



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 917 313 415
Organisasjonsform: Aksjeselskap
Foretaksnavn: SHEARWATER GEOSERVICES AS
Forretningsadresse: Damsgårdsveien 135
5160 LAKSEVÅG

Regnskapsår

Årsregnskapets periode: 01.01.2021 - 31.12.2021

Konsern

Morselskap i konsern: Ja
Konsernregnskap lagt ved: Nei

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Monica Tøsdal
Dato for fastsettelse av årsregnskapet: 29.06.2022

Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

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, 20.07.2023



Resultatregnskap

Beløp i: USD	Note	2021	2020
RESULTATREGNSKAP			
Operating revenue	11		
Kostnader			
Personell expenses	12		
Administration expenses	7, 13	3 424 432	1 837 409
Sum kostnader		3 424 432	1 837 409
Driftsresultat		-3 424 432	-1 837 409
Finansinntekter og finanskostnader			
Net effect liquidation of subsidiaries	4	21 656 913	
Renteinntekt fra foretak i samme konsern	6	3 451 022	384 489
Annen renteinntekt		197 379	235 431
Gain on sale of shares in subsidiary	4		5 421 447
Sum finansinntekter		25 305 315	6 041 368
Annen rentekostnad	9	28 004 043	809 225
Exchange loss (-) /gain (+)		2 749 186	648 480
Sum finanskostnader		30 753 229	1 457 706
Netto finans		-5 447 915	4 583 662
Ordinært resultat før skattekostnad		-8 872 347	2 746 253
Tax expenses	8		-823 822
Ordinært resultat etter skattekostnad		-8 872 347	3 570 075
Årsresultat		-8 872 347	3 570 075
Årsresultat etter minoritetsinteresser		-8 872 347	3 570 075
Totalresultat		-8 872 347	3 570 075
Overføringer og disponeringer			
Konsernbidrag			823 822
To other equity		-8 872 347	2 746 253
Sum overføringer og disponeringer	3	-8 872 347	3 570 075



Resultatregnskap

Beløp i: USD	Note	2021	2020
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Balanse

Beløp i: USD	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Finansielle anleggsmidler			
Investering i datterselskap	4	665 304 194	378 464 686
Lån til foretak i samme konsern	6	126 437 352	7 481 388
Sum finansielle anleggsmidler		791 741 545	385 946 074
Sum anleggsmidler		791 741 545	385 946 074
Omløpsmidler			
Varer			
Fordringer			
Short-term loan to group companies	6	23 035 017	
Other short-term receivables		115 150	23 618
Receivables to group companies	6	40 849 360	450 334 631
Sum fordringer		63 999 526	450 358 249
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	5	42 865 047	16 221 776
Sum bankinnskudd, kontanter og lignende		42 865 047	16 221 776
Sum omløpsmidler		106 864 573	466 580 025
SUM EIENDELER		898 606 119	852 526 100
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	3, 10	10 650 123	10 650 123
Overkurs	3	423 503 601	423 503 601
Sum innskutt egenkapital		434 153 725	434 153 725



Balanse

Beløp i: USD	Note	2021	2020
Opptjent egenkapital			
Retained earnings	3	-34 987 462	4 166 665
Sum opptjent egenkapital	3	-34 987 462	4 166 665
Sum egenkapital		399 166 262	438 320 390
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	9	189 257 691	349 190 416
Sum annen langsiktig gjeld		189 257 691	349 190 416
Sum langsiktig gjeld		189 257 691	349 190 416
Kortsiktig gjeld			
Short term debt to credit institutions	9	161 061 204	11 395 703
Leverandørgjeld		104 624	109 234
Liabilities to group companies	6	148 967 528	53 500 497
Other current liabilities		48 810	9 860
Sum kortsiktig gjeld		310 182 165	65 015 294
Sum gjeld		499 439 856	414 205 710
SUM EGENKAPITAL OG GJELD		898 606 119	852 526 100



Skattedirektoratet

Saksbehandler Jeanette Munkvold Skovholt	Deres dato 23.06.2017	Vår dato 27.06.2017
Telefon 90076012	Deres referanse Kristian Rådal	Vår referanse 2017/695220

