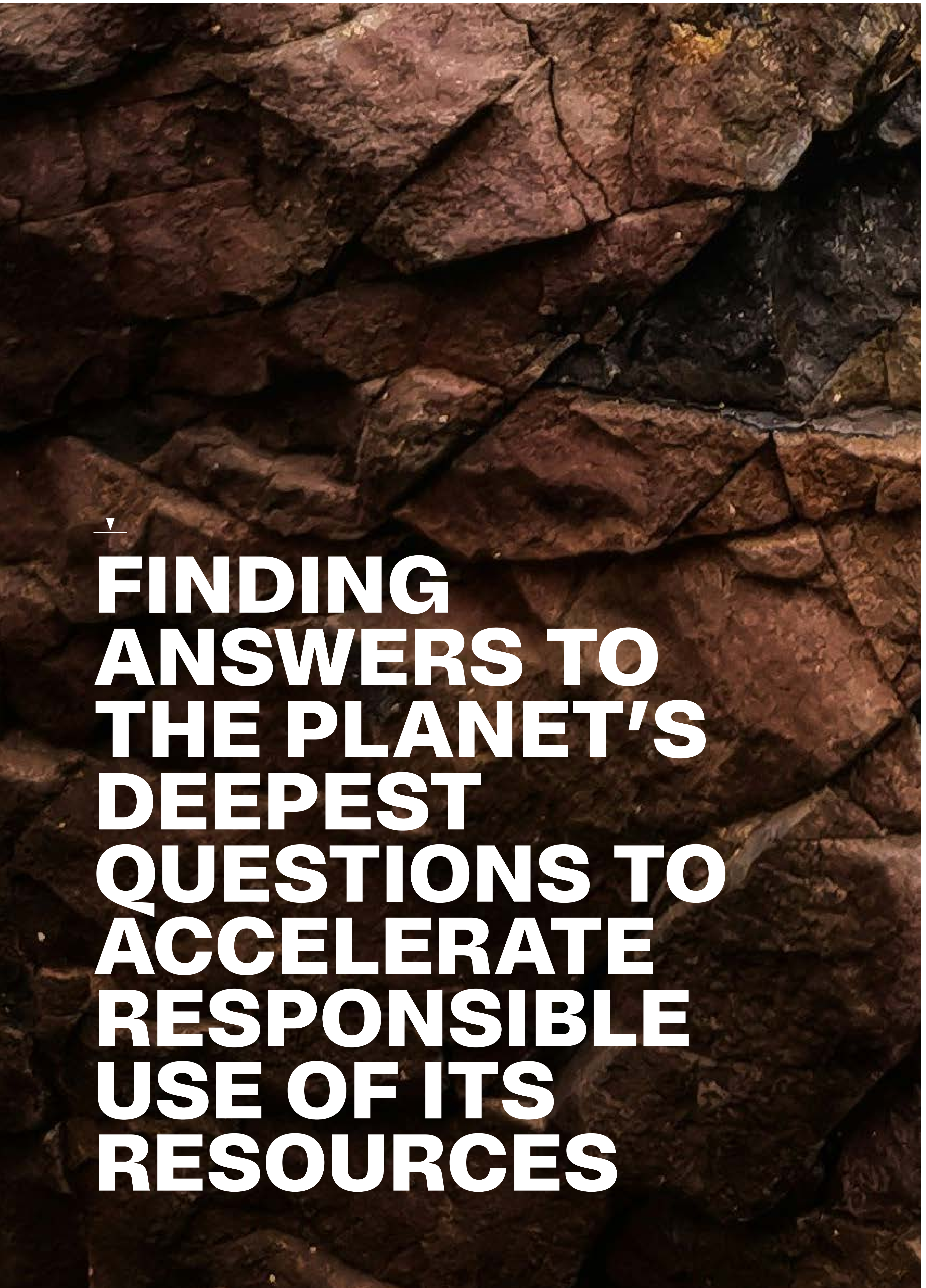
shearwater

Shearwater Geoservices AS

ANNUAL REPORT 2024



FINDING ANSWERS TO THE PLANET'S DEEPEST QUESTIONS TO ACCELERATE RESPONSIBLE USE OF ITS RESOURCES

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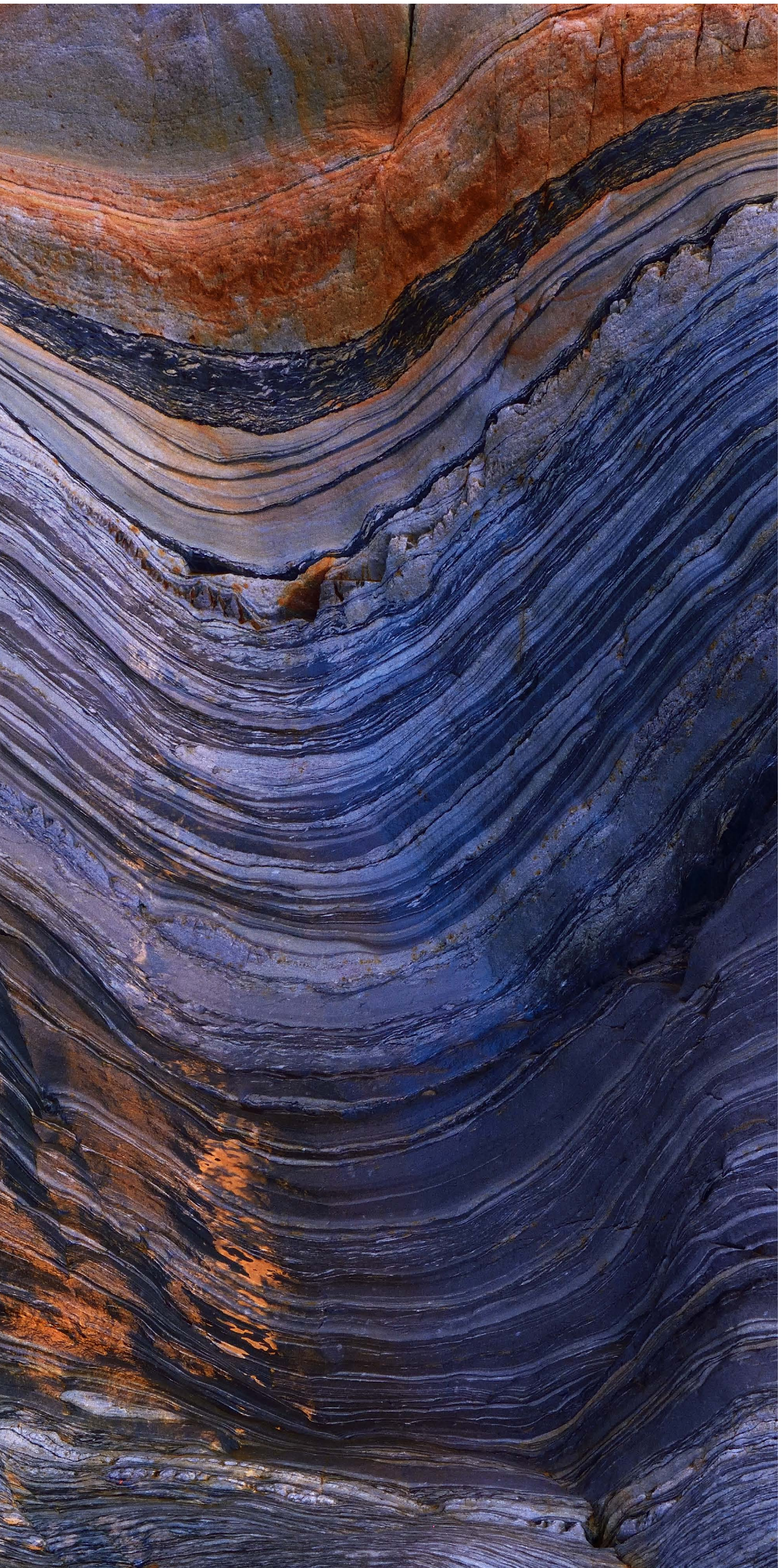
Shearwater Geoservices AS Annual Report 2024

KEY INSIGHTS

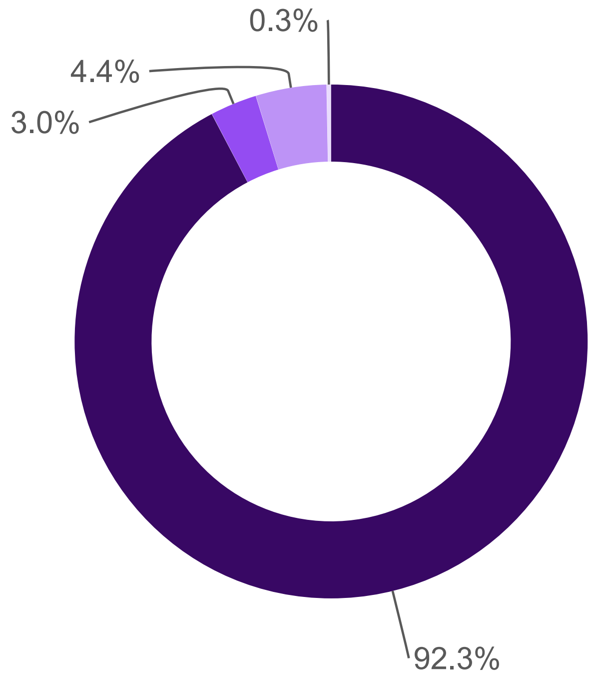


KEY INSIGHTS

Key takeaways

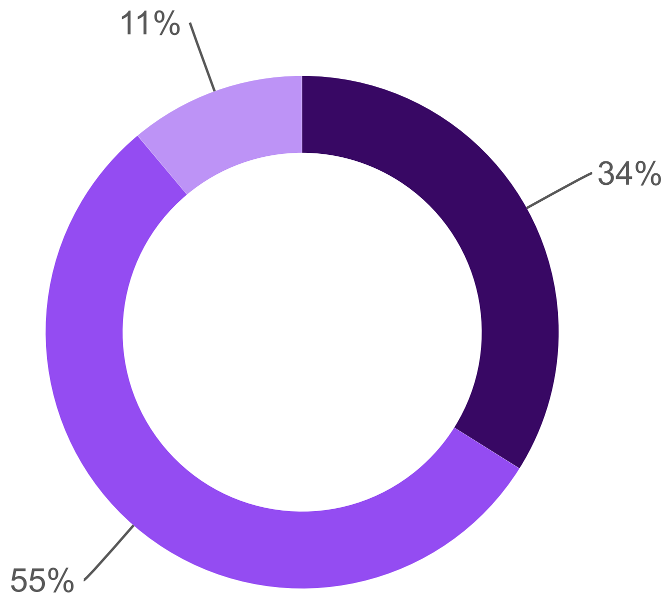
- Resilient business model with diversified long-term capital structure supporting the inherent cyclicality of our markets
- Changing the ocean bottom node (OBN) game with the launch of the SW Tasman and Pearl platform
- Successfully positioning in the Multi-Client segment
- Softer-than-expected market activity in 2024 impacting the utilisation of the active Shearwater fleet
- Fully invested operational platform to serve higher activity

2024 Sales revenue by segment



- Marine acquisition
- Multi-client
- Software Processing & Imaging
- Other

2024 Sales revenue by geography



- Europe, Africa and Middle East (EAME)
- Asia/Pacifc (APAC)
- North and South America (NSA)

Key figures

		Year ended		
	Unit	31 Dec 2024	31 Dec 2023	31 Dec 2022
Operating revenue	USD million	620	922	726
EBITDA[1]	USD million	159	243	198
EBITDA margin		26%	26%	27%
EBIT	USD million	17	112	72
Net income before taxes	USD million	-48	50	32
Net income	USD million	-53	47	28
Cash flow from operations	USD million	92	310	137
Free cash flow[2]	USD million	9	243	71
Cash and cash equivalents	USD million	49	106	52
Net Working Capital	USD million	129	158	144
Net Interest-bearing Debt[3]	USD million	554	456	601
Total Assets	USD million	1,258	1,290	1,362
Book Equity	USD million	533	619	572
Book Equity Ratio %		42%	48%	42%
NIBD / EBITDA last 12 months		3.5	1.9	3.0
Backlog[4]	USD million	337	585	552
Fleet Utilisation Rate %[5]		63%	78%	82%
Active vessels[6]		9.8	12.9	12.1

[1] Refer to the EBITDA calculation in the Alternative Performance Measures-section.
[2] Refer to the Free cash flow calculation in the Alternative Performance Measures-section.
[3] Refer to the Net interest-bearing debt-calculation in the Alternative Performance Measures-section.
[4] Refer to the backlog-definition in the Alternative Performance Measures-section. The CGG capacity agreement expired in January 2025, explaining a significant portion of the reduction in backlog 31 Dec 2023 to 31 Dec 2024.
[5] Percentage of Shearwater's owned fleet on contract and transiting to a contract as a percentage of the active fleet.
[6] Active vessels include all owned vessels that are not warm or cold-stacked.

A message from the CEO

POSITIONING FOR THE NEXT SEISMIC WAVE

Shearwater provides high-quality geophysical data and services to inform and derisk decision making in the offshore energy industry. We support value creation for our clients and the society while minimising environmental impacts. Since our creation in 2016, we have consolidated the marine seismic industry and created a global geoscience and technology business with state-of-the-art capabilities and high ambitions.

With the industry's largest and most diverse fleet of seismic vessels, paired with our commitment to bringing new technologies and the latest advances in geophysics to the market, we position Shearwater to generate significant returns. We are confident that the long-term challenge of balancing energy security, affordability and sustainability will require more investments in seismic data acquisition, processing and imaging.

Over the past three years, the underlying activity in the seismic market has been stable, with sideways demand for our services. Going into 2024, we expected an increase, but instead, tender delays and a sustained prudent investment posture from clients led to fluctuations in activity. Against this backdrop, we maintained focus on optimising operations and financial performance - building a resilient Shearwater, ready to capture the upside when demand for marine seismic to support exploration, production and offshore energy transition increases.

Resilient business model

Our 2024 revenue ended at USD 620 million, a decrease of 33% from USD 922 million in 2023. EBITDA was USD 159 million compared to USD 243 million in 2023. The EBITDA margin was consistent at 26%, reflecting robust project pricing. At year-end, the order backlog stood at USD 337 million, down from USD 585 million year-over-year. The reduction was mainly tied to the CGG capacity agreement, which expired in January 2025, partly offset by increased order intake in the second half of 2024.

The demand fluctuations seen over the year impacted utilisation of our vessels as we kept uncommitted vessels warm to position for higher activity. Keeping several warm vessels on standby without expected work in the near-term impacted profitability in 2024. Our operational model enables cost-efficient fleet adjustments, and we will be applying this proactively in 2025 as scaling the active fleet to market demand and maintaining high utilisation for warm vessels are key margin drivers.

Despite a sideways moving market, Shearwater has built a healthy business. This verifies our ambition when we started the company - to build a solid company able to sustain the inherent volatility of our industry. Following our early 2024 refinancing of bank debt and issue of a USD 300 million five-year bond, our annual debt and interest service totals around USD 100 million. We also have limited maintenance spend and a fully invested operational platform built by making focused, counter-cyclical investments to position Shearwater for long-term growth. Our debt and CAPEX requirement are at a level where we have generated positive free cash flow over the past years - even under current conditions.

Streamer at the core

At the outset, Shearwater was a pure-play streamer company with value-adding processing and imaging products and services. Just before the Covid-19 pandemic, global demand was 27 streamer vessels. Today, there are 17 active streamer vessels globally of which 7 are owned by Shearwater. Additionally, Shearwater owns the market swing capacity of 12 vessels, bringing total global streamer fleet to 29 modern, fully equipped 3D vessels. Our swing capacity gives Shearwater a unique operational gearing and with a fully equipped fleet, we can meet any increase beyond today's demand without major investments. Additionally, we have the option to consider our capacity requirements amid increased interest from potential buyers of vessels for use in other offshore markets, should the price be right.

"Since our creation in 2016, we have consolidated the marine seismic industry and created a global geoscience and technology business with state-of-the-art capabilities and high ambitions."

While streamer deployment remains our core business, we have successfully diversified into the ocean bottom node (OBN) and multi-client markets. In 2024, these markets accounted for about a quarter of the revenue. This expansion reflects our strategic focus on diversifying our business through making disciplined investments where we prioritise profitable projects over market share.

Changing the OBN game

A year ago, I talked about how we are changing the OBN game by bringing innovative ideas to the market. Our unique SW Tasman + Pearl node OBN platform is proof of this. Pearl is compact compared to conventional node technology, offering significant operational efficiencies in deployment and recovery. The SW Tasman is a combined ROV node deployment and source vessel, making her "one of a kind" in the world. We recently completed a West Africa survey where the SW Tasman deployed Pearl nodes, did the source work and then retrieved the nodes. With one vessel handling the entire project we created a win-win situation for us, the client and the environment.

The SW Tasman + Pearl OBN platform has been well received, and this coming summer, the Tasman crew will have had 18 months of continuous work in India and West Africa with over 90% utilisation, generating approximately USD 200 million of revenue. In an overall competitive OBN market, we have reduced our market share by design and focused on building continuous backlog on our superior execution platform. However, we want to grow and will do so when projects meet our return requirements. Recently we were awarded a large six-month OBN 4D survey for ExxonMobil in Guyana, a highly strategic project on a key asset in our customer's portfolio.

Disciplined investments and new commercial models

We have also developed our multi-client position in a changing market where we see a higher share of converted contracts. This is basically a contract survey executed in multi-client mode with most of the funding coming from one client and with limited late sales potential. As the largest seismic acquisition company, it is natural for Shearwater to provide this service to clients along with more traditional projects in partnership with other multi-client companies.

We have no ambition of replicating the traditional multi-client strategies of the past, building scale by offering large data libraries to a more diverse client base, but we will make focused investments in areas where we see the right risk and reward balance. To date, we have attractive datasets from Namibia's Orange basin and the Pelotas basin in Brazil. In Pelotas, we acquired our first season in 2024, and due to client interest, we have committed to a second season with data acquisition, which commenced in early 2025.

We also extended our market leadership within carbon capture and storage (CCS). In 2024, only two offshore seismic CCS surveys were executed worldwide, both by Shearwater.

Just as we bring new innovative technologies to the market, we also seek to evolve the global marine seismic market through new commercial models. In March 2025, we signed a three-year firm capacity reservation agreement for worldwide marine seismic streamer acquisition services supporting exploration activities for TotalEnergies. This strategic agreement yields a minimum of 18 months of vessel activity, providing Shearwater improved visibility by allocating a "base load" for our active fleet over the next three years. It is a strong platform for further collaboration and extracting synergies for both Shearwater and TotalEnergies.

Long-term value creation

The innovative capacity agreement follows a period of higher tendering activity and pace of contract awards, which started in late 2024. Since then, we have won multiple OBN and streamer contracts, which provide visibility into 2025, and we have started the year with a material increase in utilisation of our active fleet.

Short-term, the market remains cautious due to the current geopolitical environment - "when you are driving into fog, you slow down." Currently, it remains to be seen if the higher pace of contract awards will continue throughout the year. Consequently, optimising operations at current market activity is a priority.

Long-term, both energy majors and national E&P companies need to offset years of underinvestment in energy production amid growing demand and focus on the security of supply in the current geopolitical and macro-economic environment. While stakeholder management, public opinion and regulatory decision-makers have created uncertainty about the longevity of our client's core business, there is now a clear expectation from the same stakeholders that investments in increased production are needed for many years to come. This is naturally very positive for our business, however, due to lead-time on investment decisions it will take some time before this shift cascades down into increased demand for our services.

We remain a responsible partner in the energy value chain, committed to safeguarding the environment in which our people and clients live and work. Sustainability is embedded in our strategy, day-to-day operations and technology development, reflecting our material environmental, social and governance factors. My gratitude goes out to our dedicated team, embodying Shearwater's pioneering spirit, helping to create long-term value for our stakeholders.

Daring to explore!

Irene Waage Basili
CEO, Shearwater Geoservices AS

"We remain a responsible partner in the energy value chain, committed to safeguarding the environment in which our people and clients live and work."

Shearwater Geoservices AS Annual Report 2024

OUR BUSINESS

Shearwater in brief

DARING TO EXPLORE

Shearwater Geoservices AS (Shearwater) is a global marine geoscience and technology business specialising in collecting and processing data through offshore seismic acquisition. Through its innovative technology, Shearwater has taken a leading position in the seismic market. We enable our clients to uncover the complexities of the geology and help them make informed decisions about accelerating responsible use of the earth's resources.

Shearwater utilises its versatile fleet of advanced seismic vessels and cutting-edge equipment to explore the subsurface beneath the seabed. The recorded data is processed using Reveal, our software developed in-house, which has taken a market-leading position. Shearwater is equipped to break through the industry's quality and cost curves by looking after the whole value chain, from sensor to image. To get there, Shearwater designs nodes that sit on the ocean floor and streamers towed behind powerful vessels. By leveraging our technology in 2D, 3D and 4D operations, Shearwater reveals current subsurface characteristics as well as its changes over time.

Shearwater is headquartered in Bergen, Norway, and has offices around the world. The global workforce of 1280 professionals are dedicated to shape seismic, one survey at a time. Shearwater is fully owned by Shearwater Geoservices Holding AS, who's main shareholder is the investment entity RASMUSSENGRUPPEN AS, who owns 88.8% of the shares in Shearwater Geoservices Holding AS.

Our history

In 2016, RASMUSSENGRUPPEN AS and GC Rieber Shipping ASA established Shearwater Geoservices Holding AS, as a joint venture focused on marine geophysical services. Shearwater launched with a robust team of industry experts and a fleet of four modern, high-capacity seismic vessels equipped with streamers. From day one, Shearwater's strategic goal, driven by RASMUSSENGRUPPEN's significant financial strength and commitment to further industry investments, was to become a leading consolidator in the seismic industry.

In 2018, Shearwater entered into an agreement with Schlumberger to acquire WesternGeco's marine seismic acquisition assets and operations. This acquisition included 10 seismic vessels—seven designed for 3D surveys and three multi-purpose vessels built for the expanding Ocean Bottom Seismic (OBS) market—along with 12 complete streamer sets, spare parts, and two source vessels. The transaction also included WesternGeco's proprietary marine seismic technology, as well as development and manufacturing facilities in Norway and Malaysia. As part of the transaction, Schlumberger became a shareholder in Shearwater Geoservices Holding AS.

In 2019, Shearwater entered an agreement with CGG S.A. to acquire five high-end seismic acquisition vessels, two legacy vessels, and five complete streamer sets. The agreement included a five-year utilisation commitment from CGG, ensuring annual utilisation of two vessel-years from Shearwater.

This commitment provided Shearwater with a guaranteed cash flow and activity level, significantly improving visibility. The vessels were initially coowned by CGG and Eidesvik Offshore ASA, and both entities subsequently became shareholders in Shearwater as part of the transaction, which was finalised in January 2020.

In January 2021, subsidiaries in RASMUSSENGRUPPEN AS acquired the shares held by CGG and Eidesvik. Later, in April 2021, Shearwater executed two transactions to acquire marine seismic acquisition assets previously owned by Polarcus, including six streamer seismic acquisition vessels and four complete streamer sets to extend the commercial life of the fleet and streamer pool, accelerating the fleet renewal program.

In September 2023, Shearwater formed a strategic alliance with Argeo to explore growth opportunities in the subsea and OBS markets. The SW Bell was sold to Argeo as part of this collaboration and later converted into a subsea vessel. In December 2023, Shearwater purchased the Oceanic Endeavour, and in January 2024, completed the purchase of the Geo Caspian from Volstad. Both are high-end streamer vessels that align well with Shearwater's fleet strategy.

Additionally, at the start of 2024, Shearwater completed a rebranding process, including a refinement of the Purpose, Vision and Values of the Company.

Moving into April 2024, a restructuring of Shearwater Geoservices AS took place, consolidating all group entities under Shearwater Geoservices AS by transferring shares from Shearwater Geoservices Holding AS. Shearwater Geoservices AS, being a sub-group of Shearwater Geoservices Holding AS, prepares consolidated financial statements as from 2024.

In the same month, Shearwater Geoservices AS announced the completion of a successful debt refinancing, having issued a five-year USD 300 million senior secured first lien bond and executed a new USD 300 million five-year bank term loan with net proceeds used to repay previous secured debt facilities. The bond loan is guaranteed by parent company Shearwater Geoservices Holding AS. The process concluded with Euronext Oslo Børs approving the Company's application for admission to listing and trading of the Bond on Euronext Oslo Børs from 2 January 2025.

At year-end, in December 2024, RASMUSSENGRUPPEN AS executed two separate transactions, increasing the ownership in the Company's parent entity Shearwater Geoservices Holding AS to 88.8% of the shares outstanding. The first transaction was the conversion of the interest-bearing convertible loan provided to Shearwater Geoservices Holding AS in 2021 as part of the financing of vessel and streamer investments. In December 2024, a shareholder loan was converted into new shares. Separately, RASMUSSENGRUPPEN AS acquired shares from Schlumberger Norge AS. Following this transaction, Schlumberger Norge AS holds a 2.0% equity share in Shearwater Geoservices Holding AS.

Beneath the surface of Shearwater

OUR VALUE CHAIN

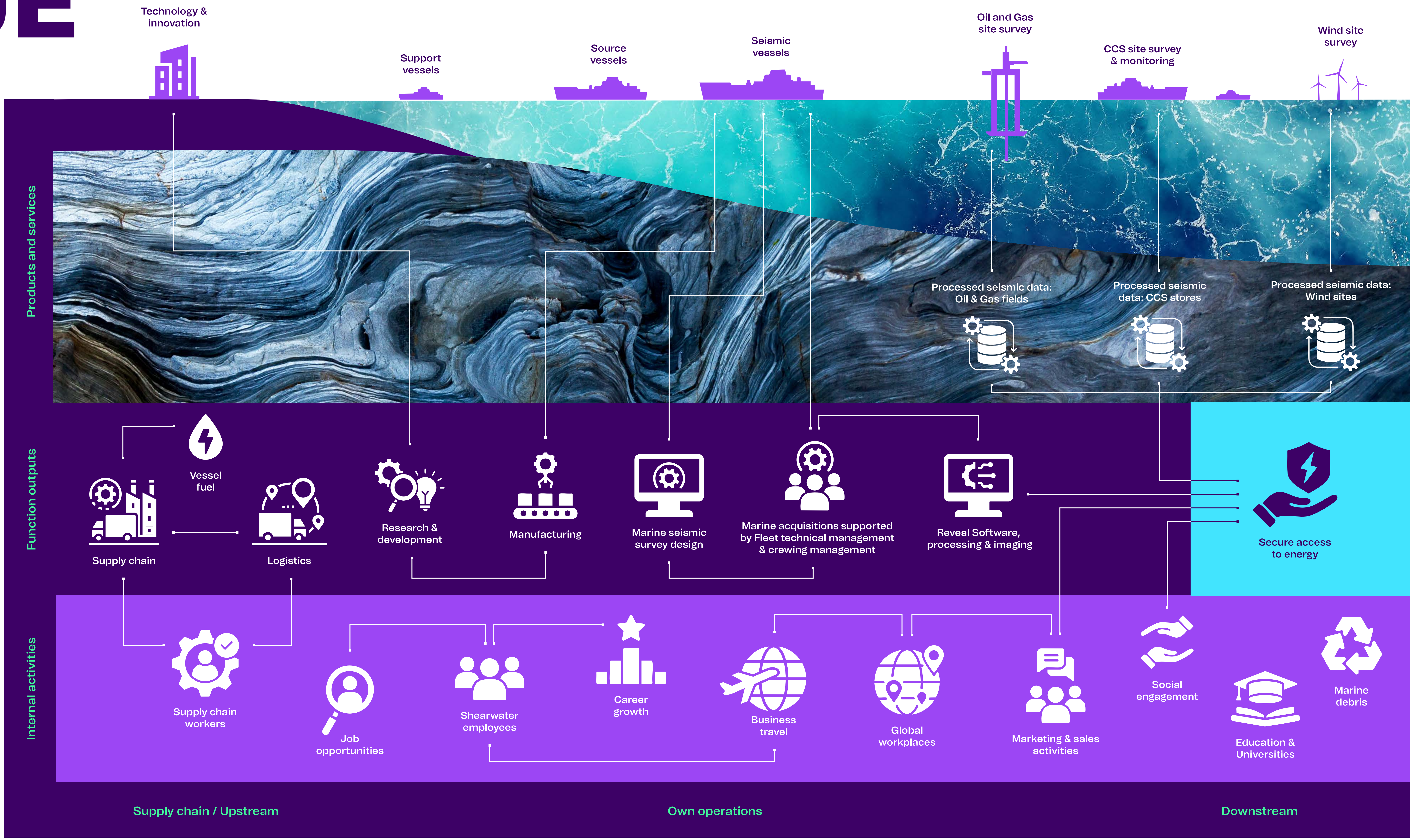
Our main activity is to operate our fleet of seismic vessels worldwide to collect data for our Clients and Partners so they can study what lies beneath the ocean floor. We pride ourselves on the operational excellence our teams deliver. Beyond the technical precision, we know that efficient project planning, mobilization and cross-functional client collaboration and communication is key, all while maintaining the highest standards for Quality, Health, Safety & Environment (QHSE). As a result, our services help energy companies to plan ahead, accelerating the responsible use of the planet's resources.

To deliver our services we develop and produce advanced and groundbreaking technology at our Technology & Innovation facilities in Oslo, Norway and our production facilities in Penang, Malaysia. We develop, use and license our own processing software, Reveal, which provides top-tier processing and imaging of seismic data from a variety of geological environments.

Oil & gas related activities represented 95% of our revenue in 2024.

In addition to delivering seismic services in support of oil and gas exploration, development and production monitoring, we also deliver seismic for carbon storage (for CCS) and continuously explore other applications for our technology and assets.

CCS and other income such as external funding to research and development projects represented 5% of our revenue in 2024.



We need seismic thinking, and decisive action

SECURING ENERGY RESOURCES

In Shearwater, we create and deploy seismic technology to study some of the biggest questions about the future of energy. We believe in a world where everyone has secure access to energy resources and are committed to doing our part to get there.

