



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2019 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 919 117 133
Organisasjonsform: Aksjeselskap
Foretaksnavn: TRACE INVEST AS
Forretningsadresse: Damsgårdsveien 135
5160 LAKSEVÅG

Regnskapsår

Årsregnskapets periode: 01.01.2019 - 31.12.2019

Konsern

Morselskap i konsern: Ja
Konsernregnskap lagt ved: Nei

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Hilde Marie Bjerga
Dato for fastsettelse av årsregnskapet: 31.08.2020

Grunnlag for avgivelse

År 2019: Årsregnskapet er elektronisk innlevert
År 2018: Tall er hentet fra elektronisk innlevert årsregnskap fra 2019

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, 30.09.2021



Resultatregnskap

Beløp i: USD	Note	2019	2018
RESULTATREGNSKAP			
Kostnader			
Administration expenses	2	2 246 435	6 193 809
Sum kostnader		2 246 435	6 193 809
Driftsresultat		-2 246 435	-6 193 809
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern		12 267 843	1 483 186
Annen renteinntekt		203 604	101 769
Sum finansinntekter		12 471 448	1 584 955
Rentekostnad til foretak i samme konsern		280 613	2 497
Annen rentekostnad		31 068 917	3 818 750
Other financial expenses		4 977 358	1 282 745
Exchange loss (-) /gain (+)		4 808 308	10 265 718
Sum finanskostnader		41 135 196	15 369 709
Netto finans		-28 663 748	-13 784 754
Ordinært resultat før skattekostnad		-30 910 183	-19 978 563
Ordinært resultat etter skattekostnad		-30 910 183	-19 978 563
Årsresultat		-30 910 183	-19 978 563
Årsresultat etter minoritetsinteresser		-30 910 183	-19 978 563
Totalresultat		-30 910 183	-19 978 563
Overføringer og disponeringer			
From other equity		-30 910 183	-19 978 563
Sum overføringer og disponeringer		-30 910 183	-19 978 563



Balanse

Beløp i: USD	Note	2019	2018
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Finansielle anleggsmidler			
Investering i datterselskap		205 037 157	204 181 109
Lån til foretak i samme konsern		449 671 734	454 422 826
Andre langsiktige fordringer			11 287 500
Sum finansielle anleggsmidler		654 708 890	669 891 434
Sum anleggsmidler		654 708 890	669 891 434
Omløpsmidler			
Varer			
Fordringer			
Andre kortsiktige fordringer		11 184 799	12 847 652
Konsernmellomværende		45 462 585	9 796 975
Sum fordringer		56 647 384	22 644 627
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	5	2 202 663	37 220 209
Sum bankinnskudd, kontanter og lignende		2 202 663	37 220 209
Sum omløpsmidler		58 850 047	59 864 836
SUM EIENDELER		713 558 937	729 756 270
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Aksjekapital	3, 4	64 130 185	32 307 586
Annen innskutt egenkapital		300 690 600	272 717 513
Sum innskutt egenkapital		364 820 785	305 025 099



Balanse

Beløp i: USD	Note	2019	2018
Opptjent egenkapital	3		
Sum egenkapital		364 820 785	305 025 099
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner			320 071 917
Sum annen langsiktig gjeld			320 071 917
Sum langsiktig gjeld		0	320 071 917
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner		325 000 000	
Leverandørgjeld		11 576	
Skyldige offentlige avgifter		807 217	
Konsernmellomværende		17 845 317	91 682 886
Annen kortsiktig gjeld		5 074 043	12 976 369
Sum kortsiktig gjeld		348 738 152	104 659 255
Sum gjeld		348 738 152	424 731 172
SUM EGENKAPITAL OG GJELD		713 558 937	729 756 270



Skattedirektoratet

Saksbehandler Rune Tystad	Deres dato 16.04.2018+6.04.201	Vår dato 26.04.2018
Telefon 97759464	Deres referanse Hilde Marie Bjerga	Vår referanse 2018/578894

~~TRACE INVEST A~~~~TRACE INVEST AS~~
~~Postbok 1243 Sentrum~~~~Postbok 1243 Sentrum~~
~~58115811 BERGEN~~~~BERGEN~~

Tillatelse til å utarbeide årsregnskap på engelsk språk for Trace Invest AS, org.nr. 919 117 133

