



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 920 538 630
Organisasjonsform: Aksjeselskap
Foretaksnavn: REFLECTION MARINE NORGE AS
Forretningsadresse: Damsgårdsveien 135
5160 LAKSEVÅG

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

Konsern

Morselskap i konsern: 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, 21.07.2022



Resultatregnskap

| Beløp i: USD | Note | 2020 | 2019 |
|--|-------|--------------------|--------------------|
| RESULTATREGNSKAP | | | |
| Inntekter | | | |
| Operating revenue | 2 | | |
| Seismic equipment rental and lease | 2 | 14 901 057 | 12 860 853 |
| Hire of personnel | 2 | 1 163 091 | 950 096 |
| Other operating revenue | 2 | 1 188 629 | 6 240 204 |
| Gain on sale of fixed assets | 2, 6 | | 2 791 382 |
| Sum inntekter | | 17 252 776 | 22 842 535 |
| Kostnader | | | |
| Personell expenses | 3 | 9 339 573 | 9 424 933 |
| Depreciation | 6, 7 | 17 989 714 | 24 178 162 |
| Cost of sales | 3 | 8 468 995 | 9 831 834 |
| Administration expenses | 3 | 2 256 792 | 1 575 991 |
| Sum kostnader | | 38 055 074 | 45 010 920 |
| Driftsresultat | | -20 802 298 | -22 168 385 |
| Finansinntekter og finanskostnader | | | |
| Renteinntekt fra foretak i samme konsern | 11 | 46 425 | 103 175 |
| Annen renteinntekt | | 1 486 | 5 612 |
| Exchange loss (-) / gains (+) | 4, 11 | -2 774 984 | 939 484 |
| Sum finansinntekter | | -2 727 073 | 1 048 271 |
| Rentekostnad til foretak i samme konsern | 11 | 2 077 574 | 2 284 530 |
| Annen rentekostnad | | 3 385 | 1 981 |
| Other financial expenses | | 1 982 | 5 322 |
| Sum finanskostnader | | 2 082 941 | 2 291 833 |
| Netto finans | | -4 810 014 | -1 243 561 |
| Ordinært resultat før skattekostnad | | -25 612 312 | -23 411 946 |
| Tax expenses | 5 | -291 218 | |
| Ordinært resultat etter skattekostnad | | -25 321 094 | -23 411 946 |
| Årsresultat | | -25 321 094 | -23 411 946 |



Resultatregnskap

| Beløp i: USD | Note | 2020 | 2019 |
|--|-------------|--------------------|--------------------|
| Årsresultat etter minoritetsinteresser | | -25 321 094 | -23 411 946 |
| Totalresultat | | -25 321 094 | -23 411 946 |
| Overføringer og disponeringer | | | |
| Udekket tap | 10 | -25 321 094 | -23 411 946 |
| Sum overføringer og disponeringer | | -25 321 094 | -23 411 946 |



Balanse

| Beløp i: USD | Note | 2020 | 2019 |
|--|------|-------------------|-------------------|
| BALANSE - EIENDELER | | | |
| Anleggsmidler | | | |
| Immaterielle eiendeler | | | |
| Patents, licences and software | 7 | 22 216 950 | 25 038 150 |
| Utsatt skattefordel | 5 | | |
| Goodwill | 7 | 1 336 200 | 1 781 600 |
| Sum immaterielle eiendeler | | 23 553 150 | 26 819 750 |
| Varige driftsmidler | | | |
| Seismic equipment | 6 | | |
| Machinery and equipment | 6 | 19 066 325 | 32 260 819 |
| Sum varige driftsmidler | | 19 066 325 | 32 260 819 |
| Sum anleggsmidler | | 42 619 475 | 59 080 569 |
| Omløpsmidler | | | |
| Varer | | | |
| Fordringer | | | |
| Accounts receivables | | 116 906 | 392 503 |
| Other short-term receivables | | 2 154 722 | 562 886 |
| Receivables to group companies | 11 | 2 842 733 | 4 841 547 |
| Sum fordringer | | 5 114 360 | 5 796 936 |
| Bankinnskudd, kontanter og lignende | | | |
| Cash and cash equivalents | 8 | 1 222 340 | 4 680 269 |
| Sum bankinnskudd, kontanter og lignende | | 1 222 340 | 4 680 269 |
| Sum omløpsmidler | | 6 336 700 | 10 477 205 |
| SUM EIENDELER | | 48 956 175 | 69 557 774 |

BALANSE - EGENKAPITAL OG GJELD

Egenkapital



Balanse

| Beløp i: USD | Note | 2020 | 2019 |
|-----------------------------------|-------------|--------------------|--------------------|
| Innskutt egenkapital | | | |
| Share capital | 9, 10 | 3 838 | 3 838 |
| Sum innskutt egenkapital | | 3 838 | 3 838 |
| Opptjent egenkapital | | | |
| Udekket tap | 10 | 47 978 395 | 23 689 803 |
| Sum opptjent egenkapital | | -47 978 395 | -23 689 803 |
| Sum egenkapital | | -47 974 557 | -23 685 965 |
| Gjeld | | | |
| Langsiktig gjeld | | | |
| Annen langsiktig gjeld | | | |
| Obligasjonslån | 11 | 86 439 595 | 84 001 058 |
| Sum annen langsiktig gjeld | | 86 439 595 | 84 001 058 |
| Sum langsiktig gjeld | | 86 439 595 | 84 001 058 |
| Kortsiktig gjeld | | | |
| Leverandørgjeld | | 2 566 208 | 762 549 |
| Public duties payable | | 569 956 | 702 548 |
| Liabilities to group companies | 11 | 5 521 342 | 7 047 018 |
| Other current debt | | 1 833 632 | 730 566 |
| Sum kortsiktig gjeld | | 10 491 137 | 9 242 681 |
| Sum gjeld | | 96 930 732 | 93 243 739 |
| SUM EGENKAPITAL OG GJELD | | 48 956 175 | 69 557 774 |



To the General Meeting of Reflection Marine Norge AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Reflection Marine Norge 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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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 - Reflection Marine Norge 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, 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.

