

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 3Q in terms of activity level and operating results driven by growth, strong market conditions and successful project execution.

EBIT for 3Q2024 was NOK 134.1 million (NOK 112.4 million), while pre-tax result was NOK 115.0 million (NOK 92.3 million).

Reach Remote progressing with sea trials underway, clients lining up to be part of the solution, and the EU Innovation Fund granting EUR 14.3 million for Reach Remote scale-up.

Strong outlook as evidenced by a steady backlog of NOK 1.5 billion and tender volume of NOK 8.5 billion.

Key figures

	Q3 2024	Q3 2023	9M 2024	9M 2023	12M 2023
	UNAUDITED				AUDITED
Revenue (NOKm)	835	651	2 033	1 522	1 996
EBIT (NOKm)	134	112	284	252	332
Pre-tax profit (NOKm)	115	92	217	208	290
Cash and cash equivalents (NOKm)	259	137	259	137	436
Net working capital (NOKm)	115	249	115	249	(105)
Net interest bearing debt excl IFRS 16 leases (NOKm)	(111)	(97)	(111)	(97)	(369)
Net interest bearing debt incl IFRS 16 leases (NOKm)	1 426	1 212	1 426	1 212	823
Equity (NOKm)	1 028	823	1 028	823	928
Order backlog (NOKm)	1 500	530	1 500	530	1 600
Outstanding tender value (NOKbn)	8.5	7.5	8.5	7.5	10.0
Number of ROV days sold	774	806	2 074	2 283	2 942
Number of ROV days available	1 012	1 174	2 905	3 494	4 506
Technical uptime on ROVs	99 %	100 %	99 %	100 %	99 %
Number of offshore personnel days sold	14 013	6 282	35 113	21 140	29 849
LTIs	0	0	0	0	1
Number of vessel days sold	690	550	1 729	1 315	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 share our third quarter report for 2024, showcasing our continued steady progress aligned with our strategic goals.

In a dynamic market, we are advancing Reach Subsea's growth with a strong focus on profitability and high-quality services. Our core services—IMR, Construction, Survey, and Monitoring—are key drivers of this progress, supported by high utilization across our fleet of eight subsea spreads and two USV spreads. Our services and global reach continue to expand steadily.

Our commitment to robotization in the subsea industry is rapidly materializing with Reach Remote 1 and 2 soon to join our operational USV fleet.

In addition to this, we are expanding our remote service offerings across both our traditional subsea assets and our growing fleet of unmanned platforms.

Reach Remote 1 and 2 introduce a ground breaking approach to subsea operations. Our belief in this vision is reflected in our substantial investments, and it's encouraging to see the market share our confidence.

This support is demonstrated by recognitions like the Ship of the Year 2024 award, the EU Innovation Fund grant for a Reach Remote scale up, and most importantly the support from major energy companies – our existing and future clients - for our pilot projects.

As we reach the starting point for the operationalization of the Reach Remote USVs, we are preparing to address many of the key questions raised during the design and construction phases. Reach Remote 1 is now preparing for her first exam.

We are facing exciting times ahead of us and with this momentum, we believe we are well-positioned to meet the growing demand in our industry.

Our order backlog remains strong at NOK 1.5 billion, with projects lined up for Q4 2024 and beyond, and our tender volume is now at NOK 8.5 billion.

In our mission for “Sustainable Access to Ocean Space” and as we achieve milestones that reinforce our vision, we remain focused on upholding the highest safety standards for our people. This commitment is exemplified by our continued record of zero work-related injuries. We believe that “Everything is 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 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.



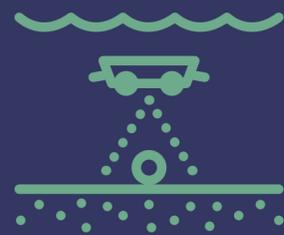
Our services



IMR & CONSTRUCTION

Reach Subsea offers diverse capabilities, from heavy construction and decommissioning to specialized inspection, maintenance, and repair (IMR) services.

Equipped with a reliable ROV fleet and backed by extensive industry expertise, we deliver solutions for projects of all sizes, providing dependable support across the lifecycle of ocean assets. Reach Subsea is committed to being a trusted partner for clients worldwide.



SURVEY

Reach Subsea offers cost-effective, high-end seabed mapping and pipeline inspection services on a global scale.

Our survey capabilities span reconnaissance and detailed seabed mapping for oil and gas, as well as offshore wind farm developments, in addition to inspecting critical subsea assets. These services are performed with our advanced fleet of vessels equipped with specialized survey ROVs and, increasingly, with our unmanned survey platforms as we expand our remote operations capabilities.



MONITORING

Reach Subsea offers innovative monitoring solutions for hydrocarbon production, carbon capture and storage (CCS) projects, and environmental assessments.

By employing passive monitoring methods, we provide data that supports efficient reservoir management, optimizes field development, and ensures a minimal environmental impact. Our services enable clients to track reserve depletion, enhance recovery rates, monitor CO2 injection, and confirm long-term containment while reducing uncertainties and detecting any potential leakage.

Services delivered during Q3

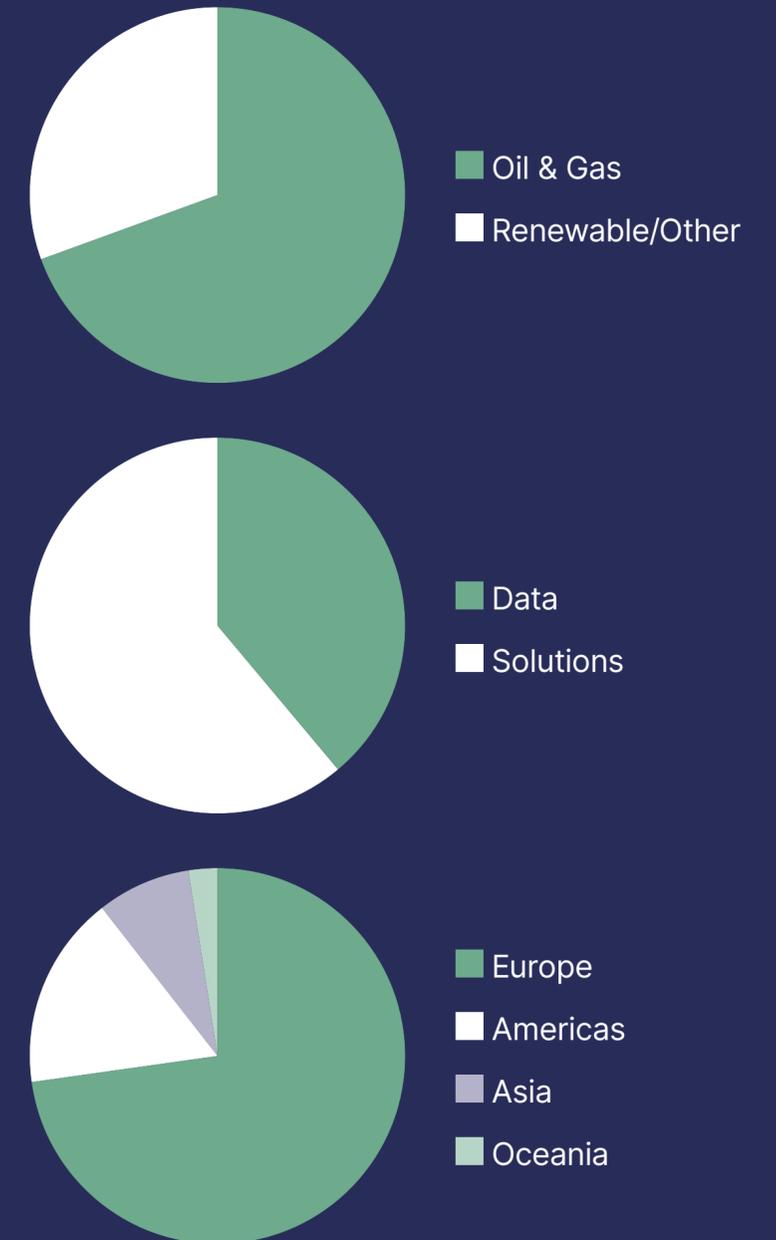


Figures for the same period last year are presented in brackets in the text.