Vi viser til deres brev mottatt 16. april 2018 der dere søker om dispensasjon fra kravet til å utarbeide årsregnskap på norsk språk for Trace Invest AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Trace Invest AS dispensasjon fra kravet til å utarbeide årsregnskap på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge 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

Trace Invest AS er et heleid datterselskap av Shearwater GeoServices Holding AS. Shearwater GeoServices Holding AS med datterselskap tilbyr tjenester innen seismikkvirksomhet internasjonalt. Shearwater GeoServices Holding AS og øvrige konsernselskaper har dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk. Konsernet opererer i en bransje hvor engelsk klart er det dominerende arbeidsspråket. All kommunikasjon med konsernets primære kunder og kreditorer foregår på engelsk. Konsernets arbeidsspråk er også engelsk.

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 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

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



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 særlig vekt på at selskapet er et heleid datterselskap. Eierkretsen er begrenset. Morselskapet som har dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk. Videre er det vektlagt at selskapet opererer innen en bransje der engelsk er det dominerende arbeidsspråket og at konsernets arbeidsspråk er enkelsk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Torstein Kinden Helleland
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Rune Tystad

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer



ANNUAL REPORT 2019

TRACE INVEST AS

Damsgårdsveien 135
5160 Laksevåg

Business reg. no 919 117 133

Content:
Report of the Board of directors
Financial Statement
Auditor's report



Trace Invest AS Annual Report 2019

Trace Invest AS is an investment company with focus on investment within the seismic acquisition segment. Following the investment of 100% of the shares in Reflection Marine ASA in November 2018, which held the marine seismic acquisition assets and operations of WesternGeco, the geophysical product line of Schlumberger, Trace Invest AS has worked towards optimization of both the group organisational structure as well as refinancing.

The company's corporate office is in Bergen and is part of the Shearwater GeoServices Group.

Future prospects

Shearwater's operations are exposed to developments in the markets for oil and gas exploration and production. In 2019, there was a significant increase in activity level and market rates as demand for seismic data rebounded after several years depressed E&P activity following the oil price collapse in 2014.

The positive trend continued into 2020 until the Covid-19 pandemic started to unfold, and OPEC and Russia failed to agree on oil production quotas. The corresponding negative impact on commodity markets and subsequent reductions in E&P investments is expected to lead to a significant decline in demand for Shearwater's services in the second half of the year.

Longer-term, the Covid-19 pandemic's impact will likely ease and global economic activity will recover and drive increased demand for oil and gas. While the seismic market was improving going into 2020, it was from a historically low level reflecting years of reduced exploration across the E&P industry. Long-term growth in energy demand and more focus on enhanced oil recovery will require the E&P sector to resume and increase exploration and development investments. This provides a positive outlook for the market for Shearwater's services.

The Shearwater group is the largest provider of marine seismic acquisition services with a low cost base and limited capex requirements over the coming years. A significant backlog through the capacity agreements with CGG and Schlumberger, combined with a strong balance sheet and support from its owners, provides operational and financial resilience in the current market conditions and positions Shearwater to manoeuvre a challenging market for the rest of 2020 and to later capitalise on a market recovery.

Aspects of 2019

The company is a holding company and the acquisition of the shares in Reflection Marine ASA in 2018 was its first investment. During 2019 the company has worked on both an organisational restructuring together with its holding company as well as refinancing possibilities for the bridge loan which falls due in November 2020.

Profit before tax in 2019 was negative USD 30.9 mill. (2018: negative USD 20.0 mill.) of which USD 1.8 mill. (2018: USD 6.2 mill) was cost related to acquisition of Reflection Marine ASA. Net financial items were negative USD 28.7 mill. (2018: USD 13,8 mill.) of which financial expenses related to external borrowings amounted to USD 36.0 mill. (2018: USD 5.1 mill.). The company had a negative currency effect of MUSD 4.8 mill. in 2019 though better by USD 5.5 mill. compared to 2018. Net interest from intercompany loans had a positive effect of USD 12.0 mill. (2018: USD 1.5 mill.). The main effect in the net exchange loss was both in 2019 and 2018 due to the negative effect of the USD/NOK currency rate for the NOK loan to Reflection Marine ASA.

The company's liquidity is USD 2.2 mill. as of 31.12.2019 compared to USD 37,2 mill. as of 31.12.2018. Cash flow from operating activities in 2019 was negative USD 26.7 mill. and was mainly due to interest paid. Cash flow from investment activities was negative USD 8.4 mill. compared to negative USD 689.0 mill. in 2018. Last year's investment activities included both investment in Reflection Marine ASA and loan to subsidiary. As the capital increase in the company was by conversion of debt, net cash flow from financing activities was nil



compared to 2018 when net cash flow from financing activities was positive USD 734,5 mill. due to capital increase from owner and bridge loan financing to ensure the acquisition of Reflection Marine ASA.

