



29% of the Earth is covered by land,
we cover the rest

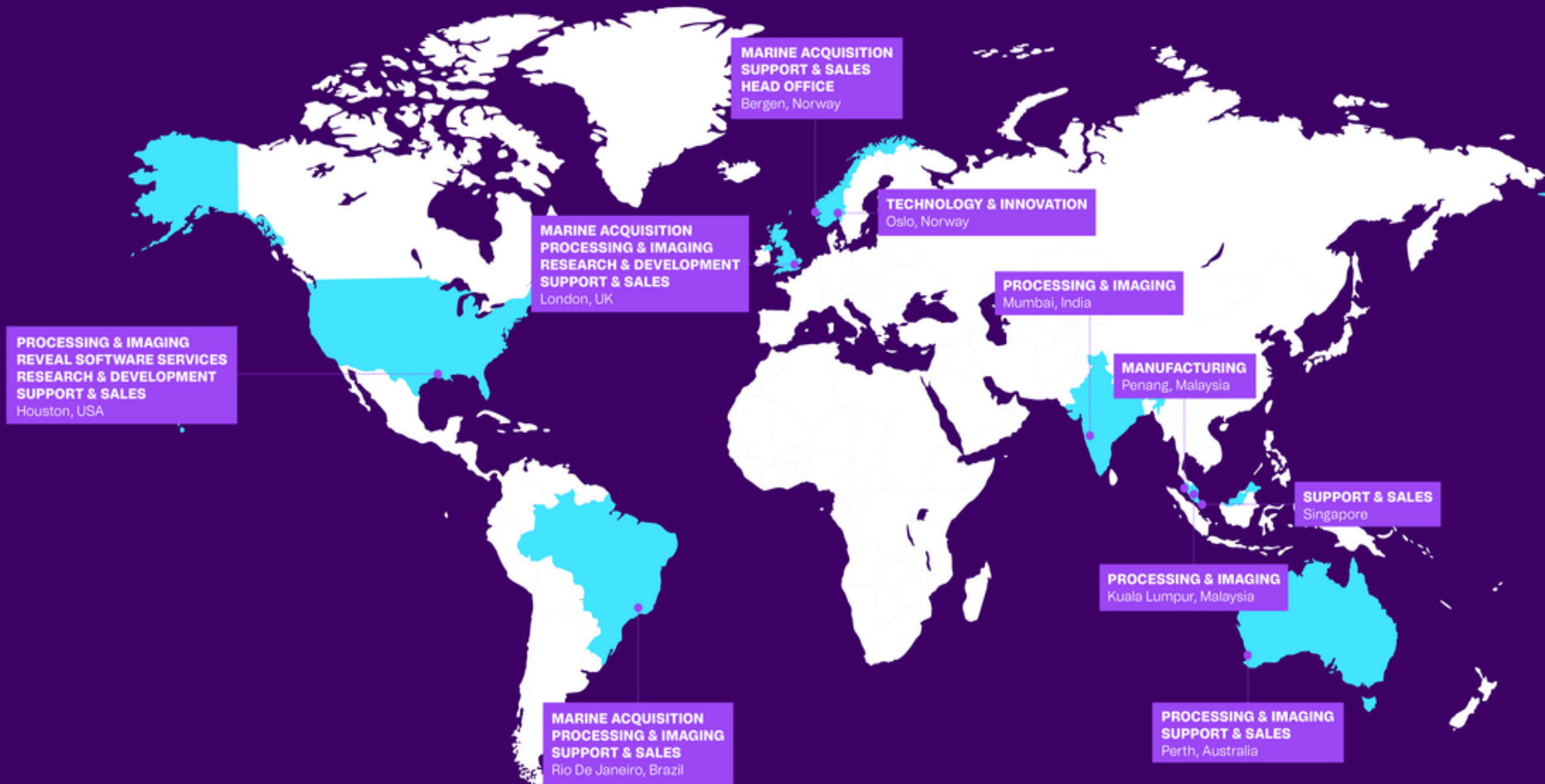
THIRD QUARTER 2024 REPORT

shearwater

Shearwater in brief

Shearwater Geoservices AS is a global marine geoscience and technology business that specialises in collecting data offshore. The organisation uses state-of-the-art seismic vessels and equipment to explore the seabed and processes the data using market-leading proprietary software. These insights help clients understand the Earth and make informed decisions about accelerating responsible use of its resources.

Shearwater's Headquarters are in Bergen, Norway, with additional facilities at strategic locations around the globe. The company currently employs around 1280 people.