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 Q3 has come from projects in the Renewable/Other 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 Q3.

The number of vessel days that passed through our P&L in Q3 2024 was 690 (550) with a 98 % utilisation (99 %). For the first nine months of 2024 the number of vessel days that passed through our P&L amounted to 1,729 (1,315) with a 96 % utilisation (95 %). 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.



Cable Trenching at Revolution Wind, USA

Reach Subsea was awarded a contract to deliver ROV and Survey services for Nexan’s cable installation project Revolution Wind, using the Deep Cygnus, equipped with a 150Te AHC crane, work-class ROV and Nexans Capjet cable trencher.

Mobilisation of equipment and personnel commenced in Fredrikstad, Norway mid September 2024, before commencing the journey to US.

The Scope of work includes cable burial of the wind farm’s export cables as well as pre-lay, as-laid, and depth of burial surveys along the various cable routes. Challenging areas in shallow waters and in varying soil conditions makes an impressive large project including multiple vessels simultaneously.

Alongside the Deep Cygnus, vessels such as the Nexans Aurora performs cable installation works, putting the onboard teams at great responsibility and coordinating roles to accomplish great results.

Much thanks to the well-suited vessel Deep Cygnus and its marine crew along with a highly professional project team from Reach Subsea, the project is forecasted to deliver efficiently together with Nexans, Orsted and multiple third parties involved.



Vessel

Deep Cygnus

Client

Nexans

Location

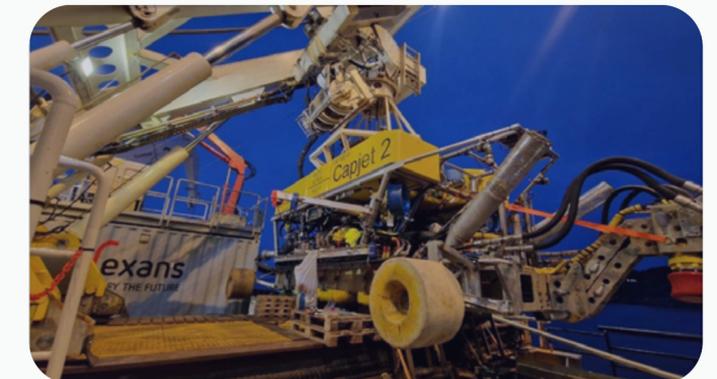
Providence, USA

Period

September 2024 – February 2025

Water Depth

12m - 50m



HydroScheme Industry Partnership Program (HIPP)

Reach Subsea is part of the HydroScheme Industry Partnership Program (HIPP) which is run by the Australian Hydrographic Office (AHO) who is responsible for charting Australian waters.

As a proud member of the HIPP panel, Reach Subsea has conducted a number of Hydrographic surveys for the AHO.

The latest survey Reach Subsea conducted for the AHO was in mid 2024. This was SI 1049 - Cape Fourcroy (North-West). Reach Subsea acquired multibeam data over an area of 2,538 KM2.

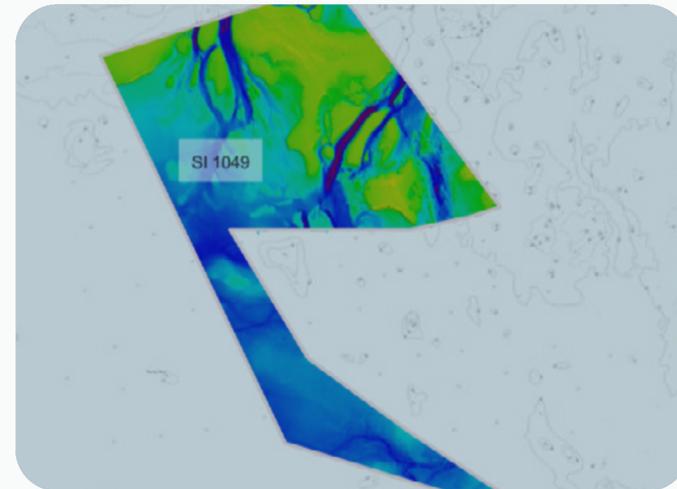
Reach Subsea has invested in a dedicated vessel, operating in Australia. The Offshore Surveyor is a capable survey vessel, well suited for undertaking Hydrographic, Geophysical, and light Geotechnical surveys.

The Offshore Surveyor was used for SI 1049 - Cape Fourcroy (North-West) survey with great results, thanks to the dedicated moonpool for the multibeam deployment, and the crane and A-Frame for deployment of the seabed sensors.



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

Hydrographic surveys are extremely accurate surveys of the seabed. Data is acquired by an experienced team, using a vessel equipped with a multibeam, tide gauges and current meters (deployed on the seafloor), and floating GNSS Positioning Buoys. These combined data sets give the depths of the sea floor at Lowest Astronomical Tide (LAT). The Australian Hydrographic Office (AHO) take the data Reach Subsea acquired, and produces nautical charts, for safe navigation.



Pictured top left: Reach Subsea’s vessel, Offshore Surveyor. Top right: GNSS Positioning Buoys. Above: Data acquired by Reach Subsea for SI1049 Source: Australian Hydrographic Office (AHO).

Vessel

Offshore Surveyor

Client

Australian Hydrographic Office (AHO)

Project

SI 1049 - Cape Fourcroy (North-West).

Location

Offshore Darwin, Northern Territory, Australia

Period

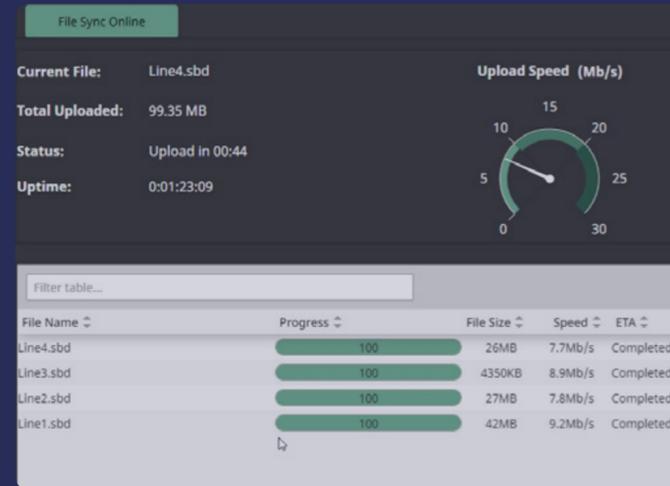
June 2024 - December 2024

Water Depth

21m - 100m

Technology development

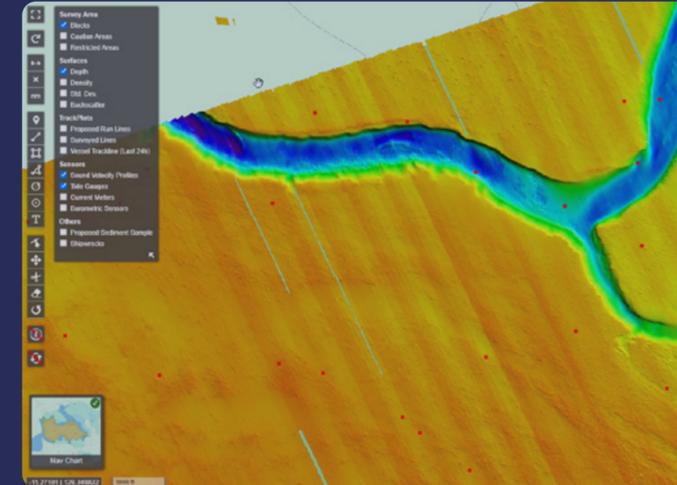
Reach Subsea is a leader in technology development and application of innovative methods for our IMR, survey, and monitoring services in the offshore industry. The company has a highly skilled and interdisciplinary team of scientists and engineers with expertise and excellence in physics, geoscience,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



GGCloudSync

Application for synchronizing files between local systems and cloud storage, using trusted technology for high-speed transfers.

