scanmachine crawler complete with various cutting tools for splitting the cement as required.

The Scope of work primarily included multibeam surveys and cement removal at three spud can areas. The cement was relocated approximately 80m away from the spud can areas, larger blocks were cracked and lifted by the peel grab, and remaining cement volumes were efficiently relocated using the largest crawler dredger on the market, a 40Te Scanmachine.



Vessel

Olympic Triton

Client

Conoco Phillips

Location

Southern Norwegian North Sea

Period

December 2023 - January 2024

Water Depth

70m

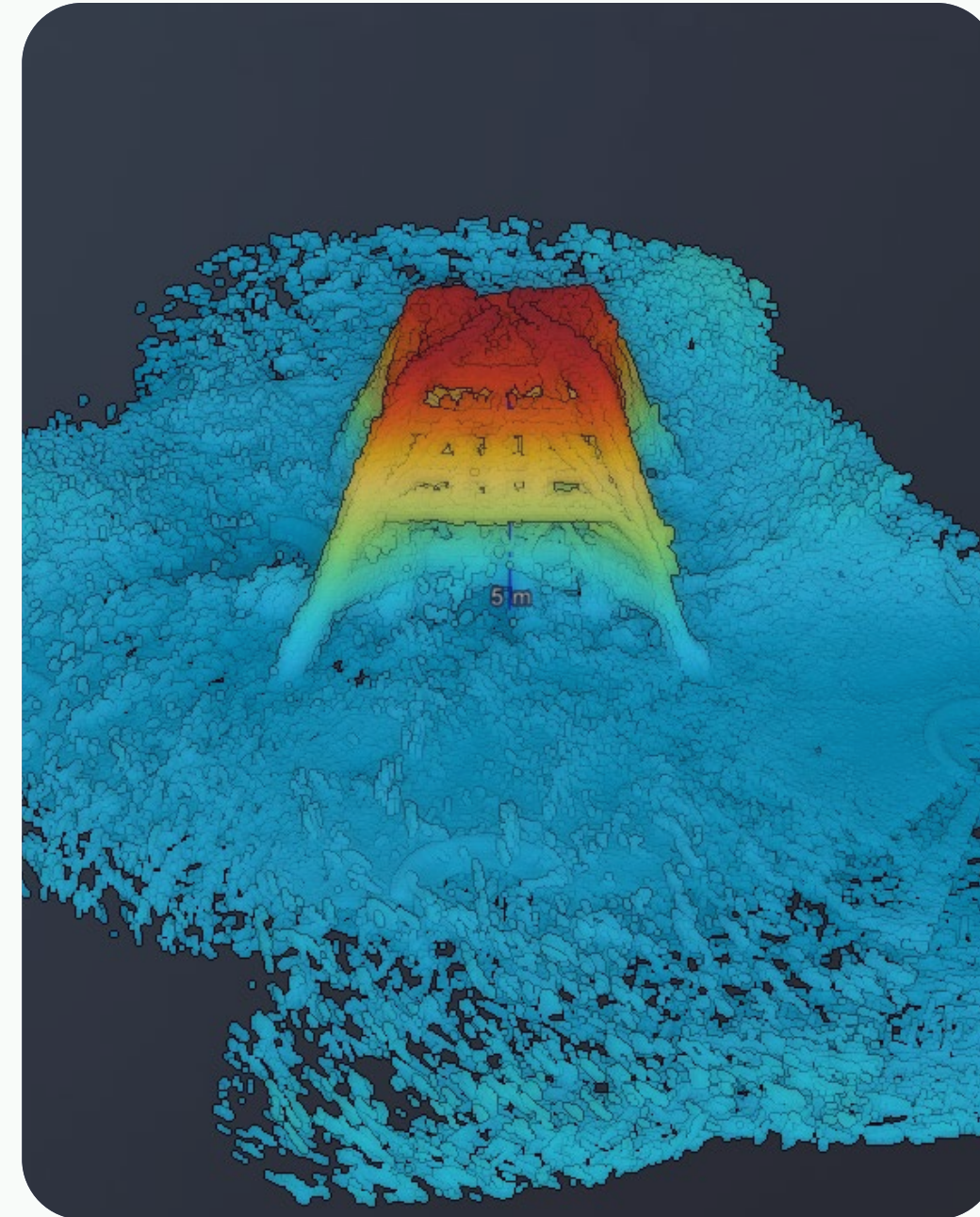
All operations were executed successfully with minimum weather downtime despite the harsh winter North Sea conditions, much thanks to the well-suited vessel Olympic Triton and its marine crew along with a highly professional project team from Reach Subsea.

