DOF Subsea

Financial Report Q2 2024



DOF Subsea

Index

Financial report 2nd quarter 2024 4

Financial statements 2nd quarter 2024 9

Consolidated statement of comprehensive income 9

Consolidated statement of balance sheet 10

Consolidated statement of cash flows 12

Consolidated statement of changes in equity 13

Notes to the financial statements 15

Note 1 General 15

Note 2 Management reporting 16

Note 3 Operating revenue 17

Note 4 Tangible assets 18

Note 5 Contract cost 19

Note 6 Investments in associates and joint ventures 19

Note 7 Cash and cash equivalents 20

Note 8 Net interest-bearing debt 20

Note 9 Lease liabilities 22

Note 10 Transactions with related parties 22

Note 11 Shareholder information 22

Note 12 Events after period end 22

Note 13 Performance measurement definitions 23

Supplemental information 25

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Report distribution
The Q2 2024 financial report for DOF Subsea AS is to be published on 21st of August 2024 and will be available on the Company website: www.dof.com.

The interim consolidated financial statements have not been subject to audit or review.

Directors' report

2nd Quarter 2024

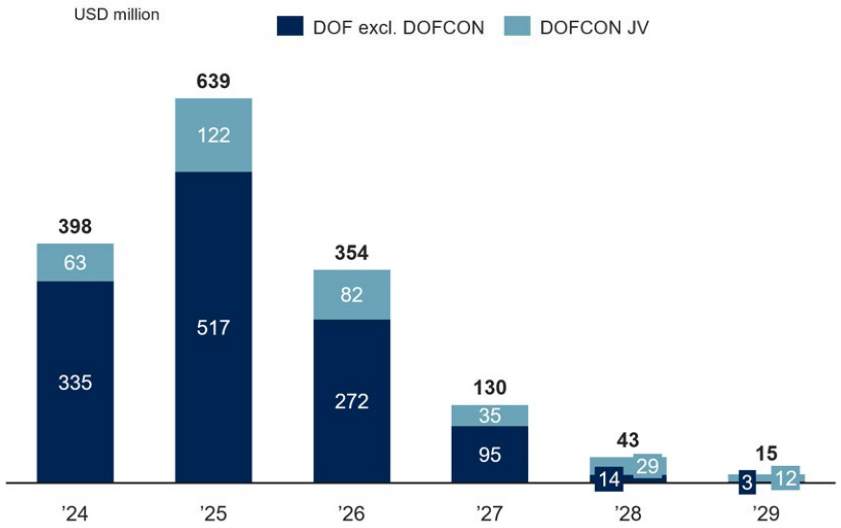
Key figures

	Management reporting		Financial reporting	
(USD million)	Q2 2024	Q2 2023	Q2 2024	Q2 2023
Operating revenue	277	255	245	216
EBITDA	102	93	100	70
EBIT	92	97	74	82
Profit (loss)	56	44	56	44
NIBD (Net interest bearing debt)	765	871	446	503
EBITDA ratio	37%	36%	41%	32%
Equity ratio	45%	35%	52%	43%

Key financial & operational information

Operations

- The DOF Group has on 2nd of July signed an agreement to acquire all the shares in Maersk Supply Service A/S ("MSS") from Maersk Supply Service A/S ("MSSH). MSS will not be part of DOF Subsea Group but result in increased available vessels for the subsea projects.
- The Group achieved an EBITDA of USD 102 million (USD 93 million) and the cash flow from operating activities was of USD 73 million (USD 31 million).
- The equity ratio has improved from 35% to 45% and the Net interest-bearing debt has been reduced from USD 871 million to USD 765 million.
- The average utilisation of the fleet was 89% (92%) in the quarter.
- The performance has been good in the APAC and the Atlantic regions, but lower in Brazil due to class dockings, planned maintenance and mobilisation to new contracts in the quarter.
- By the end of the quarter the fleet consist of 27 vessels including 6 vessels in the JV and 5 vessels hired in.
- The order intake in 2nd quarter was USD 705 million.
- Firm backlog by end June is USD 1.6 billion (USD 1.2 billion).
- DOF Subsea Group Backlog (end quarter):



Note: all numbers above are based on management reporting

Q2 operations

The Group owns 22 subsea vessels (including the DOFCON fleet) and has in the quarter hired in five vessels from external owners on term contracts. The overall utilisation of the DOF Subsea fleet has been 89% (92%) in the quarter.

The total revenues from Subsea project contracts represented 77% of DOF Subsea's revenue. The operations are managed from four regions: The Atlantic Region, The Asia-Pacific Region, The North America Region, and the South America Region (mainly Brazil).

The activity in the Atlantic region has been high in the quarter driven by a project contract for the Skandi Acergy at the Tortue field in West-Africa and a FSV contract for the Skandi Seven in Angola. Maersk Installer was included as project vessel late April and thereafter operated in the North Sea and achieved good utilisation in May and June. Skandi Skansen sailed from West-Africa to support a project contract with Subsea 7 in the North Sea.

The region has been awarded multiple contracts in the quarter where the most prominent contract was a 3 + 3-year contract with Equinor for delivery of IMR activities throughout Equinor assets in the North Sea. The region has chartered in the Rem Inspector for the IMR contract, and the vessel will be equipped with a module handling system (owned by DOF Subsea) and ROVs to support the Equinor contract. The offshore start up is assumed in April 2025. The region has further been awarded a 2-year contract renewal for the Skandi Seven as FSV vessel in Angola. The new contract will start in 4th quarter 2024 and in direct continuation of the existing contract. Finally, the region has been awarded a T&I (construction, transport and installation) contract in West-Africa securing close to full utilisation of the Maersk Installer for the rest of the year.