SHEARWATER GEOSERVICES AS
Damsgårdsveien 131
5160 LAKSEVÅG

**Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk -
Shearwater GeoServices AS, org.nr. 917 313 415**

Vi viser til deres brev av 23. juni 2017 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Shearwater GeoServices AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Shearwater GeoServices 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

Fra søknaden gjengis:

Shearwater GeoServices Holding AS, med datterselskaper tilbyr tjenester innen Seismikkvirksomhet internasjonalt. Konsernet operer hvor engelsk klart er det dominerende arbeidsspråket. All kommunikasjon med konsernets primære kunder og kreditorer foregår på engelsk. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. Konsernets arbeidsspråk er også engelsk.

Selskapets morselskap Shearwater GeoServices Holding AS har allerede fått innvilget dispensasjon til å utarbeide årsregnskap og årsberetning på engelsk språk.

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:

Postadresse
Postboks 9200 Grønland
0134 Oslo

Besøksadresse: Sentralbord
Se www.skatteetaten.no 800 80 000
Org.nr: 996250318 Telefaks
E-post: skatteetaten.no/sendepost 22 17 08 60



"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 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 heleid av et selskap som allerede har fått innvilget dispensasjon til å utarbeide årsregnskap og årsberetning på engelsk språk. Eierkretsen er begrenset. Selskapet opererer i en internasjonal bransje. Arbeidsspråket er engelsk. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk, og det anses at ingen øvrige brukere av regnskapsinformasjon blir negativt berørt av at årsregnskapet og årsberetningen utarbeides på engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Torstein Kinden Helleland
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Jeanette Munkvold Skovholt

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer



ANNUAL REPORT 2021

SHEARWATER GEOSERVICES AS

Damsgårdsveien 135
5160 Laksevåg

Business reg. no 917 313 415

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



Shearwater GeoServices AS Report of the Board of Directors

Shearwater GeoServices group is a global provider of full-range geophysical services. Shearwater GeoServices AS is an intermediary company within the Shearwater group. It has no employees and its main function is to hold shares in subsidiaries with operating activities. Shearwater GeoServices AS is a Norwegian company with its head office in Bergen and has international presence through subsidiaries with offices in Gatwick in the UK, Houston in the US, in Singapore, Malaysia and in Australia.

Aspects of 2021

The Covid-19 pandemic had a significant negative impact on oil price developments and the markets for the group's services. Energy companies responded to lower oil price and increased uncertainty by reducing exploration and production investments.

Shearwater have taken steps to minimise the impact on people and operations and to ensure business continuity with a strong focus on mitigating the impact on project execution for clients throughout the Covid-19 pandemic. This included regularly updated group health advisories and executing business activities in compliance with local and international regulations.

As part of an internal reorganisation within the Shearwater group the purpose has been to simplify the group structure, Shearwater GeoServices AS has liquidated three companies, merged with two subsidiaries, and received shares in one subsidiary as a dividend distribution. As part of the mergers Shearwater GeoServices AS is now the direct holding company for companies previously held by Trace Invest AS and Reflection Marine AS.

Profit before tax in 2021 was negative USD 8.9 mill (2020: positive USD 2.7 mill). Net financial items were negative USD 5.4 mill (2020: positive USD 4.6 mill). The company's liquidity was USD 42.3 mill (2020: USD 16.2 mill) as of 31.12.2021. Cash flow from operating activities in 2021 was negative USD 6.4 mill (2020: negative USD 1.2 mill). Cash flow from investing activities was positive USD 35.7 mill (2020: negative USD 369.1 mill) due to mergers with subsidiaries and liquidation settlements from subsidiaries. The negative cash flow from investing activities in 2020 was due to a net increase in short-term loan from subsidiaries mainly related to down payment of old loan facilities. Net cash flow from financing activities was negative USD 2.6 mill due to repayment of long-term loan including interests. In 2020 the cash flow from financing activities was positive USD 387.1 mill due to draw down of new long-term loan as well as capital increase from owner.

