



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

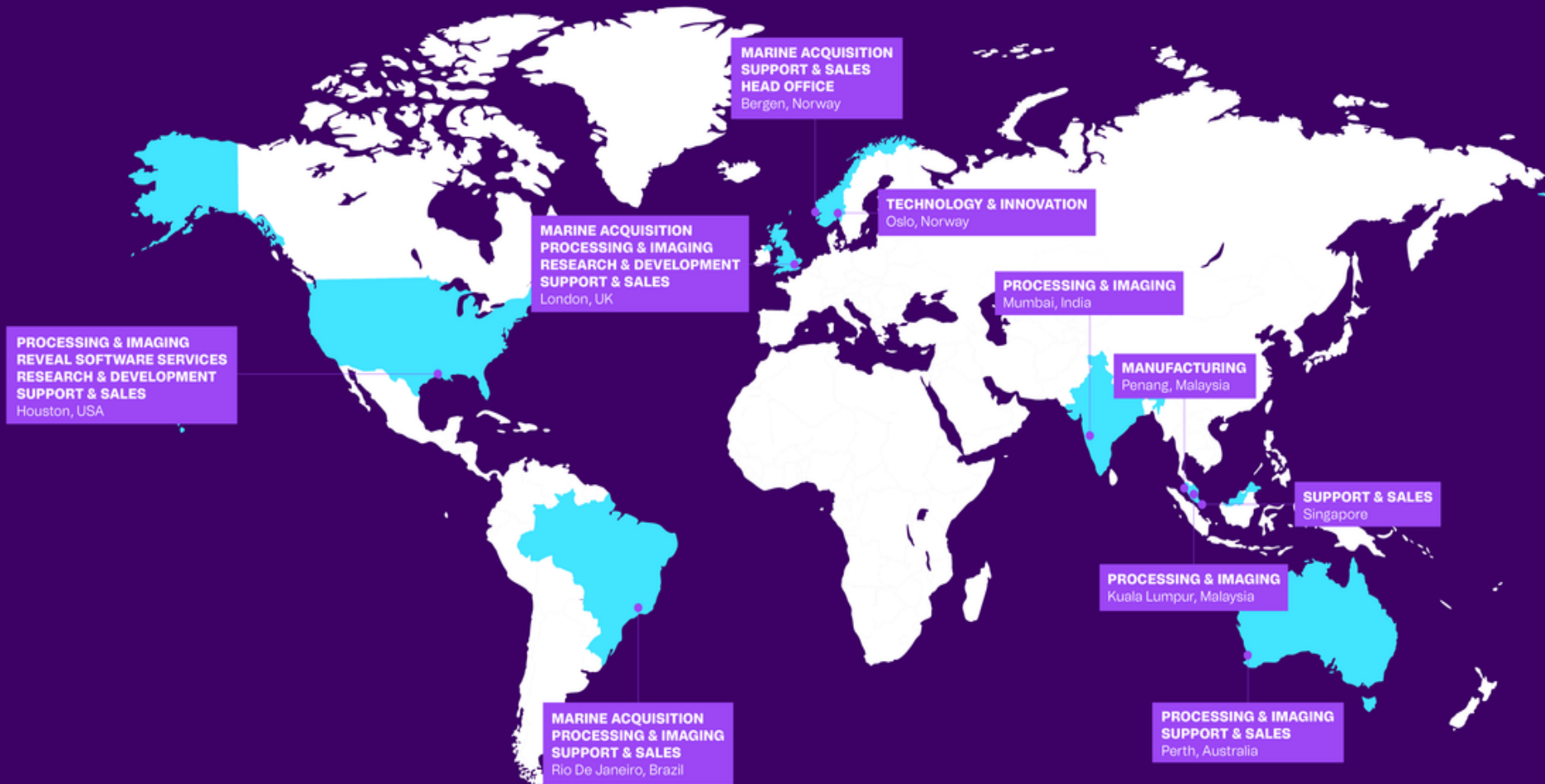
SECOND QUARTER 2024 REPORT

shearwater

Shearwater in brief

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

Shearwater's Headquarters are in Bergen, Norway, with additional facilities at strategic locations around the globe. The company currently employs around 1240 people.