The positive trend in Asia-Pacific region has continued in 2nd quarter and the region has secured utilisation close to 100% of its four subsea vessels. Skandi Singapore and Skandi Hercules have operated on project contracts with Chevron and Woodside offshore Australia, and Skandi Hawk and Skandi Darwin have continued operating on firm contracts at the Philippines and in Australia. Skandi Darwin completed the installation of a new W2W (walk to work system) in April.

In the North America region, the main projects are the contract with Esso in Guyana utilising the Havila Phoenix and the Skandi Constructor and contract with Cenovus in Canada utilising the Skandi Vinland. The region has in addition operated two JAC vessels on various subsea- and survey contracts in the Gulf of Mexico where the performance has been good, and the utilisation has been high.

The Brazil region has continued on the PIDF contract utilising multiple vessels on this survey and inspection project including the chartered in vessel, Stril Explorer. Skandi Carla and partly Geoholm have been utilised on the PIDF project. The utilisation on the PIDF project in Brazil has been impacted by planned maintenance on several vessels and that Skandi Salvador has completed a 15-year class docking. The RSV fleet has achieved stable utilisation in the quarter and Skandi Achiever has operated in the short-term market.

Skandi Salvador was in July awarded a 180-day contract with a Tier 1 SURF contractor in Brazil with immediate start up. Geoholm will operate as a front runner until Skandi Salvador has been redelivered on the existing contract with Petrobras in August.

The region has further won two 3-year contracts with Petrobras for two large AHTS vessels owned by external owners. The new contracts are scheduled to start in 2nd or 3rd quarter in 2025.

The Group further owns and operate the PLSV Skandi Africa and the diving vessel Skandi Patagonia. Skandi Africa has after balance date been extended with 2 years and is firm until May 2028.

The DOFCON JV fleet has achieved a utilisation of 82% (90%) in the quarter and all vessels are committed on firm contracts with Petrobras.

The Skandi Buzios has been off hire the entire quarter due to the fire incident in June last year. The vessel arrived in Brazil early July and went on hire on the existing contract on the 1st of August. Skandi Vitoria and Skandi Niteroi have been awarded two 3-year contracts with Petrobras, both commencing in 2025. Skandi Acu has been awarded an extension on the existing contract until mid 2025 and a new 3-year contract with start up in 3rd quarter 2025. After these awards and that Skandi Buzios is back in operation, DOFCON is expected to have stable operations going forward and higher earnings when the new contracts have been materialised.

ESG (Environmental, Social, and Governance) Q2

During the quarter, there has been an increased number of incidents compared to last quarter. The total recordable injury rate of 1.96 (1.43) per million man-hours is up from last quarter. There were two Medical Treatment Case and one Restricted Workday Case in the quarter. There were no Lost Time Injuries in the quarter and the lost-time injury frequency rate of 0.39 (0.41) is down from previous quarter. Despite increased number of incidents, the incidents are with a low risk factor and no permanent disabilities.

Regarding Governance, the number of NCRs and audits are stable, although there are small variations. There have been no fines or non-monetary sanctions due to non-compliance.

There were no significant spills above 50 litres in the quarter.

Regarding people, the headcount per end of quarter was 1,872 (1,845) and absence rate due to sickness was 1.8% (0.7%). There were no data privacy breaches.

Financial Reporting Q2 - Highlights

The Group has a global operation with the main currency in USD, hence the presentation currency is in USD. Most of the Norwegian companies in the Group has adjusted the functional currency to USD accordingly.

The below figures represent the Group's consolidated accounts based on Financial Reporting.

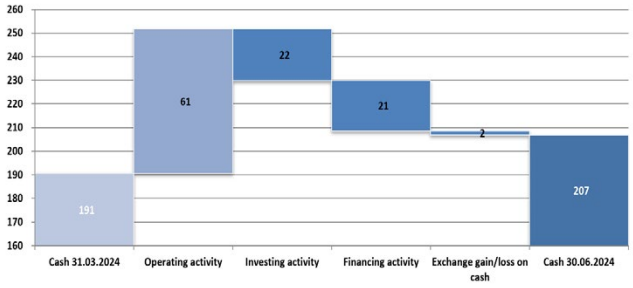
RESULT	Q2 2024	Q2 2023
(MUSD)		
Operating revenue	245	216
Operating expenses	-163	-153
Share of net profit from joint ventures	17	7
Net gain on sale of tangible assets	0	0
EBITDA	100	70
Depreciation and impairment	-28	-14
Impairment/reversal of impairment	3	26
EBIT	74	82
Net interest income and costs	-12	-10
Net currency and derivatives	0	-20
Profit before taxes	63	53
Taxes	-7	-9
Profit	56	44

The revenue and EBITDA versus the same period last year have in sum improved. The positive change in share of net profit from joint ventures (DOFCON) represent reversal of impairment of two PLSVs due to higher earnings in the new contracts. The depreciations are higher than last year mainly due to higher booked values of tangible assets after reversal of impairments in 2023.

The net currency loss/gain is net zero in the quarter (USD -20 million). The secured loan facilities in DOF Subsea are drawn in USD while the DOF Subsea convertible bond loan are drawn in NOK.

The tax costs mainly include withholding tax on contracts in certain regions and corporate tax.

Cash flow



The improved operating cash flow is mainly due to better cash flow from the operations and a positive development in the net working capital.

The main cash flow from investing activities are maintenance capex. Financing activities include USD -10 million as repayment of the Group's secured debt and lease payments of USD -11 million. Leases are payments to external vessel owners on three long-term lease contracts.

