



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 997 713 168
Organisasjonsform: Aksjeselskap
Foretaksnavn: POLAR SHIP INVEST IV AS
Forretningsadresse: Damsgårdsveien 135
5160 LAKSEVÅG

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

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: Hilde Marie Bjerga
Dato for fastsettelse av årsregnskapet: 26.08.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

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, 22.09.2021



Resultatregnskap

Beløp i: USD	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Operating revenue	10, 12	31 629 054	53 520 949
Other operating revenue	3, 10	9 813 761	34 563 442
Sum inntekter		41 442 815	88 084 391
Kostnader			
Depreciation	3	14 114 467	19 572 534
Nedskrivning av varige driftsmidler og immaterielle eiendeler	3	20 116 799	4 408 264
Cost of sales		35 221 091	35 088 913
Administration expenses	2, 12	14 859	21 628
Loss on sale of fixed assets	3		
Sum kostnader		69 467 216	59 091 339
Driftsresultat		-28 024 401	28 993 052
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern		34 505	368 424
Annen renteinntekt		67 734	153 067
Sum finansinntekter		102 239	521 492
Rentekostnad til foretak i samme konsern	5	400 583	1 319 392
Annen rentekostnad	11	2 476 299	3 935 709
Other financial expenses		216 449	167 197
Exchange loss (-) /gain (+)		153 151	-54 751
Sum finanskostnader		3 246 482	5 367 547
Netto finans		-3 144 243	-4 846 055
Ordinært resultat før skattekostnad		-31 168 644	24 146 997
Tax expenses	9		
Ordinært resultat etter skattekostnad		-31 168 644	24 146 997
Årsresultat		-31 168 644	24 146 997
Årsresultat etter minoritetsinteresser		-31 168 644	24 146 997



Resultatregnskap

Beløp i: USD	Note	2020	2019
Totalresultat		-31 168 644	24 146 997
Overføringer og disponeringer			
Konsernbidrag	6		
Udekket tap	6		
To other equity	6		24 146 997
From other equity	6	-31 168 644	
Sum overføringer og disponeringer		-31 168 644	24 146 997



Balanse

Beløp i: USD	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	9		
Varige driftsmidler			
Vessels and marine equipment	3	45 896 750	71 872 498
Seismic equipment	3	7 451 084	15 713 979
Sum varige driftsmidler		53 347 835	87 586 477
Finansielle anleggsmidler			
Investering i datterselskap	4	5 310 270	5 310 270
Sum finansielle anleggsmidler		5 310 270	5 310 270
Sum anleggsmidler		58 658 105	92 896 747
Omløpsmidler			
Varer			
Inventories		619 282	736 003
Sum varer		619 282	736 003
Fordringer			
Other short-term receivables		12 018 298	27 235 137
Receivables to group companies	5	58 268 464	24 123 847
Sum fordringer		70 286 761	51 358 984
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	8	2 024	8 224 167
Sum bankinnskudd, kontanter og lignende		2 024	8 224 167
Sum omløpsmidler		70 908 068	60 319 154
SUM EIENDELER		129 566 173	153 215 902

BALANSE - EGENKAPITAL OG GJELD



Balanse

Beløp i: USD	Note	2020	2019
Egenkapital			
Innskutt egenkapital			
Share capital	7	37 313	37 313
Overkurs		271 451	271 451
Sum innskutt egenkapital		308 764	308 764
Opptjent egenkapital			
Retained earnings		4 006 601	35 175 244
Sum opptjent egenkapital		4 006 601	35 175 244
Sum egenkapital	6	4 315 364	35 484 008
Gjeld			
Langsiktig gjeld			
Utsatt skatt	9		
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	11		60 780 283
Sum annen langsiktig gjeld			60 780 283
Sum langsiktig gjeld		0	60 780 283
Kortsiktig gjeld			
Liabilities to financial institutions	11		13 789 000
Leverandørgjeld		834 555	551 590
Tax payable	9		
Liabilities to group companies	5	124 402 258	42 594 158
Other current debt		13 996	16 862
Sum kortsiktig gjeld		125 250 809	56 951 611
Sum gjeld		125 250 809	117 731 894
SUM EGENKAPITAL OG GJELD		129 566 173	153 215 902



Skattedirektoratet

Saksbehandler Torstein Kinden Helleland	Deres dato 05.12.2017	Vår dato 11.12.2017
Telefon 22078139	Deres referanse Kristian Rådal	Vår referanse 2017/1254065

SHEARWATER GEOSERVICES AS
Postboks 1243 , Sentrum
5811 BERGEN

MOTTA

13 DES. 2017

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Polar Ship Invest IV AS, org.nr. 997 713 168

Vi viser til deres brev av 5. desember 2017 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Polar Ship Invest IV AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Polar Ship Invest IV 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

Polar Ship Invest IV AS er eid av Shearwater GeoServices Holding AS som har dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk. 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

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



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 eid av et selskap som har dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk. 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

Jeanette Munkvold Skovholt
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer



ANNUAL REPORT 2020

Polar Ship Invest IV AS

Damsgårdsveien 135
5160 Laksevåg

Business reg. no 997 713 168 MVA

Content:

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



Polar Ship Invest IV AS Board of Directors' Report 2020

Polar Ship Invest IV AS was founded by demerger 8. July 2011 and its business is ownership in specialised vessels and investment in similar corporations. The company's corporate office is in Bergen and part of the Shearwater GeoServices group from 22. December 2016.

Future prospects

The company's operation is exposed to the development in the markets for oil and gas exploration and - production (E&P). Business activity in the Shearwater group in the first half of 2020 reflected improved market rates as demand for seismic data rebounded in 2019 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 Shearwaters' services into the second half of the year.

Despite the challenging market conditions, Shearwater group continued to secure new contracts with E&P clients to a large extent prioritising production related seismic over exploration surveys. Going into 2021, 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 seismic market. Still, the seismic market recovery is from historically low levels reflecting years of reduced exploration across the E&P industry.