Seismic input, seismic insight

Seismic is the first crucial step in unlocking the secrets of the subsurface - capturing the data that maps the unseen beneath the seabed, defines the reservoirs, and drives smarter exploration with confidence. As one of the most experienced specialists in the field, we develop innovative techniques and technologies that are continuously improving the quality of seismic data.

Shearwater has 23 state-of-the-art seismic vessels equipped with the latest and greatest systems to ensure the best results. Our diverse fleet includes some of the industry's most powerful towed streamer vessels, as a result of decades of extensive research and engineering.
Thanks to the quality and size of our fleet, we can handle any type of exploration or development project—from large-scale 2D or 3D surveys to targeted 4D reservoir monitoring, as well as carbon capture and storage (CCS) projects.

To guarantee exceptional results, even in the toughest conditions, we specialise in tailored solutions. No matter how complex our client's challenges are, we offer a wide range of survey designs and techniques to ensure the best subsurface illumination and image clarity needed to make informed reservoir decisions. If there is no clear path, we are dedicated to finding the way.

Receiving excellence

To accurately measure the earth's response, you need top-notch receivers. Our receiver technology is designed to capture the faintest signals while minimising noise. We've set new standards in seismic acquisition with our range of streamers including Sercel Sentinel, Sentinel MS, Qmarine and Isometrix. Based on our client's needs, we provide quality data with the right receiver - be it the workhorse of the industry Sercel Sentinel, or the highend multicomponent Isometrix system designed to provide unparalleled data quality for the most demanding subsurface challenges.

Node know-how beneath the ocean floor

To push the boundaries of scientific development in seismic even further, we developed the world's smallest and lightest ocean bottom node. Pearl is small but mighty, and with its long battery life, opens unprecedented opportunities for smart survey designs. Pearl is also an entirely wireless node enabling exceptional operational efficiency and automation. Resembling its namesake, Pearl nestles securely on the ocean bed, waiting to reveal its value to those of us at the surface.

Our nodal technology can be deployed in a variety of manners, including shallow water node-on-a-rope (NOAR) and deep water remote operated vechicles (ROVs).

In 2023, Shearwater made a big leap in the seismic industry by converting and launching the SW Tasman — the world's first multifunctional deepwater dual ROV OBN vessel, as the perfect complement to our Pearl node. Alongside the SW Vespucci, our specialised NOAR vessel with its own seismic source, we now have two vessels that can deploy nodes, perform source activity, and retrieve nodes using a single vessel in deep or shallow waters.

Efficient hybrid

Sometimes, a streamer or node survey alone isn't enough to solve the subsurface challenge in complex areas — both methods must work together complementing each other for efficient and optimum results. Therefore, our hybrid studies combine different technologies and assets to conquer the challenge. With a versatile fleet of streamer, node-handling and source vessels, along with our operational excellence, we design and execute complex hybrid acquisitions seamlessly, ensuring the highest quality data for every survey.

Straight from the source

At Shearwater, we know that you need to be in-sync with seismic. That's why we employ advanced source technology to enhance our seismic imaging capabilities. Within our fleet, we operate industry-favourite air sources supplied by Teledyne or Sercel, allowing us to match or tailor a source to any project, from frontier exploration and 2D to highly sensitive 4D where repeatability is key. We created Harmony, our low-frequency-rich broadband source, designed to enhance seismic exploration when standard air sources cannot reach the required depths. We also offer the eSource which generates all the energy needed for seismic imaging while suppressing high-frequency energy outside the necessary seismic bandwidth, thus minimising unused sound emissions in our operations.

One of our latest ambitious and progressive ventures is our marine vibroseis technology for geophysical surveys, developed in collaboration with major industry partners. Marine vibroseis provides precise control over signals sent into the earth, resulting in the potential for higher data quality acquired more efficiently compared to air seismic sources. It also reduces unwanted energy in the water, lowers sound and air emissions, and improves efficiency.

We are fired up by figuring it out, so choosing the right method of data acquisition means weighing up cost, geological and environmental conditions, combined with our clients' project goals. With safety at the forefront, we design tailored solutions to ensure the best outcome.

Revealing the world's deepest secrets

With the data safe in hand, our experts get to work on unlocking the secrets of the subsurface. Accurate processing and imaging of seismic data is critical for making informed decisions on major offshore projects. Our team of expert geophysicists offers high-quality 2D, 3D, and 4D imaging across diverse geological environments. With seamlessly integrated onboard and onshore specialists, combined with the power of in-house clusters and cloud computing, we ensure fast and reliable data processing for high-end interpretation.

Reveal, our industry-leading software for processing and imaging seismic data, can handle the largest volumes of data and perform complex processing tasks efficiently. We use it extensively ourselves, and it is licensed across the industry with a fast-growing user community.

Seeing clearly through the cloud

With a close eye on the future, we've invested in many cloud-based initiatives over recent years. These are grouped in a programme called Monsoon. This digital environment gives us, and our clients, flexibility by simplifying data access and promoting collaboration, through the power of cloud computing. Monsoon works for clients who seek the project experience of our acquisition and processing experts with the convenience of contemporary computing solutions.

Capturing and securing tomorrow

We are explorers at heart, who continuously evaluate what we should add to our toolkit, leveraging our valuable experience, technologies, and operational capabilities. As the world strives for net zero, carbon capture and storage play a vital role in the energy transition. We are committed to meeting the growing global demand and taking a leading role in this transition.

The challenges of defining and monitoring storage fields close to the shore in shallow water require an adapted approach to fit-for-purpose data. We combine efficient high-resolution acquisition and imaging with innovative solutions, ensuring our expertise and capabilities meet the evolving needs of this emerging sector.

Multi-Client marvel

As a complimentary business model, we introduced multi-client data access to increase our market and fast-track clients' exploration needs. During 2024, we have taken a dominant position in two of the hottest exploration basins in the world, namely the Orange Basin offshore Africa and the Pelotas Basin offshore Brazil. Applied with discipline, the multi-client business model is proving an effective supplement to our proprietary business through improved utilisation and profitability. The model can also become effective at making seismic data accessible to emerging industries, such as carbon storage and wind farming, without compromising on quality.

A responsible partner on land and at sea

We are deeply committed to safeguarding the environment where our people and partners live and work. We continuously evaluate how we work to protect the environment for future generations and ensure people are kept safe.

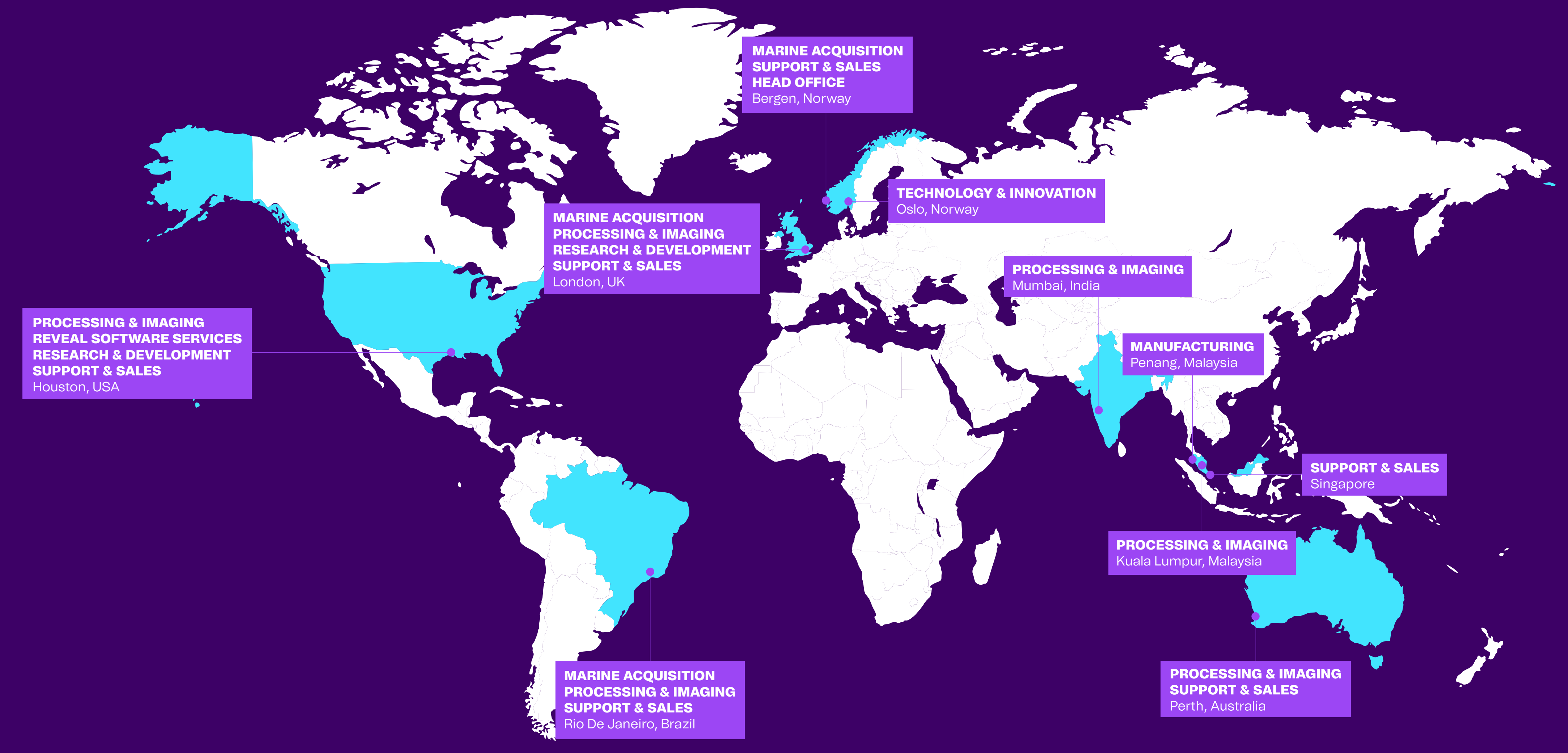
We need to secure more energy from a greater diversity of sources to equitably meet the needs of a growing population. The marine environment hosts many rapidly growing energy initiatives including wind, wave, tidal, marine minerals and even solar energy. With a keen finger on the pulse of these emerging markets, we are dedicated to finding the paths where our expertise can be applied to continue making energy possible. That's also why we are part of the EnerGeo Alliance, which continuously strives to advocate for the energy geoscience community and our shared possibilities.

Our scientist of the sea

To continue our efforts to shape the energy industry through seismic, we need to be the place where the bright and the bold are empowered to drive change. We promise our people that in return for their expertise, capabilities, and experience, we will find the answers that will help us move the world forward. United by a shared purpose to accelerate responsible resource use, we prioritise the well-being, safety, and commitment of our people and the communities we serve.

Through teamwork and innovation, our global network collaborates to secure energy resources. It's amazing what scientists like us can do.

OUR LOCATIONS & SERVICES



BOARD OF DIRECTORS

Robert Hobbs has extensive experience in the upstream sector of the oil and gas business, holding senior management positions with both exploration and production operators as well as service companies. Until 2016, Mr. Hobbs served as CEO of TGS-NOPEC. Prior to that, he utilised his exploration geoscience background in staff and executive roles at Marathon Oil, Veritas DGC, Union Texas Petroleum and Exxon. He also has served as Chairman of the International Association of Geophysical Contractors, the geophysical industry's global trade association. Mr. Hobbs holds a bachelor of science degree in geology from Baylor University and a master of science degree in geoscience from University of Southern California.

ROBERT HOBBS
CHAIRMAN OF THE BOARD

Roar Skuland is CFO at RASMUSSENGRUPPEN, a position he has held since 2021. Prior to joining RASMUSSENGRUPPEN, he worked as partner in Deloitte from 1993 to 2021. He started his career at Deloitte in 1986.

Roar received his master`s degree in Audit and Accounting from Norges Handelshøyskole (NHH) in 1987 and qualified as State Authorized Public Accountant in 1989.

ROAR SKULAND
BOARD MEMBER

Gunnvor Dyrdi Remøy serves as General Counsel, joining Shearwater in February 2019. Her background includes a combination of legal and commercial experience. Prior to joining Shearwater Gunnvor Dyrdi worked with an international law firm, Wikborg Rein, specializing in corporate and transactional law. She received her master's degree from the University of Bergen in 2013, including one year studies in Minnesota, USA, and she is a certified Norwegian lawyer.

GUNNVOR DYRDI REMØY
BOARD MEMBER

MANAGEMENT TEAM

IRENE WAAGE BASILI
CEO

Before being part of establishing Shearwater in 2016, Irene Waage Basili held the position as CEO in GC Rieber Shipping for six years. Prior to this Irene was VP of Marine Strategy with PGS, following PGS' acquisition of Arrow Seismic in 2007 where Irene served as CEO. Irene has more than 25 years of experience from the maritime industry both within offshore service and conventional shipping.

Irene gained her degree in Business Administration from Boston University School of Management, and has several leadership courses from Solstrandprogrammet (Norway) and IMD (Switzerland).

She serves as Director of the Board for Pacific Basin Ltd. (Hong Kong Stock Exchange).

ANDREAS HVEDING AUBERT
CFO

Andreas Hveding Aubert has over ten years' financial management experience in the offshore seismic and subsea industries.
He has worked with companies such as Technocean/Reef Subsea and Omega Subsea.

In 2007 Andreas gained a Master's Degree in Accounting and Auditing, prior to this he also obtained a Master's Degree in Business Administration and Management.

PETER HOOPER
CCO

Peter Hooper has over twenty years' experience in offshore seismic, sub-sea survey and marine operations. Peter had gained considerable operational experience working in both offshore and senior management roles. In 2006 he co-founded the seismic survey company, Wavefield AS and following a corporate merger later became Senior Vice President of Marine Operations at CGGVeritas before joining Dolphin Geophysical where he served as VP Operations and later COO.

Peter holds a BSc (Hons) from the University of Aberdeen and a post Graduate Diploma in Hydrographic Surveying from the University of Plymouth.

ANTONIO STEMPEL
SVP MARINE ACQUISITION

Antonio Stempel has over 25 years' experience in exploration and production, geophysics, management, and offshore seismic operations. Antonio joined YPF Venezuela in 1996 as a geoscientist, moving to Schlumberger in 1999 where he had roles in geophysics, regional management and global marine operations working in Latin America, Europe, and Asia. In 2015 he joined Geokinetics as Global Business Development Manager for Seafloor operations before joining Shearwater where he was Global Operations Manager for the Western Hemisphere prior to his current role.

Antonio holds an M.Sci. in Geophysical Engineering from the Universidad Simon Bolivar in Caracas, Venezuela

SIMON TELFER
SVP SPI

Simon Telfer has over 20 years' experience in Seismic Processing & Imaging in both offshore and onshore roles.

Prior to joining Shearwater he worked for Dolphin Geophysical where he held the position of Onboard Processing Manger and was responsible for establishing the department and also part of the team that launched Processing & Imaging using OpenCPS. Before joining Dolphin Geophysical he worked for CGG in the Houston and London offices as a Geophysical Advisor and Veritas DGC in onshore and offshore positions.

Simon holds an M.Sci. in Exploration Geophysics from University College London.

TANYA HERWANGER
SVP STRATEGY & NEW MARKETS

Tanya Herwanger has over eighteen years of experience in the seismic industry. During this time, she worked in functional, commercial, and general management roles gaining a broad and diverse view of the industry and its developments. Most recently Tanya was EVP Staff & Support at TGS where she was responsible for business support and environmental, social, governance (ESG) strategy and implementation. Prior to this she was VP Africa, Middle East. Before joining TGS in 2014, Tanya worked as legal and compliance counsel for SLB/ WesternGeco in Houston and London. During her time at SLB she supported both offshore and onshore seismic operations in multiple jurisdictions and spent three years as global marine legal counsel responsible for the fleet.

In addition to legal qualifications from Queen Mary & Westfield College and City University London, Tanya gained her Executive MBA from Mannheim Business School in 2020.

PHILIPPA BOX
SVP HUMAN RESOURCES

Philippa Box started her Human Resources career in the finance industry working at HSBC and Bank of America Merrill Lynch responsible for the delivery of People, Learning & Leadership Development strategy. In 2015 she joined technology startup GoGet Carshare based in Sydney and was responsible for the development and implementation of their HR function. Since returning to the UK in 2018, Philippa has worked across various industries including aviation and insurance, joining Shearwater in 2021 initially to lead UK HR and subsequently was responsible for the Global HR team prior to her current position.

Philippa holds an BSc (Hons) in Business Management from the University of Surrey, specialising in Human Resources Management.

GUNNVOR DYRDI REMØY
GENERAL COUNSEL

Gunnvor Dyrdi Remøy serves as General Counsel, joining Shearwater in February 2019. Her background includes a combination of legal and commercial experience. Prior to joining Shearwater Gunnvor Dyrdi worked with an international law firm, Wikborg Rein, specializing in corporate and transactional law. She received her Master's degree from the University of Bergen in 2013, including one year studies in Minnesota, USA, and she is a certified Norwegian lawyer.

Gunnvor Dyrdi has also held various board positions, including for the Norwegian Shipowner Association. She currently serves as Director of the Board in Bergen Carbon Solutions (Oslo Stock Exchange), in addition to her role as Board Member in Shearwater Geoservices AS (the parent of the Company).

Shearwater Geoservices AS Annual Report 2024

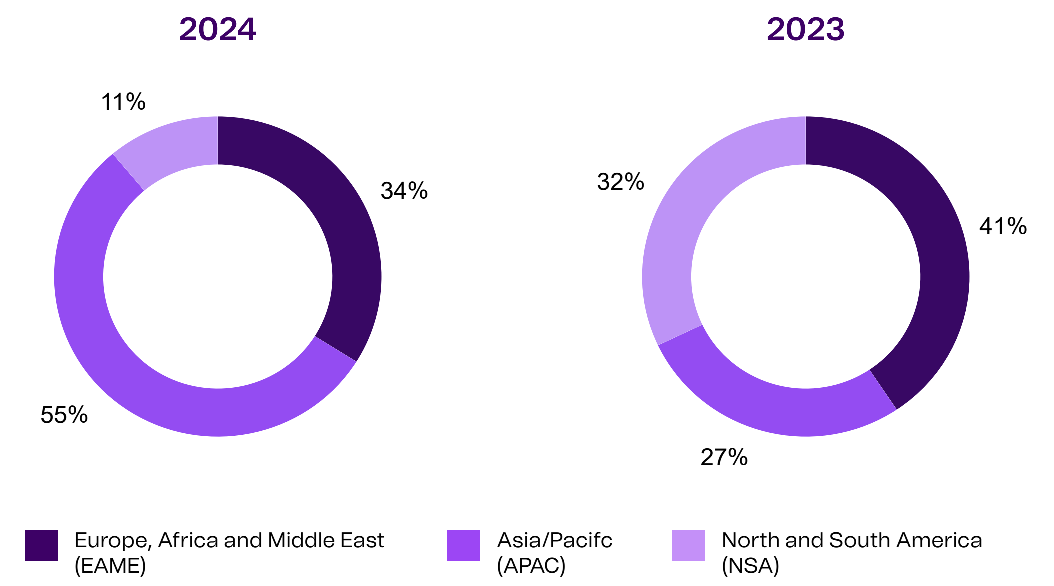
OUR PERFORMANCE

BOARD OF DIRECTORS' REPORT

Shearwater Geoservices AS Group ("Shearwater" or "the Group") is a global marine geoscience and technology business that specialises in collecting geophysical data offshore. The Group uses state-of-the art seismic vessels and equipment to map the seabed and subsurface, processing the data using market-leading proprietary software. The insights help clients better understand the geology and make informed decisions about resource extraction to increase value creation and reduce risk, cost and environmental footprint.

Shearwater's headquarter is in Bergen, Norway, with facilities all around the world and operations in all major offshore oil and gas basins.

Sales revenues by geography



Market leader in marine seismic

Shearwater is by design the result of multiple value-accretive acquisitions, an active fleet optimisation strategy and disciplined entry to new sectors through targeted investments in the node and streamer segments, bringing innovative solutions to the market. The unique SW Tasman + Pearl ocean bottom node (OBN) platform has changed what is possible in the seabed survey market to the benefit of clients, the environment and the Group.

Shearwater has a fully invested operational platform and a streamer fleet comprising 23 purpose-built high-end vessels designed for safe and efficient seismic data acquisition and fully capable of serving all market segments. In addition, Shearwater has 19 full streamer sets with spares, providing a unique operational platform to serve the expected growth in seismic demand over time. Furthermore, the Group holds a portfolio of proprietary streamer technologies, processing software and the Monsoon cloud solution which enable efficient execution of geophysical surveys and delivery of high-quality data.

Shearwater was initially a pure-play streamer company with value-adding processing and imaging products and services. Streamer work remains core to the Group, representing approximately two-thirds of the revenue in both 2024 and 2023. Offering a diverse portfolio of assets – ranging from fit-for-purpose vessels to advanced technology to acquire and process seismic data – is key. Leveraging technological leadership and commercial innovation, Shearwater has over time and in a capital-efficient manner, diversified into the ocean bottom node (OBN) and multi-client markets. This expansion reflects Shearwater's strategic focus on diversifying the Group's business by making disciplined investments, prioritising profitable projects over market share.

The energy landscape is changing, and the seismic industry continues to evolve. It's especially true when it comes to the multi-client landscape, where there are demand from certain clients to acquire seismic data using a multi-client model in place of a traditional proprietary contract survey. In 2024, Shearwater responded to this underlying change on the demand side, by establishing a focused multi-client business unit (the Group's Multi-Client segment) to manage converted contracts and traditional multi-client projects.

Shearwater's investments in Multi-Client are disciplined with no intention of replicating the traditional multi-client strategies of the past, which were built on scale by offering large data libraries to a more diverse client base. Rather, the Group's investments are concentrated in areas with attractive risk and reward balance. For Shearwater, engagement in the multi-client business model is about market access - by adopting the Group's portfolio of service offerings to new market conditions and opportunities by taking a focused and disciplined approach. As Shearwater owns and operates the largest fleet of high-end seismic acquisition vessels globally positioned towards market activity, it is natural for the Group to offer the full range of seismic acquisition services to clients, including converted contracts and more traditional multi-client projects, on the condition that the expected return on investment is attractive.

The Group also seek to evolve the global marine seismic market through new commercial models. In March 2025, Shearwater signed a three-year firm capacity reservation agreement (CRA) for worldwide marine seismic streamer acquisition services supporting exploration activities for TotalEnergies. This strategic agreement yields a minimum of 18 months of vessel activity, providing Shearwater with improved visibility by allocating a "base load" for the Group's active fleet over the next three years.

Business units

Shearwater is organised into three main segments: Marine Acquisition, Multi-Client and Software, Processing & Imaging (SPI).

Marine Acquisition

Shearwater owns and operates the world's largest fleet of purpose-built high-end 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 node (OBN) surveys, on a worldwide basis. For this segment the product is the delivery of high-quality unprocessed seismic data.

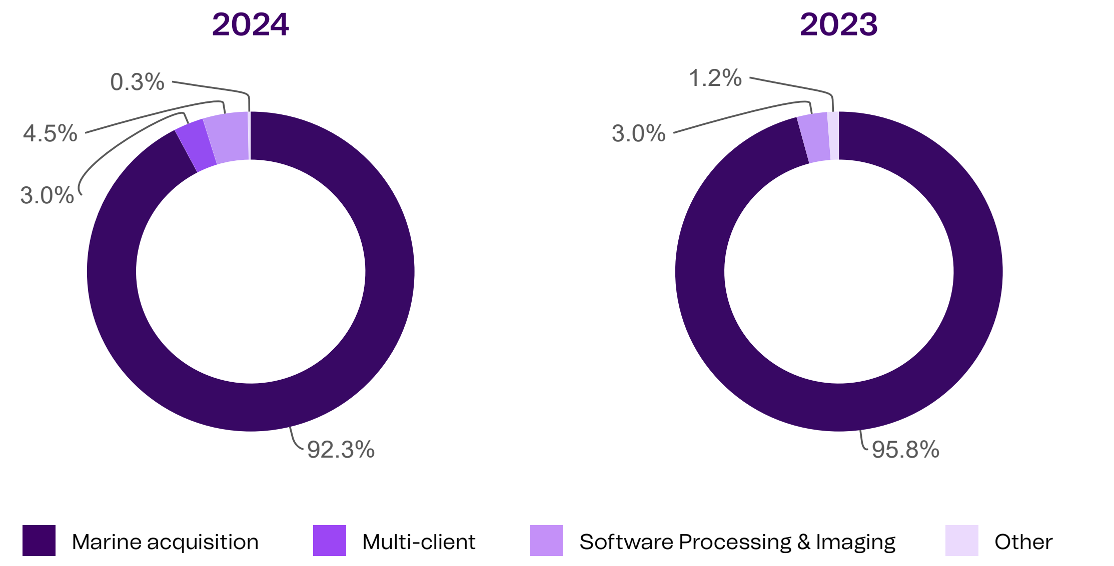
Multi-Client

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 individual, or multiple clients over the lifetime of the data.

Software, Processing & Imaging (SPI)

The Group processes and re-processes both land and marine seismic data by combining the latest processing software with experienced geophysicists and efficient hardware. 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 quality control on vessels, through to model building and depth imaging.

Sales revenue by segment



Disciplined capital allocation strategy

In April 2024, the Group strengthened the balance sheet and refinanced the long-term secured debt with banks and issued a USD 300 million five-year bond. On 2 January 2025, the bond loan was listed and started trading on Euronext Oslo Børs.

The current asset base and the five-year financial runway established with the debt refinancing position the Group to focus on free cash flow generation in the coming years with capital requirements limited to vessel maintenance and reactivations. Also, there is no need for major investments in streamers in the medium-term due to a large equipment inventory and in-house manufacturing capabilities.

The Group allocates a portion of capital into Research and Development (R&D) annually with the main technology development investments being client led with shared funding models. This supports close collaboration with clients and ensures that the market needs drive both the investment in- and commercialisation of new products and solutions. The Bass Project for vibroseis source technology development and the collaboration project with Petrobras announced in 2024 are examples of this.

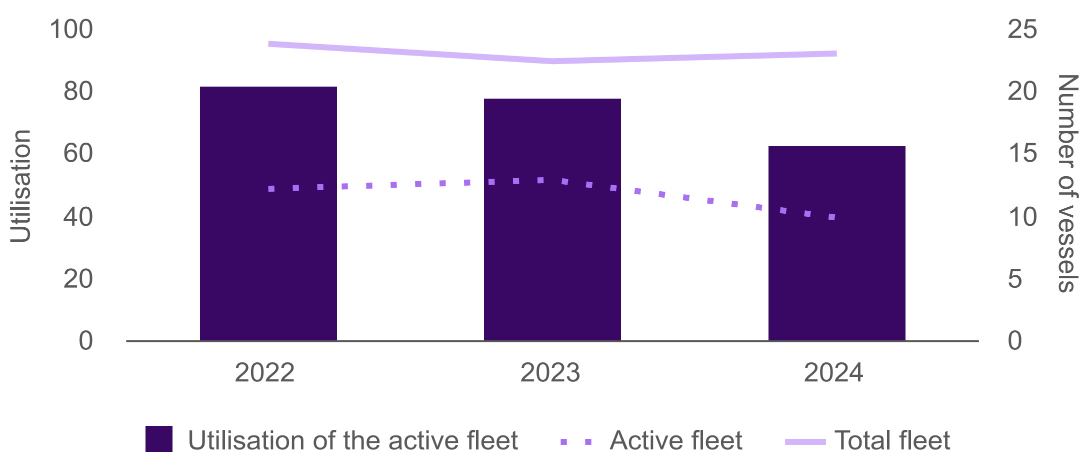
Operational review

In 2024, the seismic market was softer-than-expected as anticipated activity in key regions failed to materialise in contract awards to service companies, partly due to delays in both project awards and local client permitting processes following firm contract awards to Shearwater. This impacted utilisation of the active Shearwater fleet, which decreased to 63% from 78% in 2023 as Shearwater kept key vessels ready for expected industry projects. Several warm vessels on standby without expected work n the near-term impacted profitability in 2024. Additionally, the number of active vessels decreased from an average of 12.9 in 2023 to 9.8 in 2024, as vessels were cold-stacked following a year-over-year decrease in activity.

Shearwater's operational model enables cost-efficient fleet adjustments in a market which demonstrates variability in demand over time. The Group will apply this operational model more assertively in 2025 as scaling the active fleet to market demand and maintaining high utilisation for warm vessels are key margin drivers.

Despite the lower-than-expected activity and costs associated with warm vessels awaiting client awards and permits, pricing achieved on the executed contracts reflected a resilient seismic market, particularly for certain regions and technologies. This was reflected in a consistent EBITDA margin year-over-year despite reduced activity levels.

Fleet



Shearwater's streamer fleet completed key projects in new regions such as the 4D surveys executed offshore Canada for ExxonMobil and 3D operations executed for Indonesian clients. The Group further consolidated its share of the carbon capture and storage (CCS) market by completing the only two offshore CCS seismic surveys executed globally in 2024.

The unique SW Tasman and Pearl OBN platform had a strong start, successfully executing an expanded deepwater survey for ONGC in deep water offshore India. After completion of the OBN contract for ONGC, the SW Tasman mobilised to the Ivory Coast where in early 2025 the SW Tasman crew successfully completed the first survey as a combined ROV node deployment and source vessel, eliminating the cost associated with mobilising a stand-alone source vessel. This reduced the cost of seismic acquisition to the client, in addition to significantly reduced environmental footprint, also marking the debut market adoption of the Pearl node in West Africa. The SW Tasman has since moved to Angola to conduct two TotalEnergies OBN surveys. At completion, the SW Tasman/Pearl kit will have had 18 months of continuous operations since the launch of this unique OBN platform in early 2024.

Shearwater's multi-client strategy reflects the recent market transformation with increased client demand to acquire seismic data using a multi-client model instead of a traditional proprietary contract survey. To date, the Group has, in partnership with other multi-client companies, acquired datasets from Namibia's Orange basin and the Pelotas basin in Brazil. In Pelotas, Shearwater completed the first season of data acquisition in September 2024 and, due to client interest, has committed to a second season, which commenced in January 2025.