(2)



Independent Auditor's Report - Reflection Marine Norge AS



Bergen, 26 August 2021
PricewaterhouseCoopers AS

Jon Haugervåg
State Authorised Public Accountant

(This document is signed electronically)

(3)



 Securely signed with Brevio

Revisjonsberetning

Signers:

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

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ANNUAL REPORT 2020

Reflection Marine Norge AS

Damsgårdsvein 135
5160 Laksevåg

Business org.no 920 538 630 MVA

Contents:

Report of Board of Directors
Financial Statement
Auditor's report



Reflection Marine Norge AS Board of Directors' Report 2020

Reflection Marine Norge AS corporate office is in Bergen and its main function is engineering and research and development related to the seismic market.

The company's holding company, Reflection Marine AS, is a sub-group to the Shearwater GeoServices Holding group since 14. November 2018. Up until the beginning of November 2018, the company was dormant under the Schlumberger group. As part of Schlumberger's strategy to leave the seismic marine acquisition market, personnel and equipment at Schlumberger's Asker facility, together with streamers and intellectual property, were purchased from other group companies into Reflection Marine Norge AS and hence, part of the transaction when Shearwater group acquired Schlumberger's seismic acquisition line.

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, 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

In the second full operating year the company continued to play a vital role in the Shearwater group delivering technology and innovation services along with supplying the marine operations with seismic equipment. The company has continued the projects it started in 2019 with development of next generation seismic equipment. Backed by external funding, the company is hopeful that the new technologies will play a vital role in the seismic industry in the years to come.

True to the commitment to having the industry's leading operating platform, the Shearwater group acquired additional streamers and acquisition vessels in April 2021, allowing the group to significantly extend the commercial life of the fleet and streamer pool and accelerate the fleet renewal program. By extending the runway of the asset base and maintaining the scale, Shearwater's position to invest in new technologies and the growing seabed market is strengthened significantly.

Shearwater is uniquely positioned for a recovering seismic market which in our view is set to resume the broad cyclical upswing which was set back by the pandemic. It also positions us for the ongoing energy transition, both in terms of modernizing the current operational platform, and to drive improvements both in technology and solutions to tackle new and existing markets with a smaller environmental footprint.

Profit before tax in 2020 is USD -25.6 mill. whilst net operating income in 2020 totals to USD -20.8 mill. Not taking depreciation into account, the company shows an operating loss of USD 2.8 mill. In 2020 financial items are negative by USD -4.8 mill. which is mainly intercompany interest expenses of USD 2.1 mill. and a negative currency effect USD 2.8 mill. (2019: positive USD 0.9 mill.) of the intercompany NOK loan.

The company's liquidity is USD 1.2 mill. as at 31.12.2020 (31.12.2019: USD 4.7 mill.). Cash flow from operating activities in 2020 was negative USD 3,7 mill (2019: USD -0,6 mill.). Cash flow from investment activities was negative USD 1,5 mill. due to investments in machinery and equipment. In 2019 the positive USD 3,2 mill. was due to sale of streamer and other seismic equipment. Net cash flow from financing



activities was positive USD 1,8 mill. due to positive change in intercompany assets/liabilities. In 2019 financing activities was positive USD 0,8 mill. due to positive change in intercompany assets/liabilities.

Financial risk

The majority of the company's revenue is in USD. The company's expenses are mainly in NOK and USD. 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. However, so far customers have been large corporations with a good credit quality and the company regards the counterparty risk satisfactory.

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

The company has during 2020 been working on several development projects, some with support from external funders like Equinor and Norges Forskningsråd. There is always a risk that development projects are proven unsuccessful, however the company strongly believes in the ongoing developments and will further support them during 2021. The Covid-19 pandemic might cause delay to the finalisation of the development projects.

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 46 employees at year end of which 12% were women. The board of directors consists of one female and one male director. The company had a sick leave ratio of 0.5% 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.

There have been no registered injuries or accidents in the company in 2020.

Environment

Shearwater group's and therein the company's, seeing as it is now part of Shearwater group, 'Focus on Zero' initiative will continue to develop with the organisation going forward. The "safe" component of the new campaign remains the same: to "focus our intentions and behaviours on consistently striving towards Zero Harm, Zero Loss and Zero Rework." This includes, but is not limited to, focus on zero uncontrolled release of harmful substances to the natural environment.

Allocation of net income

The financial statement shows a negative net income of USD -25,321,094,- which is proposed transferred to uncovered loss.

Bergen, 26.08.2021

Board of Directors in Reflection Marine Norge AS

Peter Hooper
general manager

Irene Waage Bastli
chairman of the board

Andreas Hveding Aubert
member of the board



Reflection Marine Norge AS Profit and Loss account (in USD)

| OPERATING REVENUE AND EXPENSES | NOTE | 2020 | 2019 |
|--|-------|--------------------|--------------------|
| Seismic equipment rental and lease | 2 | 14,901,057 | 12,860,853 |
| Hire of personnel | 2 | 1,163,091 | 950,096 |
| Other operating revenue | 2 | 1,188,629 | 6,240,204 |
| Gain on sale of fixed assets | 2, 6 | 0 | 2,791,382 |
| Total operating revenue | | 17,252,776 | 22,842,535 |
| Cost of sales | 3 | 8,468,995 | 9,831,834 |
| Personell expenses | 3 | 9,339,573 | 9,424,933 |
| Administration expenses | 3 | 2,256,792 | 1,575,991 |
| Depreciation | 6, 7 | 17,989,714 | 24,178,162 |
| Total operating expenses | | 38,055,074 | 45,010,920 |
| Net operating income | | -20,802,298 | -22,168,385 |
| FINANCIAL ITEMS | | | |
| Interest income from group entities | 11 | 46,425 | 103,175 |
| Other interest income | | 1,486 | 5,612 |
| Interest expenses to group entities | 11 | 2,077,574 | 2,284,530 |
| Interest expenses | | 3,385 | 1,981 |
| Other financial expenses | | 1,982 | 5,322 |
| Exchange loss (-) / gains (+) | 4, 11 | -2,774,984 | 939,484 |
| Net financial income and expenses | | -4,810,014 | -1,243,561 |
| Operating result before tax | | -25,612,312 | -23,411,946 |
| Tax expenses | 5 | -291,218 | 0 |
| Net income | | -25,321,094 | -23,411,946 |
| ALLOCATION OF NET INCOME | | | |
| Loss brought forward | 10 | 25,321,094 | 23,411,946 |
| Total allocation | | -25,321,094 | -23,411,946 |