Decommissioning in shallow and low visibility conditions

Reach Subsea performed inspection and valve operations for Perenco UK at the Arthur and Durango fields in the southern UK.

The area is known for high sea currents in shallow waters along with seabed conditions which causes very poor visibility. To cope with such challenges, Reach Subsea equipped the ROV's onboard the Olympic Triton with high-spec tooling and sensors including Tool Deployment Unit, high-resolution acoustic sonar, an acoustic 3D scanning unit, and cameras specific for limited visibility conditions.

Mobilisation commenced in Sunderland, UK followed by transit to site where inspection, cleaning, valve operations and debris recovery took place. Thanks to the equipment used, the team onboard managed to successfully complete the scope of work, which had previously been aborted due to the low visibility. The efficient project completed in less than two weeks including mob, demob, transits, and crew change.



Vessel

Olympic Triton

Client

Perenco UK Ltd

Location

Southern UKCS

Period

March - April 2024

Water Depth

30m - 40m

Online survey and offline data processing was performed remotely from Reach Subsea's Remote Operations Control Centre (ROCC) in Oslo, where three surveyors and also one of Reach's Shift Supervisors were located and connected to the team onboard throughout the project.

Sustainability within reach

Our vision 'Sustainable access to ocean space' underpins our commitment to take part in the creation of a sustainable future. Our values support and enable team members of our group to take actions in our reach for sustainability. We have a high focus on health and safety, environment, financial solidity, profitability and quality. We are constantly balancing these elements to meet the increased demand for sustainable solutions by our stakeholders. Interpretation of our values in a sustainable perspective is described on the following pages.



Sustainability



In the initial quarter of 2024, Reach is steadfastly dedicated to fostering sustainability, ingraining corporate responsibility into every facet of its processes and the daily operations.

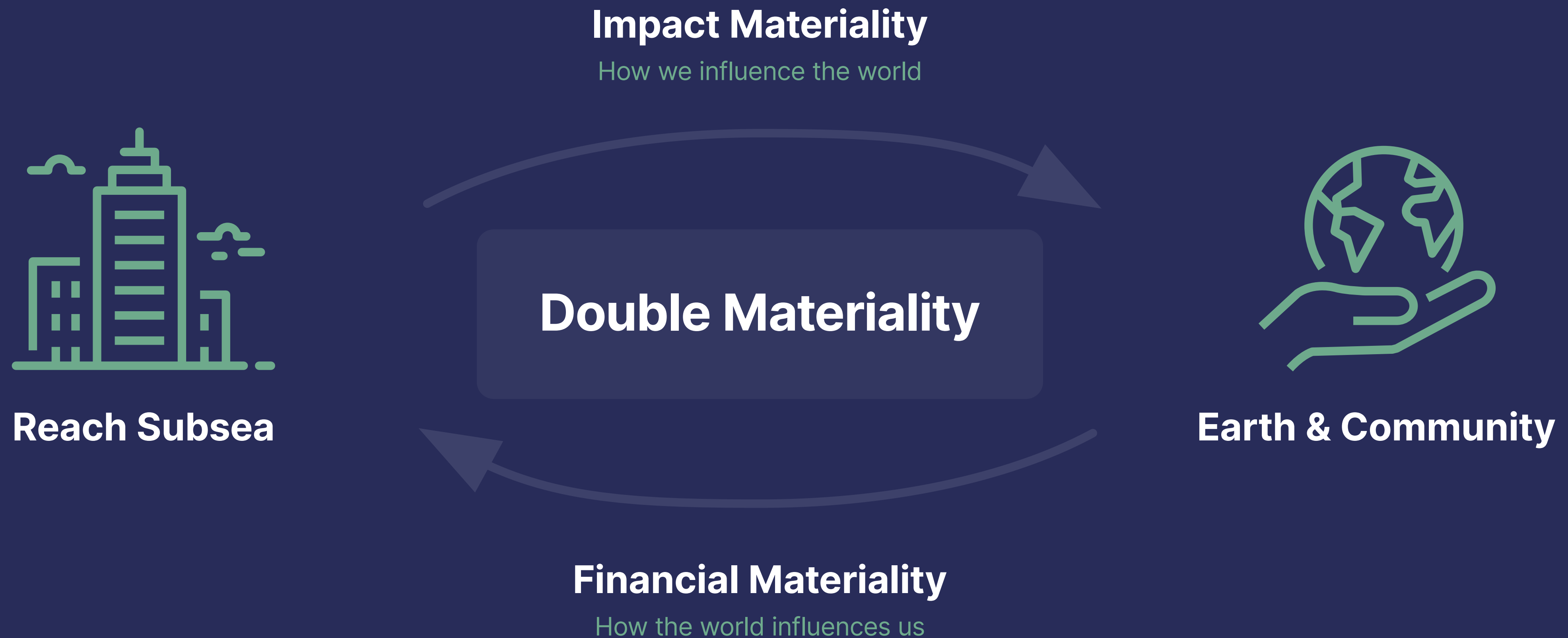
The company is preparing for the EU's Corporate Sustainability Reporting Directive (CSRD) and the applicable European Sustainability Reporting Standards (ESRS). To fortify these efforts, Reach has brought aboard a dedicated resource focusing on ESG. This will contribute to strengthen the workflow on Sustainability in the company.