Financial risk

The company's interest expenses are mainly in USD while interest income is in NOK. Operating expenses has in 2019 been a combination of USD and NOK but will in the future mainly be in NOK. The company will attempt to minimise risks by implementing hedging arrangements when appropriate but will not be able to fully avoid these risks.

Credit risks: All receivables are towards group companies; counterparty risk is assumed satisfactory.

Interest rate risk is mainly related to the company's long-term debt USD 325,0 mill. The long-term loan is exposed to the development in USD interest rates. The lenders are renowned Norwegian shipping-banks.

The company has bank deposits in NOK and USD. The company considers liquidity risk as limited.

The company has not participated in research and development activities in 2019.

Going concern

Trace Invest is currently in close dialogue with existing lenders in order to refinance the USD 325 mill. facility relating to the WesternGeco acquisition which matures in November 2020. Based on indications from the banks, the Board is confident that a solution will be found that provides Trace Invest and Trace Invest group with a suitable long-term financial platform.

Based on the above report of profit and loss for the company, the Board of Directors confirms that the financial statements for 2019 are prepared on the principle of going concern and that there is basis for adopting this principle in accordance with section 3-3 of the Norwegian Accountancy Act.

Social responsibility

Trace Invest AS's ambition is to practice social responsibility. The Shearwater group has prepared guidelines for ethics and social responsibility that constitute general principles for business practices and personal conduct and provide a basis for the attitudes and values that should govern the culture in the company and its subsidiaries. For a thorough account for the social responsibility and sustainability work carried out by Shearwater group, please refer to the "Code of Conduct" at the homepage www.shearwatergeo.com.

Employees

The company has no employees. The administration of the company is taken care of by Shearwater GeoServices Norway AS which is a company in the Shearwater GeoServices group. The Board of Directors consists of only male board members.

Environment

Trace Invest AS is a part of Shearwater group and therein the group's 'Focus on Zero' initiative. The "safe" component of this campaign is to "focus our intentions and behaviours on consistently striving towards Zero Harm, Zero Loss and Zero Rework." This includes, but is not limited to, focus on zero uncontrolled release of harmful substances to the natural environment.



Allocation of net income

The financial statement shows a negative net income of USD 30 910 183 which is proposed covered by other paid in capital.

Bergen, 25.08.2020

Board of Directors in Trace Invest AS

Robert Scott Hobbs
Chairman of the board

Stein Vidar Håland
Board member

Einar Åtredal
Board member

Trygve Lauvdal
Board member



TRACE INVEST AS ANNUAL REPORT 2019

INCOME STATEMENT
TRACE INVEST AS

USD		1st of Jan - 31st of December 2019	1st of Jan - 31st of December 2018
Other administrative cost	7, 12, 13	2,246,435	6,193,809
Total cost of sales		2,246,435	6,193,809
Operating profit/(loss)		-2,246,435	-6,193,809
Financial income		203,604	101,769
Financial expenses		-36,046,275	-5,101,495
Net interest income from group entities	6	11,987,230	1,480,689
Exchange loss / gain		-4,808,308	-10,265,718
Total financial items		-28,663,748	-13,784,755
Net income before taxes		-30,910,183	-19,978,564
Taxes	8	-	-
Net income		-30,910,183	-19,978,564
Covered by other paid in capital		30,910,183	19,978,564



TRACE INVEST AS ANNUAL REPORT 2019

STATEMENT OF FINANCIAL POSITION TRACE INVEST AS

USD	Note	31 December 2019	31 December 2018
ASSETS			
Financial non-current assets			
Investment in subsidiaries	4	205,037,157	204,181,109
Long-term loans group companies	6	449,671,734	454,422,826
Other long-term receivables	4	-	11,287,500
Total financial non-current assets		654,708,891	669,891,435
Current assets			
Other receivables	4	11,184,799	12,847,652
Receivables on Group companies	6	45,462,585	9,796,975
Cash and cash equivalents	5	2,202,663	37,220,209
Total current assets		58,850,047	59,864,836
Total assets		713,558,937	729,756,270



