Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2023 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	917 313 199
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	SHEARWATER GEOSERVICES HOLDING AS
Forretningsadresse:	Damsgårdsveien 135 5160 LAKSEVÅG

Regnskapsår

Årsregnskapets periode:	01.01.2023 - 31.12.2023

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Ann-Helen Sørhus Linge
Dato for fastsettelse av årsregnskapet:	30.06.2024

Grunnlag for avgivelse

År 2023: Årsregnskapet er elektronisk innlevert

År 2022: Tall er hentet fra elektronisk innlevert årsregnskap fra 2023

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 06.08.2025

Resultatregnskap

Beløp i: USD	Note	2023	2022
RESULTATREGNSKAP			
Kostnader			
Cost of sales	9,10	191 000	1 016 000
Sum kostnader		**191 000**	**1 016 000**
Driftsresultat		**-191 000**	**-1 016 000**
Finansinntekter og finanskostnader			
Financial income	3	32 733 000	4 000
Sum finansinntekter		**32 733 000**	**4 000**
Financial expences	11	9 606 000	8 252 000
Sum finanskostnader		**9 606 000**	**8 252 000**
Netto finans		**23 127 000**	**-8 248 000**
Ordinært resultat før skattekostnad		**22 936 000**	**-9 264 000**
Ordinært resultat etter skattekostnad		**22 936 000**	**-9 264 000**
Årsresultat		**22 936 000**	**-9 264 000**
Overføringer og disponeringer			
Transferred from other equity		22 936 000	-9 264 000
Sum overføringer og disponeringer		**22 936 000**	**-9 264 000**

Balanse

Beløp i: USD	Note	2023	2022
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Finansielle anleggsmidler			
Investering i datterselskap	3	633 055 000	633 051 000
Investments in shares	13	5 718 000	
Sum finansielle anleggsmidler		**638 773 000**	**633 051 000**
Sum anleggsmidler		**638 773 000**	**633 051 000**
Omløpsmidler			
Varer			
Fordringer			
Other short-term receivables		13 000	48 000
Konsernfordringer	8	33 433 000	5 000
Sum fordringer		**33 446 000**	**53 000**
Bankinnskudd, kontanter og lignende			
cash and cash equivalents	5	8 000	21 000
Sum bankinnskudd, kontanter og lignende		**8 000**	**21 000**
Sum omløpsmidler		**33 454 000**	**74 000**
SUM EIENDELER		**672 227 000**	**633 125 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	4,6	38 397 000	38 397 000
Beholdning av egne aksjer	4	-442 000	-442 000
Overkurs	4	203 598 000	203 581 000
Annen innskutt egenkapital	4	392 980 000	392 980 000

Balanse

Beløp i: USD	Note	2023	2022
Sum innskutt egenkapital		**634 533 000**	**634 516 000**
Opptjent egenkapital			
Retined earnings	6	-102 596 000	-125 531 000
Sum opptjent egenkapital		**-102 596 000**	**-125 531 000**
Sum egenkapital		**531 937 000**	**508 985 000**
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Debt to shareholders	6	104 272 000	97 282 000
Sum annen langsiktig gjeld		**104 272 000**	**97 282 000**
Sum langsiktig gjeld		**104 272 000**	**97 282 000**
Kortsiktig gjeld			
Leverandørgjeld		51 000	
Kortsiktig konserngjeld	8,12	35 803 000	26 858 000
Other short-term liabilities		164 000	
Sum kortsiktig gjeld		**36 018 000**	**26 858 000**
Sum gjeld		**140 290 000**	**124 140 000**
SUM EGENKAPITAL OG GJELD		**672 227 000**	**633 125 000**

Konsernets resultatregnskap

Beløp i: USD	Note	2023	2022
RESULTATREGNSKAP			
Inntekter			
Marine acquisition	4	883 615 000	693 097 000
Software, Processing and Imaging (	4	27 789 000	25 409 000
Other Income	4	10 182 000	7 120 000
Sum inntekter		**921 586 000**	**725 626 000**
Kostnader			
Cost of sales	5,6,7	649 823 000	502 444 000
Depreciation	10,11	128 951 000	121 917 000
Sales, general and administration co	6,7	29 331 000	26 223 000
Other losses (gains) net	8	1 288 000	4 118 000
Sum kostnader		**809 393 000**	**654 702 000**
Driftsresultat		**112 193 000**	**70 924 000**
Finansinntekter og finanskostnader			
Financial income	8	4 748 000	15 934 000
Sum finansinntekter		**4 748 000**	**15 934 000**
Financial expenses	8	74 759 000	64 515 000
Sum finanskostnader		**74 759 000**	**64 515 000**
Netto finans		**-70 011 000**	**-48 581 000**
Ordinært resultat før skattekostnad		**42 182 000**	**22 343 000**
Taxes	9	2 325 000	2 562 000
Ordinært resultat etter skattekostnad		**39 857 000**	**19 781 000**
Årsresultat		**39 857 000**	**19 781 000**
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		39 857 000	19 781 000
Sum overføringer og disponeringer		**39 857 000**	**19 781 000**

Konsernets balanse

Beløp i: USD	Note	2023	2022
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Intangible assets	11	21 193 000	24 214 000
Utsatt skattefordel	9	120 000	
Goodwill	11	3 267 000	2 048 000
Sum immaterielle eiendeler		**24 580 000**	**26 262 000**
Varige driftsmidler			
Vessel and marine equipment	10	895 249 000	906 573 000
Seismic equipment and other equipment	10	94 811 000	112 256 000
Right of use assets	10,16	7 088 000	9 411 000
Manufacturing equipment	10	1 964 000	2 126 000
Sum varige driftsmidler		**999 112 000**	**1 030 366 000**
Finansielle anleggsmidler			
Investments in shares	20	7 458 000	
Sum finansielle anleggsmidler		**7 458 000**	
Sum anleggsmidler		**1 031 150 000**	**1 056 628 000**
Omløpsmidler			
Varer			
Other current assets	13	43 069 000	54 487 000
Sum varer		**43 069 000**	**54 487 000**
Fordringer			
rade receivables	4,13	73 215 000	161 076 000
Other receivables	4,13	8 443 000	13 574 000
Sum fordringer		**81 658 000**	**174 650 000**
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	15,17	105 842 000	52 000 000
Sum bankinnskudd, kontanter og lignende		**105 842 000**	**52 000 000**
Sum omløpsmidler		**230 569 000**	**281 137 000**

Konsernets balanse

Beløp i: USD	Note	2023	2022
SUM EIENDELER		**1 261 719 000**	**1 337 765 000**

BALANSE - EGENKAPITAL OG GJELD

Egenkapital			
Innskutt egenkapital			
Share capital	19	38 397 000	38 397 000
Beholdning av egne aksjer		-442 000	-442 000
Overkurs		203 598 000	203 581 000
Annen innskutt egenkapital		392 980 000	392 980 000
Sum innskutt egenkapital		**634 533 000**	**634 516 000**
Opptjent egenkapital			
Retined earnings		-146 595 000	-186 451 000
Sum opptjent egenkapital		**-146 595 000**	**-186 451 000**
Sum egenkapital		**487 938 000**	**448 065 000**
Gjeld			
Langsiktig gjeld			
Utsatt skatt	9		90 000
Sum avsetninger for forpliktelser			**90 000**
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	12,17	324 159 000	603 009 000
Lease liabilities	16	5 510 000	7 714 000
Sum annen langsiktig gjeld		**329 669 000**	**610 723 000**
Sum langsiktig gjeld		**329 669 000**	**610 813 000**
Kortsiktig gjeld			
Current portion of long-term debt	12,17	333 834 000	100 746 000
Short-term debt	12,14, 17	533 000	36 667 000
Lease liabilites	16	2 211 000	2 464 000
Leverandørgjeld		74 622 000	93 244 000
Taxes payable	9		1 282 000

Konsernets balanse

Beløp i: USD	Note	2023	2022
Other short-term liabilities	4,14	32 910 000	44 484 000
Sum kortsiktig gjeld		**444 110 000**	**278 887 000**
Sum gjeld		**773 779 000**	**889 700 000**
SUM EGENKAPITAL OG GJELD		**1 261 717 000**	**1 337 765 000**

Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Torstein Kinden Helleland	14.06.2017	19.06.2017
Telefon	Deres referanse	Vår referanse
22078139	Kristian Rådal	2017/668031

SHEARWATER GEOSERVICES HOLDING AS
Damsgårdsveien 131
5160 LAKSEVÅG

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Shearwater GeoServices Holding AS, org.nr. 917 313 199

Vi viser til deres brev av 5. mai 2017 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Shearwater GeoServices Holding AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Shearwater GeoServices Holding AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn
Shearwater GeoServices Holding AS er eid av Rasmussengruppen AS og GC Rieber Shipping ASA. Shearwater GeoServices Holding AS med datterselskaper tilbyr tjenester innen seismikkvirksomhet internasjonalt. Konsernet operer hvor engelsk klart er det dominerende arbeidsspråket. Konsernets arbeidsspråk er engelsk. Selskapet driver virksomhet i en internasjonal bransje. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

Skattedirektoratets vurdering
Etter regnskapsloven § 3-4 tredje ledd skal *"årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."*

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

> *"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan*

Postadresse
Postboks 9200 Grønland
0134 Oslo

Besøksadresse:
Se www.skatteetaten.no
Org.nr: 996250318
E-post: skatteetaten.no/sendepost

Sentralbord
800 80 000
Telefaks
22 17 08 60

foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *"informative regnskaper for ulike grupper av regnskapsbrukere"*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapet er eid av to aksjeselskaper. Eierkretsen er begrenset. Selskapet opererer i en internasjonal bransje. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer

Admincontrol

List of Signatures

Page 1/1

ShearwaterGeo Annual Report 2023_Group financial statement_...

Name	Method	Signed at
Færøvik, Kristin	BANKID	2024-05-03 09:16 GMT+02
Lauvdal, Trygve	BANKID	2024-05-02 19:14 GMT+02
Håland, Stein Vidar	BANKID	2024-05-02 19:06 GMT+02
Robert Hobbs	One-Time-Password	2024-05-02 18:08 GMT+02
Vijay Kasibhatla	One-Time-Password	2024-05-02 17:48 GMT+02
Larsen, Cathrine Lund	BANKID	2024-05-04 11:54 GMT+02
Basili, Irene Waage	BANKID	2024-05-03 10:25 GMT+02
Larsson, Lars Erik	BANKID	2024-05-03 10:24 GMT+02

This file is sealed with a digital signature. The seal is a guarantee for the authenticity of the document.

External reference: 35D321A791434FB8B66A6A3926955DFD

GROUP FINANCIAL STATEMENT SHEARWATER GEOSERVICES HOLDING AS

GROUP FINANCIAL STATEMENT

CONSOLIDATED INCOME STATEMENT

THE SHEARWATER GEOSERVICES HOLDING AS GROUP

(In thousands of USD)	Note	2023	2022
Operating Revenue and Other Income			
Marine acquisition	4	883,615	693,097
Software, Processing, and Imaging (SPI)	4	27,789	25,409
Other income	4	10,182	7,120
Total Revenue and Other Income		**921,586**	**725,626**
Operating expenses			
Cost of sales	5, 6, 7	649,823	502,444
Depreciation and amortisation	10, 11	128,951	121,917
Sales, general and administration cost	6, 7	29,331	26,223
Other losses (gains) net	8	1,288	4,118
Total Operating Expenses		**809,393**	**654,702**
Operating profit (EBIT)		**112,193**	**70,924**
Financial income	8	4,748	15,934
Financial expenses	8	-74,759	-64,515
Net Financial Items (+Income/-Expense)		**-70,012**	**-48,580**
Net income before taxes		**42,181**	**22,344**
Taxes	9	2,325	2,562
Net Income (+profit/-loss)		**39,856**	**19,782**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Net income for the year, to equity holders of Shearwater GeoServices Holding AS	**39,856**	**19,782**
Other comprehensive income	-	-
Total Comprehensive Income for the year, to equity holders of Shearwater GeoServices Holding AS	**39,856**	**19,782**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

THE SHEARWATER GEOSERVICES HOLDING AS GROUP

(In thousands of USD)	Note	31 December 2023	2022
ASSETS			
Goodwill	11	3,267	2,048
Intangible assets	11	21,193	24,214
Deferred tax asset	9	120	-
Total Intangible Assets		**24,581**	**26,262**
Vessel and marine equipment	10	895,249	906,573
Seismic equipment and other equipment	10	94,811	112,256
Right of use assets	10 , 16	7,088	9,411
Manufacturing equipment	10	1,964	2,126
Total Tangible Assets		**999,111**	**1,030,366**
Investments in shares	20	7,458	-
Total Financial Non-Current Assets		**7,458**	**-**
Total Non-Current Assets		**1,031,150**	**1,056,628**
Other current assets	13	43,069	54,487
Trade receivables	4 , 13	73,215	161,076
Other receivables	4 , 13	8,443	13,574
Cash and cash equivalents	15 , 17	105,842	52,000
Total current assets		**230,569**	**281,137**
Total Assets		**1,261,719**	**1,337,765**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

THE SHEARWATER GEOSERVICES HOLDING AS GROUP

(In thousands of USD)	Notes	31 December 2023	31 December 2022
EQUITY AND LIABILITIES			
Share capital	19	38,396	38,397
Share premium		203,598	203,581
Other paid in capital		392,980	392,980
Own shares		-442	-442
Retained earnings		-146,595	-186,451
Total Equity		**487,938**	**448,066**
Deferred tax liability	9	—	90
Long-term debt	12 , 17	324,159	603,009
Lease liabilities	16	5,510	7,714
Total Long-Term Liabilities		**329,669**	**610,813**
Current portion of long-term debt	12 , 17	333,834	100,746
Short-term debt	12 , 14 , 17	533	36,667
Lease liabilities	16	2,211	2,464
Trade payables		74,622	93,244
Taxes payable	9	—	1,282
Other short-term liabilities	4 , 14	32,910	44,484
Total Short-Term Liabilities		**444,110**	**278,886**
Total Liabilities		**773,780**	**889,699**
Total Equity and Liabilities		**1,261,719**	**1,337,765**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