Three workshops have already been conducted with the "ESG Task Force group", primarily focusing on Key Stakeholder analysis. Subsequently, the team dived into relevant ESG topics, by identifying their impacts, risks, and opportunities. This process, known as a Double Materiality assessment (DMA), involves engagement with both internal and external stakeholders.

Following this assessment, these relevant topics were then scored, and KPIs for 2024 began to take shape. Additionally, Reach has for the first quarter also facilitated a collaborative "Best Practice" workshop in collaboration with partners such as Wilhelmsen, Edda Wind and Loke. This workshop served as a platform for sharing invaluable insights and strategies in the pursuit of sustainability excellence.

Reach has in addition dedicated the first quarter to completing the sustainability reporting in the Integrated Annual report for 2023 – as well as starting the foundation on the 2024 report. This indicates our commitment to transparency and accountability regarding our ESG practices. Reach aims to provide all stakeholders with comprehensive insights into its sustainability efforts and progress towards ESG goals.

Double Materiality Principle



Environmental

Key Performance Indicators

Increase activity within non-O&G segment

✔ **Achieved**

Q1 = 52 %
(Q1 2023 = 34 %)

Successfully bring two USVs to market in 2024

🕒 **Ongoing**

The first Reach Remote unit (USV1) was sea-launched on March 25th.

Zero major spills of hazardous materials to the sea

✔ **Achieved**

No major spills of hazardous materials to the sea has been registered year to date.

CO₂ footprint below the NSA relevant emission targets

🕒 **Ongoing**

Q1 = 35.08
(Q1 2023 = 39.11)

Our total CO₂ emissions per sold vessel day was per Q1 35.08 ton of CO₂ equivalents (2023 - 39.11).

Scheduled activities

Q1	Q2	Q3	Q4
	Bring USV2 to market		

Social

Key Performance Indicators

Lost time incidents (LTI) 0%

✔ **Achieved**

Q1 = 0 LTI
(Q1 2023 = 0)

Zero work related injuries (LTI)

✔ **Achieved**

Q4 = 0
(Q1 2023 = 0)

Maintain turnover below 8 %

✔ **Achieved**

Q1 = 1.4 % so far
(Q1 2023 = 2.8 %)

10 apprentices and trainees participating yearly in trainee program

🕒 **Ongoing**

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

Scheduled activities

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

Governance

Key Performance Indicators

90% completion of Cyber security awareness training courses

🕒 Ongoing

Q1 = Ongoing

90% completion of Code of Conduct and Anti Bribery course

🕒 Ongoing

Q1 = Ongoing

Implement and gain 90 % completion of Sustainability course

🕒 Ongoing

Q1 = Ongoing

Scheduled activity to implement Sustainability Course in Q2.

Scheduled activities

Q1	Q2	Q3	Q4
90 % completion of Cyber security awareness training courses			
90 % completion of Code of Conduct and Anti Bribery course			
	Implement and gain 90 % completion of Sustainability course		

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 1Q2024 was NOK 575.3 million (NOK 234.0 million), with the increase from last year explained by (i) a higher number of project days sold, (ii) increased service scope on projects and (iii) higher pricing with increased project profit margins.