Future prospects

Shearwater's operations are exposed to developments in the markets for oil and gas exploration and production. Business activity reflected improved market rates as demand for seismic data after several years depressed E&P activity following the oil price collapse in 2014. The positive trend was however disrupted by the Covid-19 pandemic and as OPEC and Russia failed to agree on oil production quotas. The corresponding negative impact on commodity markets and subsequent reductions in E&P investments led to a significant decline in demand for Shearwater's services into the second half of the year.

Despite the challenging market conditions, Shearwater continued to secure new contracts with E&P clients to a large extent prioritising production related seismic over exploration surveys. Going into 2022, this trend has continued, and market activity has started to recover amid the roll-out of vaccination programs and rebounding oil prices.

Longer-term, the global economic activity will recover from Covid-19 and drive increased demand for oil and gas which together with 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. Still, the seismic market recovery is from historically low levels reflecting years of reduced exploration across the E&P industry.

Growth opportunities are also emerging with increased investments in new markets such as wind, carbon storage, geothermal and other areas. Shearwater is well positioned to capture these opportunities as the



largest provider of marine seismic acquisition services with a low-cost base and limited capex requirement over the coming years.

Financial risk

The company's operating expenses are mainly in NOK and USD. Both intercompany interest income and expenses are in USD, as is external interest expenses. 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 364.0 mill. The long-term loan is exposed to the development in USD interest rates and interest rate hedging agreements for parts of the loan have been entered to minimise the risk. The lenders are renowned Norwegian shipping-banks.

Interest risk and financing issues are closely monitored in the Shearwater group.

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 2021.

Going concern

The Board of Directors confirms that the financial statements for 2021 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

Shearwater GeoServices AS' 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 of 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 its subsidiary Shearwater GeoServices Norway AS. The board consists six people, five men and one woman. The Chief Executive Officer is female.

Liability insurance

Shearwater has a directors, officers and company liability insurance with a sum insured of NOK 150,000,000. The insurance applies to all subsidiaries with more than 50% ownership.

Environment

The Group's management systems are aligned to IOGP guidelines, certified to ISO9001 and compliant with ISO14001 and ISO45001 standards. Shearwater have implemented best-in-class Integrated Management System software to actively facilitate and transparently communicate QHSE compliance. The system's architecture is based on the ISO and IOGP 510 models, and the software is widely used in other industries where compliance to safe working practices is paramount.

The Group's fleet of modern seismic vessels provide inherently safe working environments for the crews, with proven seaworthiness and spacious back-deck layouts. The well-tested but seldom-used redundant propulsion systems allow any one of them to be confidently deployed in extreme environments, or in and around existing oilfield infrastructure. The technical capabilities of the vessels provide a cornerstone for safe and efficient surveys.



Marine seismic acquisition projects can be exposed to unique and variable hazards depending upon where in the world prospects are located. Shearwater's extensive experience within the industry enables the Group to thoroughly identify potential hazards, accurately document their effects and secure the appropriate resources to mitigate the potential risks to acceptable levels. The Group promotes the use of proactive, leading indicators that are specifically configured to reflect the level of QHSE effort from the workforce. Calculation and publication of such indicators are used, for example, to actively monitor trends in the safety culture of each crew over the duration of a project, or between vessels. Continually improving upon the performance of these indicators drives the Group's ongoing effort towards our goal of zero loss, zero harm and zero rework. Shearwater is a Governing Member of IAGC.

Allocation of net income

The financial statement shows a net loss of USD 8,872,348 which is proposed transferred from retained earnings.