KEY INSIGHTS

Following a strong start to the quarter, acquisition activity decreased through Q3 as surveys were completed in the North Sea, Canada and Brazil

Successful execution of expanded OBN survey in India and recent new orders confirms the attractiveness for SW Tasman and Pearl node execution platform

Increased tender and award activity with 3 OBN and 5 streamer projects awarded to date in Q4 with execution mainly in 2025

Project awards were slow during the third quarter and the backlog value was USD 239 million at the end of the quarter. With the recent awards, the backlog is around USD 360 million at the end of November 2024

REVENUE USD

178.7M

compared to USD 267.3 million in Q3 2023

EBITDA USD

50.6M

compared to USD 86.0 million in Q3 2023

EBIT USD

13.6M

compared to USD 52.7 million in Q3 2023



▼ CEO Comment

The marine seismic acquisition market has, as mentioned in the second quarter report, been slower-than-expected in 2024. We saw seasonal increase in demand over the North Sea summer albeit not as prolonged as we saw last year. This reflects the reduced EBITDA compared to the third quarter of 2023.

Although activity levels in the fourth quarter will be low, the project pipeline for the upcoming winter season and further into 2025 is encouraging, indicating increased demand in our core markets around the world. We have seen a recent increase in contract awards, but as expected, we also see projects move into 2025 that were previously assumed for fourth quarter execution.

Current tender processes makes it challenging to manage and optimise operations and financial performance. In this environment, it is important that the industry maintains rates that are sustainable and reflect the value creation enabled by state-of-the art technology and high-quality subsurface data.

One example of such value creation is Shearwater's in-house developed OBN (ocean bottom node) acquisition platform, comprising the Pearl node and the purpose-built ROV vessel SW Tasman. This unique platform has completed its first large projects, creating significant value for our client in India and for us as a company. Several consecutive surveys are lined up with clients set to benefit from this industry-leading survey efficiency and data quality, supporting their field development activities.

Our commitment to advancing seismic technology and our role as industry consolidator over the cycle, position us to capitalise from increased demand. As the timing of that demand remains uncertain, Shearwater is currently evaluating the optimal size of the swing capacity, whilst maintaining focus on operating efficiency, fleet utilisation and delivering solid results.

- Irene Waage Basili, CEO of Shearwater Geoservices

Key financial figures

	Unit	Quarter ended		Year to date		Year Ended
		30 Sep 2024	30 Sep 2023	30 Sep 2024	30 Sep 2023	31 Dec 2023
Operating revenue	USD million	179	267	516	743	922
EBITDA	USD million	51	86	146	222	243
EBITDA margin		28%	32%	28%	30%	26%
EBIT	USD million	14	53	41	130	112
Net income before taxes	USD million	(2)	36	(11)	80	50
Net income/ (loss)	USD million	(1)	36	(14)	79	48
Cash flow from operations	USD million	85	91	93	224	310
Free cash flow ⁽¹⁾	USD million	64	73	34	177	243
Cash and cash equivalents	USD million	94	78	94	78	106
Net Working Capital	USD million	161	167	161	167	126
Net Interest-bearing Debt	USD million	515	472	515	472	456
Total Assets	USD million	1,266	1,347	1,266	1,347	1,262
Book Equity	USD million	573	651	573	651	587
Book Equity Ratio %		45%	48%	45%	48%	47%
NIBD / EBITDA last 12 months		3.1	1.6	3.1	1.6	1.9
Backlog	USD million	239	486	239	486	585
Fleet Utilisation Rate % ⁽²⁾		61%	75%	68%	80%	78%
Active vessels ⁽³⁾		11.1	13.6	9.8	14.1	12.9

⁽¹⁾ Refer to Free cash flow calculation in the APM section

⁽²⁾ Percentage of fleet on contract and transiting to a contract as a percentage of the active fleet

⁽³⁾ Active vessels include all vessels that are not warm or cold stacked.

Operational Review

Marine seismic acquisition activity slowed during the third quarter of 2024 in line with expectations. The seasonally higher demand during the North Sea summer extended into July, before decreasing through the remainder of the quarter. The market continues to reflect delays to tenders and contract awards earlier in the year which has led to significant fluctuations in vessel utilisation.

Shearwater Geoservices operated an average of 11.1 active vessels in the quarter. This compares to 10 active vessels in the second quarter 2024 and 13.6 active vessels in the third quarter of 2023. The decline from last year is caused by project delays and subsequent lower activity year-on-year in key regions such as India and Brazil. Utilisation of the active fleet was 61% compared to 75% in the third quarter of 2023.

Streamer acquisition activities were focussed on the North Sea and East Coast Canada, Brazil, India and Vietnam. This included the successful completion of the 4D Isometrix streamer survey for ExxonMobil, in east Canada. The multi-client survey over the Pelotas basin in Brazil was also completed as planned.

Ocean Bottom Node (OBN) activity was focused on India where the SW Tasman ROV vessel executed an extended contract for ONGC with successful completion in the fourth

quarter. The highly efficient project execution enabled by Shearwater's unique OBN platform generated industry-leading operational efficiency to the benefit of both the client and Shearwater. Currently, the SW Tasman is mobilising to West Africa for multiple consecutive OBN surveys starting later this quarter. This includes an initial project where the SW Tasman capabilities, as a combined node deployment, data collection and source unit without support vessels, is fully utilised, thereby reducing survey cost and environmental footprint.