BALANCE SHEET	30.06.2024	30.06.2023
(MUSD)		
Non-current assets	1 468	1 245
Current assets	316	258
Cash and cash equivalents	207	184
Total assets	1 991	1 686
Equity	1 041	723
Non-current liabilities	683	748
Current liabilities	267	215
Total equity and liabilities	1 991	1 686
Net interest bearing debt (NIBD)	446	503
Net interest bearing debt (NIBD) excl. effect IFRS 16	373	480

The Group's balance sheet by end June 2024 has an equity ratio of 52% (43%) and a reduction in the Net interest-bearing debt of USD 57 million.

The non-current assets include vessels and subsea equipment, contract cost, the JV investment and long-term assets. Total tangible assets represent in total USD 942 million (USD 801 million), and the contract costs represent USD 24 million (USD 14 million). The contract costs are mainly mobilisation capex on contracts in Brazil and are amortised during the contract period. The JV investment of USD 343 million (USD 305 million) is mainly the shares in DOFCON JV. Other long-term assets of USD 104 million (USD 109 million) mainly comprise a shareholder loan to DOFCON JV of USD 92 million. The change in current assets is related to increased activity.

The equity has increased due to a strong result during the last 12 months.

The non-current liabilities include secured liabilities of USD

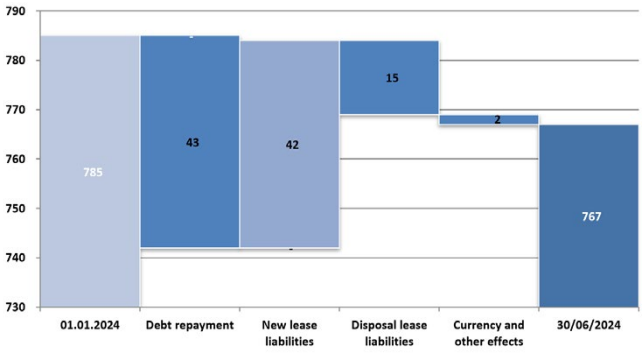
560 million (USD 640 million), bond loan of USD 71 million (USD 66 million) and lease liabilities of USD 52 million (USD 39 million). The short-term liabilities include USD 84 million (USD 58 million) as amortisation the next 12 months split in debt payments USD 41 million and lease payments of USD 43 million. Other short-term debt has increased mainly due to higher activity.

The net working capital (excl. cash and short portion NIBD) by the end of June is USD 133 million (USD 100 million).

Financing and Capital Structure

The Group's total interest-bearing debt at the end of the quarter is USD 767 million (USD 802 million) of which USD 601 million represent secured debt to credit institutions, USD 71 million as bond debt in DOF Subsea and USD 95 million as lease debt (related to right-of-use assets and sub leases). Approximately 86% of the Group's debt is drawn in USD and the remaining debt is mainly drawn in NOK.

Interest bearing debt 01.01.2024 - 30.06.2024



The main terms in the facilities drawn in March last year include low interest (~2% margin above NIBOR/SOFR) and low amortisation and a cash sweep mechanism and all these facilities mature in January 2026.

The convertible bond loan matures in December 2027 and includes interest (PIK) of NIBOR+ 2%. The bond loan may be converted to equity on maturity in December 2027.

The debt in the DOFCON JV's fleet has mainly been funded by BNDES and Eksportfinans Norge (Eksfin) and these facilities matures after 2026. As part of the refinancing last year any dividend payments from DOFCON JV will be utilised to repay the secured debt (2/3) and the bond debt (1/3) in DOF Subsea.

The Skandi Hera and Skandi Darwin has been financed by three new loan facilities at normal market terms and 5-year duration. This financing is non-recourse.

Shareholders and the Board

By quarter end, the shares in DOF Subsea AS were owned by DOF Group ASA.

Subsequent events

The DOF Group has on 2nd of July signed an agreement to acquire all the shares in Maersk Supply services A/S ("MSS") from Maersk Supply Services Holding A/S ("MSSH) a subsidiary of A.P. Møller Holding A/S. The acquisition will be settled partly in cash representing USD 577 million and partly in shares in the Company representing 25% ownership for MSSH. The transaction includes 22 high-quality subsea and AHTS vessels. Closing of the transaction is expected to happen during 4th quarter 2024.

Further details (news and announcements) on the above transactions are available in the quarterly report for DOF Group and on the website: www.dof.com

The Group has been awarded several new contracts after balance date. See further details in note 12.

Outlook

The DOF Group will, following the acquisition of MSS, strengthen the Group's integrated service offering and position, towards a strong oil & gas market and a growing offshore wind market.

The markets have continued to improve especially within the subsea and AHTS segment, and the Group is well positioned towards an expected increased demand for the Group's assets in the oil and gas market and within the renewable markets.