KEY INSIGHTS

Increased activity in Q2 with start up of North Sea and Canada operations

Successful execution of Ocean Bottom Node survey in India confirming the competitiveness of the SW Tasman and Pearl node execution platform

Completion of the second Carbon Capture survey this year off the coast of the UK

Seismic acquisition and processing R&D collaboration agreement signed with Petrobras

Completed USD 700 million debt refinancing including inaugural bond issue, extending maturities, reducing total debt service elements and increasing financial flexibility

214.2M

USD Revenue, compared to USD 237.3 million in Q2 2023

80.1M

USD EBITDA, compared to USD 65.8 million in Q2 2023

45.8M

USD EBIT, compared to USD 36.4 million in Q2 2023



▼ CEO Comment

“Activity increased during the second quarter in line with seasonal demand. Although, so far in 2024, the marine seismic acquisition market has been slower than anticipated, we still see a positive development on EBITDA from previous quarter and 2nd quarter last year. A healthy pipeline of potential projects for the upcoming winter indicates increased demand globally, however uncertainty around timing of projects related to permits and internal processes with our clients, could lead to projects which we earlier assumed would come in Q4 to slide into 2025.

Operationally, I would like to highlight the continued activity in our Multi-client business with the commencement of a project in a prosperous area in offshore Brazil, as well as our recently announced technology agreement with Petrobras. This month we also completed the first major OBN survey combining Shearwater’s in-house developed Pearl node and purpose-built ROV vessel SW Tasman. With our one-of-a-kind OBN acquisition platform we are setting new industry standards for operational efficiencies on a survey that was recently extended by the client in India continuing through Q3 and into Q4.

Our long term view of the market remains positive on increased demand for our services. Recent projections by super major ExxonMobil in their "ExxonMobil Global Outlook: our view to 2050", supports the strong need for more investments, in order to increase oil supply to fend off a projected natural decline of a staggering 15% annually in the period covered by the report.

Our active role as industry consolidator through the cycle has positioned us well to capitalise from increased demand, however with timing of same being the variable most difficult to predict. Pending our clients' increased spend, we focus on delivering solid operations, optimising utilisation on active fleet, and good results."

- Irene Waage Basili, CEO of Shearwater Geoservices

Key financial figures

(In millions of USD)	Quarter ended		Year to date		Year Ended
	30 Jun 2024	30 Jun 2023	30 Jun 2024	30 Jun 2023	31 Dec 2023
Operating revenue	214	237	338	475	922
EBITDA	80	66	95	136	243
EBITDA margin	37 %	28 %	28 %	29 %	26 %
EBIT	46	36	27	77	112
Net income before taxes	27	21	-9	43	50
Net income/ (loss)	25	21	-13	43	48
Cash flow from operations	21	71	7	133	310
Free cash flow (1)	-3	58	-30	104	243
Cash and cash equivalents	80	78	80	78	106
Net Working Capital (NWC)	184	172	184	172	126
Net Interest-bearing Debt	563	527	563	527	456
Total Assets	1,336	1,382	1,336	1,382	1,262
Book Equity	575	615	575	615	587
Book Equity Ratio %	43 %	45 %	43 %	45 %	47 %
NIBD / EBITDA last 12 months	2.8	2.3	2.8	2.3	1.9
Backlog	325	747	325	747	585
Fleet Utilisation Rate % (2)	83 %	83 %	72 %	82 %	78 %
Active vessels (3)	10.0	13.8	9.2	14.4	12.9

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

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

(3) Active vessels include all vessels that are not warm or cold stacked. Cold stack means vessels in long term lay-up. Warm stack means vessels with significantly reduced manning for a longer period

Operational Review

Marine Acquisition activity increased in the second quarter of this year but remained impacted by slow tender processes. The sequential improvement reflected the start up of multi-client activities for SW Duchess in partnership with Searcher Seismic over the Pelotas basin in Brazil and the reactivation of SW Warrior and SW Amundsen for projects during the North Sea season.

Shearwater Geoservices operated an average of 10.0 active vessels on contract in the period. This compares to 8.3 active vessels on contract in the first quarter 2024 and 13.8 in the second quarter of 2023. The drop from last year is caused by tender delays moving projects out in time and subsequent lower activity year-on-year in key regions such as India and Brazil. Utilisation of the active fleet was flat at 83% compared to 83% in the second quarter of 2023.

Streamer acquisition activities were focussed on the North Sea and East Coast Canada, Brazil, India and Australia. This included the completion of the carbon capture and storage (CCS) project for Spirit Energy in UK waters over the Morecambe Bay Gas Fields, the second CCS related survey completed in 2024.