At 30 September 2024, the backlog was USD 239 million compared to USD 486 million at the end of the third quarter of 2023, however, the recent awarded projects in the fourth quarter has brought the backlog up to about USD 400 million at end-November. The reduction in backlog is mainly tied to the CGG capacity agreement which expires in January 2025. Order intake has increased into the fourth quarter, reflecting higher tender activity during the second half of the year.

There was one total recordable HSE incident in the third quarter of 2024 which was not recorded as high potential. This compared to three total recordable HSE incidents in the same period of 2023 of which none were recorded as high potential.

Financial review - IFRS

Total operating revenue was USD 178.7 million, a decrease of 33% from USD 267.3 million in the third quarter 2023, mainly due to lower activity with fewer vessels in operation. Marine Acquisition represented 95% of third quarter revenue in the period while the Software, Processing & Imaging and Multi-Client segments accounted for the remaining 5%.

Total operating expenses were USD 165.1 million compared to USD 214.6 million in the same period of 2023, reflecting the lower activity year-over-year. EBITDA was USD 50.6 million compared to USD 86.0 million in Q3 2023.

Depreciation and amortisation increased due to investments in node technology and fleet growth following recent acquisitions of Endeavour and Caspian vessels. EBIT was USD 13.6 million compared to USD 52.7 million for the same quarter last year.

Loss before taxes was USD 2.4 million compared to a profit of USD 36.3 million in the third quarter of 2023. The net loss for the period was USD 1.3 million compared to a profit of USD 36.2 million a year earlier.

At 30 September 2024, total assets amounted to USD 1,265.7 million compared to USD 1,261.6 million at 31 December 2023. Intangible assets increased due to the inclusion of USD 20.3 million of multi-client library related to the Brazil Pelotas basin project. Tangible assets decreased somewhat as depreciation offset vessel acquisitions year-to-date, while current assets decreased slightly due to lower trade receivables and other current assets.

Book equity was USD 573.4 million, equalling an equity ratio of 45%. At year-end 2023, the corresponding figures were USD 587.3 million and 47%, respectively. Cash holdings at the end of the third quarter 2024 was USD 93.8 million compared to USD 105.8 million 31 December 2023.

At 30 September 2024, the Group's total interest-bearing debt was USD 608.5 million compared to USD 562.0 million at the end of 2023, and net interest-bearing debt (NIBD) was USD 514.7 million compared to USD 456.1 million as at 31 December 2023.

Net cash flow from operating activities in the third quarter was USD 85.3 million compared to USD 90.5 million in same period last year. The difference between cash flow

from operations and EBITDA reflects reduced working capital during the period. Working capital may fluctuate significantly depending on fleet status and timing of seasonal transits. The reduced working capital in the third quarter was related to multiple vessels coming off projects.

Net cash flow used in investing activities amounted to USD 20.8 million compared to USD 16.7 million a year earlier, relating mainly to maintenance of our acquisition assets and investments in the multi-client library.

Net cash flow from financing activities was negative USD 51.1 million, mainly reflecting repayment of debt and interest costs. This compares to net cash flow from financing activities of negative USD 72.6 million in the third quarter 2023.

Net increase in cash holdings for the quarter was USD 13.5 million.

Market and Outlook

Acquisition activity has been low going into the fourth quarter. Tendering activity remains high, but with continued permit uncertainty and general process delays impacting timing. Recently, the pace of awards has increased, but start-up for the new projects is slipping into 2025. The current outlook indicates a slow fourth quarter of 2024 for streamer activity before activity picks up early next year.

The ocean-bottom node (OBN) market remains competitive, and has been driven by larger tenders in Brazil with unattractive returns in the first half of the year. Shearwater continues to selectively bid for projects focused on profitability based on the SW Tasman and Pearl node platform. This is reflected in an attractive backlog with strong margins extending into 2025. With the recent awards of three consecutive projects in West Africa, the Tasman is on track with over 18 months of continuous OBN work in Norway, India, Cote d'Ivoire and Angola.

Shearwater maintains our targeted multi-client strategy with clear return requirements and is increasing the activity in a disciplined manner, mainly in cooperation with partners. Planning for potential 2025 surveys is currently ongoing.

The previously announced strategic collaboration between Shearwater and Mondaic will deliver a new cutting-edge full waveform inversion (FWI) platform in the first quarter of 2025. This represents a significant step forwards into the high-end processing delivery capability of the company's Reveal software and global processing teams.

Global energy demand is set to continue to increase in coming years with projected annual increase in oil and gas demand as part of the energy mix. As per projected outlooks of several energy majors, the natural depletion requires material investments in traditional oil and gas exploration and production as well as new renewable energy solutions. Shearwater is well positioned to capture these opportunities through its counter cyclical investments and subsequent ownership of the majority of the global fleet of high-end seismic vessels. Our fully invested operational platform, combined with a strong balance sheet and support from shareholders, the company is set to capitalise on

an improved market as well as expand into energy transition activities as these markets evolve.

To date in 2024, market activity has developed at a slower-than-expected pace. However, we enter next year with a higher pace than last year as the backlog and pipeline of potential projects for early 2025 is stronger than expectations were for 2024 a year ago. This increase in activity is encouraging, giving us better visibility for the first half of 2025.