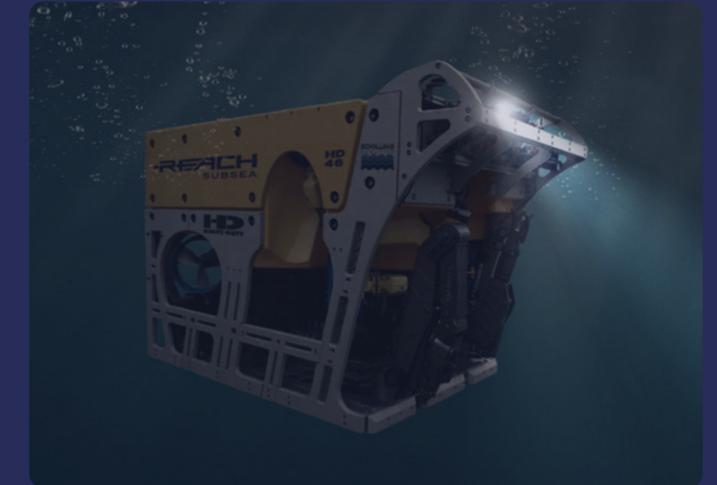
It ensures data stays up-to-date, secure, and quickly transferred. Compatible with satellite systems like VSAT, Starlink, and OneWeb, handling interruptions, latency, and bandwidth limits. GGCloudSync reliably moves raw data to shore, enabling remote work and reducing the need for offshore staff, thus improving project performance, safety, health, and environmental outcomes. By 2025, fewer processing personnel will be offshore thanks to GGCloudSync.



ReachMap

Used to visualise project data such as proposed operations, real time vessel positions and automatically processed data from our new 24-hour data centre.

Raw data is sent from the field to DC24 via GGCloudSync, is automatically processed and forwarded to ReachMap for visualisation. The entire project team and clients can see data in near realtime, permitting first pass QC, project management and first-look perspectives on acquisition. By using a fully automated work flow we can get data in front of decision makers fast and consistently.



DepthWatch

Reach's DepthWatch service in combination with time-lapse OBN seismic provides accurate field-wide subsidence monitoring.

A new method has been developed in collaboration with our customer, utilizing Reach's DepthWatch service to provide accurate node depth measurements during time-lapse deepwater OBN surveys. This allows us to measure subsidence in deepwater fields with 3 cm accuracy, which is important for geomechanical model calibration and monitoring of infrastructure stability. It also improves the quality of 4D seismic data. Read the abstract [here](#).

Chartered vessels and assets


[View online](#)

Viking Reach

Survey, IMR and Light Construction Vessel

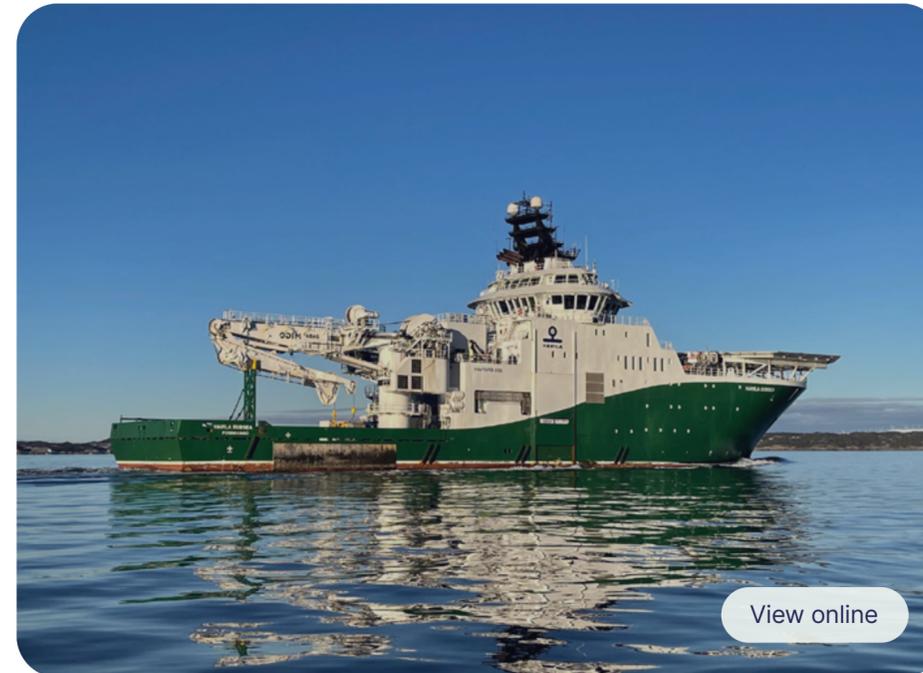
Charter period: April 2023 - April 2029. 3-year option.

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

Q324 status: Survey and light construction work in the North Sea until scheduled yard stay in end September for 40 days.


[View online](#)

Havila Subsea

Survey, IMR and Light Construction Vessel

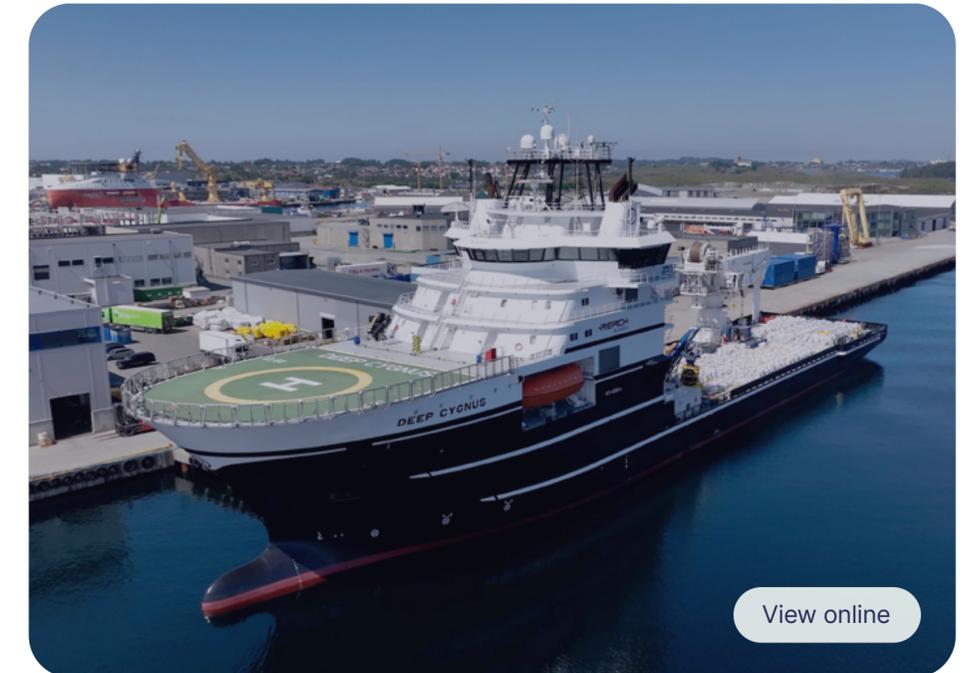
Charter period: June 2024 - June 2027. 2-year option.