Ocean bottom node (OBN) activity was focused on India where the SW Tasman ROV vessel carried out a large survey for ONGC, deploying over 4,000 of the in-house developed Pearl node across a range of water depths. The unique OBN execution platform and node technology developed by Shearwater has set new industry benchmarks for operational efficiencies as reflected in the recent extension of the ONGC survey into the fourth quarter.

In April, the multi-client survey over the Pelotas basin in Brazil commenced. The survey will complete in the third quarter and data will be processed by Shearwater. Additionally, the Company recognised late sales in Namibia and the UK during the quarter.

At 30 June 2024, the backlog was USD 325 million compared to USD 747 million at the end of the second quarter of 2023. The backlog includes the remainder of the CGG capacity agreement and a significant portion of the reduction in backlog over the last year comes as a result of being one year closer to the expiration of the agreement in January 2025. Several projects expected to be acquired over the coming winter are currently being tendered, and we expect significant order intake towards the end of Q3 and early Q4.

There were three total recordable HSE incidents in the second quarter of 2024 with none of these recorded as high potential. This compared to one total recordable HSE incident in the same period of 2023 of which none were recorded as high potential.

In April 2024, Shearwater entered a strategic collaboration with and invested in Mondaic AG. The company is a provider of software and services for high-resolution 3D imaging, for development and use of full waveform inversion solutions to enhance high-resolution subsurface imaging and optimise seismic acquisition.

In June, Shearwater and Petrobras signed a Memorandum of Understanding (MOU) for joint research and innovation within seismic processing and acquisition. The agreement establishes a governance platform supporting joint efforts to innovate technologies that improve subsurface insights and enhance data value, while also reducing the time, cost and environmental impact of seismic acquisition projects. The five-year agreement reflects Shearwater's commitment to supporting clients through continuous innovation and comes in addition to the already ongoing collaboration with Petrobras on the Marine Vibroseis technology and Reveal software licensing.

Financial review - IFRS

Total operating revenue was USD 214.2 million, a decrease of 9.7% from USD 237.3 million in the second quarter 2023, mainly due to lower vessel utilisation partly offset by improved average project pricing. Marine Acquisition represented 95% of second quarter revenue while the Software, Processing & Imaging and Multi-Client segments accounted for 3% and 2%, respectively.

Total operating expenses were USD 168.4 million compared to USD 200.9 million in the same period of 2023, reflecting the lower activity year-over-year. EBITDA was USD 80.1

million compared to USD 65.8 million in Q2 2023, reflecting improved pricing in the contract mix for Q2.

Depreciation and amortisation increased due to investments in node technology and fleet growth following recent acquisitions of Endeavour and Caspian vessels. EBIT was USD 45.8 million compared to USD 36.4 million for the same quarter last year. No impairments have been made for seismic vessels or equipment in Q2 2024.

Profit before taxes was USD 26.8 million compared to USD 21.2 million in the second quarter of 2024. The net profit for the period was USD 24.7 million compared to a profit of USD 20.8 million a year earlier.

At 30 June 2024, total assets amounted to USD 1,335.9 million compared to USD 1,261.6 million at 31 December 2023. Intangible assets increased due to the inclusion of USD 8.5 million of multi-client library related to the Brazil Pelotas basin project. Tangible assets were stable with depreciation offset by vessel acquisitions in the period, while current assets decreased due to lower receivables.

Book equity was USD 574.6 million, equalling an equity ratio of 43%. At year-end 2023, the corresponding figures were USD 587.3 million and 47%, respectively. Cash holdings at the end of the second quarter 2024 was USD 80.4 million compared to USD 105.8 million 31 December 2023.

At 30 June 2024, the Group's total interest-bearing debt was USD 643.3 million compared to USD 562.0 million at the end of 2023, and net interest-bearing debt (NIBD) was USD 562.9 million compared to USD 456.1 million as at 31 December 2023.

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. Net cash flow from operating activities in the second quarter was USD 20.8 million compared to USD 71.2 million in same period last year. The difference between cash flow from operations and EBITDA reflects increased working capital during the period. Working capital can also fluctuate significantly depending on fleet status and timing of seasonal transits. The increased working capital in the second quarter was related to multiple vessels mobilising and starting new projects.

Net cash flow used in investing activities amounted to USD 23.9 million compared to USD 12.7 million in Q2 2023, relating mainly to investments in vessels, equipment and the multi-client library.