Interim financial statements (IFRS)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

THE SHEARWATER GEOSERVICES AS GROUP

(In thousands of USD)	Notes	Quarter ended		Year to date		Year ended
		30 Sep 2024	30 Sep 2023	30 Sep 2024	30 Sep 2023	31 Dec 2023
Total Revenue and Other Income	2	178,749	267,340	516,320	742,732	921,971
Operating expenses						
Cost of sales	3	119,400	174,137	344,955	499,378	649,823
Depreciation and amortisation	4	36,113	31,511	105,305	92,462	128,951
Sales, general and administration cost		8,720	7,212	25,556	21,363	29,643
Other losses (gains) net		893	1,769	(470)	(663)	1,285
Total operating expenses		165,126	214,629	475,346	612,540	809,702
Operating profit (EBIT)		13,623	52,711	40,974	130,191	112,270
Financial income		666	1,360	2,105	1,821	5,621
Financial expenses		(16,731)	(17,722)	(54,101)	(52,368)	(67,768)
Net financial items (+profit/-loss)		(16,065)	(16,362)	(51,996)	(50,547)	(62,147)
Net income before taxes		(2,442)	36,349	(11,022)	79,644	50,122
Taxes	6	(1,106)	176	3,049	503	2,325
Net income (+profit/-loss)		(1,336)	36,174	(14,071)	79,142	47,798

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Other comprehensive income

<i>Items which will not be reclassified over profit and loss</i>	-	-	-	-	-
<i>Items which may be reclassified over profit and loss in subsequent periods</i>	178	-	178	-	-
Exchange differences on translation of foreign operations	178	-	178	-	-
Other comprehensive income for the period	178	-	178	-	-
Total comprehensive income for the period	(1,158)	36,174	(13,893)	79,142	47,798

The above unaudited condensed consolidated statement of profit or loss and unaudited consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

THE SHEARWATER GEOSERVICES AS GROUP

(In thousands of USD)	Notes	Quarter ended		Year ended
		30 Sep 2024	30 Sep 2023	31 Dec 2023
ASSETS				
Goodwill		3,267	2,048	3,267
Multi-Client		20,290	-	-
Intangible assets		20,864	21,948	21,193
Deferred tax asset	6	670	152	120
Total Intangible Assets		45,091	24,149	24,581
Vessel and marine equipment	4	882,730	881,795	895,249
Seismic equipment and other equipment	4	82,632	93,665	94,754
Right of use assets	4	8,298	7,668	7,145
Manufacturing equipment	4	2,050	1,982	1,964
Total Tangible Assets		975,709	985,110	999,111
Investments in shares		350	-	-
Long-term receivables		-	25,102	-
Total Financial Non-Current Assets		350	25,102	-
Total Non-Current Assets		1,021,151	1,034,361	1,023,692
Other current assets		36,220	59,510	43,065
Trade receivables		96,002	144,814	73,215
Other receivables		18,512	30,503	15,766
Cash and cash equivalents		93,784	77,877	105,834
Total current assets		244,518	312,704	237,880
Total Assets		1,265,669	1,347,069	1,261,572

(In thousands of USD)	Notes	Quarter ended 30 Sep 2024	Quarter ended 30 Sep 2023	Year ended 31 Dec 2023
EQUITY AND LIABILITIES				
Share capital		10,653	10,653	10,653
Share premium		621,190	621,190	621,190
Retained earnings		(58,414)	19,493	(44,525)
Total Equity		573,429	651,336	587,317
Deferred tax liability	6	-	101	-
Long-term debt	5	528,140	437,128	219,862
Lease liabilities		7,114	5,847	5,510
Total Long-Term Liabilities		535,254	443,076	225,371
Current portion of long-term debt	5	50,000	103,610	333,860
Short-term debt	5	21,424	1,264	533
Lease liabilities		1,800	2,229	2,211
Trade payables		55,509	97,406	79,519
Taxes payable	6	1,970	380	-
Other short-term liabilities		26,284	47,769	32,756
Total Short-Term Liabilities		156,986	252,657	448,878
Total Liabilities		692,240	695,733	674,250
Total Equity and Liabilities		1,265,669	1,347,069	1,261,572