THE SHEARWATER GEOSERVICES HOLDING AS GROUP

Høvik, 30 April 2024

Robert Hobbs	**Stein Vidar Håland**	**Lars Erik Larsson**
Chairman of the Board	**Board member**	**Board member**
Vijay Kasibhatla	**Trygve Lauvdal**	**Cathrine Lund Larsen**
Board member	**Board member**	**Board member**
Kristin Færøvik	**Irene Waage Basili**	
Board member	**Chief Executive Officer**	

CONSOLIDATED CASH FLOW STATEMENT

THE SHEARWATER GEOSERVICES HOLDING AS GROUP

(In thousands of USD)	Notes	2023	2022
Cash Flow from Operating Activities:			
Net income before taxes		42,181	22,344
Paid tax		-2,321	-3,457
Depreciation and write down	10	128,951	121,917
Capitalised depreciation	10	-1,324	1,094
Profit/loss on sale of vessels	10	-3,767	-283
Unrealised change in market value of shares	20	-1,740	—
Interest expenses	8	70,526	61,221
Change in current assets / liabilities		77,559	-66,122
Net Cash Flow From Operating Activities		**310,066**	**136,713**
Cash Flow from Investing Activities:			
Payments for fixed assets	10	-103,608	-63,658
Payments for sale of vessels	10	7,550	7,937
Net cash flow from investment in subsidiaries		-1,130	—
Net Cash Flow From Investing Activities		**-97,189**	**-55,721**
Cash Flow from Financing Activities:			
Capital increase	19	17	—
Drawdown of long-term loan	12	40,500	96,204
Repayment of long-term loan	12	-110,821	-215,922
Repayment of shareholder loan	12, 19	-30,273	—
Drawdown of shareholder loan	12, 19	—	30,273
Payment-/ +Drawdown of overdraft account	12	-5,178	-2,120
Repayment of financial lease	16	-3,208	-3,048
Net Interest paid		-47,529	-36,306
Net Cash Flow From Financing Activities		**-156,492**	**-130,919**
Net Increase in Cash and Cash Equivalents		**56,385**	**-49,927**
Net currency translation effects		-2,543	728
Cash and cash equivalents at start of period		52,000	101,199
Cash and cash equivalents at end of period	**15**	**105,842**	**52,000**

STATEMENT OF CHANGES IN EQUITY

THE SHEARWATER GEOSERVICES HOLDING AS GROUP

For the year ended 31 December 2023

(In thousands of USD)	Share capital	Share premium	Other paid in capital	Own shares	Retained earnings	Total equity
Balance at 1 January 2023	38,397	203,581	392,980	(442)	(186,451)	448,066
Net income for the year					39,856	39,856
Other comprehensive income					-	-
Share capital increase and reverse share split	0.34	16				17
Other changes						-
Total Equity at 31 December 2023	**38,396**	**203,598**	**392,980**	**(442)**	**(146,595)**	**487,938**

For the year ended 31 December 2022

(In thousands of USD)	Share capital	Share premium	Other paid in capital	Own shares	Retained earnings	Total equity
Balance at 1 January 2022	38,397	203,581	392,980	(442)	(206,181)	428,336
Net income for the year					19,782	19,782
Other comprehensive income					-	-
Other changes					(50)	(50)
Total Equity at 31 December 2022	**38,397**	**203,581**	**392,980**	**(442)**	**(186,451)**	**448,066**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

NOTE 1: GENERAL INFORMATION

Shearwater GeoServices Holding AS (the parent company) is a Norwegian registered company with corporate office in Bergen, with subsidiaries in Norway, United Kingdom, United States, Singapore, Malaysia, Brazil, India, Ghana and in the Netherlands.

Shearwater is a global provider of 3D, 4D and Ocean Bottom marine seismic data acquisition, land and marine processing and imaging products, data processing software and manufacturing. Shearwater has a fleet of modern purpose-built vessels with towed and Ocean Bottom seismic acquisition capabilities.

The consolidated financial statement was authorised for issue by the Board of Directors on 30 April 2024.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the company have been prepared in accordance with the IFRS® Accounting Standards as adopted by the European Union and additional requirements of the Norwegian Accounting Act. All amounts are in USD.

1. Basis for consolidation

The consolidated financial statements incorporate the financial statements of Shearwater GeoServices Holding AS and entities controlled (subsidiaries) by Shearwater GeoServices Holding 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. Accounting policies of subsidiaries will be changed when it is necessary to ensure consistency with the policies adopted by the Group.

2. 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.

3. 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.

4. Property, Plant and Equipment (PPE)
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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

If an indication of impairment exists, an impairment test is performed. If the recoverable amount of a tangible non-current asset is lower than book value, the asset will be written down to the higher of fair value less cost to sell and value in use. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses on derecognising of the asset calculated as the difference between the net disposal and the carrying amount of the asset is included in the income statement in the year the asset is derecognised.

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.

Asset group	*Useful life*
Office equipment including hardware	3 years
Vessels	25 years
Periodical maintenance	2.5 - 5 years
Fixed seismic equipment onboard vessel	5 - 7 years
Seismic equipment, leased and owned	5 - 7 years
Processing equipment	3 - 7 years
Manufacturing and engineering equipment	3 - 5 years

The residual values and estimated useful lives of items of property, plant and equipment are reviewed, and adjusted annually as appropriate, at the year-end balance sheet date.

5. Intangible assets
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.

Research and development costs
Research costs are expensed as incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if all of the following have been demonstrated: technical and commercial feasibility of completing the intangible asset so that it will be available for use or sale; the

intention to complete the intangible asset and use or sell it; the ability to use or sell the intangible asset; how the intangible asset will generate probable future economic benefits; the availability of adequate technical, financial and other resources to complete the development to use or sell the intangible asset; and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date on which the intangible asset first satisfies the recognition criteria above. All other development costs are expensed as incurred.

After initial recognition, internally generated intangible assets are reported at cost less accumulated amortization and accumulated impairment, on the same basis as intangible assets acquired separately. Capitalised development costs are amortised on a straight-line basis over the estimated useful life of the asset.

Goodwill
The difference between the cost of an acquisition and the fair value of net identifiable assets on the acquisition date is recognised as goodwill. For investment in associates, goodwill is included in the investment's carrying amount.

Goodwill is not amortised but is tested for impairment annually or more frequently if there are indications that the value should be impaired. The impairment test involves determining the recoverable amount of the cash-generating units, which corresponds to the highest of fair value less costs to sell or the value in use.

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.

6. 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.

7. 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.

8. Cash and cash equivalents
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.

9. Equity
Costs of equity transactions, share issuance costs and other transaction costs that are incremental and directly related to an equity transaction are shown in Equity as a deduction, net of tax, from the proceeds.

10. Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises the liabilities to make lease payments and Right-of-use assets representing the right to use the underlying assets.

Lease term

The lease term is determined on the commencement date of the lease, and corresponds to the term of the lease contract, unless the Group is reasonably certain that it will exercise contractual extensions or termination options.

Measurement of lease liabilities

At the commencement date of the lease, the Group recognises a lease liability measured at the present value of lease payments due under the contract, less any lease incentives receivable, plus the costs of purchase or termination options if reasonably certain to be exercised. Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Group's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Subsequently, the carrying amount of the lease liability is increased to reflect the accumulation of interest on the liability balance and reduced as the lease payments are charged to the liability. In addition, the carrying amount of the lease liability is remeasured to reflect contractual modifications, changes to lease payments or changes in the assessment of the lease term.

Measurement of Right-of-Use asset

Right-of-use assets are measured at cost, comprising the initial measurement of lease liability, lease payments made at the commencement date, initial direct costs, and estimated restoration costs, less any lease incentives received.

Subsequently, the Right-of-use asset is measured at cost, less accumulated depreciation, and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The Right-of-use assets are also subject to impairment. Refer to the accounting policies in section Impairment of Property, Equipment, and Intangibles.

Short term leases and low value leases

The Group has elected to apply the recognition exemption to lease contracts with a duration of 12 months or less, or that relate to assets with an underlying low value. Lease payments associated with short-term leases and leases of low-value assets are expensed on a straight-line basis.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

11. Income tax

Current income tax

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.

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 (see separate note describing accounting estimates below, cf 2.19).

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at 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 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.

12. Employee benefits

Pension obligations

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.

13. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief operating decision-maker. The Chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the corporate management, which consist of the Group's CEO, CFO and CCO.

14. Revenue recognition

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. The principles applied for each of the main types of contracts with customers are described in more detail in note 3.2.

15. Provisions
A provision is recognised when the Group has an obligation (legal or self-imposed) because of a previous event, it is probable (more likely than not) that a financial settlement will take place as a result of this obligation and the size of the amount can be measured reliably. If the effect is considerable, the provision is calculated by discounting estimated future cash flows using a discount rate before tax that reflects the market's pricing of the time value of money and, if relevant, risks specifically linked to the obligation.

16. Classification of assets and liabilities in the balance sheet
Assets meant for permanent ownership or use and receivables which are due later than one year after the end of the accounting period are classified as Fixed assets. Other assets are classified as Current assets. Liabilities which are due later than one year after the end of the accounting period are classified as Long-term liabilities. Other liabilities are classified as Current liabilities. Next year's instalments on long-term debt are classified as Current liabilities in the balance sheet.

17. Events after the balance sheet date
New information on the Group's financial position on the balance sheet which becomes known after the balance sheet date is recorded in the Annual Accounts. Events after the balance sheet date that do not affect the Group's financial position on the balance sheet but will affect the Group's financial position in the future are disclosed if significant.

18. 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.

19. Impairment of seismic vessel, equipment and intangible assets

Seismic vessels
The carrying amount of Seismic vessels and equipment are reviewed at each balance sheet date. If any impairment indicator exists, the recoverable amount is estimated. In accordance with IAS 36 the recoverable amount is defined as the highest of the fair value less cost of disposal (net sales value) and value in use. Management estimates both Fair value less cost of disposal and Value in use. Impairment testing is being performed to calculate the recoverable amount for the Group's fleet. Each vessel constitutes a separate cash-generating unit, which is tested separately for impairment.

Fair value less cost of disposal is based on the average of two valuations from reputable brokers, adjusted for expected sales commissions. The values in the broker valuations are quoted as a range. The mid-point in the range is used, since this is considered to best reflect all possible outcomes of a potential transaction.

Implicit rates are derived from a discounted cash flow model. Both vessel values and booked value of seismic equipment is included in estimating the implicit rates. Estimated future cash flows are discounted to present value using a pre-tax discount rate reflecting the current market assessments of the time value of money and the risk specific to the asset. When estimating value in use, management has used the same assumption and discount rate as in the evaluation of the broker valuations.

Seismic equipment
Management reviews book value of seismic equipment separate from the seismic vessel impairment. This review focus on fair value based on known second-hand purchase prices as well as expected value of new streamers.

Intangible assets
Intangible assets are assessed for impairment whenever there is an indication that the asset may be impaired, minimum annually.

The recoverable amount is tested against each vessel's book value. When the calculated recoverable amount is lower than book value of the vessel, the vessel is written down to its recoverable amount. Any impairment for Goodwill is not subject to reversal.

19. Assets held for sale
Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. The sale is highly likely if, at the reporting date, management has committed to detailed sales plans, is actively looking for a buyer and has set a reasonable selling price and the sale is highly likely to occur within a year. Such assets are measured at the lower of their carrying amount and fair value less costs to sell. Once classified as held for sale, the non-current assets will no longer be depreciated.

20. New and amended standards and interpretations adopted by the Group
The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Mandatory amendments effective from 1 January 2023:
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies
- Amendments to IAS 8: Definition of Accounting Estimates
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

None of the amendments have had any material impact on the consolidated financial statements.

21. New standards and interpretations not yet adopted by the Group
Standards and interpretations that are issued up to the date of issuance of the consolidated financial statements, but not yet effective, are disclosed below. The Company's intention is to adopt the following relevant new and amended standards and interpretations when they become effective, subject to EU approval, before the consolidated financial statements are issued.

Effective date 1 January 2024:

- Amendments to IAS 1: Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current
- Amendments to IFRS 16: Lease liabilitiy in a Sale and Leaseback
- Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements
-

Effective date 1 January 2025:

- Amendments to IAS 21: Lack of Exchangeability

The Group has assessed the expected impact and is currently not expected to have a material impact on the consolidated financial statements.

There are no other standards or interpretations that are not yet effective that would be expected to have a material impact on the Group's financial statements.

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. This particularly relates to deferred tax assets, provisions for liabilities and write-downs of fixed assets when there are indications of impairment. The estimates may change because of future events. The estimates and the underlying assumptions are reassessed continuously. Changes in accounting estimates are recognised in the income statement in the period the changes occur. If the changes also relate to future periods, the effect will be distributed over the present and future periods.

Impairment of seismic vessels
Seismic vessels and equipment are regularly reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Management estimate both Fair value less cost of disposal and Value in use. Historical volatility in Oil and Gas demand in recent years due to a global pandemic and geopolitical uncertainty of supply indicates impairment testing should be carried out by the Group. Whilst climate risk does present an uncertainty it also presents opportunities for future growth markets and transition away from fossil fuels will occur over a prolonged period.

Fair value
Fair value less cost of disposal is based on the average of two valuations from two independent, reputable brokers, adjusted for expected sales commissions. The values in the broker valuations are quoted as a range. The mid-point in the range is used, since this is considered to best reflect all possible outcomes of a potential transaction. In the current market, the valuations from brokers only to a limited extent represent results of transactions of similar assets. This reduces the reliability of the valuation, and management has sought to substantiate the broker valuations, inter alia with value in use calculations or tests of reasonableness of implicit rates derived from the valuations.

