



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 914 633 338
Organisasjonsform: Aksjeselskap
Foretaksnavn: SHEARWATER GEOSERVICES NORWAY 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: 20.08.2021

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, 21.07.2022



Resultatregnskap

Beløp i: USD	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Operating revenue	10	124 856 569	129 499 063
Other operating revenue	12	7 986 651	4 784 626
Sum inntekter		132 843 220	134 283 689
Kostnader			
Personell expenses	2, 6	10 220 404	7 654 674
Depreciation	11	444 133	283 728
Cost of sales	12	114 217 603	131 651 306
Administration expenses	2	1 101 541	-8 186
Sum kostnader		125 983 680	139 581 523
Driftsresultat		6 859 540	-5 297 834
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern	9	497 885	851 290
Annen renteinntekt		270	94 195
Sum finansinntekter		498 155	945 485
Rentekostnad til foretak i samme konsern	9	407 388	1 228 492
Annen rentekostnad		55 050	18 589
Other financial expenses		4 932	19 878
Exchange loss (-) /gain (+)		-134 728	-82 628
Sum finanskostnader		332 642	1 184 332
Netto finans		165 512	-238 847
Ordinært resultat før skattekostnad		7 025 052	-5 536 681
Tax expenses	8		
Ordinært resultat etter skattekostnad		7 025 052	-5 536 681
Årsresultat		7 025 052	-5 536 681
Årsresultat etter minoritetsinteresser		7 025 052	-5 536 681



Resultatregnskap

Beløp i: USD	Note	2020	2019
Totalresultat		7 025 052	-5 536 681
Overføringer og disponeringer			
To other equity		7 025 052	
From other equity			-5 536 681
Sum overføringer og disponeringer		7 025 052	-5 536 681



Balanse

Beløp i: USD	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	8		
Varige driftsmidler			
Office equipment	11	549 924	977 486
Sum varige driftsmidler		549 924	977 486
Finansielle anleggsmidler			
Investering i datterselskap	3	488 502	2
Sum finansielle anleggsmidler		488 502	2
Sum anleggsmidler		1 038 425	977 487
Omløpsmidler			
Varer			
Inventory and pre-payments		3 473 497	2 768 275
Sum varer		3 473 497	2 768 275
Fordringer			
Accounts receivables		11 074 603	12 806 910
Other short-term receivables		1 158 953	1 294 187
Receivables to group companies	9	27 120 753	53 733 337
Sum fordringer		39 354 309	67 834 435
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	7	399 570	413 555
Sum bankinnskudd, kontanter og lignende		399 570	413 555
Sum omløpsmidler		43 227 376	71 016 264
SUM EIENDELER		44 265 801	71 993 751

BALANSE - EGENKAPITAL OG GJELD



Balanse

Beløp i: USD	Note	2020	2019
Egenkapital			
Innskutt egenkapital			
Share capital	4, 5	3 480	3 480
Overkurs	4		
Annen innskutt egenkapital	4	29 008 383	29 008 383
Sum innskutt egenkapital		29 011 863	29 011 863
Opptjent egenkapital			
Retained earnings	4	-7 228 023	-14 253 074
Udekket tap	4		
Sum opptjent egenkapital		-7 228 023	-14 253 074
Sum egenkapital		21 783 841	14 758 789
Gjeld			
Langsiktig gjeld			
Utsatt skatt	8		
Annen langsiktig gjeld			
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Leverandørgjeld		1 798 790	2 754 440
Public duties payable		683 037	674 405
Liabilities to group companies	9	12 587 841	46 127 766
Other current debt		7 412 292	7 678 351
Sum kortsiktig gjeld		22 481 960	57 234 962
Sum gjeld		22 481 960	57 234 962
SUM EGENKAPITAL OG GJELD		44 265 801	71 993 751



Skattedirektoratet

Saksbehandler Torstein Kinden Helleland	Deres dato 05.12.2017	Vår dato 11.12.2017
Telefon 22078139	Deres referanse Kristian Rådal	Vår referanse 2017/1254176

SHEARWATER GEOSERVICES AS
Postboks 1243, Sentrum
5811 BERGEN

MOTTATT

13 DES. 2017

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Shearwater GeoServices Norway AS, org.nr. 914 633 338

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 Shearwater GeoServices Norway AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Shearwater GeoServices Norway 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 pålegges den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

Shearwater GeoServices Holding 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

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800 80 000
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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

Shearwater GeoServices Norway AS

Damsgårdsveien 135
5160 Laksevåg

Business org.no 914 633 338 MVA

Contents:

Board of Director's report
Financial Statement
Auditor's report



Shearwater GeoServices Norway AS Board of Directors' Report 2020

Shearwater GeoServices Norway AS corporate office is in Bergen and is part of the Shearwater GeoServices group from 22. December 2016. The company operates within marine acquisition in the seismic market.

Future prospects

The company's operation is exposed to the development in the markets for oil and gas exploration and - production. 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 (Exploration and Production) 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 is expected to lead to a significant decline in demand for seismic services in 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 and 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.