At 31 December 2024, and prior to entering into the CRA with TotalEnergies, the backlog amounted to USD 337.2 million, compared to USD 585.4 million the year before. The expiry of the CGG capacity agreement in January 2025, explains a significant share of the year-over-year decline.

Optimising operational gearing and return potential

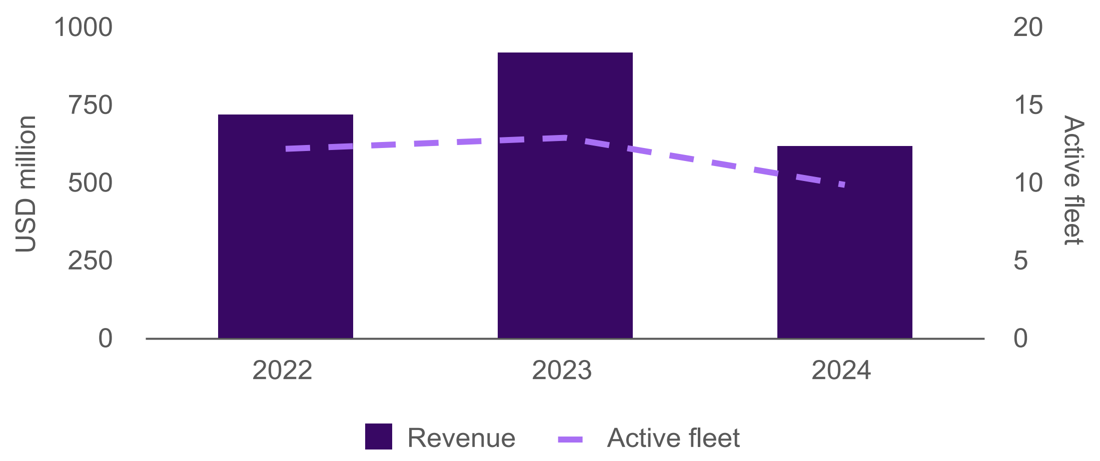
Shearwater's fleet management strategy aims to optimise operations and financial performance. Currently, the Group controls the open swing capacity in the global streamer market and can rapidly activate vessels to meet market demand at low cost. The Group is evaluating the optimal composition of the fleet and technology platform against a backdrop of increased interest in high-quality vessels from other segments in the offshore industry.

Financial review - Group

Income statement

In 2024, total revenue for the Group was USD 619.8 million compared to USD 922.0 million in 2023. The year-over-year decrease was due to a lower utilisation on a reduced active fleet compared to 2023.

Revenue



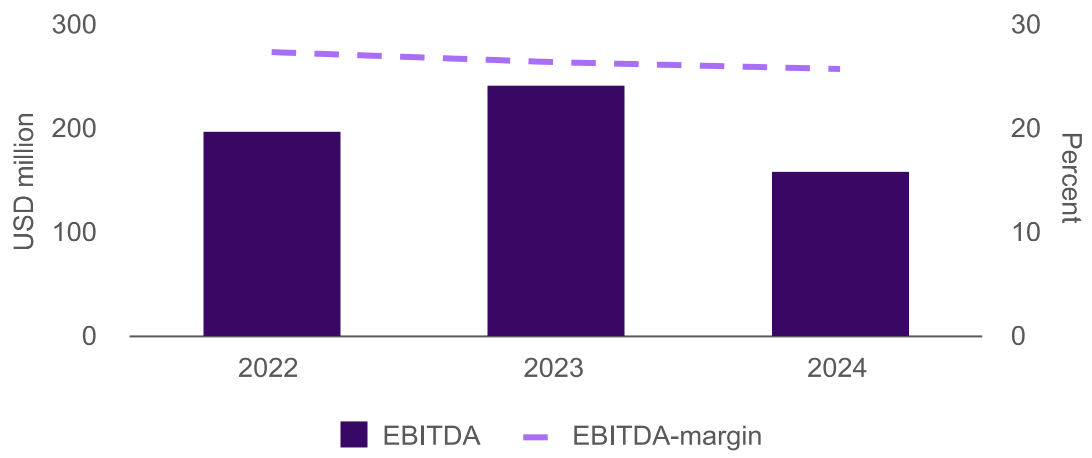
During the year, Shearwater started reporting multi-client as a separate segment. Surveys within the scope of the business unit commencing in 2024 or later, are capitalised as a multi-client asset and amortised over a four-year period. Revenue from projects that commenced prior to 2024, and which were booked as converted Marine Acquisition revenue, were recognised as Multi-Client late sales in 2024.

In 2024, Marine Acquisition represented 92% of the revenue, the Multi-Client segment 3%, and the Software, Processing & Imaging (SPI) 4% while the remainder was attributable to Other. Multi-Client revenue of USD 18.4 million relates to the first Pelotas season in Brazil and Namibia late sales. At year-end, Shearwater had more than USD 30 million of additional unrecognised multi-client revenue related to already acquired, but not yet delivered data. This revenue will be recognised when data has been delivered to the client according to contract.

Cost of sales amounted to USD 426.7 million in 2024 compared to USD 649.8 million in 2023, reflecting the lower activity. Sales, general and administration (SG&A) costs were USD 34.1 million in 2024 compared to USD 29.5 million in 2023. Other gains (losses), comprising realised and unrealised gains and losses on foreign currency, were positive by USD 2.7million in 2024 compared to a loss of USD 1.3 million in 2023. Total operating expenses for the year ended at USD 602.7 million compared to USD 809.6 million for 2023.

Operating profit before depreciation and amortisation (EBITDA) was USD 159.0 million in 2024 compared to USD 242.6 million in 2023. The EBITDA margin was consistent at 26%, reflecting robust project pricing.

EBITDA



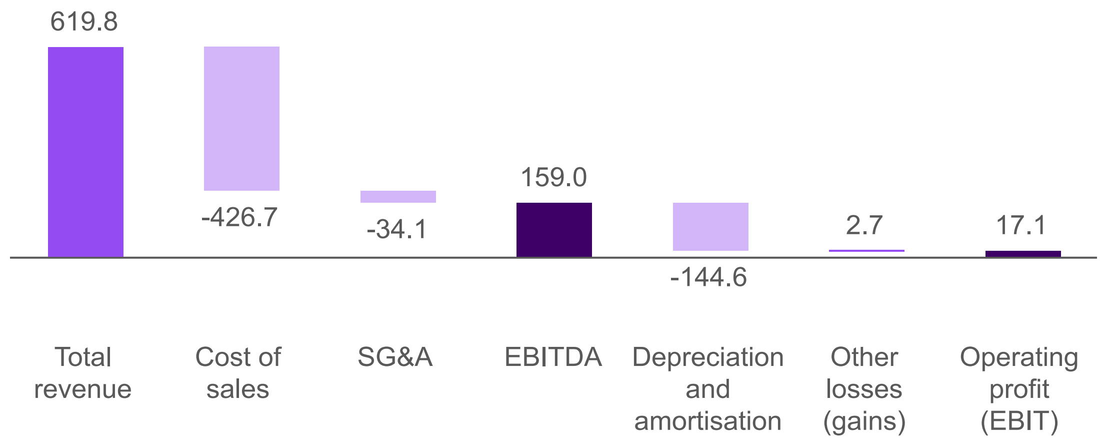
Depreciation and amortisation increased to USD 144.6 million in 2024 from USD 129.0 million in 2023 due to investments in node technology and a net fleet growth, following the acquisition of the Geo Caspian in 2024 and the Oceanic Endeavour in 2023, and the sale of the SW Bell in 2023.

The operating profit (EBIT) was USD 17.1 million compared to an operating profit of USD 112.4 million in 2023. Net financial items, primarily interest expenses, were negative USD 65.4 million compared to negative USD 62.1 million in 2023.

The Group's loss before tax was USD 48 million in 2024 compared to a profit of USD 50 million in 2023. The tax expense for the year was USD 5.1 million, up from USD 3.0 million in 2023.

The Group's net loss after tax amounted to USD 53.4 million in 2024 compared to a profit of USD 47.2 million in 2023, reflecting lower market activity and vessel utilisation, combined with costs incurred for warm vessels.

Operating profit (EBIT) for 2024



Cash flow

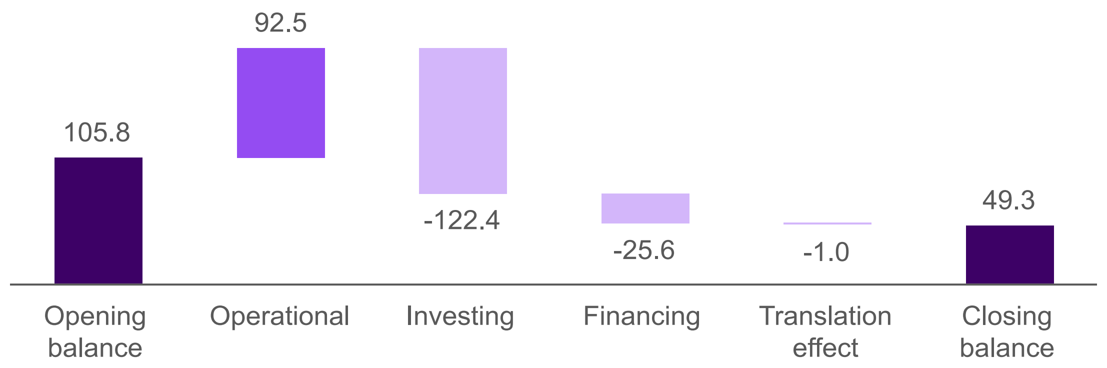
Net cash flow from operations in 2024 was USD 92.5 million compared to USD 309.7 million in 2023. The difference between cash flow from operations and EBITDA is reflected by the capital-intensive nature of the seismic business and the Group's finance structure. Working capital may fluctuate significantly depending on the situation of the fleet and timing of seasonal transits.

Cash flow from investing activities was negative USD 122.4 million in 2024 compared to negative USD 97.2 million in 2023. Investments included Pearl node production, the purchase of the Geo Caspian and USD 22.2 million of multi-client data acquisition in the Pelotas basin during the first year of operation for the new Multi-Client segment.

Net cash flow from financing activities was negative USD 25.6 million in 2024 compared to negative USD 156.0 million in 2023. In 2024, the Group refinanced the long-term secured debt with a five-year runway, which together with drawdown on the revolving credit facility, financing related to the acquisition of the Geo Caspian and repayment of debt totalled a net drawdown of new loans of USD 25.3 million. In comparison, the Group made a net repayment of loans of USD 100.6 million in 2023. Net interest paid on long-term debt was USD 39.0 million in 2024 compared to USD 47.0 million in 2023.

Net cash flow for the year was negative USD 55.5 million compared to positive USD 56.5 million in 2023, resulting in a cash holding of USD 49.3 million at the end of the year, compared with USD 105.8 million the year before.

Changes in cash and cash equivalents in 2024 (USD million)



Statement of financial position
At 31 December 2024, the Group's total assets amounted to USD 1,258.0 million compared to USD 1,290.1 million at the end of 2023. Intangible assets increased to USD 48.8 million from USD 24.6 million as at year-end 2023, primarily due to the inclusion of USD 25.0 million of multi-client data library related to the Brazil Pelotas basin project.
There was no capitalised multi-client investment in the balance sheet on 31 December 2023.

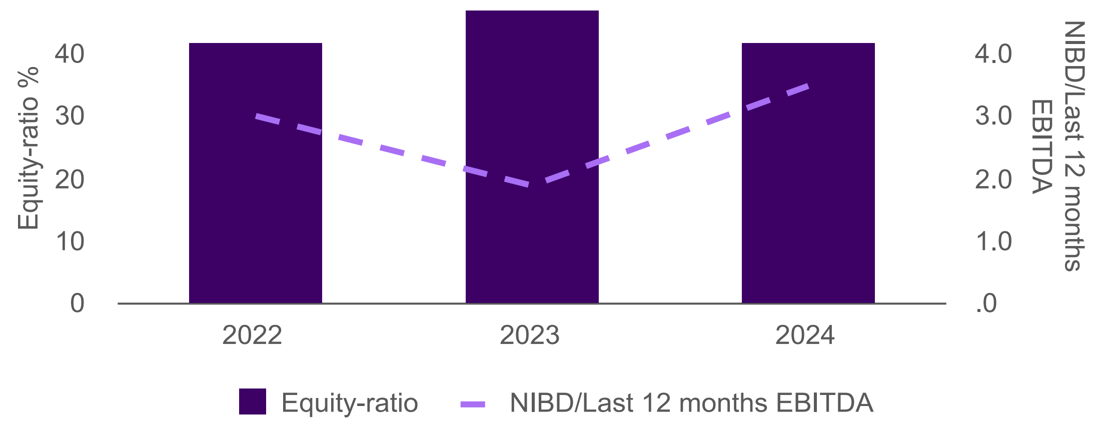
Total tangible assets were USD 959.2 million, compared to USD 999.1 million at year-end 2023. This included the book value of vessels of USD 865.4 million and seismic equipment of USD 84.3 million compared to USD 895.2 million and USD 94.8 million respectively, at year-end 2023. In total, the Group's tangible assets decreased year-over-year as depreciation more than offset capital expenditures.

Other current assets, trade receivables and other current receivables increased, primarily due to timing effects on working capital items, as the utilisation of the active fleet going out of 2024 was lower than the year before.

The cash holdings were USD 49.3 million of which of which USD 1.0 million was restricted, compared to USD 105.8 million as at 31 December 2023.

At 31 December 2024, the Group's book equity was USD 533.3 million corresponding to an equity ratio of 42%, with corresponding prior year figures of USD 619.3 million and 48%.

Equity-ratio and NIBD/Last 12 months EBITDA



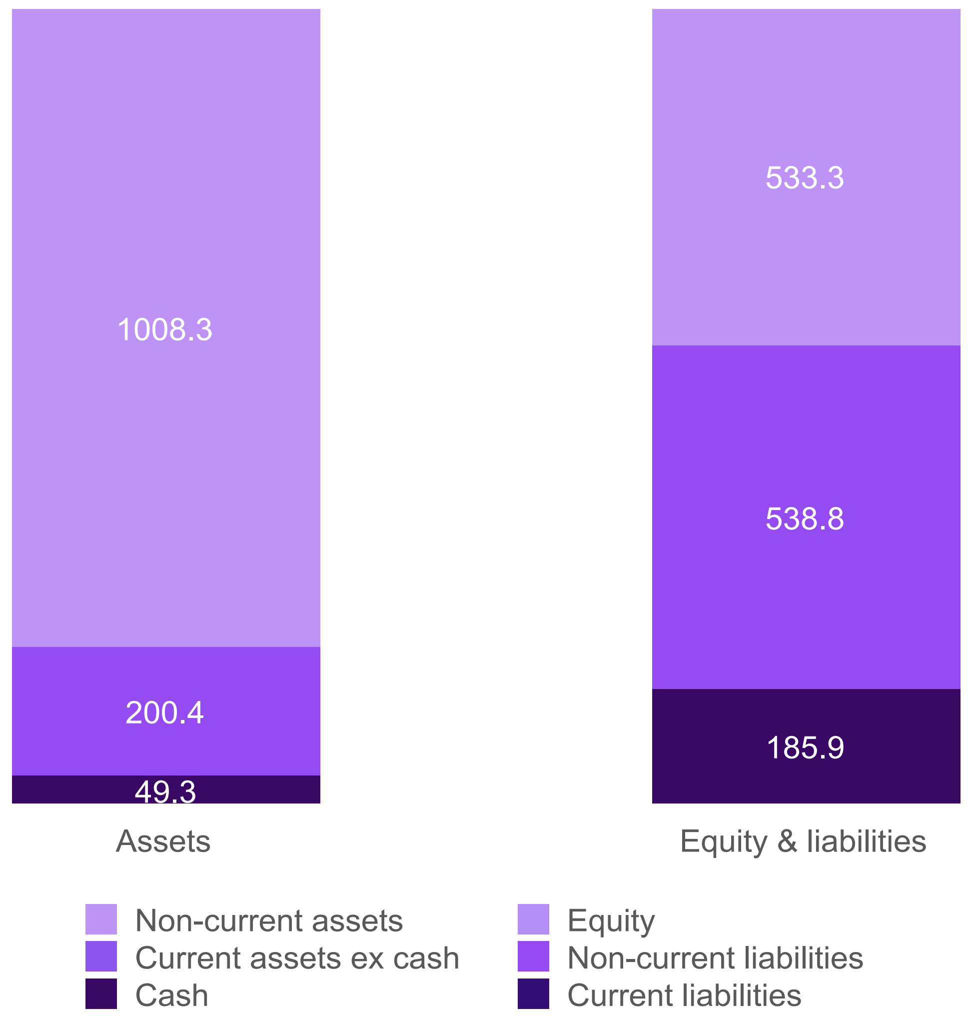
In April 2024, Shearwater refinanced existing external debt with a USD 300 million bank facility at SOFR + 4.1% margin and issued a USD 300 million bond with fixed a 9.5% interest rate, both with a five-year term and secured in a pari passu structure. The refinancing also included a super-senior secured USD 50 million revolving credit facility and a super-senior secured USD 50 million guarantee facility. The refinancing has optimised the Group capital structure by significantly reducing the annual cash-flow to debt service and providing a liquidity runway.

At 31 December 2024, the Group's interest-bearing debt was USD 603.1 million, of which USD 65.1 million was classified as short-term debt. This compares to USD 562.0 million of which USD 336.6 million was classified as short-term at the end of 2023. The year-over-year decrease in short-term debt was primarily due to the refinancing in April 2024.

At year-end 2024, the Group had undrawn revolving credit facilities of USD 35.0 million compared to USD 10.0 million at year-end 2023. Net interest bearing debt (NIBD) was USD 553.8 million, compared to USD 456.1 million at 31 December 2023. NIBD over last twelve months of EBITDA increased to 3.5, up from 1.9 at 31 December 2023

The Group's debt covenants are tied to free liquidity, equity, working capital and leverage ratio. At 31 December 2024, the Group was compliant with all covenants.

Financial position (USD million)



Financial review - Parent

Income statement
Shearwater Geoservices AS is the holding entity in the Shearwater Geoservices AS Group and the Company's primary objective is to own shares in subsidiaries. The entity had revenue for 2024 in line with 2023, and had limited operating expenses for the corresponding periods.

Net financial items ended at negative USD 25.6 million in 2024 compared to negative USD 6.0 million in 2023. The difference in net financial items is primarily due to increased interest expenses following the refinancing Shearwater in April 2024.

As there was limited tax expense in both 2024 and 2023, net loss after tax ended at USD 26.0 million for 2024 compared to a loss of USD 6.1 million in 2023.

Coverage of Shearwater Geoservices AS' net loss
Shearwater Geoservices AS had a loss of USD 26.0 million in 2024 and the loss is proposed transferred to equity and deducted against the Company's retained earnings.

Cash flow
Net cash flow for the year was negative by USD 3.1 million, compared to USD 16.4 million in 2023.

Statement of financial position
The Company's total assets as at 31 December 2024 amounted to USD 1,650.3 million compared to USD 990.6 million at the end of 2023.

Investment in subsidiaries was USD 874.9 million as at 31 December 2024, compared to USD 674.1 million at year-end 2023. A restructuring of the Shearwater Geoservices Holding Group, of which Shearwater Geoservices AS Group is included, took place in April 2024, consolidating all group entities under Shearwater Geoservices AS, by transferring the shares in Shearwater Geoservices Assets II AS, Shearwater Geoassets AS, Shearwater Invest AS and Shearwater Geoservices Assets VI AS from Shearwater Geoservices Holding AS to Shearwater Geoservices AS, explaining the year-over-year increased book value of investment in subsidiaries.

Total current assets at 31 December 2024 was USD 235.0 million compared to USD 114.1 million as at 31 December 2023, of which the difference was primarily related to a higher receivables from Group companies in the current year.

Total equity ended at USD 774.0 million as at 31 December 2024 compared to USD 602.3 million at year-end 2023. The principal cause of change in equity besides to allocation of the year's loss after tax was the restructuring ownership of shares in the Shearwater Geoservices Holding AS Group, transferring shares to the company. As Shearwater refinanced its debt in 2024, equity ratio ended at 47% as at 31 December 2024 compared to 61% at year-end 2023.

Shearwater Geoservices AS refinanced in April 2024 existing external debt in the Shearwater Geoservices AS Group including debt in subsidiaries transferred from Shearwater Geoservices Holding AS with a USD 300 million bank facility at SOFR + 4.1% margin and issued 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.
The refinancing has optimised Shearwater's capital structure by significantly reducing the annual cash-flow to debt service and providing a strong liquidity runway.

Total liabilities was USD 876.3 million as at 31 December 2024 compared to USD 388.4 million at year-end 2023. The change in total liabilities was primarily due to the refinancing of Shearwater in April 2024 as well as higher short-term debt to group companies in the current year.

Going concern

Based on this Board of Directors report and the reported results, business strategy and financial situation of the Group, the Board confirms that the financial statements for 2024 have been prepared on the assumption that the Company is a going concern and that such an assumption is appropriate and in accordance with section §2-2 of the Norwegian Accounting Act.

Risks and risk management

The Group has developed a risk management system with semi-annual Board reporting, addressing and evaluating risks across main categories and specific factors. The Group is committed to managing risks by actively capturing opportunities and addressing undesired risks by mitigating probability and severity.

The Group emphasises that this annual report includes certain forwardlooking statements of expected activities or developments. The statements are based on assumptions and estimates, some of which are beyond the Group's control and therefore subject to risks and uncertainties. A cautionary note regarding forward-looking statements is included in the Appendix-section of this annual report. Furthermore, this annual report contains certain Alternative Performance Measures (APM). See the Appendix-section of this annual report for the Group's APM disclosure.

Market risk
Group profitability and cash generation depend upon the overall demand and investment level of oil and gas exploration and production companies which in turn are impacted by the market price for oil and gas. Energy prices are subject to multiple factors outside of the Group's control, including economic and political conditions, supply and demand, the policies of the Organisation of Petroleum Exporting Countries (OPEC), currency exchange rates and the availability of alternative fuel sources.

Oil price fluctuations may have a significant impact on the Group's business through project postponements and reduced operational activity. However, higher or lower commodity demand and prices do not necessarily translate into increased or decreased activity. Factors such as clients' project development time, reserve replacement requirements, as well as expectations of future commodity demand and prices may influence the demand for the Group's services and materially impact results from operations and profitability.

Over the past decade, there have been periods with low oil and gas prices, which has contributed to reducing the supply of seismic vessels. Several units have been removed from the market through recycling or temporary lay-up. With a significant share of the global seismic capacity in lay-up, a potential increase in demand may be overestimated and lead to excess supply as vessels are reactivated and negatively impact market rates and the Group's operational and financial performance. Correspondingly, as the industry is capital-intensive and competitive, competitors may accept non-profitable contracts (adversely impacting market rates) in order to keep vessels in operation rather than risk vessels being idle in lay-up, as the cost of lay-up and re-activating vessels may exceed the anticipated loss of such non-profitable contracts. This risk is mitigated by Shearwater's high share of the swing capacity and hence control in relation to adding vessels to the market.

Operational risk
Shearwater is exposed to operational risks, especially related to offshore activities, ranging from mechanical breakdowns, technical issues and collisions to seasonal or extreme weather events and other force majeure events which could interrupt operations and lead to material liabilities. While some of these risks are covered by insurance, there may be significant deductibles. The risks may ultimately result in curtailment or cancellation of, or delays to, the client's exploration and production activities, resulting in a potentially material negative impact on the Group's earnings and valuation of its assets.

Shearwater operates vessels offshore and as such is exposed to numerous safety risks arising from weather conditions, back deck operations, crew change and operating close to oil installations. Accidents or unsafe operations could have direct negative impact on people, assets and the environment as well as represent a reputational risk with the Group's clients. These risks are mitigated through a comprehensive safety management system, procedures and reporting frameworks that safeguards personnel and operational integrity.

The Group requires permits and licenses to perform its operational services and the processes leading to permits and licenses are unpredictable in time and outcome. Failure to obtain, renew or lose such permits and licenses can have substantial impact on the Group's ability to operate.

The Group is dependent on certain technologies and intellectual property rights (IPR). The Group's technology could be rendered obsolete should new and enhanced products be introduced to the seismic market.

The offshore vessel industry carries a general inherent risk related to conducting international business. This includes, but is not limited to, unexpected changes in regulatory and compliance requirements, difficulties in staffing and managing foreign operations, social and geopolitical instability, potentially adverse tax consequences, legal uncertainties regarding liability and enforcement, and changes in local laws and controls on the repatriation of capital or profits. Any of these risks could materially impact operations and, consequently, the financial position and profit of the Group.

Shearwater seeks to minimise operational risk and is dedicated to ensuring a good and stable operating environment through adequate systems and routines for quality assurance.

Foreign exchange risk
Most of the Group's revenue is in USD. As the Group has a global footprint, it also receives revenue in other currencies with an associated foreign exchange risk. The Group seeks to match operational costs with revenue to reduce this risk. The main Group liabilities, including Shearwater's secured debt, are also denominated in USD.

Group expenses are mainly recorded in USD, NOK, GBP, EUR and BRL. The Group may apply hedging to minimise risk when appropriate but will not be able to fully eliminate foreign exchange risks. Currency exchange rates are subject to the prevailing supply and demand situation in the foreign exchange markets. Changes in currency exchange rates relative to the USD may affect the USD value of the Group's assets, liabilities, revenues, and expenses, and as an extension, the Group's financial performance.

Interest rate risk
Part of the Group's external financing is subject to floating interest rates with financing cost exposure to fluctuations in market interest rates. At year-end 2024, the interest rate exposure for 51% of Group liabilities were secured through fixed-interest debt as the bond loan (maturing in April 2029) has a fixed-interest rate.

Credit risk
Lack of or delayed payment from clients may significantly and adversely impact Group revenue and liquidity. The clients are mainly companies within the energy industry. This concentration may impact the Group's overall exposure to credit risk as clients may be simultaneously affected by prolonged changes in economic and industry conditions, as well as by the general constraints on liquidity resulting from continued low oil prices.

Further, laws and regulations in some jurisdictions where the Group operates could make collection difficult or time-consuming. The Group gives due consideration to the credit quality of its potential clients during contract negotiations to minimise credit risk.

Liquidity risk
The Group was established in December 2016 with solid backing from owners injecting substantial liquidity into Shearwater. The owners have subsequently provided additional liquidity when required by Shearwater. In April 2024, the Group refinanced its outstanding debt to reduce annual financing costs and improve visibility on liquidity to 2029.

Marine seismic acquisition is a capital-intensive business with a high level of fixed cost for which the Group requires financing on an ongoing basis to provide relevant services, operate and maintain the fleet and carry out R&D activities. A substantial part of such costs is incurred regardless of activity level. In addition, the working capital requirements of the Group vary from time to time depending on activity levels and timing of projects.

The Group is exposed to delays in project execution and late payments from clients which may substantially impact liquidity.

To minimise liquidity risk, the group actively manages and forecasts liquidity for short- and long-term requirements.

Climate risk
Shearwater considers both transitional and physical climate risks and opportunities when developing strategies and financial plans. An example is the Group's strategy for capitalising on the growing market for carbon capture and storage (CCS) solutions.

Group business and operating results could be adversely affected by the adoption of new laws, policies and regulations on climate change and greenhouse gas emissions. Shearwater may face increased expectations from stakeholders to act beyond existing regulatory requirements and own stated ambitions to minimise external impacts. This may require additional measures and costs, potentially impacting the Group's business, financial results and position.

Operations are exposed to physical risk from the activities of climate change activists within the area of survey operations. This is managed by interaction with local maritime authorities, close dialogue with clients and a commitment to safe operations.

The Group monitors climate risk through the Environmental, Social and Governance committee which comprises senior management from all areas of the business. Shearwater Geoservices AS is part of the Shearwater Geoservices Holding AS Group (the Parent Group). The Parent Group's annual sustainability statement, available on www.shearwatergeo.com, provides an analysis of climate risks and opportunities and measures implemented to ensure long-term resilience and value.

Geopolitical risk
The current geopolitical situation poses a number of uncertainties for which the potential impact on the Group is unquantifiable. However, there is greater global attention to energy access and energy security. This has led to a refocus on stable oil and gas supply as critical to meet regional demand for energy in the short- to medium term.

The war in Ukraine, the Gaza conflict and increased tensions in the Middle East continues to negatively impact people and infrastructure locally and the global political and economic environment. Recently, geopolitical tensions and uncertainties in global trade following the new US tariffs announced 2 April 2025 have contributed to increased volatility in global financial markets and fluctuations in oil prices. Shearwater monitors these risks closely and engages with security consultants for advice before tendering for work in relevant regions.