Vessel owner: Havila Shipping ASA

Crane: 150 ton

Assets: 2 x Schilling HD WROV, survey equipment

Q324 status: Ocean Bottom Node Operations for PX Geo in Gulf of Mexico continuously throughout the quarter.


[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

Q324 status: IMR operations in the North Sea until early September with start of Trenching Support Operations.

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

Q324 status: Misc IMR scopes for Bluestream in July and August. Remobilisation of WROV and Survey spread onboard in September with IMR and Survey scopes in the North Sea.



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

Q324 status: Continuous IMR and construction support throughout the quarter in the North Sea.



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

Q324 status: Chartered to Bluestream for subsea inspection works throughout the quarter and with a two week yard stay in August.

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

Q324 status: Offshore Wind projects until mid August. Full subsea and survey mobilisation successfully completed before starting IMR operations in the North Sea early September.


[View online](#)

Offshore Surveyor

Survey Vessel

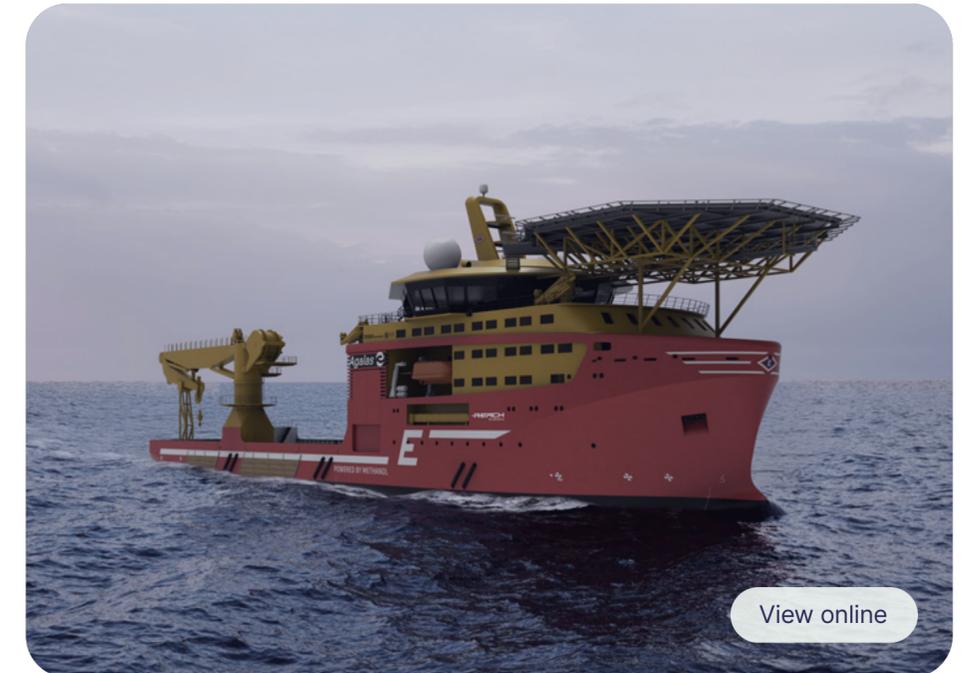
Charter period: June 2024 - June 2027. 2-year option.

Vessel owner: Guardian Offshore AU

Crane: None

Assets: Survey equipment

Q324 status: Hydrographic mapping for Australian authorities throughout the quarter. Scheduled two week Yardstay in October.


[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.

Q324 status: Under construction

Remote vessels



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 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.

Pilot program Joint Industry Project

We are collaborating with Equinor and Total Energies and a few other major Client companies to carry out a technology qualification program for the Reach Remote, aiming to validate remote operations for various tasks offshore Norway. All the Clients are providing financial support for this initiative organized as a Joint Industry Project. Current operational areas are: Haugesund, Troll, Snorre, Gullfaks and Åsgard.

Proving the capabilities of the vessel

- Seabed mapping
- Pipeline inspection
- Subsea structure inspection
- Reservoir modelling by gravimetry measurements

Key features include

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



Reach Remote Q3 highlights



Successful completion of key project phases and start of sea trials

We have successfully completed several critical phases of our project. This includes completion of the vessel fabrication, the final steps in integrating advanced remote technology and operational processes to enable remote operations. We have started the official Sea Trials, with the aim of taking delivery of the vessel in Q4-24.



Recognition as 'Ship of the Year 2024'

One of the most notable accomplishments was Reach Remote 1 being recognized as 'Ship of the Year 2024'. This prestigious award reflects our innovative design and commitment to providing greener, more efficient operations within the industry.



Strengthening industry collaborations

We have strengthened our relationships with key partners and stakeholders, such as Massterly, Kongsberg, Kystdesign, NMA, DNV, academia and multiple maritime administrations. These collaborations are vital for advancing our capabilities and ensuring we remain at the forefront of technological development. Our alliances are fostering the exchange of knowledge and resources, helping us achieve shared goals in sustainability and operational excellence.



Securing EU Innovation Fund Grant

In a significant advancement, Reach Subsea has been granted up to €14.3 million from the EU Innovation Fund under the Net Zero Technologies initiative. This funding will support the scale-up of the Reach Remote project.

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.

Q3 highlights

- Our two Drix units (Orca1,2) are just completing the HSP18 project in the Gulf Arabia which aims to create hydrographic charts for the northern half of the Gulf Arabia for the Saudi Government. Pictured right is Orca2 heading to sea to map Saudi Aramco fields out to the northern border with Kuwait and Iran. Using unmanned technologies in complex areas reduced HSE exposure while at the same time improving efficiency and project delivery. The client, GEOSA (Saudi Arabia Government) are delighted to use Reach Subsea remote technologies to complete such a major project.
- The image (left) of a PSV and a super tanker in the background with the Reach Drix in the foreground shows a stark contrast of how remote technology can be deployed in the most complex areas to solve complex problems for major companies and government agencies.

Key features include

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



Sustainability within reach

Reach is committed to sustainability, addressing environmental, social, and governance (ESG) priorities with a strong focus. Progress is underway on the journey toward Corporate Sustainability Reporting Directive (CSRD) compliance, aligning with the European Sustainability Reporting Standards (ESRS).



ESG Q3 Highlights



Another quarter has passed at Reach, marked by a high level of activity in our sustainability efforts. The highlight of this period has undoubtedly been the successful launch of both Reach Remote vessels.

These remote-controlled vessels represent a ground breaking step in the maritime industry, embodying our commitment to the green transition. Reach Remote is specifically designed to reduce emissions and operational costs while enhancing safety and efficiency. These vessels contribute to the reduction of our carbon footprint, and sets a new standard reaching for more sustainable maritime operations.

ESG Knowledge & Compliance Development

Reach have been actively participating in the “Sustainability Academy” course, aligning with the Corporate Sustainability Reporting Directive (CSRD) for in-house knowledge. These sessions are tailored to ensure that our ESG team are well-informed with the latest knowledge and skills to drive sustainable practices across the company. We are also actively participating in the Sustainability forums hosted by the Norwegian Shipowners’ Association and PwC’s regional sustainability forum, fostering collaboration and sharing best practices with industry peers.

Smaller groups within our "Task Force group" have conducted focused workshops to delve into each Environmental, Social, and Governance (ESG) dimension. These sessions included discussions on our reporting structure, and gap analysis to benchmark our CSRD reporting compliance.

ESG Engagement & Community Action

To raise awareness and engagement across the organization, we’ve launched several initiatives. One stand out for this quarter was a “Bingo” competition aimed at promoting sustainability awareness, with participants from both onshore and offshore, generating new ideas and suggestions for sustainability improvements in the company – and in the private life.