Operating expenses for 1Q2024 were NOK 546.6 million (NOK 242.4 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 higher project activity, hereunder more vessel days. Details about depreciations and impairment sensitivity is presented in the Notes.

1Q2024 operating result (EBIT) was NOK 28.7 million (NOK –8.4 million).

The improved EBIT is primarily a result of higher activity with strong utilization and higher pricing. Net financial items for 1Q2024 were NOK –37.6 million (NOK 14.0 million). The main year-over-year differences are (i) result from associated companies of NOK 0.6 million (N/A), (ii) increased interest expenses due to the higher level of IFRS 16 related debt, which amounted to NOK –24.1 million (NOK –3.4 million) and (iii) currency effects, which amounted to NOK –16.4 million (NOK 16.9 million).

Our charter hires are in USD and NOK, while income in the quarter was in NOK, USD and EUR.

The total comprehensive income for 1Q2024 was NOK 5.9 million (NOK 4.0 million).

For 1Q2024, Oil & Gas revenues constituted 48 % while Renewable/ Other constituted 52 % of total revenues. By comparison, in 1Q2023 Oil & Gas revenues were 66 % while Renewable/Other constituted 34 % 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.

Capital structure

The Group's equity as of 31 March 2024 was NOK 938.0 million (NOK 704.5 million), which represents 29.4 % (52.6 %) 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 2Q2023. 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 877.1 million (NOK 546.0 million), of which cash and cash equivalents amounted to NOK 201.1 million (NOK 137.3 million). Including the unutilized revolving credit facility, available liquidity was NOK 231.1 million (NOK 167.3 million).

Receivables and inventories were NOK 676.0 million (NOK 408.7 million). Total non-interest-bearing current liabilities were NOK 527.2 million (NOK 260.1 million). This leaves a net working capital of NOK 148.8 million (NOK 148.6 million).

Total non-current assets at the end of the quarter were NOK 2,314.2 million (NOK 792.9 million). The increase is mainly a result of (i) increased Right of use assets (leases capitalized under IFRS 16) of net NOK 1,212.0 million (ii) Assets under construction of net NOK 158.7 million, which is mainly related to the Reach Remote project and (iii) Property, plant and equipment of net NOK 103.2 million.

For details related to vessel commitment, please see the Notes. Net interest-bearing debt (total interestbearing debt, including capitalized leases under IFRS 16, less cash) stood at NOK 1,525.0 million (NOK 237.0 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 -107.3 million (NOK -123.2 million), i.e. cash positive.

Net cash flow from operating activities for 1Q2024 was NOK -43.9 million (NOK -5.2 million) with the main year on year differences related to working capital changes being NOK 154 million higher this year. More details can be found in the Cash flow statement.

Net cash flow from investing activities for 1Q2024 was NOK -83.3 million (NOK -90.8). Included in this figure is Purchase of fixed assets related to general equipment upgrades, mobilizations and general investments of NOK -83.3 million (NOK -26.1 million).

Net cash flow from financing activities for 1Q2024 was NOK -119.4 million (NOK -39.8 million) and includes vessel charter hire classified as "Repayment of borrowings and leases" according to IFRS 16. 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 1Q2024 was NOK -246.6 million (NOK -56.1 million). Reach has per 31 March 2024 no major debt maturities to credit institutions falling due the next three years.

The Reach Remote project is expected to amount to approximately NOK 426 million. As of March 31 2024 the company has capitalized NOK 228 million as Asset under construction. In addition, the company has financed two eROVs through leasing. As of March 31 the eROVs are under construction, and costs not recognised related to the eROVs amounts to NOK 44 million. The eROVs 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 and Northern Maria.

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 March 31 2024 remaining investments related to these investments is estimated to NOK 203 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 31 March 2024 issued 271,769,245 (255,136,928) shares, of which the majority is owned by Norwegian shareholders. The increased number of shares compared with 31 March 2023 is related to (i) a share increase of 850,000 new shares from the share incentive program for employees exercised in December 2023, (ii) the purchase of Guardian Geomatics, partly settled by issuing 15,469,682 new shares, and (iii) a subsequent offering of NOK 1.3 million resulting in 312,635 new shares (that followed a private placement of NOK 125.0 million, resulting in 29,411,000 new shares in 1Q2023).