The Board of Directors of DOF Subsea AS,
20th of August 2024

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Accounts

2nd Quarter 2024

Amounts in NOK million

Consolidated statement of profit or loss

(MUSD)	Note	Q2 2024	Q2 2023	Acc Q2 2024	Acc Q2 2023	2023
Operating revenue	3	245	216	463	406	816
Operating expenses	5	-163	-153	-315	-293	-587
Share of net profit from joint ventures and associates	6	17	7	20	20	40
Net gain (loss) on sale of tangible assets		0	0	0	0	3
Operating profit before depreciation and impairment - EBITDA		100	70	168	134	272
Depreciation	4	-28	-14	-52	-31	-72
Impairment (-)/reversal of impairment	4	3	26	3	26	128
Operating profit - EBIT		74	82	119	130	327
Financial income		5	3	11	6	17
Financial costs		-17	-13	-32	-36	-69
Net realised currency gain (loss)		-1	3	-5	-100	-98
Net unrealised currency gain (loss)		1	-23	-0	51	74
Net financial costs		-12	-29	-27	-79	-77
Profit (loss) before taxes		63	53	91	50	251
Taxes income (cost)		-7	-9	-17	-20	8
Profit (loss) for the period		56	44	74	31	259
Profit attributable to						
Non-controlling interest		0	-0	0	-2	4
Controlling interest		56	44	74	31	255

Consolidated statement of comprehensive income

(MUSD)	Note	Q2 2024	Q2 2023	Acc Q2 2024	Acc Q2 2023	2023
Profit (loss) for the period		56	44	74	31	259
Items that will be subsequently reclassified to profit or loss						
Currency translation differences		-7	6	-14	9	25
Share of other comprehensive income of joint ventures	6	1	1	0	1	3
Items that not will be reclassified to profit or loss						
Other comprehensive income/loss net of tax		-6	7	-14	10	28
Total comprehensive income/loss		50	51	60	41	287
Total comprehensive income/loss net attributable to						
Non-controlling interest		-0	-1	-0	-2	4
Controlling interest		50	51	-	43	283

Amounts in USD million

Consolidated statement of balance sheet

ASSETS	Note	30.06.2024	30.06.2023	31.12.2023
Tangible assets	4	942	801	944
Contract costs	5	24	14	23
Deferred tax assets		54	15	58
Investment in joint ventures and associated companies	6	343	305	322
Other non-current receivable		104	109	106
Total non-current assets		1 468	1 245	1 454
Trade receivables		246	228	230
Other current receivables		70	29	48
Current receivables		316	258	278
Restricted deposits		73	77	77
Unrestricted cash and cash equivalents		134	107	127
Cash and cash equivalents	7	207	184	204
Current assets		523	441	481
Total Assets		1 991	1 686	1 935

Amounts in USD million

Consolidated statement of balance sheet

EQUITY AND LIABILITIES	Note	30.06.2024	30.06.2023	31.12.2023
Share capital		194	194	194
Other equity		845	526	784
Non-controlling interests		1	3	9
Total equity		1 041	723	987
Bond loan		71	66	72
Debt to credit institutions	8	560	640	588
Lease liabilities	8	52	39	59
Other non-current liabilities		0	4	0
Non-current liabilities		683	748	719
Current portion of debt	8	41	43	42
Current portion of lease liabilities	8, 9	43	15	25
Trade payable		143	120	122
Other current liabilities		40	37	40
Current liabilities		267	215	229
Total liabilities		950	963	948
Total equity and liabilities		1 991	1 686	1 935

Amounts in USD million

Consolidated statement of cash flows

	Q2 2024	Q2 2023	Acc Q2 2024	Acc Q2 2023	2023
Operating result	74	82	119	130	327
Depreciation and impairment	25	-12	49	4	-55
Gain (loss) on disposal of tangible assets	0	0	0	0	-3
Share of net income from associates and joint ventures	-17	-7	-20	-20	-40
Dividend received from joint ventures	0	0	0	0	3
Amortisation of contract costs	2	2	6	2	6
Changes in trade receivable	2	-42	-16	-55	-42
Changes in trade payable	7	-2	21	-8	14
Changes in other working capital	-12	2	-24	-27	-54
Exchange rate effects on operating activities	1	-4	0	-2	-5
Cash from operating activities	83	18	134	24	152
Interest received	2	3	6	5	11
Interest and other finance costs paid	-16	-12	-30	-45	-77
Taxes paid	-7	-8	-14	-16	-28
Net cash from operating activities	61	0	96	-33	59
Payments received for sale of tangible assets	0	0	0	0	13
Purchase of tangible assets	-14	-21	-31	-29	-44
Purchase of contract costs	-4	-2	-9	-7	-18
Payment of acquisition, net of cash	0	0	0	0	2
Payment received on sale of shares	0	0	0	0	1
Purchase of shares	-7	2	-7	2	0
Net cash from non-current receivables	3	3	5	5	8
Net cash from investing activities	-22	-17	-42	-28	-37
Repayment of borrowings	-10	-6	-27	-58	-113
Repayment of lease liabilities	-11	-3	-16	-5	-15
Restricted cash net of debt	0	0	0	88	88
Dividend paid	0	0	0	0	-4
Net cash from financing activities	-21	-9	-43	25	-44
Net changes in cash and cash equivalents	18	-27	10	-36	-22
Cash and cash equivalents at the start of the period	191	212	204	225	225
Exchange gain/loss on cash and cash equivalents	-2	-1	-6	-5	1
Cash and cash equivalents at the end of the period	207	184	207	184	204

Restricted cash amounts to USD 73 million (US8 77 million) and is included in the cash.

Restricted cash, previously offset against debt to credit institutions has been reclassified to cash in March 2023. The cash effects of the reclassification is reflected in the financing activities.

For further information, please see note 7 “Cash and cash equivalents”.