The above unaudited condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

THE SHEARWATER GEOSERVICES AS GROUP

(In thousands of USD)	Notes	Quarter ended		Year to date		Year ended
		30 Sep 2024	30 Sep 2023	30 Sep 2024	30 Sep 2023	31 Dec 2023
Cash Flow from Operating Activities:						
Net income before taxes		(2,442)	36,349	(11,022)	79,644	50,122
Paid tax		(286)	(473)	(1,745)	(1,372)	(2,321)
Depreciation and write down	4	36,113	31,511	105,305	92,462	128,951
Capitalised depreciation	4	-	(380)	-	(1,026)	(1,324)
Profit/loss on sale of equipment and vessels	4	-	-	(50)	(251)	(3,767)
Interest expenses		15,328	14,595	49,117	47,356	63,536
Change in current assets / liabilities		36,621	8,917	(48,894)	6,798	74,372
Net Cash Flow From Operating Activities		85,334	90,519	92,712	223,612	309,570
Cash Flow from Investing Activities:						
Payments related to CAPEX	4	(10,968)	(16,707)	(39,683)	(45,462)	(63,108)
Payments related to purchase of vessels	4	-	-	(41,200)	-	(40,500)
Payments for sale of equipment and vessels	4	-	-	200	1,550	7,550
Net cash flow from investment in subsidiaries		-	-	(350)	(1,130)	(1,130)
Investment in Multi-Client Library		(9,835)	-	(17,024)	-	-
Net Cash Flow From Investing Activities		(20,803)	(16,707)	(98,057)	(45,042)	(97,189)
Cash Flow from Financing Activities:						
Drawdown of loans	5	-	-	671,200	-	40,500
Repayment of loans	5	(12,500)	(26,699)	(638,421)	(78,822)	(110,821)
Repayment of shareholder loan	5	-	(28,748)	-	(28,748)	(30,273)
Payment-/ +Drawdown of overdraft account	5	(30,000)	(3,833)	(10,000)	(5,829)	(5,178)
Repayment of financial lease		(753)	(654)	(2,319)	(1,139)	(3,208)
Transaction costs		-	-	(8,950)	-	-
Net Interest paid		(7,809)	(12,723)	(17,530)	(35,522)	(47,004)
Net Cash Flow From Financing Activities		(51,061)	(72,640)	(6,020)	(150,043)	(155,984)
Net Increase in Cash and Cash Equivalents		13,469	1,172	(11,365)	28,527	56,397
Net currency translation effects		(117)	(1,221)	(685)	(2,630)	(2,543)
Cash and cash equivalents at start of period		80,431	77,926	105,834	51,979	51,979
Cash and cash equivalents at end of period		93,784	77,877	93,784	77,877	105,834

The above unaudited condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

THE SHEARWATER GEOSERVICES AS GROUP

For the nine months ended 30 September 2024

(In thousands of USD)	Share capital	Share premium	Retained earnings	Total equity
Balance at 01 January 2024	10,653	621,190	(44,525)	587,317
Net income for the period			(14,071)	(14,071)
Other comprehensive income			-	-
Other changes			7	7
Total equity at 30 September 2024	10,653	621,190	(58,592)	573,251

For the nine months ended 30 September 2023

(In thousands of USD)	Share capital	Share premium	Retained earnings	Total equity
Balance at 01 January 2023	10,653	621,190	(59,712)	572,131
Net income for the period			79,142	79,142
Other comprehensive income			-	-
Other changes			63	63
Total equity at 30 September 2023	10,653	621,190	19,493	651,336

For the year ended 31 December 2023

(In thousands of USD)	Share capital	Share premium	Retained earnings	Total equity
Balance at 01 January 2023	10,653	621,190	(59,712)	572,131
Net income for the year			47,798	47,798
Other comprehensive income			-	-
Group contribution submitted to parent			(32,735)	(32,735)
Other changes			124	124
Total equity at 31 December 2023	10,653	621,190	(44,525)	587,317

The above unaudited condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Selected notes to the quarterly financial statements

NOTE 1: BASIS FOR ACCOUNTING AND ACCOUNTING POLICIES

Shearwater Geoservices AS is a Norwegian registered company with corporate office in Bergen, Norway. The shareholder and ultimate parent company is Shearwater Geoservices Holding AS. References to Shearwater or the Group in these condensed consolidated financial statements include Shearwater Geoservices AS and its subsidiaries. A restructuring of the Shearwater Geoservices AS Group took place in April 2024, consolidating all group entities under Shearwater Geoservices AS by transferring shares from Shearwater Geoservices Holding AS.

These interim financial statements for the nine months ended 30 September 2024 have been prepared in accordance with IAS 34 Interim Financial Reporting. The current, comparable and prior year figures are prepared as if Shearwater Geoservices AS were the shareholder of all group entities in the current and comparable (quarter and year-to-date) interim periods, and the immediately preceding financial year. The condensed consolidated financial statements are unaudited.

Shearwater Geoservices AS Group, being a sub-group of Shearwater Geoservices Holding AS Group, applies the same accounting principles as those outlined in the Shearwater Geoservices Holding AS Group's consolidated financial statements for the year ended 31 December 2023. Effective 2024, and in accordance with IFRS Accounting Standards, Shearwater has implemented capitalisation of intangible assets under the heading multi-client library. This applies to contracts that meet the criteria outlined in note 2 under the Multi-Client segment reporting.

These interim financial statements were authorised for issue by the Company's board of directors on 26 November 2024.

NOTE 2: REVENUE AND SEGMENT INFORMATION

2.1: Segment information

The Chief Executive Officer, the Chief Financial Officer and the Chief Commercial Officer are responsible for following up and ensuring that the Group's performance is in line with the Group's existing strategy both from a product perspective as well as enabling the Group to evolve within its given parameters. Within the Group there are three main segments: Marine Acquisition, Software, Processing & Imaging (SPI) and Multi-client.