Discounted cash flow model

Implicit rates have been derived from a discounted cash flow model. Both vessel values and booked value of seismic equipment is included in estimating the implicit rates. 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.

Discount rates
The Group applied a pre-tax discount rate of 12.0% in determining discounted cash flows in connection with the impairment evaluations of seismic vessels and equipment at year end. The rates reflect the estimated weighted average cost of capital for Group activities.

Value in use
When estimating value in use, management has used the same assumption and discount rate as in the evaluation of the broker valuations.

Impairment of seismic vessels
In estimating future cash flows for the seismic fleet, management has based the assessment on awarded projects as well as estimates about future rates. Throughout 2023 the Group has experienced an increase in quantity and pricing of tenders rising over the course of 2023. With the current rise in energy prices, lack of exploration investment over recent years and continued rise in energy demand, Shearwater expects the demand for seismic services will increase over the coming years.

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.

Sensitivity
A sensitivity analysis has been prepared for the Group's vessels. The sensitivity analysis applies a 3 percentage points and 5 percentage points lower assumption for operating profit margin ("EBIT") for the long term. No impairment is needed in these two scenarios as of December 31, 2023.

Impairment of seismic equipment
Management also reviews carrying value of seismic equipment separate from the seismic vessel impairment. This review focus on fair value based on known second-hand purchase prices as well as expected value of new streamers.

Deferred tax assets
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. Based on budgets considering the Group's existing market conditions, none of the losses carried forward can be utilised in the very near term. Reference is made to note 9 Tax.

NOTE 4: REVENUE AND SEGMENT INFORMATION

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. Early in 2021 the Group decided to form a new combined business line with Software and Processing & Imaging (SPI). Combining these gave the Group an opportunity to release untapped potential in the Shearwater organisation and brought the Group closer together to be able to see the potential for technology collaborations, increased technology research and development, greater software support and stronger client engagement. This change has enabled faster and better collaboration within Shearwater and with our clients in the Group's pursuit of continuing to transform our industry. Within the Group there are now three defined segments: Marine Acquisition, Software, Processing & Imaging (SPI) and Technology.

Marine Acquisition

The Group owns and operates a 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 either nodes or cable. 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 quality checked 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 2D and 3D imaging.

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

Technology

This segment includes research and development and engineering services. The Group has extensive competence covering the entire process from drawing board to manufacturing 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 results for the Technology segment are not considered material and are included in Other segments.

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 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 balance figures are not reported specifically per segment.

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.

(In thousands of USD) 2023	Marine Acquisition	Software, Processing & Imaging	Other segments	Total
Income statement				
Total operating revenue and other income*	883,615	27,789	10,182	921,586
Operating expenses	606,540	22,448	50,166	679,154
EBITDA**	**277,075**	**5,342**	**-39,984**	**242,432**
Depreciation and amortisation	123,717	918	4,316	128,951
Operating profit EBIT***	**153,358**	**4,424**	**-44,300**	**113,481**
Interest income			4,748	4,748
Interest expense	-60,839	-31	-13,890	-74,760
Other losses (gains) net		84	-1,372	-1,288
Income tax expense			-2,325	-2,325
Net Income	**92,519**	**4,477**	**-57,139**	**39,856**

* *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) is presented as financial income/expenses in the segment reporting.*

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) 2023	Marine Acquisition	Software, Processing & Imaging	Other segments	Total
Cash Flow				
Net income before taxes	**92,519**	**4,477**	**-54,814**	**42,181**
Paid taxes			-2,321	-2,321
Depreciation and write down	123,717	918	4,316	128,951
Capitalised depreciation	-1,324			-1,324
Profit/loss on sale of vessels	-3,767			-3,767
Unrealised change in market value of shares			-1,740	-1,740
Interest expenses	60,839	31	9,656	70,526
Change in current assets / liabilities			77,559	77,559
Net Cash Flow from Operating activities	**271,984**	**5,426**	**32,656**	**310,066**
Payment for fixed assets	-101,996	-609	-1,003	-103,608
Payment sale of fixed assets	7,550			7,550
Net effect acquisition transaction			-1,130	-1,130
Net Cash Flow from Investing activities	**-94,446**	**-609**	**-2,133**	**-97,189**
Capital increase			17	17
Repayment of long-term loan incl. interest	-158,350			-158,350
Drawdown long-term loan	40,500			40,500
Drawdown shareholder loan	-30,273			-30,273
Drawdown overdraft	-5,178			-5,178
Other financing activities			-3,208	-3,208
Net Cash Flow from Financing activities	**-153,301**	**-**	**-3,191**	**-156,492**
Net Change in Cash Flow	**24,237**	**4,817**	**27,332**	**56,385**

(In thousands of USD) 2022	Marine Acquisition	Software, Processing & Imaging	Other segments	Total
Income statement				
Total operating revenue and other income*	693,097	25,409	7,120	725,626
Operating expenses	472,786	16,804	39,077	528,667
EBITDA**	**220,311**	**8,605**	**-31,957**	**196,959**
Depreciation and amortisation	114,372	2,011	5,534	121,917
Operating profit EBIT***	**105,939**	**6,594**	**-37,491**	**75,042**
Interest income			15,934	15,934
Interest expense	-51,368		-13,146	-64,514
Other losses (gains) net		-68	-4,050	-4,118
Income tax expense			-2,562	-2,562
Net Income	**54,571**	**6,526**	**-41,315**	**19,782**

* *Part of Other segments 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) is presented as financial income/expenses in the segment reporting.*

(In thousands of USD) 2022	Marine Acquisition	Software, Processing & Imaging	Other segments	Total
Cash Flow				
EBITDA	220,311	8,605	-31,957	196,959
Change in current assets	-47,624		-14,405	-62,029
Change in current assets with no cash impact			2,510	2,510
Net Cash Flow from Operating activities	**172,687**	**8,605**	**-43,852**	**137,441**
Payment for fixed assets	-57,816	-1,731	-4,111	-63,658
Payment sale of fixed assets	7,388	549		7,937
Net Cash Flow from Investing activities	**-50,428**	**-1,182**	**-4,111**	**-55,721**
Repayment of long-term loan incl. interest	-252,228			-252,228
Drawdown long-term loan	126,477			126,477
Drawdown overdraft	-2,120			-2,120
Other financing activities		-735	-2,313	-3,048
Net Cash Flow from Financing activities	**-127,871**	**-735**	**-2,313**	**-130,919**
Net Change in Cash Flow	**-5,612**	**6,688**	**-50,276**	**-49,199**

2. Revenue from Contracts with Customers

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

Products and Service Lines	Year Ended 31 Dec	
(In thousands of USD)	2023	31 Dec 2022
Marine Acquisition	883,615	693,097
Software, Processing & Imaging	27,789	25,409
Other segments	-	6,510
Revenue from Contract with Customers	**911,404**	**725,016**
Other income Marine Acquisition	3,767	11
Other income*	6,415	599
Total	**921,586**	**725,626**
Timing of Revenue Recognition		
Point in time	2,222	7,006
Services transferred over time	909,182	718,009
Total Revenue from Contract with Customers	**911,404**	**725,016**

** 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:

	Amount	% of Total revenue
Marine Acquisition	504,576	55 %
Software, Processing & Imaging	7,364	1 %
Other segments	—	— %
Total	**511,941**	**56 %**

The Group has four single external customers with aggregate revenues amounting to 10 per cent or more of total revenues in 2023.

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.

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. In 2022 part of Other income is insurance settlement recognised at a point in time.

Net operating revenue by geography*

	Year Ended	
	31 Dec	**31 Dec**
(In thousands of USD)	**2023**	**2022**
Europe, Africa and Middle East - EAME	374,159	211,847
Asia / Pacific - APAC	251,820	320,093
North and South America - NSA	295,607	193,686
Total	**921,586**	**725,626**
Net Operating Revenue in country of domicile		
Norway	80,880	82,683
Total	**80,880**	**82,683**

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

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

Assets related to Contract with Customers	**Year Ended 31 Dec**	**31 Dec**
(In thousands of USD)	**2023**	**2022**
Trade Receivables	34,032	77,798
Mobilisation and Transit Costs recognised (costs to fulfil a contract)	6,679	13,860
Receivables, invoiced after balance sheet date	43,523	83,277
Total	**84,234**	**174,935**

Contract liabilities	**31 Dec**	**31 Dec**
(In thousands of USD)	**2023**	**2022**
Prepayments from Customers / Deferred Revenues	6,778	20,751
Total	**6,778**	**20,751**

Expected delivery of remaining Performance Obligations	**31 Dec**	**31 Dec**
(In thousands of USD)	**2023**	**2022**
Within one year	413,668	551,643
More than one year	-	-
Total	**413,668**	**551,643**

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 in 2023 to be recognised during 2024.

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**
(In thousands of USD)	**2023**	**2022**
Assets recognised from costs incurred to fulfil a contract	6,679	13,860
Amortisation recognised as cost of providing services during the period	-30,853	-3,646

NOTE 5: SPECIFICATION COST OF SALES

	Year Ended	
	31 Dec	**31 Dec**
(In thousands of USD)	**2023**	**2022**
Vessel operating cost	597,623	462,834
Processing and Imaging cost	22,448	16,689
Other segments	29,752	22,920
Total Cost of Sales*	**649,823**	**502,444**

* *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	2023	2022
Offshore	610	533
Norway offices	156	138
UK office	194	166
US office	41	32
Malaysia offices	155	122
Singapore/ Australia/ India offices	27	17
Brazil office	8	6
Other locations	9	7
Total employees	**1,200**	**1,021**

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 2023. Total man-years at year end 2023 was 1,200 (2022: 1,021 man-years).

(In thousands of USD)	2023	2022
Salary cost	113,282	89,747
Social security	3,514	3,510
Pension and insurance cost	9,882	8,488
Other benefits	3,799	5,657
Total Salary and Benefits cost	**130,477**	**107,402**

Presentation of Salary and Benefits cost in the Income Statement:

(In thousands of USD)	2023	2022
Included in Cost of Sales	114,405	85,404
Included in Sales, general and administration cost	16,072	21,998
Total Salary and Benefits cost	**130,477**	**107,402**

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	SVP Strategy & New Markets	3)	-	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

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

Management Remuneration
2022
(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		26,500	544	-	7	29	581
Andreas H. Aubert	Chief Financial Officer		15,000	364	-	3	20	387
Peter Hooper	Chief Commercial Officer		23,390	385	-	4	21	411
Massimo Virgilio	Chief Technology Officer		-	302	-	3	17	322
Patrick Leigh-Smith	SVP Marine Acquisition	*2)*	-	78	-	-	7	85
Antonio Stempel	SVP Marine Acquisition	*3)*	-	162	-	11	15	187
Simon Telfer	SVP SPI		3,036	265	-	-	34	299
Kerry Walker	Global Head of HR	*4)*	-	114	-	3	15	131
Philippa Box	SVP Human Resources	*5)*	-	31	-	-	3	34
Gunnvor Dyrdi Remøy	General Counsel	*6)*	-	37	-	1	1	39
Total Management remuneration		*1)*	**67,926**	**2,281**	**-**	**31**	**163**	**2,475**

1) Amounts in currencies other than USD have been translated to USD using average exchange rate for the year

2) Part of Management Team until Mar-22

3) Part of Management Team since May-22

4) Part of Management Team until Oct-22

5) Part of Management Team since Oct-22

6) Part of Management Team since Oct-22

Board of Directors

The table below provides information about the Board of Directors' compensation for 2023:

(In thousands of USD)

Name	Position	Director since	Term expire*	Compensation
Robert Hobbs	Chairman of the Board	2020	2024	133
Stein Vidar Håland	Board member	2016	2024	44
Lars Erik Larsson	Board member	2020	2024	-
Vijay B. Kasibhatla	Board member	2018	2024	-
Trygve Lauvdal	Board member	2016	2024	-
Cathrine Lund Larsen	Board member	2021	2024	44
Kristin Færøvik	Board member	2023	2024	44
Total				**266**

**Each Board member is elected for one year at the time*

The table below provides information about the Board of Directors' compensation for 2022:

(In thousands of USD)

Name	Position	Director since	Term expire*	Compensation
Robert Hobbs	Chairman of the Board	2020	2023	130
Stein Vidar Håland	Board member	2016	2023	42
Lars Erik Larsson	Board member	2020	2023	-
Vijay B. Kasibhatla	Board member	2018	2023	-
Trygve Lauvdal	Board member	2016	2023	-
Cathrine Lund Larsen	Board member	2021	2023	42
Total				**213**

**Each Board member is elected for one year at the time*

Audit and Sustainability Committee

The table below provides information about the Audit and Sustainability Committee compensation for 2023:

(In thousands of USD)

Name	Position	Start	Term expire*	Compensation
Cathrine Lund Larsen	Chair	2023	2024	13
Stein Vidar Håland	Member	2023	2024	8
Kristin Færøvik	Member	2023	2024	8
Total				**30**

**Each member is elected for one year at the time*

Remuneration Committee

The table below provides information about the Remuneration Committee for 2023:

(In thousands of USD)

Name	Position	Start*	Compensation
Robert Hobbs	Chair	2022	7
Vijay B. Kasibhatla	Member	2022	-
Trygve Lauvdal	Member	2022	-
Total			**7**

**The members are elected for an undefined term*

The members of the Remuneration committee do not receive compensation for their participation in the committee.

Pensions
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 2023 is USD 3,109 thousand while 2022 totalled to USD 3,487 thousand.

Shares and share option scheme
The Group established in 2018 a share and share option scheme where the members of the management team and other employees holding key positions were given the opportunity to buy B shares in the company, 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, 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 end of 2023 is NOK 91.62. The strike price at the beginning of 2022 was NOK 75.67 and NOK 83.26 at the end of 2022.