We would like to emphasise the inherent uncertainty that exists when it comes to predicting future events and conditions.

Aspects of 2020

The company has had eight of the group's vessels on hire during parts of the year. The vessels have been hired on time charter and bareboat terms from group companies and DOF Subsea and have been working on both 3-D and 4-D projects in Norway, Gambia, Suriname and a node project in the USA.

Profit before tax in 2020 is USD 7.0 mill. compared with USD -5.5 mill. in 2019. Net operating income in 2020 totals to USD 6.9 mill. compared with USD -5.3 mill. in 2019. The positive change in operating income is due to both a positive change in the market during 2020 as well as the increase in the group's fleet and vessel availability after the WesternGeco transaction end of 2018.

In 2020 financial items are positive by USD 0.2 mill. compared to USD -0.2 mill. previous year. The change is mainly due to net change in intercompany interest costs compared to 2019.

The company's liquidity is USD 0,4 mill. as at 31.12.2020 (2019: USD 0,4 mill.). Cash flow from operating activities in 2020 was positive USD 5,8 mill. (2019: negative USD -14,5 mill.). Cash flow from investment activities was negative USD -0,5 mill. (2019: negative USD -0,5 mill.). Net cash flow from financing activities was negative USD -5,4 mill. (2019: positive USD 5,8 mill.)

Financial risk

The majority of the company's revenue is in USD. The company's expenses are mainly in USD 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.

Lack of or delayed payment from customers may significantly and adversely impair the company's revenue and liquidity. The concentration of the company's customers in the energy industry may impact its overall exposure to credit risk as customers may be similarly affected by prolonged changes in economic and industry conditions, as well as by the general constraints on liquidity resulting from the continued low oil prices. Further, laws in some jurisdictions in which the company operates could make collection difficult or time consuming. The company gives due consideration to the credit quality of its potential clients during contract negotiations to minimise the credit risk. Historically, counterparty risk has been satisfactory.

The company has bank deposits in USD, NOK and EUR. 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 had 68 employees at year end of which 34% were women. Two out of seven members of the management team are female, including the CEO. The board of directors consists of one female and one male director. The company had a sick leave ratio of 2.38% in 2020.

Shearwater has made great efforts into building a strong organisational culture across the group through the Shearwater Focus program and has a strong emphasis on building a good working environment in the group's different locations. As an employer, the company does not accept discrimination of any kind of its employees or other parties involved in the company's activities. This includes any and all unjust treatment, exclusion or preference based on ethnicity, gender, age, sexual orientation, disability, religion, political persuasion or other circumstances.

Environment

As part of the Shearwater GeoServices group, 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 positive net income of USD 7,025,052,- which is proposed allocated to retained earnings.

Bergen, 20.08.2021

Board of Directors in Shearwater GeoServices Norway AS

Irene Waage Basili
chairman of the board

Andreas Hveding Aubert
member of the board

Peter Allan Hooper
managing director



Shearwater GeoServices Norway AS
Profit and Loss Account (in USD)

OPERATING REVENUE AND EXPENSES	NOTE	2020	2019
Operating revenue	10	124,856,569	129,499,063
Other operating revenue	12	7,986,651	4,784,626
Total operating revenue		132,843,220	134,283,689
Cost of sales	12	114,217,603	131,651,306
Personell expenses	2, 6	10,220,404	7,654,674
Administration expenses	2	1,101,541	-8,186
Depreciation	11	444,133	283,728
Total operating expenses		125,983,680	139,581,523
Net operating income		6,859,540	-5,297,834
FINANCIAL ITEMS			
Interest income from group entities	9	497,885	851,290
Other interest income		270	94,195
Interest cost to group entities	9	407,388	1,228,492
Interest expenses		55,050	18,589
Other financial expenses		4,932	19,878
Exchange loss (-) /gain (+)		134,728	82,628
Net financial income and expenses		165,512	-238,847
Operating result before tax		7,025,052	-5,536,681
Net income		7,025,052	-5,536,681
ALLOCATION OF NET INCOME			
To other equity		7,025,052	0
From other equity		0	5,536,681
Total allocation		7,025,052	-5,536,681



Shearwater GeoServices Norway AS
Statement of Financial Position (in USD)

ASSETS	NOTE	2020	2019
FIXED ASSETS			
TANGIBLE ASSETS			
Office equipment	11	549,924	977,486
Total tangible assets		549,924	977,486
FINANCIAL FIXED ASSETS			
Investments in subsidiaries	3	488,502	2
Total financial fixed assets		488,502	2
Total fixed assets		1,038,425	977,487
CURRENT ASSETS			
Inventory and pre-payments		3,473,497	2,768,275
DEBTORS			
Accounts receivables		11,074,603	12,806,910
Other short-term receivables		1,158,953	1,294,187
Receivables to group companies	9	27,120,753	53,733,337
Total receivables		39,354,309	67,834,435
Cash and cash equivalents	7	399,570	413,555
Total current assets		43,227,376	71,016,264
Total assets		44,265,801	71,993,751



Shearwater GeoServices Norway AS Statement of Financial Position (in USD)