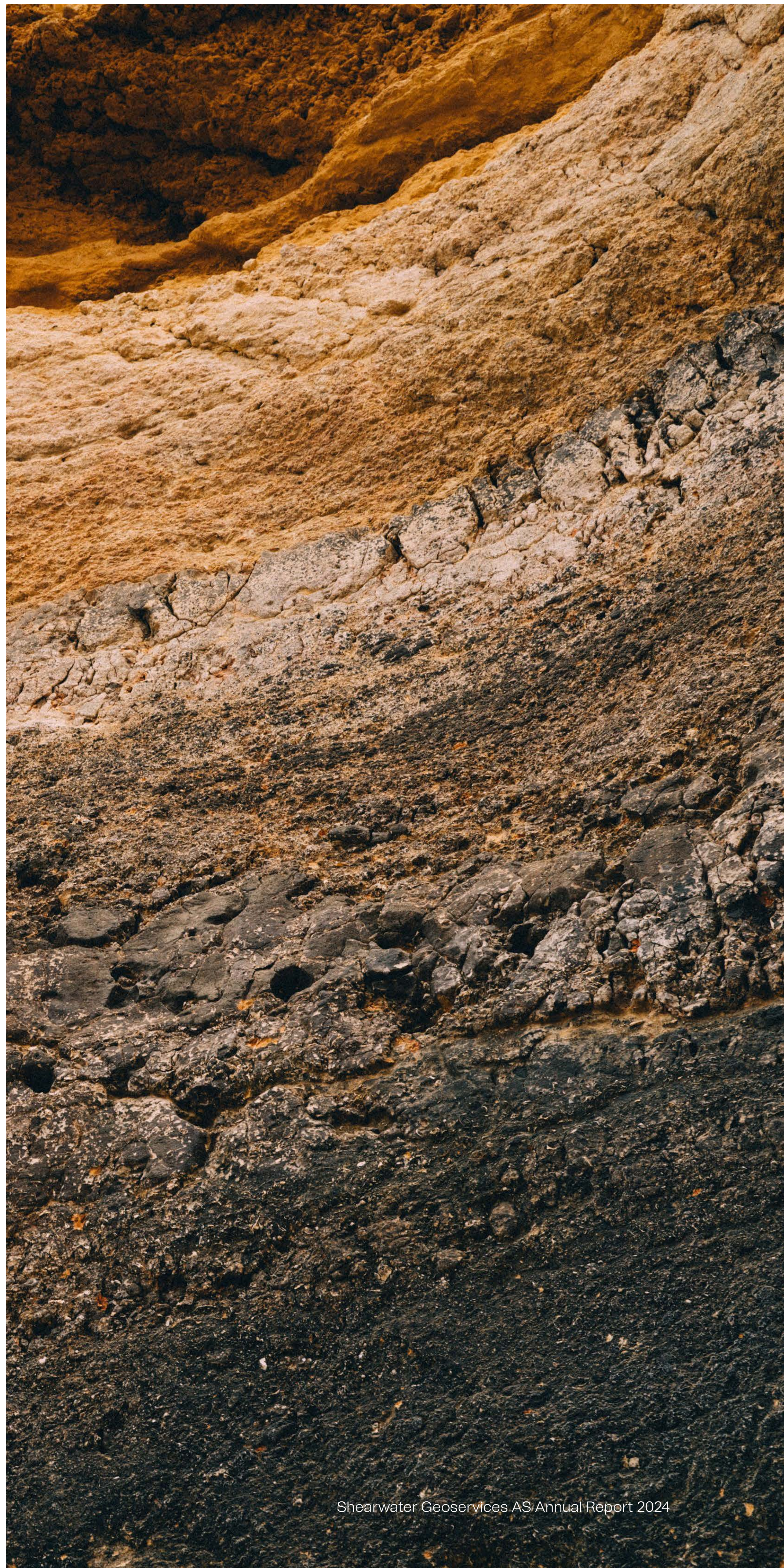
The extent and duration of these conflicts and their ultimate impacts on the global economy and energy supply, as well as on the Group's performance over time, are uncertain. These uncertainties continue to impact energy and commodities' prices which may affect future Group operations and results. Geopolitical risk also influences survey operations in certain parts of the world and Shearwater manages this by close engagement with clients and local authorities.

Cyber-risk
The Group relies heavily on technology and data systems in order to conduct its operations and the Group's software, technology, data, websites or networks, as well as those of third parties, are vulnerable to security breaches, including unauthorised access, computer viruses or other cyber threats that could have a security impact.

The Group is exposed to risks relating to cyber-attacks, which may affect the ability to deliver seismic data to clients, which consequently could have a material adverse effect on the Group's business, financial condition and results of operations. The risk for cyber-attacks is considered higher since the start of the war in Ukraine. Cyber-attacks are a continuously evolving risk factor which is mitigated by implementation of planned and systematic security management and continuous improvement of security standard across the Group.

Other risk
The Group monitors global health developments in the wake of the Covid-19 pandemic.

Please also see the registration document in connection with the Euronext Oslo Børs listing of the USD 300 million bond available on www.shearwatergeo.com for more information on risk factors.



Environment, Social and Governance ("ESG")

Responsibility for Environment, Social and Governance (ESG) matters at Shearwater sits with the Board of Directors (BoD), which has delegated authority to the CEO. Management regularly reports to the Board of Directors on the progress and developments in the Group's sustainability initiatives, including identified risks and opportunities.

Shearwater's Board, Management and governance structures aim to ensure compliance with all relevant government requirements, laws, and regulations. The Group has established a Code of Conduct and Corporate Social Responsibility (CSR) policy which supports the safeguarding of the environment, employees, and society in general. Ethical, social, and environmental considerations are well-integrated into daily operations, and the values of safety, quality and integrity underpin everything Shearwater does.

Shearwater incorporates sustainability matters in the business strategy for the Group and each business unit. Annual KPIs are set on all strategic levels associated with ESG initiatives and are measured and reviewed on a quarterly basis. As a privately owned company, Shearwater is required to comply with the reporting obligations of CSRD for 2025 as per legislation effective as of the date of this annual report. To ensure readiness, representatives of the Board and Management team were in 2024 familiarised with the EU Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) by a third-party assessor prior to reviewing and approving the Double Materiality Analysis (DMA).

Shearwater recognises the pivotal role stakeholder engagement plays in sculpting a resilient and sustainable business model, to help identify, understand and mitigate environmental risks associated with offshore seismic geophysical operations. Through the DMA, the Group has identified E1 Climate Change, E2 Pollution and E5 Resource Use and Circular Economy as having a material environmental impact.

Climate change

For Shearwater, the offshore vessel operations are the largest source of the Group's greenhouse gas (GHG) emissions. Through Shearwater's in-depth knowledge of vessel operation, measures are directed towards the areas Shearwater can take to achieve the most significant impact on GHG emission reduction. Consequently, Shearwater has committed itself to reduce the carbon intensity by 35 % by 2030 compared to the base year of 2019. Examples of ongoing and newly implemented initiatives offshore are maintenance of fairing and wide-tow equipment, main propeller cleaning and polishing, increasing engine loads by use of closing switchboard bustie.

Pollution

Shearwater's operation risk impacting environmental health by carrying invasive species in ballast water and through hull fouling of the Group's vessels. Shearwater must relate to external international regulations and conventions which impact the Group's performance on pollution. Shearwater is ISM certified and appropriate procedures are maintained in the Group's safety management system to safeguard compliance with laws and regulations. Shearwater's offshore seismic activity may also impact marine mammals through noise emissions, specifically the vessel's propellers and noise caused by Shearwater's seismic energy sources. Shearwater strives to provide innovative solutions that will reduce the Group's noise emission impact with offerings such as the reduced high frequency e-Source and enhanced low frequency signal with Harmony, and through the development of the BASS marine vibroseis venture. Real time noise emission mitigation measures include the presence of onboard Marine Mammal Observers who maintain visual watches, Passive Acoustic Monitors who maintain acoustic monitoring, both ensuring mitigation measures such as soft start procedures, and pausing of sources as required are strictly adhered to during the surveys.

Resource use and circular economy

Shearwater supports responsible consumption with respect to the operation of the Group's fleet, and the production of Shearwater's seismic equipment. The Group has a good understanding of the waste originating from the offshore vessels. This is well documented and highly regulated by IMO and MARPOL Annex V. Shearwater ensures compliance with international conventions for vessel recycling. Onshore, Shearwater produce its own seismic equipment such as streamer and nodes, and the Group's R&D division and production facilities are collaborating to ensure proper use of recycled or recyclable material in Shearwater products where possible.

Sustainability reporting

Read more about Shearwater's ESG goals and strategy in the sustainability report published annually on www.shearwatergeo.com.

Organisation and working environment

In 2024, the number of permanent employees increased to 1,273 compared to 1,200 at the end of 2023. The Group sick leave ratio was 1.6% in 2024, unchanged compared with the year before.

Detailed information on the Group's progress on gender diversity and the gender pay gap can be found in the sustainability report published annually on www.shearwatergeo.com.

The Shearwater Behavioural Framework defines how all employees can contribute to the success of the Group, providing a set of core behaviours that provide clarity on how employees are expected to approach their careers with Shearwater.

In 2024, Shearwater launched its first global employee engagement survey to all permanent employees. 65% of employees responded to the survey with participation from all business lines and levels within the organisation. This has resulted in the Group rolling out actions through both managers and employees to respond and investigate suggested improvements.

Shearwater has been able to attract skilled employees in its target areas and has a highly dedicated and motivated workforce. As an employer, Shearwater does not accept discrimination of any kind towards its employees or other parties involved in the Company's activities. This includes all unjust treatment, exclusion or preference based on ethnicity, gender, age, sexual orientation, disability, religion, political persuasion, or other circumstances.

During the year, Shearwater executed several operations in areas with high fishing activity and heavy commercial traffic. In 2024, Shearwater maintained focus on safety in all its activities and there were no reported incidents with serious harm to personnel.

Quality, health, safety and environment

Shearwater's commitment to quality, health, safety and environment (QHSE) spans a comprehensive five-year strategy and is integrated in the annual planning cycle. The Group's management systems adhere to International Association of Oil & Gas Producers (IOGP) guidelines and ISO9001 certification across a significant portion of Shearwater's scope of business. A profound emphasis is placed on occupational health and human factors, which are considered foundational pillars for Group practices.

Shearwater has implemented robust Behavioural Based Safety processes across all business lines, anchoring the QHSE strategic plan and nurturing a culture of perpetual learning. Shearwater's fleet of state-of-the-art seismic vessels reflects the Group's commitment to safety. Equipped with spacious back-deck layouts and redundant propulsion systems, these vessels provide inherently secure working environments for the crews, ensuring safe operations even in the most extreme conditions or in close proximity to existing oilfield infrastructure.

In 2024, there were 9 recordable HSE incidents, of which there were no high potential incidents and no fatalities. This compared to eleven recordable HSE incidents in 2023, of which there were no high potential and no zero fatalities. Shearwater recognises the unique and varied hazards inherent in project execution across different global locations. Leveraging extensive industry expertise, the Group meticulously identify, documents and mitigates potential risks to acceptable levels, safeguarding both personnel and operational integrity.

Shearwater supports the use of proactive key performance indicators (KPI) tailored to reflect the workforce's QHSE efforts. These indicators are barometers of safety culture, enabling active monitoring of trends throughout projects and across vessels. Continuously enhancing the performance measured by these indicators enables Shearwater's goal of zero loss, zero harm and zero rework. As a Governing Member of the EnerGeo Alliance, Shearwater stands at the forefront of industry leadership, driving excellence in QHSE practices across the sector.

Corporate governance

As a Norwegian private limited company, Shearwater Geoservices AS must comply with the Norwegian Private Limited Liability Companies Act and all other applicable laws and regulations. Shearwater also endorses the Norwegian Code of Practice for Corporate Governance which is reflected in the Group's Corporate Governance policy.

The policy is designed to establish a basis for good corporate governance to support the achievement of the Group's core objectives on behalf of its shareholders including sustainable profitability. How Shearwater is governed is vital to the value-creation over time.

Shearwater believes that good corporate governance involves openness and trustful cooperation between all parties involved in the Group: the shareholders, the Board of Directors and Executive Management, employees, customers, suppliers, public authorities and the society overall.

For more information on corporate governance, see the separate section on Corporate Governance in this annual report.

Transparency Act

The Group is subject to the Norwegian Transparency Act. The Group's statement under the Act is published on www.shearwatergeo.com.

Liability insurance

As part of the Group's internal control and risk management policy, Shearwater has entered into an insurance programme for Property and Casualty Insurance. Included in this insurance programme is a separate Directors & Officers Liability insurance coverage (subject to its own terms and coverage conditions) that also spans over the Company and its Directors and Officers. At year-end 2024, the sum insured for the Directors & Officers Liability insurance for the next twelve-month period ending 31 December 2025 is limited to NOK 150 million in any one claim and in the aggregate per year.

Shareholder information

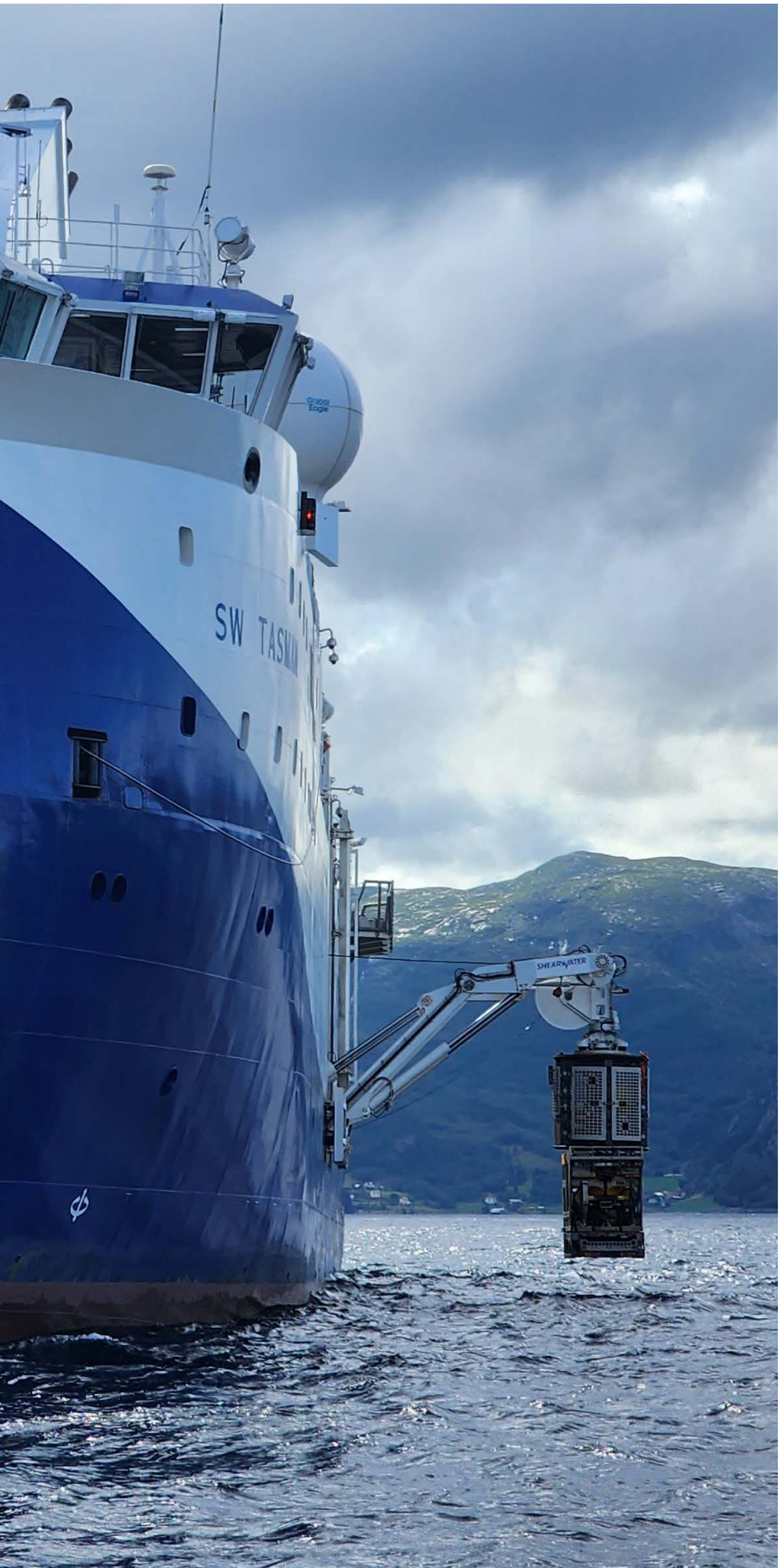
Shearwater Geoservices Holding AS is owned 100 % by Shearwater Geoservices Holding AS.

Events after the balance sheet date

On 2 January 2025, Shearwater's USD 300 million senior secured bond loan, issued by Shearwater Geoservices AS, was listed and started trading on Euronext Oslo Børs.

On 24 February 2025, Shearwater announced the award of a large deepwater 4D OBN reservoir surveillance program by ExxonMobil Guyana. Under the award, Shearwater will commence a six-month survey starting in the first half of 2025. The field unit will be comprised of a Shearwater seismic vessel as source vessel, and a dual ROV vessel for node deployment.

On 5 March 2025, Shearwater announced a three-year firm capacity reservation agreement (CRA) for worldwide marine seismic streamer acquisition services for TotalEnergies. The CRA reflects the long-standing relationship between TotalEnergies and Shearwater straddling across geophysical data collection and analysis, supporting exploration effort, production monitoring and carbon capture and storage activities. The CRA guarantees a minimum of 18 vessel months of activity for Shearwater's high-end seismic fleet.



Outlook

Shearwater's operational and financial performance depends on the activity level of the global oil and gas Exploration & Production (E&P) market. In 2024, demand for marine seismic was lower-than-expected as clients remained cautious. Oil and gas companies' CAPEX budgets are expected to also be flat for 2025, reflecting continued focus on disciplined capital allocation.

This resonates with the pace observed in the market to date in 2025. While announced contract awards in 2025 with ExxonMobil in Guyana and the capacity agreement with TotalEnergies, coupled with the order book inflow in late 2024, are encouraging, market visibility for the second half of 2025 remains low.

Geopolitical tensions and uncertainties in global trade continue to impact the global economy and overall demand in the short-term. It remains to be seen how the heightened volatility across global financial markets and variability in oil prices observed in the wake of the new US tariffs announced 2 April 2025, will impact the activity in the markets Shearwater operates.

In the short- to medium term, Shearwater is planning for a continuation of the current levels of market activity with a clear focus on operational resilience and disciplined capital allocation. Shearwater's operational model offers inherent flexibility through actively cold-stacking vessels when shortterm visibility is low and reactivating capacity when the market activity supports adding vessels to the active fleet. Through cost-efficient fleet management, Shearwater is set to sustain performance and optimise cash flow under current market conditions. Shearwater is also engaging in energy transition-related activities primarily related to carbon capture and storage. The Group sees great potential within energy transition-related services over time but expects low activity in the near-term.

Looking ahead, Shearwater believes that the trends seen in the current global geopolitical landscape are underpinning the growing imperative to ensure energy self-reliance and strengthened supply chain resilience.

Globally, energy demand is expected to increase in the coming decades, putting pressure on the upstream operations to invest more in exploration and production. At the same time, the shift into renewable energy resources is slower-than-expected and will likely not meet global energy transition targets. Therefore, oil and gas are expected to remain a vital part of the global energy mix in the foreseeable future.

Over the coming years, the Group is confident that the challenge of balancing energy security, affordability and sustainability will require more investments in seismic data acquisition, processing and imaging. Both energy majors and national E&P companies need to offset years of underinvestment in energy production amid growing demand and focus on security of supply in the current geopolitical and macro-economic environment. While stakeholder management, public opinion, and regulatory decision makers have created uncertainty on the longevity of the core business of Shearwater's clients, there is now a clear expectation from the same stakeholders that investments in increased production are needed for many years to come. This is naturally very positive for Shearwater, however due to lead-time on investment decisions, the Group expects that it will take some time before this shift cascades down into increased demand for the Group's services.

Shearwater is well positioned to create long-term value by capturing the upside potential when the market activity increases, owning the majority of the global fleet of high-end seismic vessels, and controlling the market swing capacity with a low cost base and limited capital expenditure requirements. The Group has a dynamic approach to adjusting capacity and is evaluating the optimal composition of the fleet and technology platform against a backdrop of increased interest for high-quality vessels from other segments in the offshore industry.

With a refinanced balance sheet, solid support from shareholders and a fully invested operational platform, the Board of Directors are confident Shearwater is well positioned to fully capitalise on a future improved seismic market, while maintaining its' strengths in slower markets and continue to take advantage of opportunities arising through the cycle.

Høvik, 29 April 2025

The Board of Directors and Chief Executive Officer of Shearwater Geoservices AS

ROBERT HOBBS
CHAIRMAN OF THE BOARD

ROAR SKULAND
BOARD MEMBER

GUNNVOR DYRDI REMØY
BOARD MEMBER

IRENE WAAGE BASILI
CEO

CORPORATE GOVERNANCE

The parent company in the Shearwater Geoservices AS Group ("Shearwater", or "the Group") is Shearwater Geoservices AS ("the Company"), a limited liability company registered in Norway. The Company is owned 100% of Shearwater Geoservices Holding AS ("the Parent Company"). The majority shareholder of Shearwater Geoservices Holding AS is RASMUSSENGRUPPEN AS.

Shearwater Geoservices AS company objective according to the articles of association is that "The Company shall – directly or indirectly – conduct shipping operations, ship owning, chartering, acquisition and sale of ships and real estate and other activities naturally associated with this, as well as to buy, own and sell shares, bonds and other financial instruments and anything that is related to or associated with this. The company shall also, through shareholding or in other way, be able to own or participate in companies or business enterprises with other objectives."

Shearwater Geoservices AS issued in April 2024 a bond loan that was listed on Euronext Oslo Børs on 2 January 2025.

Shearwater's governance and corporate management is based on Norwegian corporate law and compliance with relevant principles in the "Norwegian Code of Practice for Corporate Governance" (the NUES recommendation).

The Group considers good corporate governance as fundamental to long-term success and a basis for successful client service and value creation for the shareholders of Shearwater. Good corporate governance is characterised by open, responsible communication and cooperation among the owners, the Board of Directors, and management, in the context of both short-term and long-term value creation perspectives.

Shearwater maintains corporate policies to ensure that all employees conduct their activities in an ethical manner and in accordance with current legislation and Shearwater standards. Shearwater has established an Investor Relations policy that provides guidelines for the Company's reporting of financials and other information based on transparency and the requirement of equal treatment of investors in the Company's traded bond loan. The Corporate Social Responsibility (CSR) policy and the Code of Conduct (COC), which have been approved by the Board of Directors, addresses personal conduct and business practice, including handling conflict of interest, combating corruption and respecting human rights. The CSR and COC policies apply to all employees worldwide as well as suppliers, consultants and business partners, and have been made available on www.shearwatergeo.com.

The shareholder of Shearwater Geoservices AS exercise its ultimate authority in the Company through the general meeting. The general meeting also elects the members of the Board of Directors to oversee management and to assure that the long-term interests of the shareholder is served. According to the articles of association, the Board shall consist of three to six members elected directly by the general meeting for one year at a time. There are no other provisions in the articles of association that regulate the appointment and replacement of members of the Board of Directors of the Company. Furthermore, there are no provisions in the articles of association or any mandates that authorise the Board of Directors to resolve that the issuer shall buy back or issue own Shares.

At 31 December 2024, the Board of Shearwater Geoservices AS comprised three directors, one female and two males. Of the three directors, one is an independent director. Of the two non-independent directors, one is represented by RASMUSSENGRUPPEN AS, the ultimate majority shareholder of the Company, and the other is part of the management team of Shearwater. The management team, including CEO, of the Shearwater Geoservices AS Group is consistent with that of the Shearwater Geoservices Holding AS Group. See the "Our business" section in this annual report for a presentation of the Company's Board of Directors. See also the parent company's sustainability report published annually on www.shearwatergeo.com for more information.

The Board oversees the implementation of appropriate internal control systems and systems for risk management, and monitors that these are proportionate to and reflect the extent and nature of the Company's activities. The Company's CEO provides the Board with frequent and relevant reporting of both operational and financial matters, to ensure that the board has sufficient information for decision-making and can respond quickly to changing conditions.

The Board of Directors of Shearwater Geoservices Holding AS, the parent company, has established two sub committees, the Audit and Sustainability Committee and the Remuneration Committee, both comprising three members from the Board of Directors of Shearwater Geoservices Holding AS. The sub committees of Shearwater Geoservices Holding AS are integral for the Company. The Audit and Sustainability Committee oversees financial risk management, financial reporting and related internal controls, the integrity of Shearwater's sustainability reporting process, compliance with applicable legal and regulatory requirements and general risk assessment and management.

The Board has adopted Corporate Governance Guidelines that sets further rules of procedures for the Board of Directors and the CEO. In accordance with Norwegian corporate law, the Board has overall responsibility for management of the Company, while the CEO is responsible for day-to-day management.

The Company's CEO has established roles and functions within the organisation that support the end-to-end processes covering the financial reporting process, including consolidated financial statements, budgets and financial forecasting and internal control over financial reporting. For a presentation of the management team, please see the "Our business" section in this annual report.

Through the Double Materiality Assessment (DMA) carried out in 2024, the Group has identified S1 Own workforce as having a material social impact (see the "Environment, Social and Governance ("ESG") section in the Board of Directors report).

While the offshore vessel industry has an overweight of male employees, Shearwater supports equal opportunities across genders. Gender diversity and gender pay-gaps are considered as material for Shearwater, and the continuous improvement of the Group's people solutions are designed to embed principles of equal treatment and opportunities for all employees, as Shearwater encourage gender equality both in recruitment and career advancement. The Group continuously improve its solutions to develop current and future talent. Shearwater is confident that through the ongoing investment in targeted initiatives for early careers, increasing the female population, and improving access to employees with restricted mobility or physical disabilities, the Group will improve the balance in, and performance of the organization. Shearwater targets 30% gender diversity in the three highest management level positions onshore by 2030, and 10% gender diversity offshore by 2030. In 2024, the number of female employees (head count) at top management level was 6 (23%). The Board of Directors as of the date of this annual report has three directors, one female (33 %) and two males (67%). One of the Board members (33%) are independent. The Management team forms eight members, four females (50%) and four males (50%).

Read more about Shearwater's ESG goals and strategy in the sustainability report of Shearwater Geoservices Holding AS, published annually on www.shearwatergeo.com.

April 29, 2025

RESPONSIBILITY STATEMENT

Today, the Board of Directors and the Chief Executive Officer (CEO) of Shearwater Geoservices AS reviewed the 2024 Annual Report, which includes the Board of Directors' report, the Shearwater Geoservices AS consolidated and parent company annual financial statements for the year ended 31 December 2024.

Shearwater Geoservices AS' consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations determined by the International Accounting Standards Board and adopted by the EU, and applicable additional disclosures in the Norwegian Accounting Act. The separate financial statements for Shearwater Geoservices AS have been prepared in accordance with the Norwegian Accounting Act and Norwegian accounting standards as of 31 December 2024. The Board of Directors' report for the Group and the parent company is in accordance with the requirements in the Norwegian Accounting Act and the Norwegian Accounting Standard no 16.

Pursuant to the Norwegian Securities Trading Act section 5-5 with pertaining regulations we confirm to the best of our knowledge that:

- the Shearwater Geoservices AS consolidated annual financial statements for the 12 months period 1 January to 31 December 2024 were prepared in accordance with IFRS Accounting Standards as adopted by the European Union (EU), IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and additional Norwegian disclosure requirements in the Norwegian Accounting Act, and that
- the consolidated and separate annual financial statements give a true and fair view of the assets, liabilities, financial position and profit as a whole as of 31 December 2024 for the Group and the parent company, and that
- the board of directors report gives a true and fair view of the development and performance of the business and the financial position of the Group and the parent company, and the principal risks and uncertainties the Group and parent company face.