Aspects of 2020

The company owns two seismic 3D vessels "SW Marquis" and "SW Duke". In addition to these vessels, the company has hired "SW Empress" on bareboat charter terms during the year from a sister company, as well as "SW Duchess" on bareboat terms from its subsidiary. Aside from "SW Duke" and "SW Marquis" which are cold stacked, the active fleet has seen high utilisation during 2020. The vessels have been hired on time charter terms to group companies throughout the year. At the end of 2020 the two remaining operational vessels were either at work or in transit to commence work.

As part of a restructuring process in the group the company's vessels "SW Duke" and "SW Marquis" was sold to Shearwater GeoServices Assets V AS in June 2021. In addition streamers onboard "SW Duchess" and "SW Duke" were also transferred.

Profit before tax in 2020 is USD -31.2 mill. compared with USD 24.1 mill. in 2019. Net operating income in 2020 totals to USD -28.0 mill. compared with USD 29.0 mill. in 2019. The negative change in net operating income is mainly due to impairment of "SW Marquis". After the breakdown in November 2019 the vessel were in need of major repair to be able to operate again. As the company has no immediate plans to go through with the necessary repairs and has settled the insurance claim for the vessel in 2020, the vessel was impaired with USD 20.1 mill.

In 2020 financial items are negative by USD -3.1 mill. compared to USD -4.8 mill. previous year. The drop in cost is mainly due to intercompany interest being lower as intercompany receivables and payables have been settled continuously.

The company's liquidity is USD 0,0 mill. as at 31.12.2020 (2019: USD 8,2 mill.). Cash flow from operating activities in 2020 was negative USD -21,6 mill. (2019: positive USD 37,1 mill.) in large part due to one less vessel onhire compared to last year. 2019 also had a high registered insurance income. Cash flow from investment activities shows an adjustment to last years capitalisation. (2019: negative USD -12,4 mill.). In 2019 the company invested in streamers, while there were no investments made in 2020. Net cash flow from financing activities was positive USD 13,4 mill. (2019: negative USD -35,7 mill.) In 2020 the company has released its long term loan of USD 74,6 mill. This was part of a restructuring of the group's financing positions. Shearwater GeoServices entered into a new facility agreement and gave the company the short term loan to enable it to repay the existing facility in the company.

Financial risk

The majority of the company's revenue is in USD. The company's expenses are mainly in USD, GBP and NOK. The company will attempt to minimise risks by implementing hedging arrangements when appropriate, but will not be able to fully avoid these risks. To reduce the currency exposure, the company's long term



liabilities are held in USD.

Credit risks: The company's owned and hired vessels have in 2020 been let to three group companies of which Shearwater GeoServices Ltd and Shearwater GeoServices Assets V AS had highest exposure. Historically, counterparty risk has been satisfactory.

Interest rate risk has been related to the company's long term debt. Due to the company's full downpayment of the facility in December 2020, interest risk is deemed limited.

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 2020.

Based on the above report of profit and loss for the company, the Board of Directors confirms that the financial statements for 2020 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.

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.

Environment

Safe behavior in this industry is paramount. Shearwater employees are encouraged to familiarise themselves with the group's safety tools and use of management system for incident reporting. There is a direct correlation between an increase in safety interventions and a decrease in incidents. This motivates our management team to keep 'safe' as our No. 1 priority and to promote it as top of the list of our focus culture.

Together with the maritime ship managers, GC Rieber Shipping and from August 2020 Reflection Marine Ltd, targets are established and monitored in order to minimise the vessel fuel consumption and environmental footprint.

The company has obtained a modern fleet with high technical quality. During 2020 operations were accomplished with limited technical downtime.

Allocation of net income

The financial statement shows a positive net income of USD -31,168,644,- which is proposed transferred to retained earnings.

Bergen, 26.08.2021

Board of Directors in Polar Ship Invest IV AS

Irene Waage Basili
chairman of the board

Andreas Hveding Aubert
member of the board



Polar Ship Invest IV AS
Profit and Loss account (in USD)

OPERATING REVENUE AND EXPENSES	NOTE	2020	2019
Operating revenue	10, 12	31,629,054	53,520,949
Other operating revenue	3, 10	9,813,761	34,563,442
Total operating revenue		41,442,815	88,084,391
Cost of sales		35,221,091	35,088,913
Administration expenses	2, 12	14,859	21,628
Depreciation	3	14,114,467	19,572,534
Write-down	3	20,116,799	4,408,264
Total operating expenses		69,467,216	59,091,339
Net operating income		-28,024,401	28,993,052
FINANCIAL ITEMS			
Interest income from group entities		34,505	368,424
Other interest income		67,734	153,067
Interest expenses to group entities	5	400,583	1,319,392
Interest expenses	11	2,476,299	3,935,709
Other financial expenses		216,449	167,197
Exchange loss (-) /gain (+)		-153,151	54,751
Net financial income and expenses		-3,144,243	-4,846,055
Operating result before tax		-31,168,644	24,146,997
Net income		-31,168,644	24,146,997
ALLOCATION OF NET INCOME			
To other equity	6	0	24,146,997
From other equity	6	31,168,644	0
Total allocation		-31,168,644	24,146,997



Polar Ship Invest IV AS
Statement of Financial position (in USD)

ASSETS	NOTE	2020	2019
FIXED ASSETS			
TANGIBLE ASSETS			
Vessels and marine equipment	3	45,896,750	71,872,498
Seismic equipment	3	7,451,084	15,713,979
Total tangible assets		53,347,835	87,586,477
FINANCIAL FIXED ASSETS			
Investments in subsidiaries	4	5,310,270	5,310,270
Total financial fixed assets		5,310,270	5,310,270
Total fixed assets		58,658,105	92,896,747
CURRENT ASSETS			
Inventories		619,282	736,003
DEBTORS			
Other short-term receivables		12,018,298	27,235,137
Receivables to group companies	5	58,268,464	24,123,847
Total receivables		70,286,761	51,358,984
Cash and cash equivalents	8	2,024	8,224,167
Total current assets		70,908,068	60,319,154
Total assets		129,566,173	153,215,902



Polar Ship Invest IV AS
Statement of Financial position (in USD)