Marine Acquisition

The Group owns and operates the world's largest fleet of purpose-built seismic vessels designed for safe and efficient seismic acquisition. The Group offers a wide range of seismic services in 2D, 3D and 4D mode, including towed streamers and Ocean Bottom Surveys. With 23 high-end vessels, Shearwater are offering the seismic services on a world-wide basis. For this segment the product is the delivery of high quality unprocessed seismic data.

Software, Processing & Imaging

The Group process and re-process both land and marine seismic data by combining the latest processing software with experienced geophysicists and efficient hardware. Our onboard and onshore processing teams provide expertise and service to achieve the highest quality imaging both in Streamer and OBN datasets.

The Group's Reveal software provides advanced processing and imaging algorithms from Real Time QC on vessels, through to model building and depth imaging.

Multi-client

A project will be reported under the multi-client business segment when Shearwater has either full or partial ownership of the seismic data being acquired and has the economic benefit to licence fees from multiple clients over the lifetime of the data. Any revenues from projects commencing prior to the year end 2023 which were booked as converted Marine Acquisition revenues have been booked as late sales in 2024 under the multi-client segment. Projects commencing from 2024 will be capitalised as a multi-client asset and amortised over a four year life. In accordance with IFRS, pre-funding revenues and late sales revenues will be recognised at a point in time when the final data is delivered to the client.

Other Segments

Other segments includes research and development, engineering services, and sales, general and administration cost. The Group has extensive competence in engineering, development and manufacturing of streamers and nodes. From 2023, Manufacturing has been included in the Marine Acquisition segment as there are no material external sales and this segment exclusively services Marine Acquisition.

Management primarily uses a measure of earnings before interest, tax, depreciation, and amortisation (EBITDA, see below) to assess the performance of the operating segments. The Group operates world-wide and while the geographical markets have a central place at the project planning stage and when presenting the Group's backlog, it is not considered a separate segment in the internal financial reporting.

All amounts are in thousands of USD.

Quarter ended 30 September 2024	Marine Acquisition	Multi-Client	Software, Processing & Imaging	Other segments	Total
Income statement					
Total operating revenue and other income *	170,612	441	7,583	113	178,749
Operating expenses	109,782	-	6,799	11,539	128,120
EBITDA **	60,830	441	784	(11,426)	50,629
Depreciation and amortisation					36,113
Other losses (gains) net					893
Operating profit EBIT					13,623
Financial income					666
Financial expense					(16,731)
Income tax expense					1,106
Net Income					(1,336)

Quarter ended 30 September 2023	Marine Acquisition	Multi-Client	Software, Processing & Imaging	Other segments	Total
Income statement					
Total operating revenue and other income *	257,058	-	6,960	3,322	267,340
Operating expenses	158,102	-	6,053	17,194	181,349
EBITDA **	98,956	-	907	(13,872)	85,991
Depreciation and amortisation					31,511
Other losses (gains) net					1,769
Operating profit EBIT					52,711
Financial income					1,360
Financial expense					(17,722)
Income tax expense					(176)
Net Income					36,174

*Part of Other segment income is funding received from external organisations in connection with research and development projects.

**EBITDA is earnings before interest, tax, depreciation, and amortisation. Acquisition cost is not included in EBITDA as it is not considered ordinary operating expense. EBITDA is used internally to continuously measure the Group's ability to serve its debt and capital cost.

Year to date 30 September 2024	Marine Acquisition	Multi-Client	Software, Processing & Imaging	Other segments	Total
Income statement					
Total operating revenue and other income *	490,165	4,389	21,459	308	516,320
Operating expenses	317,818	-	18,961	33,732	370,511
EBITDA **	172,347	4,389	2,498	(33,424)	145,809
Depreciation and amortisation					105,305
Other losses (gains) net					(470)
Operating profit EBIT					40,974
Financial income					2,105
Financial expense					(54,101)
Income tax expense					(3,049)
Net Income					(14,071)

Year to date 30 September 2023	Marine Acquisition	Multi-Client	Software, Processing & Imaging	Other segments	Total
Income statement					
Total operating revenue and other income *	716,764	-	19,876	6,092	742,732
Operating expenses	464,549	-	16,688	39,504	520,741
EBITDA **	252,215	-	3,188	(33,412)	221,991
Depreciation and amortisation					92,462
Other losses (gains) net					(663)
Operating profit EBIT					130,191
Financial income					1,821
Financial expense					(52,368)
Income tax expense					(503)
Net Income					79,142

*Part of Other segment income is funding received from external organisations in connection with research and development projects.

**EBITDA is earnings before interest, tax, depreciation, and amortisation. Acquisition cost is not included in EBITDA as it is not considered ordinary operating expense. EBITDA is used internally to continuously measure the Group's ability to serve its debt and capital cost.