Høvik, 29 April 2025

The Board of Directors and Chief Executive Officer of Shearwater Geoservices AS

ROBERT HOBBS
CHAIRMAN OF THE BOARD

ROAR SKULAND
BOARD MEMBER

GUNNVOR DYRDI REMØY
BOARD MEMBER

IRENE WAAGE BASILI
CEO

Shearwater Geoservices AS Annual Report 2024

OUR RESULTS

GROUP FINANCIAL STATEMENT

GROUP FINANCIAL STATEMENT

Consolidated Income Statement

The Shearwater Geoservices AS Group

(In thousands of USD)	Note	2024	2023
Operating Revenue and Other Income			
Marine acquisition	4	572,095	883,615
Software, Processing, and Imaging (SPI)	4	27,591	27,789
Multi-Client	4	18,397	-
Other income	4	1,738	10,567
Total Revenue and Other Income		**619,821**	**921,971**
Operating expenses			
Cost of sales	5, 6, 7	426,685	649,823
Depreciation and amortisation	10, 11	144,598	128,951
Sales, general and administration cost	6, 7	34,093	29,524
Other losses (gains) net	8	(2,673)	1,285
Total Operating Expenses		**602,703**	**809,583**
Operating profit (EBIT)		**17,117**	**112,388**
Financial income	8	3,225	5,621
Financial expenses	8	(68,669)	(67,768)
Net Financial Items Income/(Expense)		**(65,444)**	**(62,147)**
Net income before taxes		**(48,326)**	**50,241**
Taxes	9	5,088	3,038
Net Income profit/(loss)		**(53,414)**	**47,202**

Consolidated Statement of Comprehensive Income

The Shearwater Geoservices AS Group

Net income for the year, to equity holders of Shearwater Geoservices AS	**(53,414)**	**47,202**
Other comprehensive income		
Items which will not be reclassified over profit and loss	**-**	**-**
Items which may be reclassified over profit and loss in subsequent periods	**104**	**-**
Exchange differences on translation of foreign operations	104	-
Total Comprehensive Income for the year, to equity holders of Shearwater Geoservices AS	**(53,310)**	**47,202**

Consolidated Statement of Financial Position

The Shearwater Geoservices AS Group

(In thousands of USD)	Note	31 December 2024	31 December 2023	1 January 2023
ASSETS				
Goodwill	11	3,267	3,267	2,048
Multi-Client Library	11	25,023	-	-
Intangible assets	11	18,446	21,193	24,214
Deferred tax asset	9	2,039	120	-
Total Intangible Assets		**48,775**	**24,581**	**26,262**
Vessel and marine equipment	10	865,372	895,249	906,573
Seismic equipment and other equipment	10	84,270	94,754	112,256
Right of use assets	10 , 16	7,578	7,145	9,411
Manufacturing equipment	10	1,961	1,964	2,126
Total Tangible Assets		**959,181**	**999,111**	**1,030,366**
Investments in shares	20	350	-	-
Long-term receivables		-	-	25,102
Total Financial Non-Current Assets		**350**	**-**	**25,102**
Total Non-Current Assets		**1,008,307**	**1,023,692**	**1,081,730**
Other current assets	13	60,561	43,065	54,446
Trade receivables	4 , 13	108,536	73,215	161,076
Other receivables	4 , 13	31,282	44,256	12,981
Cash and cash equivalents	15 , 17	49,296	105,834	51,979
Total current assets		**249,676**	**266,370**	**280,482**
Total Assets		**1,257,982**	**1,290,062**	**1,362,212**

(In thousands of USD)	Notes	31 December 2024	31 December 2023	1 January 2023
EQUITY AND LIABILITIES				
Share capital	19	10,653	10,653	10,653
Share premium		621,190	621,190	621,190
Retained earnings		(98,550)	(12,499)	(59,712)
Total Equity		**533,293**	**619,344**	**572,131**
Deferred tax liability	9	760	714	90
Long-term debt	12 , 17	531,484	219,862	505,702
Lease liabilities	16	6,542	5,510	7,714
Total Long-Term Liabilities		**538,787**	**226,085**	**513,506**
Current portion of long-term debt	12 , 17	50,000	333,860	100,771
Short-term debt	12 , 14 , 17	13,011	533	36,667
Lease liabilities	16	2,059	2,211	2,464
Trade payables		74,366	75,274	93,250
Taxes payable	9	4,197	-	1,282
Other short-term liabilities	4 , 14	42,270	32,756	42,142
Total Short-Term Liabilities		**185,903**	**444,633**	**276,576**
Total Liabilities		**724,689**	**670,718**	**790,082**
Total Equity and Liabilities		**1,257,982**	**1,290,062**	**1,362,212**

Høvik, 29 April 2025

The Board of Directors and Chief Executive Officer of Shearwater Geoservices AS

ROBERT HOBBS
CHAIRMAN OF THE BOARD

ROAR SKULAND
BOARD MEMBER

GUNNVOR DYRDI REMØY
BOARD MEMBER

IRENE WAAGE BASILI
CEO

Consolidated Cash Flow Statement

The Shearwater Geoservices AS Group

(In thousands of USD)	Notes	2024	2023
Cash Flow from Operating Activities:			
Net income before taxes		(48,326)	50,241
Paid tax		(2,149)	(2,321)
Depreciation and amortisation	10	144,598	128,951
Capitalised depreciation	10	-	(1,324)
Profit/loss on sale of equipment and vessels	10	(35)	(3,767)
Unrealised change in market value of shares	20	-	-
Interest income		(3,076)	(5,544)
Interest expenses	8	59,713	62,613
Interest received		3,076	5,544
Other non-cash financial items		5,269	923
Change in current assets / liabilities		(66,579)	74,372
Net Cash Flow From Operating Activities		**92,490**	**309,687**
Cash Flow from Investing Activities:			
Payments related to CAPEX	10	(58,792)	(63,108)
Payments related to purchase of vessels	10	(41,200)	(40,500)
Payments for sale of equipment and vessels	10	185	7,550
Net cash flow from investment in subsidiaries		(350)	(1,130)
Investment in Multi-Client Library	11	(22,198)	-
Net Cash Flow From Investing Activities		**(122,355)**	**(97,189)**
Cash Flow from Financing Activities:			
Drawdown of loans	12	706,200	40,500
Repayment of loans	12	(680,921)	(110,821)
Repayment of shareholder loan	12, 19	-	(30,273)
(Payment)/ Drawdown of overdraft account	12	-	(5,178)
Repayment of financial lease	16	(2,957)	(3,208)
Transaction costs		(8,950)	-
Net Interest paid		(39,002)	(47,004)
Net Cash Flow From Financing Activities		**(25,630)**	**(155,984)**
Net Increase in Cash and Cash Equivalents		**(55,496)**	**56,515**
Net currency translation effects on cash and cash equivalents		(1,042)	(2,661)
Cash and cash equivalents at start of period		105,834	51,979
Cash and cash equivalents at end of period	**15**	**49,296**	**105,834**

Statement of Changes In Equity

The Shearwater Geoservices AS Group

For the year ended 31 December 2024

(In thousands of USD)	Share capital	Share premium	Retained earnings	Total equity
Balance at 1 January 2024	10,653	621,190	(12,499)	619,344
Net income for the year			(53,414)	(53,414)
Other comprehensive income			104	104
Group contribution submitted to parent	-	-	(32,735)	(32,735)
Other changes			(6)	(6)
Total Equity at 31 December 2024	**10,653**	**621,190**	**(98,550)**	**533,293**

For the year ended 31 December 2023

(In thousands of USD)	Share capital	Share premium	Retained earnings	Total equity
Balance at 1 January 2023	10,653	621,190	(59,712)	572,131
Net income for the year			47,202	47,202
Other comprehensive income			-	-
Other changes			11	11
Total Equity at 31 December 2023	**10,653**	**621,190**	**(12,499)**	**619,344**

Notes To The Consolidated Financial Statement

NOTE 1: GENERAL INFORMATION

Shearwater Geoservices AS (the parent company) is a Norwegian registered company with corporate office in Bergen and the registered business address is Damsgårdsveien 135, 5160 Laksevåg, Norway. The Company is the parent company in the Shearwater Geoservices AS Group ("Shearwater", or "the Group"), and is owned 100% of Shearwater Geoservices Holding AS, who's majority shareholder is RASMUSSENGRUPPEN AS, owning 88.8% of the shares at 31 December 2024. Shearwater Geoservices AS' bond loan, issued in April 2024, was listed on Euronext Oslo Børs on the 2 January 2025 under the ticker "SWG01". Shearwater Geoservices Holding AS act as guarantor for the bond loan.

Shearwater Geoservices AS and its subsidiaries is a global provider of marine seismic data acquisitions in 2D, 3D and 4D mode, including towed streamers and ocean bottom nodes (OBN), on a worldwide basis. Additionally, the Group deliver land and marine processing and imaging products, data processing software and manufacturing. Shearwater has a fleet of high-end purpose-built seismic vessels with towed and OBN seismic data acquisition capabilities and subsidiaries located in Norway, United Kingdom, United States, Singapore, Malaysia, Brazil, India, Ghana, Indonesia, Saudi Arabia and in the Netherlands. The Group's operation is described in more detail in Note 4.

The consolidated financial statement was authorised for issue by the Board of Directors on 29 April 2025.

NOTE 2: ACCOUNTING POLICIES

The material accounting polices applied in the preparation of these consolidated financial statements are described below in this Note 2 and in Note 3 through Note 23 where applicable. These policies have been consistently applied to all periods presented. All amounts are in USD thousands unless stated otherwise.

1. Basis of preparation

These consolidated financial statements of Shearwater for the twelve-month period ending 31 December 2024 have been prepared in accordance with the IFRS® Accounting Standards as adopted by the European Union and additional requirements of the Norwegian Accounting Act, in effect as of 31 December 2024, and consist of the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of financial position, the consolidated statement of cash flows, and the consolidated statement of changes in equity and notes to the consolidated financial statements.

A restructuring of the Shearwater Geoservices AS Group took place in April 2024, consolidating all group entities under Shearwater Geoservices AS by transferring the shares in Shearwater Geoservices Assets II AS, Shearwater GeoAssets AS, Shearwater Invest AS and Shearwater Geoservices Assets VI AS from Shearwater Geoservices Holding AS to Shearwater Geoservices AS. The share transfer was settled by a capital increase (contribution in kind) in Shearwater Geoservices AS. Consequently, after the restructuring, Shearwater Geoservices AS is the only directly owned subsidiary of Shearwater Geoservices Holding AS. The consolidated financial statements for Shearwater Geoservices AS Group are prepared as if Shearwater Geoservices AS were the shareholder of all group entities from 1 January 2023. Assets and liabilities transferred are measured at predecessor values from the consolidated financial statements of Shearwater Geoservices Holding AS.

2. First-time adoption of IFRS

Shearwater Geoservices AS has since 22 December 2016 been 100% owned by Shearwater Geoservices Holding AS. Shearwater Geoservices AS has for the year ended 31 December 2023 and before, applied the exemption available in the Norwegian Accounting Act to not prepare consolidated financial statements for those financial periods. Consequently, Shearwater Geoservices AS prepared only financial statements for its company accounts for the year ended 31 December 2023 and before. Those company accounts was prepared in accordance with the Norwegian Generally Accepted Accounting Principles (NGAAP) as set out in the Norwegian Accounting Act.

For the twelve-month period ending 31 December 2024, Shearwater Geoservices AS has elected to prepare consolidated financial statements. These consolidated financial statements, for the twelve-month period ending 31 December 2024, are the first Shearwater Geoservices AS has prepared in accordance with IFRS. Shearwater Geoservices AS continues to prepare separate financial statements for its company accounts in accordance with NGAAP (see Shearwater Geoservices AS' separate financial statements in a separate section in this Annual Report).

Accordingly, Shearwater Geoservices AS Group ("the Group") has prepared consolidated financial statements that comply with IFRS applicable as at 31 December 2024, together with the comparative period data for the year ended 31 December 2023, as described in these accounting policies. In preparing the consolidated financial statements, the Group's opening statement of financial position was prepared as at 1 January 2023, the Group's date of transition to IFRS. The Group has consequently disclosed its 1 January 2023 balance sheet figures, supplemented with relevant note disclosures. These figures have in these consolidated financial statements and accompanying notes been disclosed under column headers titled "Year ended 2022", "2022", "31 December 2022, "31 Dec 2022" and similar.

Shearwater Geoservices AS is a subsidiary of Shearwater Geoservices Holding AS. Shearwater Geoservices Holding AS prepared its consolidated financial statement in accordance with IFRS for the year ended 31 December 2023, 31 December 2022, and for earlier financial periods. Consequently, Shearwater Geoservices AS, being a first-time adopter of IFRS at a point in time later than its parent, and has elected to use the simplification allowed by IFRS 1.D16.a), where all assets and liabilities are measured at the carrying amount that has previously been used in the consolidated financial statements of Shearwater Geoservices Holding AS.

3. Basis for consolidation

The consolidated financial statements incorporate the financial statements of Shearwater Geoservices AS and entities controlled (subsidiaries) by Shearwater Geoservices AS. Control is achieved when the Group is exposed, or has rights, to variable returns from involvement with the investee and can affect those returns through its power over the investee.

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three following elements of control:
- Power over investee
- Exposure, or rights, to variable returns from its involvement with the investee
- Ability to use its power over the investee to affect its returns

Consolidation of subsidiaries begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Intercompany transactions, balances, and unrealised gains on transactions between group companies are eliminated. Unrealised losses are eliminated but also considered as impairment indicator of the asset transferred. The consolidated financial statements have been prepared on the basis of uniform accounting principles for the entities consolidated within the Group.

4. Business combinations

The purchase method is applied when accounting for business combinations. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange. Cost directly attributable to the acquisition is expensed. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

The preliminary purchase price allocation in a business combination is changed if new information on the fair value becomes available and is applicable on the date when control is assumed. The allocation may be altered prior to the expiry of a 12-month period.

5. Foreign currency

The consolidated financial statements are presented in USD, which is the Group's presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss. The parent and all the subsidiaries have USD as their functional currency.

Non-monetary assets items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operations and translated at the closing rate.

The assets and liabilities of entities with other functional currency than USD are translated into USD at the rate of exchange ruling at the balance sheet date and their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of an entity, the deferred cumulative amount recognised in the equity relating to that particular entity is recognised in profit or loss.

6. Cash flow statement

The Cash flow statement is presented using the indirect method. Cash and cash equivalents include cash, bank deposits and other short term highly liquid placement with original maturities of three months or less. The cash flows are divided into operating activities, investing activities and financing activities.

7. New and amended standards and interpretations adopted by the Group

No standards, amendments, or interpretations that are effective from 1 January 2024 had impact on the consolidated financial statements of Shearwater. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

8. New standards and interpretations not yet adopted by the Group

At the end of 2024, there are some amendments to, and interpretations of, existing IFRS standards that are not yet effective. Shearwater has not early adopted any amendments or interpretations of such standards. Shearwater's intention is to adopt the relevant new and amended standards and interpretations when they become effective, subject to EU approval before the consolidated financial statements are issued. There are no amendments, or interpretations, of standards not yet adopted that are expected to have a material impact on the consolidated financial statements of Shearwater.

NOTE 3: USE OF ESTIMATES, JUDGEMENTS, AND ASSUMPTIONS

Management has used estimates, judgements and assumptions in the preparation of the financial statements, which have affected the assets, liabilities, income, and expenses, as well as the disclosures regarding potential obligations. The estimates may change because of future events. The estimates and the underlying assumptions are reassessed continuously.

The main areas where Shearwater has made significant judgements when applying the accounting policies, materially impacting the amounts as recognised in the consolidated financial statements, are listed below with reference to the relevant note disclosure.

Accounting judgements and key sources of estimation uncertainties	Note
Deferred tax assets	9
Impairment of seismic vessels and equipment	10

NOTE 4: REVENUE AND SEGMENT INFORMATION

Segment information

Accounting policies

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief operating decision maker (CODM). The CODM of Shearwater, who is responsible for allocating resources, assessing performance of the operating segments and 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 has been identified as the corporate management. The corporate management of Shearwater consist of the Group's Chief Executive Officer (CEO), the Chief Financial Officer (CFO) and the Chief Commercial Officer (CCO).
Within the Group there are three main segments: Marine Acquisition, Multi-Client and Software, Processing & Imaging (SPI).

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 node (OBN) surveys. With 23 high-end vessels, Shearwater is offering the seismic services on a worldwide basis. For this segment the product is the delivery of high-quality unprocessed seismic data.

Multi-Client

Shearwater established a focused multi-client business unit in 2024 to manage converted contracts and traditional multi-client projects. Generally, a converted contract is a contract survey executed in multi-client mode with most of the funding coming from one client and generally with limited late sales potential, while traditional multi-client generally focuses on offering data libraries to a more diverse client base.

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.

In accordance with IFRS, pre-funding revenues (revenues committed to prior to completion of a project) and late sales revenues are recognised at the point in time when the customer receives access to, or delivery of, data according to the contracted terms with the customer (the performance obligation).

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 quality control on vessels, through model building and depth imaging.

Other

Other 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 presents a full income statement with split between operating segments over the EBITDA line monthly. The Group also includes the statement of financial position in monthly reporting however the statement of financial position is not reported specifically per segment.

The Group operates worldwide 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.

(In thousands of USD)

2024	Marine Acquisition	Multi-Client	Software, Processing & Imaging	Other	Total
Income statement					
Total operating revenue and other income*	572,095	18,397	27,591	1,738	619,821
Cost of sales	386,674	-	24,477	15,534	426,685
Sales, general and administration cost	-	-	-	34,093	34,093
EBITDA**	**185,421**	**18,397**	**3,114**	**(47,889)**	**159,043**
Depreciation and amortisation	138,955	442	890	4,311	144,598
Other losses (gains) net	-	-	-	(2,673)	(2,673)
Operating profit EBIT	**46,466**	**17,955**	**2,224**	**(49,528)**	**17,117**
Interest income	-	-	-	3,225	3,225
Interest expense	(56,589)	-	(124)	(11,956)	(68,669)
Income tax expense	-	-	-	5,088	5,088
Net Income	**(10,123)**	**17,955**	**2,100**	**(63,346)**	**(53,414)**

* *Part of the income for the "Other"-column is funding received from external organisations in connection with research and development projects.*

** *EBITDA is earnings before interest, tax, depreciation, and amortisation. Costs related to Mergers and Acquisition (M&A) 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.*

Not allocated operating expenses relate to Sales, General and Administrative expenses for the Group's support functions as Sales, Marketing, Finance, Legal and Human Resources.

(In thousands of USD)

2024	Marine Acquisition	Multi-Client	Software, Processing & Imaging	Other	Total
Cash Flow					
Net income before taxes	**(10,123)**	**17,955**	**2,100**	**(58,258)**	**(48,326)**
Paid taxes	-	-	-	(2,149)	(2,149)
Depreciation and write down	138,955	442	890	4,311	144,598
Capitalised depreciation	-	-	-	-	-
Profit/loss on sale of vessels	-	-	-	(35)	(35)
Unrealised change in market value of shares	-	-	-	-	-
Interest income	-	-	-	(3,076)	(3,076)
Interest expenses	56,589	-	124	3,000	59,713
Interest received	-	-	-	3,076	3,076
Other non-cash financial items	-	-	-	5,269	5,269
Change in current assets / liabilities	-	-	-	(66,579)	(66,579)
Net Cash Flow from Operating activities	**185,421**	**18,397**	**3,114**	**(114,441)**	**92,490**
Payments related to CAPEX	(55,261)		(229)	(3,301)	(58,792)
Payments related to purchase of vessels	(41,200)	-	-	-	(41,200)
Payments for sale of equipment and vessels	185	-	-	-	185
Payments for sale of shares	-	-	-	-	-
Net cash flow from investment in subsidiaries	-	-	-	(350)	(350)
Investment in Multi-Client Library	-	(22,198)	-	-	(22,198)
Net Cash Flow from Investing activities	**(96,276)**	**(22,198)**	**(229)**	**(3,651)**	**(122,355)**
Capital increase	-	-	-	-	-
Drawdown of loans	706,200	-	-	-	706,200
Repayment of loans	(680,921)	-	-	-	(680,921)
Repayment of shareholder loan	-	-	-	-	-
Drawdown of shareholder loan	-	-	-	-	-
(Payment)/ Drawdown of overdraft account	-	-	-	-	-
Repayment of financial lease	-	-	-	(2,957)	(2,957)
Transaction costs	(8,950)	-	-	-	(8,950)
Net Interest paid	(39,002)	-	-	-	(39,002)
Net Cash Flow from Financing activities	**(22,673)**	**-**	**-**	**(2,957)**	**(25,630)**
Net Change in Cash Flow	**66,471**	**(3,801)**	**2,885**	**(121,050)**	**(55,496)**

(In thousands of USD) 2023	Marine Acquisition	Multi-Client	Software, Processing & Imaging	Other	Total
Income statement					
Total operating revenue and other income*	883,615	-	27,789	10,567	921,971
Cost of sales	606,852	-	22,448	20,523	649,823
Sales, general and administration cost	-	-	-	29,524	29,524
EBITDA**	**276,763**	**-**	**5,342**	**(39,481)**	**242,624**
Depreciation and amortisation	123,717	-	918	4,316	128,951
Other losses (gains) net	-	-	(84)	1,369	1,285
Operating profit EBIT	**153,046**	**-**	**4,508**	**(45,166)**	**112,388**
Interest income	-	-	-	5,621	5,621
Interest expense	(60,839)	-	(31)	(6,898)	(67,768)
Income tax expense	-	-	-	3,038	3,038
Net Income	**92,207**	**-**	**4,477**	**(49,481)**	**47,202**

* *Part of the income for the "Other"-column is funding received from external organisations in connection with research and development projects.*

** *EBITDA is earnings before interest, tax, depreciation, and amortisation. Costs related to Mergers and Acquisition (M&A) 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.*

(In thousands of USD) 2023	Marine Acquisition	Multi-Client	Software, Processing & Imaging	Other	Total
Cash Flow					
Net income before taxes	92,207	-	4,477	(46,443)	50,241
Paid tax	-	-	-	(2,321)	(2,321)
Depreciation and amortisation	123,717	-	918	4,316	128,951
Capitalised depreciation	(1,324)	-	-	-	(1,324)
Profit/loss on sale of equipment and vessels	(3,767)	-	-	-	(3,767)
Unrealised change in market value of shares	-	-	-	-	-
Interest income	-	-	-	(5,544)	(5,544)
Interest expenses	60,839	-	31	1,743	62,613
Interest received	-	-	-	5,544	5,544
Other non-cash financial items	-	-	-	923	923
Change in current assets / liabilities	-	-	-	74,372	74,372
Net Cash Flow from Operating activities	**271,672**	**-**	**5,426**	**32,590**	**309,687**
Payments related to CAPEX	(61,496)	-	(609)	(1,003)	(63,108)
Payments related to purchase of vessels	(40,500)	-	-	-	(40,500)
Payments for sale of equipment and vessels	7,550	-	-	-	7,550
Payments for sale of shares	-	-	-	-	-
Net cash flow from investment in subsidiaries	-	-	-	(1,130)	(1,130)
Investment in Multi-Client Library	-	-	-	-	-
Net Cash Flow from Investing activities	**(94,446)**	**-**	**(609)**	**(2,133)**	**(97,189)**
Capital increase	-	-	-	-	-
Drawdown of loans	40,500	-	-	-	40,500
Repayment of loans	(110,821)	-	-	-	(110,821)
Repayment of shareholder loan	(30,273)	-	-	-	(30,273)
Drawdown of shareholder loan	-	-	-	-	-
(Payment)/ Drawdown of overdraft account	(5,178)	-	-	-	(5,178)
Repayment of financial lease	-	-	-	(3,208)	(3,208)
Transaction costs	-	-	-	-	-
Net Interest paid	(47,004)	-	-	-	(47,004)
Net Cash Flow from Financing activities	**(152,776)**	**-**	**-**	**(3,208)**	**(155,984)**
Net Change in Cash Flow	**24,450**	**-**	**4,817**	**27,249**	**56,515**

Multi-Client

Shearwater has since its inception in 2016 had proprietary contract market as its core. Over the recent years there has been demand from certain clients for seismic studies in a mode more similar to a multi-contract setup (converted contracts). Shearwater carried out project work in the Orange Basin in Namibia in 2023 which shared elements of a converted contract setup, where the company was entitled to a variable consideration based on subsequent sales from the survey. At that point in time, Shearwater had limited visibility on late sale potential of converted contract engagements, as the organisation had yet to build track record and experience within the market for such contracts, and the project was reported within the Marine Acquisition segment in 2023. Based on the experience with the Orange Basin and in tune with the continued market demand for converted contracts, Shearwater established in 2024 a focused multi-client business to manage contracts that shared characteristics of a multi-client mode in place of a traditional proprietary contract survey, as well as any direct interest in traditional multi-client projects. For converted projects, the customer contracts will include variable consideration based on subsequent sale performance, and the customers will typically be multi-client seismic companies. Projects classified as direct participation in multi-client libraries will typically have oil companies as customers. Costs incurred to develop the multi-client library are recognised as an intangible asset.

The Orange Basin project work shared elements of a multi-client setup, and it is the Group's opinion that the late sale performance, that occurred in 2024, is attributable to the Multi-Client business unit. In 2024, Shearwater had commenced and completed the first season of data acquisition at the Pelotas Basin in Brazil. Amortisation of the project started in December 2024, consequently the reported costs from the Multi-Client segment for the year is limited. At year-end, Shearwater committed itself to start a new season of data acquisition from the Pelotas Basin, which commenced in early 2025 and mobilisation for the project started in late 2024. Based on commercial interest for the Pelotas season one and season two data, Shearwater has not carried out accelerated amortisation of the Pelotas season one Multi-Client library. Likewise, there are not identified any impairment indicator at year-end 2024 of the Multi-Client library for the Pelotas Basin Multi-Client project. Revenues generated from the Multi-Client segment in 2024 are related to Brazil Pelotas season one and late sales generated from the Namibia Orange Basin project.

Revenue from Contracts with Customers

Accounting policies

Revenue from contracts with customers arises primarily from performance of proprietary/exclusive seismic services in accordance with customer specifications. Revenue is recognised at the amount that the Group expects to be entitled to and expects to collect under the contract. (If a contract has multiple performance obligations, consideration is allocated among the performance obligations based on their estimated relative fair values).
Where the Group has satisfied its performance obligations and has a right to consideration, accrued revenue is recognised.

Performance obligations

Marine Acquisition

Exclusive contracts

The Group performs seismic services under contract in accordance with customer specifications. Such service contracts are considered to contain one performance obligation. This performance obligation is considered satisfied over time because the Group performs the service at the customer specification, the resultant data is owned by the customer and the Group has no alternative right to otherwise use or benefit from the resultant data. The Group recognises proprietary/contract revenue over time as the services are performed and the Group is entitled to the compensation under the contract. Depending on nature of the contract, progress is measured either based on square kilometres or time progressed.

Mobilisation revenue and cost

Mobilisation fee and the related mobilisation costs of moving the seismic vessel and its crew from one location to the location specified by the contract is deferred and charged to expense over the contract duration based on percentage of completion. The estimated probable future economic inflows are documented at inception and cover the costs capitalised or deferred. If the projects are not able to cover all the costs which could be capitalised or deferred, then only those costs that are recoverable are capitalised/deferred.

The performance obligation is satisfied over time and payment is generally due monthly or upon defined project milestones. In the instance the customer contract includes both marine acquisition and processing, the Group divides the revenue proportionately based on expected costs, which is an estimate of relative standalone selling price.

Multi-Client

Pre-funding or early sales revenue

Pre-funding revenue is typically required before a project is sanctioned and covers a part of the cost to mobilise a vessel and a percentage of the acquisition cost. Pre-funding revenue is typically with a limited number of clients and in return they will usually be able to direct or influence the survey design and gain access to data during acquisition. This is considered to be a ‘right to use license’, meaning that the performance obligation of Multi-Client pre-funding revenue is satisfied at a point in time when the customer has received the underlying data/license is transferred. All revenue relating to the contract is recognised at this point in time. Before this point in time, it is concluded that the underlying data is controlled by Shearwater.

Late sales revenue

Late sales revenue is sale of finished data and is typically earned when the acquisition and processing of the data is complete and all or part of the data is licensed to clients on a ‘right to use’ basis. The performance obligation is satisfied at a point in time when the customer has received the underlying data and all revenue is recognised at this point in time.

Contingent revenue

Multi-Client licences typically contain clauses that require the customer to pay additional fees when specific triggering events occur. These can be a customer award of acreage, known as an uplift fee, or change of ownership, known as a transfer fee. As the data has already been delivered to the client there is no further performance obligation, and the revenue is recognised when the triggering event takes place.

Partners

On certain projects, Shearwater will invest in a project together with another party based on cooperation agreements where revenue and costs will be shared. Typically, they are joint operations where both parties have rights to the assets and share of the liabilities. Shearwater will recognise it’s share of the investment in the Multi-Client library, and it’s share of the revenues from the sale of the survey. Typically, in these arrangements one party will take the lead to market the survey and enter licence contracts with the customer. Revenue and accounts receivables will be recognised on a net basis in Shearwater’s financial statements.

Software, Processing & Imaging

Processing and Imaging

The Group performs Processing and Imaging under contract in accordance with customer specifications. Such service contracts are considered to contain one performance obligation. This performance obligation is considered satisfied over time because the Group performs the service at the customer specification, the resultant data is owned by the customer and the Group has no alternative right to otherwise use or benefit from the resultant data. The Group recognises proprietary/contract revenue over time as the services are performed and the Group is entitled to the compensation under the contract. Progress for processing and imaging services are measured based on a model considering both working hours and processing.

Software

Depending on type of contract, the performance obligation is measured as a combination of performance over time and at a point in time. Most customers purchase and install the Reveal software, generating revenue recognised at one point in time for the Group. Maintenance, which includes program updates, are recognised over time while licenses include a combination of the two. Payment is generally due monthly.

Other

The performance obligation is generally satisfied over time and payment due monthly. Other income that occurs on ad hoc basis and not a natural part of the Group's defined segments is often considered satisfied at a point in time.

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

	Year Ended	
Products and Service Lines	**31 Dec**	**31 Dec**
(In thousands of USD)	**2024**	**2023**
Marine Acquisition	572,095	883,615
Software, Processing & Imaging	27,591	27,789
Multi-Client	18,397	-
Other	-	-
Revenue from Contract with Customers	**618,083**	**911,404**
Other income Marine Acquisition	35	3,767
Other income*	1,703	6,799
Total	**619,821**	**921,971**
Timing of Revenue Recognition		
Point in time	20,407	2,222
Services transferred over time	597,676	909,182
Total Revenue from Contract with Customers	**618,083**	**911,404**

** Other income also includes insurance settlements which is recognised when payment is considered virtually certain.*

Aggregate revenues from a single external customer amounting to 10 per cent or more of total revenues in 2024:

Customer	**Marine Acquisition**	**Multi-Client**	**Software, Processing & Imaging**	**Other**	**Total**	**% of Total revenue**
Customer 1	185,456	-	1,295	-	186,751	30%
Customer 2	135,103	-	-	-	135,103	22%
Total	320,558	-	1,295	0	321,854	52%

Aggregate revenues from a single external customer amounting to 10 per cent or more of total revenues in 2023:

Customer	**Marine Acquisition**	**Multi-Client**	**Software, Processing & Imaging**	**Other**	**Total**	**% of Total revenue**
Customer 1	147,636	-	-	-	147,636	16%
Customer 2	133,679	-	6,046	-	139,725	15%
Customer 3	114,284	-	-	-	114,284	12%
Customer 4	108,977	-	1,318	-	110,295	12%
Total	504,576	-	7,364	-	511,941	56%

Net operating revenue by geography*

	Year Ended	
	31 Dec	**31 Dec**
(In thousands of USD)	**2024**	**2023**
Europe, Africa and Middle East - EAME	210,254	374,544
Asia / Pacific - APAC	340,833	251,820
North and South America - NSA	68,734	295,607
Total	**619,821**	**921,971**
Net Operating Revenue in country of domicile		
Norway	50,492	80,880
Total	**50,492**	**80,880**

**The geographic classification of revenue is based upon location of performance.*

Assets and liabilities related to contracts with customers

Accounting policies

Trade receivables are non-interest bearing and primarily on terms of 30 to 60 days. Receivables, invoiced after balance sheet date are initially recognised as revenue earned. This is generally related to marine acquisition and imaging projects awaiting a final confirmation of work done for the period before invoicing can be finalised. Contract liabilities consists of revenue billed as well as accrued costs to be billed, but not yet recognised. The Group expects all deferred revenues to be recognised within one year.

The Group has recognised the following assets and liabilities related to contracts with customers:

	Year Ended		
Assets related to Contract with Customers	**31 Dec**	**31 Dec**	**1 Jan**
(In thousands of USD)	**2024**	**2023**	**2023**
Trade Receivables	75,001	34,032	77,798
Mobilisation and Transit Costs recognised (costs to fulfil a contract)	17,120	6,679	13,860
Receivables, invoiced after balance sheet date	48,272	50,846	89,186
Total	**140,393**	**91,556**	**180,844**
Contract liabilities	**31 Dec**	**31 Dec**	**31 Dec**
(In thousands of USD)	**2024**	**2023**	**2022**
Prepayments from Customers / Deferred Revenues	21,503	6,778	20,751
Total	**21,503**	**6,778**	**20,751**
Expected delivery of remaining Performance Obligations	**31 Dec**	**31 Dec**	**31 Dec**
(In thousands of USD)	**2024**	**2023**	**2022**
Within one year	337,237	413,668	551,643
More than one year	-	-	-
Total	**337,237**	**413,668**	**551,643**

Assets recognised from costs to fulfil a contract

With reference to the contract balances above, the Group's work in progress consists of costs related to mobilisation of the vessel and transit costs, costs accrued during transit from one project to start of mobilisation for the next project. These costs are amortised on a straight-line basis over the term of the specific contract it relates to, consistent with the pattern of recognition of the associated revenue.