Bergen, 29 June 2022

Board of Directors in Shearwater GeoServices AS

Trygve Lauvdal
Board member

Robert Hobbs
Chairman of the board

Stein Vidar Håland
Board member

Lars Erik Larsson
Board member

Vijay Babu Kasibhatla
Board member

Irene Waage Basili
Chief Executive Officer



SHEARWATER GEOSERVICES AS

NOTES TO THE FINANCIAL STATEMENT 2021

INCOME STATEMENT

SHEARWATER GEOSERVICES AS

USD		1st of Jan - 31st of Dec 2021	1st of Jan - 31st of Dec 2020
Other administrative cost	7, 13	3,424,432	1,837,409
Total cost of sales		3,424,432	1,837,409
Operating profit/(loss)		-3,424,432	-1,837,409
Financial income		197,379	825,660
Financial expenses	9	-28,004,043	-809,226
Net effect liquidation of subsidiaries	4	21,656,913	-
Gain on sale of shares in subsidiary	4	-	4,831,218
Net interest income from group entities	6	3,451,022	384,489
Exchange loss / gain		-2,749,186	-648,480
Total financial items		-5,447,916	4,583,660
Net income before taxes		-8,872,348	2,746,251
Taxes	8	-	-823,822
Net income		-8,872,348	3,570,073
Transferred from/to other equity		8,872,348	-2,746,251
Group contribution received (after tax)		-	2,920,825
Group contribution paid		-	-3,744,647
Total allocation	3	8,872,348	-3,570,073



SHEARWATER GEOSERVICES AS

NOTES TO THE FINANCIAL STATEMENT 2021

STATEMENT OF FINANCIAL POSITION

SHEARWATER GEOSERVICES AS

USD	Note	31 December 2021	31 December 2020
ASSETS			
Investment in subsidiaries	4	665,304,194	378,464,686
Long-term loan on Group companies	6	126,437,352	7,481,388
Total financial non-current assets		791,741,545	385,946,074
Short-term loan to Group companies	6	23,035,017	-
Other receivables		115,150	23,618
Receivables on Group companies	6	40,849,360	450,334,631
Cash and cash equivalents	5	42,865,047	16,221,776
Total current assets		106,864,574	466,580,025
Total assets		898,606,119	852,526,100



SHEARWATER GEOSERVICES AS

NOTES TO THE FINANCIAL STATEMENT 2021

STATEMENT OF FINANCIAL POSITION

SHEARWATER GEOSERVICES AS

USD	Note	31 December 2021	31 December 2020
EQUITY AND LIABILITIES			
Share capital	3, 10	10,650,123	9,899,887
Share Premium	3	423,503,601	79,941,057
Capital increase not registered	3	-	344,312,781
Retained earnings	3	-34,987,462	4,166,665
Total Equity		399,166,262	438,320,390
Long-term liabilities			
Long term debt to credit institutions	9	189,257,691	349,190,416
Total long-term liabilities		189,257,691	349,190,416
Short-term liabilities			
Short-term debt to credit institutions	9	161,061,204	11,395,703
Trade creditors		104,624	109,234
Liabilities to group companies	6	148,967,528	53,500,497
Other short term liabilities		48,810	9,860
Total short-term liabilities		310,182,166	65,015,294
Total liabilities		499,439,857	414,205,710
Total equity and liabilities		898,606,119	852,526,100