In addition, our participation in the Coastal Clean-Up Campaign launched in September. This campaign mobilised several of the Reach Subsea offices, local schools, and kindergardens to participate in coastal clean-up activities, collecting waste from our coastline to reduce marine pollution. With over 150 participants, the campaign highlights our commitment to environmental stewardship and raising awareness about ocean conservation among future generations, contributing to the reduction of our carbon footprint and setting a new standard for more sustainable maritime operations.

Summary of key targets

Environmental

Given the nature of our operations and the market we operate in, it is a given for us to continue our long-standing focus on the impact we have on the ocean.

Our goal for several years has been to achieve zero major spills. To minimize environmental damage in the event of a spill, we invest in biodegradable oils. At Reach, we report all spills, regardless of size, to maintain a comprehensive overview of any discharges from our operations. This approach aligns with our environmental policy. When it comes to our positioning outside the non-O&G segment, we focus on early-phase offshore wind survey projects, and we aim to strengthen our role in later stages. Investments in assets and personnel enable us to deliver services effectively at these initial stages.

Social

Our turnover rate remains below 8 %, currently at 7.6 %, showing improvement over the Q3 2023 year-to-date figure of 8.0 %.

To reduce turnover, our HR department is focusing on initiatives to strengthen culture, standardize operations, and enhance employee satisfaction. Our trainee program has achieved the 2024 target of 10 apprentices across Norwegian offices and offshore. Additionally, an intern in Aberdeen contributed to business development and commercial projects, supporting our growth.

Governance

Our ongoing efforts to reach a 90 % completion rate in the ReachED courses are showing promising results, with strong participation across the team.

These courses provide employees with essential knowledge and, most importantly, a heightened awareness of key areas like Cyber Security, Sustainability, Anti-Bribery, and our Code of Conduct. By completing these modules, employees are not only enhancing their individual skill sets but are also strengthening the organization as a whole. Aligned with our commitment to transparency and accountability, our recent ISO audit further reinforces these standards, ensuring that our practices and policies uphold the highest levels of integrity and compliance.

Environmental

Key Targets for 2024

Successfully bring two USVs to market in 2024

🕒 Ongoing

Both Reach Remote units (USV1 & USV2) are now sea-launched.

Increase activity within non-O&G segment

✅ Achieved

Q3: 30.48 %
(Q3 2023: 29 %, YTD: 30 %)

Activity is measured through performed project days.

Zero major spills of hazardous materials to the sea

✅ Achieved

Q3: 0
(Q3 2023: 0)

CO₂ footprint below the NSA relevant emission targets

✅ Achieved

Q3: 32.81 YTD

In 2023, our total CO₂ emissions per "vessel day sold" was 35.08 tons of CO₂ equivalents (year-to-date: 35.29 tons). Based on fuel consumption on vessels hired in by Reach.

Scheduled activities

Q1	Q2	Q3	Q4
		Successfully bring two USVs to market in 2024. Q3 = Ongoing	

Social

Key Targets for 2024

Maintain turnover below 8 %

✔ **Achieved**

Q3: 7.6 % YTD
(Q3 2023: 8 % YTD)

10 apprentices and trainees participating yearly in trainee program

✔ **Achieved**

10 apprentices and trainees in 2024 to this date, located at Norwegian offices and offshore. Following plan to hire more trainees and posting job announcements continuously.

Zero work related injuries (LTI)

✔ **Achieved**

Q3: 0 YTD
(Q3 2023: 0 YTD)

Zero Lost time incidents

✔ **Achieved**

Q3: 0 LTI
(Q3 2023: 0 LTI)

Governance

Key Targets for 2024

90 % completion of Cyber security awareness training courses

🕒 Ongoing

90 % completion of Code of Conduct and Anti Bribery course

🕒 Ongoing

Implement and gain 90 % completion of Sustainability course

🕒 Ongoing

(The sustainability course was implemented 15.04.24)

Scheduled activities

Q1

Q2

Q3

Q4

90 % completion of Cyber security awareness training courses. Q3 = Ongoing

90 % completion of Code of Conduct and Anti Bribery course. Q3 = Ongoing

Implement and gain 90 % completion of Sustainability course. Q3 = Ongoing

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.

Revenue for 3Q2024 was NOK 834.6 million (NOK 651.3 million), with the increase from last year primarily explained by high project activity as well as an increase in reimbursable cost.

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

Operating expenses for 3Q2024 were NOK 700.4 million (NOK 538.9 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 project activity, increase in reimbursable cost and a general market cost increase. Details about depreciations and impairment sensitivity is presented in the Notes.

3Q2024 operating result (EBIT) was NOK 134.1 million (NOK 112.4 million).

The increased EBIT is primarily a result of higher project activity with strong margins. Net financial items for 3Q2024 were NOK –19.1 million (NOK –20.1 million).

The main year-over-year differences are (i) result from associated companies of NOK 10.2 million (NOK 8.1 million), (ii) increased interest expenses due to the higher level of IFRS 16 related debt, which amounted to NOK –33.6 million (NOK –25.6 million) and (iii) currency effects, which amounted to NOK 2.8 million (NOK –3.5 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 3Q2024 was NOK 91.4 million (NOK 77.8 million).

For 3Q2024, Oil & Gas revenues constituted 70 % while Renewable/ Other constituted 30 % of total revenues. By comparison, in 3Q2023 Oil & Gas revenues were 71 while Renewable/Other constituted 29 % 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.

Revenue for the first nine months of 2024 was NOK 2,032.9 million (NOK 1,521.8 million), with the increase from last year explained by higher project activity as well as increased reimbursable cost year to date compared to the same period last year.

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

Operating expenses for the first nine months of 2024 were NOK 1,749.0 million (NOK 1,269.5 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 nine months of 2024 as well as increased reimbursable cost, compared to the same period last year and a general market cost increase. Details about depreciations and impairment sensitivity is presented in the Notes.

Operating result (EBIT) for the first nine months of 2024 was NOK 283.9 million (NOK 252.3 million).

The increased EBIT is primarily driven by high activity and strong project margins, partly offset by the sale of one ROV in 2Q2023 with a net gain of NOK 29.8 million. Net financial items for the first nine months of 2024 were NOK –66.9 million (NOK –43.9 million).

The main year-over-year differences are (i) result from associated companies of NOK 18.1million (NOK 8.9 million), (ii) increased interest expenses primarily due to the higher level of IFRS 16 related debt, which amounted to NOK –90.0 million (NOK –53.4 million) and (iii) currency effects, which amounted to NOK 0.2 million (NOK –1.8 million). Our charter hires are in AUD, GBP, EUR, USD and NOK, while income in the first nine months was primarily in AUD, NOK, USD and EUR.

The total comprehensive income for the first nine months of 2024 was NOK 183.3 million (NOK 168.1 million).

For the first nine months of 2024, Oil & Gas revenues constituted 63 % (70 %) while Renewable/ Other constituted 37 % (30 %) of total revenues.

Capital structure

The Group's equity as of 30 September 2024 was NOK 1,027.9 million (NOK 823.1 million), which represents 30.6 % (31.4 %) 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 marginally reduced equity ratio compared to the same period last year.

Total current assets at the end of the quarter were NOK 1,021.3 million (NOK 836.8 million), of which cash and cash equivalents amounted to NOK 259.2 million (NOK 136.6 million). Including the unutilized revolving credit facility, available liquidity was NOK 289.2 million (NOK 166.6 million).

Receivables and inventories were NOK 762.1 million (NOK 700.2 million). Total non-interest-bearing current liabilities were NOK 646.8 million (NOK 451.0 million). This leaves a net working capital of NOK 115.2 million (NOK 249.3 million).

Total non-current assets at the end of the quarter were NOK 2,338.7 million (NOK 1,786.0 million). The increase is mainly a result of increased (i) Property, plant and equipment of net NOK 209.4 million, (ii) Right of use assets (leases capitalized under IFRS 16) of net NOK 184.2 million and (iii) Assets under construction of net NOK 89.5 million, which is mainly related to the Reach Remote project. 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 1,426.0 million (NOK 1,212.2 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 -111.1 million (NOK -97.1 million), i.e. cash positive.