TRACE INVEST AS ANNUAL REPORT 2019

STATEMENT OF FINANCIAL POSITION TRACE INVEST AS

USD	Note	31 December 2019	31 December 2018
EQUITY AND LIABILITIES			
Share capital	3, 10	64,130,185	32,307,586
Other paid in capital	3	300,690,600	272,717,512
Total Equity		364,820,785	305,025,098
Other long-term liabilities			
Liabilities to financial institutions	9	-	320,071,917
Total other long-term liabilities		-	320,071,917
Short-term liabilities			
Liabilities to financial institutions	9	325,000,000	-
Trade creditors		11,576	-
Liabilities to group companies	6	17,845,317	91,682,886
Other short term liabilities	4, 9	5,881,260	12,976,369
Total short-term liabilities		348,738,152	104,659,255
Total equity and liabilities		713,558,937	729,756,270

Bergen, 25 August 2020

Robert Scott Hobbs
Chairman

Stein Vidar Håland
Board member

Trygve Lauvdal
Board member

Einar Ytredal
Board member



TRACE INVEST AS ANNUAL REPORT 2019

CASH FLOW STATEMENT

TRACE INVEST AS

USD		1 January - 31 December 2019	1 January - 31 December 2018
Cash flow from operating activities:			
Net income before taxes		-30,910,183	-19,978,564
Change in current assets / liabilities		-5,420,681	128,717
Other changes without cash effect		9,679,176	11,510,249
Net cash flow from operating activities		-26,651,688	-8,339,598
Cash flow from investing activities:			
Net investment in subsidiaries	4	-856,048	-204,181,109
Long-term receivable minimum commitment		11,287,500	-11,287,500
Short-term loan to group companies		-35,665,610	-9,796,975
Short-term loan from group companies		16,868,300	977,017
Long-term loan to subsidiaries		-	-464,701,054
Net cash flow from investing activities		-8,365,858	-688,989,621
Cash flow from financing activities			
Net cash effect capital increase	3	90,705,869	325,000,006
Drawdown long-term loan	9	-	325,000,000
Transaction costs related to borrowings		-	-6,160,104
Debt to SW Holding		-90,705,869	90,705,869
Net cash flow from financing activities		-	734,545,771
Net change in cash and cash equivalents		-35,017,546	37,216,552
Cash and cash equivalents - 1.1.		37,220,209	3,656
Cash and cash equivalents - 31.12.		2,202,663	37,220,209



NOTE 1: CORPORATE INFORMATION

Trace Invest AS is a Norwegian registered company with subsidiary in Norway. The Company with its subsidiary are part of the Shearwater GeoServices group, with its head office in Bergen.

Trace Invest's main business is investment in companies within the seismic market. In 2018 the Company acquired the shares in the Reflection Marine ASA, see note 4 for more information.

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 and functional currency. The main asset in the Company is the investment in subsidiaries whose activities are predominantly in USD.

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 end of the accounting period are classified as long-term debt. Other liabilities are classified as short-term debt. Next year's instalments on long-term debt are classified as current liabilities in the balance sheet.

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 carryforward losses, is based on estimated future earnings.

Contingencies

Contingent losses are recognised as expense if they are probable and can be reliably measured. Contingent gains that are probable and contingent losses that are less probable are not recognised but disclosed in the annual report or in the accompanying notes.

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: EQUITY

USD

	Share capital	Other paid in capital	Total equity
Total Equity as at 1.1.2019	32,307,586	272,717,512	305,025,098
Capital increase (see note 10)	31,822,599	58,883,270	90,705,869
Net loss for the year		-30,910,183	-30,910,183
Total Equity per 31.12.2019	64,130,185	300,690,600	364,820,785



NOTE 4: INVESTEMENT IN SUBSIDIARIES

On 14 November 2018, Trace Invest AS acquired 100% of the shares in Reflection Marine ASA, the holding company of Schlumberger's marine acquisition segment. Schlumberger announced early 2018 their intention to exit the Marine Seismic industry and started sounding the market for potential buyers. Shearwater and Schlumberger entered into a definitive agreement for Shearwater to acquire the marine seismic acquisition assets and operations of WesternGeco, the geophysical product line of Schlumberger. Following approval from applicable authorities and all conditions present, the deal was closed on 14 November 2018.

With the acquisition and the legacy Shearwater vessels and equipment, the Shearwater Group has the world's largest fleet of high-end seismic vessels and a portfolio of proprietary technologies and software that provide customers with a full-range of geophysical acquisition techniques.