Net cash flow from financing activities was positive USD 15.6 million, largely due to the draw down of the revolving credit facility following the refinancing of long term debt. This compares to net cash flow from financing activities of negative USD 39.8 million in the second quarter 2023.

Net increase in cash holdings for the quarter was USD 12.6 million.

Market and Outlook

Activity has slowly increased into the third quarter with the seasonal impact of the North Sea summer season and more tenders in the market. However, tendering processes remain protracted impacted by permit uncertainty and general process delays resulting in continued timing uncertainty on when projects materialise.

The ocean-bottom node (OBN) market remains competitive, driven by larger tenders in Brazil with low returns. Shearwater is selectively bidding for new projects focused on profitability and leveraging the SW Tasman and Pearl node project platform. This is reflected in an attractive backlog with strong margins for this platform going into 2025.

There is increasing demand for a multi-client contract model, where clients seek to fast-track E&P developments by leveraging existing permitting done by a contractor. Shearwater has an opportunistic multi-client strategy with clear return requirements and is increasing the activity in a disciplined manner, mainly in cooperation with other multi-client focused companies.

Global energy demand is set to continue to increase in coming years, requiring material investments in traditional oil and gas exploration and production as well as new

renewable energy solutions. Oil and gas companies have increased capex budgets for 2024 and investment expectations for the coming years and growth opportunities are emerging within new markets such as CCS and offshore wind.

Shearwater is well positioned to capture these opportunities owning the majority of the global fleet of high-end seismic vessels, thereby controlling the swing capacity in the market with a low-cost base and limited capex requirements. Combined with a strong balance sheet and support from shareholders, the company is set to fully capitalise on an improved market as well as expand into energy transition activities.

To date in 2024, market activity has developed at a slower-than-expected pace, however the pipeline of potential projects for the coming winter is stronger than what we saw for the previous winter, showing signs of an increasing demand from clients.

Interim financial statements (IFRS)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

THE SHEARWATER GEOSERVICES AS GROUP

(In thousands of USD)	Notes	Quarter ended		Year to date		Year ended
		30 Jun 2024	30 Jun 2023	30 Jun 2024	30 Jun 2023	31 Dec 2023
Total Revenue and Other Income	2	214,219	237,282	337,571	475,391	921,971
Operating expenses						
Cost of sales	3	126,242	165,089	225,555	325,241	649,823
Depreciation and amortisation	4	34,114	29,509	69,192	60,951	128,951
Sales, general and administration cost		7,859	6,413	16,836	14,152	29,643
Other losses (gains) net		235	(91)	(1,363)	(2,433)	1,285
Total operating expenses		168,450	200,920	310,220	397,911	809,702
Operating profit (EBIT)		45,769	36,362	27,351	77,480	112,270
Financial income		850	2,203	1,439	461	5,621
Financial expenses		(19,827)	(17,324)	(37,370)	(34,646)	(67,768)
Net financial items (+profit/-loss)		(18,976)	(15,121)	(35,931)	(34,185)	(62,147)
Net income before taxes		26,793	21,240	(8,580)	43,295	50,122
Taxes	6	2,122	474	4,155	327	2,325
Net income (+profit/-loss)		24,671	20,766	(12,735)	42,968	47,798

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Net income for the period	24,671	20,766	(12,735)	42,968	47,798
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	-	-	-	-	-
Total comprehensive income for the period	24,671	20,766	(12,735)	42,968	47,798

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

THE SHEARWATER GEOSERVICES AS GROUP

(In thousands of USD)	Notes	Quarter ended		Year ended
		30 Jun 2024	30 Jun 2023	31 Dec 2023
ASSETS				
Goodwill		3,267	2,048	3,267
Multi-Client		8,500	-	-
Intangible assets		20,991	22,704	21,193
Deferred tax asset	6	458	24	120
Total Intangible Assets		33,217	24,775	24,581
Vessel and marine equipment	4	903,223	884,746	895,249
Seismic equipment and other equipment	4	87,528	103,835	94,754
Right of use assets	4	7,251	8,249	7,145
Manufacturing equipment	4	2,059	1,949	1,964
Total Tangible Assets		1,000,061	998,779	999,111
Investments in shares		350	-	-
Long-term receivables		-	25,102	-
Total Financial Non-Current Assets		350	25,102	-
Total Non-Current Assets		1,033,628	1,048,657	1,023,692
Other current assets		53,281	46,850	43,065
Trade receivables		154,278	183,845	73,215
Other receivables		14,325	24,603	15,766
Cash and cash equivalents		80,431	77,926	105,834
Total current assets		302,316	333,224	237,880
Total Assets		1,335,944	1,381,885	1,261,572