EQUITY AND LIABILITIES	NOTE	2020	2019
PAID-UP EQUITY			
Share capital	7	37,313	37,313
Share premium reserve		271,451	271,451
Total paid-up equity		308,764	308,764
RETAINED EARNINGS			
Retained earnings		4,006,601	35,175,244
Total retained earnings		4,006,601	35,175,244
Total equity	6	4,315,364	35,484,008
LIABILITIES			
OTHER LONG-TERM LIABILITIES			
Liabilities to financial institutions	11	0	60,780,283
Total other long term liabilities		0	60,780,283
CURRENT DEBT			
Liabilities to financial institutions	11	0	13,789,000
Trade creditors		834,555	551,590
Liabilities to group companies	5	124,402,258	42,594,158
Other current debt		13,996	16,862
Total current debt		125,250,809	56,951,611
Total liabilities		125,250,809	117,731,894
Total equity and liabilities		129,566,173	153,215,902

Bergen, 26.08.2021

Irene Waage Basili
chairman of the board

Andreas Hveding Aubert
member of the board



Polar Ship Invest IV AS

Cash Flow Statement

	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/loss(-) before tax	-31,168,644	24,146,997
Depreciation	14,114,467	19,572,534
Write-downs on fixed assets	20,116,799	4,408,264
Change in accounts payables	1,569,223	-5,065,218
Change in intercompany receivables and liabilities	-40,237,556	14,152,042
Change in stores	116,721	-306,872
Change in other current assets and other liabilities	13,927,715	-19,781,225
Net cash flow from operating activities	-21,561,275	37,126,522
CASH FLOW FROM INVESTING ACTIVITIES:		
Payments for investments in fixed assets	7,376	-12,396,247
Net cash flow from investment activities	7,376	-12,396,247
CASH FLOW FROM FINANCING ACTIVITIES		
Change in group accounts	27,041,313	-18,636,236
Change intercompany receivables due to downpayment	60,859,726	0
Repayment of long-term debts	-74,569,283	-17,022,153
Net cash flow from financing activities	13,331,756	-35,658,389
Net change cash and cash equivalents	-8,222,144	-10,928,115
Cash and cash equivalents at 01.01.	8,224,168	19,152,283
Cash and cash equivalents at 31.12.	2,024	8,224,168



Note 1

Polar Ship Invest IV AS is a Norwegian registered company with corporate office in Bergen. The company owns modern purpose built seismic vessels.

As of 22. December 2016 the company is part of the Shearwater GeoServices Group. The Group's consolidated financial statement is available at the corporate head office in Damsgårdsveien 135, Bergen.

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 activities in the company is predominantly in USD. The presentation currency in the Group accounts is also USD.

Policies for revenue recognition

Revenue is recognised when it is probable that transactions will generate future economic benefits that will accrue to the company and the value of such benefits can be estimated reliably. Income and expenses related to the vessels' journeys are accrued based on the number of days the journey lasts before and after the end of the year and such income is classified as charter income.

Classification of assets and liabilities in the financial statement

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 short-term debt.

Transactions in foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary items are translated at the current exchange rate, non-monetary items that are measured at historical cost are translated at the rate in effect on the original transaction date, and non-monetary items that are measured at fair value are translated at the exchange rate in effect at the time when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies to year-end exchange rates are recognised in the income statement.

Stores on the vessels

Stores on vessels are valued at the lower of cost and net realisable value. Costs incurred are accounted for using the FIFO (first in-first out) method and include costs accrued in acquiring the stores and bringing the stores to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated sales cost.

Receivables and liabilities in foreign currency

Receivables and liabilities in a foreign currency are translated into USD using the exchange rate at the balance sheet date. Realised and unrealised gains and losses are classified as financial items.

Fixed assets

For fixed assets, the straight line method for ordinary depreciation is applied, based on an economic life of 25 years for vessels. Improvements and upgrading are capitalised and depreciated over the remaining economic life of the vessel. The straight line method for ordinary depreciation based on a period of 2.5 to 5 years is applied for periodic maintenance. The straight line method for ordinary depreciation based on a life of 3 to 10 years is applied for other depreciable assets.



Impairment of fixed assets

The depreciation period and method are assessed annually to ensure that the method and period used are in accordance with the financial realities of the fixed asset. The same applies to the scrap value. The scrap value of the vessels is calculated by multiplying the steel weight of the vessel by the prevailing market price for steel 1.1. in the current year.

Fixed assets are valued at acquisition cost less any accumulated depreciation and write-downs. When assets are sold or disposed of, the acquisition cost and accumulated depreciation are reversed in the accounts and any loss or gain on the disposal is recognised in the income statement.

Fixed assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Write-downs recorded in previous periods are reversed when there is information indicating that the recoverable amount is higher than the carrying amount.

Periodical maintenance

The company capitalises expenses incurred at the docking of the vessels and amortises these expenses over the period until the next docking ("the capitalisation method").

Investments in subsidiaries

Investments in subsidiaries 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.

Receivables

Receivables are valued at the lower of the nominal value and fair value.

Cash and bank deposits

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

Taxes

The company is structured in accordance with the Norwegian tonnage tax system. At entry to the tonnage tax system operational profit is non taxable. Tonnage tax is accounted as operational cost.

A tax percentage of 22% is used on taxable financial income. Temporary differences related to financial assets/debts are offset when estimating deferred tax/- tax assets, which is 22% of net temporary differences. The accounting follow the general rules of valuation for recognition.

Cash flow statement

The company's cash flow statement shows the company's consolidated 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.

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.

Note 2 - Payroll expenses, number of employees, remunerations

The company has no employees and therefore no legal or constructive obligations to hold a pension scheme as defined in the pension law. There has been no remuneration to general manager or directors of the board. The company has expensed USD 11,441 excl VAT as remuneration for the auditor this financial year. No tax advisory or other services outside the audit scope have been charged from the auditor in 2020.



Polar Ship Invest IV AS

Notes to the financial statement 2020

Note 3 - Tangibel fixed assets

	Vessels
Acquisition cost as at 1.1.	170,129,128
+ Additions during the year	0
Acquisition cost as at 31.12.	170,129,128
Accumulated depreciation at 1.1.	68,104,970
Accumulated impairment at 1.1.	30,151,660
+ Depreciation for the year	5,680,206
+ Depreciation of periodical maintenance for the year	178,744
+ Impairment	20,116,799
Accumulated depreciation and impairment at 31.12.	124,232,378
Carrying amount as at 31.12.	45,896,750
Depreciation rate periodical maintenance	20 - 40 %
Depreciation rate vessels	4 %

At the end of the year, the company's vessels are "SW Duke" and "SW Marquis".