Amounts in USD million

Consolidated statement of changes in equity

(MUSD)	Share capital	Other equity - contributed capital	Other equity	Total other equity	Non-controlling interest	**Total equity**
Balance at 01.01.2024	194	280	503	783	9	**987**
Result (loss) for the period			74	74	-	**74**
Other comprehensive income/loss			-14	-14	-	**-14**
Total comprehensive income for the period	-	-	60	60	-	**60**
Dividend to non-controlling interest				-	-1	**-1**
Changes in non-controlling interest				-	-7	**-7**
Total transactions with the owners	-	-	-	-	-8	**-8**
Balance at 30.06.2024	194	280	563	843	1	**1 041**
Balance at 01.01.2023	170		189	189	9	**368**
Result (loss) for the period			32	32	-2	**30**
Other comprehensive income/loss			18	18		**18**
Total comprehensive income for the period	-	-	50	50	-2	**48**
Debt conversion	24	276		276		**300**
Dividend paid					-3	**-3**
Other adjustment		-1	12	11		**10**
Total transactions with the owners	24	275	12	287	-3	**307**
Balance at 30.06.2023	194	275	251	526	4	**723**
Balance at 01.01.2023	170		189	189	9	**368**
Result (loss) for the period			255	255	4	**259**
Other comprehensive income/loss			17	17		**17**
Total comprehensive income for the period	-	-	272	272	4	**276**
Debt conversion	24	276		276		**300**
Dividend paid					-3	**-3**
Other adjustment		4	43	47		**47**
Total transactions with the owners	24	280	43	323	-3	**344**
Balance at 31.12.2023	194	280	504	784	9	**987**

Notes to the accounts

2nd Quarter 2024

Amounts in USD million

Notes to the financial statements

Note 1 General

The Company is owned by DOF Group ASA as a sole shareholder with 100 % ownership stake.

DOF Subsea AS is the parent company in the DOF Subsea Group exercising control over a number of subsidiaries. The Company also holds investmens in associates and joint arrangements.

The DOF Subsea Group has two business segments,Subsea/IMR Projects and Long-term Chartering. In these segments, the Group provides integrated subsea and marine services to the world`s offshore energy procedures.

These condensed interim financial statements have not been audited.

Basis of preparation

This Financial Report has been prepared in accordance with IAS 34, 'Interim financial reporting'. The Financial Report does not include all the information and disclosure required in the annual financial statements, and should be read in conjunction with the Group's Annual Report for 2023.

Presentation currency changed from NOK to USD from year 2024

The Group has a global operation with the main currency in USD and from 2024 the presentation currency is changed from NOK til USD.

In addition, some of the Norwegian companies in the Group has changed their functional currency to USD as from 2024.

Comparable accounts for the for year 2023 are restated to USD.

Estimates and judgements

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31st of December 2023.

Note 2 Management reporting

Amounts in USD million

The reporting below is presented according to internal management reporting, based on the proportional consolidation method of accounting of jointly controlled companies. The bridge between the management reporting and the figures reported in the financial statement is presented below.

	2 Quarter 2024			2 Quarter 2023		
(MUSD)	Management reporting	Reconciliation to equity method	Financial reporting	Management reporting	Reconciliation to equity method	Financial reporting
Operating revenue	277	-31	245	255	-39	216
Operating expenses	-175	12	-163	-162	10	-153
Net profit from associated and joint ventures	0	17	17	-	7	7
Net gain on sale of tangible assets	0	0	0	0	-	0
Operating profit before depreciation and impairment - EBITDA	102	-2	100	93	-23	70
Depreciation	-37	9	-28	-23	8	-14
Impairment (-)/ reversal of impairment	27	-24	3	26	-	26
Operating profit - EBIT	91	-17	74	97	-15	82
Financial income	4	1	5	3	-0	3
Financial costs	-20	4	-17	-18	5	-13
Net realised gain/loss on currencies	-1	-0	-1	3	-0	3
Net unrealised gain/loss on currencies	-6	7	1	-21	-2	-23
Net financial costs	-23	11	-12	-32	2	-29
Profit (loss) before taxes	69	-6	63	64	-12	53
Taxes	-13	6	-7	-21	12	-9
Profit (loss)	56	0	56	43	0	43

	Acc 2 Quarter 2024			Acc 2 Quarter 2023		
(MUSD)	Management reporting	Reconciliation to equity method	Financial reporting	Management reporting	Reconciliation to equity method	Financial reporting
Operating revenue	525	-62	463	487	-81	406
Operating expenses	-336	21	-315	-310	17	-293
Net profit from associated and joint ventures	0	20	20	-	20	20
Net gain on sale of tangible assets	0	-	0	0	-	0
Operating profit before depreciation and impairment - EBITDA	189	-21	168	177	-43	134
Depreciation	-71	19	-52	-48	17	-31
Impairment (-)/ reversal of impairment	27	-24	3	26	-	26
Operating profit - EBIT	145	-26	119	156	-26	130
Financial income	8	2	11	6	-0	6
Financial costs	-40	7	-32	-45	8	-36
Net realised gain/loss on currencies	-5	-0	-5	-99	-0	-100
Net unrealised gain/loss on currencies	-9	8	-0	59	-8	51
Net financial costs	-45	18	-27	-79	-0	-79
Profit (loss) before taxes	100	-8	91	75	-26	50
Taxes	-26	8	-17	-46	26	-20
Profit (loss)	74	-0	74	30	0	30

Note 2 Management reporting (continued)

Amounts in USD million

(MUSD)	30.06.2024 Management reporting	Reconciliation to equity method	Financial reporting	30.06.2023 Management reporting	Reconciliation to equity method	Financial reporting
ASSETS						
Tangible assets	1 596	-654	942	1 453	-652	801
Contract costs	29	-5	24	23	-9	14
Deferred taxes	54	-0	54	27	-12	15
Investment in joint ventures and associated companies	6	337	343	7	298	305
Other non-current receivables	12	92	104	24	85	109
Total non-current assets	1 698	-230	1 468	1 534	-289	1 245
Receivables	343	-27	316	286	-28	258
Cash and cash equivalents	285	-77	207	250	-67	184
Total current assets	627	-104	523	536	-95	441
Total assets	2 325	-334	1 991	2 070	-384	1 686
EQUITY AND LIABILITIES						
Equity	1 041	0	1 041	723	-	723
Non-current liabilities	942	-259	683	1 055	-307	748
Current liabilities	342	-75	267	292	-77	215
Total liabilities	1 284	-334	950	1 347	-384	963
Total equity and liabilities	2 325	-334	1 991	2 070	-384	1 686