Purchase considerations (in millions of USD)

Cash paid	600
Trade credit converted into minority interest in Shearwater GeoServices Holding AS	91
Contingent consideration	7
Total purchase consideration	697
Existing loan to subsidiary at time of acquisition	-468
Share of minimum commitment towards purchase price	-26
Acquisition cost	1
Total carrying amount	205

Minimum commitment

A minimum commitment was included in the agreement for the transaction as part of the consideration. The minimum commitment agreement lasts for two years from the closing of the transaction. Under the minimum commitment the Shearwater group is required to at all times have minimum two seismic acquisition vessels available for Schlumberger. The available vessels may be in the form of "cold stacked" vessels, in which case Shearwater shall make reasonable efforts to minimize time and cost of mobilisation. Schlumberger shall pay as consideration for the reservation of the vessels a total fee of USD 70,000,000. This fee is to be invoiced monthly in arrears.

As of 31 December 2019 short term receivable towards Schlumberger for the reservation fee is USD 11.2 million. At the end of 2018, USD 12.8 million was classified as short-term receivable and USD 11.3 million as long-term receivable.

Contingent consideration

As part of the SPA the parties have agreed to an adjustment in purchase price based on certain criteria in relation to working capital and cash in the Reflection Marine ASA group. A deviation from the set target in this respect will trigger an adjustment, either increasing or decreasing the total purchase consideration. The final adjustment in the purchase price ended up at USD 6.7 million compared to the estimate of USD 5.9 million.

COMPANY	OFFICE / JURISDICTION	SHARE-HOLDING	VOTING POWER	CARRYING AMOUNT	RESULT 2019	EQUITY 31.12.2019
Reflection Marine ASA	Bergen/Norway	100%	100%	205,037,157	-4,270,875	188,702,055
Total				205,037,157	-4,270,875	188,702,055

The company is not consolidated in the financial statement of Trace Invest AS as both Trace Invest and Reflection Marine ASA are consolidated under Shearwater GeoServices Holding AS.

NOTE 5: CASH AND CASH EQUIVALENTS

USD	2019	2018
Restricted cash	-	-
Bank deposits	2,202,663	37,220,209
Total cash and cash equivalents	2,202,663	37,220,209



TRACE INVEST AS

NOTES TO THE FINANCIAL STATEMENT 2019

NOTE 6: INTERCOMPANY RECEIVABLES / LIABILITIES

USD	2019	2018
Short-term group receivables	45,462,585	9,796,975
Long-term group receivables	449,671,734	454,422,826
Total group receivables	495,134,319	464,219,801
Short-term group liabilities	17,845,317	91,682,886

The Company has given short-term funding to its subsidiary to help with liquidity in the start-up phase. Long-term receivable is a loan to Reflection Marine ASA. As part of the process of separating Schlumberger's geophysical product line, loans were given from Schlumberger to Reflection Marine ASA to enable the Reflection Marine group to be established. Trace Invest AS took over the claim towards Reflection Marine ASA as part of the acquisition. Long-term receivables are subject to interest calculation.

Short-term group liabilities in 2018 includes liability to Shearwater GeoServices Holding AS of USD 90.7 million. This has been converted to equity in February 2019 and has not been subject to interest calculation.

NOTE 7: OTHER ADMINISTRATIVE COST

USD	2019	2018
Acquisition cost	1,779,599	6,167,646
Corporate service fee	128,437	13,320
Audit, tax and other attestation fees to auditor	17,993	12,844
Other administrative cost	320,407	-
Total other administrative cost	2,246,435	6,193,809

NOTE 8: TAXES

USD	2019	2018
Calculation of taxes payable		
Net taxable income for the year	-3,188,315	-9,541,038
Change in temporary differences	-	-
Total taxable income	-3,188,315	-9,541,038
Tax rate	22%	23%
Tax payable	-	-
Calculation of deferred tax / tax asset		
Interest loss brought forward	-27,450,945	-3,445,270
Loss carried forward	-12,629,600	-9,541,038
Basis for deferred tax	-40,080,544	-12,986,308
Tax rate	22%	23%
Deferred tax asset	-8,817,720	-2,986,851
Of which not booked	8,817,720	2,986,851
Deferred tax asset	-	-

The company's functional currency is USD but for tax purposes the company holds a dual accounting in NOK.