Other equipment:

	Seismic equipment
Acquisition cost as at 1.1.	38,150,047
+ Adjustment from previous year	- 7 376
- Disposals during the year	
= Acquisition costs as at 31.12.	38,142,671
Accumulated depreciation at 1.1.	22,436,068
+ Depreciation for the year	8,255,518
- Disposals during the year	
= Accumulated depreciation at 31.12.	30,691,586
Carrying amount as at 31.12.	7,451,085

An incident onboard "SW Marquis" in November 2019 left the vessel in need of extensive repair before the vessel could be considered operational again. The company has no immediate plans to go through with these repairs and has settled the insurance claim for the vessel. As such, the vessel has been impaired with USD 20.1 million to estimated recoverable amount measured at fair value less cost of disposal USD 1.9 million.

As at 31 December 2020 there were no indications that the carrying amount of "SW Duke" might not be recoverable. The market, although still challenging has showed signs of improving both during 2020 and continuing into 2021. The estimated average market value obtained from two renowned shipbrokers at year end substantiated the carrying amount as recoverable.



Note 4 - Investments in subsidiaries

The company holds 100% of the shares in Armada Seismic Invest II AS. Carrying amount of the investment is USD 5,310,270, after a write-down of USD 2 924 850 in 2016.

Armada Seismic Invest II AS has registered address in Bergen and has a gain in 2020 of USD 1 396 246 and an equity at 31.12.2020 of USD 7 492 149.

Armada Seismic Invest II AS is not consolidated in the financial statement of Polar Ship Invest IV AS as both of these companies are consolidated under Shearwater GeoServices Holding AS.

Note 5 - Intercompany balances

Short term receivables to group companies totals USD 58.3 mill. while in 2019 the group receivables was USD 24.1 mill. Of short term receivables in 2020 USD 10.6 in 2019 USD 18.6 mill. is related to group bank account system. Due to internal restructuring and refinancing of the Shearwater group, Armada Seismic Invest II AS' share of the released facility USD 41,2 mill. in December 2020 is presented as short term receivables. The receivable is of short term character and as such the company has not calculated interest on the outstanding amount. The remaining amount consists of ordinary trade receivables.

Short term liabilities to group companies totals USD 124.4 mill. (USD 42.6 mill. i 2019). USD 102,4 mill. of the short term liabilities is towards Shearwater GeoServices AS and related to the downpayment of loan facilities in the company as part of the refinancing of the Shearwater group in December 2020. This liability is considered short term and has not been subject to interest calculation Shearwater GeoServices AS in 2020. Of short term liabilities in 2020 USD 19.0 mill. is related to group bank account system. The remaining liabilities are ordinary trade payables.

In 2019 the liabilities in were ordinary trade payables to companies inside the tonnage tax regime of USD 0,7 mill. and towards companies outside the tonnage tax regime USD 41,8 mill. of which USD 15,3 mill. was towards Shearwater GeoServices Norway AS and USD 18,2 mill. towards Shearwater GeoServices AS.

Intercompany balances are subject to interest calculation if payments are not settled within ordinary due date.

Note 6 - Equity

	Share capital	Share premium reserve	Retained earnings	Total equity
Equity as at 01.01.	37,313	271,451	35,175,244	35,484,008
Net income for the year			-31,168,644	-31,168,644
Equity as at 31.12.	37,313	271,451	4,006,601	4,315,364



Polar Ship Invest IV AS

Notes to the financial statement 2020

Note 7 - Share capital

The share capital consists of 227 000 shares at NOK 1. Carrying amount of the share capital in the financial statement is USD 37 313.

Shearwater GeoServices AS owns 100 % of the shares.

Note 8 - Bank deposits, cash etc.

The company has no restricted tax withholdings.

Note 9 - Taxes

	2020	2019
Tax over profit and loss:		
Change in tax payable previous periods	0	0
Change in deferred taxes	0	0
Tax expense/-income	0	0
Deferred tax/-tax asset:		
Temporary differences long term loan	0	-1 989 289
Interest loss brought forward	-2 804 349	-1 220 983
Tax loss carried forward	-10,822,860	-8 635 441
Deferred tax assets not recognised in the balance sheet	13,627,209	11 845 713
Basis for calculation of deferred tax 31.12.	0	0
Tax rate	22 %	22 %
Deferred tax/deferred tax asset in the balance sheet (-)	0	0

The company does not recognise net deferred tax assets on currency items in the balance sheet. From a short term perspective there is uncertainty whether or not taxes carried forward can be utilised, as such the company has chosen not to capitalise deferred tax assets related to tax loss carried forward.

Note 10 - Operating revenue

The company owns vessels and the entirety of the operating revenue relates to the seismic segment both in 2020 and 2019.

Operating revenue in 2020 is related to intercompany customers in its entirety. 55% of the revenue is related to one intercompany customer from Great Britain (2019: 66%), 29% from a Norwegian intercompany customer (2019: 27%) and 16% from an intercompany customer in Singapore.

Other operating revenue of USD 9,8 mill. (2019: USD 34,5 mill.) is related to insurance claims for vessel (see note 3). In 2019 the revenue was related to insurance claims for streamer incidents in 2018 and 2019.



Polar Ship Invest IV AS

Notes to the financial statement 2020

Note 11 - Debt to credit institutions

	2020	2019
Total interest bearing debt	0	74,569,283
Interest bearing debt due within one year	0	13,789,000
Interest bearing debt due within five years	0	60,780,283
<i>Carrying amount of pledged assets:</i>		
Vessel	53,347,835	87,586,477

Loan from credit institutions for vessels that was part of a joint loan facility with the subsidiary Armada Seismic Invest II AS (ASI) for the sister vessel "SW Duchess" and sister company Shearwater GeoServices Assets II AS (Assets II) for the vessel "SW Empress", has been released end of December 2020 as part of a refinancing of the Shearwater GeoServices AS group.