EQUITY AND LIABILITIES	NOTE	2020	2019
PAID-UP EQUITY			
Share capital	4, 5	3,480	3,480
Other paid in capital	4	29,008,383	29,008,383
Total paid-up equity		29,011,863	29,011,863
RETAINED EARNINGS			
Retained earnings	4	-7,228,023	-14,253,074
Total retained earnings		-7,228,023	-14,253,074
Total equity		21,783,841	14,758,789
LIABILITIES			
CURRENT DEBT			
Trade creditors		1,798,790	2,754,440
Public duties payable		683,037	674,405
Liabilities to group companies	9	12,587,841	46,127,766
Other current debt		7,412,292	7,678,351
Total current debt		22,481,960	57,234,962
Total liabilities		22,481,960	57,234,962
Total equity and liabilities		44,265,801	71,993,751

Bergen, 20.08.2021

Andreas Hveding Aubert
member of the board

Irene Waage Basili
chairman of the board

Peter Allan Hooper
general Manager



SHEARWATER GEOSERVICES NORWAY AS CASH FLOW 2020

CASH FLOW STATEMENT

USD		2020	2019
Cash flow from operating activities:			
Profit before tax		7,025,052	-5,536,681
Depreciation and write-down	11	444,133	283,728
Change in inventories		-705,222	-670,525
Change in accounts receivables / payables		-843,819	-2,326,915
Change in other current assets / liabilities		-122,192	2,802,945
Net cash flow from operating activities		5,797,952	-5,447,448
Cash flow from investing activities:			
Payments for office equipment	11	-16,572	-709,617
Investment in subsidiaries		-488,500	-
Net cash flow from investing activities		-505,072	-709,617
Cash flow from financing activities			
Change in current IC assets / liabilities		948,309	6,394,700
Change in group bank accounts		-6,255,173	-605,527
Net cash flow from financing activities		-5,306,864	5,789,173
Net increase in cash and cash equivalents		-13,984	-367,893
Cash and cash equivalents at start of period		413,555	781,448
Cash and cash equivalents at end of period		399,570	413,555



Note 1 - Accounting principles

Shearwater GeoServices Norway AS is a Norwegian registered company with corporate office in Bergen. The company's main focus is to provide geophysical services to the oil- and gas industry, as well as investments in companies related to this business.

The company is part of the Shearwater GeoServices group since 22. December 2016. The Shearwater head office is in Bergen.

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.

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 are predominantly in USD. The profit and loss amounts have been translated into USD using the year average exchange rate, while the balance amounts have been translated into USD using the exchange rate at the balance sheet date.

Policies for revenue recognition

Revenue is recognised when it is probable that the economic benefit from a transaction will flow to the company and revenue can be reliably measured. The revenue is measured at fair value of the consideration received, net of discounts and sale taxes and duty.

Processing

The company performs processing services for specific customers. Sales of services under processing contracts are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Exclusive contracts

The company performs seismic services for specific customers under exclusive contracts. Sales of services under contracts are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Mobilisation revenue and cost

Mobilisation revenue and the related mobilisation costs relates to moving the seismic vessel and its crew from one location to the location specified by the contract. Such cost includes in the Multi-Client survey or exclusive contract with which the costs are associated. The mobilisation costs related to Multi-Client survey are capitalised as a part of the Multi-Client library as mentioned. Steaming costs on exclusive surveys are deferred and charged to expense based upon the percentage of completion of the project. The estimated probable future economic inflows are documented at inception and cover the costs capitalised or deferred. If the projects are not able to cover all of the costs which could be capitalised or deferred then only those costs that are recoverable are capitalised/deferred.

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.

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.

Receivables

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

Cash

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.



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.

Provision

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

Taxes

Taxes are expensed when incurred, which means the tax expense is related to the financial statements profit/loss before tax. Tax expenses consist of tax payable (tax on the financial years taxable income) and change in net deferred tax. The tax expense is distributed between ordinary profit/loss and extraordinary profit/loss according to the tax basis. Deferred tax and deferred tax asset is presented net in the balance sheet.

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.

Contingencies

Contingent losses are recognized 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 recognized but disclosed in the annual report or in the accompanying notes.



Shearwater GeoServices Norway AS

Notes to the financial statement 2020

Note 2 – Salary and personnel expense

Salary and personnel expense includes salary to employees and hired personnel.

Salary and benefits cost (USD 1000)	2020	2019
Salary cost	6,970	6,093
Social security	1,046	1,059
Pension and insurance cost	586	279
Other benefits	1,618	223
Total salary and benefits cost	10,220	7,655

Number of employees as of year end:

Office employees	68	62
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The increase in salary and benefits costs is mainly due to an increase in personnel during the year.

There has been no remuneration to the board of directors during the year.

Remuneration for the managing director is as follows:

(USD 1000)	2020	2019
Salary	379	412
Bonus	0	135
Pension	19	8
Other benefits	2	3
Total remuneration	400	558

Auditor's fee in 2020 is related to statutory audit USD 29,311 and USD 0 for other services. The amount is excluding VAT.