Year ended 31 December 2023	Marine Acquisition	Multi-Client	Software, Processing & Imaging	Other segments	Total
Income statement					
Total operating revenue and other income *	883,615	-	27,789	10,567	921,971
Operating expenses	606,852	-	22,448	50,166	679,466
EBITDA **	276,764	-	5,341	(39,599)	242,505
Depreciation and amortisation					128,951
Other losses (gains) net					1,285
Operating profit EBIT					112,270
Financial income					5,621
Financial expense					(67,768)
Income tax expense					(2,325)
Net Income					47,798

*Part of Other segment income is funding received from external organisations in connection with research and development projects.

**EBITDA is earnings before interest, tax, depreciation, and amortisation. Acquisition cost is not included in EBITDA as it is not considered ordinary operating expense. EBITDA is used internally to continuously measure the Group's ability to serve its debt and capital cost.

2.2: Revenue from contract with customers

The Company earns revenue from the following categories of customer contracts:

PRODUCTS AND SERVICE LINES (In thousands of USD)	Quarter ended		Year to date		Year ended
	30 Sep 2024	30 Sep 2023	30 Sep 2024	30 Sep 2023	31 Dec 2023
Marine Acquisition	170,612	257,058	490,165	716,764	883,615
Multi-client	441	-	4,389	-	-
Software, Processing & Imaging	7,583	6,960	21,459	19,876	27,789
Revenue from contract with customers	178,636	264,018	516,012	736,640	911,404
Other income Marine Acquisition	-	-	-	-	3,767
Other income	113	3,322	308	6,092	6,800
Total	178,749	267,340	516,320	742,732	921,971

All amounts are in thousands of USD.

Timing of revenue recognition	Quarter ended		Year to date		Year ended
	30 Sep 2024	30 Sep 2023	30 Sep 2024	30 Sep 2023	31 Dec 2023
Point in time	301	834	1,141	1,727	2,222
Services transferred over time	178,335	263,184	514,871	734,913	909,182
Total revenue from contract with customers	178,636	264,018	516,012	736,640	911,404

Net operating revenue by geography	Quarter ended		Year to date		Year ended
	30 Sep 2024	30 Sep 2023	30 Sep 2024	30 Sep 2023	31 Dec 2023
Europe, Africa and Middle East - EAME	55,360	125,524	169,634	293,149	374,544
Asia / Pacific - APAC	95,085	55,452	293,300	193,606	251,820
North and South America - NSA	28,304	86,364	53,386	255,977	295,607
Total	178,749	267,340	516,320	742,732	921,971

NOTE 3: SPECIFICATION COST OF SALES

(In thousands of USD)	Quarter ended		Year to date		Year ended
	30 Sep 2024	30 Sep 2023	30 Sep 2024	30 Sep 2023	31 Dec 2023
Vessel operating cost	109,782	158,102	317,818	464,549	606,852
Software, Processing & Imaging cost	6,799	6,053	18,961	16,688	22,448
Other segments	2,819	9,982	8,176	18,141	20,523
Total Cost of Sales*	119,400	174,137	344,955	499,378	649,823

*Cost of Sales is excluding depreciation

(In thousands of USD)	Quarter ended		Year to date		Year ended
	30 Sep 2024	30 Sep 2023	30 Sep 2024	30 Sep 2023	31 Dec 2023
Operating costs	85,669	139,822	246,986	407,925	528,791
Personnel costs	32,086	34,003	93,185	88,446	114,312
Other costs	1,645	312	4,784	3,007	6,720
Total Cost of Sales*	119,400	174,137	344,955	499,378	649,823

*Cost of Sales is excluding depreciation

NOTE 4: TANGIBLE, NON-CURRENT ASSETS

(In thousands of USD)	Seismic vessels	Seismic equipment	Other equipment	Other assets (Right of use)	Manufacturing equipment	Total
Cost:						
Acquisition cost at 01 January 2024	1,183,874	349,884	8,557	20,192	13,402	1,575,909
Additional capital expenditures	55,890	24,528	229	3,080	229	83,957
Acquisition cost at 30 September 2024	1,239,764	374,412	8,786	23,272	13,631	1,659,866
Accumulated depreciation:						
Balance at 01 January 2024	288,626	258,720	4,910	13,105	11,438	576,799
Depreciation for the period	50,837	36,794	144	1,870	144	89,789
Depreciation periodical maintenance	17,572	-	-	-	-	17,572
Accumulated depreciation at 30 September 2024	357,035	295,514	5,054	14,975	11,582	684,159
Carrying amount at 30 September 2024	882,730	78,899	3,732	8,298	2,050	975,709
<i>Estimated useful lifetime</i>	<i>25 years</i>	<i>3 to 7 years</i>	<i>3 to 5 years</i>	<i>1 to 5 years</i>	<i>3 to 7 years</i>	

Other Assets (Right of Use) are office and warehouse buildings previously identified as operating leases under IAS 17 as well as lease of processing equipment. Short term leases, such as Bareboat or Time charter hire of support/chase vessels have not been capitalised as all lease contracts are 12 months or less.