Reflection Marine Norge AS
Statement of Financial position (in USD)


| ASSETS | NOTE | 2020 | 2019 |
|----------------------------------|-------------|-------------------|-------------------|
| FIXED ASSETS | | | |
| INTANGIBLE ASSETS | | | |
| Patents, licences and software | 7 | 22,216,950 | 25,038,150 |
| Goodwill | 7 | 1,336,200 | 1,781,600 |
| Total intangible assets | | 23,553,150 | 26,819,750 |
| TANGIBLE ASSETS | | | |
| Machinery and equipment | 6 | 19,066,325 | 32,260,819 |
| Total tangible assets | | 19,066,325 | 32,260,819 |
| Total fixed assets | | 42,619,475 | 59,080,569 |
| CURRENT ASSETS | | | |
| DEBTORS | | | |
| Accounts receivables | | 116,906 | 392,503 |
| Other short-term receivables | | 2,154,722 | 562,886 |
| Receivables to group companies | 11 | 2,842,733 | 4,841,547 |
| Total receivables | | 5,114,360 | 5,796,936 |
| Cash and cash equivalents | 8 | 1,222,340 | 4,680,269 |
| Total current assets | | 6,336,700 | 10,477,205 |
| Total assets | | 48,956,175 | 69,557,774 |




Reflection Marine Norge AS
Statement of Financial position (in USD)

| EQUITY AND LIABILITIES | NOTE | 2020 | 2019 |
|--|-------------|--------------------|--------------------|
| PAID-UP EQUITY | | | |
| Share capital | 9, 10 | 3,838 | 3,838 |
| Total paid-up equity | | 3,838 | 3,838 |
| RETAINED EARNINGS | | | |
| Uncovered loss | 10 | -47,978,395 | -23,689,803 |
| Total retained earnings | | -47,978,395 | -23,689,803 |
| Total equity | | -47,974,557 | -23,685,965 |
| LIABILITIES | | | |
| OTHER LONG-TERM LIABILITIES | | | |
| Long term liabilities to group companies | 11 | 86,439,595 | 84,001,058 |
| Total other long term liabilities | | 86,439,595 | 84,001,058 |
| CURRENT DEBT | | | |
| Trade creditors | | 2,566,208 | 762,549 |
| Public duties payable | | 569,956 | 702,548 |
| Liabilities to group companies | 11 | 5,521,342 | 7,047,018 |
| Other current debt | | 1,833,632 | 730,566 |
| Total current debt | | 10,491,137 | 9,242,681 |
| Total liabilities | | 96,930,732 | 93,243,739 |
| Total equity and liabilities | | 48,956,175 | 69,557,774 |

Bergen, 26.08.2021


Andreas Hveding Aubert
member of the board


Irene Waage Basili
chairman of the board


Peter Allan Hooper
general Manager



REFLECTION MARINE NORGE AS CASH FLOW 2020

CASH FLOW STATEMENT

| USD | | 2020 | 2019 |
|--|------|-------------------|------------------|
| Cash flow from operating activities: | | | |
| Profit before tax | | -25,612,312 | -23,411,946 |
| Depreciation and write-down | 6, 7 | 17,989,714 | 24,178,162 |
| Gain on sale of fixed assets | 6, 7 | 0 | -2,791,382 |
| Change in accounts receivables / accounts payables | | 2,079,256 | 1,429,385 |
| Adjustment currency effect long term loan | 11 | 2,438,537 | -887,529 |
| Change in other current assets / liabilities | | -621,363 | 843,163 |
| Net cash flow from operating activities | | -3,726,168 | -640,147 |
| Cash flow from investing activities: | | | |
| Investment in fixed assets | 6, 7 | -1,528,621 | -203,312 |
| Sale of fixed assets | 6, 7 | 0 | 3,381,209 |
| Net cash flow from investing activities | | -1,528,621 | 3,177,897 |
| Cash flow from financing activities | | | |
| Change in current IC assets / liabilities | | 1,796,858 | 801,649 |
| Net cash flow from financing activities | | 1,796,858 | 801,649 |
| Net change in cash and cash equivalents | | -3,457,930 | 3,339,399 |
| Cash and cash equivalents at 01.01. | | 4,680,269 | 1,340,870 |
| Cash and cash equivalents at 31.12. | | 1,222,340 | 4,680,269 |



Note 1 Accounting principles

Reflection Marine Norge AS is a Norwegian registered company with registered address in Bergen, founded 26. February 2018. The company's engineering personnel and equipment are located in Asker. The company's main focus is to provide geophysical services to the oil- and gasindustry, as well as investments in companies related to this business.

The company's holding company, Reflection Marine ASA, is a sub-group to the Shearwater GeoServices Holding group since 14. November 2018. Up until the beginning of November 2018, the company was dormant under the Schlumberger group. As part of Schlumberger's strategy to leave the seismic marine acquisition market, personnel and equipment at Schlumberger's Asker facility, together with streamers and intellectual property, were purchased from other group companies into Reflection Marine Norge AS and hence, part of the transaction when Shearwater group acquired Schlumberger's seismic acquisition line.

Financial statements for the Shearwater group can be located at the head office for Shearwater GeoServices Holding AS in Damsgårdsveien 135, 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.

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 assets in the company is the investment in streamers and intellectual property of which anticipated activities are predominantly in USD. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss. Non-monetary assets items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

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.

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.

Property, plant and equipment

Property, plant and equipment acquired by the company are presented at historical cost less accumulated depreciation and impairment changes. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation on items of property, plant and equipment are mainly depreciated using the straight-line method to allocate their cost to their residual values.

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

| | |
|---|-------------|
| Seismic equipment, leased and owned | 5 - 7 years |
| Manufacturing and engineering equipment | 3 - 5 years |

The residual values and estimated useful lives of items of property, plant and equipment are reviewed, and



adjusted annually as appropriate, at the year-end balance sheet date.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment. The cost of internally generated intangible asset is expensed as incurred.

Goodwill

The difference between the cost of an acquisition and the fair value of net identifiable assets on the acquisition date is recognised as goodwill.

Goodwill is depreciated over five years. It is tested for impairment if there are indications that the value should be impaired. The impairment test involves determining the recoverable amount of the cash-generating units, which corresponds to the highest of fair value less costs to sell or the value in use.

Patents, licenses and software

Patents, licenses and technology are stated at cost less accumulated amortisation and accumulated impairment. Amortisation is calculated on a straight-line basis over 10 years which is the estimated period of benefit.

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.