Note 3 - Investment in subsidiaries

The company owns 100% of the shares in Shearwater GeoServices Ltd based in Tunbridge Wells in the UK. Booked value of GBP 1 totals USD 1.52.

In 2020 the company has a net profit of USD 8.8 million, and an equity at 31.12.2020 of USD 22.3 million.

In addition, the company owns 99% of the shares in Shearwater GeoServices Do Brazil Ltda based in Brazil. Booked value of USD 488,500.

In 2020 the company has a net loss of USD -0.2 million, and an equity at 31.12.2020 of USD 0.3 million.

Shearwater GeoServices Ltd and Shearwater GeoServices Do Brazil Ltda are not consolidated in the financial statement of Shearwater GeoServices Norway AS being a sub-group of the group Shearwater GeoServices Holding AS.



Shearwater GeoServices Norway AS

Notes to the financial statement 2020

Note 4 - Equity

	Share capital	Other paid in capital	Retained equity	Total equity
Equity as at 01.01.	3,480	29,008,383	-14,253,074	14,758,789
Profit for the year			7,025,052	7,025,052
Equity as at 31.12.	3,480	29,008,383	-7,228,023	21,783,841

Note 5 – Share capital

The company's share capital consists of 30 shares at NOK 1 000, a total of NOK 30 000. Booked value is USD 3,480.

Shearwater GeoServices AS owns 100% of the shares.

Note 6 - Pensions

Defined contribution plan

The contributions in 2020 have been provided to pension plans covering 68 employees at the end of the year (2019: 62 employees). The pension premium is recognised as an expense the year that it falls due and amounts to USD 586,381 for 2020 (2019: USD 279,293).

Note 7 – Cash and cash equivalents

Cash held for employee tax payments totals USD 0.4 mill. as at 31.12.2020.



Shearwater GeoServices Norway AS

Notes to the financial statement 2020

Note 8 - Taxes

Taxes in profit and loss	2020	2019
Tax payable	0	0
Change in deferred tax	0	0
Tax expenses	0	0
Taxable income		
Net income before tax	7,025,052	-5,274,345
Permanent differences	184,497	95,201
Non deductible interest cost	-48,042	301,531
Change in temporary differences	228,659	-5,158
Losses brought forward	-7,438,207	0
Group contribution	0	0
Taxable income	-48,042	-4,882,771
Deferred tax asset in balance sheet		
Deferred tax asset	0	0
Tax effect on received group contribution	0	0
Deferred tax asset in balance sheet	0	0
Deferred tax assets/liabilities		
Fixed assets	-122,051	103,600
Interest loss brought forward	-1,122,452	-1,137,469
Losses brought forward	-2,549,574	-9,480,852
Basis for calculation of deferred tax	-3,794,077	-10,514,721
Deferred tax assets	-834,697	-2,313,239
Not recognised tax assets	834,697	2,313,239
Deferred tax / deferred tax assets	0	0
Tax rate for tax payable	22%	
Tax rate deferred tax 2020	22%	
Tax rate deferred tax 2021	22%	

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 figures in the tax note. The amounts have all been translated with the exchange rate at the balance sheet date NOK/USD 0,11720 in 2020 (NOK/USD 0,11389 in 2019).

As the company do not expect to be able to utilise the deferred tax in the very near future, the company has chosen not to recognise deferred tax asset in the balance sheet.

Note 9 – Intercompany balances

Short term receivables to group companies totals USD 27.1 million (2019: USD 53.7 million), and consists of short term funding from holding companies and ordinary trade receivables.

Short term liabilities to group companies totals USD 12.6 million in 2020 (2019: USD 46.1 million) and consist of group trade liabilities as well as short term loan from group companies. Of the total amount USD 3,0 million relates to Shearwater GeoServices Assets V AS (2019: USD 43.1 million).

All intercompany balances are subject to interest calculation. The group uses its highest external interest rate in the calculation.

**Note 10 – Operating revenue**

Operating revenue both in 2020 and 2019 is related to the seismic market and mainly marine acquisition. The company operates worldwide and has in both 2020 and 2019 had revenue in all of its defined geographical segments; EAME - Europe, Africa and Middle East and APAC - Asia Pacific and NSA - North and South America. In 2020 NSA was the largest segment with about 61% (2019: NSA 0%) of total revenue totalling to around USD 75.6 million, and the second largest segment in 2020 was EAME with about 39% (2019: EAME 82%) of total revenue totalling to around USD 49.3 million (2019: USD 106.0 million).

Note 11 – Office equipment

	Office equipment
Cost:	
Acquisition cost at 1.1.	1,384,747
Additions in the period	16,572
Acquisition cost at 31.12.	1,401,319
Accumulated depreciation:	
Accumulated depreciation at 1.1.	407,261
Depreciation for the period	444,133
Accumulated depreciation at 31.12.	851,395
Carrying amount as at 31.12	549,924

Office equipment is depreciated over three years.