Number of options granted during 2023 is nil (2022: 90,707). 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 at end of the year:

		2023		2022	
Name	**Position**	**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
Andreas H. Aubert	Chief Financial Officer	10,000	81,990	10,000	81,990
Peter Hooper	Chief Commercial Officer	20,000	136,650	20,000	136,650
Massimo Virgilio	Chief Technology Officer	-	8,000	-	8,000
Antonio Stempel	SVP Marine Acquisition	-	8,000	-	8,000
Simon Telfer	SVP SPI	3,036	10,932	3,036	10,932
Gunnvor Dyrdi Remøy	General Counsel	-	8,000	-	8,000
Total Management Team		**53,036**	**417,550**	**53,036**	**417,550**
Other employees*		34,144	118,428	34,144	118,428
Total		**87,180**	**535,978**	**87,180**	**535,978**

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

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 an opportunity to share in the company's success over time. The program requires participants to pursue common KPIs aligned to the strategic direction of the Shearwater group. 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 every year, and the enrolment in the scheme is selected on an annual basis.

The Board could make certain awards under the new scheme to the management team based on 2023 performance, however such award would be fully at the board's discretion and not based on set KPIs.

NOTE 7: AUDITOR'S FEE

	Year Ended	
	31 Dec	**31 Dec**
(In thousands of USD)	**2023**	**2022**
Statutory audit	526	412
Other attestation services	12	31
Statutory audit required by law	**538**	**444**
Other services outside the audit scope	70	77
Tax advice	49	19
Other services	**119**	**96**
Total auditor's fee *	**657**	**540**

* *included in Sales, General and Administration cost*

Of statutory audit fee in 2023, USD 117 thousand relates to subsidiaries audited by other audit firms than the parent company (2022: USD 65 thousand). The audit fee is excluding VAT.

NOTE 8: FINANCIAL INCOME AND EXPENSES

	Year Ended	
	31 Dec	**31 Dec**
(In thousand of USD)	**2023**	**2022**
Interest income	1,152	1,731
Mark-to-Market (currency, bunkers and interest swap)	1,808	11,966
Other financial income	1,788	2,237
Total financial income	**4,748**	**15,934**
Interest on loans	68,798	57,818
Interest on leases	806	1,021
Total interest expenses	**69,603**	**58,839**
Other financial cost	5,156	5,676
Total financial expenses	**74,759**	**64,515**
Net financial income (+) / expenses (-)	**-70,012**	**-48,581**

Net currency loss of USD 1,288 thousand (2022: net loss USD 4,118 thousand) related to Operating Activities is shown as Other Losses (Gains) in the income statement.

NOTE 9: TAX

(In thousands of USD)	Year Ended 31 Dec 2023	31 Dec 2022
Tax payable	2,343	2,582
Change in deferred tax/ tax assets	-18	-20
Income tax expense	**2,325**	**2,562**
Reconciliation of income tax expense for the year:		
Net income before taxes	42,181	22,344
Norwegian statutory tax rate	22 %	22 %
Estimated tax	9,280	4,916
Change in deferred tax assets not recognised	11,845	-2,060
Permanent differences including effects of tonnage tax regime and tax rates other than statutory tax rate in Norway	-18,800	-293
Income tax expense (income)	**2,325**	**2,562**
Deferred tax liabilities/ assets		
Fixed assets	-8,699	-14,236
Profit and loss account	276	356
Tax losses carried forward	-147,048	-138,005
Deducted interests carried forward	-108,114	-87,020
Basis for calculation of deferred tax	**-263,585**	**-238,904**
Norwegian statutory tax rate	22 %	22 %
Deferred tax liabilities/ assets in Norwegian tonnage tax company	-120	78
Deferred tax liabilities/ assets from other tax jurisdictions	-	12
Deferred tax liability/ assets in balance sheet	-120	90
Not recognised deferred tax asset Norwegian entities	-51,015	-46,238
Not recognised deferred tax asset UK entity	-9,800	-2,733
Deferred tax liability from acquisition transaction*	7,034	7,034
Recognised deferred tax asset in Norwegian entities	-7,034	-7,034

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

By end of 2023 the Group had Tax Losses Carried forward totalling to USD 147.0 million (2022: 138 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

(In thousands of USD)	Seismic vessels	Seismic equipment	Manufacturing & Engineering equipment	Office equipment	Right of use asset	Total
Cost:						
Acquisition cost at 1 Jan 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 vessel and equipment	-13,595	-47	-	-	-	-13,642
Disposals during the year	-	-	-	-	-	-
Acquisition cost at 31 Dec 2023	**1,183,874**	**349,884**	**13,402**	**8,557**	**20,192**	**1,575,909**
Accumulated depreciation:						
Balance at period start	215,309	216,650	10,152	3,904	10,781	456,796
Depreciation for the period	63,124	43,560	1,286	1,006	2,323	111,299
Depreciation periodical maintenance for the period	14,631	-	-	-	-	14,631
Impairment	-	-	-	-	-	-
Less disposals during the year	-4,054	-550	-	-	-	-4,604
Deferred mob cost	-384	-940		-	-	-1,324
Accumulated depreciation at 31 Dec 2023	**288,626**	**258,720**	**11,438**	**4,910**	**13,104**	**576,798**
Balance sheet values at 31 Dec 2023	**895,249**	**91,164**	**1,964**	**3,647**	**7,088**	**999,111**
Estimated useful lifetime	*25 yrs.*	*3 to 7 yrs.*	*3 to 7 yrs.*	*3 to 5 yrs.*	*1 to 5 yrs.*	

The Group owns and operate a fleet of 23 fully equipped seismic vessels offering a full range of acquisition services including 3D, 4D and Ocean Bottom Seismic (OBS), whereof 13.5 vessels were active on average during 2023.

Depreciation charged to the income statement is reflecting estimated useful lifetime for the vessels and equipment. For details regarding deferred mobilisation cost, see accounting principles for tangible assets.

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 10.3 million (2022: USD 35.1 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 Jan 2022	1,098,949	290,202	11,284	5,682	20,040	1,426,157
Additional capital expenditures	22,672	36,212	994	714	152	60,743
Sale of equipment	262	-	-	-	-	262
Disposals during the year	-	-	-	-	-	-
Acquisition cost at 31 Dec 2022	**1,121,882**	**326,414**	**12,278**	**6,396**	**20,192**	**1,487,162**
Accumulated depreciation:						
Balance at period start	147,459	168,692	8,928	2,786	8,501	336,366
Depreciation for the period	61,467	47,166	1,224	1,118	2,281	113,255
Depreciation periodical maintenance for the period	5,740	-	-	-	-	5,740
Impairment	-	-	-	-	-	-
Less disposals during the year	341	-	-	-	-	341
Deferred mob cost	302	792		-	-	1,094
Accumulated depreciation at 31 Dec 2022	**215,309**	**216,650**	**10,152**	**3,904**	**10,781**	**456,796**
Balance sheet values at 31 Dec 2022	**906,573**	**109,764**	**2,126**	**2,492**	**9,411**	**1,030,366**
Estimated useful lifetime	*25 yrs.*	*3 to 7 yrs.*	*3 to 7 yrs.*	*3 to 5 yrs.*	*1 to 5 yrs.*	

Impairment

As of 31 December 2023, the Group obtained vessel market values from two reputable brokers for the Group's entire fleet. In addition, impairment testing has been performed to calculate the recoverable amount for the Group's fleet. Each vessel constitutes a separate cash-generating unit, which is tested separately for impairment.

As fair values are subject to uncertainty, the Group sought to substantiate the broker valuations, inter alia with tests of reasonableness of implicit rates derived from the valuations. For some vessels in the Group the recoverable amount was calculated and measured at value in use. Two of the Group's vessels had book value higher than the mid-point range used when compared to fair value less cost of disposal. For these vessels the Group has calculated the value in use to review the need for impairment. As value in use values more than substantiate the book values of these vessels and there is no indication of impairment at 31.12.2023.

The demand for oil and gas has recovered from the impact of Covid-19 and despite recent geopolitical events, it is expected that the exploration spending will increase over the coming years. There has been a substantial increase in the margins per day for Shearwater vessels over the last two years. The activity level and growing backlog gives the Group confidence that the impairment testing and conclusions are correct.

Based on these assessments, the Group has not made any vessel impairments in 2023 and 2022.

NOTE 11: INTANGIBLE ASSETS

2023

(In thousands of USD)	Goodwill	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 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*	

2022

(In thousands of USD)	Goodwill	R&D	Patents and software	Total
Cost:				
Cost as of 1 January	2,048	3,672	28,212	33,932
Additions to cost		3,068	1,000	4,068
Cost as of 31 December	**2,048**	**6,740**	**29,212**	**38,000**
Amortisation:				
Amortisation as of 1 January	-	-	8,816	8,816
Amortisation expense	-	-	2,921	2,921
Amortisation as of 31 December	**-**	**-**	**11,737**	**11,737**
Balance sheet values at 31 December	**2,048**	**6,740**	**17,475**	**26,262**
Estimated useful life			*10 years*	

Patents and software
The 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 based 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.

Research and development
The 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.

Goodwill
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.

Impairment of intangible assets and goodwill
The Group tests whether intangible assets have suffered any impairment on an annual basis. At the end of 2023, the Group finds that the assumptions the purchase price allocation finalised in 2019 was based on is still relevant. Margins per day for Shearwater vessels has increased significantly over the last two years. The demand for oil and gas has recovered from the impact of Covid-19 and with recent geopolitical events, energy security is at the forefront of decision making by western governments and exploration spending is expected to increase over the course of 2024.

Currently the Group is cautiously optimistic for the near future and further increase in day rates. Recent awards show clear signs of a rebound. 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 activity level has returned to pre-Covid levels, and the Group expects further increase in activity and margins as evidenced by the 2024 budget. The current levels of activity will lead to a substantial requirement for new streamers within the next few years, and Shearwater's IP will maintain its value.

No impairment was made for intangible assets.

NOTE 12: LONG-TERM DEBT

The Group had USD 150 million Bond Replacement Facility which matured in December 2022. At the same time The Group entered a new 2-year Bond Replacement Facility approx. USD 100 million. Additionally, the Group entered into a short-term loan agreement with RASMUSSENGRUPPEN AS in the amount of NOK 300 million to cover the short-term liquidity needs.

The Group acquired streamers and six vessels in 2021 (see note 10) which were financed by a new USD 107.5 million facility end of April 2021 as well as a convertible loan from shareholder RASMUSSENGRUPPEN AS of USD 85.0 million in January 2021 (see note 19). In addition, a company in the Group entered into an overdraft facility agreement in 2021 with termination date in January 2025. Total available overdraft is USD 10.0 million. At year end there was no overdraft. For 2022 USD 5.2 million was drawn at year end. The drawn overdraft facility is presented in the Group as short-term debt due to the general nature of an overdraft account.

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.

The Group's long-term liabilities, including first year's instalments, are summarised as follows at year-end 2023:

(In thousands of USD)		Average interest rate	Average maturity	31 Dec 2023
Mortgage debt with floating interest	Secured	USD LIBOR + 6.0 %	1.16	473,971
Mortgage debt with fixed interest	Secured	USD CIRR 2.4 % + 2.5 %	2.62	80,715
Convertible debt from shareholder with fixed interest	Unsecured	USD 7.0%	2.17	104,272
Debt from shareholder with fixed interest	Unsecured	NOK 12.0%	-	-
Lease liabilities		8.11%	5.20	7,721
Drawn on overdraft facility		USD LIBOR +4.2 %	1.00	-
Amortisation effect, mortgage debt				-990
Accrued interest expenses				558
Total				**666,247**
Of which is classified as long-term debt				324,159
Of which is classified as long- term lease liabilities				5,510
Of which is classified as current portion of long-term debt				333,834
Of which is classified as short-term debt				533
Of which is classified as short- term lease liabilities				2,211

For mortgage debt with fixed interest final maturity is June 2027 provided that equity guarantors extend their guarantees.

Booked value of assets pledged as security for Mortgage debt was USD 1,171.3 million, of which USD 88.2 million were bank deposits.

The Group's most important covenants in its long-term financing agreements for 2023 and 2022 are:

- The Group shall on a consolidated basis always have an equity ratio of at least 30%.

- Shearwater GeoServices AS shall have free liquidity of more than USD 30 million on a consolidated basis.

In addition to the above there are covenants on individual basis per financing facility related to market value of secured assets, working capital and minimum liquidity.

The Group has been compliant with the financial covenants at 31 December 2023 and 31 December 2022.

The Group's long-term liabilities, including first year's instalments, are summarised as follows at year-end 2022:

(In thousands of USD)		Average interest rate	Average maturity	31 Dec 2022
Mortgage debt with floating interest	Secured	USD LIBOR + 6.0 %	2.10	500,733
Mortgage debt with fixed interest	Secured	USD CIRR 2.4 % + 2.5 %	3.90	108,267
Convertible debt from shareholder with fixed interest	Unsecured	USD 7.0%	2.50	97,282
Debt from shareholder with fixed interest	Unsecured	NOK 12.0%	0.30	30,556
Lease liabilities		7.99%	5.20	10,178
Drawn on overdraft facility		USD LIBOR +4.2 %	1.00	5,178
Amortisation effect, mortgage debt				-2,552
Accrued interest expenses				958
Total				**750,599**
Of which is classified as long-term debt				603,009
Of which is classified as long- term lease liabilities				7,714
Of which is classified as current portion of long-term debt				100,746
Of which is classified as short-term debt				36,667
Of which is classified as short- term lease liabilities				2,464

For mortgage debt with fixed interest final maturity is June 2027 provided that equity guarantors extend their guarantees.