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 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 Operating revenue

Operating revenue is a combination of revenue related to the marine acquisition segment and engineering services. In 2020 62.2% of the revenue is related to marine acquisition segment (2019: 73.9%) and 37.4% is related to engineering services (2019: 26.1%).

Of total revenue in 2020, is 85.3% within the geographical segment EAME - Europe, Africa and Middle East (2019: 96.6%) , 12.2% is related to the geographical segment APAC - Asian Pacific (2019: 3.4%) and 2.6% related to NSA - North and South America (2019: 0.0%) .

In 2019 the company started a three year project together with Equinor with support from Norges Forskningsråd. Other income recognised for 2020 is USD 1.2 (2019: USD 1.6 mill.).

Of total revenue in 2020, 49.2 % (2019: 46%) is related to one group company and 44,2% (2019: 52,6%) is split between two external customers. The company had five external customers in 2019.

Note 3 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 | 6,349 | 7,373 |
| Social security | 1,000 | 1,186 |
| Pension and insurance cost | 676 | 611 |
| Other benefits | 1,314 | 254 |
| Total salary and benefits cost | 9,340 | 9,425 |

Number of employees as of year end:

| | | |
|------------------|----|----|
| Office employees | 46 | 46 |
|------------------|----|----|

The company has a defined contribution plan as required by Norwegian law.

The members of the board as well as the managing director, are employed by another legal entity within the Shearwater group. The board members and managing director do not receive any additional remuneration for work performed for Reflection Marine Norge AS on top of the remuneration for their other functions within the group.

Auditor's fee in 2020 is related to statutory audit USD 20,266 and USD 0 for other services. The amount is excluding VAT.

Note 4 Financial exchange loss/gains

The net currency loss in 2020 is mainly due to a negative currency effect of an intercompany NOK loan USD 2.4 mill. The net currency gain in 2019 is mainly due to a positive currency effect on the intercompany NOK loan USD 0,9 mill.



Reflection Marine Norge AS

Notes to the financial statement 2020

Note 5 Taxes

| Taxes in profit and loss: | 2020 | 2019 |
|---|--------------------|--------------------|
| Tax payable | 0 | 0 |
| Change in deferred tax | -291,218 | 0 |
| Tax expenses | -291,218 | 0 |
| Taxable income: | | |
| Net income before tax | -22,268,025 | -22,717,326 |
| Permanent differences | -559,823 | -459,036 |
| Adjusted for non deductible interests | 2,258,952 | 2,168,439 |
| Change in temporary differences | 7,765,479 | 8,866,892 |
| Group contribution received | 1,323,720 | 0 |
| Net taxable income | -11,479,696 | -12,141,031 |
| Temporary differences: | | |
| Fixed assets | -8,193,214 | -415,668 |
| Interest cost brought forward | -5,254,796 | -2,911,329 |
| Losses brought forward | -36,870,514 | -24,674,520 |
| Deferred tax assets | -50,318,524 | -28,001,517 |
| Not recognised tax assets | 50,318,524 | 28,001,517 |
| 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 0,11719 in 2020 (2019: NOK/USD 0,11389).

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 assets in the balance sheet.

Note 6 Tangible assets

| | Seismic equipment | Engineering and office equipment | Total |
|--|-------------------|----------------------------------|-------------------|
| Acquisition cost at period start | 47,791,296 | 7,890,332 | 55,681,628 |
| Additions during the year | 1,319,977 | 208,643 | 1,528,620 |
| Acquisition cost at 31 Dec 2019 | 49,111,273 | 8,098,975 | 57,210,248 |
| Accumulated depreciation: | | | |
| Balance at period start | 16,081,689 | 7,339,120 | 23,420,809 |
| Depreciation for the period | 14,301,893 | 421,221 | 14,723,114 |
| Accumulated depreciation at 31 Dec 2020 | 30,383,582 | 7,760,341 | 38,143,923 |
| Balance sheet values at 31 Dec 2020 | 18,727,691 | 338,634 | 19,066,325 |
| Estimated useful lifetime | 3 to 7 years | 1 to 7 years | |

The company sold a streamer and other seismic equipment for USD 3,4 mill. during 2019.



The equipment is pledged as security for a loan facility in Shearwater GeoServices AS, the holding company for Trace Invest AS and the Reflection Marine group.

Impairment of seismic equipment

The company tests as a principle whether assets have suffered any impairment on an annual basis. Shearwater monitors the market for used seismic streamers closely to secure enough streamers for its operations and to be able to postpone a cash intensive investment in new streamers. The group entered into two streamer acquisitions, January 2020 and April 2021 respectively, for used streamers with an average age of 4 years from two different counterparties.

At year end 2020, the company looks towards the group transactions and find that assuming an indirect value for used equipment based on the acquisition of the streamers from both transactions, would imply a value considerably higher than book value given the same age of the packages. As such no impairment was made for seismic equipment.

Note 7 Intangible assets

| | Goodwill | Patents and software | Total intangible assets |
|---------------------------------------|------------------|----------------------|-------------------------|
| 2020 | | | |
| Costs as of 1 January | 2 227 000 | 28 212 000 | 30,439,000 |
| Additions to costs | 0 | 0 | 0 |
| Cost as of 31 December | 2,227,000 | 28,212,000 | 30,439,000 |
| Amortisation as of 1 January | 445,400 | 3,173,850 | 3,619,250 |
| Amortisation expense | 445,400 | 2,821,200 | 3,266,600 |
| Amortisation as of 31 December | 890,800 | 5,995,050 | 6,885,850 |
| Balance as of 31 December | 1,336,200 | 22,216,950 | 23,553,150 |
| Estimated useful life | 5 years | 10 years | |
| 2019 | | | |
| Costs as of 1 January | 2,227,000 | 28,212,000 | 30,439,000 |
| Additions to cost | 0 | 0 | 0 |
| Costs as of 31 December | 2,227,000 | 28,212,000 | 30,439,000 |
| Amortisation as of 1 January | 0 | 352,650 | 352,650 |
| Amortisation expense | 445,400 | 2,821,200 | 3,266,600 |
| Amortisation as of 31 December | 445,400 | 3,173,850 | 3,619,250 |
| Balance as of 31 December | 1,781,600 | 25,038,150 | 26,819,750 |
| Estimated useful life | 5 years | 10 years | |

Patents and software

The patents and software were acquired as part of a carve out transaction in the Schlumberger group and are recognised at their fair value at date of acquisition and are subsequently amortised on a straight-line based on estimated useful lives. When estimating fair value, one considers the possibility that the theoretical lifetime of the patent agreement can deviate from the underlying technology's actual lifetime as technology can become outdated before the patent agreement expires. The company believes that the remaining patent life, which has an average lifetime of 10 years, is a reasonably proxy for the assets' useful life

Goodwill

The goodwill relates to key competence within the full range of geophysical acquisition techniques.