Note 12 – Transactions with related parties

The company's major transactions with related parties in 2020 was timecharter hire of vessels USD 23.3 million and bareboat charter USD 6.6 million from Shearwater GeoServices Assets V AS (2019: from Polar Ship Invest IV AS USD 14.3 million and Shearwater GeoServices Assets V AS USD 43.4 million), and hire of personnel from Geophysical Resources Ltd PTE with a total of USD 18.0 million (2019: Geophysical Resources Ltd PTE USD 7,8 million and Reflection Marine Ltd USD 7,8 million).

In addition, the company charges group companies that are booked and followed up from Bergen a corporate service fee. In 2020 corporate service fee totals 3.9 million (2019: USD 2.0 million).

The transactions are all part of the ordinary business.

Note 13 - Foreign exchange rates

Currency	31.12.2020	31.12.2019	Average 2020	Average 2019
NOK/USD	0,1170	0,1139	0,1064	0,1136



Note 14 - Financial risk

The majority of the company's revenue is in USD. The company's expenses are mainly in USD 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.

Lack of or delayed payment from customers may significantly and adversely impair the company's revenue and liquidity. The concentration of the company's customers in the energy industry may impact its overall exposure to credit risk as customers may be similarly affected by prolonged changes in economic and industry conditions, as well as by the general constraints on liquidity resulting from the continued low oil prices. Further, laws in some jurisdictions in which the company operates could make collection difficult or time consuming. The company gives due consideration to the credit quality of its potential clients during contract negotiations to minimise the credit risk. Historically, counterparty risk has been satisfactory.

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

Note 15 - 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 2021 it is decided to distribute 100% of the shares in the subsidiary Shearwater GeoServices Ltd as a dividend to Shearwater GeoServices AS.



ANNUAL REPORT 2020

Shearwater GeoServices Norway AS

Damsgårdsveien 135
5160 Laksevåg

Business org.no 914 633 338 MVA

Contents:

Board of Director's report
Financial Statement
Auditor's report



Shearwater GeoServices Norway AS Board of Directors' Report 2020

Shearwater GeoServices Norway AS corporate office is in Bergen and is part of the Shearwater GeoServices group from 22. December 2016. The company operates within marine acquisition in the seismic market.

Future prospects

The company's operation is exposed to the development in the markets for oil and gas exploration and - production. 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 (Exploration and Production) 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 is expected to lead to a significant decline in demand for seismic services in 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 and 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.

We would like to emphasise the inherent uncertainty that exists when it comes to predicting future events and conditions.

Aspects of 2020

The company has had eight of the group's vessels on hire during parts of the year. The vessels have been hired on time charter and bareboat terms from group companies and DOF Subsea and have been working on both 3-D and 4-D projects in Norway, Gambia, Suriname and a node project in the USA.

Profit before tax in 2020 is USD 7.0 mill. compared with USD -5.5 mill. in 2019. Net operating income in 2020 totals to USD 6.9 mill. compared with USD -5.3 mill. in 2019. The positive change in operating income is due to both a positive changes in the market during 2020 as well as the increase in the group's fleet and vessel availability after the WesternGeco transaction end of 2018.

In 2020 financial items are positive by USD 0.2 mill. compared to USD -0.2 mill. previous year. The change is mainly due to net change in intercompany interest costs compared to 2019.

The company's liquidity is USD 0,4 mill. as at 31.12.2020 (2019: USD 0,4 mill.). Cash flow from operating activities in 2020 was positive USD 5,8 mill. (2019: negative USD -14,5 mill.). Cash flow from investment activities was negative USD -0,5 mill. (2019: negative USD -0,5 mill.). Net cash flow from financing activities was negative USD -5,4 mill. (2019: positive USD 5,8 mill.)

Financial risk

The majority of the company's revenue is in USD. The company's expenses are mainly in USD 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.

Lack of or delayed payment from customers may significantly and adversely impair the company's revenue and liquidity. The concentration of the company's customers in the energy industry may impact its overall exposure to credit risk as customers may be similarly affected by prolonged changes in economic and industry conditions, as well as by the general constraints on liquidity resulting from the continued low oil prices. Further, laws in some jurisdictions in which the company operates could make collection difficult or time consuming. The company gives due consideration to the credit quality of its potential clients during contract negotiations to minimise the credit risk. Historically, counterparty risk has been satisfactory.

The company has bank deposits in USD, NOK and EUR. 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 had 68 employees at year end of which 34% were women. Two out of seven members of the management team are female, including the CEO. The board of directors consists of one female and one male director. The company had a sick leave ratio of 2.38% in 2020.

Shearwater has made great efforts into building a strong organisational culture across the group through the Shearwater Focus program and has a strong emphasis on building a good working environment in the group's different locations. As an employer, the company does not accept discrimination of any kind of its employees or other parties involved in the company's activities. This includes any and all unjust treatment, exclusion or preference based on ethnicity, gender, age, sexual orientation, disability, religion, political persuasion or other circumstances.

Environment

As part of the Shearwater GeoServices group, 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 positive net income of USD 7,025,052,- which is proposed allocated to retained earnings.