Note 3 Operating revenue

The Group's revenue from contracts with customers has been disaggregated and presented in the tables below:

Operating revenue	Q2 2024	Q2 2023	Acc Q2 2024	Acc Q2 2023	2023
Lump sum contracts	6	15	11	30	41
Day rate contracts	239	201	452	376	775
Total operating revenue	245	216	463	406	816

Amounts in USD million

Note 4 Tangible assets

2024	Vessels & periodic maintenance	ROVs	Operating equipments	Right-of-use assets	Total
Book value at 01.01.2024	821	50	17	56	944
Addition	17	10	4	42	74
Disposal	-	-	-	-17	-17
Depreciation	-32	-6	-2	-12	-52
Impairment loss	-	-	-	-	-
Reversal of impairment	-	-	3	-	3
Currency translation differences	-7	-2	-	-	-9
Book value at 30.06.2024	799	53	22	69	942

2023	Vessels & periodic maintenance	ROVs	Operating equipments	Right-of-use assets	Total
Book value at 01.01.2023	687	53	18	18	776
Addition	27	7	1	3	38
Disposal	-	-	-	-	-
Depreciation	-23	-4	-2	-2	-31
Impairment loss	-	-	-	-	-
Reversal of impairment	26	-	-	-	26
Currency translation differences	-4	-5	-1	-	-10
Book value at 30.06.2023	714	51	16	19	801

Right-of-use-asset
Net booked value of right-of-use assets at the 30.06.2024 consists of vessels with USD 53 million and property with USD 16 million. The vessel Skandi Iceman has been derecognised from right-of-use asset in the quarter due to changes in contract structure.

Reversal of impairment
An indicator test has been carried out for Q2 2024 which shows that changes in the assumptions used as a basis for the impairment model have not changed significately and a new impairment assesement has not been carried out. The minor changes that can be obsersved over a short period, based on short contracts and individual events etc, must be given a character of a certain stability and duration before the Group concludes that there is a significant change that would require a new impairment asssessment.

When a vessel entered into a new long-term contrct in the reporting period with significantly higher/lower rates the Group conclude that there are indications of significant changes in value for the specific vessel. Future cash flows in the impairment model for the vessel are then updated in line with the new contract.

Reversal of impairment in the quarter with USD 3 million is related to operating equipment.

Value in use
The Group uses “value in use” as recoverable amount in the impairment assessments. “Value in use” was used as recoverable amount in the annual report for 2023 and the same model has been used for calculation at end of Q2 2024. As described in the annual report for 2023, the value-in-use calculations are calculated based on the budget for the coming year and forecasts for four further years, approved by the board in December each year. After year 5, the basis is a normalized earnings for the remaining lifetime of the vessels. The normalized earnings are based on the last year of the forecast period.

Note 5 Contract cost

Amounts in USD million

	30.06.2024	30.06.2023	31.12.2023
Net booked value 01.01	23	10	10
Additions	9	7	18
Amortisation	-5	-2	-6
Currency translation differences	-2	0	1
Net booked value closing balance	24	14	23

Note 6 Investments in joint ventures and associated companies

The Company's investment in joint venture and associates as of 30.06.2024;

	% of ownership interest
Joint ventures	
DOFCON Brasil AS with subsidiaries	50%
KDS JV AS	50%
Associated companies	
Semar AS	42%
DOF Management Group	34%

Effect of application of IFRS 11 on investments in joint ventures;

	30.06.2024	30.06.2023	31.12.2023
Opening balance 01.01	322	370	370
Addition	0	-	-
Profit (loss)	20	20	40
Profit (loss) through OCI	1	1	3
Dividend		85	-90
Closing balanse	343	305	322

Reversal of impairment related to vessels in DOFCON is recognised in Q2 2024 with USD 28 million.

Note 7 Cash and cash equivalents

Amounts in USD million

Restricted cash consist of cash only available for specific purposes. A portion of this cash serves as security for outstanding debt following enforcements of account pledges.

Cash pool arrangement
The Group has cash pooling arrangements whereby cash surpluses and overdrafts residing in the Group companies bank accounts are pooled together to create a net surplus. The liquidity is made available through the cash pooling for the Companies in the Group to meet their obligations. The bank accounts in the cash pool consists of accounts in various currencies that on a currency basis can be in surplus or overdraft. Only the master accounts, (nominated in NOK) in each of the cash pools hierarchies are classified as bank deposits and included in the table above. The total cash pool can never be in net overdraft. No overdraft facilities are connected to the cash pools.

Surplus cash transferred to the Group's cash pool will be available at all times to meet the Group's financial obligations at any time.