Impairment of intangible assets

The company tests as a principle whether intangible assets have suffered any impairment on an annual basis. At the end of 2020, the company finds that the assumptions the purchase price allocation finalised in 2019 was based on is still relevant. Even though the last year has shown how volatile both stock exchange and oil prices are when faced with unchartered events, the company is cautiously optimistic and trends show that activity levels have more or less returned to pre-Covid levels and the company expects further increase in activity. The current levels of activity will lead to substantial requirement for new streamers in the market within the next few years, furthering the credibility of the value of patents and software. No impairment was made for intangible assets.

Note 8 Cash and cash equivalents

Cash held for employee tax payments totals USD 0.3 mill. as at 31.12.2020 (2019: USD 0.4 mill.).

Note 9 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 3,838.

Reflection Marine AS owns 100% of the shares.

Note 10 Equity

| | Share capital | Uncovered loss | Total equity |
|-----------------------------|----------------------|-----------------------|---------------------|
| Equity as at 01.01. | 3,838 | -23,689,803 | -23,685,965 |
| Group contribution received | | 1,032,502 | 1,032,502 |
| Loss for the year | | -25,321,094 | -25,321,094 |
| Equity as at 31.12. | 3,838 | -47,978,395 | -47,974,557 |

As at 31.12.2020 the company's share capital is lost leaving the board of directors with a duty to act.

The financial statement is based on going concern and the board of directors confirms this after receiving a parent guarantee from Shearwater GeoServices Holding AS, the company's ultimate holding company, which ensures operation at least for the next 12 months from the date of approval of the balance sheet.

Note 11 Intercompany balances

Short term receivables to group companies totals USD 2.8 mill. in 2020 (2019: 4.8 mill.) and consist of ordinary trade receivables from group companies.

Short term liabilities to group companies totals USD 5.5 mill. in 2020 (2019:7.0 mill.) and consist of a combination of short term loan from holding companies and ordinary trade payables to group companies.

All intercompany balances are subject to interest calculation.

Long term liability of USD 86.4 mill. (2019; 84.0 mill.) is a long term interest-bearing NOK loan from Reflection Marine AS with due date in 2021. Accrued interests in 2020 totals USD 2.1 mill. (2019: 2.3 mill.). The loan has been retranslated to USD with the exchange rate at the balance sheet date. Total currency loss in 2020 is USD 2.4 mill. (2019: gain USD 0.9 mill.).



Note 12 Transactions with related parties

In 2020 the company has rented seismic equipment to group companies with a total of USD 8.5 mill. of which USD 7.8 mill. is to Shearwater GeoServices Assets V AS.

Seafarers employed in the company are hired to vessel and operating companies in the group. In 2020 this totals to USD 1.2 mill.

The company has been charged for a corporate service fee from Shearwater GeoServices Norway AS. In 2020 corporate service fee totals USD 282,829 (2019: USD 189,096) .

The transactions are all part of the ordinary business.

Note 13 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.



Skatteetaten

| | | |
|-------------------------------|---|--|
| Vår dato 22.01.2019 | Din/Deres dato 18.12.2018 | Saksbehandler Torstein Kinden Helleland |
| 800 80 000 Skatteetaten.no | Din/Deres referanse Hilde Marie Bjerga | Telefon 22078139 |
| Org.nr 974761076 | Vår referanse 2019/5189777 | Postadresse Postboks 9200 Grønland 0134 OSLO |

SHEARWATER GEOSERVICES HOLDING AS
Postboks 1243, Sentrum
5811 BERGEN

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

Det vises til deres brev av 18. desember 2018 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper.

Gecoship AS org.nr. **950 384 913**
Reflection Marine AS org.nr. **920 956 173**
Reflection Marine Norge AS org.nr. **920 538 630**

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering de overnevnte selskaper dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som vedtaket baserer seg på ikke endres vesentlig.

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

Bakgrunn

Selskapene er et heleide datterselskap av Shearwater GeoServices Holding AS som har dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk. Øvrige konsernselskaper har også dispensasjon. Shearwater GeoServices Holding AS med datterselskaper tilbyr tjenester innen seismikkvirksomhet internasjonalt. Konsernet opererer i en bransje hvor engelsk klart er det dominerende arbeidsspråket. Konsernets arbeidsspråk er engelsk. Selskapet driver virksomhet i en internasjonal bransje. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

Skattedirektoratets vurdering

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

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



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

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapene er eid av et selskap som har dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk. Eierkretsen er begrenset. Øvrige konsernselskap har også dispensasjon fra språkkravet. Selskapene opererer i en internasjonal bransje. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk.

Vennligs oppgi vår referanse ved henvendelse i saken.

Med hilsen

Henning Stokke
seniorrådgiver
Juridisk avdeling
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.



ANNUAL REPORT 2020

Reflection Marine Norge AS

Damsgårdsvein 135
5160 Laksevåg

Business org.no 920 538 630 MVA

Contents:

Report of Board of Directors
Financial Statement
Auditor's report



Reflection Marine Norge AS Board of Directors' Report 2020

Reflection Marine Norge AS corporate office is in Bergen and its main function is engineering and research and development related to the seismic market.

The company's holding company, Reflection Marine AS, is a sub-group to the Shearwater GeoServices Holding group since 14. November 2018. Up until the beginning of November 2018, the company was dormant under the Schlumberger group. As part of Schlumberger's strategy to leave the seismic marine acquisition market, personnel and equipment at Schlumberger's Asker facility, together with streamers and intellectual property, were purchased from other group companies into Reflection Marine Norge AS and hence, part of the transaction when Shearwater group acquired Schlumberger's seismic acquisition line.

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, 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

In the second full operating year the company continued to play a vital role in the Shearwater group delivering technology and innovation services along with supplying the marine operations with seismic equipment. The company has continued the projects it started in 2019 with development of next generation seismic equipment. Backed by external funding, the company is hopeful that the new technologies will play a vital role in the seismic industry in the years to come.