	Year Ended		
	31 Dec	31 Dec	1 Jan
(In thousands of USD)	2024	2023	2023
Assets recognised from costs incurred to fulfil a contract	17,120	6,679	13,860
Amortisation recognised as cost of providing services during the period	(51,301)	(30,853)	(3,646)

NOTE 5: SPECIFICATION COST OF SALES

	Year Ended	
	31 Dec	31 Dec
(In thousands of USD)	2024	2023
Vessel operating cost	386,674	606,852
Processing and Imaging cost	24,477	22,448
Other	15,534	20,523
Total Cost of Sales*	**426,685**	**649,823**

* *Cost of Sales is excluding depreciation and amortisation*

NOTE 6: SALARIES AND OTHER PERSONNEL COSTS, AND BOARD OF DIRECTORS REMUNERATION

Number of employees in the Group as of year-end:

Location	2024	2023
Offshore	626	610
Norway offices	171	156
UK office	206	194
US office	49	41
Malaysia offices	162	155
Singapore/ Australia/ India offices	34	27
Brazil office	12	8
Other locations	13	9
Total employees	**1,273**	**1,200**

The Group has seen an increase in salary and personnel expenses which is due to a steady increase of both offshore and office employees during 2024. Total man-years at year end 2024 was 1,273 (2023: 1,200 man-years).

(In thousands of USD)	2024	2023
Salary cost	119,431	113,282
Social security	4,100	3,514
Pension and insurance cost	12,600	9,882
Other benefits	11,027	3,799
Total Salary and Benefits cost	**147,158**	**130,477**

Presentation of Salary and Benefits cost in the Income Statement:

(In thousands of USD)	2024	2023
Included in Cost of Sales	126,438	114,312
Included in Sales, general and administration cost	20,720	16,165
Total Salary and Benefits cost	**147,158**	**130,477**

Management Remuneration

2024

(In thousands of USD)

Name	Position	No of shares	Fixed salary	Bonus	Other benefits	Pension premium	Total
Irene W. Basili	Chief Executive Officer	133	625	97	9	49	779
Andreas H. Aubert	Chief Financial Officer	75	416	46	6	27	496
Peter Hooper	Chief Commercial Officer	117	417	46	6	27	496
Massimo Virgilio(3)	Chief Technology Officer	-	326	36	4	18	384
Antonio Stempel	SVP Marine Acquisition	-	338	41	4	27	410
Simon Telfer	SVP SPI	16	311	37	4	25	376
Tanya Herwanger	SVP Strategy & New Markets	-	258	28	8	18	311
Philippa Box	SVP Human Resources	-	176	19	2	14	212
Gunnvor Dyrdi Remøy	General Counsel	-	192	20	4	5	221
Total Management remuneration(1), (2)		**341**	**3,058**	**371**	**46**	**211**	**3,686**

1) Amounts in currencies other than USD have been translated to USD using average exchange rate for the year
2) The number of A-/ B-shares is shown as the number of shares following the 200 for 1 reverse share split completed in 2023
3) Left Management Team 09.01.2025

Included in the CEO's contract is a severance package of 12 months' pay.

Management Remuneration

2023

(In thousands of USD)

Name	Position	No of A-/ B-shares	Fixed salary	Bonus	Other benefits	Pension premium	Total
Irene W. Basili	Chief Executive Officer	133	564	134	3	35	735
Andreas H. Aubert	Chief Financial Officer	75	379	91	4	19	493
Peter Hooper	Chief Commercial Officer	117	382	92	3	19	497
Massimo Virgilio	Chief Technology Officer	-	301	72	3	13	389
Antonio Stempel	SVP Marine Acquisition	-	290	58	3	32	382
Simon Telfer	SVP SPI	16	289	70	2	38	400
Tanya Herwanger(3)	SVP Strategy & New Markets	-	222	-	5	19	246
Philippa Box	SVP Human Resources	-	140	17	1	32	190
Gunnvor Dyrdi Remøy	General Counsel	-	155	25	2	3	185
Total Management remuneration(1), (2)		**341**	**2,723**	**559**	**26**	**208**	**3,517**

1) Amounts in currencies other than USD have been translated to USD using average exchange rate for the year
2) The number of A-/ B-shares is shown as the number of shares following the 200 for 1 reverse share split completed in 2023.
3) Part of Management Team since 15.02.2023

Board of Directors

The Board of Directors receives no compensation from Shearwater Geoservices AS. The Chairman of the board and one of the board members receive Board of Directors' compensation as chairman and board member of the Shearwater Geoservices Holding AS' Board of Directors. The other board member receive compensation through ordinary salary as an employee of the subsidiary Shearwater Geoservices Norway AS.

Pensions

Accounting policies

The companies in the group have a defined contribution plan. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior period. The Group has no further payment obligations once the contributions have been paid. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity for pension, based on obligatory, agreed on or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

All employees not eligible for coverage under the defined contribution plans in Norway and the UK are eligible to participate in pension plans in accordance with local industrial, tax and social regulations. All of these plans are considered defined contribution plans. For some of these plans, subject to statutory limitations, employees may make voluntary contributions in addition to the Group's contributions.

The pension expenses in the income statement for 2024 is USD 4,457 thousand while 2023 totalled to USD 3,109 thousand.

Shares and share option scheme

Accounting policies

In 2018, a share and share option scheme was established, where the members of the management team and other employees holding key positions were given the opportunity to buy B shares in Shearwater Geoservices Holding AS, as well as being awarded options for five tranches, with the last tranche awarded at the end of 2021. Each of the members were given the opportunity to buy the B shares at the same price as the other shareholders subscribed to A shares in Shearwater Geoservices Holding AS, at NOK 50 per share. With each B share purchased came the right to purchase a further share (warrant) at NOK 50 per share. For the options set out in the agreement in 2018, the strike price on the options was set to NOK 50 per share, with a monthly increase of the strike price of 0.8%, with the first increase calculated in September 2017.

In 2022 the option scheme was extended to include options awarded at the end of 2022 at the same strike price as for the options awarded under the program in 2018. The strike price at the beginning of 2024 was NOK 91.62 (2023: NOK 83.26) and NOK 98.43 at the end of 2024 (2023: 91.62).

No options has be granted during 2024 or 2023. No options have been forfeited, exercised, or expired since the establishment of the share option scheme in 2018.

The strike prices described in this note, as well as the table below showing the number of warrants and options held by the management team, are not updated to reflect the 200 for 1 reverse share split completed in 2023. Should the warrants and or options be exercised the strike price as well as the number of warrants or options will have to be adjusted accordingly.

Total number of warrants and options, all fully vested, held by each participant:

		31 December 2024		31 December 2023		1 January 2023	
Name	Position	Number of Warrants	Number of Options	Number of Warrants	Number of Options	Number of Warrants	Number of Options
Irene W. Basili	Chief Executive Officer	20,000	163,978	20,000	163,978	20,000	163,978
Andreas H. Aubert	Chief Financial Officer	10,000	81,990	10,000	81,990	10,000	81,990
Peter Hooper	Chief Commercial Officer	20,000	136,650	20,000	136,650	20,000	136,650
Massimo Virgilio**	Chief Technology Officer	-	8,000	-	8,000	-	8,000
Antonio Stempel	SVP Marine Acquisition	-	8,000	-	8,000	-	8,000
Simon Telfer	SVP SPI	3,036	10,932	3,036	10,932	3,036	10,932
Gunnvor Dyrdi Remøy	General Counsel	-	8,000	-	8,000	-	8,000
Total Management Team		**53,036**	**417,550**	**53,036**	**417,550**	**53,036**	**417,550**
Other employees*		34,144	118,428	34,144	118,428	34,144	118,428
Total		**87,180**	**535,978**	**87,180**	**535,978**	**87,180**	**535,978**

**Other employees include previous Management Team members and Key Personnel*

***Left Management Team 09.01.2025*

The 2018 scheme was amended in December 2022 providing an extended exercise period until May 2025. We do not consider the extension to have a material fair value effect due to additional restrictive constraints on the exercise of the options for key employees. It is significant uncertainty in calculating the fair value of the options in a non-listed company. The estimated fair value is based on available prices discounted for liquidity premium and increased restrictions in the 2022 amendments. The share option scheme has limited number of members and number of options granted. The value of the stock options awarded in 2022 has not been recognised in the financial statements as the estimated attributable value is deemed not material in 2022.

Long term incentive program

In 2024, Shearwater introduced a new share-based long-term incentive program (LTIP) for selected employees. The purpose of the program is to motivate participants by providing them with an opportunity to share in the company's long-term success. The program requires participants to pursue common key performance indicators (KPIs) aligned with the strategic direction of the Shearwater group. In addition to meeting the KPIs, each individual must be employed at the vesting date. A Performance Share Unit (PSU) is a unit of measurement used in the LTIP, which can be converted into shares in Shearwater Geoservices Holding AS. The PSUs are converted to shares at a 100:1 ratio, meaning 100 PSUs will be converted to 1 share in Shearwater Geoservices Holding AS.

The KPIs are set annually by the Management team and the Board of Directors. Participation is not automatic by position and enrolment will be reviewed by the Management Team annually. Enrolment in the program is determined each year based on specific criteria.The Board has the discretion to make certain awards under the new scheme to the management team based on the period's performance. However, these awards are fully at the Board's discretion and not based on predefined KPIs.

Total number of Performance Shares Units (PSU) awarded in 2024, all with vesting date 31.12.2025, held by each Management team member at end of the year:

Name	Position	Number of PSUs
Irene W. Basili	Chief Executive Officer	6,240
Andreas H. Aubert	Chief Financial Officer	2,196
Peter Hooper	Chief Commercial Officer	2,196
Massimo Virgilio*	Chief Technology Officer	2,196
Antonio Stempel	SVP Marine Acquisition	2,196
Simon Telfer	SVP SPI	2,196
Tanya Herwanger	SVP Strategy & New Markets	2,196
Philippa Box	SVP Human Resources	754
Gunnvor Dyrdi Remøy	General Counsel	754
Total Management Team		**20,924**

**Left Management Team 09.01.2025*

NOTE 7: AUDITOR'S FEE

	Year Ended	
	31 Dec	31 Dec
(In thousands of USD)	2024	2023
Statutory audit	476	526
Other attestation services	-	12
Statutory audit required by law	**476**	**539**
Other services outside the audit scope	85	70
Tax advice	45	49
Other services	**130**	**119**
Total auditor's fee *	**606**	**658**

** Included in Sales, General and Administration cost*

Of statutory audit fee in 2024, USD 149 thousand relates to subsidiaries audited by other audit firms than the parent company (2023: USD 117 thousand). The audit fee is excluding VAT.

NOTE 8: FINANCIAL INCOME AND EXPENSES

	Year Ended	
	31 Dec	31 Dec
(In thousand of USD)	2024	2023
Interest income	3,076	5,544
Mark-to-Market (currency, bunkers and interest swap)	5	67
Other financial income	143	9
Total financial income	**3,225**	**5,621**
Interest on loans	58,848	61,807
Interest on leases	865	806
Total interest expenses	**59,713**	**62,613**
Other financial cost	8,956	5,155
Total financial expenses	**68,669**	**67,768**
Net financial income (+) / expenses (-)	**(65,444)**	**(62,147)**

Net currency gain of USD 2,678 thousand (2023: net loss USD 1,285 thousand) related to Operating Activities is shown as Other Losses (Gains) in the income statement.

NOTE 9: TAX

Accounting policies

Income tax expense represents the sum of the current tax expense (or recovery) plus the change in Deferred tax liabilities and asset during the period, except for current and deferred income tax relating to items recognised directly in equity, in which case the tax is also recognised directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period. The income tax rate in Norway is 22%. Deferred tax/liability on all temporary differences in the Norwegian group companies are calculated using a tax rate of 22%.

Deferred tax assets and liabilities are calculated using the liability method for all temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and for tax purposes, including tax losses carried forward. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred income tax is recognised on temporary differences arising on investments in subsidiaries, associates, and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.
The Group includes deductions/benefits from uncertain tax positions when it is probable that the tax position will be ultimately sustained.

The carrying amount of deferred income tax assets is reviewed at the end of the reporting period 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 utilised. Unrecognised deferred income tax assets are reassessed at each end of the reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The probability assessment is based on Management's judgement and estimates in regard to future taxable income and tax planning opportunities.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes are related to the same taxable entity and the same taxation authority. Deferred tax is classified as long-term in the consolidated statements of financial position.

	Year Ended	
	31 Dec	**31 Dec**
(In thousands of USD)	**2024**	**2023**
Tax payable	5,670	3,056
Change in deferred tax/ tax assets	(582)	(18)
Income tax expense	**5,088**	**3,038**
Reconciliation of income tax expense for the year:		
Net income before taxes	(48,326)	50,241
Norwegian statutory tax rate	22%	22%
Estimated tax	(10,632)	11,053
Change in deferred tax assets not recognised	16,008	53,450
Permanent differences including effects of tonnage tax regime and tax rates other than statutory tax rate in Norway	(289)	(61,464)
Income tax expense (income)	**5,088**	**3,038**
Deferred tax liabilities/ assets		
Fixed assets	(3,542)	(8,699)
Profit and loss account	198	276
Tax losses carried forward	(192,181)	(137,464)
Deducted interests carried forward	(83,726)	(84,216)
Basis for calculation of deferred tax	**(281,308)**	**(230,103)**
Norwegian statutory tax rate	22%	22%
Deferred tax assets in Norwegian tonnage tax companies	-	-
Deferred tax assets in other tax jurisdictions	2,039	120
Deferred tax assets in the statement of financial position	**2,039**	**120**
Deferred tax liabilities in Norwegian tonnage tax companies	758	701
Deferred tax liabilities from other tax jurisdictions	2	13
Deferred tax liabilities in the statement of financial position	**760**	**714**
Not recognised deferred tax asset Norwegian entities	(54,898)	(43,650)
Not recognised deferred tax asset UK entity	(14,560)	(9,800)

* *Relates to tax effect of additional group values of seismic equipment, engineering and manufacturing equipment and patents/software acquired in November 2018.*

Accounting judgements and key sources of estimation uncertainty

Deferred tax assets are recognised in the balance sheet when it is probable that the company will have sufficient future taxable profit to benefit from the tax asset. Significant management judgment is required to estimate the amount of deferred tax assets that can be recognised in the balance sheet. By end of 2024 the Group had Tax Losses Carried forward totalling to USD 192.2 million (2023: 137.5 million) where of nil is basis for capitalisation. The disclosure of Deferred tax benefits on Net tax reducing differences and carry forward losses, is based on estimated future earnings. Although the Group's budget and current market are expecting profitability in the coming years, the Group does not expect to be able to utilise the deferred tax assets through taxable profits in the Norwegian tax jurisdiction in the very near future, due to part of the Group being inside a tonnage tax regime. In accordance with IAS 12's requirement of sufficient convincing evidence, the Group has not recognised the Deferred Tax asset.

NOTE 10: TANGIBLE, NON-CURRENT ASSETS

Accounting policies

Property, plant, and equipment acquired by the Group are presented at historical cost less accumulated depreciation and impairment changes. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Periodic maintenance (class docking, major inspections and overhauls) occur at regular intervals over the life of a vessel. The expenditure is capitalised and depreciated until the vessel enters the next periodic maintenance. Estimated life for each periodic maintenance program is normally three years. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on items of property, plant and equipment are mainly depreciated using the straight-line method to allocate their cost to their residual values. One of the subsidiaries is using depreciation by production. The level of depreciation depends on the calculated residual value. The assets' useful lives and residual values are estimated at each balance sheet date and adjusted if necessary. Depreciation charged to the income statement is reflecting estimated useful lifetime for the vessels and equipment.

Impairment of tangible, non-current assets

The Group assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of each cash-generating unit (CGU) is estimated. The recoverable amount is the higher of fair value less of disposal cost and value in use. If the recoverable amount of a CGU is estimated to be less than the carrying value of the net assets of the cash-generating unit, impairment to the recoverable amount is recognised in the income statement. If impairment is required, goodwill is written down first, thereafter other intangible assets. Impairment losses recognised in previous periods are reversed if the recoverable amount in a later period exceeds the carrying amount. The reversal will not exceed the carrying value that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods. The Group considers the fleet of vessels and associated seismic equipment as a single CGU, because the fleet is managed to maximise the total cash flows from marine acquisition of seismic data. Any customer contract can be fulfilled by using a range of different vessels, and the seismic equipment can be moved between vessels. Some customer contracts can be fulfilled by using more than one vessel. In addition, decisions about the numbers of vessels in operation influences the market price for seismic data.

(In thousands of USD)	Seismic vessels	Seismic equipment	Manufacturing & Engineering equipment	Office equipment	Right of use asset	Total
Cost:						
Acquisition cost at 1 January 2024	1,183,874	349,884	13,402	8,557	20,192	1,575,909
Additional capital expenditures	63,261	31,764	245	4,722	3,080	103,072
Acquisition cost at 31 December 2024	**1,247,135**	**381,648**	**13,647**	**13,279**	**23,272**	**1,678,981**
Accumulated depreciation:						
Balance at 1 January 2024	288,626	258,777	11,438	4,910	13,047	576,798
Depreciation for the period	70,032	45,760	248	1,210	2,647	119,897
Depreciation periodical maintenance for the period	23,106	-	-	-	-	23,106
Accumulated depreciation at 31 December 2024	**381,764**	**304,537**	**11,686**	**6,120**	**15,694**	**719,801**
Balance sheet values at 31 December 2024	**865,372**	**77,111**	**1,961**	**7,159**	**7,578**	**959,181**
Estimated useful lifetime	*3 / 25 yrs.*	*3 to 7 yrs.*	*3 to 7 yrs.*	*3 to 5 yrs.*	*1 to 5 yrs.*	

Seismic vessels have an estimated useful life of 25 years, while periodic maintenance is depreciated over 3 years.

The Group owns and operate a fleet of 23 equipped seismic vessels offering a full range of acquisition services including 2D, 3D, 4D and Ocean Bottom Seismic (OBS), whereof 9.8 vessels were active on average during 2024.

Other assets (Right of use) are Office and Warehouse buildings 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. Total short-term leases not capitalised at the end of the year totals to USD 11.5 million (2023: USD 10.3 million), please see note 16.

(In thousands of USD)	Seismic vessels	Seismic equipment	Manufacturing & Engineering equipment	Office equipment	Right of use asset	Total
Cost:						
Acquisition cost at 1 January 2023	1,121,882	326,414	12,278	6,396	20,192	1,487,162
Additional capital expenditures	75,587	23,517	1,124	2,162	-	102,390
Sale of equipment	(13,595)	(47)	-	-	-	(13,642)
Acquisition cost at 31 December 2023	**1,183,874**	**349,884**	**13,402**	**8,557**	**20,192**	**1,575,909**
Accumulated depreciation:						
Balance at 1 January 2023	215,309	216,650	10,152	3,904	10,781	456,796
Depreciation for the period	63,124	43,617	1,286	1,006	2,266	111,299
Depreciation periodical maintenance for the period	14,631	-	-	-	-	14,631
Less disposals during the year	(4,054)	(550)	-	-	-	(4,604)
Deferred mob cost	(384)	(940)		-	-	(1,324)
Accumulated depreciation at 31 December 2023	**288,626**	**258,777**	**11,438**	**4,910**	**13,047**	**576,798**
Balance sheet values at 31 December 2023	**895,249**	**91,107**	**1,964**	**3,647**	**7,145**	**999,111**
Estimated useful lifetime	*3 / 25 yrs.*	*3 to 7 yrs.*	*3 to 7 yrs.*	*3 to 5 yrs.*	*1 to 5 yrs.*	

Seismic vessels have an estimated useful life of 25 years, while periodic maintenance is depreciated over 3 years.

Impairment of seismic vessels and equipment

Accounting judgements and key sources of estimation uncertainty

Shearwater reviews the carrying value of its seismic vessels and equipment when events and changes in circumstances that indicate that the carrying value of these assets may not be recoverable. Over the past three years, the underlying activity in the seismic market has been stable, at a level which not all vessels in the Shearwater fleet are utilised. Combined with geopolitical uncertainty and the current investment level in oil and gas exploration activity, Shearwater has carried out impairment tests of the Group's seismic vessels and associated equipment at year-end 2024.

Value in use

The value in use for the fleet and associated equipment has been calculated as the present value of expected future cash flows using a discounted cash flow model. In estimating future cash flows for the seismic fleet, management has based the assessment on awarded projects as well as estimates about future rates. Management has forecasted cash flows for the next 15 years. Cash flows after the forecast period are extrapolated using constant growth rate for the remaining useful life of the fleet. Cash flows after the forecast period are adjusted to reflect differences in remaining useful life for the vessels.

Management has also obtained broker valuations of all the vessels in the fleet. Management have compared value in use with the broker estimates, to test whether the assumptions made are reasonable.

Discount rates and growth rate

The Group applied a pre-tax discount rate of 11.7% in determining discounted cash flows in connection with the impairment evaluations of seismic vessels at year-end. The rates reflect the estimated weighted average cost of capital for Group activities. The growth rate after the forecast period is set to 0%.

Sensitivity

Due to the inherent volatile nature of macro-economic factors such as future oil price, discount rate and changes to rules and regulations for seismic exploration, there is always a risk of change to the assumptions used.

A sensitivity analysis has been prepared for the Group's fleet and associated equipment. The sensitivity analysis includes changes in WACC, increased maintenance needs, fleet lifespan and EBITDA. No reasonable changes in assumptions would trigger an impairment as of 31 December 2024.

As value in use exceeds the carrying value of the vessels, no impairment was recognised at 31 December 2024.

Accounting judgements and estimation uncertainty

Estimating future cash flows requires management to make judgments regarding long-term forecasts of future revenues and costs related to the assets subject to review. These forecasts are subject to uncertainty as they require assumptions about demand for our products and services, future market conditions and technological developments. Significant and unanticipated changes in these assumptions could result in impairments in a future period.

Based on the impairment assessment of seismic vessels and associated equipment at year-end 2024, the Group has not made any impairment in 2024, nor was any impairments recognised for the comparable year, 2023.

NOTE 11: INTANGIBLE ASSETS

Accounting policies

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment. The cost of internally generated intangible assets, other than those specified below is expensed as incurred.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired entity at the date of acquisition. Goodwill on acquisitions of subsidiaries is classified as an intangible asset. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

The Group's goodwill is attributable to workforce. The Group's prior business combinations did not only increase Shearwater's Tangible assets and provide ownership of Patents and Software, but also key competence within the full range of geophysical acquisition techniques to ensure high quality performance throughout the Group's operation. The additions to Goodwill in 2023 is attributable to the purchase of the shares in Phoenix Engineering Systems Limited.

Multi-Client

Multi-Client projects are non-proprietary projects where Shearwater has either full or partial ownership of the seismic data being acquired and has the economic benefit to licence fees to multiple clients over the lifetime of the data (including transfer of the fees and farm in's). All costs directly attributable to the data acquisition and processing are capitalised and included as Multi-Client library value. This is costs such as costs of vessels, equipment, crew compensation, hardware and software, and mobilisation costs. The Multi-Client library are amortised over the expected useful life on a straight-line basis of four year, unless other facts indicate otherwise. An impairment charge, known as 'Accelerated amortisation' may be necessary if the recoverable amount (present value of expected late sales) is lower than net book value of the survey (capitalised cost of the survey). In certain circumstances, an impairment of the carrying value of a survey will be required. On a quarterly basis an assessment of whether there are any events and/or changes in circumstances indicating that the carrying value of the Multi-Client library may not be recoverable are be performed. If impairment triggers are identified, the recoverable amount will be estimated by calculating the value-in-use based on discounted estimates of the future sales forecasts. If the calculated value-in-use is lower than the carrying value, an impairment are recognised.

The Group's capitalised Multi-Client Library relates to data acquisition over the Pelotas Basin, Brazil.

Straight line amortisation

On completion of a project which is defined as a final processed product and after all associated costs are capitalised, the asset created will be amortised over the expected useful life on a straight-line basis. For most marine projects the expected useful life is four years, unless facts indicate that the economic life of the particular library is shorter.

Accelerated amortisation

When a project is completed, and after early sales are recognised, an impairment charge may be necessary if the recoverable amount (present value of expected late sales) is lower than net book value of the survey (capitalised cost of the survey). This type of impairment is referred to as 'accelerated amortisation' and should be booked to reflect the fact that sales for a survey may have been recognised disproportionately sooner than implied by the straight-line profile over the useful life.

Impairment evaluation of the Multi-Client Library

In certain circumstances, an impairment of the carrying value of a survey will be required. On a quarterly basis an assessment of whether there are any events and/or changes in circumstances indicating that the carrying value of the Multi-Client library may not be recoverable are be performed. These triggering events could be changes in licence round frequency, expectations regarding hydrocarbons in the area, farm in's and overall E&P spending. If impairment triggers are identified, the recoverable amount will be estimated. This is done by calculating the value-in-use based on discounted estimates of the future sales forecasts. The estimated future sales forecast should be based on the number of E&P companies operating in the area, the maturity and frequency of the expected licence rounds as well as expected farm in or relinquishment activity and general expectations of hydrocarbon discovery in the area. The Shearwater weighted average cost of capital should be used to discount the future cash flows. If the calculated value-in-use is lower than the carrying value, an impairment are recognised.

Research and development costs

Research costs are expensed as incurred. Capitalised development costs are amortised on a straight-line basis over the estimated useful life of the asset.

The Group's capitalised Research and Development reflects the direct consultants, materials and payroll costs related to the development of the Pearl Ocean Bottom Node in 2021 and 2022. During the course of 2023, Pearl entered a manufacturing phase, which will continue into 2024. SW Tasman vessel was fully equipped with 4282 nodes and is fully operational in the first quarter of 2024. Estimated commercial life for the technology is ten years, the capitalised cost for the Research and Development of the node will be amortised over the useful life from 2024.

Patents, licenses, and software

Patents, licenses, and technology are stated at cost less accumulated amortisation and accumulated impairment. Amortisation is calculated on a straight-line basis over 10 years which is the estimated period of benefit.

The Group's patents and software were acquired as part of a business combination in 2018 and were recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line basis on estimated useful lives. Additionally, through technology sale and transfer agreement in 2022, the Group acquired Intellectual Property and Software tools for a value of USD 1 million. The IP will be amortised on a straight-line over a 10-year period. When estimating fair value, one considers the possibility that the theoretical lifetime of the patent agreement can deviate from the underlying technology's actual lifetime as technology can become outdated before the patent agreement expires. The Group believes that the remaining patent life, which has an average lifetime of 10 years, is a reasonably proxy for the assets' useful life.

2024

(In thousands of USD)	Goodwill	Multi-Client Library	R&D	Patents and software	Total
Cost:					
Cost as of 1 January	3,267	-	6,740	29,212	39,219
Additions to cost	-	25,464	-	819	26,283
Cost as of 31 December	**3,267**	**25,464**	**6,740**	**30,031**	**65,502**
Amortisation:					
Amortisation as of 1 January	-	-	-	14,758	14,758
Amortisation expense	-	-	-	3,566	3,566
Amortisation and write-down MCS	-	442	-	-	442
Amortisation as of 31 December	**-**	**442**	**-**	**18,324**	**18,766**
Balance sheet values at 31 December	**3,267**	**25,023**	**6,740**	**11,707**	**46,736**
Estimated useful life				*10 years*	

2023

(In thousands of USD)	Goodwill	Multi-Client Library	R&D	Patents and software	Total
Cost:					
Cost as of 1 January	2,048	-	6,740	29,212	38,000
Additions to cost	1,219	-	-	-	1,219
Cost as of 31 December	**3,267**	**-**	**6,740**	**29,212**	**39,219**
Amortisation:					
Amortisation as of 1 January	-	-	-	11,737	11,737
Amortisation expense	-	-	-	3,021	3,021
Amortisation and write-down MCS	-	-	-	-	-
Amortisation as of 31 December	**-**	**-**	**-**	**14,758**	**14,758**
Balance sheet values at 31 December	**3,267**	**-**	**6,740**	**14,454**	**24,460**
Estimated useful life				*10 years*	

Impairment of intangible assets and goodwill

Accounting policies

Goodwill is not amortised but is tested for impairment annually or more frequently if there are indications that the value should be impaired. Other intangible assets and tangible assets are assessed for impairment whenever there is an indication that the asset may be impaired, minimum annually. The Group tests whether intangible assets have suffered any impairment on an annual basis.

Currently the Group is cautiously optimistic for the near future and further increase in day rates. In the long run it is our view that oil and gas will be a very important part of the global energy mix, and that the reserves today are not enough to meet the long-term demand. The current levels of activity level will lead to a substantial requirement for new streamers within the next few years as global streamer sets are well, and Shearwater's IP will maintain its value.

No impairment was made for intangible assets. For Goodwill, the assessment is supported by the impairment assessment of seismic vessels and equipment, disclosed in Note 10.

NOTE 12: LONG-TERM DEBT

Accounting policies

Borrowings are initially recognized at fair value when the funds are received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

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. At year end in 2024 USD 15.0 million is drawn from the revolving credit facility. The revolving credit facility is presented as long-term debt in the statement of financial position.

The financing structure prior to the refinancing in April 2024, was replaced entirely by the new structure. Before the refinancing, the Group had a 2-year Bond Replacement Facility approx. USD 100 million, entered in December 2022. Additionally, the Group entered into a short-term loan agreement with RASMUSSENGRUPPEN AS in the amount of NOK 300 million in 2022, which were repaid in August 2023. An USD 107.5 million facility and an 85.0 million convertible loan from shareholder RASMUSSENGRUPPEN AS (see note 19) financed the acquisition of streamers and six vessels in 2021 (see note 10). The 85.0 million convertible loan was issued to Shearwater Geoservices Holding AS, which subsequently issued an 85.0 million convertible loan to one of its subsidiaries. One of the group companies entered into an overdraft facility agreement in 2021, which had a maturity date in January 2025. The total available overdraft amount was USD 10.0 million, while no amounts was drawn at year end 2023. The overdraft facility was presented as short-term debt in the Group's statement of financial position at 31 December 2023 due to the general nature of an overdraft account.