Net cash flow from operating activities for 3Q2024 was NOK 307.0 million (NOK 266.6 million) with year-over-year increase primarily explained by higher profits in 3Q2024. Net cash flow from operating activities for the first nine months of 2024 was NOK 591.9 million (NOK 506.1 million).

Net cash flow from investing activities for 3Q2024 was NOK -77.4 million (NOK -68.7 million). Included in this figure is Purchase of fixed assets related to general equipment upgrades, mobilizations and general investments of NOK -71.4 million (NOK -68.7 million). Net cash flow from investing activities for the first nine months of 2024 was NOK -188.8 million (NOK -151.9 million).

Net cash flow from financing activities for 3Q2024 was NOK -198.7 million (NOK -193.2 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 nine months of 2024 was NOK -591.4 million (NOK -414.7 million).

Net change in cash and cash equivalents for 3Q2024 was

NOK 36.8 million (NOK 4.7 million). Net change in cash and cash equivalents for the first nine months of 2024 was NOK -188.2 million (NOK -60.5 million). Reach has per 30 September 2024 no major debt maturities to credit institutions falling due the next three years. Details about cashflow can be found in the Cash flow statement and the Notes.

The Reach Remote project is expected to amount to approximately NOK 449 million. As of September 30 2024 the company has capitalized NOK 278 million as Asset under construction. In addition, the company has financed two eROVs through leasing. As of September 30 the ROVs are under construction, and costs not recognised related to the ROVs amounts to NOK 60 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 NOK 224 million, and encompass equipment, upgrades and mobilization activities for vessels. As of September 30 2024 remaining investments related to these investments is estimated to NOK 134 million. Reach has secured bank and lease financing of NOK 78 million to partly fund these investments.

The Share

Reach Subsea ASA is listed on the Oslo Stock Exchange (Euronext). The Company has per 30 September 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 September 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.

Order backlog

Our schedule indicates good utilization for all our subsea spreads throughout 2024 and well into the first months of 2025. We now have an order book of approximately NOK 1.5 billion (NOK 530 million), with projects for execution in 4Q2024 and beyond. These contracts cover a wide spectrum of project types and are across both oil & gas and renewables projects. These figures do not include options and expected call-off extensions under frame agreements, which from experience can constitute significant additional work.

Current tender volume for the Group is NOK 8.5 billion (7.5 billion).

Outlook

REACH currently markets and operates eight subsea spreads and two USV 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 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 2025 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 nine months 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. Matching these efforts with the promising opportunity and pricing environment we see unfolding will be key to drive growth and margins further.

Haugesund, 11 November 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)	Q3 2024	Q3 2023	9M 2024	9M 2023	12M 2023	Notes
Operating revenue	833 874	651 847	2 032 215	1 492 446	1 966 584	9
Other income/losses	678	(539)	678	29 319	29 319	3
Revenue	834 552	651 308	2 032 892	1 521 765	1 995 903	
Procurement expenses	(246 465)	(148 836)	(570 015)	(359 751)	(503 760)	
Personnel expenses	(123 771)	(103 105)	(319 910)	(237 483)	(348 794)	7
Other operating expenses	(101 157)	(70 386)	(273 246)	(181 920)	(188 558)	
EBITDA	363 158	328 982	869 721	742 610	954 790	
Depreciation and impairment	(229 021)	(216 567)	(585 830)	(490 347)	(623 005)	3, 10
Operating result (EBIT)	134 137	112 415	283 891	252 263	331 786	
Result from associated companies	10 200	8 061	18 070	8 856	16 714	12
Interest income	1 463	938	4 813	2 468	4 991	11
Interest expenses	(33 586)	(25 561)	(89 951)	(53 432)	(77 881)	10, 11
Other net financial items	2 817	(3 530)	176	(1 787)	13 925	11
Profit (loss) before taxes	115 031	92 323	216 998	208 369	289 534	
Income taxes	(22 983)	(14 640)	(33 379)	(40 284)	(63 743)	8
Profit (loss)	92 048	77 683	183 619	168 085	225 791	

Comprehensive income (NOK 1000)	Q3 2024	Q3 2023	9M 2024	9M 2023	12M 2023	Notes
Translation differences	(602)	78	(272)	37	(1 116)	
Comprehensive income items	(602)	78	(272)	37	(1 116)	
Total comprehensive income	91 446	77 761	183 347	168 122	224 675	
Earnings per share	0.32	0.30	0.68	0.68	0.89	
Diluted earnings per share	0.30	0.26	0.61	0.57	0.88	

Balance Sheet

Statement of financial position (NOK 1000)	30.09.2024	30.09.2023	31.12.2023	Notes
Non-current assets				
Goodwill	109 590	86 723	109 590	4
Deferred tax assets	13 921	11 360	-	8
Intangible assets	26 599	9 503	30 769	4
Investment in associated companies	131 580	104 487	113 452	12
Assets under construction	301 825	212 295	266 658	3
Property, plant and equipment	298 770	89 391	183 279	3
Right-of-use assets	1 456 398	1 272 193	1 163 222	3,10
Total non-current assets	2 338 683	1 785 952	1 866 970	
Current assets				
Bunkers	33 207	22 599	28 418	
Trade receivables	658 372	550 635	314 166	
Other receivables	70 490	127 007	41 904	
Cash and cash equivalents	259 180	136 565	436 423	
Total current assets	1 021 250	836 807	820 912	
Total assets	3 359 933	2 622 759	2 687 882	

Statement of financial position (NOK 1000)	30.09.2024	30.09.2023	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	367 827	209 188	170 126	7
Total equity	1 027 870	823 055	928 005	
Non-current liabilities				
Interest-bearing debt to credit institutions	121 886	31 744	57 418	5, 10
Interest-bearing debt leases	802 895	909 620	805 931	5, 10
Deferred tax liabilities	-	-	10 567	8
Total non-current liabilities	924 782	941 363	873 916	
Current liabilities				
Interest-bearing debt to credit institutions short term	26 218	7 682	10 176	5, 10
Interest-bearing debt leases	734 217	399 682	386 036	5, 10
Tax payable	90 516	34 430	41 026	8
Trade payables	235 442	246 954	205 773	
Other current liabilities	320 888	169 593	242 951	
Total current liabilities	1 407 282	858 340	885 960	
Total liabilities	2 332 063	1 799 704	1 759 877	
Total equity and liabilities	3 359 933	2 622 759	2 687 882	

Cash flow

Statement of cash flow (NOK 1000)	Q3 2024	Q3 2023	9M 2024	9M 2023	12M 2023	Notes
Cash flow from operating activities						
Profit before tax	115 031	92 323	216 998	208 369	289 534	
Paid taxes	(1 834)	-	(6 682)	-	(8 808)	
Depreciation and amortisation	229 021	216 567	585 830	490 347	623 005	
Gain/loss on assets sold	-	-	-	(29 843)	(29 843)	
Interest income	(1 463)	(938)	(4 813)	(2 468)	(4 991)	
Interest expense	33 586	25 561	89 951	53 432	77 881	
Change in trade receivables	(114 012)	(63 800)	(344 206)	(334 307)	(12 535)	
Change in trade payables	(25 952)	8 447	9 211	144 524	27 038	
Change in other provisions	77 127	(3 729)	49 370	(15 796)	5 264	
Investments accounted for using the equity method	(10 200)	(8 061)	(18 070)	(8 856)	(16 714)	
IFRS 2 share-based payments	5 678	199	14 354	675	2 897	
Net cash flow from operating activities	306 981	266 569	591 944	506 077	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	
Purchase of fixed assets	(71 444)	(68 681)	(188 810)	(118 575)	(202 708)	
Purchase of shares in associated companies	-	-	-	(64 721)	(64 721)	
Net cash flow from investing activities	(71 444)	(68 681)	(188 810)	(151 911)	(208 392)	