True to the commitment to having the industry's leading operating platform, the Shearwater group acquired additional streamers and acquisition vessels in April 2021, allowing the group to significantly extend the commercial life of the fleet and streamer pool and accelerate the fleet renewal program. By extending the runway of the asset base and maintaining the scale, Shearwater's position to invest in new technologies and the growing seabed market is strengthened significantly.

Shearwater is uniquely positioned for a recovering seismic market which in our view is set to resume the broad cyclical upswing which was set back by the pandemic. It also positions us for the ongoing energy transition, both in terms of modernizing the current operational platform, and to drive improvements both in technology and solutions to tackle new and existing markets with a smaller environmental footprint.

Profit before tax in 2020 is USD -25.6 mill. whilst net operating income in 2020 totals to USD -20.8 mill. Not taking depreciation into account, the company shows an operating loss of USD 2.8 mill. In 2020 financial items are negative by USD -4.8 mill. which is mainly intercompany interest expenses of USD 2.1 mill. and a negative currency effect USD 2.8 mill. (2019: positive USD 0.9 mill.) of the intercompany NOK loan.

The company's liquidity is USD 1.2 mill. as at 31.12.2020 (31.12.2019: USD 4.7 mill.). Cash flow from operating activities in 2020 was negative USD 3,7 mill (2019: USD -0,6 mill.). Cash flow from investment activities was negative USD 1,5 mill. due to investments in machinery and equipment. In 2019 the positive USD 3,2 mill. was due to sale of streamer and other seismic equipment. Net cash flow from financing



activities was positive USD 1,8 mill. due to positive change in intercompany assets/liabilities. In 2019 financing activities was positive USD 0,8 mill. due to positive change in intercompany assets/liabilities.

Financial risk

The majority of the company's revenue is in USD. The company's expenses are mainly in NOK and USD. 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. However, so far customers have been large corporations with a good credit quality and the company regards the counterparty risk satisfactory.

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

The company has during 2020 been working on several development projects, some with support from external funders like Equinor and Norges Forskningsråd. There is always a risk that development projects are proven unsuccessful, however the company strongly believes in the ongoing developments and will further support them during 2021. The Covid-19 pandemic might cause delay to the finalisation of the development projects.

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 46 employees at year end of which 12% were women. The board of directors consists of one female and one male director. The company had a sick leave ratio of 0.5% 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.

There have been no registered injuries or accidents in the company in 2020.

Environment

Shearwater group's and therein the company's, seeing as it is now part of Shearwater group, 'Focus on Zero' initiative will continue to develop with the organisation going forward. The "safe" component of the new campaign remains the same: to "focus our intentions and behaviours on consistently striving towards Zero Harm, Zero Loss and Zero Rework." This includes, but is not limited to, focus on zero uncontrolled release of harmful substances to the natural environment.

Allocation of net income

The financial statement shows a negative net income of USD -25,321,094,- which is proposed transferred to uncovered loss.

Bergen, 26.08.2021
Board of Directors in Reflection Marine Norge AS

Peter Hooper
general manager

Irene Waage Basili
chairman of the board

Andreas Hveding Aubert
member of the board



Reflection Marine Norge AS

Profit and Loss account (in USD)

| OPERATING REVENUE AND EXPENSES | NOTE | 2020 | 2019 |
|--|-------|--------------------|--------------------|
| Seismic equipment rental and lease | 2 | 14,901,057 | 12,860,853 |
| Hire of personnel | 2 | 1,163,091 | 950,096 |
| Other operating revenue | 2 | 1,188,629 | 6,240,204 |
| Gain on sale of fixed assets | 2, 6 | 0 | 2,791,382 |
| Total operating revenue | | 17,252,776 | 22,842,535 |
| Cost of sales | 3 | 8,468,995 | 9,831,834 |
| Personell expenses | 3 | 9,339,573 | 9,424,933 |
| Administration expenses | 3 | 2,256,792 | 1,575,991 |
| Depreciation | 6, 7 | 17,989,714 | 24,178,162 |
| Total operating expenses | | 38,055,074 | 45,010,920 |
| Net operating income | | -20,802,298 | -22,168,385 |
| FINANCIAL ITEMS | | | |
| Interest income from group entities | 11 | 46,425 | 103,175 |
| Other interest income | | 1,486 | 5,612 |
| Interest expenses to group entities | 11 | 2,077,574 | 2,284,530 |
| Interest expenses | | 3,385 | 1,981 |
| Other financial expenses | | 1,982 | 5,322 |
| Exchange loss (-) / gains (+) | 4, 11 | -2,774,984 | 939,484 |
| Net financial income and expenses | | -4,810,014 | -1,243,561 |
| Operating result before tax | | -25,612,312 | -23,411,946 |
| Tax expenses | 5 | -291,218 | 0 |
| Net income | | -25,321,094 | -23,411,946 |
| ALLOCATION OF NET INCOME | | | |
| Loss brought forward | 10 | 25,321,094 | 23,411,946 |
| Total allocation | | -25,321,094 | -23,411,946 |



Reflection Marine Norge AS
Statement of Financial position (in USD)

| ASSETS | NOTE | 2020 | 2019 |
|----------------------------------|-------------|-------------------|-------------------|
| FIXED ASSETS | | | |
| INTANGIBLE ASSETS | | | |
| Patents, licences and software | 7 | 22,216,950 | 25,038,150 |
| Goodwill | 7 | 1,336,200 | 1,781,600 |
| Total intangible assets | | 23,553,150 | 26,819,750 |
| TANGIBLE ASSETS | | | |
| Machinery and equipment | 6 | 19,066,325 | 32,260,819 |
| Total tangible assets | | 19,066,325 | 32,260,819 |
| Total fixed assets | | 42,619,475 | 59,080,569 |
| CURRENT ASSETS | | | |
| DEBTORS | | | |
| Accounts receivables | | 116,906 | 392,503 |
| Other short-term receivables | | 2,154,722 | 562,886 |
| Receivables to group companies | 11 | 2,842,733 | 4,841,547 |
| Total receivables | | 5,114,360 | 5,796,936 |
| Cash and cash equivalents | 8 | 1,222,340 | 4,680,269 |
| Total current assets | | 6,336,700 | 10,477,205 |
| Total assets | | 48,956,175 | 69,557,774 |