Booked value of assets pledged as security for Mortgage debt was USD 1,247.9 million, of which USD 40.6 million were bank deposits.

Liabilities from financing activities and other assets

2022

(In thousands of USD)	Borrowings	Leases	Total
Net debt as at 1 January	-813,327	-12,660	-825,986
Cash changes:			
Repayment of long-term loan	215,922	-	215,922
Drawdown of long-term loan	-96,204	-	-96,204
Drawdown of shareholder loan	-30,273	-	-30,273
Payment-/ +Drawdown of overdraft account	2,120	-	2,120
Repayment of financial lease	-	3,048	3,048
Non-cash changes:			
Interest long-term debt added to facilities	-17,013	-	-17,013
Other non-cash movements	-1,486	-872	-2,358
Foreign exchange adjustments	-162	306	144
Net debt as at 31 December	**-740,421**	**-10,178**	**-750,599**

2023

(In thousands of USD)	Borrowings	Leases	Total
Net debt as at 1 January	-740,421	-10,178	-750,599
Cash changes:			
Repayment of long-term loan	110,821	-	110,821
Drawdown of long-term loan	-40,500	-	-40,500
Repayment 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	-22,997		-22,997
Other non-cash movements	-1,932	-943	-2,875
Foreign exchange adjustments	1,053		1,245
Net debt as at 31 December	**-658,526**	**-7,721**	**-666,247**
Of which is classified as long-term debt			324,159
Of which is classified as long- term lease liabilities			5,510
Of which is classified as current portion of long-term debt			333,834
Of which is classified as short-term debt			533
Of which is classified as short- term lease liabilities			2,211

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

(In thousand of USD)	Year Ended 31 Dec 2023	31 Dec 2022
Assets recognised from costs incurred to fulfil a contract	6,679	13,860
Inventory	17,502	9,154
Fuel and other inventory onboard vessels	15,009	27,597
Prepaid cost	3,879	3,876
Other current assets	**43,069**	**54,487**
Trade receivables	34,032	77,798
Accrued, not invoiced revenue	39,183	83,277
Trade receivables	**73,215**	**161,076**
Taxes receivable in Brazil	3,241	6,636
Income tax receivable	670	-
Other short-term receivables	4,532	6,938
Other receivables	**8,443**	**13,574**

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
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 2023, USD 5,185 thousand are still outstanding receivables at the time the financial statement is signed. The Group has incurred a loss of USD nil on Trade receivables in 2023 (2022: 0.2 million). The Group's expected losses not accounted for are considered to be immaterial as of 31 December 2023. 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

(In thousand of USD)	Year Ended 31 Dec 2023	31 Dec 2022
Overdrafts	-	5,178
Short-term loan	-	30,556
Accrued interest	533	933
Short-Term Debt	**533**	**36,667**
Pre-paid revenue	7,044	20,751
National insurance contribution, payroll taxes and VAT	7,004	10,963
Accrued holiday allowance and other personnel charges	2,132	1,996
Other current liabilities	16,730	10,775
Other short-term liabilities	**32,910**	**44,484**

Short-term debt was higher in 2022 compared to 2023 due to one of the Group's long-term loans falling due in December 2022. At the end of December 2022, the Group entered into a short-term loan agreement with RASMUSSENGRUPPEN AS to cover the short-term liquidity needs for general corporate purposes. Please refer to note 19.

NOTE 15: CASH AND CASH EQUIVALENTS

(In thousand of USD)	Year Ended 31 Dec 2023	31 Dec 2022
Restricted cash *	1,646	1,332
Bank deposits	104,196	50,668
Total Cash and Cash Equivalents	**105,842**	**52,000**

* *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

The Group as a lessor
The Group has a financial lease balance related to seismic equipment of USD nil (2022: USD 28 thousand) of which USD nil (2022: USD 28 thousand) is due within one year. The effect of the lease in profit and loss is limited to USD nil (2022: USD 0.1 million) per year.

The 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.

The Group has non-cancellable lease commitments related to office and warehouse buildings. The lease payments have been discounted at 8.5% which the Group considered to be its incremental borrowing rate at the initial measuring.

In 2020 and 2021 one of the Group companies has entered into lease agreements for processing equipment. The contract values were translated at the contract date and lease payments were discounted at 5.8% which the company considered to be its incremental borrowing rate.

Lease payments for right of use assets will be included under depreciation and financial cost in the Group's income statement (see note 9 and note 7).

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 2023	31 Dec 2022
Net carrying amount of Right to Use Assets (see note 10)	7,088	9,411
Net carrying amount of Right to Use Assets	**7,088**	**9,411**
Current portion of lease liability	2,211	2,464
Non-current lease liability	5,510	7,714
Total lease liability as of 31 December	**7,721**	**10,178**

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

Total lease liability	**2023**	**2022**
Within 1 year	2,913	3,284
From 1 to 5 years	7,312	7,859
More than 5 years	172	2,158
Future minimum lease instalments	**10,397**	**13,300**

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 Support and Chase vessels of a total of USD 10.3 million (2022: USD 6.5 million) and ROV vessel of USD nil (2022: USD 28.6 million) not registered as Rights of Use Assets of which all were leases held for 12 months or less. Short term leases over profit and loss totalled to USD 125.7 million in 2023 (2022: USD 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:

	2023		**2022**	
(In thousand of USD)	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**
ASSETS				
Financial assets at amortised cost				
Trade receivables	34,032	34,032	77,798	77,798
Accrued, not invoiced revenue	39,183	39,183	83,277	83,277
Cash and cash equivalents	105,842	105,842	52,000	52,000
Financial assets at fair value through profit and loss				
Investment in shares	7,458	7,458	-	-
Total financial assets	**186,515**	**186,515**	**213,076**	**213,076**
LIABILITIES				
Liabilities at amortised cost				
Interest bearing long-term debt	329,669	276,294	610,723	583,973
Interest bearing short-term debt	336,578	332,502	139,877	136,629
Trade payables	74,622	74,622	93,244	93,244
Total financial liabilities	**740,869**	**683,418**	**843,844**	**813,846**

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 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 2.

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 2023 and 2022 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 2023. 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
i. 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 2023					
	NOK in TUSD	BRL in TUSD	INR in TUSD	EUR in TUSD	GBP in TUSD	SGD in TUSD
Trade receivables	-	418	2,129	-	56	-
Cash/bank account	-1,889	14,863	5,765	-365	-981	74
Trade payables	-5,551	-10,776	229	-1,825	-1,293	-278

	31 December 2022					
	NOK in TUSD	BRL in TUSD	INR in TUSD	EUR in TUSD	GBP in TUSD	SGD in TUSD
Trade receivables	-86	5	622	-	159	-
Cash/bank account	4,604	125	791	-4,035	-2,972	60,885
Trade payables	-5,714	-2,960	2,653	-3,221	-1,473	-561

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/EUR, USD/BRL, 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	
	2023	**2022**
USD/NOK exchange rate - increase 10%	580	93
USD/NOK exchange rate - decrease 10%	-580	-93
USD/BRL exchange rate - increase 10%	-351	221
USD/BRL exchange rate - decrease 10%	351	-221
USD/INR exchange rate - increase 10%	-634	-317
USD/INR exchange rate - decrease 10%	634	317
USD/EUR exchange rate - increase 10%	171	566
USD/EUR exchange rate - decrease 10%	-171	-566
USD/GBP exchange rate - increase 10%	173	334
USD/GBP exchange rate - decrease 10%	-173	-334
USD/SGD exchange rate - increase 10%	16	-4,705
USD/SGD exchange rate - decrease 10%	-16	4,705

Profit was less sensitive to movements in USD/NOK exchange rates in 2023 than 2022 due to net decrease of exposure of negative NOK denominated cash and bank accounts and trade payables. Sensitivity to USD/EUR exchange rates is less in 2023 compared to 2022, the main difference however is a net negative USD/EUR position in 2023 compared to positive in 2022. Sensitivity to USD/INR exchange rates in 2023 are similar to 2022 as changes to the exposure in cash and bank accounts were limited. Sensitivity to USD/BRL exchange rates in 2023 was lower than 2022 due to decreased exposure in cash and bank accounts. Sensitivity to USD/SGD exchange rates in 2023 is similar to 2022. 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 2023, 28% of the Group's liabilities were secured through mortgages with fixed interest (2022: 32%).

	2023	% of Total Loans	2022	% of Total Loans
Variable rate borrowings	473,971	72 %	500,733	68 %
Fixed rate borrowings	184,987	28 %	236,105	32 %
	658,958		**736,838**	

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	
	2023	**2022**	**2023**	**2022**
Interest rates - Change by 70 basis points	2,241	2,645	2,241	2,645
Interest rates - Change by 100 basis points	3,201	3,779	3,201	3,779

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 (in thousands of USD)	**2023**	**2022**
Trade receivables	34,032	77,798
Accrued, not invoiced revenue	39,183	83,277
Cash and cash equivalents	105,842	52,000
Total financial assets	**179,057**	**213,076**

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)	2023	2022
Not due	68,663	99,368
<30 days	2,139	54,048
30-60 days	3	43
60-90 days	121	82
>90 days	2,289	7,534
Total	**73,215**	**161,075**

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 2023

(in thousands of USD)	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Mortage debt with floating interest	332,078	155,536	55,709	-	543,324
Mortage debt with fixed interest	37,190	8,943	165,726	-	211,858
Leasing debt	2,913	2,223	5,089	172	10,397
Trade payables	74,622	-	-	-	74,622
Other current liabilities	39,183	-	-	-	39,183
Total	**485,986**	**166,702**	**226,524**	**172**	**879,384**

31 December 2022

(in thousands of USD)	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Mortage debt with floating interest	107,881	331,994	158,171	-	598,046
Mortage debt with fixed interest	64,079	37,229	174,814	-	276,123
Leasing debt	3,284	2,223	5,635	2,158	13,300
Trade payables	93,244	-	-	-	93,244
Other current liabilities	-	-	-	-	-
Total	**268,488**	**371,447**	**338,620**	**2,158**	**980,713**

NOTE 18: SUBSIDIARIES

The Shearwater GeoServices Holding AS Group consisted of the following companies at 31 December 2023:

Company	Jurisdiction	Shareholding	Voting power
Shearwater GeoServices AS	Norway	100 %	100 %
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 VII 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 %
Delphis Ltd	Bermuda	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 %

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

NOTE 19: SHAREHOLDER INFORMATION

The shares in Shearwater GeoServices Holding AS were at 31 December 2023 held as follows:

		A-SHARES	B-SHARES	Voting power
RASMUSSENGRUPPEN AS	1)	230,422	-	79 %
Schlumberger Norge AS		38,256	-	13 %
GC RIEBER AS	4)	19,432	-	7 %
Other		4,512	57	2 %
Other shareholders	2)	448	116	— %
Management	3)	75	266	— %
Outstanding shares		**293,145**	**439**	**100 %**
Shearwater GeoServices Holding AS		-	3,360	
Total shares		**293,145**	**3,799**	

1) Including entities controlled by RASMUSSENGRUPPEN AS
2) Held by Chairman of the Board and other board members of Shearwater GeoServices Holding AS including employees of RASMUSSENGRUPPEN AS and current and former employees of Shearwater
3) Held by CEO and higher-level management
4) Including entities controlled by GC RIEBER AS

Reconciliation of number of shares from beginning to end of the period:	**2023**	**2022**
Number of shares at 01.01.	59,388,136	59,388,136
Share capital increase	664	-
Reverse share split	-59,091,856	-
Number of shares at 31.12.	**296,944**	**59,388,136**

On 25 August 2023 it was issued 14 new A-shares and 650 new B-shares, increasing the share capital by NOK 3,652. Thereafter, RASMUSSENGRUPPEN AS transferred the number of A-shares and B-shares, free of charge, to the relevant shareholders who did not held a number of shares dividable by 200. Subsequently, the Company's shares was consolidated in the ratio 200:1 so that 200 shares, each with a nominal value of NOK 5,50, was consolidated into one new share with a nominal value of NOK 1,100.

All transactions with related parties are carried out at market terms. All shares held by Shearwater GeoServices Holding AS are in share class B. The B-shares have no voting rights in the company, other than that, the shares are equal to the A-shares. Should certain specific events occur, B-shares will become A-shares.

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.

NOTE 20: INVESTMENT IN SHARES

(In thousands of USD)

Company	Number of shares	Ownership	Acquisition cost	Market value	Book value 31.12
Argeo AS	20,124	10.40 %	5,718	7,458	7,458

Shearwater and Argeo created a strategic transformative alliance for shared subsea activities when Shearwater sold the vessel SW Bell to Argeo AS for USD 6 million plus 20.13 million Argeo shares.

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 2023 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 3-3 of the Norwegian Accountancy Act and IAS 1.25.

NOTE 23: SUBSEQUENT EVENTS

In January 2024, Shearwater purchased the vessel Caspian for USD 41.2 million as part of the transaction with Volstad. The vessel was purchased in an all debt transaction with the Endeavour vessel purchase completing in 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.

Admincontrol

List of Signatures

Page 1/1

ShearwaterGeo Annual Report 2023_FS SGS Holding_020524.pdf

Name	Method	Signed at
Færøvik, Kristin	BANKID	2024-05-03 09:16 GMT+02
Lauvdal, Trygve	BANKID	2024-05-02 19:14 GMT+02
Håland, Stein Vidar	BANKID	2024-05-02 19:04 GMT+02
Robert Hobbs	One-Time-Password	2024-05-02 18:10 GMT+02
Vijay Kasibhatla	One-Time-Password	2024-05-02 17:47 GMT+02
Larsen, Cathrine Lund	BANKID	2024-05-04 11:50 GMT+02
Basili, Irene Waage	BANKID	2024-05-03 10:26 GMT+02
Larsson, Lars Erik	BANKID	2024-05-03 10:23 GMT+02

This file is sealed with a digital signature. The seal is a guarantee for the authenticity of the document.