NOTE 5: LONG-TERM DEBT/ LIABILITIES

The Group's long-term liabilities, including first year's instalments, are summarised as follows:

(In thousands of USD)	30 Sep 2024	30 Sep 2023	31 Dec 2023
Secured:			
Mortgage debt with floating interest, USD LIBOR + 6.0%, due 2024/2025/2027	-	454,521	473,971
Mortgage debt with fixed interest, USD CIRR 2.4% + 2.5%, due 2024/2025/2027	-	87,353	80,715
Senior secure bank facility, USD SOFR 3M + 4.1%, due 2029	287,500	-	-
Senior secure Bond, 9.5%, due 2029	300,000	-	-
Revolving credit facility, USD SOFR 3M + 4.1%, due 2024	-	-	-
Unsecured:			
Lease liabilities, due 2024-2029	8,914	8,139	7,747
Drawn on overdraft facility, USD LIBOR +4.2 %	-	735	-
Amortisation effect, mortgage debt	(9,360)	(1,225)	(990)
Accrued interest expenses	21,424	554	533
Total	608,478	550,077	561,975
Classification in the statement of financial position:			
Long-term debt	528,140	437,128	219,862
Long-term lease liabilities	7,114	5,847	5,510
Current portion of long-term debt	50,000	103,610	333,860
Short-term debt	21,424	1,264	533
Short-term lease liabilities	1,800	2,229	2,211

In April 2024, Shearwater refinanced its existing external debt with a USD 300 million bank facility with an interest rate of SOFR + 4.1% margin, and a USD 300 million bond with fixed 9.5% interest rate, both with a five year term and secured in a pari passu structure. The refinancing also included a super-senior secured USD 50 million revolving credit facility and a super-senior secured USD 50 million guarantee facility.

NOTE 6: TAXES

(In thousands of USD)	Quarter ended		Year to date		Year ended
	30 Sep 2024	30 Sep 2023	30 Sep 2024	30 Sep 2023	31 Dec 2023
Tax payable	(1,106)	176	3,049	503	2,343
Change in deferred tax	-	-	-	-	(18)
Income tax expense	(1,106)	176	3,049	503	2,325

Taxes are calculated based on profit or loss for each individual entity based on local tax regulations. Local profits and fluctuations in exchange rates impact the taxes on a quarterly and an annual basis.

NOTE 7: SUBSEQUENT EVENTS

There has been no significant events or transactions after the reporting period that needs to be disclosed in the quarterly report.

Alternative performance measures

Shearwater's financial information is prepared in accordance with IFRS. In addition, Shearwater provides alternative performance measures to enhance the understanding of Shearwater's performance. The alternative performance measures presented by Shearwater may be determined or calculated differently by other companies.

EBITDA

(In thousands of USD)	Notes	Quarter ended		Year to date		Year ended
		30 Sep 2024	30 Sep 2023	30 Sep 2024	30 Sep 2023	31 Dec 2023
Total income	2	178,749	267,340	516,320	742,732	921,971
Cost of sales	3	119,400	174,137	344,955	499,378	649,823
Sales, General and Administration costs		8,720	7,212	25,556	21,363	29,643
EBITDA		50,629	85,991	145,809	221,991	242,505
<i>EBITDA ratio</i>		28 %	32 %	28 %	30 %	26 %

Free Cash Flow

Free Cash Flow is net cash flow from operating activities less net cash flow from investing activities adjusted for M&A capex and leasing payments.

(In thousands of USD)	Quarter ended		Year to date		Year ended
	30 Sep 2024	30 Sep 2023	30 Sep 2024	30 Sep 2023	31 Dec 2023
Net cash flow from operating activities	85,334	90,519	92,712	223,612	309,570
Net cash flow from investing activities	(20,803)	(16,707)	(98,057)	(45,042)	(97,189)
Adjusted for M&A transactions	-	-	41,350	(420)	34,081
Adjusted for leasing payments	(753)	(654)	(2,319)	(1,139)	(3,208)
Free cash flow	63,778	73,158	33,686	177,011	243,254

Net interest bearing debt

Net interest bearing debt (NIBD) is defined as the sum of non-current (long-term) and current (short-term) interest bearing debt, less cash and cash equivalents and amortised transaction cost related to loans.

(In thousands of USD)	30 Sep 2024	30 Sep 2023	31 Dec 2023
Borrowings	599,564	542,001	554,254
Financial leases	8,914	8,076	7,721
Interest bearing debt	608,478	550,077	561,975
Cash and Cash equivalents	93,784	77,877	105,834
Net interest bearing debt	514,694	472,200	456,141

Backlog and future coverage

Backlog is the future revenue coverage based on signed contracts and binding letter of awards at the reporting date.

Backlog value

(In thousands of USD)

	30 Sep 2024	30 Sep 2023	31 Dec 2023
Contract seismic	239,065	486,181	585,353
Total backlog	239,065	486,181	585,353

The backlog includes the remainder of the CGG capacity agreement and a significant portion of the reduction in backlog over the last year comes as a result of being one year closer to the expiration of the agreement in January 2025.