(In thousands of USD)	Notes	Quarter ended 30 Jun 2024	Quarter ended 30 Jun 2023	Year ended 31 Dec 2023
EQUITY AND LIABILITIES				
Share capital		10,653	10,653	10,653
Share premium		621,190	621,190	621,190
Retained earnings		(57,263)	(16,752)	(44,525)
Total Equity		574,580	615,090	587,317
Deferred tax liability	6	-	90	-
Long-term debt	5	541,422	460,213	219,862
Lease liabilities		5,843	6,238	5,510
Total Long-Term Liabilities		547,265	466,540	225,371
Current portion of long-term debt	5	50,000	102,271	333,860
Short-term debt	5	44,163	34,122	533
Lease liabilities		1,875	2,372	2,211
Trade payables		85,442	112,448	79,519
Taxes payable	6	3,094	765	-
Other short-term liabilities		29,525	48,277	32,756
Total Short-Term Liabilities		214,099	300,254	448,878
Total Liabilities		761,363	766,794	674,250
Total Equity and Liabilities		1,335,944	1,381,885	1,261,572

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

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

THE SHEARWATER GEOSERVICES AS GROUP

(In thousands of USD)	Notes	Quarter ended		Year to date		Year ended
		30 Jun 2024	30 Jun 2023	30 Jun 2024	30 Jun 2023	31 Dec 2023
Cash Flow from Operating Activities:						
Net income before taxes		26,793	21,240	(8,580)	43,295	50,122
Paid tax		(1,103)	-	(1,459)	(1)	(2,321)
Depreciation and write down	4	34,114	29,509	69,192	60,951	128,951
Capitalised depreciation	4	-	-	-	(1)	(1,324)
Profit/loss on sale of vessels	4	-	-	(50)	-	(3,767)
Interest expenses		15,420	14,798	31,539	32,762	63,536
Change in current assets / liabilities		(54,430)	5,676	(83,265)	(3,913)	74,372
Net Cash Flow From Operating Activities		20,794	71,224	7,378	133,094	309,570
Cash Flow from Investing Activities:						
Payments related to CAPEX	4	(16,310)	(13,140)	(28,714)	(28,756)	(63,108)
Payments related to purchase of vessels	4	-	-	(41,200)	-	(40,500)
Payments for sale of vessels	4	-	1,550	200	1,550	7,550
Net cash flow from investment in subsidiaries		(350)	(1,130)	(350)	(1,130)	(1,130)
Investment in Multi-Client Library		(7,190)	-	(7,190)	-	-
Net Cash Flow From Investing Activities		(23,850)	(12,720)	(77,254)	(28,336)	(97,189)
Cash Flow from Financing Activities:						
Drawdown of loans	5	630,000	-	671,200	-	40,500
Repayment of loans	5	(604,672)	(25,874)	(605,921)	(52,123)	(110,821)
Repayment of shareholder loan	5	-	-	-	-	(30,273)
Payment-/ +Drawdown of overdraft account	5	-	(2,303)	-	(1,995)	(5,178)
Repayment of financial lease		(736)	(220)	(1,566)	(484)	(3,208)
Transaction costs		(8,950)	-	(8,950)	-	-
Net Interest paid		(17)	(11,382)	(9,721)	(22,799)	(47,004)
Net Cash Flow From Financing Activities		15,625	(39,779)	45,042	(77,401)	(155,984)
Net Increase in Cash and Cash Equivalents		12,568	18,725	(24,835)	27,357	56,397
Net currency translation effects		(272)	(1,582)	(568)	(1,409)	(2,543)
Cash and cash equivalents at start of period		68,137	60,784	105,834	51,979	51,979
Cash and cash equivalents at end of period		80,431	77,926	80,431	77,926	105,834

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

THE SHEARWATER GEOSERVICES AS GROUP

For the six months ended 30 June 2024

(In thousands of USD)	Share capital	Share premium	Retained earnings	Total equity
Balance at 01 January 2024	10,653	621,190	(44,525)	587,317
Net income for the period			(12,735)	(12,735)
Other comprehensive income			-	-
Other changes			-	-
Total equity at 30 June 2024	10,653	621,190	(57,263)	574,580