External reference: DEC04A827A324AD28F58BF8C4464B6FA

FINANCIAL STATEMENT SHEARWATER GEOSERVICES HOLDING AS

PARENT COMPANY FINANCIALS

INCOME STATEMENT

SHEARWATER GEOSERVICES HOLDING AS

(In thousands of USD)	Note	2023	2022
Operating revenue			
Operating revenue		-	-
Total Revenue		**-**	**-**
Operating expenses			
Cost of sales	9, 10	191	1,016
Total Operating Expenses		**191**	**1,016**
Operating profit (EBIT)		**-191**	**-1,016**
Financial income	3	32,733	4
Financial expenses	11	-9,606	-8,252
Net Financial Items (+Income/-Expense)		**23,127**	**-8,248**
Net income before taxes		**22,935**	**-9,264**
Taxes	7	-	-
Net Income (+profit/-loss)		**22,935**	**-9,264**
Allocation of Net Income:			
Transferred to/ from Retained earnings (+to/-from)		22,935	-9,264
Total allocation		**22,935**	**-9,264**

STATEMENT OF FINANCIAL POSITION
SHEARWATER GEOSERVICES HOLDING AS

(In thousands of USD)	Notes	31 December 2023	2022
ASSETS			
Investments in subsidiaries	3	633,055	633,051
Investments in shares	13	5,718	-
Total Financial Non-Current Assets		**638,773**	**633,051**
Total Non-Current Assets		**638,773**	**633,051**
Other short-term receivables		13	48
Receivables to group companies	8	33,433	6
Cash and cash equivalents	5	8	21
Total Current Assets		**33,454**	**74**
Total Assets		**672,227**	**633,125**

STATEMENT OF FINANCIAL POSITION

SHEARWATER GEOSERVICES HOLDING AS

(In thousands of USD)	Notes	31 December 2023	2022
EQUITY AND LIABILITIES			
Share capital	4, 6	38,396	38,397
Share premium	4	203,598	203,581
Other paid in capital	4	392,980	392,980
Own shares	4	(442)	(442)
Retained earnings	4	(102,596)	(125,531)
Total Equity		**531,937**	**508,985**
Long-term debt to shareholders	6	104,272	97,282
Total Long-Term Liabilities		**104,272**	**97,282**
Short-term debt to group companies	8	35,803	26,852
Trade payables		51	-
Other short-term liabilities		164	6
Total Short-Term Liabilities		**36,018**	**26,858**
Total Liabilities		**140,290**	**124,140**
Total Equity and Liabilities		**672,227**	**633,125**

STATEMENT OF FINANCIAL POSITION

SHEARWATER GEOSERVICES HOLDING AS

Høvik, 30 April 2024

Robert Hobbs **Chairman of the Board**	**Stein Vidar Håland** **Board member**
Trygve Lauvdal **Board member**	**Vijay Kasibhatla** **Board member**
Lars Erik Larsson **Board member**	**Cathrine Lund Larsen** **Board member**
Kristin Færøvik **Board member**	**Irene Waage Basili** **Chief Executive Officer**

CASH FLOW STATEMENT

THE SHEARWATER GEOSERVICES HOLDING AS

(In thousands of USD)	Notes	2023	2022
Cash Flow from Operating Activities:			
Net income before taxes		22,935	(9,264)
Group contribution received, not paid		(32,735)	-
Change in current assets / liabilities		166	893
Interests on debt, not paid		9,605	8,249
Net Cash Flow From Operating Activities		**(29)**	**(122)**
Cash Flow from Investing Activities:			
Change in group receivables / liabilities		-	-
Net Cash Flow From Investing Activities		**-**	**-**
Cash Flow from Financing Activities:			
Capital increase	4	17	-
Net Cash Flow From Financing Activities		**17**	**-**
Net Increase in Cash and Cash Equivalents		**(13)**	**(122)**
Cash and cash equivalents at start of period		21	143
Cash and cash equivalents at end of period	**5**	**8**	**21**

NOTE 1: CORPORATE INFORMATION

Shearwater Geoservices Holding AS (the parent company) is a Norwegian registered company with subsidiaries in Norway. Shearwater GeoServices is a global marine geoscience and technology business.

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 accounting principles 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 main assets in the Company is the investment in subsidiaries whose activities are predominantly in USD. The functional currency in the Group accounts is also 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. The applied USD/NOK exchange rate at 31.12.2023 is 0.0983 (31.12.2022: 0.1014) and the average exchange rate for 2023 is 0.0948 (2022: 0.1043).

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

(In thousands of USD)

Company	Office/ Jurisdiction	Share and voting power	Carrying amount	Profit 2023	Equity 31.12.2023
Shearwater GeoServices AS	Bergen, Norway	100 %	435,366	(23,159)	614,870
Shearwater GeoServices Assets II AS	Bergen, Norway	100 %	7,481	2,303	7,943
Shearwater GeoAssets AS	Bergen, Norway	100 %	105,197	(13)	103,321
Shearwater Invest AS	Bergen, Norway	100 %	85,007	(25,803)	3,931
Shearwater GeoServices Assets VI AS	Bergen, Norway	100 %	4	(119)	(116)

The subsidiaries have not finalised their annual reports at the time of the Company's sign off 30 April 2024.

The Company invested in Shearwater Invest AS in January 2021. This company entered into an agreement for purchase of streamers and six vessels end of April 2021. The Company has given Shearwater Invest AS an interest free convertible loan of USD 85.0 million, which was converted to equity in March 2022.

In 2023 the company has received a group contribution from Shearwater GeoServices Norway AS (owned 100% Shearwater GeoServices AS) amounting to USD 3.2 million. In addition the company has received a group contribution from Shearwater GeoServices AS amounting to USD 29.5 million. The group contribution will be used to settle parts of the liability that Shearwater GeoServices Holding AS had to Shearwater GeoServices AS.

In 2022 The Company received a group contribution from Global Seismic Shipping AS (owned 100% by Shearwater GeoAssets AS) on the amount of USD 5.7 million with tax effect. The same amount was also given from The Company to Global Seismic Shipping AS without tax effect. The net effect in the financial statement is nil. The Company also received a group contribution from Global Seismic Shipping AS amounting to USD 1.5 million in 2022, the same amount is given from The Company to Global Seismic Shipping AS. The net effect in the financial statement is nil.

NOTE 4: EQUITY

For the year ended 31 December 2023

(In thousands of USD)	Share capital	Share premium	Other paid in capital	Own shares	Retained earnings	Total equity
Balance at 1 January 2023	38,397	203,581	392,980	(442)	(125,531)	508,985
Net income for the year					22,935	22,935
Share capital increase and reverse share split	0.34	16				17
Total Equity at 31 December 2023	**38,396**	**203,598**	**392,980**	**(442)**	**(102,596)**	**531,937**

For the year ended 31 December 2022

(In thousands of USD)	Share capital	Share premium	Other paid in capital	Own shares	Retained earnings	Total equity
Balance at 1 January 2022	38,397	203,581	392,980	(442)	(116,267)	518,249
Net income for the year					(9,264)	(9,264)
Total Equity at 31 December 2022	**38,397**	**203,581**	**392,980**	**(442)**	**(125,531)**	**508,985**

Registered shares

	Number of shares	Par value in USD	Carrying amount (1000 USD)
A-shares	293,145	129.30	37,905
B-shares	3,799	129.30	491
Total	**296,944**		**38,396**

On 25 August 2023 it was issued 14 new A-shares and 650 new B-shares, increasing the share capital by NOK 3,652. Thereafter, RASMUSSENGRUPPEN AS transferred the number of A-shares and B-shares, free of charge, to the relevant shareholders who did not hold a number of shares dividable by 200. Subsequently, the Company's shares were consolidated in the ratio 200:1 so that 200 shares, each with a nominal value of NOK 5,50, were consolidated into one new share with a nominal value of NOK 1,100.

NOTE 5: CASH AND CASH EQUIVALENTS

(In thousand of USD)	Year Ended 31 Dec 2023	31 Dec 2022
Restricted cash *	-	-
Bank deposits	8	21
Total Cash and Cash Equivalents	**8**	**21**

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

NOTE 6: SHAREHOLDER INFORMATION

Shareholders		A-SHARES	B-SHARES	Ownership	Voting rights
RASMUSSENGRUPPEN AS	1)	230,422	-	78 %	79 %
Schlumberger Norge AS		38,256	-	13 %	13 %
GC RIEBER AS	4)	19,432	-	7 %	7 %
Other		4,512	57	2 %	2 %
Other shareholders	2)	448	116	— %	— %
Management	3)	75	266	— %	— %
Outstanding shares		**293,145**	**439**	**100 %**	**100 %**
Shearwater GeoServices Holding AS		-	3,360	1 %	— %
Total shares		**293,145**	**3,799**	**-**	**-**

1) Including entities controlled by RASMUSSENGRUPPEN AS
2) Held by Chairman of the Board and other board members of Shearwater GeoServices Holding AS including employees of RASMUSSENGRUPPEN AS and current and former employees of Shearwater
3) Held by CEO and higher-level management
4) Including entities controlled by GC RIEBER AS

The B-shares have no voting rights in the company, other than that, the shares are equal to the A-shares. Should certain specific events occur, B-shares will become A-shares.

Shearwater GeoServices Holding AS received an interest-bearing convertible loan from RASMUSSENGRUPPEN AS in 2021 to enable the Company to finance Shearwater Invest's investment in vessels and streamers. The convertible loan has a five-year profile where interest of 7% p.a. is added to the facility quarterly. Interest in 2023 totals to 6.9 million (2022: USD 6.5 million).

The company has no other significant transactions with related parties.

NOTE 7: TAXES

(In thousands of USD)	Year Ended 31 Dec 2023	31 Dec 2022
Calculation of taxes payable		
Net taxable income for the year*	-13,078	-20,657
Taxable income	-13,078	-20,657
Group contribution	3,244	5,678
Limitation of deduction for interest	9,835	8,254
Net taxable income	-	-6,725
Norwegian statutory tax rate	22 %	22 %
Taxes payable	-	-

*Based on taxable income as per Tax return for FY2023 and FY2022

Calculation of deferred tax / tax asset	**2023**	**2022**
Limited deduction for interest carried forward	14,063	14,513
Tax losses carried forward	9,583	9,890
Basis for calculation of deferred tax	23,646	24,402
Norwegian statutory tax rate	22 %	22 %
Deferred tax asset	5,202	5,369
Of which not booked	-5,202	-5,369
Deferred tax asset in the balance sheet	-	-

NOTE 8: RECEIVABLES/ LIABILITIES

Intercompany transactions (In thousand of USD)	Year Ended 31 Dec 2023	31 Dec 2022
Short-term receivables	33,433	6
Short-term liabilities	35,803	26,852

None of the short-term receivables or liabilities to the Group have maturity later than one year. The short-term receivables as of 31.12.2023 relates to Group Contribution from Shearwater GeoServices AS. In March 2022 a USD 85 million convertible loan given to Shearwater Invest AS was converted to equity.

Short-term liabilities to the group are ordinary payables due within one year. As of 31.12.2023 short-term liabilities are primarily towards Shearwater Invest AS amounting to USD 5.7 million. As of 31.12.2022 short-term liabilities were mainly towards Shearwater GeoServices AS with 25.1 million.

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 Holding AS as the salary has been provided from the subsidiary Shearwater GeoServices Norway AS. The CEO holds 133 A and B-shares as of 31 December 2023.

Board of Directors

The table below provides information about the Board of Directors' compensation for 2023:

(In thousands of USD)

Name	Position	Director since	Term expire*	Compensation
Robert Hobbs	Chairman of the Board	2020	2024	133
Stein Vidar Håland	Board member	2016	2024	44
Lars Erik Larsson	Board member	2020	2024	-
Vijay B. Kasibhatla	Board member	2018	2024	-
Trygve Lauvdal	Board member	2016	2024	-
Cathrine Lund Larsen	Board member	2021	2024	44
Kristin Færøvik	Board member	2023	2024	44
Total				**266**

**Each Board member is elected for one year at the time*

The table below provides information about the Board of Directors' compensation for 2022:

(In thousands of USD)

Name	Position	Director since	Term expire*	Compensation
Robert Hobbs	Chairman of the Board	2020	2023	130
Stein Vidar Håland	Board member	2016	2023	42
Lars Erik Larsson	Board member	2020	2023	-
Vijay B. Kasibhatla	Board member	2018	2023	-
Trygve Lauvdal	Board member	2016	2023	-
Cathrine Lund Larsen	Board member	2021	2023	42
Total				**213**

**Each Board member is elected for one year at the time*

Audit and Sustainability Committee

The table below provides information about the Audit and Sustainability Committee compensation for 2023:

(In thousands of USD)

Name	Position	Start	Term expire*	Compensation
Cathrine Lund Larsen	Chair	2023	2024	13
Stein Vidar Håland	Member	2023	2024	8
Kristin Færøvik	Member	2023	2024	8
Total				**30**

**Each member is elected for one year at the time*

Remuneration Committee

The table below provides information about the Remuneration Committee for 2023:

(In thousands of USD)

Name	Position	Start*	Compensation
Robert Hobbs	Chair	2022	7
Vijay B. Kasibhatla	Member	2022	-
Trygve Lauvdal	Member	2022	-
Total			**7**

**The members are elected for an undefined term*

The members of the Remuneration committee do not receive compensation for their participation in the committee.

Shares and share option scheme
The Group established in 2018 a share and share option scheme where the members of the management team and other employees holding key positions were given the opportunity to buy B shares in the company, 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, 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 end of 2023 is NOK 91.62. The strike price at the beginning of 2022 was NOK 75.67 and NOK 83.26 at the end of 2022.