(NOK 1000)	Q3 2024	Q3 2023	9M 2024	9M 2023	12M 2023	Notes
Cash flow from financing activities						
Net interest received/paid	(949)	(53)	(113)	512	2 001	
Proceeds from issuance of ordinary shares	-	-	-	120 796	123 040	
Proceeds from bank loan	27 500	27 500	55 000	27 500	27 500	
Payment of dividends	-	-	(97 837)	(45 981)	(45 981)	
Repayment of borrowings	(2 474)	(2 160)	(6 435)	(21 062)	(23 300)	
Repayment of leases (including interests)	(222 786)	(218 446)	(541 996)	(496 447)	(571 042)	
Net cash flow from financing activities	(198 710)	(193 159)	(591 382)	(414 682)	(487 781)	
Net change in cash and cash equivalents	36 827	4 729	(188 248)	(60 516)	256 556	
Cash and cash equivalents in the start of the period	221 508	128 836	436 423	191 591	191 591	
Translation differences	845	3 001	11 005	5 490	(11 723)	
Cash and cash equivalents in the end of the period	259 180	136 565	259 180	136 565	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					183 619	183 619
Other comprehensive income for the year					(272)	(272)
Total comprehensive income for the year					183 347	183 347
Proceeds from shares issued						-
Dividends paid			(97 837)			(97 837)
Proposed dividends						-
IFRS 2 share-based payments				14 354		14 354
Equity 30 September 2024	271 769	388 273	-	25 144	342 684	1 027 870

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	87 168	17 559	42 967	52 039	825 379	1 025 114
Reclassifications	(52 001)	-	43 334	8 667	-	(0)
Disposals/adjusted commitment	-	-	-	-	-	-
Purchase cost 30.09.24	301 825	204 540	211 436	216 565	2 432 652	3 367 018
Accumulated depreciation 30.09.24	-	(153 656)	(111 056)	(69 147)	(976 252)	(1 310 110)
Accumulated impairment 30.09.24	-	-	-	-	-	-
Net book value 30.09.24	301 825	50 885	100 380	147 506	1 456 398	2 056 993
Depreciation in 2024	-	(10 920)	(2 240)	(36 085)	(532 415)	(581 660)
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	277 972
Other capex-projects and mobilizations	23 853
Net book value 30.09.24	301 825

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 September 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 %	34 439
20 %	74 762
30 %	134 317

An increase of the WACC of 2 percentage points will result in an impairment of NOK 8.0 million.

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 30.09.24	2 372	32 000	109 589	143 961
Accumulated depreciation 30.09.24	(398)	(7 375)	-	(7 773)
Net book value 30.09.24	1 974	24 625	109 589	136 189
Depreciation in 2024	(170)	(4 000)	-	(4 170)
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 September 30 2024 the group has net book values for R&D totaling NOK 2.0 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 September 30 2024 the market value exceeds the carrying amount of equity, and no impairment indicators have been identified.

Notes

Note 5 - Borrowings

(NOK 1000)	30.09.2024	31.12.2023
Non-current liabilities		
Bank borrowings (including capitalized loan costs)	65 835	24 623
Lease liabilities to credit institutions	56 051	32 795
Other non-current lease liabilities (IFRS 16)	802 895	805 931
Total non-current borrowings	924 782	863 350
Current borrowings		
Bank borrowings (including capitalized loan costs)	17 218	5 817
Lease liabilities to credit institutions	9 001	4 358
Other current lease liabilities (IFRS 16)	734 217	386 036
Total current interest-bearing debts	760 435	396 211
Carrying amount		
Bank borrowings	83 053	30 441
Lease liabilities	1 602 164	1 229 120
Total carrying amount	1 685 217	1 259 561
Fair value		
Bank borrowings	83 053	30 441
Lease liabilities	1 602 164	1 229 120
Total fair value	1 685 217	1 259 561

Bank borrowings mature in the period 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 were 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 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 30 September 2024 the liquidity position (including overdraft facility) is 289.2 million, the Debt service Coverage Ratio is 6.0, and Booked equity NOK 1 028 million/31 %. 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 83.0 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 30.09.24	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 %
HOLME HOLDING AS	6 272 000	2.3 %
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 %
FJORD & ATOLL SOSYFR AS	3 654 482	1.3 %
RARA AS	3 654 482	1.3 %
SBAKKEJORD AS	3 654 482	1.3 %
CACEIS BANK	3 050 000	1.1 %
DANSKE INVEST NORGE VEKST	3 027 815	1.1 %
ALTEA AS	2 973 658	1.1 %
CORUNA AS	2 725 000	1.0 %
STAVA INVEST AS	2 193 426	0.8 %
BARRUS CAPITAL AS	2 110 090	0.8 %
AVANZA BANK AB	2 029 703	0.7 %
RMS INVEST AS	2 000 000	0.7 %
Total 20 largest	201 793 238	74.3 %
Others	69 976 007	25.7 %
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 invest a further NOK 179 million through subscribing for an additional 44,766,864 new shares in Reach Subsea ASA at a subscription price of NOK 4.00 per share. In the event of any distribution to the company's shareholders by way of dividend payment, share capital reduction or share premium fund reduction, the subscription price is adjusted correspondingly. The effect of such adjustments is that the number of warrants is adjusted so that the aggregate number of warrants gives a total consideration as close as possible to the total consideration for which the investor could acquire shares pursuant to the warrants prior to the relevant adjustment. Following the last three year's dividend payments, the subscription price has been adjusted to NOK 3.28 per share. Thus, the number of new shares that Wilhelmsen New Energy is entitled to subscribe for is now 54,593,737.

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 106,730,373.

Notes

Note 7 - Share-based remuneration

As of September 30 2024 the company has two active stock option programmes. As of 3Q2024 the Company has recognized NOK 2.2 million in cost related to the options.

Stock option program 1

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: 56.14 %

Risk free interest rate: 1.092 %

Term of options: 3 years

Stock option program 2

In 2024 the Board of Directors of Reach Subsea ASA decided to establish a long-term incentive program for senior executives and key personnel in accordance with the Group's Remuneration Guidelines. The incentive program encompasses up to 15,000,000 new share options. Under the incentive program, participants will receive share options, which, if certain predefined performance criteria are met within a performance period, can be exercised by paying the predefined strike price. The strike price is set as the nominal value, NOK 1.00. One share option gives a contingent entitlement to one share after paying the strike price. Participants in the incentive program can elect to have up to 50 % of their options settled in cash to finance any potential tax expenses. 50 % of the options issued will vest after 3 years given a share price above NOK 9.00. 50 % of the options issued will vest after 5 years given a share price above NOK 12.00. The share price hurdles of NOK 9.00 and NOK 12.00 are subject to adjustments for dividends paid during the vesting period. The options have an exercise period of 6 months after vesting date.