For the six months ended 30 June 2023

(In thousands of USD)	Share capital	Share premium	Retained earnings	Total equity
Balance at 01 January 2023	10,653	621,190	(59,712)	572,131
Net income for the period			42,968	42,968
Other comprehensive income			-	-
Other changes			(8)	(8)
Total equity at 30 June 2023	10,653	621,190	(16,752)	615,090

For the year ended 31 December 2023

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

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

Selected notes to the quarterly financial statements

NOTE 1: BASIS FOR ACCOUNTING AND ACCOUNTING POLICIES

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

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

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

These interim financial statements were authorised for issue by the Company's board of directors on 28 August 2024.

NOTE 2: REVENUE AND SEGMENT INFORMATION

2.1: Segment information

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

Marine Acquisition

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

Software, Processing & Imaging

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

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

Multi-client

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

Other Segments

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

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

All amounts are in thousands of USD.

Quarter ended 30 June 2024	Marine Acquisition	Multi-Client	Software, Processing & Imaging	Other segments	Total
Income statement					
Total operating revenue and other income *	202,981	3,948	7,144	145	214,219
Operating expenses	116,236	-	5,814	12,051	134,101
EBITDA **	86,745	3,948	1,330	(11,905)	80,118
Depreciation and amortisation	33,651	-	289	174	34,114
Operating profit EBIT ***	53,095	3,948	1,041	(12,079)	46,004
Interest income	-	-	-	496	496
Interest expense	(16,757)	-	(13)	(2,703)	(19,473)
Other losses (gains) net	-	-	-	(235)	(235)
Income tax expense	-	-	-	(2,122)	(2,122)
Net Income	36,338	3,948	1,028	(16,643)	24,671

Quarter ended 30 June 2023	Marine Acquisition	Multi-Client	Software, Processing & Imaging	Other segments	Total
Income statement					
Total operating revenue and other income *	229,390	-	6,372	1,519	237,282
Operating expenses	155,397	-	5,378	10,727	171,502
EBITDA **	73,993	-	994	(9,208)	65,780
Depreciation and amortisation	27,754	-	219	1,536	29,509
Operating profit EBIT ***	46,239	-	775	(10,744)	36,271
Interest income	-	-	-	1,777	1,777
Interest expense	(15,621)	-	-	(1,277)	(16,898)
Other losses (gains) net	-	-	-	91	91
Income tax expense	-	-	-	(474)	(474)
Net Income	30,618	-	775	(10,627)	20,766

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

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

***EBIT in segment reporting deviates somewhat from EBIT in the income statement as other losses (gains) are presented as financial income/expenses in the segment reporting.

Year to date 30 June 2024	Marine Acquisition	Multi-Client	Software, Processing & Imaging	Other segments	Total
Income statement					
Total operating revenue and other income *	319,552	3,948	13,875	195	337,571
Operating expenses	207,760	-	12,162	22,469	242,391
EBITDA **	111,793	3,948	1,713	(22,274)	95,180
Depreciation and amortisation	67,142	-	529	1,521	69,192
Operating profit EBIT ***	44,650	3,948	1,184	(23,795)	25,988
Interest income	-	-	-	683	683
Interest expense	(30,630)	-	(18)	(5,966)	(36,614)
Other losses (gains) net	-	-	-	1,363	1,363
Income tax expense	-	-	-	(4,155)	(4,155)
Net Income	14,020	3,948	1,166	(31,870)	(12,735)

Year to date 30 June 2023	Marine Acquisition	Multi-Client	Software, Processing & Imaging	Other segments	Total
Income statement					
Total operating revenue and other income *	459,706	-	12,916	2,770	475,391
Operating expenses	306,445	-	10,636	22,311	339,393
EBITDA **	153,260	-	2,280	(19,541)	135,998
Depreciation and amortisation	57,198	-	439	3,314	60,951
Operating profit EBIT ***	96,062	-	1,841	(22,855)	75,047
Interest income	-	-	-	(311)	(311)
Interest expense	(30,630)	-	(18)	(3,226)	(33,874)
Other losses (gains) net	-	-	-	2,433	2,433
Income tax expense	-	-	-	(327)	(327)
Net Income	65,432	-	1,823	(24,286)	42,968

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

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

***EBIT in segment reporting deviates somewhat from EBIT in the income statement as other losses (gains) are presented as financial income/expenses in the segment reporting.