Number of options granted during 2023 is nil (2022: 90,707). 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 at end of the year:

		2023		2022	
Name	**Position**	**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
Andreas H. Aubert	Chief Financial Officer	10,000	81,990	10,000	81,990
Peter Hooper	Chief Commercial Officer	20,000	136,650	20,000	136,650
Massimo Virgilio	Chief Technology Officer	-	8,000	-	8,000
Antonio Stempel	SVP Marine Acquisition	-	8,000	-	8,000
Simon Telfer	SVP SPI	3,036	10,932	3,036	10,932
Gunnvor Dyrdi Remøy	General Counsel	-	8,000	-	8,000
Total Management Team		**53,036**	**417,550**	**53,036**	**417,550**
Other employees*		34,144	118,428	34,144	118,428
Total		**87,180**	**535,978**	**87,180**	**535,978**

* *Other employees include previous management team members and key personnel.*

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 an opportunity to share in the company's success over time. The program requires participants to pursue common KPIs aligned to the strategic direction of the Shearwater group. 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 every year, and the enrolment in the scheme is selected on an annual basis.

The Board could make certain awards under the new scheme to the management team based on 2023 performance, however such award would be fully at the board's discretion and not based on set KPIs.

NOTE 10: AUDITOR'S FEE

(In thousands of USD)	Year Ended 31 Dec 2023	31 Dec 2022
Statutory audit	89	90
Other attestation services	5	1
Total auditor's fee	**94**	**91**

The audit fee is excluding VAT.

NOTE 11: FINANCIAL EXPENSES

(In thousand of USD)	Year Ended 31 Dec 2023	31 Dec 2022
Interest on convertible loan from shareholder	6,991	6,522
Intercompany interest expense	2,614	1,728
Other financial expenses	1	2
Total	**9,606**	**8,252**

NOTE 12: GUARANTEES

The Company has guaranteed for debt in the following companies:

(In million of USD)	31 Dec 2023
Shearwater Invest AS	141
Shearwater GeoServices AS	525
Shearwater GeoServices Assets II AS	72.9

NOTE 13: INVESTMENT IN SHARES

(In thousands of USD)

Company	Number of shares	Ownership	Acquisition cost	Market value	Book value
Argeo AS	20,124	10.40 %	5,718	7,458	5,718

Shearwater and Argeo created a strategic transformative alliance for shared subsea activities when Shearwater sold the vessel SW Bell to Argeo AS for USD 6 million plus 20.13 million Argeo shares.

Admincontrol

List of Signatures

Page 1/1

ShearwaterGeo Annual Report 2023_BoD Report_020524.pdf

Name	Method	Signed at
Robert Hobbs	One-Time-Password	2024-05-02 18:11 GMT+02
Lauvdal, Trygve	BANKID	2024-05-02 16:17 GMT+02
Færøvik, Kristin	BANKID	2024-05-02 14:58 GMT+02
Basili, Irene Waage	BANKID	2024-05-02 13:29 GMT+02
Vijay Kasibhatla	One-Time-Password	2024-05-02 11:31 GMT+02
Larsen, Cathrine Lund	BANKID	2024-05-04 11:48 GMT+02
Larsson, Lars Erik	BANKID	2024-05-03 10:21 GMT+02
Håland, Stein Vidar	BANKID	2024-05-02 19:02 GMT+02

BOARD OF DIRECTORS' REPORT

Shearwater GeoServices Holding AS ("Shearwater" or "Group") is a global marine geoscience and technology business with operations in all major offshore basins around the world.

In 2023, Shearwater demonstrated the resilience of its business model, delivering revenue and earnings growth on the back of an improving, albeit softer than expected seismic market. The order book coming into the year was strong. However, activity levels were negatively impacted by geopolitical uncertainty with continued war in Europe and the outbreak of another conflict in the Middle East, as well as continued inflationary pressures. Against this challenging backdrop, Shearwater generated USD 921.6 million in revenues and achieved an EBITDA of USD 242.4 million supported by the Group's fully invested operational platform. These results reflect a record year for Shearwater and the Board would like to thank the Shearwater employees for their continued hard work in 2023.

Since inception, Shearwater has sought to reshape the seismic industry through consistent delivery of high-quality surveys and data, and the development and application of new technologies, supported by an opportunistic approach to growth and value creation.

In 2023, Shearwater successfully executed on strategy. This included the conversion of the SW Tasman to a next generation deepwater dual ROV OBN vessel equipped with the in-house developed Pearl-node. The Group formed a strategic alliance with Argeo, which included the sale of SW Bell, entered the multi-client market and most recently refinanced the long-term debt portfolio in April 2024.

Shearwater is organised into three primary business units: Marine Acquisition, Software Processing and Imaging and Technology.

Marine Acquisition manages fleet operations and marine seismic acquisition projects.

Software, Processing and Imaging provide a truly integrated service for processing and re-processing projects in all geological environments on the most modern seismic processing software platform in the industry.

Technology combines decades of experience to innovate every step from sensor design to final image.

Investing for growth

Shearwater's leading market position reflects a history of value-accretive transactions and a focused fleet optimisation strategy.

The launch of the SW Tasman as the world's first multifunctional deepwater dual ROV OBN deployment vessel is an extension of the fleet strategy. Operationally ready at the end of 2023, the vessel positions the Group to meet increased ocean bottom seismic (OBS) demand with in-house deployment capacity independent of the market availability for ROV vessels.

In September, Shearwater created a strategic alliance with Argeo to capture joint growth opportunities in the subsea and OBS markets through the application of leading technology and operational efficiencies. The SW Bell was sold to Argeo as part of the transaction and later converted to a subsea vessel.

In December, Shearwater purchased Oceanic Endeavour and, subsequently in January 2024, completed the purchase of Geo Caspian from Volstad. Both are high-end streamer vessels which fit well into the Shearwater vessel portfolio capable of serving all segments of the streamer market.

Leading fleet and technology platform

Shearwater owns and operates a fleet of 23 fully equipped seismic vessels offering a full range of acquisition services including 3D, 4D and ocean bottom seismic (OBS).

In 2023, development of the proprietary Pearl node entered a new phase with the successful execution of a North Sea project with more than 300 nodes deployed on the seafloor collecting high-quality reservoir data. The production of new nodes continued, with around 4,800 units in inventory at year-end. In addition, Shearwater has 19 full streamer sets and ample spares, providing a unique operational platform to serve the expected growth in seismic demand.

The Group continued to develop and offer high quality processing and imaging services and the Reveal software, which is increasingly adopted across the oil and gas industry. Shearwater also 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. In 2023, the processing and software team continued to grow with operating locations opened in Houston and Kuala Lumpur.

Over the past few years, the Group's client-led research and development strategy has successfully contributed to external industry funding for a new marine vibrating source technology which improves operational efficiency and data quality while reducing sound emissions. The Bass source technology is an example of Shearwater's commitment to sustainable seismic data acquisition. Following the Alpha test of Bass in the summer of 2023, Shearwater signed a collaboration agreement with Petrobras in the fourth quarter to bring the new solution into commercial use.

Responding to a changing market

As the underlying seismic market continued to recover, Shearwater experienced high activity in the first half of the year and through the North Sea summer season. During the second half of 2023, activity levels decreased across the industry. This also impacted Group operations. However, the slowdown is considered temporary, and improved market activity has been observed going into the second quarter of 2024.

The fundamentals of the seismic market are changing. Some of these changes have been driven by Shearwater, while there are others the Group is responding proactively to. The multi-client market is one segment that has transformed in recent years and there is demand from certain clients to acquire seismic data using a multi-client model in place of a traditional proprietary contract survey. The Group is adapting to the new market conditions and opportunities by taking a focused and disciplined approach. It is natural for Shearwater to execute these types of 'converted contracts' at the request of our clients as long as they meet Group return requirements. In addition to converted contracts, Shearwater monitors opportunities for acquiring data in partnerships with other seismic companies in areas where increased demand for data is expected.

The Group is increasingly engaging in energy transition-related activities including data acquisition and processing and imaging projects tied to carbon capture and storage, as well as other alternative applications of geophysics to support decarbonisation. The Group see a significant long-term potential within energy transition related services but expects fluctuations in activity in the near-term.

Well positioned with robust financial platform

Shearwater is well positioned for an expected market recovery with a fully invested operational platform comprising both streamer- and node-equipment and a fleet of 23 vessels. While other companies within the industry have divested in recent years, Shearwater has invested in optimising the fleet and technology portfolio to strengthen the resilient and flexible operating model creating significant operational gearing. At 31 December 2023, the open market backlog including signed call offs from CGG amounted to USD 413 million.

In early 2024, the position as the leading marine seismic acquisition company was further strengthened with the refinancing of the Group's long-term secured debt, ensuring a robust balance sheet with a five-year runway on the main debt facilities.

The Board of Directors is confident that Shearwater is well positioned to create additional value in a tightening seismic market based on the company's leading market position, low cost base and limited capex requirements in the short- to medium term, supported by a robust revenue backlog and tender pipeline.

Financial review

Income Statement

Total revenue for the Shearwater Group in 2023 was USD 921.6 million and EBITDA was USD 242.4 million compared to USD 725.6 million and USD 197.0 million, respectively, in 2022. The operating profit (EBIT) for 2023 was USD 112.2 million compared to an operating profit of USD 70.9 million in 2022, and net financial items were negative USD 70.0 million in 2023 compared to negative USD 48.6 million in 2022.

The Group's net profit after tax amounted to USD 39.9 million in 2023 compared to USD 19.8 million in 2022. The improved profitability reflected a larger active fleet, improved contract pricing and good cost control during the year.

Cash Flow

Net cash flow from operations in 2023 was USD 310.1 million compared to USD 136.7 million in 2022. The difference between cash flow from operations and EBIT is reflected by the capital-intensive nature of the seismic business and the Group's finance structure. Working capital can also fluctuate significantly depending on the situation of the fleet and timing of seasonal transits. The working capital reduction in 2023 is due to a build-up in working capital in the fourth quarter of 2022 with a significant number of vessels mobilising for India operations. This did not reoccur in the fourth quarter of 2023.

Cash flow from investing activities was negative USD 97.2 million compared to negative USD 55.7 million in 2022. Cash flow from investing activities included the ramp up in Pearl node production and the purchase of the Endeavour vessel at the end of the year.

Net cash flow from financing activities was negative USD 156.5 million in 2023 compared to negative USD 130.9 million in 2022. In 2022, the Group executed a two-year extension to one of the financing facilities which resulted in a USD 50 million debt repayment and drawdown of a new NOK 300 million shareholder loan provided by RASMUSSENGRUPPEN AS. This loan was fully repaid in August 2023. Repayments of long-term debt amounted to USD 110.8 million while net interest paid on long-term debt was USD 47.5 million.

Net cash flow for the year was positive USD 56.4 million compared to negative USD 49.9 million in 2022.

Statement of financial position

The Group's total assets as at 31 December 2023 amounted to USD 1,261.7 million compared to USD 1,337.8 million at the end of 2022, while total assets in Shearwater GeoServices Holding AS were USD 672.2 million compared to USD 633.1 million at the end of 2022. At 31 December 2023, the Group's booked value of vessels was USD 895.2 million, and the book value of seismic equipment was USD 94.8 million compared to USD 906.6 million and USD 112.3 million respectively, at the end of 2022.

The Group's book equity at 31 December 2023 was USD 487.9 million corresponding to an equity ratio of 39%, with corresponding prior year figures of USD 448.1 million and 33%. Shearwater GeoServices Holding AS's equity was USD 531.9 million, corresponding to an equity ratio of 79%, compared to USD 509.0 million and equity ratio of 80% at the end of 2022.

Financing

At 31 December 2023, the Group interest-bearing debt, including shareholder loans of USD 104.3 million was USD 666.2 million, of which USD 336.6 million was classified as short-term debt. This compares to USD 750.6 million of which USD 139.9 million was classified as short-term debt at the end of 2022. The increase in short term debt was due to all facilities maturing towards the end of 2024 or early 2025. At year-end, the average maturity of the Group's loan portfolio was 1.5 years, down from 2.4 years at the end of 2022.

Group debt decreased by USD 84.4 million during the year principally through paid instalments, compared to a decrease of USD 75.4 million in 2022. At 31 December 2023, the Group's cash holding was USD 105.8 million of which USD 1.6 million was classified as restricted. Net debt including cash was USD 560.4 million, compared to USD 698.6 million at 31 December 2022.

Long term debt repayments during 2023 amounted to USD 110.8 million, compared to USD 119.7 million in 2022. This included a USD 6 million instalment paid late in the fourth quarter of 2023 related to the sale of SW Bell for a combination of cash and shares in Argeo AS. The shareholder loan drawn down in 2022 was fully repaid in August 2023.

In December 2023 the Group closed the Volstad transaction and purchased the Oceanic Endeavour, increasing the debt by USD 40.5 million. In January 2024 the Geo Caspian was acquired adding USD 41.2 million to the Group's debt.

The Group's debt covenants are tied to free liquidity, working capital, equity, and market value of the vessels. The Group was compliant with all covenants 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. This has increased the average maturity on debt to 4.6 years. The refinancing has optimised the Group capital structure, providing a strong liquidity runway whilst significantly reducing the annual cash-flow to debt service.

Risks and risk management

The Group has developed a risk management system which reports to the Board semi-annually, 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 forward-looking statements of expected activities or developments. The statements are based on assumptions and estimates, and some of them are beyond the Group's control and therefore subject to risks and uncertainties.

Market risk

The profitability and cash flow from the Group's operations will depend upon the overall demand and investment level of operators and oil companies which in turn are impacted by the market price for oil and gas. Energy prices are subject to numerous 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. Customers' project development time, reserve replacement needs, as well as expectations of future commodity demand and prices are additional factors that influence the demand for the Group's services. Each one of these may have a material impact on results from operations and profitability.