	30.06.2024	30.06.2023	31.12.2023
Restricted cash	73	77	77
Unrestricted cash and cash equivalent	134	107	127
Total cash and cash equivalent	207	184	204

Note 8 Net interest-bearing debt

Financial covenants in loan agreements

After completion of the financial restructuring of the Group, new loan facilities have been established including changes in the financial covenants. The most important financial covenants in the new loan agreements are the following:

DOF Subsea Group (excluding DOF Subsea Brasil Ltda.)
- The DOF Subsea Group shall have available cash of at least NOK 600 million on each testing date.
- DOF Subsea Group shall have positive working capital (current assets less current liabilities excluded current portion of debt to credit institutions), on each testing date.
- DOF Subsea Group`s Interest Coverage Ratio (EBITDA / interest payable in period) shall be no less than the level set out that period. The Interest coverage ratios are the following: From June 23-Dec 23, 2.0x, from Marc 24-Dec 24, 2.50x and from March 25-Dec 25, 3.25x.
- Fair value (based on 2 brokers valuations) for the vessels shall be at least 100% of the total outstanding loans related to the vessels. From March 2024 105% and from March 2025 110%.
- Testing date is set to be the last day in each quarter.

The main financial covenants for the loan facilities for the Skandi Hera and the Skandi Darwin are minimum cash, fair value of the vessels and minimum equity ratio of the borrower.

The DOF Subsea Group has further the following financial covenants as guarantor for two facilities in the joint venture with TechnipFMC:
- The DOF Subsea Group shall have value adjusted equity to value adjusted assets of at least 30%
- The DOF Subsea Group shall have a minimum book equity of NOK 3 000 million
- The DOF Subsea Group shall have positive working capital at all times, excl. current portion of debt to credit institutions
- The DOF Subsea Group shall have free cash of minimum NOK 500 million

Note 8 Net interest-bearing debt (continued from previous page)

Amounts in USD million

	30.06.2024	30.06.2023	31.12.2023
Non-current interest bearing liabilities			
Bond loan	71	66	72
Debt to credit institutions	560	640	588
Lease liabilities (IFRS 16) *)	52	39	59
Total non-current interest bearing liabilites	683	745	719
Current interest bearing liabilities			
Bond loan		-	-
Debt to credit institutions	41	43	42
Lease liabilities (IFRS 16) *)	43	15	25
Total current interest bearing liabilities	84	58	66
Total non-current and current interest-bearing debt	767	802	785
Net interest bearing liabilities			
Other interest bearing receivables	92	85	88
Receivables sub-lease	21	30	24
Cash and cash equivalents	207	184	204
Total net interest bearing liabilities	446	503	470
Net effect of IFRS 16 Lease	73	23	60
Total net interest bearing liabilities excluded IFRS 16 Lease liabilities	373	480	410

*) Lease liabilities are related to right-of-use assets and sub-leases.

Reconciliation changes in borrowings

Changes in total liabilites over a period consists of both cash effects (proceeds and repayments) and non-cash effects (amortisations and currency translations effects). The following are the changes in the Group's borrowings:

The following is the changes in the Group`s borrowings:

			Non-cash changes			
Interest bearing liabilities	Balance 31.12.2023	Cash flows	New lease liabilities	Disposal lease liabilities	Currency and other effects	Balance 30.06.2024
Bond loan	72				-1	71
Debt to credit institutions	629	-27			-1	601
Lease liabilities	84	-16	42	-15	0	95
Total interest bearing liabilities	**785**	**-43**	**42**	**-15**	-2	767

Loan divided on currency

At the 30th of June 2024 the liabilites is divided on currencies;

	USD	Ratio
NOK	659	86%
USD	91	12%
Other currencies	17	2%
Total debt	767	100%

Note 9 Lease liabilities

Amounts in USD million

The Group has in the quarter hired in five vessels where three vessels are on long-term contracts.

At end of June total financial lease liabilities amounts to USD 95 million which is related to lease of three vessels and offices.

The lease contract related to Skandi Iceman was terminated in the Quarter.

			30.06.2024	30.06.2023	31.12.2023
Lease vessels			72	28	56
Havila Phoenix	3-year contract	from Apr 2023			
Stril Explorer	3-year contract	from Oct 2023			
Maersk Inspector	2-year contract	from Mar 2024			
Skandi Iceman					
Lease offices and equipment			22	26	28
Total lease liabilities			95	54	84

Note 10 Transactions with related parties

Transactions with related parties are governed by market terms and conditions in accordance with the "arm's length principle". The transactions are described in the Annual report for 2023.

Note 11 Shareholder information

Name	No. shares	Shareholding	Voting shares
DOF Group ASA	167 352 762	100%	100%
Total	167 352 762	100%	100%

Note 12 Events after period end

Contracts
DOF Subsea Brasil has been awarded 180 day contract for a 1st Tier EPCI-SURFContractor in Brazil for Skandi Salvador, with additional Survey Service contracts.

In addition to a contract extension, DOF has been awarded a new contract with Petrobras in Brazil for PLSV Skandi Açu. The existing contract has been extended to mid-2026 and the extension will be followed by the new 3-year contract ending mid-2029.

DOF Subsea annonunced the extension for the vessel Skandi Africa which will now run until May 2028 and will commence in direct continuation with the current commitment.

Transactions
The DOF Group has on 2nd of July signed an agreement to acquire all the shares in Maersk Supply Service A/S ("MSS") from Maersk Supply Service Holding A/S ("MSSH) a subsidiary of A.P. Møller Holding A/S. Further details on the transactions are avaibleble in the quarterly report for DOF Group and on the website: www.dof.com.

Note 13 Performance measurement definitions

Amounts in USD million

Alternative performance measurements

The Group's financial information is prepared in accordance with international financial reporting standards (IFRS). In addition the Group discloses alternative performance measures as a supplement to the financial statement prepared in accordance with IFRS. Such performance measures are used to provide an enhanced insight into the operating performance, financing and future prospects of the company and are frequently used by securities analysts, investors and other interested parties.