Year ended 31 December 2023	Marine Acquisition	Multi-Client	Software, Processing & Imaging	Other segments	Total
Income statement					
Total operating revenue and other income *	883,615	-	27,789	10,567	921,971
Operating expenses	606,852	-	22,448	50,166	679,466
EBITDA **	276,764	-	5,341	(39,599)	242,505
Depreciation and amortisation	123,718	-	918	4,315	128,951
Operating profit EBIT ***	153,046	-	4,423	(43,914)	113,554
Interest income	-	-	-	5,621	5,621
Interest expense	(60,839)	-	(31)	(6,898)	(67,768)
Other losses (gains) net	-	-	84	(1,369)	(1,285)
Income tax expense	-	-	-	(2,325)	(2,325)
Net Income	92,207	-	4,476	(48,885)	47,798

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

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

***EBIT in segment reporting deviates somewhat from EBIT in the income statement as other losses (gains) are presented as financial income/expenses in the segment reporting.

2.2: Revenue from contract with customers

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

PRODUCTS AND SERVICE LINES (In thousands of USD)	Quarter ended		Year to date		Year ended
	30 Jun 2024	30 Jun 2023	30 Jun 2024	30 Jun 2023	31 Dec 2023
Marine Acquisition	202,981	229,390	319,552	459,706	883,615
Multi-client	3,948	-	3,948	-	-
Software, Processing & Imaging	7,144	6,372	13,875	12,916	27,789
Revenue from contract with customers	214,073	235,763	337,376	472,622	911,404
Other income Marine Acquisition	145	-	-	-	3,767
Other income	-	1,519	195	2,770	6,800
Total	214,219	237,282	337,571	475,391	921,971

All amounts are in thousands of USD.

Timing of revenue recognition	Quarter ended		Year to date		Year ended
	30 Jun 2024	30 Jun 2023	30 Jun 2024	30 Jun 2023	31 Dec 2023
Point in time	533	424	840	424	2,222
Services transferred over time	213,540	235,339	336,536	472,198	909,182
Total revenue from contract with customers	214,073	235,763	337,376	472,622	911,404

Net operating revenue by geography	Quarter ended		Year to date		Year ended
	30 Jun 2024	30 Jun 2023	30 Jun 2024	30 Jun 2023	31 Dec 2023
Europe, Africa and Middle East - EAME	55,600	92,799	114,274	167,625	374,544
Asia / Pacific - APAC	138,612	63,091	198,215	138,153	251,820
North and South America - NSA	20,007	81,392	25,082	169,613	295,607
Total	214,219	237,282	337,571	475,391	921,971

NOTE 3: SPECIFICATION COST OF SALES

(In thousands of USD)	Quarter ended		Year to date		Year ended
	30 Jun 2024	30 Jun 2023	30 Jun 2024	30 Jun 2023	31 Dec 2023
Vessel operating cost	116,667	148,984	207,760	292,294	598,246
Software, Processing & Imaging cost	5,814	5,378	12,162	10,636	22,448
Other segments	3,761	10,727	5,633	22,311	29,129
Total Cost of Sales*	126,242	165,089	225,555	325,241	649,823

*Cost of Sales is excluding depreciation

(In thousands of USD)	Quarter ended		Year to date		Year ended
	30 Jun 2024	30 Jun 2023	30 Jun 2024	30 Jun 2023	31 Dec 2023
Operating costs	93,636	138,409	161,317	271,882	528,791
Personnel costs	31,287	25,197	61,099	50,394	114,312
Other costs	1,319	1,483	3,139	2,965	6,720
Total Cost of Sales*	126,242	165,089	225,555	325,241	649,823

*Cost of Sales is excluding depreciation

NOTE 4: TANGIBLE, NON-CURRENT ASSETS

(In thousands of USD)	Seismic vessels	Seismic equipment	Other equipment	Other assets (Right of use)	Manufacturing equipment	Total
Cost:						
Acquisition cost at 01 January 2024	1,183,874	349,884	8,557	20,192	13,402	1,575,909
Additional capital expenditures	52,531	16,993	195	1,326	195	71,240
Acquisition cost at 30 June 2024	1,236,405	366,877	8,752	21,518	13,597	1,647,149
Accumulated depreciation:						
Balance at beginning of period	288,626	258,720	4,910	13,105	11,438	576,799
Depreciation for the period	33,081	24,375	100	1,163	100	58,819
Depreciation periodical maintenance	11,476	0	-	-	-	11,476
Accumulated depreciation at 30 June 2024	333,183	283,095	5,010	14,268	11,538	647,094
Carrying amount at 30 June 2024	903,223	83,786	3,742	7,251	2,059	1,000,061
<i>Estimated useful lifetime</i>	<i>25 years</i>	<i>3 to 7 years</i>	<i>3 to 5 years</i>	<i>1 to 5 years</i>	<i>3 to 7 years</i>	