The vessels are posed as security for the new facility arrangement held by Shearwater GeoServices AS.

Note 12 - Transactions with related parties

The company hired "SW Duchess" and "SW Empress" on a bareboat charter throughout 2020 and 2019 from its daughter company Armada Seismic Invest II AS and its sister company Shearwater GeoServices Assets II AS respectively.

The company timechartered the vessels "SW Duchess" and "SW Empress" to the three sistercompanies Shearwater GeoServices Assets V AS, Shearwater GeoServices Ltd and Shearwater GeoServices Singapore Ptd Ltd in 2020. In addition. "SW Duke" and "SW Marquis" has been cold stacked throughout 2020.

Intercompany timecharter hire this year totals USD 31.6 mill. (2019: USD 53.5 mill.) The transactions are part of the ordinary business.

Accounting and other administrative services is purchased from Shearwater GeoServices Norway AS, a total of USD 211,905 in 2020 (2019: USD 100,575).

Note 13 - Financial risks

The majority of the company's revenue is in USD. The company's expenses are mainly in USD, GBP and NOK. The company will attempt to minimise risks by implementing hedging arrangements when appropriate, but will not be able to fully avoid these risks. To reduce the currency exposure, the company's long term liabilities are held in USD.

Credit risks: The company's owned and hired vessels have in 2020 been let to the group companies. Historically, counterparty risk has been satisfactory.

Interest rate risk was related to the company's long term debt. As the company at year end no longer holds long term debt, interest risk is considered to be limited.

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



Note 14 - Subsequent events

The Covid-19 pandemic continued to affect the Shearwater group throughout 2020. However, the uncertainty the group saw in the first half of 2020 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 2021.

As part of a restructuring process in the group the vessel "SW Duke" was sold for USD 47 mill and "SW Marquis" for USD 6 mill to Shearwater GeoServices Assets V AS in June 2021. In addition streamers onboard "SW Duchess" and " SW Duke" were also transferred at a price of USD 17,4 mill.



ANNUAL REPORT 2020

Polar Ship Invest IV AS

Damsgårdsveien 135
5160 Laksevåg

Business reg. no 997 713 168 MVA

Content:

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



Polar Ship Invest IV AS Board of Directors' Report 2020

Polar Ship Invest IV AS was founded by demerger 8. July 2011 and its business is ownership in specialised vessels and investment in similar corporations. The company's corporate office is in Bergen and part of the Shearwater GeoServices group from 22. December 2016.

Future prospects

The company's operation is exposed to the development in the markets for oil and gas exploration and - production (E&P). Business activity in the Shearwater group in the first half of 2020 reflected improved market rates as demand for seismic data rebounded in 2019 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 Shearwaters' services into the second half of the year.

Despite the challenging market conditions, Shearwater group continued to secure new contracts with E&P clients to a large extent prioritising production related seismic over exploration surveys. Going into 2021, 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 seismic market. Still, the seismic market recovery is from historically low levels reflecting years of reduced exploration across the E&P industry.

Aspects of 2020

The company owns two seismic 3D vessels "SW Marquis" and "SW Duke". In addition to these vessels, the company has hired "SW Empress" on bareboat charter terms during the year from a sister company, as well as "SW Duchess" on bareboat terms from its subsidiary. Aside from "SW Duke" and "SW Marquis" which are cold stacked, the active fleet has seen high utilisation during 2020. The vessels have been hired on time charter terms to group companies throughout the year. At the end of 2020 the two remaining operational vessels were either at work or in transit to commence work.

As part of a restructuring process in the group the company's vessels "SW Duke" and "SW Marquis" was sold to Shearwater GeoServices Assets V AS in June 2021. In addition streamers onboard "SW Duchess" and "SW Duke" were also transferred.

Profit before tax in 2020 is USD -31.2 mill. compared with USD 24.1 mill. in 2019. Net operating income in 2020 totals to USD -28.0 mill. compared with USD 29.0 mill. in 2019. The negative change in net operating income is mainly due to impairment of "SW Marquis". After the breakdown in November 2019 the vessel were in need of major repair to be able to operate again. As the company has no immediate plans to go through with the necessary repairs and has settled the insurance claim for the vessel in 2020, the vessel was impaired with USD 20.1 mill.

In 2020 financial items are negative by USD -3.1 mill. compared to USD -4.8 mill. previous year. The drop in cost is mainly due to intercompany interest being lower as intercompany receivables and payables have been settled continuously.

The company's liquidity is USD 0,0 mill. as at 31.12.2020 (2019: USD 8,2 mill.). Cash flow from operating activities in 2020 was negative USD -21,6 mill. (2019: positive USD 37,1 mill.) in large part due to one less vessel onhire compared to last year. 2019 also had a high registered insurance income. Cash flow from investment activities shows an adjustment to last years capitalisation. (2019: negative USD -12,4 mill.). In 2019 the company invested in streamers, while there were no investments made in 2020. Net cash flow from financing activities was positive USD 13,4 mill. (2019: negative USD -35,7 mill.) In 2020 the company has released its long term loan of USD 74,6 mill. This was part of a restructuring of the group's financing positions. Shearwater GeoServices entered into a new facility agreement and gave the company the short term loan to enable it to repay the existing facility in the company.

Financial risk

The majority of the company's revenue is in USD. The company's expenses are mainly in USD, GBP and NOK. The company will attempt to minimise risks by implementing hedging arrangements when appropriate, but will not be able to fully avoid these risks. To reduce the currency exposure, the company's long term



liabilities are held in USD.

Credit risks: The company's owned and hired vessels have in 2020 been let to three group companies of which Shearwater GeoServices Ltd and Shearwater GeoServices Assets V AS had highest exposure. Historically, counterparty risk has been satisfactory.

Interest rate risk has been related to the company's long term debt. Due to the company's full downpayment of the facility in December 2020, interest risk is deemed limited.

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 2020.

Based on the above report of profit and loss for the company, the Board of Directors confirms that the financial statements for 2020 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.

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.