Bergen, 29 June 2022

Robert Scott Hobbs
Chairman of the board

Lars Erik Larsson
Board member

Trygve Lauvdal
Board member

Vijay Babu Kasibhatla
Board member

Stein Vidar Håland
Board member

Irene Waage Basili
Chief Executive Officer



SHEARWATER GEOSERVICES AS

NOTES TO THE FINANCIAL STATEMENT 2021

CASH FLOW STATEMENT

THE SHEARWATER GEOSERVICES AS

USD	1 January - 31 December 2021	1 January - 31 December 2020
Cash flow from operating activities:		
Net income before taxes	-8,872,348	2,746,251
Net effect liquidation of subsidiaries	-21,656,913	-
Gain on sale of shares in subsidiary	-	-4,831,218
Change in current assets / liabilities	153,317	93,562
Other changes no cash effect	-1,900,702	-
Net non operating financial expenses	25,458,315	741,960
Adjustment currency effect long term loan	386,765	-
Net cash flow from operating activities	-6,431,565	-1,249,444
Cash flow from investing activities:		
Net investment in subsidiaries	-3,547	8,389,388
Net cash in bank from liquidations and mergers	23,289,674	-
Short-term loan to group companies	34,261,243	-368,063,843
Short-term loan from group companies	-21,535,102	-1,923,658
Long-term loan to holding company	-300,000	-7,481,388
Net cash flow from investing activities	35,712,269	-369,079,501
Cash flow from financing activities		
Drawdown long-term loan	-	364,000,000
Establishment fee	-	-4,045,584
Repayment long-term loan	-11,518,339	-
Capital increase	-	25,622,415
Change in cash pool	34,360,551	1,580,105
Interest paid	-25,479,645	-35,454
Net cash flow from financing activities	-2,637,434	387,121,482
Net change in cash and cash equivalents	26,643,270	16,792,536
Cash and cash equivalents - 1.1.	16,221,776	94,271
Currency gains (losses) on cash and cash equivalents	-	-665,031
Cash and cash equivalents - 31.12.	42,865,047	16,221,776



NOTE 1: CORPORATE INFORMATION

Shearwater Geoservices AS is a Norwegian registered company with corporate office in Bergen, with subsidiaries in Norway, United Kingdom, United States, Singapore, Malaysia, Netherlands and Bermuda. The company with its subsidiaries are part of the Shearwater GeoServices group. Consolidated accounts for the group, can be located at the head office of Shearwater GeoServices Holding AS in Damsgårdsveien 135, Bergen.

Shearwater GeoServices is a global provider of 3D, 4D and ocean bottom marine seismic data acquisition, land and marine processing and imaging products, data processing software, engineering and manufacturing.

NOTE 2: ACCOUNTING PRINCIPLES

The financial statements are prepared in accordance with the Norwegian Generally Accepted Accounting Principles (NGAAP) as set out in the Norwegian Accounting Act of 1998. The 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 is 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 balance sheet date are classified as long-term debt. Other liabilities are classified as short-term debt. The first year's installments 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 carryforward 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: EQUITY

(In thousands of USD)

	Share capital	Share premium	Paid not registered capital increase	Retained earnings	Total equity
Total Equity as at 1.1.2021	9,900	79,941	344,313	4,167	438,320
Registered capital increase	750	343,563	-344,313		
Merger with subsidiaries				-30,282	-30,282
Net income for the year				-8,872	-8,872
Total Equity per 31.12.2021	10,650	423,504		-34,987	399,166

NOTE 4: INVESTMENT IN SUBSIDIARIES



SHEARWATER GEOSERVICES AS

NOTES TO THE FINANCIAL STATEMENT 2021

(In thousands of USD) COMPANY	OFFICE / JURISDICTION	SHARE- HOLDING	VOTING POWER	CARRYING AMOUNT	RESULT 2021	EQUITY 31.12.2021
Shearwater GeoServices Norway AS	Bergen/Norway	100%	100%	29,808	1,556	23,339
Shearwater GeoServices Assets V AS	Bergen/Norway	100%	100%	529,120	-13,018	545,254
Reflection Marine Norge AS	Bergen/Norway	100%	100%	104,256	-20,180	37,103
Shearwater GeoServices CharterCo AS	Bergen/Norway	100%	100%	7	1,006	7
Shearwater GeoServices Ltd	Gatwick/UK	100%	100%		-12,322	12,030
Reflection Marine UK Ltd	Gatwick/UK	100%	100%		-3,811	-13,840
Shearwater GeoServices Nederland B.V.	Netherlands	100%	100%	4	-19	-15
Shearwater Product Centre Sdn Bhd	Penang/Malaysia	100%	100%		2,508	-9,310
Shearwater GeoServices Malaysia	Penang/Malaysia	70%	70%	92	-1,862	-1,770
Shearwater GeoServices Singapore PTE Ltd	Singapore	100%	100%	1,673	10,189	9,753
Reflection Marine Corporation	Houston/USA	100%	100%		-5,979	-20,663
Delphis Ltd	Hamilton/Bermuda	100%	100%	345	-5	406
Total				665,304	-41,935	582,294

The companies are not consolidated in the financial statement of Shearwater GeoServices AS as all of these companies are consolidated under Shearwater GeoServices Holding AS.