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

NOTE 5: LONG-TERM DEBT/ LIABILITIES

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

(In thousands of USD)	30 Jun 2024	30 Jun 2023	31 Dec 2023
Secured:			
Mortgage debt with floating interest, USD LIBOR + 6.0%, due 2024/2025/2027	-	469,938	473,971
Mortgage debt with fixed interest, USD CIRR 2.4% + 2.5%, due 2024/2025/2027	-	94,491	80,715
Senior secure bank facility, USD SOFR 3M + 4.1%, due 2029	300,000	-	-
Senior secure Bond, 9.5%, due 2029	300,000	-	-
Revolving credit facility, USD SOFR 3M + 4.1%, due 2024	30,000	-	-
Unsecured:			
Loan from shareholder with fixed interest, NOK 12.0%, due 2023	-	28,748	-
Lease liabilities, due 2024-2029	7,718	8,410	7,747
Drawn on overdraft facility, USD LIBOR +4.2 %	-	3,183	-
Amortisation effect, mortgage debt	(8,578)	(1,745)	(990)
Accrued interest expenses	14,163	2,191	533
Total	643,303	605,216	561,975
Classification in the statement of financial position:			
Long-term debt	541,422	460,213	219,862
Long-term lease liabilities	5,843	6,238	5,510
Current portion of long-term debt	50,000	102,271	333,860
Short-term debt	44,163	34,122	533
Short-term lease liabilities	1,875	2,372	2,211

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

NOTE 6: TAXES

(In thousands of USD)	Quarter ended		Year to date		Year ended
	30 Jun 2024	30 Jun 2023	30 Jun 2024	30 Jun 2023	31 Dec 2023
Tax payable	2,122	474	4,155	327	2,343
Change in deferred tax	-	-	-	-	(18)
Income tax expense	2,122	474	4,155	327	2,325

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

NOTE 7: SUBSEQUENT EVENTS

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

Alternative performance measures

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

EBITDA

(In thousands of USD)	Notes	Quarter ended		Year to date		Year ended
		30 Jun 2024	30 Jun 2023	30 Jun 2024	30 Jun 2023	31 Dec 2023
Total income	2	214,219	237,282	337,571	475,391	921,971
Cost of sales	3	126,242	165,089	225,555	325,241	649,823
Sales, General and Administration costs		7,859	6,413	16,836	14,152	29,643
EBITDA		80,118	65,780	95,180	135,998	242,505
<i>EBITDA ratio</i>		37 %	28 %	28 %	29 %	26 %

Free Cash Flow

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

(In thousands of USD)	Quarter ended		Year to date		Year ended
	30 Jun 2024	30 Jun 2023	30 Jun 2024	30 Jun 2023	31 Dec 2023
Net cash flow from operating activities	20,794	71,224	7,378	133,094	309,570
Net cash flow from investing activities	(23,850)	(12,720)	(77,254)	(28,336)	(97,189)
Adjusted for M&A transactions	350	(420)	41,350	(420)	34,081
Adjusted for leasing payments	(736)	(220)	(1,566)	(484)	(3,208)
Free cash flow	(3,442)	57,864	(30,092)	103,854	243,254

Net interest bearing debt

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

(In thousands of USD)	30 Jun 2024	30 Jun 2023	31 Dec 2023
Borrowings	635,585	596,605	554,254
Financial leases	7,718	8,610	7,721
Interest bearing debt	643,303	605,215	561,975
Cash and Cash equivalents	80,431	77,926	105,834
Net interest bearing debt	562,872	527,289	456,141

Backlog and future coverage

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

Backlog value

(In thousands of USD)

	30 Jun 2024	30 Jun 2023	31 Dec 2023
Contract seismic	325,491	747,260	585,353
Total backlog	325,491	747,260	585,353

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