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 backlog of approximately NOK 1.3 billion (NOK 815 million), with projects for execution in 2Q2024 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 10 billion (2.7 billion). See further details under «Operational Update» and «Outlook».

Outlook

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

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

The opportunities are that our core subsea service competence is being deployed in new and fast growing maritime sectors such as offshore wind, offshore aquaculture, carbon storage monitoring, environmental surveillance, and subsea mining.

Our commitment to growth and global expansion is underpinned by the recent merger with Australian-based Guardian Geomatics as well as increased service scope on our marketed fleet by investing in mobilizations during the winter and pre-season 2024.

A major milestone in 2024 will be the introduction of Reach Remote to the market. We are in active dialogue with clients around the globe and notice substantial interest for a more sustainable way of providing subsea services and gathering subsea data.

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

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

The Board and management are pleased with the company's financial performance in 1Q2024. 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. Matching these efforts with the promising opportunity and pricing environment we see unfolding will be key to drive growth and margins further.

Haugesund, 07 May 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)	Q1 2024	Q1 2023	12M 2023	Notes
Operating revenue	575 271	234 003	1 966 584	9
Other income/losses	-	15	29 319	3
Revenue	575 271	234 018	1 995 903	
Procurement expenses	(194 508)	(76 114)	(503 760)	
Personnel expenses	(101 750)	(62 461)	(348 794)	7
Other operating expenses	(73 353)	(38 675)	(188 558)	
EBITDA	205 660	56 768	954 790	
Depreciation and impairment	(176 981)	(65 140)	(623 005)	3, 10
Operating result (EBIT)	28 679	(8 372)	331 786	
Result from associated companies	620	-	16 714	12
Interest income	2 305	495	4 991	11
Interest expenses	(24 080)	(3 355)	(77 881)	10, 11
Other net financial items	(16 443)	16 872	13 925	11
Profit (loss) before taxes	(8 920)	5 641	289 534	
Income taxes	13 154	(1 735)	(63 743)	8
Profit (loss)	4 235	3 905	225 791	

Comprehensive income (NOK 1000)	Q1 2024	Q1 2023	12M 2023	Notes
Translation differences	1 632	116	(1 116)	
Comprehensive income items	1 632	116	(1 116)	
Total comprehensive income	5 867	4 021	224 675	
Earnings per share	0.02	0.02	0.89	
Diluted earnings per share	0.02	0.01	0.88	

Balance Sheet

Statement of financial position (NOK 1000)	31.03.2024	31.03.2023	31.12.2023	Notes
Non-current assets				
Goodwill	109 590	86 723	109 590	4
Deferred tax assets	13 604	26 561	-	8
Intangible assets	29 379	10 207	30 769	4
Investment in associated companies	114 092	95 632	113 452	12
Assets under construction	305 600	146 935	266 658	3
Property, plant and equipment	178 102	74 901	183 279	3
Right-of-use assets	1 563 854	351 891	1 163 222	3, 10
Total non-current assets	2 314 221	792 850	1 866 970	
Current assets				
Bunkers	21 287	7 915	28 418	
Trade receivables	594 560	332 025	314 166	
Other receivables	60 159	68 778	41 904	
Cash and cash equivalents	201 090	137 274	436 423	
Total current assets	877 096	545 992	820 912	
Total assets	3 191 317	1 338 842	2 687 882	

Statement of financial position (NOK 1000)	31.03.2024	31.03.2023	31.12.2023	Notes
Equity				
Share capital	271 769	255 450	271 769	6
Share premium	388 273	358 406	388 273	
Proposed dividends	97 837	45 981	97 837	
Other equity	180 135	44 649	170 126	7
Total equity	938 015	704 485	928 005	
Non-current liabilities				
Interest-bearing debt to credit institutions	79 062	3 449	57 418	5, 10
Interest-bearing debt leases	1 025 106	145 835	805 931	5, 10
Deferred tax liabilities	-	-	10 567	8
Total non-current liabilities	1 104 168	149 284	873 916	
Current liabilities				
Interest-bearing debt to credit institutions short term	14 706	10 585	10 176	5, 10
Interest-bearing debt leases	607 212	214 394	386 036	5, 10
Tax payable	48 148	11 136	41 026	8
Trade payables	205 683	118 947	205 773	
Other current liabilities	273 387	130 011	242 951	
Total current liabilities	1 149 135	485 073	885 960	
Total liabilities	2 253 303	634 357	1 759 877	
Total equity and liabilities	3 191 317	1 338 842	2 687 882	