The dual accounting is the basis for the income tax return and also the figures in the tax note. The amounts have all been translated with the exchange rate at the balance sheet date NOK/USD 0,11389 in 2019 (2018: NOK/USD 0,115095).

The company do not expect the company to be able to utilise the deferred tax in the very near future. As such, no deferred tax asset has been booked in 2019.



TRACE INVEST AS

NOTES TO THE FINANCIAL STATEMENT 2019

NOTE 9: LIABILITIES TO FINANCIAL INSTITUTIONS

The Company's long-term liabilities are summarised as follows at year-end 2019:

		AVERAGE INTEREST RATE 2019	AVERAGE MATURITY	BALANCE SHEET 2019
Mortgage debt with floating interest	Secured	USD LIBOR + 7.0 %	0.9 years	325,000,000
Amortisation effect, mortgage debt				-
Accrued interest expenses				5,074,043
Total				330,074,043
			<i>Of which is classified as short-term debt:</i>	330,074,043
			<i>Of which is classified as long-term debt:</i>	-

Booked value of assets pledged as security for Mortgage debt is USD 205.0 million. In addition all shares held in the Reflection Marine group, including vessels, equipment and machinery, bank deposits and vendor claims are pledged as security.

The Company's long-term liabilities are summarised as follows at year-end 2018:

		AVERAGE INTEREST RATE 2018	AVERAGE MATURITY	BALANCE SHEET 2018
Mortgage debt with floating interest	Secured	USD LIBOR + 6,5 %	1.9 years	325,000,000
Amortisation effect, mortgage debt				-4,928,083
Accrued interest expenses				3,818,750
Total				323,890,667
			<i>Of which is classified as short-term debt:</i>	3,818,750
			<i>Of which is classified as long-term debt:</i>	320,071,917

Booked value of assets pledged as security for Mortgage debt is USD 204.0 million. In addition all shares held in the Reflection Marine group, including vessels, equipment and machinery, bank deposits and vendor claims are pledged as security.

NOTE 10: SHAREHOLDER INFORMATION

The shares in Trace Invest AS are held as follows

	Number of shares	Ownership
Shearwater GeoServices Holding AS	2,741,676	100%

In February, a short term loan of USD 90.7 million from Shearwater GeoServices Holding AS was converted to equity capital through a share capital increase by increasing the nominal value of the shares with NOK 100 from NOK 100 to NOK 200.

In 2018, the Company issued 2 741 376 new shares at NOK 100 per share through share capital increase. The issuance of new shares was done to facilitate acquisition of Schlumberger's marine seismic acquisition business.

The Company's share capital totals to NOK 548 335 200, with booked value in USD 64 130 185.

Transactions with related parties:

The company has entered into an agreement with Shearwater GeoServices Norway AS to purchase administrative services. Corporate service fee is USD 128 437 in 2019 (2018: USD 12 685). Reference is made to note 6 for other transactions with subsidiaries.

As part of the transaction with Schlumberger, the Group will receive a fee of USD 70 million for the reservation of two vessels over a two-year period. As part of the purchase price allocation USD 25.8 million was assigned as a reduction in the purchase price for the shares. As of 31 December 2019 short term receivable towards Schlumberger for the reservation fee is USD 11.2 million. At the end of 2018, USD 12.8 was classified as short-term receivable and USD 11.3 million as long-term receivable (See note 4).

The Company booked USD 5.8 million as contingent liability to Schlumberger in 2018. The final adjustment in the purchase price ended up at USD 6.7 million (see note 4).



TRACE INVEST AS

NOTES TO THE FINANCIAL STATEMENT 2019

NOTE 11: FOREIGN EXCHANGE RATES

The following exchange rates have been used when preparing the financial statement:

CURRENCY	31 DECEMBER 2019	31 DECEMBER 2018	AVERAGE 1 JAN - 31 DEC 2019	AVERAGE 1 JAN - 31 DEC 2018
NOK/USD	0.1139	0.1151	0.1136	0.1229

NOTE 12: EMPLOYEES

The company has no employees. There are no agreements that give employees or representatives entitlement to subscribe for or purchase or sell shares in the company. There has been no remuneration to general manager or directors of the board.

NOTE 13: AUDITORS FEE

The company has expensed USD 7 270 excl VAT (2018: USD 10 972) as remuneration for the auditor this financial year. Other attestation services and tax advisory have been charged with USD 1 639 and USD 9 084 excl VAT respectively in 2019.