The Company sold Shearwater GeoServices Assets II AS in December 2020 to Shearwater GeoServices Holding AS which resulted in a net financial gain on investment of USD 4.8 million. At the same time shares in Trace Invest AS was used as contribution in kind by Shearwater GeoServices Holding AS. These transactions were closely related to the refinancing of the Shearwater group.

The Company received USD 1.0 million when Delphis Ltd returned part of the share premium to its shareholder in 2020. Shearwater GeoServices Assets AS was liquidated on 20 September 2021. At liquidation, before any dividend consideration, the company had an equity of nil and such there was no payment to its shareholder. Polar Ship Invest IV AS and its subsidiary, Armada Seismic Invest II AS, were also liquidated in 2021, on 14 December. The liquidation settlements to Shearwater GeoServices AS were USD 16.8 million and USD 4.9 million respectively.

As part of an internal reorganisation within the Shearwater group, Shearwater GeoServices AS entered a merger plan with its wholly-owned subsidiary, Trace Invest AS, on 9 September 2021. The merger preceded a merger with Reflection Marine AS on the same date. Reflection Marine AS was a wholly-owned subsidiary of Trace Invest AS, but at the implementation date it was wholly owned by Shearwater GeoServices AS. Both mergers were carried out in accordance with the simplified merger procedure for parent/subsidiary mergers set out in section 13-23 of the Norwegian Private Limited Companies Act. Trace Invest AS' and Reflection Marine AS' assets, rights and liabilities as a whole were transferred to Shearwater GeoServices AS without consideration. The effective date for accounting purposes is 1 Jan 2021. The merger is carried out with continuity for tax purposes. The implementation dates for the mergers were 6 December and 7 December 2021, for Trace Invest AS and Reflection Marine AS respectively. Both entities were dissolved as a consequence of the mergers.

As part of the merger Shearwater GeoServices AS now holds directly the shares in Shearwater GeoServices Assets V AS, Reflection Marine Norge AS, Reflection Marine UK Ltd, Reflection Marine Corp, Shearwater Product Centre Sdn Bhd, Shearwater GeoServices Singapore PTE Ltd, Shearwater GeoServices CharterCo AS. In addition, the shares in Shearwater GeoServices Ltd has been distributed as dividend from Shearwater GeoServices Norway AS. The subsidiary Shearwater GeoServices Nederland B.V. was incorporated in March 2021.

The investment in Reflection Marine Norge AS was increased at year end by distributing a group contribution without tax effect.

Carrying amount of the investments in Shearwater GeoServices Norway and Reflection Marine Norge AS are higher than booked equity as at 31.12.2021. The Company has considered the need for impairment and found that, based on underlying values in subsidiaries as well as clear expectations that 2022 will be showing a similar or better return, there was no need for impairment at 31.12.2021.

The Company has provided parent guarantee for two of the companies within the group.



SHEARWATER GEOSERVICES AS

NOTES TO THE FINANCIAL STATEMENT 2021

NOTE 5: CASH AND CASH EQUIVALENTS

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

The Company's drawn amounts/deposits in credit institutions including the group account system as at 31.12. consist of

USD	2021	2020
Restricted cash	-	-
Bank deposits	42,865,047	16,221,776
Total cash and cash equivalents	42,865,047	16,221,776

NOTE 6: RECEIVABLES / LIABILITIES

USD	2021	2020
Short-term group receivables	63,884,377	450,334,631
Long-term group receivables	126,437,352	7,481,388
Total group receivables	190,321,728	457,816,019
Short-term group liabilities	148,967,528	53,500,497

The long-term receivables of USD 126.4 million are transferred as part of the mergers in 2021. These have been interest bearing. The long-term receivable in 2020 of USD 7.5 million was towards Shearwater GeoServices Holding AS and a seller's credit after the sale of shares in Shearwater GeoServices Assets II AS.