Environment

Safe behavior in this industry is paramount. Shearwater employees are encouraged to familiarise themselves with the group's safety tools and use of management system for incident reporting. There is a direct correlation between an increase in safety interventions and a decrease in incidents. This motivates our management team to keep 'safe' as our No. 1 priority and to promote it as top of the list of our focus culture.

Together with the maritime ship managers, GC Rieber Shipping and from August 2020 Reflection Marine Ltd, targets are established and monitored in order to minimise the vessel fuel consumption and environmental footprint.

The company has obtained a modern fleet with high technical quality. During 2020 operations were accomplished with limited technical downtime.

Allocation of net income

The financial statement shows a positive net income of USD -31,168,644,- which is proposed transferred to retained earnings.

Bergen, 26.08.2021

Board of Directors in Polar Ship Invest IV AS

Irene Waage Basili
chairman of the board

Andreas Hveding Aubert
member of the board



Polar Ship Invest IV AS
Profit and Loss account (in USD)

OPERATING REVENUE AND EXPENSES	NOTE	2020	2019
Operating revenue	10, 12	31,629,054	53,520,949
Other operating revenue	3, 10	9,813,761	34,563,442
Total operating revenue		41,442,815	88,084,391
Cost of sales		35,221,091	35,088,913
Administration expenses	2, 12	14,859	21,628
Depreciation	3	14,114,467	19,572,534
Write-down	3	20,116,799	4,408,264
Total operating expenses		69,467,216	59,091,339
Net operating income		-28,024,401	28,993,052
FINANCIAL ITEMS			
Interest income from group entities		34,505	368,424
Other interest income		67,734	153,067
Interest expenses to group entities	5	400,583	1,319,392
Interest expenses	11	2,476,299	3,935,709
Other financial expenses		216,449	167,197
Exchange loss (-) /gain (+)		-153,151	54,751
Net financial income and expenses		-3,144,243	-4,846,055
Operating result before tax		-31,168,644	24,146,997
Net income		-31,168,644	24,146,997
ALLOCATION OF NET INCOME			
To other equity	6	0	24,146,997
From other equity	6	31,168,644	0
Total allocation		-31,168,644	24,146,997



Polar Ship Invest IV AS
Statement of Financial position (in USD)

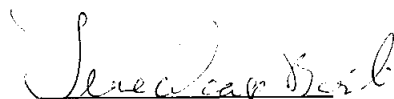
ASSETS	NOTE	2020	2019
FIXED ASSETS			
TANGIBLE ASSETS			
Vessels and marine equipment	3	45,896,750	71,872,498
Seismic equipment	3	7,451,084	15,713,979
Total tangible assets		53,347,835	87,586,477
FINANCIAL FIXED ASSETS			
Investments in subsidiaries	4	5,310,270	5,310,270
Total financial fixed assets		5,310,270	5,310,270
Total fixed assets		58,658,105	92,896,747
CURRENT ASSETS			
Inventories		619,282	736,003
DEBTORS			
Other short-term receivables		12,018,298	27,235,137
Receivables to group companies	5	58,268,464	24,123,847
Total receivables		70,286,761	51,358,984
Cash and cash equivalents	8	2,024	8,224,167
Total current assets		70,908,068	60,319,154
Total assets		129,566,173	153,215,902

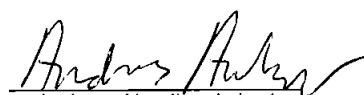


Polar Ship Invest IV AS
Statement of Financial position (in USD)

EQUITY AND LIABILITIES	NOTE	2020	2019
PAID-UP EQUITY			
Share capital	7	37,313	37,313
Share premium reserve		271,451	271,451
Total paid-up equity		308,764	308,764
RETAINED EARNINGS			
Retained earnings		4,006,601	35,175,244
Total retained earnings		4,006,601	35,175,244
Total equity	6	4,315,364	35,484,008
LIABILITIES			
OTHER LONG-TERM LIABILITIES			
Liabilities to financial institutions	11	0	60,780,283
Total other long term liabilities		0	60,780,283
CURRENT DEBT			
Liabilities to financial institutions	11	0	13,789,000
Trade creditors		834,555	551,590
Liabilities to group companies	5	124,402,258	42,594,158
Other current debt		13,996	16,862
Total current debt		125,250,809	56,951,611
Total liabilities		125,250,809	117,731,894
Total equity and liabilities		129,566,173	153,215,902

Bergen, 26.08.2021


Irene Waage Basili
chairman of the board


Andreas Hveding Aubert
member of the board



Polar Ship Invest IV AS

Cash Flow Statement

	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/loss(-) before tax	-31,168,644	24,146,997
Depreciation	14,114,467	19,572,534
Write-downs on fixed assets	20,116,799	4,408,264
Change in accounts payables	1,569,223	-5,065,218
Change in intercompany receivables and liabilities	-40,237,556	14,152,042
Change in stores	116,721	-306,872
Change in other current assets and other liabilities	13,927,715	-19,781,225
Net cash flow from operating activities	-21,561,275	37,126,522
CASH FLOW FROM INVESTING ACTIVITIES:		
Payments for investments in fixed assets	7,376	-12,396,247
Net cash flow from investment activities	7,376	-12,396,247
CASH FLOW FROM FINANCING ACTIVITIES		
Change in group accounts	27,041,313	-18,636,236
Change intercompany receivables due to downpayment	60,859,726	0
Repayment of long-term debts	-74,569,283	-17,022,153
Net cash flow from financing activities	13,331,756	-35,658,389
Net change cash and cash equivalents	-8,222,144	-10,928,115
Cash and cash equivalents at 01.01.	8,224,168	19,152,283
Cash and cash equivalents at 31.12.	2,024	8,224,168



Note 1

Polar Ship Invest IV AS is a Norwegian registered company with corporate office in Bergen. The company owns modern purpose built seismic vessels.

As of 22. December 2016 the company is part of the Shearwater GeoServices Group. The Group's consolidated financial statement is available at the corporate head office in Damsgårdsveien 135, Bergen.

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 activities in the company is predominantly in USD. The presentation currency in the Group accounts is also USD.

Policies for revenue recognition

Revenue is recognised when it is probable that transactions will generate future economic benefits that will accrue to the company and the value of such benefits can be estimated reliably. Income and expenses related to the vessels' journeys are accrued based on the number of days the journey lasts before and after the end of the year and such income is classified as charter income.