Over the last ten years there has been periods with relatively low oil and gas prices, and this has contributed to reduced supply of seismic vessels, with several units removed from the market in recent years through decommissioning or temporary lay-up. With a significant share of the global seismic vessel capacity in lay-up, there is a risk that 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. This risk is mitigated by Shearwater's high share of the swing capacity and hence control on adding vessel capacity to the market.

Operational risk

Shearwater is exposed to operational risks, especially related to offshore services, such as mechanical breakdowns, technical problems, collisions, bad weather and other force majeure events. If any of these risks materialise, the Group's business could be interrupted, and the Group could incur significant 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 in, exploration and production activities for the customers, which in turn may adversely impact Group operations and have a material negative impact on Group earnings and valuation.

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 reputational risk with the Group's clients. The Group manages safety risk with a comprehensive safety management system, procedures and reporting and mitigate potential risks safeguarding both Shearwater personnel and operational integrity.

There is also a general inherent risk related to conducting international business. This includes, but are not limited to, unexpected changes in regulatory requirements, difficulties in staffing and managing foreign operations, social and political instability, fluctuations in currency exchange rates, 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 affect the Group's operations and, consequently, the financial position and profit of the Group. Shearwater seeks to minimise operational risk and is dedicated to ensuring good and stable operations and has introduced adequate systems and routines for quality assurance from the time the Group was established.

Foreign exchange risk

A majority of the Group's revenue is in USD. As the Group has a global footprint, the Group has and will have revenue in other currencies going forward with the associated foreign exchange risk. The Group is seeking to match operational cost with revenue to reduce this risk. As USD is expected to represent the majority of Group revenues the main liabilities are also denominated in USD. The Group's expenses are mainly recorded in USD, NOK, GBP, EUR and BRL. The Group may attempt to minimise risks by implementing hedging arrangements when appropriate but will not be able to fully avoid foreign exchange related 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 thereby impact the Group's financial performance.

Interest rate risk

Part of the Group's external financing is subject to floating interest rates with interest cost exposed to fluctuations in market interest rates. At year-end 2023, interest rate exposure for 28% of Group liabilities were secured through fixed interest mortgages.

Credit risk

Lack of or delayed payment from customers may significantly and adversely impact Group revenue and liquidity. Customers are mainly companies within the energy industry. This concentration may impact the Group's overall exposure to credit risk as customers 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 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 credit risk.

Liquidity risk

The Group was established in December 2016 with solid backing from owners injecting substantial liquidity into Shearwater. Shareholders injected an additional USD 50 million to increase liquidity in connection with the acquisition of the shares in Reflection Marine ASA (the holding company of Schlumberger's marine acquisition segment) in November 2018. In December 2021, shareholders injected an additional USD 30 million associated with the refinancing of existing debt facilities. In December 2022, the Group extended one of the bank facilities by two years and paid down USD 50 million of the facility.

In April 2024, the Group refinanced its capital structure with a combination of bank and bond debt securing a favourable 9.5% interest rate on the bond, both with a five year term. This now provides the Group with lower annual financing costs and improved visibility to 2029.

The marine seismic acquisition business is a capital-intensive business segment with high working capital requirements. The group is exposed to delays in project execution and late payments from clients which might have substantial impact on the group's liquidity. To minimise liquidity risk, the group actively manages and forecasts liquidity for short- and long-term requirements. As part of the April 2024 refinancing, the Group has also secured a USD 50 million revolving credit facility and USD 50 million guarantee facility, which help reduce liquidity risk over the next five years.

Climate risk

Shearwater acknowledges the recommendations set forth by the Task Force on Climate Related Financial Disclosures (TCFD) and considers climate risks and opportunities when developing strategies and financial plans. Climate risk can be defined as the combination of transitional risk and physical risk. Transitional risks comprise market, reputational and policy risks, whereas physical risks arise through changes in weather patterns, temperature increases and other physical effects of climate change. Shearwater provides an analysis of climate risks and opportunities and measures that have been implemented to ensure long-term value creation and resilience in the annual sustainability statement.

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. Growing demand for Carbon Capture and Storage (CCS) solutions is expected to increase the CCS-related share of clients' seismic capital expenditure going forward, The Group monitors climate risk through the Environmental, Social and Governance committee which comprises 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 clients and commitment to safe operations.

Geopolitical risk

The ongoing war in Ukraine continues to negatively impact people and infrastructure locally and the global political and economic environment. Sanctions have been imposed on Russian businesses, certain nationals and the state. The Gaza conflict and rise in tensions in the Middle East has increased the risks related to maritime activity in the region. Shearwater monitors these risks closely and engages with security consultants for advice before tendering for work in the region.

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

Other risk

Other risks actively monitored by the Group include cyber security and other global health developments in the wake of the Covid-19 pandemic. The risk for cyber-attacks is considered higher since the start of conflict 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.

Environment, Social and Governance ("ESG")

In 2020, the Group published the first ESG report and established an ESG committee to oversee the implementation of the ESG strategy. Shearwater has since strengthened the internal ESG organisation to coordinate and progress Group improvement initiatives and to ensure compliance with the relevant international regulations and stakeholders' expectations. Sustainability is a key element of the strategy execution.

Shearwater's Board of Directors, 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 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 manages the environmental risk of operations with scale and efficiency. All vessels seek operational improvements to prevent pollution, minimise other negative external impacts and comply with relevant laws and regulatory requirements in countries of operation. The scale of Shearwater's fleet provides the opportunity to reduce transit distance and lay-up vessels close to areas of operations. The investment in a vibrating source demonstrates the Group's commitment to minimising the impact of seismic operations. During 2023, the Group also moved it's compute data centre from the UK to Iceland, the high power compute facility uses 100% geothermal energy.

In the 2023 sustainability report, Shearwater progresses towards alignment with the new EU Corporate Sustainability Reporting Directive (CSRD) and its draft standards (ESRSs). In 2023, as part of this process, Shearwater performed a double materiality analysis in accordance with the ESRS, identifying impacts, risks and opportunities that are material to the Company. This materiality assessment will form the cornerstone of the strategic sustainability initiatives for the coming years.

In addition, Shearwater has further developed the Taskforce for Climate-Related Financial Disclosures and aligned emissions reporting with the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard.

A more detailed account of Shearwater's ESG goals and strategy is contained in the sustainability statement published annually on www.shearwatergeo.com.

Organisation and working environment.

In 2023, the number of permanent employees increased to 1,200 compared to 1,021 at the end of 2022. The Group sick leave ratio was 1.6% in 2023 (1.5% in 2022).

This year, the Group achieved it's target to have 7% female population offshore by the end of 2023. Progress was also made on the Group's target to have 30% women in our three highest management levels, increasing from 13% in 2022 to 23% in 2023. Female representation on Shearwater's management team also increased from 38% in 2022 to 45% in 2023. Further detailed information on the Group's progress on gender diversity and gender pay gap can be found in the annual sustainability statement.

During the year, Shearwater implemented it's re-defined Purpose, Vision and Values to more accurately reflect the boldness of the Group's ambitions. This was implemented based on consultation with the Group's employees and their direct feedback. These re-defined values provide guidance on interaction with colleagues, clients and all external partners.

Alongside this revision of values, the Group launched the Shearwater Behavioural Framework that 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.

Shearwater also revised it's people strategy during the year to align it's people objectives with the Group's culture, vision and values. In doing so, Shearwater is taking action to embed these principles across the employee lifecycle.

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 2023, 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, intricately woven into the annual planning cycle. The Group's management systems adhere rigorously to International Association of Oil & Gas Producers (IOGP) guidelines and ISO9001 certification across a significant portion of Shearwater's business scope. Central to the operational ethos is the profound emphasis placed on Occupational Health and Human factors, foundational pillars within the Group's practices.

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

In 2023, the Group's performance metrics improved with eleven total recordable incidents, eight high potential incidents and zero fatalities versus fifteen recordable incidents, ten high potential and zero fatalities in 2022. Shearwater understand the unique and varied hazards inherent in projects across different global locations. Leveraging Shearwater's extensive industry expertise, we meticulously identify, document, and mitigate potential risks to acceptable levels, safeguarding both Shearwater personnel and operational integrity.

Shearwater champion the use of proactive, leading indicators tailored to reflect the QHSE efforts of our workforce. These indicators serve as barometers of safety culture, enabling active monitoring of trends throughout projects and vessels. Continuously enhancing the performance of these indicators enables the Shearwater goal of zero loss, zero harm, and zero rework. As a Governing Member of EnerGeo, Shearwater stands at the forefront of industry leadership, driving excellence in QHSE practices across the sector.

Corporate governance

The ultimate parent company in the Shearwater group is Shearwater GeoServices Holding AS, a limited liability company registered in Norway. 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 is subject to the Norwegian Transparency Act. The Group's statement under the Act is published on www.shearwatergeo.com

It is the Group's view that effective corporate governance is fundamental to success, and a framework for successful services to customers and value creation for owners. 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 carry out their activities in an ethical manner and in accordance with current legislation and Shearwater standards. The Corporate Social Responsibility Policy and the Code of Conduct have been approved by the Board of Directors, and addresses personal conduct and business practice, including handling conflict of interest, combating corruption and respecting human rights. These policies apply to all employees worldwide as well as suppliers, consultants and business partners.

It is through the general meeting of shareholders that the shareholders of Shearwater exercise ultimate authority in the company and elect the members of the Board of Directors. The Board is elected by the shareholders of the Company to oversee management and to assure that the shareholders' long-term interests are served. The Board of Directors are responsible for the administration, development, and supervision of all Shearwater business.

The Board of Directors comprises seven directors. In accordance with the shareholders agreement, two board members are appointed by RASMUSSENGRUPPEN AS and one by Schlumberger Norge AS. There are three independent directors and one independent Chairman. All directors are elected based on votes at the General Meeting. In accordance with Norwegian corporate law, the Board of Directors has overall responsibility for management of the Company, while the CEO is responsible for day-to-day management. The Board of Directors has established two sub committees: an Audit and Sustainability Committee and a Remuneration Committee, both consisting of three members elected from the Board of Directors.

The Board of Directors has adopted Corporate Governance Guidelines that sets further rules of procedures for the Board of Directors and the CEO. Shearwater has directors, officers and company liability insurance which covers financial loss of the insured person, financial loss of the company in respect of any securities claim, outside entity executive cover and financial loss of outside entity executive.

Shareholder information

Shearwater GeoServices Holding AS has two classes of shares, class A and class B, of which the latter carry no voting rights. At 31 December 2023, three principal shareholders owned the class A shares with RASMUSSENGRUPPEN AS, including wholly owned subsidiaries, holding 79%, Schlumberger Norge AS holding 13% and GC Rieber AS holding 7%. In 2017, the Company issued class B shares which are currently owned by the Company and key employees. In 2021, certain members of the board subscribed to class A shares as part of the partial divestment by GC Rieber Shipping ASA. In 2023, GC Rieber Shipping AS distributed it's shares in Shearwater as dividend to it's shareholders. In 2023 Shearwater also completed a 200 for 1 reverse share split.

Outlook

Shearwater's operations are exposed to developments in the markets for oil and gas exploration and production. In 2023, global energy markets remained tight as demand continued to recover towards the long-term trend of increasing energy needs, while several years of under-investment in the oil and gas sector continued to impact supply. Geopolitical conflicts remained an important factor impacting the global economy, underpinning the importance of reliable and affordable energy supply.

As a consequence, oil and gas companies have increased capex budgets for 2024 and investment expectations for the coming years. National oil companies represent the largest increases, but the oil majors are also communicating higher spending going forward. Growth opportunities are also emerging with increased investments in new markets such as CCS, offshore wind and other areas. Shearwater is well positioned to capture these opportunities owning 63% of the global fleet with a low-cost base and limited capex requirement over the coming years, Shearwater can scale effectively through it's control of the swing capacity. A growing order book, combined with a strong balance sheet and support from shareholders, provides operational and financial strength for Shearwater to fully capitalise on a market recovery and to expand into energy transition activities.

Going Concern

Based on the above report of profit and loss for the Shearwater Group, the Board of Directors confirms that the financial statements for 2023 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 3-3 of the Norwegian Accountancy Act.

Application of the parent company's net income for 2023: Shearwater GeoServices Holding AS had a profit of USD 22.9 million in 2023 and the profit is proposed transferred to uncovered losses.

Responsibility statement

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 31 December 2023 has 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 effective as at 31 December 2021, and that the information gives a true and fair view of the Group's assets, liabilities, financial position and profit or loss. We also confirm, to the best of our knowledge, that the annual report includes a fair review of important events that have occurred in the accounting period and their impact on the condensed set of financial statements.

Høvik, 30 April 2024

Robert Hobbs	**Stein Vidar Håland**	**Lars Erik Larsson**
Chairman of the Board	**Board member**	**Board member**
Vijay Kasibhatla	**Trygve Lauvdal**	**Cathrine Lund Larsen**
Board member	**Board member**	**Board member**
Kristin Færøvik	**Irene Waage Basili**	
Board member	**Chief Executive Officer**	

To the General Meeting of Shearwater Geoservices Holding AS

Independent Auditor's Report

Opinion

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

- the financial statements of the parent company Shearwater Geoservices Holding AS (the Company), which comprise the statement of financial position as at 31 December 2023, 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 Holding AS and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2023, 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 2023, 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 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

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),

PricewaterhouseCoopers AS, Sandviksbodene 2A, Postboks 3984 - Sandviken, NO-5835 Bergen
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

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.

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 appear 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.

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.

pwc

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.For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to: https://revisorforeningen.no/revisjonsberetninger

Bergen, 30 April 2024
PricewaterhouseCoopers AS

Fredrik Gabrielsen
State Authorised Public Accountant
(This document is signed electronically)

Securely signed with Brevio

Revisjonsberetning

Signers:

Name	*Method*	*Date*
Gabrielsen, Fredrik	BANKID	2024-04-30 15:13