The Company's short-term group receivables at year end 2021 consist of short-term loan to its holding company of USD 23.0 million, accounts receivable to group companies of USD 31.3 million, cash pool of USD 6.4 million and accrued interests to group companies of USD 3.2 million.

The 2020 short-term group receivables at year end was highly affected by the refinancing that was finalised end of December. Of the total amount USD 102.2 million is debt released on behalf of Polar Ship Invest IV AS and USD 302.3 million is debt released on behalf of Trace Invest AS. As these receivables are a result of internal reorganisation and considered of temporary character, no interest has been estimated for these in 2020.

Other receivables in 2020 were towards Shearwater GeoServices Ltd with USD 15 million and Shearwater GeoServices Holding AS with USD 7.9 million. In addition USD 23.2 million was related to the cash pool (see note 5).

Of the short-term liabilities of USD 149.0 million at year end 2021 were USD 105 million related to group contribution to Reflection Marine Norge AS, USD 42.3 million related to cash pool and USD 1.7 million related to accrued group liabilities. Of short-term liabilities at year end 2020 were USD 22 million to Trace Invest AS and USD 24.8 million related to the group cash pool (see note 5).

NOTE 7: OTHER ADMINISTRATIVE COST

USD	2021	2020
Legal fees	821,886	906,042
Audit fees	62,221	23,221
Consultants	273,674	206,165
Corporate and administration service fee	1,979,091	501,901
Other administrative cost	287,560	200,080
Total other administrative cost	3,424,432	1,837,409

NOTE 8: TAXES



SHEARWATER GEOSERVICES AS

NOTES TO THE FINANCIAL STATEMENT 2021

USD	2021	2020		
Calculation of taxes payable				
Net taxable income for the year	-14,513,801	1,565,477		
Permanent differences	7,391,089	-5,342,081		
Interest brought forward	21,596,515	31,957		
Change in temporary differences	-28,352,906	-		
Total taxable income	-13,879,101	-3,744,647		
Tax rate	22%	22%		
Tax payable	-	-		
Taxes in income statement				
Tax payable	-	-		
Change in deferred tax assets	-	-823,822		
Taxes in income statement	-	-823,822		
Taxes in balance sheet				
Deferred tax	-	823,822		
Tax on group contribution	-	-823,822		
Deferred tax in balance sheet	-	-		
Calculation of deferred tax / tax asset	2021	SW AS 2020	Merger	Merged 2020
Net temporary differences	-	-	-29,305,911	-29,305,911
Interest loss carried forward	-38,684,756	-31,957	-45,500,046	-45,532,003
Loss carried forward	-65,647,853	-391,542	-25,369,586	-25,761,128
Basis for deferred tax	-104,332,610	-423,499	-100,175,543	-100,599,042
Tax rate	22%	22%	22%	22%
Deferred tax asset	-22,953,174	-93,170	-22,038,619	-22,131,789
Of which not booked	22,953,174	93,170	22,038,619	22,131,789
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 0,1134 in 2021 (NOK/USD 0,1172 in 2020).

The mergers with Trace Invest AS and Reflection Marine AS are carried out with continuity for tax purposes. The temporary differences from the merged companies are incorporated via the column "Merger" (see note 4).

The disclosure of deferred tax benefits on carry forward losses is based on estimated future earnings. Budgets for 2021 do not expect the company to be able to utilise the remaining deferred tax asset in the very near future.

NOTE 9: LIABILITIES TO FINANCIAL INSTITUTIONS

The Company's long-term liabilities are summarised as follows at year-end 2021:

	AVERAGE INTEREST RATE 2021	AVERAGE MATURITY	BALANCE SHEET 2021
Mortgage debt with floating interest Secured	USD LIBOR + 6.7 %	2.3 years	352,481,661
Amortisation effect, mortgage debt			-2,773,139
Accrued interest expenses			610,373
Total			350,318,895
			<i>Of which is classified as short-term debt: 161,061,204</i>
			<i>Of which is classified as long-term debt: 189,257,691</i>

Booked value of assets pledged as security for Mortgage debt is USD 665 million. In addition 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 2020:

	AVERAGE INTEREST	AVERAGE	BALANCE
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SHEARWATER GEOSERVICES AS

NOTES TO THE FINANCIAL STATEMENT 2021

	RATE 2020	MATURITY	SHEET 2020
Mortgage debt with floating interest Secured	USD LIBOR + 6.7 %	3.32 years	364,000,000
Amortisation effect, mortgage debt			-4,045,584
Accrued interest expenses			631,703
Total			360,586,119
	<i>Of which is classified as short-term debt:</i>		<i>11,395,703</i>
	<i>Of which is classified as long-term debt:</i>		<i>349,190,416</i>

Booked value of assets pledged as security for Mortgage debt is USD 378 million. In addition all shares held in the Trace Invest group, including vessels, equipment and machinery, bank deposits and vendor claims are pledged as security

The repayment schedule for the Group's long terms liabilities, including first years's instalments, at year-end 2021:

USD	Long term loan
Within 1 year	160,450,831
From 1 to 5 years	192,030,830
More than 5 years	-
Total interest bearing debt	352,481,661

The USD 150 million Bond Replacement Facility matures in December 2022. The Group is currently exploring various alternatives for the refinancing of the facility, and the Board is confident that a solution will be found that provides Shearwater with a suitable financial platform going forward. The alternatives being explored includes constructive discussions with the current lenders about extending the duration on the facility, where part of the facility is paid down in 2022 utilising operating cashflow.

The most important covenants in its long-term financing agreements 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.

The Group was in compliance with the financial covenants at 31 December 2021 and has been since the drawdown of the financing on 22 December 2020.

NOTE 10: SHAREHOLDER INFORMATION

The shares in Shearwater GeoServices AS are held as follows

	Number of shares	Ownership
Shearwater GeoServices Holding AS	300	100%

In December 2020 Shearwater GeoServices Holding AS injected new equity of USD 25 million into the company by increase in nominal value of shares in relation to the refinancing of a substantial part of the Shearwater Group's bank facilities.

Transactions with subsidiaries:

The company has entered into an agreement with Shearwater GeoServices Norway AS to purchase administrative services. Corporate service fee was USD 1.979.091 in 2021 (2020: USD 501.901). The increase was related to a time-consuming refinancing process for certain personnel during 2020. Reference is made to note 6 for other transactions with subsidiaries.

NOTE 11: FOREIGN EXCHANGE RATES

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



SHEARWATER GEOSERVICES AS

NOTES TO THE FINANCIAL STATEMENT 2021

CURRENCY	31 Dec 2021	Average 2021	31 Dec 2020	Average 2020
NOK/USD	0.1134	0.1164	0.1172	0.1064

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 62 221 excl VAT (2020: USD 23 221) as remuneration for the auditor this financial year. Tax advisory and other services outside the audit scope have been charged from the auditor in 2021 totalling USD 3.584.

NOTE 14: SUBSEQUENT EVENTS

The uncertainty the group saw in the beginning of 2022 has subsided and been replaced by improved visibility and modest optimism, and more specifically for the industry, oil prices are back at levels motivating customers to resume E&P activities and demand more seismic data. The company still expects the current market situation to prevail for the remainder of 2022.

In February 2022, Russia invaded Ukraine with a significant negative impact on people and local infrastructure, and with wide-ranging consequences for the global political and economic environment. Shearwater has no material exposure to this event with no substantial Russian client base. One equipment lease with a Russian client that was due to terminate in July 2022, was terminated early following the implementation of sanctions.



To the General Meeting of Shearwater GeoServices AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Shearwater GeoServices AS (the Company), which comprise the statement of financial position as at 31 December 2021, 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.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, 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 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 the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. 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.

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

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



Independent Auditor's Report - Shearwater GeoServices AS



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 legal requirements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements 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 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 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, 29 June 2022
PricewaterhouseCoopers AS

Jon Haugervåg
State Authorised Public Accountant

(This document is signed electronically)



 Securely signed with Brevio

Revisjonsberetning

Signers:

Name	Method	Date
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