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

(In thousands of USD)	Interest rate	Year of maturity	31 Dec 2024	31 Dec 2023	1 Jan 2023
Secured:					
Mortgage debt with floating interest	USD LIBOR + 6.0 %	2024-2026	-	473,971	500,733
Mortgage debt with fixed interest	USD CIRR 2.4 % + 2.5 %	2024-2027	-	80,715	108,267
Senior secure bank facility	USD SOFR 3M + 4.1%	2029	275,000	-	-
Senior secure Bond	USD 9.5%	2029	300,000	-	-
Revolving credit facility	USD SOFR 3M + 4.1%	2029	15,000	-	-
Drawn on overdraft facility	USD LIBOR + 4.2 %	2025	-	-	5,178
Amortisation effect, mortgage debt			(8,516)	(990)	(2,552)
Accrued interest expenses			13,011	558	1,035
Total secured			**594,496**	**554,253**	**612,661**
Unsecured:					
Convertible debt from shareholder with fixed interest	USD 7.0%	2026	-	-	30,556
Lease liabilities	Average 8.74%	2024-2030	8,601	7,721	10,178
Total unsecured			**8,601**	**7,721**	**40,734**
Total			**603,097**	**561,976**	**653,395**
Of which is classified as long-term debt			531,484	219,862	505,702
Of which is classified as long-term lease liabilities			6,542	5,510	7,714
Of which is classified as current portion of long-term debt			50,000	333,860	100,771
Of which is classified as short-term debt			13,011	533	36,744
Of which is classified as short-term lease liabilities			2,059	2,211	2,464

The secured long-term liabilities are secured over assets with a carrying amount of USD 1,132.6 million (2023: USD 1,174.3 million, 2022: 1,259.2 million), of which USD 43.4 million (2023: USD 88.2 million, 2022: 45.7 million) were bank deposits.

The Group's long-term financing agreements are subject to covenants. The covenants applies to the consolidated Shearwater Geoservices AS Group.

The Group's most important covenants from April 2024:

Bond loan covenants:

- Free liquidity: Minimum USD 30 million
- Equity ratio: Minimum 30%
- Working capital: Must be positive at all times

Bank facility covenants:

- Free liquidity (including undrawn revolving credit facility): Minimum USD 50 million
- Equity ratio: Minimum 30% from utilisation date to 30 June 2025, minimum 32.5% from 1 July 2025 to 31 December 2026, and minimum 35% from 1 January 2027
- Working capital: Must be positive at all times
- Leverage ratio: Maximum 4.0xx at all times

The Group has been compliant with the financial covenants at 31 December 2024 and 31 December 2023.

Liabilities from financing activities and other assets

2023			
(In thousands of USD)	**Borrowings**	**Leases**	**Total**
Carrying value as at 1 January	(643,217)	(10,178)	(653,395)
Cash changes:			
Repayment of long-term loan	110,821	-	110,821
Drawdown of long-term loan	(40,500)	-	(40,500)
Drawdown of shareholder loan	30,273	-	30,273
(Payment)/ Drawdown of overdraft account	5,178	-	5,178
Repayment of financial lease	-	3,208	3,208
Non-cash changes:			
Interest long-term debt added to facilities	(16,007)	-	(16,007)
Other non-cash movements	(1,855)	(943)	(2,798)
Foreign exchange adjustments	1,053	192	1,245
Carrying value as at 31 December	**(554,254)**	**(7,721)**	**(561,976)**

2024			
(In thousands of USD)	**Borrowings**	**Leases**	**Total**
Carrying value as at 1 January	(554,254)	(7,721)	(561,976)
Cash changes:			
Repayment of long-term loan	680,921	-	680,921
Drawdown of long-term loan	(706,200)	-	(706,200)
Repayment of shareholder loan	-	-	-
(Payment)/ Drawdown of overdraft account	-	-	-
Repayment of financial lease	-	2,957	2,957
Non-cash changes:			
Interest long-term debt added to facilities	(13,011)	-	(13,011)
Other non-cash movements	(1,951)	(3,865)	(5,816)
Foreign exchange adjustments	-	29	29
Carrying value as at 31 December	**(594,495)**	**(8,601)**	**(603,097)**
Of which is classified as long-term debt	531,484	-	531,484
Of which is classified as long-term lease liabilities	-	6,542	6,542
Of which is classified as current portion of long-term debt	50,000	-	50,000
Of which is classified as short-term debt	13,011	-	13,011
Of which is classified as short-term lease liabilities	-	2,059	2,059

NOTE 13: TRADE RECEIVABLES, INVENTORY, PRE-PAYMENTS, AND OTHER CURRENT RECEIVABLES

Accounting policies

Inventories

Inventories are stated at the lowest of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the Trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

After initial recognition Trade receivables and Contract assets are measured at amortised cost less provision for lifetime expected credit losses. Trade receivables and Contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 120 days past due. Impairment losses on Trade receivables and Contract assets are presented as Impairment within Operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

	Year Ended		
	31 Dec	**31 Dec**	**1 Jan**
(In thousand of USD)	**2024**	**2023**	**2023**
Assets recognised from costs incurred to fulfil a contract	17,120	6,679	13,860
Inventory	22,436	17,502	9,154
Fuel and other inventory onboard vessels	16,009	15,009	27,597
Prepaid cost	4,996	3,876	3,835
Other current assets	**60,561**	**43,065**	**54,446**
Trade receivables	75,001	34,032	77,798
Accrued, not invoiced revenue	33,535	39,183	83,277
Trade receivables	**108,536**	**73,215**	**161,076**
Taxes receivable in Brazil	11,661	3,241	6,636
Income tax receivable	-	670	-
Other short-term receivables	19,620	40,345	6,345
Other receivables	**31,282**	**44,256**	**12,981**

Ageing of Trade Receivables and Accrued, not invoiced revenue:

(In thousands of USD)	**Not due**	**< 30 days**	**30 - 60 days**	**60 - 90 days**	**> 90 days**	**Total**
2024	65,458	23,050	7,043	7,430	5,555	108,536
2023	68,663	2,139	3	121	2,289	73,215
2022	99,368	54,048	43	82	7,534	161,076

Of Trade Receivables 31 December 2024, USD 5,185 thousand are still outstanding receivables at the time the financial statement is signed. The Group has incurred a loss of USD 81 thousands on Trade receivables in 2024 (2023: nil). The Group's expected losses not accounted for are considered to be immaterial as of 31 December 2024. As such, the Group has not identified any material losses that should be accounted for.

NOTE 14: SHORT-TERM DEBT AND OTHER SHORT-TERM LIABILITIES

	Year Ended		
(In thousand of USD)	31 Dec 2024	31 Dec 2023	1 Jan 2023
Overdrafts	-	-	5,178
Short-term loan	-	-	30,556
Accrued interest	13,011	533	933
Short-term debt	**13,011**	**533**	**36,667**
Pre-paid revenue	21,769	7,044	20,751
National insurance contribution, payroll taxes and VAT	5,448	7,013	8,626
Accrued holiday allowance and other personnel charges	2,431	2,132	1,996
Other current liabilities	12,621	16,566	10,769
Other short-term liabilities	**42,270**	**32,756**	**42,142**

NOTE 15: CASH AND CASH EQUIVALENTS

Accounting policies

Cash includes Cash in hand and at bank. Cash equivalents are short-term liquid investments that can be immediately converted into a known amount of cash and have at initial recognition a maximum term to maturity of three months.

	Year Ended		
(In thousand of USD)	31 Dec 2024	31 Dec 2023	1 Jan 2023
Restricted cash *	1,044	1,646	1,332
Bank deposits	48,253	104,188	50,647
Total Cash and Cash Equivalents	**49,296**	**105,834**	**51,979**

* *Restricted cash contains both cash held for employee tax payments and cash used to provide guarantees to clients, vendors, and financial institutions.*

NOTE 16: LEASES

Accounting policies

The Group as a lessor

Currently the Group has no leases where the Group is the lessor.

Group as a lessee

To determine whether a contract contains a lease, it is considered whether the contract conveys the right to control the use of an identified asset. This is for the Group considered to only be the case for office leases and processing equipment. For the Group, these lease commitments resulted in the recognition of an asset (right-of-use) and a lease liability. The rental period is calculated based on the duration of the agreement plus any option periods if these with reasonable certainty will be exercised. Joint expenses etc. are not recognised in the lease liability for the rental contracts.

The future payments under each lease arrangement have been discounted using the incremental borrowing rate applicable to the leased assets to calculate the lease liability recognised on the date of adoption. The Group is utilising the practical expedients for short term leases for periods of 12 months or less and low value leases. Lease payments associated with short-term leases and leases of low-value assets are expensed on a straight-line basis.

The Group has non-cancellable lease commitments related to offices, warehouse buildings and processing equipment. In 2024 one of the Group companies entered into a new lease agreement for offices. The contract value was translated at the contract date and lease payments were discounted at 9.5%, which the Group consider to be its incremental borrowing rate at the initial measuring. The Group did not enter into any new material lease agreements in 2023.

Lease payments for right of use assets will be included under depreciation and financial cost in the Group's income statement (see note 10 and note 8).

The Group has the following lease commitments related to Right of Use Assets at the end of the year:

	Year Ended		
(In thousand of USD)	31 Dec 2024	31 Dec 2023	1 Jan 2023
Net carrying amount of Right to Use Assets (see note 9)	7,578	7,145	9,411
Net carrying amount of Right to Use Assets	**7,578**	**7,145**	**9,411**
Current portion of lease liability	2,059	2,211	2,464
Non-current lease liability	6,542	5,510	7,714
Total lease liability as of 31 December	**8,601**	**7,721**	**10,178**

Future minimum lease payments related to non-cancellable lease agreements are due as follows:

Total lease liability	31 Dec 2024	31 Dec 2023	1 Jan 2023
Within 1 year	2,787	2,913	3,284
From 1 to 5 years	7,448	7,312	7,859
More than 5 years	797	172	2,158
Future minimum lease payments	**11,032**	**10,397**	**13,301**

The Group charters in Support, Chase and ROV vessels generally on a project-to-project basis. As at year end the Group had future lease commitments related to charters of a total of USD 11.5 million (2023: USD 10.3 million, 2022: 35.1 million) not registered as Rights of Use Assets of which all were leases held for 12 months or less. Short term leases in Cost of sales totalled to USD 53.5 million in 2024 (2023: USD 125.7 million, 2022: 74.8 million).

NOTE 17: FINANCIAL INSTRUMENTS

1. Carrying amount and categories of financial assets and liabilities

The Group's financial assets and liabilities are included in the balance sheet as follows:

	31 December 2024		31 December 2023		1 January 2023	
(In thousand of USD)	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
ASSETS						
Financial assets at amortised cost						
Trade receivables	75,001	75,001	34,032	34,032	77,798	77,798
Accrued, not invoiced revenue	33,535	33,535	39,183	39,183	83,277	83,277
Cash and cash equivalents	49,296	49,296	105,834	105,834	51,979	51,979
Financial assets at fair value through profit and loss						
Investment in shares	350	350	-	-	-	-
Total financial assets	**158,183**	**158,183**	**179,049**	**179,049**	**213,054**	**213,054**
LIABILITIES						
Liabilities at amortised cost						
Interest bearing long-term debt	538,026	538,026	610,723	583,973	513,416	486,666
Interest bearing short-term debt	65,070	65,070	139,877	136,629	139,902	136,654
Trade payables	74,366	74,366	75,274	75,274	93,250	93,250
Total financial liabilities	**677,462**	**677,462**	**825,874**	**795,876**	**746,568**	**716,570**

The carrying values of financial assets, interest bearing long-term debt with floating interest rates and trade payables are assumed to be their fair values. The fair value of the interest-bearing long-term debt with fixed interest rate as of 31 December 2024 is estimated to be equal to the carrying value due to the short period since its refinancing. The fair value of the interest-bearing long-term debt with fixed interest rate as of 31 December are estimated using the latest external interest rate for the Group, which is considered to be market price.

Classification as Trade and Other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement within 30-60 days and therefore are all classified as current. The Group’s impairment and other accounting policies for trade and other receivables are outlined in note 13.

Impairment and risk exposure
Information about the impairment of trade and other receivables, their credit quality and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in this note.

Compliance with loan covenants
The Group has complied with the financial covenants of its borrowing facilities during the 2024 and 2023 reporting period.

2. Financial risk management

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year's profit and loss information has been included where relevant to add further context.

The Group has continued its high focus on financial risk management during 2024. Enterprise risk management systems and routines have been developed and adopted to ensure qualified reporting of risks identified, classification of risks, mitigation factors and awareness of risks throughout the organisation, and is considered a continuous work in progress. Within financial risk management there is specified focus on foreign exchange risk, counterpart and credit risk and risks related to financing. Models to improve forecasting are being tested and implemented to address fluctuation in the marketplace.

Market risk
Foreign exchange risk
Exposure
The majority of the Group's revenue is in USD. As the Group has a global footprint, the Group has and will have revenue and expenses in other currencies going forward, leaving the Group exposed to foreign exchange risk.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in USD, was as follows:

31 December 2024

	NOK in TUSD	BRL in TUSD	INR in TUSD	EUR in TUSD	GBP in TUSD	SGD in TUSD	MYR in TUSD
Trade receivables	41	6,643	2,129	35	192	-	3,923
Cash/bank account	(2,789)	274	4,579	411	(227)	(576)	3,544
Trade payables	(6,851)	(578)	35	(3,485)	(1,608)	(1,313)	(73)

31 December 2023

	NOK in TUSD	BRL in TUSD	INR in TUSD	EUR in TUSD	GBP in TUSD	SGD in TUSD	MYR in TUSD
Trade receivables	-	418	2,129	-	56	-	2,491
Cash/bank account	(1,896)	14,863	5,765	(365)	(981)	74	1,372
Trade payables	(5,551)	(10,776)	229	(1,825)	(1,293)	(278)	(43)

1 January 2023

	NOK in TUSD	BRL in TUSD	INR in TUSD	EUR in TUSD	GBP in TUSD	SGD in TUSD	MYR in TUSD
Trade receivables	(88)	(5)	622	-	159	-	122
Cash/bank account	(3,808)	5,354	3,635	318	(2,575)	(162)	3,391
Trade payables	(11,284)	(8,682)	944	(6,443)	(2,784)	(1,146)	(39)

Instruments used by the group
The Group seeks to ensure that operational cost is matched with revenue in terms of currency, and since the majority of the Group's revenue is expected to be in USD, the Group's liabilities are mainly held in USD. The Group's expenses have historically been mainly in USD, NOK, GBP, and EUR. However, as the Group has increased its operational presence worldwide the Group will be affected by exposure to operational costs and liabilities in other currencies. The Group will attempt to minimise risks by implementing hedging arrangements when appropriate but will not be able to fully avoid these risks. Changes in currency exchange rates relative to the USD may affect the USD value of the Group's asset and thereby impact the Group's total return on such assets.

Sensitivity
As shown in the table above, the Group is exposed to changes in USD/NOK, USD/BRL, USD/INR, USD/GBP, USD/SGD and USD/INR exchange rates the last two years. The sensitivity of profit or loss to changes in the exchange rates arises mainly from INR and BRL denominated financial instruments as cash/bank account and trade payables.

	Impact on after tax profit	
	2024	**2023**
USD/NOK exchange rate - increase 10%	749	580
USD/NOK exchange rate - decrease 10%	(749)	(580)
USD/BRL exchange rate - increase 10%	(494)	(351)
USD/BRL exchange rate - decrease 10%	494	351
USD/INR exchange rate - increase 10%	(526)	(634)
USD/INR exchange rate - decrease 10%	526	634
USD/EUR exchange rate - increase 10%	237	171
USD/EUR exchange rate - decrease 10%	(237)	(171)
USD/GBP exchange rate - increase 10%	128	173
USD/GBP exchange rate - decrease 10%	(128)	(173)
USD/SGD exchange rate - increase 10%	147	16
USD/SGD exchange rate - decrease 10%	(147)	(16)
USD/MYR exchange rate - increase 10%	(577)	(298)
USD/MYR exchange rate - decrease 10%	577	298

Profit was less sensitive to movements in USD/NOK exchange rates in 2024 than 2023 due to net decrease of exposure of negative NOK denominated cash and bank accounts and trade payables. Sensitivity to USD/EUR exchange rates is higher in 2024 compared to 2023. Sensitivity to USD/INR exchange rates in 2024 are lower than in 2023 due to changes to the exposure in cash and bank accounts. Sensitivity to USD/BRL exchange rates in 2024 was higher than 2023 due to increased exposure in cash and bank accounts. Sensitivity to USD/SGD exchange rates in 2024 is higher than 2023. The Group's exposure to other foreign exchange movements was not material.

Interest rate risk
The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to the risk of increasing interest rates. (Please refer to note 12 for details on loans and interest rates). The loan portfolio consists of loans with both fixed and floating interest rate exposure. In December 2020 the Group entered interest rate swaps totalling USD 214 million with maturity in December 2024. The interest swap was realised in 2022. At the end of 2024, 51% of the Group's liabilities were secured through mortgages with fixed interest (2023: 15%).

	31 Dec 2024	% of Total Loans	31 Dec 2023	% of Total Loans	1 Jan 2023	% of Total Loans
Variable rate borrowings	290,000	49%	473,971	85%	500,733	78%
Fixed rate borrowings	300,000	51%	80,715	15%	138,823	22%
	590,000		**554,686**		**639,556**	

Sensitivity
Profit or loss is sensitive to higher/lower interest income from Cash and Cash Equivalents as a result of changes in interest rates. Other components of Equity change as a result of an increase/decrease in the fair value of the cash flow hedges of borrowings and the fair value of available-for-sale debt instruments. The Group has no impact on other components of equity.

	Impact on after tax profit		Impact on equity	
	2024	**2023**	**2024**	**2023**
Interest rates - Change by 70 basis points	1,735	2,241	1,735	2,241
Interest rates - Change by 100 basis points	2,478	3,202	2,478	3,202

Credit risk
Credit risk is the risk that counterparties to financial instruments do not perform according to the terms of the contract. The appropriate maximum credit exposure related to financial assets is as follows:

Credit exposure	**31 Dec**	**31 Dec**	**1 Jan**
(in thousands of USD)	**2024**	**2023**	**2023**
Trade receivables	75,001	34,032	77,798
Accrued, not invoiced revenue	33,535	39,183	83,277
Cash and cash equivalents	49,296	105,834	51,979
Total financial assets	**157,833**	**179,049**	**213,054**

Cash and cash equivalents
The company monitors the counterparty credit risk of banking partners.

Trade receivables
Lack of or delayed payments from customers may significantly and adversely impair the Group's revenue and liquidity. The concentration of the Group's customers in the energy industry may impact the Group's overall exposure to credit risk as customers may be similarly affected by prolonged changes in economic- and industry conditions. Further, laws in some jurisdictions in which the Group operates could make collection difficult or time consuming. The Group gives due consideration to the credit quality of its potential clients during contract negotiations to minimise the credit risk.

The ageing of Trade Receivables is as follow:

Ageing of Trade receivables (in thousands of USD)	**31 Dec 2024**	**31 Dec 2023**	**1 Jan 2023**
Not due	31,924	29,480	16,091
<30 days	23,050	2,139	54,048
30-60 days	7,043	3	43
60-90 days	7,430	121	82
>90 days	5,555	2,289	7,534
Total	**75,001**	**34,032**	**77,798**

Liquidity risk
Shearwater operates in a capital-intensive business segment, meaning that it has a high level of fixed cost it is required to finance on an ongoing basis to provide its services and products to customers. In addition, the working capital requirements of the Group varies largely from time to time depending on activity levels and timing of projects. To meet its payment obligations, the Group is therefore dependent on having access to long-term funding, credit lines with its suppliers and prompt payments from its clients.

The seismic exploration market is influenced by the capital expenditure levels of energy production and exploration companies, and this may be reflected in activity levels and rates for the services provided by Shearwater. The Group, along with the rest of the industry is dependent on a market recovery with increased rates over time to maintain a satisfactory liquidity situation.

Since Shearwater's establishment in 2016, the Group has been supported by its owners with substantial equity contributions in relation to M&A transactions building the Group to its current size. In addition, the Group has been supported by its financial partners ensuring long term debt financing through bank facilities. Shearwater seeks to reduce liquidity risk through focus on short- and long-term forecasting, cash management and close dialogue with owners, financial institutions, and other stakeholders.

The company is exposed to liquidity risk related to the following:

Ageing of financial liabilities - Contractual Cash Flows

31 December 2024

(in thousands of USD)	**Within 1 year**	**1-2 years**	**2-5 years**	**Over 5 years**	**Total**
Mortgage debt with floating interest	73,776	69,971	236,469	-	380,216
Mortgage debt with fixed interest	28,500	28,500	371,250	-	428,250
Leasing debt	2,787	2,223	5,224	797	11,031
Trade payables	74,366	-	-	-	74,366
Other current liabilities	33,535	-	-	-	33,535
Total	**212,964**	**100,694**	**612,943**	**797**	**927,398**

31 December 2023

(in thousands of USD)	**Within 1 year**	**1-2 years**	**2-5 years**	**Over 5 years**	**Total**
Mortgage debt with floating interest	332,078	155,536	55,709	-	543,324
Mortgage debt with fixed interest	37,190	8,943	43,572	-	89,706
Leasing debt	2,913	2,223	5,089	172	10,397
Trade payables	75,274	-	-	-	75,274
Other current liabilities	39,183	-	-	-	39,183
Total	**486,638**	**166,703**	**104,371**	**172**	**757,883**

1 January 2023

(in thousands of USD)	**Within 1 year**	**1-2 years**	**2-5 years**	**Over 5 years**	**Total**
Mortgage debt with floating interest	107,881	331,994	158,171	-	598,046
Mortgage debt with fixed interest	64,079	37,229	52,515	-	153,824
Leasing debt	3,284	2,223	5,635	2,158	13,300
Trade payables	93,250	-	-	-	93,250
Other current liabilities	83,277	-	-	-	83,277
Total	**351,771**	**371,447**	**216,321**	**2,158**	**941,697**

NOTE 18: SUBSIDIARIES

The Shearwater Geoservices AS Group consisted of the following companies, in addition to the parent company Shearwater Geoservices AS, at 31 December 2024:

Company	**Jurisdiction**	**Shareholding**	**Voting power**
Shearwater Geoservices Norway AS	Norway	100%	100%
Shearwater Geoservices Assets II AS	Norway	100%	100%
Reflection Marine Norge AS	Norway	100%	100%
Shearwater Geoservices Assets V AS	Norway	100%	100%
Shearwater GeoAssets AS	Norway	100%	100%
Shearwater Geoservices CharterCo AS	Norway	100%	100%
Global Seismic Shipping AS	Norway	100%	100%
Oceanic Seismic Vessels AS	Norway	100%	100%
Geo Vessels AS	Norway	100%	100%
Shearwater Invest AS	Norway	100%	100%
Shearwater Geoservices Assets VI AS	Norway	100%	100%
Shearwater Geoservices Assets VIII AS	Norway	100%	100%
Shearwater Geoservices Ltd	United Kingdom	100%	100%
Reflection Marine UK Ltd	United Kingdom	100%	100%
Phoenix Engineering Systems Limited	United Kingdom	100%	100%
Shearwater Geoservices Singapore Pte. Ltd	Singapore	100%	100%
Geophysical Resources Pte. Ltd	Singapore	100%	100%
Shearwater Product Center SDN BHD	Malaysia	100%	100%
Shearwater Geoservices Malaysia SDN BHD	Malaysia	70%	70%
Shearwater Geoservices Inc	United States	100%	100%
Shearwater Geoservices Software Inc	United States	100%	100%
Reflection Marine Corporation	United States	100%	100%
Shearwater Geoservices do Brasil Ltda	Brazil	100%	100%
Shearwater Geoservices Nederland B.V.	Netherlands	100%	100%
Shearwater Ghana Ltd	Ghana	100%	100%
Shearwater Geoservices Ghana Ltd	Ghana	80%	80%
Shearwater Geoservices India Private Limited	India	100%	100%
PT Shearwater Geoservices Indonesia	Indonesia	100%	100%
Shearwater Geoservices Arabia Limited	Saudi Arabia	100%	100%

Non-controlling interests for Shearwater Geoservices Group AS are considered immaterial.

NOTE 19: SHAREHOLDER INFORMATION

The shares in Shearwater Geoservices AS were at 31 December 2024 held as follows:

	Ordinary	Voting power and ownership
Shearwater Geoservices Holding AS	300	100%
Outstanding shares	**300**	**100%**
Total shares	**300**	**100%**

Reconciliation of number of shares from beginning to end of the period:	**2024**	**2023**
Number of shares at 01.01.	300	300
Number of shares at 31.12.	**300**	**300**

The company's share capital consists of 300 shares at NOK 300,100, total NOK 90,030,000. The book value of the share capital is USD 10,653 thousands.

A restructuring of the Shearwater Geoservices AS Group took place in April 2024, consolidating all group entities under Shearwater Geoservices AS, by transferring the shares in Shearwater Geoservices Assets II AS, Shearwater GeoAssets AS, Shearwater Invest AS and Shearwater Geoservices Assets VI AS from Shearwater Geoservices Holding AS to Shearwater Geoservices AS. The share transfer was settled by a capital increase in Shearwater Geoservices AS. The company's shareholder, Shearwater Geoservices Holding AS, subscribed for the capital increase by increasing the nominal value of the shares, with NOK 100 from NOK 30,000, to NOK 30,100. Additionally, the share premium was increased by NOK 2,106 million.

Transactions with related parties

On 19 December 2022 Shearwater Geoservices AS entered into a short-term loan agreement with RASMUSSENGRUPPEN AS in the amount of NOK 300 million to cover the short-term liquidity needs for general corporate purposes. An arrangement fee of NOK 6.75 million (equal to 2.25% of the loan) has been deducted from the loan at disbursement date. Interests accrue on a day-to-day basis on the outstanding loan at a rate equal to 12% per annum. In December 2022 the loan was extended until August 2023 with an extension fee totalling to NOK 5.6 million. The loan including accrued interests and extension fees was repaid in August 2023.

All transactions with related parties are carried out at market terms.

NOTE 20: INVESTMENT IN SHARES

Investment in shares as of 31.12.2024:

(In thousands of USD)

Company	Number of shares	Ownership	Acquisition cost	Market value	Book value 31.12
Mondaic AG	5,263	5.0%	350	350	350

Shearwater and Mondaic AG, a provider of proprietary software and services for high-resolution 3D imaging, entered into a strategic collaboration for development and use of full waveform inversion solutions to enhance high-resolution subsurface imaging and optimize seismic acquisition surveys. As part of the agreement, Shearwater has acquired exclusive and perpetual rights for the use and further development for subsurface applications of Mondaic's wavefield simulation and inversion codes. Furthermore, Shearwater has acquired a 5% equity stake in Mondaic.

Investment in shares as of 31.12.2023:

The Shearwater Geoservices AS Group did not hold any investments in shares as at 31 December 2023.

Investment in shares as of 01.01.2023:

The Shearwater Geoservices AS Group did not hold any investments in shares as at 1 January 2023.

NOTE 21: CLIMATE RISK

The Group's business and operating results could be adversely affected by climate change and the adoption of new climate change laws, policies and regulations in response to growing concerns about climate change and greenhouse gas emissions developed by governments and third-party organisations. Shearwater could face increased expectations from stakeholders to take actions beyond existing regulatory requirements and own stated ambitions to minimise external impact and mitigate climate change. This may require additional measures and costs with potential to impact the Group's business, financial results and position. As a result, the Group has established a strategy and made organisational changes to address the needs resulting from the transition to the carbon neutral targets of various countries. Demand for Carbon Capture Utilisation and Storage solutions are increasing and will be an increasing proportion of the seismic capital expenditure of our clients going forward, The Group are monitoring climate risk through the Environmental, Social and Governance committee established in 2021 which has participation of senior management from all areas of the business. Shearwater operations are also exposed to physical risk from the activities of climate change activists within the area of survey operations. This is managed by interaction with local maritime authorities, close dialogue with our clients and commitment to safe operations.

Climate risk has been incorporated into management's estimates and assumptions in preparing the financial statements. There is an increased climate risk for the Group's assets with the longest expected remaining useful lifetime. The Group has a strong expected cash flow within the short and medium term, which decreases the risk of the value of the Group's long-term assets. The climate risk has limited effect on the values and has not changed the expected useful life time for fixed assets.

The Group will continue to monitor the climate risk and new opportunities and will reassess estimates and the underlying assumptions continuously.

NOTE 22: GOING CONCERN

The Board of Directors confirms that the financial statements for 2024 have been prepared based on the assumption of a going concern and the Board believes that this assumption is appropriate and in accordance with section 4-5 of the Norwegian Accountancy Act and IAS 1.25.

NOTE 23: SUBSEQUENT EVENTS

On 2 January 2025, Shearwater's USD 300 million senior secured bond, issued by the parent company of the Group, was listed and started trading on Euronext Oslo Børs.

On 24 February 2025, Shearwater announced the award of a large deepwater 4D OBN reservoir surveillance program by ExxonMobil Guyana. Under the award, Shearwater will commence a six-month survey starting in the first half of 2025. The field unit will be comprised of a Shearwater seismic vessel as source vessel, and a dual ROV vessel for node deployment.

On 5 March 2025, Shearwater announced a three-year firm capacity reservation agreement (CRA) for worldwide marine seismic streamer acquisition services for TotalEnergies. The CRA reflects the long-standing relationship between TotalEnergies and Shearwater straddling across geophysical data collection and analysis, supporting exploration effort, production monitoring and carbon capture and storage activities. The CRA guarantees a minimum of 18 vessel months of activity for Shearwater's high-end seismic fleet.