The definitions of these measures are as follows:

Financial reporting – Financial Reporting according to IFRS.

Management reporting – Investments in joint ventures (JV) is consolidated on gross basis in the income statement and the statement of financial position. See the Groups note 2 for presentation of the bridge between the management reporting and the financial reporting.

EBITDA – Is defined as profit (loss) before depreciation, impairment, amortisation of financial items, net financial costs and tax income (cost). EBITDA is measure which is useful for assessing the profitability of its operations, as it is based on variable costs and excludes depreciation, impairment and amortise costs of financial items. Ebitda is also important in evaluating performance relative to competitors.

EBIT – Operating profit (earnings) before net financial costs and taxes.

Interest bearing debt – Total of current and non-current borrowings.

Net interest bearing debt – Is defined as Interest bearing debt less current and non-current interest-bearing receivables and cash and cash equivalents. The use of the term "net debt" does not necessarily mean cash included in the calculation are available to settle debts if included in the term. See the Groups Accounts note 10 for presentation of net interest bearing debt.

Net interest-bearing debt is a non-IFRS measure for the financial leverage of the Group, a financial APM the Group intends to apply in relation to its capacity for dividend distribution and/or for doing investments, when and if the Group will be able to carry out its dividend distribution and/or investments policy.

Debt ratio - Net interest bearing debt divided on total equity and debt.

In addition the Group has the following indicatiors;

Utilisation – Utilisation of vessel numbers is based on actual available days including days at yard for periodical maintenance, upgrading, transit or idle time between contracts.

Contract coverage – Number of future sold days compared with total actual available days excluded options.

Contract Backlog – Sum of undiscounted revenue related to secured contracts in the future and optional contract extensions as determined by the client. Contract coverage related to master service agreements (MSA`s) within the CSV segment, includes only confirmed purchase order.

Supplemental information

Reporting last 5 quarters

The supplemental information below is presented according to management reporting, based on the proportionate consolidation method. Proportionate consolidation method implies full consolidation for subsidiaries, and consolidation of 50% of the comprehensive income and financial position for the joint ventures.

Amounts in USD million

Profit or loss

	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
Operating revenue	277	248	240	245	255
Operating expenses	-175	-161	-166	-148	-162
Share of net profit from joint ventures and associates	0	-	-0	1	-
Net gain (loss) on sale of tangible assets	0	-0	2	1	0
Operating profit before depreciation and impairment - EBITDA	102	87	76	99	93
Depreciation	-37	-33	-35	-25	-23
Impairment (-)/reversal of impairment	27	-	101	-	26
Operating profit - EBIT	92	54	142	73	97
Financial income	4	4	5	4	3
Financial costs	-20	-19	-18	-21	-18
Net realised gain (loss) on currencies	-1	-4	3	-2	3
Net unrealised gain (loss) on currencies	-6	-3	18	-3	-21
Net financial costs	-23	-23	9	-22	-32
Profit (loss) before taxes	69	31	151	51	65
Taxes	-13	-12	31	-5	-21
Profit (loss) for the period	56	18	182	46	44
Profit attributable to	-	-	-	-	-
Non-controlling interest	-	-	5	-	-
Controlling interest	56	-12	177	46	44

Amounts in USD million

Supplemental information (continued from previous page)

Balance sheet

	30.06.2024	31.03.2024	31.12.2023	30.09.2023	30.06.2023
ASSETS					
Tangible assets	1 596	1 610	1 586	1 437	1 453
Contract costs	29	29	30	24	23
Deferred tax assets	54	59	65	22	27
Investment in joint ventures and associated companies	6	6	6	6	7
Other non-current assets	12	16	18	22	24
Total non-current assets	**1 698**	**1 720**	**1 705**	**1 511**	**1 534**
Receivables and other current asset	343	332	315	284	286
Cash and cash equivalents	285	275	276	288	250
Current assets	**627**	**607**	**592**	**572**	**536**
Total Assets	**2 325**	**2 327**	**2 297**	**2 083**	**2 070**
EQUITY AND LIABILITIES					
Share capital	190	189	194	194	194
Other equity	850	801	784	587	526
Non-controlling interests	1	9	9	4	3
Total equity	**1 041**	**1 000**	**987**	**785**	**723**
Non-current liabilities	942	991	1 002	1 014	1 055
Current liabilities	342	336	308	285	292
Total liabilities	**1 284**	**1 328**	**1 310**	**1 298**	**1 347**
Total equity and liabilities	**2 325**	**2 327**	**2 297**	**2 083**	**2 070**
Net interest bearing liabilities excluded effect of IFRS 16	**692**	**725**	**821**	**775**	**848**

Amounts in USD million

Supplemental information (continued from previous page)

Cash flow 5

	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
Net cash from operation activities	74	57	46	86	31
Net cash from investing activities	-23	-25	-15	-3	-20
Net cash from financing activities	-39	-28	-44	-49	-22
Net changes in cash and cash equivalents	11	4	-14	34	-11
Cash and cash equivalents at start of the period	275	276	288	250	262
Exchange gain/loss on cash and cash equivalents	-2	-5	2	4	-1
Cash and cash equivalents at the end of the period	285	275	276	288	250

Key figures

	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
EBITDA margin excluded net gain on sale of tangible assets	37%	35%	31%	40%	36%
EBITDA margin	37%	35%	32%	40%	36%
EBIT margin	33%	22%	59%	30%	38%
Profit per share	0,33	-0,07	1,06	0,27	0,27
Book value equity per share	6,21	5,92	5,84	4,67	4,30
Net interest bearing debt excluded effect of IFRS 16	692	725	821	775	848

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