Bergen, 20.08.2021

Board of Directors in Shearwater GeoServices Norway AS

Irene Waage Basili
chairman of the board

Andreas Hveding Aubert
member of the board

Peter Allan Hooper
managing director



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Irene Waage Basili
chairman of the board

Andreas Hveding Aubert
member of the board

Peter Allan Hooper
managing director



Shearwater GeoServices Norway AS Profit and Loss Account (in USD)

OPERATING REVENUE AND EXPENSES	NOTE	2020	2019
Operating revenue	10	124,856,569	129,499,063
Other operating revenue	12	7,986,651	4,784,626
Total operating revenue		132,843,220	134,283,689
Cost of sales	12	114,217,603	131,651,306
Personell expenses	2, 6	10,220,404	7,654,674
Administration expenses	2	1,101,541	-8,186
Depreciation	11	444,133	283,728
Total operating expenses		125,983,680	139,581,523
Net operating income		6,859,540	-5,297,834
FINANCIAL ITEMS			
Interest income from group entities	9	497,885	851,290
Other interest income		270	94,195
Interest cost to group entities	9	407,388	1,228,492
Interest expenses		55,050	18,589
Other financial expenses		4,932	19,878
Exchange loss (-) /gain (+)		134,728	82,628
Net financial income and expenses		165,512	-238,847
Operating result before tax		7,025,052	-5,536,681
Net income		7,025,052	-5,536,681
ALLOCATION OF NET INCOME			
To other equity		7,025,052	0
From other equity		0	5,536,681
Total allocation		7,025,052	-5,536,681



Shearwater GeoServices Norway AS
Statement of Financial Position (in USD)

ASSETS	NOTE	2020	2019
FIXED ASSETS			
TANGIBLE ASSETS			
Office equipment	11	549,924	977,486
Total tangible assets		549,924	977,486
FINANCIAL FIXED ASSETS			
Investments in subsidiaries	3	488,502	2
Total financial fixed assets		488,502	2
Total fixed assets		1,038,425	977,487
CURRENT ASSETS			
Inventory and pre-payments		3,473,497	2,768,275
DEBTORS			
Accounts receivables		11,074,603	12,806,910
Other short-term receivables		1,158,953	1,294,187
Receivables to group companies	9	27,120,753	53,733,337
Total receivables		39,354,309	67,834,435
Cash and cash equivalents	7	399,570	413,555
Total current assets		43,227,376	71,016,264
Total assets		44,265,801	71,993,751



Shearwater GeoServices Norway AS Statement of Financial Position (in USD)

EQUITY AND LIABILITIES	NOTE	2020	2019
PAID-UP EQUITY			
Share capital	4, 5	3,480	3,480
Other paid in capital	4	29,008,383	29,008,383
Total paid-up equity		29,011,863	29,011,863
RETAINED EARNINGS			
Retained earnings	4	-7,228,023	-14,253,074
Total retained earnings		-7,228,023	-14,253,074
Total equity		21,783,841	14,758,789
LIABILITIES			
CURRENT DEBT			
Trade creditors		1,798,790	2,754,440
Public duties payable		683,037	674,405
Liabilities to group companies	9	12,587,841	46,127,766
Other current debt		7,412,292	7,678,351
Total current debt		22,481,960	57,234,962
Total liabilities		22,481,960	57,234,962
Total equity and liabilities		44,265,801	71,993,751

Bergen, 20.08.2021

Andreas Hveding Aubert
member of the board
Irene Waage Basili
chairman of the boardPeter Allan Hooper
general Manager

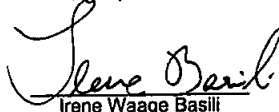


Shearwater GeoServices Norway AS
Statement of Financial Position (in USD)

EQUITY AND LIABILITIES	NOTE	2020	2019
PAID-UP EQUITY			
Share capital	4, 5	3,480	3,480
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Retained earnings	4	-7,228,023	-14,253,074
Total retained earnings		-7,228,023	-14,253,074
Total equity		21,783,841	14,758,789
LIABILITIES			
CURRENT DEBT			
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Liabilities to group companies	9	12,587,841	46,127,765
Other current debt		7,412,292	7,678,351
Total current debt		22,481,960	57,234,962
Total liabilities		22,481,960	57,234,962
Total equity and liabilities		44,265,801	71,993,751

Bergen, 20.08.2021

Andreas Hveding Aubert
member of the board


Irene Waage Basili
chairman of the board

Peter Allan Hooper
general Manager



SHEARWATER GEOSERVICES NORWAY AS CASH FLOW 2020

CASH FLOW STATEMENT

USD		2020	2019
Cash flow from operating activities:			
Profit before tax		7,025,052	-5,536,681
Depreciation and write-down	11	444,133	283,728
Change in inventories		-705,222	-670,525
Change in accounts receivables / payables		-843,819	-2,326,915
Change in other current assets / liabilities		-122,192	2,802,945
Net cash flow from operating activities		5,797,952	-5,447,448
Cash flow from investing activities:			
Payments for office equipment	11	-16,572	-709,617
Investment in subsidiaries		-488,500	-
Net cash flow from investing activities		-505,072	-709,617
Cash flow from financing activities:			
Change in current IC assets / liabilities		948,309	6,394,700
Change in group bank accounts		-6,255,173	-605,527
Net cash flow from financing activities		-5,306,864	5,789,173
Net increase in cash and cash equivalents		-13,984	-367,893
Cash and cash equivalents at start of period		413,555	781,448
Cash and cash equivalents at end of period		399,570	413,555



Note 1 - Accounting principles

Shearwater GeoServices Norway AS is a Norwegian registered company with corporate office in Bergen. The company's main focus is to provide geophysical services to the oil- and gas industry, as well as investments in companies related to this business.