Reflection Marine Norge AS
Statement of Financial position (in USD)

| EQUITY AND LIABILITIES | NOTE | 2020 | 2019 |
|--|-------------|--------------------|--------------------|
| PAID-UP EQUITY | | | |
| Share capital | 9, 10 | 3,838 | 3,838 |
| Total paid-up equity | | 3,838 | 3,838 |
| RETAINED EARNINGS | | | |
| Uncovered loss | 10 | -47,978,395 | -23,689,803 |
| Total retained earnings | | -47,978,395 | -23,689,803 |
| Total equity | | -47,974,557 | -23,685,965 |
| LIABILITIES | | | |
| OTHER LONG-TERM LIABILITIES | | | |
| Long term liabilities to group companies | 11 | 86,439,595 | 84,001,058 |
| Total other long term liabilities | | 86,439,595 | 84,001,058 |
| CURRENT DEBT | | | |
| Trade creditors | | 2,566,208 | 762,549 |
| Public duties payable | | 569,956 | 702,548 |
| Liabilities to group companies | 11 | 5,521,342 | 7,047,018 |
| Other current debt | | 1,833,632 | 730,566 |
| Total current debt | | 10,491,137 | 9,242,681 |
| Total liabilities | | 96,930,732 | 93,243,739 |
| Total equity and liabilities | | 48,956,175 | 69,557,774 |

Bergen, 26.08.2021

Andreas Hveding Aubert
member of the board

Irene Waage Basili
chairman of the board

Peter Allan Hooper
general Manager



REFLECTION MARINE NORGE AS CASH FLOW 2020

CASH FLOW STATEMENT

| USD | | 2020 | 2019 |
|--|------|-------------------|------------------|
| Cash flow from operating activities: | | | |
| Profit before tax | | -25,612,312 | -23,411,946 |
| Depreciation and write-down | 6, 7 | 17,989,714 | 24,178,162 |
| Gain on sale of fixed assets | 6, 7 | 0 | -2,791,382 |
| Change in accounts receivables / accounts payables | | 2,079,256 | 1,429,385 |
| Adjustment currency effect long term loan | 11 | 2,438,537 | -887,529 |
| Change in other current assets / liabilities | | -621,363 | 843,163 |
| Net cash flow from operating activities | | -3,726,168 | -640,147 |
| Cash flow from investing activities: | | | |
| Investment in fixed assets | 6, 7 | -1,528,621 | -203,312 |
| Sale of fixed assets | 6, 7 | 0 | 3,381,209 |
| Net cash flow from investing activities | | -1,528,621 | 3,177,897 |
| Cash flow from financing activities | | | |
| Change in current IC assets / liabilities | | 1,796,858 | 801,649 |
| Net cash flow from financing activities | | 1,796,858 | 801,649 |
| Net change in cash and cash equivalents | | -3,457,930 | 3,339,399 |
| Cash and cash equivalents at 01.01. | | 4,680,269 | 1,340,870 |
| Cash and cash equivalents at 31.12. | | 1,222,340 | 4,680,269 |



Note 1 Accounting principles

Reflection Marine Norge AS is a Norwegian registered company with registered address in Bergen, founded 26. February 2018. The company's engineering personnel and equipment are located in Asker. The company's main focus is to provide geophysical services to the oil- and gasindustry, as well as investments in companies related to this business.

The company's holding company, Reflection Marine ASA, is a sub-group to the Shearwater GeoServices Holding group since 14. November 2018. Up until the beginning of November 2018, the company was dormant under the Schlumberger group. As part of Schlumberger's strategy to leave the seismic marine acquisition market, personnel and equipment at Schlumberger's Asker facility, together with streamers and intellectual property, were purchased from other group companies into Reflection Marine Norge AS and hence, part of the transaction when Shearwater group acquired Schlumberger's seismic acquisition line.

Financial statements for the Shearwater group can be located at the head office for Shearwater GeoServices Holding AS in Damsgårdsveien 135, 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.

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 assets in the company is the investment in streamers and intellectual property of which anticipated activities are predominantly in USD. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss. Non-monetary assets items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

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.

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.

Property, plant and equipment

Property, plant and equipment acquired by the company are presented at historical cost less accumulated depreciation and impairment changes. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation on items of property, plant and equipment are mainly depreciated using the straight-line method to allocate their cost to their residual values.

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

| | |
|---|-------------|
| Seismic equipment, leased and owned | 5 - 7 years |
| Manufacturing and engineering equipment | 3 - 5 years |

The residual values and estimated useful lives of items of property, plant and equipment are reviewed, and



adjusted annually as appropriate, at the year-end balance sheet date.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment. The cost of internally generated intangible asset is expensed as incurred.

Goodwill

The difference between the cost of an acquisition and the fair value of net identifiable assets on the acquisition date is recognised as goodwill.

Goodwill is depreciated over five years. It is tested for impairment if there are indications that the value should be impaired. The impairment test involves determining the recoverable amount of the cash-generating units, which corresponds to the highest of fair value less costs to sell or the value in use.

Patents, licenses and software

Patents, licenses and technology are stated at cost less accumulated amortisation and accumulated impairment. Amortisation is calculated on a straight-line basis over 10 years which is the estimated period of benefit.

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.

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 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 Operating revenue

Operating revenue is a combination of revenue related to the marine acquisition segment and engineering services. In 2020 62.2% of the revenue is related to marine acquisition segment (2019: 73.9%) and 37.4% is related to engineering services (2019: 26.1%).

Of total revenue in 2020, is 85.3% within the geographical segment EAME - Europe, Africa and Middle East (2019: 96.6%) , 12.2% is related to the geographical segment APAC - Asian Pacific (2019: 3.4%) and 2.6% related to NSA - North and South America (2019: 0.0%) .

In 2019 the company started a three year project together with Equinor with support from Norges Forskningsråd. Other income recognised for 2020 is USD 1.2 (2019: USD 1.6 mill.).

Of total revenue in 2020, 49.2 % (2019: 46%) is related to one group company and 44,2% (2019: 52,6%) is split between two external customers. The company had five external customers in 2019.

Note 3 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 | 6,349 | 7,373 |
| Social security | 1,000 | 1,186 |
| Pension and insurance cost | 676 | 611 |
| Other benefits | 1,314 | 254 |
| Total salary and benefits cost | 9,340 | 9,425 |

Number of employees as of year end:

| | | |
|------------------|----|----|
| Office employees | 46 | 46 |
|------------------|----|----|

The company has a defined contribution plan as required by Norwegian law.