Classification of assets and liabilities in the financial statement

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 short-term debt.

Transactions in foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary items are translated at the current exchange rate, non-monetary items that are measured at historical cost are translated at the rate in effect on the original transaction date, and non-monetary items that are measured at fair value are translated at the exchange rate in effect at the time when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies to year-end exchange rates are recognised in the income statement.

Stores on the vessels

Stores on vessels are valued at the lower of cost and net realisable value. Costs incurred are accounted for using the FIFO (first in-first out) method and include costs accrued in acquiring the stores and bringing the stores to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated sales cost.

Receivables and liabilities in foreign currency

Receivables and liabilities in a foreign currency are translated into USD using the exchange rate at the balance sheet date. Realised and unrealised gains and losses are classified as financial items.

Fixed assets

For fixed assets, the straight line method for ordinary depreciation is applied, based on an economic life of 25 years for vessels. Improvements and upgrading are capitalised and depreciated over the remaining economic life of the vessel. The straight line method for ordinary depreciation based on a period of 2.5 to 5 years is applied for periodic maintenance. The straight line method for ordinary depreciation based on a life of 3 to 10 years is applied for other depreciable assets.



Impairment of fixed assets

The depreciation period and method are assessed annually to ensure that the method and period used are in accordance with the financial realities of the fixed asset. The same applies to the scrap value. The scrap value of the vessels is calculated by multiplying the steel weight of the vessel by the prevailing market price for steel 1.1. in the current year.

Fixed assets are valued at acquisition cost less any accumulated depreciation and write-downs. When assets are sold or disposed of, the acquisition cost and accumulated depreciation are reversed in the accounts and any loss or gain on the disposal is recognised in the income statement.

Fixed assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Write-downs recorded in previous periods are reversed when there is information indicating that the recoverable amount is higher than the carrying amount.

Periodical maintenance

The company capitalises expenses incurred at the docking of the vessels and amortises these expenses over the period until the next docking ("the capitalisation method").

Investments in subsidiaries

Investments in subsidiaries 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.

Receivables

Receivables are valued at the lower of the nominal value and fair value.

Cash and bank deposits

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

Taxes

The company is structured in accordance with the Norwegian tonnage tax system. At entry to the tonnage tax system operational profit is non taxable. Tonnage tax is accounted as operational cost.

A tax percentage of 22% is used on taxable financial income. Temporary differences related to financial assets/debts are offset when estimating deferred tax/- tax assets, which is 22% of net temporary differences. The accounting follow the general rules of valuation for recognition.

Cash flow statement

The company's cash flow statement shows the company's consolidated 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.

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.

Note 2 - Payroll expenses, number of employees, remunerations

The company has no employees and therefore no legal or constructive obligations to hold a pension scheme as defined in the pension law. There has been no remuneration to general manager or directors of the board. The company has expensed USD 11,441 excl VAT as remuneration for the auditor this financial year. No tax advisory or other services outside the audit scope have been charged from the auditor in 2020.



Polar Ship Invest IV AS

Notes to the financial statement 2020

Note 3 - Tangibel fixed assets

	Vessels
Acquisition cost as at 1.1.	170,129,128
+ Additions during the year	0
Acquisition cost as at 31.12.	170,129,128
Accumulated depreciation at 1.1.	68,104,970
Accumulated impairment at 1.1.	30,151,660
+ Depreciation for the year	5,680,206
+ Depreciation of periodical maintenance for the year	178,744
+ Impairment	20,116,799
Accumulated depreciation and impairment at 31.12.	124,232,378
Carrying amount as at 31.12.	45,896,750
Depreciation rate periodical maintenance	20 - 40 %
Depreciation rate vessels	4 %

At the end of the year, the company's vessels are "SW Duke" and "SW Marquis".

Other equipment:

	Seismic equipment
Acquisition cost as at 1.1.	38,150,047
+ Adjustment from previous year	- 7 376
- Disposals during the year	
= Acquisition costs as at 31.12.	38,142,671
Accumulated depreciation at 1.1.	22,436,068
+ Depreciation for the year	8,255,518
- Disposals during the year	
= Accumulated depreciation at 31.12.	30,691,586
Carrying amount as at 31.12.	7,451,085

An incident onboard "SW Marquis" in November 2019 left the vessel in need of extensive repair before the vessel could be considered operational again. The company has no immediate plans to go through with these repairs and has settled the insurance claim for the vessel. As such, the vessel has been impaired with USD 20.1 million to estimated recoverable amount measured at fair value less cost of disposal USD 1.9 million.

As at 31 December 2020 there were no indications that the carrying amount of "SW Duke" might not be recoverable. The market, although still challenging has showed signs of improving both during 2020 and continuing into 2021. The estimated average market value obtained from two renowned shipbrokers at year end substantiated the carrying amount as recoverable.



Note 4 - Investments in subsidiaries

The company holds 100% of the shares in Armada Seismic Invest II AS. Carrying amount of the investment is USD 5,310,270, after a write-down of USD 2 924 850 in 2016.

Armada Seismic Invest II AS has registered address in Bergen and has a gain in 2020 of USD 1 396 246 and an equity at 31.12.2020 of USD 7 492 149.

Armada Seismic Invest II AS is not consolidated in the financial statement of Polar Ship Invest IV AS as both of these companies are consolidated under Shearwater GeoServices Holding AS.

Note 5 - Intercompany balances

Short term receivables to group companies totals USD 58.3 mill. while in 2019 the group receivables was USD 24.1 mill. Of short term receivables in 2020 USD 10.6 in 2019 USD 18.6 mill. is related to group bank account system. Due to internal restructuring and refinancing of the Shearwater group, Armada Seismic Invest II AS' share of the released facility USD 41,2 mill. in December 2020 is presented as short term receivables. The receivable is of short term character and as such the company has not calculated interest on the outstanding amount. The remaining amount consists of ordinary trade receivables.