The company is part of the Shearwater GeoServices group since 22. December 2016. The Shearwater head office is in Bergen.

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.

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 are predominantly in USD. The profit and loss amounts have been translated into USD using the year average exchange rate, while the balance amounts have been translated into USD using the exchange rate at the balance sheet date.

Policies for revenue recognition

Revenue is recognised when it is probable that the economic benefit from a transaction will flow to the company and revenue can be reliably measured. The revenue is measured at fair value of the consideration received, net of discounts and sale taxes and duty.

Processing

The company performs processing services for specific customers. Sales of services under processing contracts are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Exclusive contracts

The company performs seismic services for specific customers under exclusive contracts. Sales of services under contracts are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Mobilisation revenue and cost

Mobilisation revenue and the related mobilisation costs relates to moving the seismic vessel and its crew from one location to the location specified by the contract. Such cost includes in the Multi-Client survey or exclusive contract with which the costs are associated. The mobilisation costs related to Multi-Client survey are capitalised as a part of the Multi-Client library as mentioned. Steaming costs on exclusive surveys are deferred and charged to expense based upon the percentage of completion of the project. The estimated probable future economic inflows are documented at inception and cover the costs capitalised or deferred. If the projects are not able to cover all of the costs which could be capitalised or deferred then only those costs that are recoverable are capitalised/deferred.

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.

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.

Receivables

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

Cash

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.



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.

Provision

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

Taxes

Taxes are expensed when incurred, which means the tax expense is related to the financial statements profit/loss before tax. Tax expenses consist of tax payable (tax on the financial years taxable income) and change in net deferred tax. The tax expense is distributed between ordinary profit/loss and extraordinary profit/loss according to the tax basis. Deferred tax and deferred tax asset is presented net in the balance sheet.

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.

Contingencies

Contingent losses are recognized 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 recognized but disclosed in the annual report or in the accompanying notes.



Shearwater GeoServices Norway AS

Notes to the financial statement 2020

Note 2 – Salary and personnel expense

Salary and personnel expense includes salary to employees and hired personnel.

Salary and benefits cost (USD 1000)	2020	2019
Salary cost	6,970	6,093
Social security	1,046	1,059
Pension and insurance cost	586	279
Other benefits	1,618	223
Total salary and benefits cost	10,220	7,655

Number of employees as of year end:

Office employees	68	62
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The increase in salary and benefits costs is mainly due to an increase in personnel during the year.

There has been no remuneration to the board of directors during the year.

Remuneration for the managing director is as follows:

(USD 1000)	2020	2019
Salary	379	412
Bonus	0	135
Pension	19	8
Other benefits	2	3
Total remuneration	400	558

Auditor's fee in 2020 is related to statutory audit USD 29,311 and USD 0 for other services. The amount is excluding VAT.

Note 3 - Investment in subsidiaries

The company owns 100% of the shares in Shearwater GeoServices Ltd based in Tunbridge Wells in the UK. Booked value of GBP 1 totals USD 1.52.

In 2020 the company has a net profit of USD 8.8 million, and an equity at 31.12.2020 of USD 22.3 million.

In addition, the company owns 99% of the shares in Shearwater GeoServices Do Brazil Ltda based in Brazil. Booked value of USD 488,500.

In 2020 the company has a net loss of USD -0.2 million, and an equity at 31.12.2020 of USD 0.3 million.

Shearwater GeoServices Ltd and Shearwater GeoServices Do Brazil Ltda are not consolidated in the financial statement of Shearwater GeoServices Norway AS being a sub-group of the group Shearwater GeoServices Holding AS.



Shearwater GeoServices Norway AS

Notes to the financial statement 2020

Note 4 - Equity

	Share capital	Other paid in capital	Retained equity	Total equity
Equity as at 01.01.	3,480	29,008,383	-14,253,074	14,758,789
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Shearwater GeoServices AS owns 100% of the shares.

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Defined contribution plan

The contributions in 2020 have been provided to pension plans covering 68 employees at the end of the year (2019: 62 employees). The pension premium is recognised as an expense the year that it falls due and amounts to USD 586,381 for 2020 (2019: USD 279,293).

Note 7 – Cash and cash equivalents

Cash held for employee tax payments totals USD 0.4 mill. as at 31.12.2020.