Cashflow

Statement of cash flow (NOK 1000)	Q1 2024	Q1 2023	12M 2023	Notes
Cash flow from operating activities				
Profit before tax	(8 920)	5 641	289 534	
Paid taxes	(4 098)	-	(8 808)	
Depreciation and amortisation	176 981	65 140	623 005	
Gain/loss on assets sold	-	-	(29 843)	
Interest income	(2 305)	(495)	(4 991)	
Interest expense	24 080	3 355	77 881	
Change in trade debtors	(280 394)	(100 397)	(12 535)	
Change in trade creditors	20 511	16 517	27 038	
Change in other provisions	26 688	4 843	5 264	
Investments accounted for using the equity method	(620)	-	(16 714)	
IFRS 2 share-based payments	4 142	237	2 897	
Net cash flow from operating activities	(43 933)	(5 160)	952 728	
Cash flow from investing activities				
Acquired cash balance from consolidation of Guardian Geomatics	-	-	27 652	
Sale of fixed assets	-	-	31 384	
Purchase of fixed assets	(83 323)	(26 050)	(202 708)	
Purchase of shares in associated companies	0	(64 721)	(64 721)	
Net cash flow from investing activities	(83 323)	(90 771)	(208 392)	

(NOK 1000)	Q1 2024	Q1 2023	12M 2023	Notes
Cash flow from financing activities				
Net interest received/paid	1 188	547	2 001	
Proceeds from issuance of ordinary shares	-	119 559	123 040	
Proceeds from bank loan	27 500	-	27 500	
Payment of dividends	-	-	(45 981)	
Repayment of borrowings	(1 326)	(13 984)	(23 300)	
Repayment of leases (including interests)	(146 737)	(66 331)	(571 042)	
Net cash flow from financing activities	(119 374)	39 792	(487 781)	
Net change in cash and cash equivalents	(246 630)	(56 139)	256 556	
Cash and cash equivalents in the start of the period	436 423	191 591	191 591	
Translation differences	11 297	1 822	(11 723)	
Cash and cash equivalents in the end of the period	201 090	137 274	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	928 005
Profit for the year					4 235	4 235
Other comprehensive income for the year					1 632	1 632
Total comprehensive income for the year					5 867	5 867
Proceeds from shares issued						-
Dividends paid						-
Proposed dividends						-
IFRS 2 share-based payments				4 142		4 142
Equity 31 March 2024	271 769	388 273	97 837	14 932	165 203	938 015

Notes

Note 1 - Basis for preparation

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

Note 2 - Significant accounting principles, estimates and judgements

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

The preparation of the interim accounts entails the use of judgements, estimates and assumptions that affect the application of accounting policies and the amounts recognised as assets and liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances. The actual results may deviate from these estimates. The material assessments underlying the application of the company's accounting policies and the main sources of uncertainty are the same for the interim accounts as for the annual accounts for 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	38 943	2 523	832	6 454	561 108	609 861
Reclassifications	-	-	-	-	-	-
Disposals/adjusted commitment	-	-	-	-	-	-
Purchase cost 31.03.24	305 600	189 504	125 967	162 312	2 168 382	2 951 765
Accumulated depreciation 31.03.24	-	(146 170)	(109 125)	(44 498)	(604 525)	(904 317)
Accumulated impairment 31.03.24	-	-	-	-	-	-
Net book value 31.03.24	305 600	43 334	16 842	117 926	1 563 854	2 047 556
Depreciation in 2024	-	(3 435)	(309)	(11 367)	(160 482)	(175 592)
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	227 749
Other capex-projects and mobilizations	77 851
Net book value 31.03.24	305 600

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 31 March 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 %	17 740
20 %	76 936
30 %	195 832

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 31.03.24	2 372	32 000	109 589	143 961
Accumulated depreciation 31.03.24	(284)	(4 708)	-	(4 993)
Net book value 31.03.24	2 087	27 292	109 589	138 969
Depreciation in 2024	(56)	(1 333)	-	(1 390)
Depreciation plan	Linear	Linear		
Estimated useful life	5-10 years	6 years	Indefinite	

Research and development are related to development of software/equipment. As of March 31 2024 the group has net book values for R&D totaling NOK 2.1 million. Hours spent have been capitalized for personell as well as other external consultants related to the development of equipment and software.