The fair value at grant date was determined using the Monte Carlo valuation method. The most significant inputs and assumptions in determining fair value at grant date was:

Exercise price: NOK 1.0

Share price at grant date: NOK 5.96

Expected volatility: 40.14 %

Risk free interest rate: 3.172 %

Notes

Note 8 - Tax

(NOK 1000)	01.07 - 30.09 2024	01.07 - 30.09 2023	01.01 - 30.09 2024	01.01 - 30.09 2023	01.01 - 31.12 2023
Taxes payable	25 144	20 571	57 867	26 729	42 261
Changes in deferred taxes	(2 161)	(5 931)	(24 488)	13 555	21 482
Taxes, in total	22 983	14 640	33 379	40 284	63 743
Deferred taxes / (Deferred tax assets)					
Temporary differences	30.09 2024	30.09 2023	31.12 2023		
Other fixed assets	(12 351)	(14 926)	(3 135)		
Financial leases	32 111	3 761	17 415		
Fixed-price contracts	-	-	-		
Inventories	(934)	(934)	(934)		
Accruals	(30 103)	(25 260)	(18 376)		
Right-of-use assets	(80 717)	(35 778)	(29 172)		
Intangible assets	62 675	21 500	74 775		
Tax loss carried forward Norway	-	-	0		
Tax loss carried forward outside of Norway	(49 777)	(53 860)	(64 338)		
Temporary differences, in total	(79 095)	(105 497)	(23 765)		
Deferred tax assets	(13 921)	(23 209)	(799)		
Not recognized deferred tax assets	-	(11 849)	(11 366)		
Deferred tax assets in balance sheet*	13 921	11 360	(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)	01.07 - 30.09 2024	01.07 - 30.09 2023	01.01 - 30.09 2024	01.01 - 30.09 2023	01.01 - 31.12 2023
Reconciliation from nominal to actual tax rate					
Profit & loss before taxes	115 031	92 323	216 998	208 369	289 534
Nominal tax rate	22 %	22 %	22 %	22 %	22 %
Anticipated income tax due to nominal tax rate	25 307	20 311	47 740	45 841	63 698
Actual tax cost	22 983	14 640	33 379	40 284	63 743
Deviation	(2 324)	(5 671)	(14 361)	(5 557)	46
Tax effects of:					
Permanent differences	1 578	3 050	2 490	2 550	104
Effect of tax rates outside Norway different from 22 %	746	-1 088	505	887	-270
Changes in deferred tax assets, not recognized	-	3 709	-	2 120	120
Changes in deferred tax assets, previously not recognized	-	-	11 366	-	-
Explanation	2 324	5 671	14 361	5 557	(46)
Effective tax rate	20 %	16 %	15 %	19 %	22 %
Payable taxes in the balance sheet	30.09 2024	30.09 2023	31.12 2023		
Payable taxes in the tax charge	(57 867)	(26 729)	(37 511)		
Advances paid on tax charge	501	1 590	1 056		
Tax payable previous years	(33 151)	(9 344)	-		
Tax payable from business combinations	-	-	(4 570)		
Payable taxes in the balance sheet	(90 516)	(34 431)	(41 026)		

Notes

Note 9 - Segments

(NOK 1000)	01.07 - 30.09 2024	01.07 - 30.09 2023	01.01 - 30.09 2024	01.01 - 30.09 2023	01.01 - 31.12 2023
Operating revenue					
Oil & Gas	579 696	463 247	1 284 357	1 047 674	1 332 996
Renewable / other	254 180	188 600	747 858	444 772	633 588
Total	833 874	651 847	2 032 215	1 492 446	1 966 584
Revenue by region					
Norway	345 091	135 444	664 991	247 712	316 820
Europe	262 764	196 297	797 126	528 605	740 578
Americas	138 104	95 851	385 115	206 571	332 837
Asia	68 446	-	131 750	-	53 946
Oceania	19 470	-	53 141	-	29 002
Other	0	224 255	90	509 558	493 401
Total	833 874	651 847	2 032 215	1 492 446	1 966 584
Revenue by type of service					
Data	329 336	94 966	764 590	255 098	406 336
Solutions	504 540	556 881	1 267 625	1 237 348	1 560 248
Total	833 874	651 847	2 032 215	1 492 446	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 September 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	30.09.2024	31.12.2023
Property plant and equipment	1 456 398	1 163 222
Total	1 456 398	1 163 222

Lease liabilities	30.09.2024	31.12.2023
Current	734 217	386 036
Non current	802 895	805 931
Total	1 537 112	1 191 967

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

	Q3 2024	Q3 2023	9M 2024	9M 2023	12M 2023
Depreciation charge of right-of use assets	208 510	203 756	532 415	463 349	581 645
Depreciation recognised as contract asset	-	3 826		(1 275)	-
Impairment charge of right-of-use assets	-	-	-	-	-
Interest expense	31 174	24 570	85 025	51 475	74 892
Total charges to the P&L	239 684	228 326	617 440	513 549	656 537

The total cash outflow for leases in 3Q2024 was NOK 222.8 million (3Q2023: 218.5 million).

Notes

Note 10 - Leasing continued

Reconciliation of leases on committed days recognised in 2024:	Right-of use assets	Lease liability, non-current	Lease liability, current
Opening balance 01.01.2024	1 163 222	805 931	386 036
Additions	825 379	-	825 379
Additions from business combination (note 14)	-	-	-
Disposals	-	-	-
Depreciation of right-of-use-assets	(532 415)	-	-
Impairment	-	-	-
Interests	-	-	85 025
Reclassification from long to short term	-	(3 259)	3 259
Adjusted commitment	211	224	-
Currency adjustment	-	-	9 368
Payments	-	-	(574 851)
Ending balance 30.09.2024	1 456 398	802 895	734 217

Reconciliation of depreciation	Q3 2024	Q3 2023	9M 2024	9M 2023	12M 2023
Depreciation of long term right-of-use assets	172 843	112 167	447 376	333 273	429 015
Depreciation of short term right-of-use assets	35 667	91 589	85 039	130 076	152 630
Depreciation recognised as contract asset	-	3 826	-	(1 275)	-
Depreciation of other assets	20 511	8 986	53 416	28 274	41 360
Total depreciation	229 021	216 567	585 830	490 347	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	Q3 2024	Q3 2023	9M 2024	9M 2023	12M 2023
Interest income on short term bank deposits	1 463	938	4 813	2 468	4 991
Total interest income	1 463	938	4 813	2 468	4 991
Interest expense on bank borrowings	(611)	(991)	(2 753)	(1 957)	(2 617)
IFRS 16 interest expense	(31 174)	(24 570)	(85 025)	(51 475)	(74 892)
Other interest expense	(1 800)	0	(2 173)	0	(373)
Total interest expense	(33 586)	(25 561)	(89 951)	(53 432)	(77 881)
Net foreign exchange expense/income	(271)	(12 475)	10 094	4 648	1 885
Currency adjustment related to IFRS 16	3 282	9 063	(9 368)	(6 020)	12 616
Other finance costs	(194)	(117)	(550)	(414)	(580)
Total other net financial items	2 817	(3 530)	176	(1 787)	13 925
Net financial items	(29 306)	(28 153)	(84 963)	(52 750)	(58 963)

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:	30.09.2024	30.09.2023	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	58	-	-23
Share of net result in investment, Eidesvik Reach AS	18 070	8 856	16 714
Total carrying amount of investments in associates at balance date	131 580	104 487	113 452
Specification of net result from investment in associates recognised in the income statement:			
Share of net result in investment, Eidesvik Reach AS	18 070	8 856	16 714
Share of net result in investment, Guardian Geomatics Arabia Limited	-	-	-
Net result from investments in associates	18 070	8 856	16 714

Notes

Note 13 - Commitments

The Reach Remote project is expected to amount to approximately NOK 449 million. As of September 30 2024 the company has capitalized NOK 278 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 60 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 224 million, and encompass equipment, upgrades and mobilization activities for vessels. As of September 30 2024 remaining investments related to these investments is estimated to NOK 134 million. Reach has secured bank and lease financing of NOK 78 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



Jostein Alendal
Chief Executive Officer
+47 928 80 412
jal@reachsubsea.com



Birgitte W. Johansen
Chief Financial Officer
+47 994 51 279
bwj@reachsubsea.com

Reach Subsea ASA
Møllervegen 6, 5525 Haugesund, Norway
+47 40 00 77 10
post@reachsubsea.com



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