Shearwater GeoServices Norway AS

Notes to the financial statement 2020

Note 8 - Taxes

Taxes in profit and loss	2020	2019
Tax payable	0	0
Change in deferred tax	0	0
Tax expenses	0	0
Taxable income		
Net income before tax	7,025,052	-5,274,345
Permanent differences	184,497	95,201
Non deductible interest cost	-48,042	301,531
Change in temporary differences	228,659	-5,158
Losses brought forward	-7,438,207	0
Group contribution	0	0
Taxable income	-48,042	-4,882,771
Deferred tax asset in balance sheet		
Deferred tax asset	0	0
Tax effect on received group contribution	0	0
Deferred tax asset in balance sheet	0	0
Deferred tax assets/liabilities		
Fixed assets	-122,051	103,600
Interest loss brought forward	-1,122,452	-1,137,469
Losses brought forward	-2,549,574	-9,480,852
Basis for calculation of deferred tax	-3,794,077	-10,514,721
Deferred tax assets	-834,697	-2,313,239
Not recognised tax assets	834,697	2,313,239
Deferred tax / deferred tax assets	0	0
Tax rate for tax payable	22%	
Tax rate deferred tax 2020	22%	
Tax rate deferred tax 2021	22%	

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 figures in the tax note. The amounts have all been translated with the exchange rate at the balance sheet date NOK/USD 0,11720 in 2020 (NOK/USD 0,11389 in 2019).

As the company do not expect to be able to utilise the deferred tax in the very near future, the company has chosen not to recognise deferred tax asset in the balance sheet.

Note 9 – Intercompany balances

Short term receivables to group companies totals USD 27.1 million (2019: USD 53.7 million), and consists of short term funding from holding companies and ordinary trade receivables.

Short term liabilities to group companies totals USD 12.6 million in 2020 (2019: USD 46.1 million) and consist of group trade liabilities as well as short term loan from group companies. Of the total amount USD 3,0 million relates to Shearwater GeoServices Assets V AS (2019: USD 43.1 million).

All intercompany balances are subject to interest calculation. The group uses its highest external interest rate in the calculation.

**Note 10 – Operating revenue**

Operating revenue both in 2020 and 2019 is related to the seismic market and mainly marine acquisition. The company operates worldwide and has in both 2020 and 2019 had revenue in all of its defined geographical segments; EAME - Europe, Africa and Middle East and APAC - Asia Pacific and NSA - North and South America. In 2020 NSA was the largest segment with about 61% (2019: NSA 0%) of total revenue totalling to around USD 75.6 million, and the second largest segment in 2020 was EAME with about 39% (2019: EAME 82%) of total revenue totalling to around USD 49.3 million (2019: USD 106.0 million).

Note 11 – Office equipment

	Office equipment
Cost:	
Acquisition cost at 1.1.	1,384,747
Additions in the period	16,572
Acquisition cost at 31.12.	1,401,319
Accumulated depreciation:	
Accumulated depreciation at 1.1.	407,261
Depreciation for the period	444,133
Accumulated depreciation at 31.12.	851,395
Carrying amount as at 31.12	549,924

Office equipment is depreciated over three years.

Note 12 – Transactions with related parties

The company's major transactions with related parties in 2020 was timecharter hire of vessels USD 23.3 million and bareboat charter USD 6.6 million from Shearwater GeoServices Assets V AS (2019: from Polar Ship Invest IV AS USD 14.3 million and Shearwater GeoServices Assets V AS USD 43.4 million), and hire of personnel from Geophysical Resources Ltd PTE with a total of USD 18.0 million (2019: Geophysical Resources Ltd PTE USD 7,8 million and Reflection Marine Ltd USD 7,8 million).

In addition, the company charges group companies that are booked and followed up from Bergen a corporate service fee. In 2020 corporate service fee totals 3.9 million (2019: USD 2.0 million).

The transactions are all part of the ordinary business.

Note 13 - Foreign exchange rates

Currency	31.12.2020	31.12.2019	Average 2020	Average 2019
NOK/USD	0,1170	0,1139	0,1064	0,1136



Note 14 - Financial risk

The majority of the company's revenue is in USD. The company's expenses are mainly in USD 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.

Lack of or delayed payment from customers may significantly and adversely impair the company's revenue and liquidity. The concentration of the company's customers in the energy industry may impact its overall exposure to credit risk as customers may be similarly affected by prolonged changes in economic and industry conditions, as well as by the general constraints on liquidity resulting from the continued low oil prices. Further, laws in some jurisdictions in which the company operates could make collection difficult or time consuming. The company gives due consideration to the credit quality of its potential clients during contract negotiations to minimise the credit risk. Historically, counterparty risk has been satisfactory.

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

Note 15 - 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 2021 it is decided to distribute 100% of the shares in the subsidiary Shearwater GeoServices Ltd as a dividend to Shearwater GeoServices AS.



To the General Meeting of Shearwater Geoservices Norway AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Shearwater Geoservices Norway 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.

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



Independent Auditor's Report - Shearwater Geoservices Norway AS



Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are 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 and the going concern assumption 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.

(2)



Independent Auditor's Report - Shearwater Geoservices Norway AS



Bergen, 20 August 2021
PricewaterhouseCoopers AS

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

(3)



 Securely signed with Brevio

Revisjonsberetning

Signers:

Name
Haugervåg, Jon

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