Short term liabilities to group companies totals USD 124.4 mill. (USD 42.6 mill. i 2019). USD 102,4 mill. of the short term liabilities is towards Shearwater GeoServices AS and related to the downpayment of loan facilities in the company as part of the refinancing of the Shearwater group in December 2020. This liability is considered short term and has not been subject to interest calculation Shearwater GeoServices AS in 2020. Of short term liabilities in 2020 USD 19.0 mill. is related to group bank account system. The remaining liabilities are ordinary trade payables.

In 2019 the liabilities in were ordinary trade payables to companies inside the tonnage tax regime of USD 0,7 mill. and towards companies outside the tonnage tax regime USD 41,8 mill. of which USD 15,3 mill. was towards Shearwater GeoServices Norway AS and USD 18,2 mill. towards Shearwater GeoServices AS.

Intercompany balances are subject to interest calculation if payments are not settled within ordinary due date.

Note 6 - Equity

	Share capital	Share premium reserve	Retained earnings	Total equity
Equity as at 01.01.	37,313	271,451	35,175,244	35,484,008
Net income for the year			-31,168,644	-31,168,644
Equity as at 31.12.	37,313	271,451	4,006,601	4,315,364



Polar Ship Invest IV AS

Notes to the financial statement 2020

Note 7 - Share capital

The share capital consists of 227 000 shares at NOK 1. Carrying amount of the share capital in the financial statement is USD 37 313.

Shearwater GeoServices AS owns 100 % of the shares.

Note 8 - Bank deposits, cash etc.

The company has no restricted tax withholdings.

Note 9 - Taxes

	2020	2019
Tax over profit and loss:		
Change in tax payable previous periods	0	0
Change in deferred taxes	0	0
Tax expense/-income	0	0
Deferred tax/-tax asset:		
Temporary differences long term loan	0	-1 989 289
Interest loss brought forward	-2 804 349	-1 220 983
Tax loss carried forward	-10,822,860	-8 635 441
Deferred tax assets not recognised in the balance sheet	13,627,209	11 845 713
Basis for calculation of deferred tax 31.12.	0	0
Tax rate	22 %	22 %
Deferred tax/deferred tax asset in the balance sheet (-)	0	0

The company does not recognise net deferred tax assets on currency items in the balance sheet. From a short term perspective there is uncertainty whether or not taxes carried forward can be utilised, as such the company has chosen not to capitalise deferred tax assets related to tax loss carried forward.

Note 10 - Operating revenue

The company owns vessels and the entirety of the operating revenue relates to the seismic segment both in 2020 and 2019.

Operating revenue in 2020 is related to intercompany customers in its entirety. 55% of the revenue is related to one intercompany customer from Great Britain (2019: 66%), 29% from a Norwegian intercompany customer (2019: 27%) and 16% from an intercompany customer in Singapore.

Other operating revenue of USD 9,8 mill. (2019: USD 34,5 mill.) is related to insurance claims for vessel (see note 3). In 2019 the revenue was related to insurance claims for streamer incidents in 2018 and 2019.



Polar Ship Invest IV AS

Notes to the financial statement 2020

Note 11 - Debt to credit institutions

	2020	2019
Total interest bearing debt	0	74,569,283
Interest bearing debt due within one year	0	13,789,000
Interest bearing debt due within five years	0	60,780,283
<i>Carrying amount of pledged assets:</i>		
Vessel	53,347,835	87,586,477

Loan from credit institutions for vessels that was part of a joint loan facility with the subsidiary Armada Seismic Invest II AS (ASI) for the sister vessel "SW Duchess" and sister company Shearwater GeoServices Assets II AS (Assets II) for the vessel "SW Empress", has been released end of December 2020 as part of a refinancing of the Shearwater GeoServices AS group.

The vessels are posed as security for the new facility arrangement held by Shearwater GeoServices AS.

Note 12 - Transactions with related parties

The company hired "SW Duchess" and "SW Empress" on a bareboat charter throughout 2020 and 2019 from its daughter company Armada Seismic Invest II AS and its sister company Shearwater GeoServices Assets II AS respectively.

The company timechartered the vessels "SW Duchess" and "SW Empress" to the three sistercompanies Shearwater GeoServices Assets V AS, Shearwater GeoServices Ltd and Shearwater GeoServices Singapore Ptd Ltd in 2020. In addition, "SW Duke" and "SW Marquis" has been cold stacked throughout 2020.

Intercompany timecharter hire this year totals USD 31.6 mill. (2019: USD 53.5 mill.) The transactions are part of the ordinary business.

Accounting and other administrative services is purchased from Shearwater GeoServices Norway AS, a total of USD 211,905 in 2020 (2019; USD 100,575).

Note 13 - Financial risks

The majority of the company's revenue is in USD. The company's expenses are mainly in USD, GBP and NOK. The company will attempt to minimise risks by implementing hedging arrangements when appropriate, but will not be able to fully avoid these risks. To reduce the currency exposure, the company's long term liabilities are held in USD.

Credit risks: The company's owned and hired vessels have in 2020 been let to the group companies. Historically, counterparty risk has been satisfactory.

Interest rate risk was related to the company's long term debt. As the company at year end no longer holds long term debt, interest risk is considered to be limited.

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



Note 14 - Subsequent events

The Covid-19 pandemic continued to affect the Shearwater group throughout 2020. However, the uncertainty the group saw in the first half of 2020 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 2021.

As part of a restructuring process in the group the vessel "SW Duke" was sold for USD 47 mill and "SW Marquis" for USD 6 mill to Shearwater GeoServices Assets V AS in June 2021. In addition streamers onboard "SW Duchess" and "SW Duke" were also transferred at a price of USD 17,4 mill.



To the General Meeting of Polar Ship Invest IV AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Polar Ship Invest IV AS, which comprise the statement of financial position as at 31 December 2020, the profit and loss account 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 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 2020, 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 - Polar Ship Invest IV 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 a true and fair view 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, 26 August 2021
PricewaterhouseCoopers AS

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Independent Auditor's Report - Polar Ship Invest IV AS



Jon Haugervåg
State Authorised Public Accountant

(This document is signed electronically)

Note: This translation from Norwegian has been prepared for information purposes only.



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Revisjonsberetning

Signers:

Name	Method	Date
Haugervåg, Jon	BANKID_MOBILE	2021-08-26 21:40

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