Shearwater Geoservices AS Annual Report 2024

PARENT FINANCIAL STATEMENT

PARENT FINANCIAL STATEMENT

Income Statement

Shearwater Geoservices AS

(In thousands of USD)	Note	2024	2023
Operating revenue			
Operating revenue	14	883	852
Total Revenue		**883**	**852**
Operating expenses			
Administration expenses	9, 10	1,415	910
Total Operating Expenses		**1,415**	**910**
Operating profit (EBIT)		**(532)**	**(58)**
Financial income	8, 14	56,049	53,705
Financial expenses	11, 14	(81,654)	(59,751)
Net Financial Items Income / (Expense)		**(25,605)**	**(6,046)**
Net income before taxes		**(26,137)**	**(6,104)**
Taxes	7	(146)	-
Net Income profit / (loss)		**(25,991)**	**(6,104)**
Allocation of Net Income:			
Received group contribution (after tax)		-	29,492
Transferred from Retained earnings		(25,991)	(35,596)
Total allocation		**(25,991)**	**(6,104)**

Statement of Financial Position

Shearwater Geoservices AS

(In thousands of USD)	Notes	31 December 2024	2023
ASSETS			
Intangible assets		819	-
Total Intangible assets		**819**	**-**
Investments in subsidiaries	3	874,851	674,069
Loan to group companies	8	539,284	202,505
Investments in shares	13	350	-
Total Financial Non-Current Assets		**1,414,485**	**876,574**
Total Non-Current Assets		**1,415,305**	**876,574**
Other short-term receivables		209	143
Receivables to group companies	8	198,116	74,188
Cash and cash equivalents	5	36,647	39,744
Total Current Assets		**234,972**	**114,074**
Total Assets		**1,650,277**	**990,649**

(In thousands of USD)	Notes	31 December 2024	2023
EQUITY AND LIABILITIES			
Share capital	4, 6	10,653	10,650
Share premium	4	621,190	423,504
Retained earnings	4	142,133	168,124
Total Equity		**773,976**	**602,278**
Long-term debt to credit institutions	15	531,508	-
Total Non-Current Liabilities		**531,508**	**-**
Current portion of long-term debt	15	50,000	238,196
Short-term debt	8	76,751	-
Short-term debt to group companies	8	216,798	149,122
Trade payables		149	248
Other short-term liabilities		1,095	805
Total Current Liabilities		**344,793**	**388,371**
Total Liabilities		**876,300**	**388,371**
Total Equity and Liabilities		**1,650,277**	**990,649**

Høvik, 29 April 2025

The Board of Directors and Chief Executive Officer of Shearwater Geoservices AS

ROBERT HOBBS
CHAIRMAN OF THE BOARD

ROAR SKULAND
BOARD MEMBER

GUNNVOR DYRDI REMØY
BOARD MEMBER

IRENE WAAGE BASILI
CEO

Cash Flow Statement

Shearwater Geoservices AS

(In thousands of USD)	Notes	2024	2023
Cash Flow from Operating Activities:			
Net income before taxes		(26,137)	(6,103)
Taxes received		146	-
Accrued dividend from subsidiary		-	(16,900)
Change in current assets / liabilities		(484)	827
Other changes, no cash effect		-	213
Changes in intercompany balances		52,289	17,748
Net interests, not paid		(34,051)	(28,046)
Adjustment currency effect long-term loan		15,798	11,885
Net Cash Flow From Operating Activities		**7,561**	**(20,376)**
Cash Flow from Investing Activities:			
Investment in subsidiaries	3	(2,635)	(4,561)
Net cash flow from investment in shares	13	(1,170)	-
Repayment long-term loan from subsidiaries		-	117,379
Net Cash Flow From Investing Activities		**(3,805)**	**112,818**
Cash Flow from Financing Activities:			
Repayment long-term loan from subsidiaries	4	-	(76,067)
Drawdown long-term loan		626,000	-
Repayment long-term loan		(638,884)	-
Revolving credit facility		15,000	-
Transaction costs		(8,950)	-
Net Cash Flow From Financing Activities		**(6,834)**	**(76,067)**
Net Increase in Cash and Cash Equivalents		**(3,077)**	**16,375**
Net currency translation effects on cash and cash equivalents		(20)	-
Cash and cash equivalents at start of period		39,744	23,370
Cash and cash equivalents at end of period	5	**36,647**	**39,744**

Notes To The Parent Financial Statement

NOTE 1: CORPORATE INFORMATION

Shearwater Geoservices AS (the parent company) is a Norwegian registered company with corporate office in Bergen, Norway. The Company is the parent company in the Shearwater Geoservices AS Group ("Shearwater", or "the Group"). The company has subsidiaries located in Norway, United Kingdom, United States, Singapore, Malaysia, Indonesia, and in the Netherlands. Shearwater is a global provider of marine seismic data acquisitions in 2D, 3D and 4D mode, including towed streamers and ocean bottom nodes (OBN), on a worldwide basis. Shearwater has a fleet of high-end purpose-built seismic vessels with towed and OBN seismic data acquisition capabilities. Additionally, Shearwater deliver land and marine processing and imaging products, data processing software and manufacturing.

NOTE 2: ACCOUNTING PRINCIPLES

The financial statements are prepared in accordance with the Norwegian Generally Accepted Accounting Principles (NGAAP) as set out in the Norwegian Accounting Act of 1998. The significant accounting principles applied by the Company are described below.

Use of functional currency

The Company is presenting its financial statements in USD, as this is defined as the presentation currency. The presentation currency in the Group accounts is also USD. The main assets in the Company is the investment in subsidiaries whose activities are predominantly in USD. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss. Non-monetary assets items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. As the functional currency for the Company differs from NOK, the Company translates its account to NOK from USD for tax accounting. The applied USD/NOK exchange rate at 31.12.2024 is 0.0881 (31.12.2023: 0.0983) and the average exchange rate for 2024 is 0.0931 (2023: 0.0948).

Classification of assets and liabilities in the balance sheet

Assets intended for permanent ownership or use and receivables due later than one year after the balance sheet date are classified as fixed assets. Other assets are classified as current assets. Liabilities due later than one year after the balance sheet date are classified as long-term debt. Other liabilities are classified as short-term debt. The first year's instalments on long-term debt are classified as part of long-term debt but are specified in accompanying notes.

Investments in subsidiaries and associated companies

Investments in subsidiaries and associated companies are valued in accordance with the cost method. If fair value is lower than cost, and the fall in value is not considered to be temporary, the investment will be valued at fair value.

Cash and bank deposits

Cash and bank deposits, etc. include bank deposits, cash in hand and short-term bank deposits with an original maturity of three months or less.

Taxes

Tax expenses are related to profit before tax and are expensed for when they incur. The tax expense consists of tax payable (tax on taxable income for the year) and change in net deferred tax. The tax expense is allocated to ordinary profit and extra-ordinary profit in accordance with the basis for the taxes. Deferred tax liability and deferred tax assets are presented net in the balance sheet. The disclosure of deferred tax benefits on net tax reducing differences and carry-forward losses, is based on estimated future earnings.

Cash flow statement

The Company's cash flow statement shows the Company's cash flows distributed between operating activities, investment activities and financing activities. The statement shows the impact of the different activities on the Company's cash and cash equivalents. The cash flow statement is presented based on the indirect method.

NOTE 3: INVESTMENT IN SUBSIDIARIES

Shearwater Geoservices AS has the following subsidiaries at year end 2024:

(In thousands of USD)

Company	Office/ Jurisdiction	Share and voting power	Carrying amount	Profit/ (loss) 2024	Equity 31.12.2024
Shearwater Geoservices Norway AS	Norway	100%	29,808	3,908	14,101
Shearwater Geoservices Assets II AS	Norway	100%	16,280	1,143	35,486
Reflection Marine Norge AS	Norway	100%	104,256	(29,670)	23,238
Shearwater Geoservices Assets V AS	Norway	100%	529,120	14,186	326,755
Shearwater GeoAssets AS	Norway	100%	78,801	(56)	103,265
Shearwater Geoservices CharterCo AS	Norway	100%	7	2,950	2,956
Shearwater Invest AS	Norway	100%	102,604	(29,407)	80,173
Shearwater Geoservices Assets VI AS	Norway	100%	4	(7,990)	(7,990)
Shearwater Geoservices Ltd	United Kingdom	100%	-	(4,311)	19,423
Reflection Marine UK Ltd	United Kingdom	100%	-	(2,574)	(22,650)
Phoenix Engineering Systems Limited	United Kingdom	100%	4,561	551	4,087
Shearwater Geoservices Singapore Pte. Ltd	Singapore	100%	1,673	7,706	10,571
Geophysical Resources Pte. Ltd	Singapore	100%	4,398	3,828	11,881
Shearwater Product Center SDN BHD	Malaysia	100%	-	11,818	16,880
Shearwater Geoservices Malaysia SDN BHD	Malaysia	70%	2,727	6,808	7,156
Shearwater Geoservices Inc	United States	100%	-	(4,079)	(23,878)
Reflection Marine Corporation	United States	100%	-	(5,201)	(29,884)
Shearwater Geoservices Nederland B.V.	Netherlands	100%	4	(66)	(178)
PT Shearwater Geoservices Indonesia	Indonesia	100%	609	-	615
			874,851		

The subsidiaries have not finalised their annual report at the time of the Company's sign off 29 April 2025.

A restructuring of the Shearwater Geoservices AS Group took place in April 2024, consolidating all group entities under Shearwater Geoservices AS, by transferring the shares in Shearwater Geoservices Assets II AS, Shearwater GeoAssets AS, Shearwater Invest AS and Shearwater Geoservices Assets VI AS from Shearwater Geoservices Holding AS to Shearwater Geoservices AS.

NOTE 4: EQUITY

For the year ended 31 December 2024

(In thousands of USD)	Share capital	Share premium	Retained earnings	Total equity
Balance at 1 January 2024	10,650	423,504	168,124	602,278
Net income for the year			(25,991)	(25,991)
Contribution in kind	3	197,686	-	197,689
Total Equity at 31 December 2024	**10,653**	**621,190**	**142,133**	**773,976**

For the year ended 31 December 2023

(In thousands of USD)	Share capital	Share premium	Retained earnings	Total equity
Balance at 1 January 2023	10,650	423,504	203,720	637,873
Net income for the year			(6,104)	(6,104)
Group contribution submitted to parent	-	-	(29,492)	(29,492)
Total Equity at 31 December 2023	**10,650**	**423,504**	**168,124**	**602,278**

Registered shares

	Number of shares	Par value in USD	Carrying amount (1000 USD)
Ordinary shares	300	35,510.00	10,653
Total	**300**		**10,653**

The company's share capital consists of 300 shares at NOK 300,100, total NOK 90,030,000. The book value of the share capital is USD 10,653 thousands.

A restructuring of the Shearwater Geoservices AS Group took place in April 2024, consolidating all group entities under Shearwater Geoservices AS, by transferring the shares in Shearwater Geoservices Assets II AS, Shearwater GeoAssets AS, Shearwater Invest AS and Shearwater Geoservices Assets VI AS from Shearwater Geoservices Holding AS to Shearwater Geoservices AS. The share transfer was settled by a capital increase in Shearwater Geoservices AS. The company's shareholder, Shearwater Geoservices Holding AS, subscribed for the capital increase by increasing the nominal value of the shares, with NOK 100 from NOK 30,000, to NOK 30,100. Additionally, the share premium was increased by NOK 2,105,478,279. The consolidated financial statements for Shearwater Geoservices AS Group are prepared as if Shearwater Geoservices AS were the shareholder of all group entities in both the current financial year and prior financial year. The contribution in kind are therefore only reflected in the Shearwater Geoservices AS Parent Financial statements.

NOTE 5: CASH AND CASH EQUIVALENTS

	Year Ended	
(In thousand of USD)	31 Dec 2024	31 Dec 2023
Restricted cash *	-	-
Bank deposits	36,647	39,744
Total Cash and Cash Equivalents	**36,647**	**39,744**

* *Restricted cash contains both cash held for employee tax payments and cash used to provide guarantees to clients, vendors, and financial institutions.*

The Company is part of Shearwater Geoservices AS Group's multi currency cash pool system without credit. This implies that the net total of deposits and amounts drawn on the bank deposits related to all the companies in the group account system is positive. As Shearwater Geoservices AS is the bank's counterpart, the company is technically the group companies' bank and has security in all the bank deposits in the cash pool system.

NOTE 6: SHAREHOLDER INFORMATION

	Ordinary	Voting power and ownership
Shearwater Geoservices Holding AS	300	100%
Outstanding shares	**300**	**100%**
Total shares	**300**	**100%**

Reconciliation of number of shares from beginning to end of the period:	**2024**	**2023**
Number of shares at 01.01.	300	300
Number of shares at 31.12.	**300**	**300**

NOTE 7: TAXES

	Year Ended	
(In thousands of USD)	31 Dec 2024	31 Dec 2023
Calculation of taxes payable		
Net taxable income for the year*	(34,234)	(6,989)
Taxable income	**(34,234)**	**(6,989)**
Permanent differences	186	(16,543)
Group contribution	-	16,900
Limitation of deduction for interest	1,299	6,633
Net taxable income	**(32,749)**	**-**
Norwegian statutory tax rate	22%	22%
Taxes payable	**-**	**-**

**Based on taxable income as per Tax returns for FY2024 and FY2024*

Calculation of deferred tax / tax asset	**2024**	**2023**
Limited deduction for interest carried forward	59,411	64,858
Tax losses carried forward	98,405	73,279
Basis for calculation of deferred tax	**157,816**	**138,137**
Norwegian statutory tax rate	22%	22%
Deferred tax asset	34,719	30,390
Of which not recognised	(34,719)	(30,390)
Deferred tax asset in the statement of financial position	**-**	**-**

The company's functional currency is USD, but for tax purposes the company holds a dual accounting in NOK. The dual accounting is the basis for the income tax return and also the figures in the tax note. The amounts have been translated with the exchange rate at the balance sheet date NOK/USD 0.0881 in 2024 and NOK/USD 0.0983 in 2023.

As the company do not expect to be able to utilise the deferred tax in the very near future, the company has chosen not to recognise deferred tax asset in the statement of financial position.

NOTE 8: RECEIVABLES/ LIABILITIES

	Year Ended	
	31 Dec	31 Dec
(In thousand of USD)	2024	2023
Long-term loans to group companies	539,284	202,505
Loan to group companies	**539,284**	**202,505**
Trade receivables from group companies	2,017	6,202
Group contribution from subsidiaries	15,142	16,900
Cash pool	180,957	51,086
Receivables to group companies	**198,116**	**74,188**
Cash pool - short-term debt to credit institution	63,740	-
Accrued interests	13,011	-
Short-term debt	**76,751**	**-**
Trade payables to group companies	209	-
Other short-term liabilities to group companies	1,772	30,367
Cash pool	214,817	118,756
Short-term debt to group companies	**216,798**	**149,122**

As part of the refinancing of the external debt in April 2024, Shearwater Geoservices AS, settled the external debt for all Shearwater entities. Subsequently, Shearwater Geoservices AS, issued new long-term loans to the same entities. Interests accrue on a day-to-day basis on the outstanding loan at a rate equal to the highest external interest rate for the Shearwater Geoservices AS Group.

The short-term receivables and liabilities to the group companies have maturity less than one year. The main part of the liabilities to group companies was set off in 2024 to a group contribution from Shearwater Geoservices Holding AS from 2023.

In 2023 the company received a group contribution from Shearwater Geoservices Norway AS (owned 100% Shearwater Geoservices AS) amounting to USD 3.2 million. The company submitted a group contribution to Shearwater Geoservices Holding AS amounting to USD 29.5 million. The group contribution was in 2024 used to settle parts of the liabilities that Shearwater Geoservices Holding AS had to Shearwater Geoservices AS.

NOTE 9: SALARIES AND OTHER PERSONNEL COSTS, AND BOARD OF DIRECTORS REMUNERATION

The company has no employees. The CEO is contracted from the subsidiary Shearwater Geoservices Norway AS. There has been no remuneration to CEO from Shearwater Geoservices AS as the salary has been provided from the subsidiary Shearwater Geoservices Norway AS.

Board of Directors

The Board of Directors receives no compensation from Shearwater Geoservices AS. The Chairman of the board and one of the board members receive Board of Directors' compensation as chairman and board member of the Shearwater Geoservices Holding AS' Board of Directors. The other board member receive compensation through ordinary salary as an employee of the subsidiary Shearwater Geoservices Norway AS.

NOTE 10: AUDITOR'S FEE

	Year Ended	
	31 Dec	31 Dec
(In thousands of USD)	2024	2023
Statutory audit	33	39
Other attestation services	10	-
Total auditor's fee	**43**	**39**

The audit fee is excluding VAT.

NOTE 11: FINANCIAL EXPENSES

	Year Ended	
	31 Dec	31 Dec
(In thousand of USD)	2024	2023
Interest on long-term debt	49,822	34,578
Interest expense to group entities	9,155	8,784
Other financial expenses	5,414	2,539
Exchange loss/ (gain)	17,263	13,851
Total financial expenses	**81,654**	**59,751**

NOTE 12: GUARANTEES

The company has a guarantee facility from the bank amounting to NOK 30 million. As of the end of the year, NOK 16 million has been utilised for contract guarantees and lease guarantees.

NOTE 13: INVESTMENT IN SHARES

Investment in shares as of 31.12.2024:

(In thousands of USD)

Company	Number of shares	Ownership	Acquisition cost	Market value	Book value 31.12
Mondaic AG	5,263	5.0%	350	350	350

Shearwater and Mondaic AG, a provider of proprietary software and services for high-resolution 3D imaging, entered into a strategic collaboration for development and use of full waveform inversion solutions to enhance high-resolution subsurface imaging and optimize seismic acquisition surveys. As part of the agreement, Shearwater has acquired exclusive and perpetual rights for the use and further development for subsurface applications of Mondaic's wavefield simulation and inversion codes. Furthermore, Shearwater has acquired a 5% equity stake in Mondaic.

Investment in shares as of 31.12.2023:

The Shearwater Geoservices AS did not hold any investments in shares as at 31 December 2023.

NOTE 14: TRANSACTIONS WITH RELATED PARTIES

(In thousands of USD)

Transaction	Company	Relation	Amount
Corporate fees	Shearwater Geoservices Norway AS	Subsidiary	928
Interest income on long term loan	Multiple group entities	Subsidiaries	46,727
Interest income on cash pool	Multiple group entities	Subsidiaries	9,225
Income from related parties			**56,880**
Recharge of administrative fees from group entities	Multiple group entities		209
Recharge of administrative fees to group entities	Multiple group entities		(142)
Interest expense on shareholder loan	RASMUSSENGRUPPEN AS	Ultimate	-
Interest expense on cash pool	Multiple group entities	Subsidiaries	9,155
Expenses from related parties			**9,221**

Transactions with related parties

On 19 December 2022 Shearwater Geoservices AS entered into a short-term loan agreement with RASMUSSENGRUPPEN AS in the amount of NOK 300 million to cover the short-term liquidity needs for general corporate purposes. An arrangement fee of NOK 6.75 million (equal to 2.25% of the loan) has been deducted from the loan at disbursement date. Interests accrue on a day-to-day basis on the outstanding loan at a rate equal to 12% per annum. In December 2022 the loan was extended until August 2023 with an extension fee totalling to NOK 5.6 million. The loan including accrued interests and extension fees was repaid in August 2023.

As part of the refinancing of the external debt in April 2024, Shearwater Geoservices AS, settled the external debt for all Shearwater entities. Subsequently, Shearwater Geoservices AS, issued new long-term loans to the same entities. Interests accrue on a day-to-day basis on the outstanding loan at a rate equal to the highest external interest rate for the Shearwater Geoservices AS Group.

A restructuring of the Shearwater Geoservices AS Group took place in April 2024, consolidating all group entities under Shearwater Geoservices AS, by transferring the shares in Shearwater Geoservices Assets II AS, Shearwater GeoAssets AS, Shearwater Invest AS and Shearwater Geoservices Assets VI AS from Shearwater Geoservices Holding AS to Shearwater Geoservices AS.

All transactions with related parties are carried out at market terms.

The company has no other significant transactions with related parties.

NOTE 15: LONG-TERM DEBT

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. At year end in 2024 USD 15.0 million is drawn from the revolving credit facility. The revolving credit facility is presented as long-term debt in the statement of financial position, as it may be redrawn.

The financing structure prior to the refinancing in April 2024, was replaced entirely by the new structure.

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

(In thousands of USD)	Interest rate	Year of maturity	31 Dec 2024	31 Dec 2023
Secured:				
Mortgage debt with floating interest	USD LIBOR + 6.0 %	2024-2026	-	238,682
Senior secure bank facility	USD SOFR 3M + 4.1%	2029	275,000	-
Senior secure Bond	USD 9.5%	2029	300,000	-
Revolving credit facility	USD SOFR 3M + 4.1%	2029	15,000	-
Amortisation effect, mortgage debt			(8,492)	(958)
Accrued interest expenses			13,011	472
Total secured			**594,519**	**238,196**
Of which is classified as long-term debt			531,508	-
Of which is classified as current portion of long-term debt			50,000	238,196
Of which is classified as short-term debt			13,011	-

The secured long-term liabilities are secured over assets in the Shearwater Geoservices AS Group, with a carrying amount of USD 1,132.6 million (2023: USD 1,174.3 million), of which USD 43.4 million (2023: USD 88.2 million) were bank deposits.

The company's long-term financing agreements are subject to covenants. The covenants applies to the consolidated Shearwater Geoservices AS Group.

The Company's most important covenants from April 2024:

Bond loan covenants:

- Free liquidity: Minimum USD 30 million
- Equity ratio: Minimum 30%
- Working capital: Must be positive at all times

Bank facility covenants:

- Free liquidity (including undrawn revolving credit facility): Minimum USD 50 million
- Equity ratio: Minimum 30% from utilisation date to 30 June 2025, minimum 32.5% from 1 July 2025 to 31 December 2026, and minimum 35% from 1 January 2027
- Working capital: Must be positive at all times
- Leverage ratio: Maximum 4.0xx at all times

The company has been compliant with the financial covenants at 31 December 2024 and 31 December 2023.

NOTE 16: SUBSEQUENT EVENTS

On 2 January 2025, the Company’s USD 300 million senior secured bond, was listed and started trading on Euronext Oslo Børs.

Shearwater Geoservices AS Annual Report 2024

AUDITORS REPORT

To the General Meeting of Shearwater Geoservices AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Shearwater Geoservices AS, which comprise:

- the financial statements of the parent company Shearwater Geoservices AS (the Company), which comprise the statement of financial position as at 31 December 2024, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of Shearwater Geoservices AS and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2024, the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of Shearwater Geoservices AS for 9 years from the election by the general meeting of the shareholders on 6 November 2016 for the accounting year 2016.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

Key Audit Matters	How our audit addressed the Key Audit Matter
Change in cash-generating units (CGU's) and impairment of vessels and equipment. The Group has a fleet of 23 vessels and marine equipment with a book value of USD 865,4 million. In addition, the Group has seismic and other equipment with a book value of USD 84,3 million. The Group has previously considered that each of the vessels contributes to a separate cash-generating unit, which also has been tested separately for impairment. Due to operational reasons, the Group has changed their view in 2024 and now considers the fleet of vessels and associated seismic equipment as a single CGU, which also has been tested for impairment. We focused on the Groups changed view on cash-generating units due to the inherent use of judgment underlying the change and the potential economic effects the use of judgment may have on the financial statements. The potential economic effect may in particular affect the valuation of fleet of vessels. We have therefore also focused on management's process to identify impairment indicators for the fleet. Management prepared a value-in-use calculation on which we have spent an amount of audit effort. We refer to note 10 in the consolidated financial statement for further information.	We obtained an understanding of the change in CGU's by obtaining management's accounting memo which explained their assessment of the change in cash-generating units, and through meetings with management. We challenged management through discussions on their view on CGU's and compared their assessment against requirements in IAS 36 Impairment of assets and our knowledge of the Groups operations. We used our own accounting specialists in these discussions. Our discussions included assessments of whether there was appropriate justification for the change by comparing against our knowledge of how management governs the business and what level decisions regarding continued use or sale of assets were made. We also obtained management's impairment indicator test and performed testing of their value-in-use calculation to assess management's use of key assumptions such as earnings, remaining useful life of the fleet, maintenance expenses and discount rates against relevant internal and external sources. Our procedures included a review of the sensitivity test for reasonable change in input against impairment which was embedded in the value-in-use calculation. We read and understood the disclosures describing the change in CGUs and impairment test to assess the appropriateness of the disclosures.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Directors' report applies correspondingly to the statement on Corporate Governance.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Bergen, 29 April 2025
PricewaterhouseCoopers AS

Fredrik Gabrielsen
State Authorised Public Accountant

Shearwater Geoservices AS Annual Report 2024

APPENDIX

ALTERNATIVE PERFORMANCE MEASURES

Shearwater believes that the financial figures disclosed in the Group's consolidated financial statements do not always reflect the underlying performance of the Group's operations. To manage and monitor the Group's business, management has developed key operational performance indicators and alternative performance measures (non-IFRS measures) that Shearwater believe provide useful information to understand the Group's performance.

Shearwater's financial information is prepared in accordance with IFRS Accounting Standards as adopted by the EU and the IFRSs as issued by the International Accounting Standards Board (IASB). In addition, Shearwater provides alternative performance measures (APMs) that supplement the financial statements. These measures are not defined under IFRS and may not be directly comparable with APMs for other companies. The APMs represent important measures for how Shearwater's management monitors the Group and its business activity. The APMs are not intended to be a substitute for, or superior to, any IFRS measures.

Some of the financial information presented in the Group's Annual Report contains APMs. These include EBITDA, Free Cash Flow, Net interest-bearing debt and backlog. The Group's definition of these APMs and reconciliation with IFRS measures is disclosed below.

EBITDA

Definition
EBITDA stands for Earnings Before Interests, Taxes, Depreciation and Amortisation. EBITDA is a non-IFRS financial measure, calculated by subtracting each of the following items from Total Revenue and Other Income, as set forth in the consolidated statement of profit or loss prepared in accordance with IFRS:

- Cost of sales
- Sales, General and Administration costs

The calculation of EBITDA can also be done by excluding each of the following items from Operating Profit (EBIT), as set forth in the consolidated statement of profit or loss prepared in accordance with IFRS:

- Depreciation and amortisation
- Other losses (gains) net

Rationale
Shearwater uses EBITDA because it is useful when evaluating the underlying performance of the Group's business, financial results and profitability, as it excludes historical values from depreciation, amortisation and write-down related to investments in tangible and intangible that occurred in the past. Also, the measure excludes currency translation effects, both realised and unrealised, from receivables, liabilities, loans and cash balances, which are contained on the financial statement line item Other losses (gains) net.

		Year ended	
(In thousands of USD)	**Notes**	31 Dec 2024	31 Dec 2023
Total income	4	619,821	921,971
Cost of sales	5	426,685	649,823
Sales, General and Administration costs	6	34,093	29,524
EBITDA		**159,043**	**242,624**
EBITDA ratio		*26%*	*26%*

Free Cash Flow

Definition
Free cash flow (FCF) is a non-IFRS measure prepared by Shearwater, calculated by adding net cash flow from operating activities together with net cash flow from investment activities. These two measures are subtotal line items available in the consolidated cash flow statement prepared in accordance with IFRS.

In addition, Shearwater adjust FCF by excluding mergers and acquisition (M&A) transactions from net cash flow from investing activities, which is presented as an inverse figure in the reconciliation below. M&A transactions are also reconciled below.

Lastly, Shearwater include leasing payments in the free cash flow calculation, which is presented with a net cash outflow as it only contains payments. Leasing payments is included in net cash flow from financing activities in the consolidated cash flow statements prepared according to IFRS.

Rationale
Shearwater uses Free Cash Flow as it is useful when evaluating the underlying performance of the Group's business, financial results and cash generation, isolating the movement in cash from operations while also considering net investment in tangible assets, multi-client library and payment on rental of operational capacity (leases).

	Year ended	
(In thousands of USD)	31 Dec 2024	31 Dec 2023
Net cash flow from operating activities	92,490	309,687
Net cash flow from investing activities	(122,355)	(97,189)
Adjusted for M&A transactions	41,365	34,081
Adjusted for leasing payments	(2,957)	(3,208)
Free cash flow	**8,544**	**243,372**
Specification of M&A transactions		
Payments related to purchase of vessels	(41,200)	(40,500)
Payments for sale of equipment and vessels	185	7,550
Payments for sale of shares	-	-
Net cash flow from investment in subsidiaries	(350)	(1,130)
Sum - M&A transactions	**(41,365)**	**(34,081)**

Net interest-bearing debt

Definition
Shearwater's net interest-bearing debt (NIBD) as of the end of a period is equal to the aggregate of the non-current and current interest-bearing indebtedness (net of amortised transaction costs related to loans), including leasing liabilities, of the Group as set forth in the statement of financial position prepared according to IFRS, minus the cash and cash equivalents.

Rationale
Net interest-bearing liabilities is a measure that captures Shearwater's net borrowing commitments. It is a measure that is useful to assess the financial robustness and flexibility of the Group's capital structure.

(In thousands of USD)	**31 Dec 2024**	**31 Dec 2023**
Borrowings	594,496	554,254
Lease liabilities	8,601	7,721
Interest-bearing debt	**603,097**	**561,975**
Cash and Cash equivalents	49,296	105,834
Net interest-bearing debt	**553,800**	**456,141**

Backlog and future coverage

Definition
Shearwater's backlog is the future revenue coverage based on signed contracts and binding letter of awards at the reporting date for proprietary contract work. The backlog figure does not include any multi-client work.

Rationale
The backlog, being the future revenue coverage based on signed contracts and binding letter of awards at the report date for proprietary work, is useful as it indicates committed and future activity of the Group.

(In thousands of USD)	**31 Dec 2024**	**31 Dec 2023**
Contract seismic	337,237	585,353
Total backlog	**337,237**	**585,353**

The CGG capacity agreement expired in January 2025, explaining a significant portion of the reduction in backlog 31 Dec 2023 to 31 Dec 2024.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements and information which are subject to uncertainties and assumptions as to future events that are difficult to predict and may not prove accurate. All statements in this report that are not of historical facts should be considered as forward-looking and the actual outcome of such statements can be significantly different than indicated herein. Forward-looking statements and information are given only at the time of the release of this report and are subject to change without notice. Shearwater undertake no responsibility or obligation to update or alter forward-looking statements. Shearwater do not give any security that the forward-looking statements will come to pass, and any form of investment decisions should be based on investors own due diligence.

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About Shearwater

Shearwater is a global marine geoscience and technology business that specializes in collecting data offshore.
The organization uses state-of- the art seismic vessels and equipment to explore beneath 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.

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