Customer relationships and goodwill 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 March 31 2024 the market value exceeds the carrying amount of equity, and no impairment indicators have been identified.

Notes

Note 5 - Borrowings

(NOK 1000)	31.03.2024	31.12.2023
Non-current liabilities		
Bank borrowings (including capitalized loan costs)	46 874	24 623
Lease liabilities to credit institutions	32 188	32 795
Other non-current lease liabilities (IFRS 16)	1 025 106	805 931
Total non-current borrowings	1 104 168	863 350
Current borrowings		
Bank borrowings (including capitalized loan costs)	10 289	5 817
Lease liabilities to credit institutions	4 417	4 358
Other current lease liabilities (IFRS 16)	607 212	386 036
Total current interest-bearing debts	621 918	396 211
Carrying amount		
Bank borrowings	57 163	30 441
Lease liabilities	1 668 922	1 229 120
Total carrying amount	1 726 085	1 259 561
Fair value		
Bank borrowings	57 163	30 441
Lease liabilities	1 668 922	1 229 120
Total fair value	1 726 085	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 have been updated in 2023. The financial covenants are as follows:

- Minimum liquidity: Cash and cash equivalents, including any undrawn and available part of the overdraft facility with SR-Bank, shall at all times 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 installments/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 31 March 2024 the liquidity position (including overdraft facility) is 231,1 million, the Debt service Coverage Ratio is 7.0, and Booked equity NOK 938 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 57.2 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 31.03.24	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	6 663 000	2.5 %
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	3 187 815	1.2 %
ALTEA AS	2 973 658	1.1 %
CORUNA AS	2 725 000	1.0 %
AVANZA BANK AB	2 356 651	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 %
NÆRINGSLIVETS HOVEDORGANISASJON	1 978 415	0.7 %
A-Å INVEST AS	1 938 725	0.7 %
Total 20 largest	203 538 326	74.9 %
Others	68 230 919	25.1 %
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 1Q2024 the Company has recognized NOK 0.3 million in cost related to the options.

Notes

Note 8 - Tax

(NOK 1000)	01.01 - 31.03 2024	01.01 - 31.03 2023	01.01 - 31.12 2023
Taxes payable	11 017	3 381	42 261
Changes in deferred taxes	(24 171)	(1 646)	21 482
Taxes, in total	(13 154)	1 735	63 743
Deferred taxes / (Deferred tax assets)			
Temporary differences	31.03.2024	31.03.2023	31.12.2023
Other fixed assets	(9 815)	(38 581)	(3 135)
Financial leases	18 409	793	17 415
Fixed-price contracts	-	-	-
Inventories	(934)	(934)	(934)
Accruals	(19 642)	(4 878)	(18 376)
Right-of-use assets	(68 478)	644	(29 172)
Intangible assets	70 742	24 333	74 775
Tax loss carried forward Norway	-	(102 109)	0
Tax loss carried forward outside of Norway	(73 528)	(66 383)	(64 338)
Temporary differences, in total	(83 247)	(187 115)	(23 765)
Deferred tax assets	(13 604)	(26 561)	(799)
Not recognized deferred tax assets	-	(11 622)	(11 366)
Deferred tax assets in balance sheet*	13 604	26 561	(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. Unrecognized 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)	31.03.2024	31.03.2023	31.12.2023
Reconciliation from nominal to actual tax rate			
Profit & loss before taxes	(8 920)	5 641	289 534
Nominal tax rate	22 %	22 %	22 %
Anticipated income tax due to nominal tax rate	(1 962)	1 241	63 698
Actual tax cost	(13 154)	1 735	63 743
Deviation	(11 192)	494	46
Tax effects of:			
Permanent differences	(533)	761	104
Effect of tax rates outside Norway different from 22%	359	(1 392)	(270)
Changes in deferred tax assets, not recognized	-	136	120
Changes in deferred tax assets, previously not recognized	11 366	-	-
Explanation	11 192	(494)	(46)
Effective tax rate	147 %	31 %	22 %
Payable taxes in the balance sheet			
Payable taxes in the tax charge	(11 017)	(3 381)	(37 511)
Advances paid on tax charge	501	1 590	1 056
Tax payable previous years	(37 632)	(9 344)	-
Tax payable from business combinations	-	-	(4 570)
Payable taxes in the balance sheet	(48 148)	(11 136)	(41 026)