NOTE 14: GUARANTEES

Shares in subsidiaries are pledged in favour of the bank syndicate.

NOTE 15: GOING CONCERN

The company is currently in close dialogue with existing lenders in order to refinance the USD 325 million facility relating to the WesternGeco acquisition which matures in November 2020. Based on indications from the creditors, the Board is confident that a solution will be found that provides the company with a suitable long-term financial platform.

The Board of Directors confirms that the financial statements for 2019 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.

NOTE 16: SUBSEQUENT EVENTS

Activity levels and market rates continued the positive trend into 2020, however the Covid-19 pandemic and the severe negative development on the oil price impacts the markets for Shearwater's services. Shearwater has seen two contracts cancelled by clients in Q2 2020, and continued uncertainty will increase the risk of further negative effects on Shearwater's business. The pandemic has a negative effect on Shearwater's client's financial position and could increase counterparty risk. Shearwater's market position, low cost base and limited capex requirement in the short- to medium term along with the significant backlog secured through long term capacity agreements, gives the Board confidence that the company will be able to manoeuvre through a challenging market and also to further position the company for a recovering market.



To the General Meeting of Trace Invest AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Trace Invest AS, which comprise the statement of financial position as at 31 December 2019, the income statement and cash flow statement for the year then ended, and notes to the financial statement, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2019, 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.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 as required by laws and regulations, 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

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

PricewaterhouseCoopers AS, Sandviksbodene 2A, Postboks 3984 - Sandviken, NO-5835 Bergen
T: 02316, org. no.: 987 009 713 VAT, www.pwc.no

State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm



Independent Auditor's Report - Trace Invest AS

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors (management) is responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and 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 ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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>

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Bergen, 25 August 2020
PricewaterhouseCoopers AS

(2)



Independent Auditor's Report - Trace Invest AS

Jon Haugervåg
State Authorised Public Accountant
(This document is signed electronically)

(3)



Trace Invest AS Profit and Loss Account

OPERATING REVENUE AND EXPENSES (USD)	NOTE	2019	2018
Administration expenses	2	2.246.435	6.193.809
Total operating expenses		2.246.435	6.193.809
Net operating income		-2.246.435	-6.193.809
FINANCIAL ITEMS			
Interest income from group entities		12.267.843	1.483.186
Other interest income		203.604	101.769
Interest cost to group entities		280.613	2.497
Interest expenses		31.068.917	3.818.750
Other financial expenses		4.977.358	1.282.745
Exchange loss (-) /gain (+)		-4.808.308	-10.265.718
Net financial income and expenses		-28.663.748	-13.784.754
Operating result before tax		-30.910.183	-19.978.563
Net income		-30.910.183	-19.978.563
ALLOCATION OF NET INCOME			
From other equity		30.910.183	19.978.563
Total allocation		-30.910.183	-19.978.563



Trace Invest AS Statement of Financial Position

ASSETS (IN USD)	NOTE	2019	2018
FINANCIAL FIXED ASSETS			
Investments in subsidiaries		205.037.157	204.181.109
Loan to group companies		449.671.734	454.422.826
Other long term receivables		0	11.287.500
Total financial fixed assets		654.708.890	669.891.434
Total fixed assets		654.708.890	669.891.434
CURRENT ASSETS			
Other short-term receivables		11.184.799	12.847.652
Receivables to group companies		45.462.585	9.796.975
Total receivables		56.647.384	22.644.627
Cash and cash equivalents	5	2.202.663	37.220.209
Total assets		713.558.937	729.756.270



Trace Invest AS Statement of Financial Position

EQUITY AND LIABILITIES (IN USD)	NOTE	2019	2018
PAID-UP EQUITY			
Share capital	3, 4	64.130.185	32.307.586
Other paid in capital		300.690.600	272.717.513
Total paid-up equity		364.820.785	305.025.099
RETAINED EARNINGS			
Total equity		364.820.785	305.025.099
LIABILITIES			
OTHER LONG-TERM LIABILITIES			
Liabilities to financial institutions		0	320.071.917
Total other long term liabilities		0	320.071.917
CURRENT DEBT			
Liabilities to financial institutions		325.000.000	0
Trade creditors		11.576	0
Public duties payable		807.217	0
Liabilities to group companies		17.845.317	91.682.886
Other current debt		5.074.043	12.976.369
Total current debt		348.738.152	104.659.255
Total liabilities		348.738.152	424.731.172
Total equity and liabilities		713.558.937	729.756.270