Notes

Note 9 - Segments

(NOK 1000)	01.01 - 31.03 2024	01.01 - 31.03 2023	01.01 - 31.12 2023
Operating revenue			
Oil & Gas	274 472	153 369	1 332 996
Renewable / other	300 799	80 649	633 588
Total	575 271	234 003	1 966 584

(NOK 1000)	01.01 - 31.03 2024	01.01 - 31.03 2023	01.01 - 31.12 2023
Revenue by region			
Norway	58 474	31 514	316 820
Europe	309 397	115 402	740 578
Americas	152 922	23 209	332 837
Asia	35 810	11 834	53 946
Oceania	18 517	-	29 002
Other	150	52 058	493 401
Total	575 271	234 003	1 966 584

(NOK 1000)	01.01 - 31.03 2024	01.01 - 31.03 2023	01.01 - 31.12 2023
Revenue by type of service			
Data	210 108	53 506	406 336
Solutions	365 163	180 512	1 560 248
Total	575 271	234 003	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 March 31 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 recongized in 2024:

Right-of-use assets	31.03.2024	31.12.2023
Property plant and equipment	1 563 854	1 163 222
Total	1 563 854	1 163 222

Lease liabilities	31.03.2024	31.12.2023
Current	607 212	386 036
Non current	1 025 106	805 931
Total	1 632 317	1 191 967

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

	Q1 2024	Q1 2023	12M 2023
Depreciation charge of right-of use assets	160 482	63 764	581 645
Depreciation recognised as contract asset	-	(8 927)	-
Impairment charge of right-of-use assets	-	-	-
Interest expense	22 963	3 407	74 892
Total charges to the P&L	183 445	58 244	656 537

The total cash outflow for leases in 1Q2024 was NOK 146.7 million (1Q2023: 66.3 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	561 108	-	561 108
Additions from business combination (note 14)	-	-	-
Disposals	-	-	-
Depreciation of right-of-use-assets	(160 482)	-	-
Impairment	-	-	-
Interests	-	-	22 963
Reclassification from long to short term	-	219 170	(219 170)
Adjusted commitment	-	-	-
Currency adjustment	-	-	31 711
Payments	-	-	(175 437)
Ending balance 31.03.2024	1 563 854	1 025 106	607 212

Reconciliation of depreciation	Q1 2024	Q1 2023	12M 2023
Depreciation of long term right-of-use assets	132 065	58 922	429 015
Depreciation of short term right-of-use assets	28 417	4 842	152 630
Depreciation recognised as contract asset	-	(8 927)	-
Depreciation of other assets	16 500	10 302	41 360
Total depreciation	176 982	65 140	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) 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	Q1 2024	Q1 2023	12M 2023
Interest income on short term bank deposits	2 305	495	4 991
Total interest income	2 305	495	4 991
Interest expense on bank borrowings	(744)	53	(2 617)
IFRS 16 interest expense	(22 963)	(3 407)	(74 892)
Other interest expense	(373)	-	(373)
Total interest expense	(24 080)	(3 355)	(77 883)
Net foreign exchange expense/income	15 420	11 841	1 885
Currency adjustment related to IFRS 16	(31 711)	5 214	12 616
Other finance costs	(152)	(183)	(580)
Total other net financial items	(16 443)	16 872	13 925
Net financial items	(38 218)	14 012	(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:	31.03.2024	31.03.2023	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	20	-	(23)
Share of net result in investment, Eidesvik Reach AS	620	-	16 714
Total carrying amount of investments in associates at balance date	114 092	95 632	113 452
Specification of net result from investment in associates recognised in the income statement:			
Share of net result in investment, Eidesvik Reach AS	620	-	16 714
Share of net result in investment, Guardian Geomatics Arabia Limited	-	-	-
Net result from investments in associates	620	-	16 714

Notes

Note 13 - Commitments

The Reach Remote project is expected to amount to approximately NOK 426 million. As of March 31 2024 the company has capitalized NOK 228 million as Asset under construction. In addition, the company has financed two eROVs through leasing. As of March 31 the eROVs are under construction, and costs not recognised related to the eROVs amounts to NOK 44 million. The eROVs 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 and Northern Maria.

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 March 31 2024 remaining investments related to these investments is estimated to NOK 203 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.

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