The members of the board as well as the managing director, are employed by another legal entity within the Shearwater group. The board members and managing director do not receive any additional remuneration for work performed for Reflection Marine Norge AS on top of the remuneration for their other functions within the group.

Auditor's fee in 2020 is related to statutory audit USD 20,266 and USD 0 for other services. The amount is excluding VAT.

Note 4 Financial exchange loss/gains

The net currency loss in 2020 is mainly due to a negative currency effect of an intercompany NOK loan USD 2.4 mill. The net currency gain in 2019 is mainly due to a positive currency effect on the intercompany NOK loan USD 0,9 mill.



Reflection Marine Norge AS

Notes to the financial statement 2020

Note 5 Taxes

| Taxes in profit and loss: | 2020 | 2019 |
|---|--------------------|--------------------|
| Tax payable | 0 | 0 |
| Change in deferred tax | -291,218 | 0 |
| Tax expenses | -291,218 | 0 |
| Taxable income: | | |
| Net income before tax | -22,268,025 | -22,717,326 |
| Permanent differences | -559,823 | -459,036 |
| Adjusted for non deductible interests | 2,258,952 | 2,168,439 |
| Change in temporary differences | 7,765,479 | 8,866,892 |
| Group contribution received | 1,323,720 | 0 |
| Net taxable income | -11,479,696 | -12,141,031 |
| Temporary differences: | | |
| Fixed assets | -8,193,214 | -415,668 |
| Interest cost brought forward | -5,254,796 | -2,911,329 |
| Losses brought forward | -36,870,514 | -24,674,520 |
| Deferred tax assets | -50,318,524 | -28,001,517 |
| Not recognised tax assets | 50,318,524 | 28,001,517 |
| 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 0,11719 in 2020 (2019: NOK/USD 0,11389).

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 assets in the balance sheet.

Note 6 Tangible assets

| | Seismic equipment | Engineering and office equipment | Total |
|--|-------------------|----------------------------------|-------------------|
| Acquisition cost at period start | 47,791,296 | 7,890,332 | 55,681,628 |
| Additions during the year | 1,319,977 | 208,643 | 1,528,620 |
| Acquisition cost at 31 Dec 2019 | 49,111,273 | 8,098,975 | 57,210,248 |
| Accumulated depreciation: | | | |
| Balance at period start | 16,081,689 | 7,339,120 | 23,420,809 |
| Depreciation for the period | 14,301,893 | 421,221 | 14,723,114 |
| Accumulated depreciation at 31 Dec 2020 | 30,383,582 | 7,760,341 | 38,143,923 |
| Balance sheet values at 31 Dec 2020 | 18,727,691 | 338,634 | 19,066,325 |
| Estimated useful lifetime | 3 to 7 years | 1 to 7 years | |

The company sold a streamer and other seismic equipment for USD 3,4 mill. during 2019.



The equipment is pledged as security for a loan facility in Shearwater GeoServices AS, the holding company for Trace Invest AS and the Reflection Marine group.

Impairment of seismic equipment

The company tests as a principle whether assets have suffered any impairment on an annual basis. Shearwater monitors the market for used seismic streamers closely to secure enough streamers for its operations and to be able to postpone a cash intensive investment in new streamers. The group entered into two streamer acquisitions, January 2020 and April 2021 respectively, for used streamers with an average age of 4 years from two different counterparties.

At year end 2020, the company looks towards the group transactions and find that assuming an indirect value for used equipment based on the acquisition of the streamers from both transactions, would imply a value considerably higher than book value given the same age of the packages. As such no impairment was made for seismic equipment.

Note 7 Intangible assets

| | Goodwill | Patents and software | Total intangible assets |
|---------------------------------------|------------------|----------------------|-------------------------|
| 2020 | | | |
| Costs as of 1 January | 2 227 000 | 28 212 000 | 30,439,000 |
| Additions to costs | 0 | 0 | 0 |
| Cost as of 31 December | 2,227,000 | 28,212,000 | 30,439,000 |
| Amortisation as of 1 January | 445,400 | 3,173,850 | 3,619,250 |
| Amortisation expense | 445,400 | 2,821,200 | 3,266,600 |
| Amortisation as of 31 December | 890,800 | 5,995,050 | 6,885,850 |
| Balance as of 31 December | 1,336,200 | 22,216,950 | 23,553,150 |
| Estimated useful life | 5 years | 10 years | |
| 2019 | | | |
| Costs as of 1 January | 2,227,000 | 28,212,000 | 30,439,000 |
| Additions to cost | 0 | 0 | 0 |
| Costs as of 31 December | 2,227,000 | 28,212,000 | 30,439,000 |
| Amortisation as of 1 January | 0 | 352,650 | 352,650 |
| Amortisation expense | 445,400 | 2,821,200 | 3,266,600 |
| Amortisation as of 31 December | 445,400 | 3,173,850 | 3,619,250 |
| Balance as of 31 December | 1,781,600 | 25,038,150 | 26,819,750 |
| Estimated useful life | 5 years | 10 years | |

Patents and software

The patents and software were acquired as part of a carve out transaction in the Schlumberger group and are recognised at their fair value at date of acquisition and are subsequently amortised on a straight-line based on estimated useful lives. When estimating fair value, one considers the possibility that the theoretical lifetime of the patent agreement can deviate from the underlying technology's actual lifetime as technology can become outdated before the patent agreement expires. The company believes that the remaining patent life, which has an average lifetime of 10 years, is a reasonably proxy for the assets' useful life

Goodwill

The goodwill relates to key competence within the full range of geophysical acquisition techniques.



Impairment of intangible assets

The company tests as a principle whether intangible assets have suffered any impairment on an annual basis. At the end of 2020, the company finds that the assumptions the purchase price allocation finalised in 2019 was based on is still relevant. Even though the last year has shown how volatile both stock exchange and oil prices are when faced with unchartered events, the company is cautiously optimistic and trends show that activity levels have more or less returned to pre-Covid levels and the company expects further increase in activity. The current levels of activity will lead to substantial requirement for new streamers in the market within the next few years, furthering the credibility of the value of patents and software. No impairment was made for intangible assets.

Note 8 Cash and cash equivalents

Cash held for employee tax payments totals USD 0.3 mill. as at 31.12.2020 (2019: USD 0.4 mill.).

Note 9 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 3,838.

Reflection Marine AS owns 100% of the shares.

Note 10 Equity

| | Share capital | Uncovered loss | Total equity |
|-----------------------------|----------------------|-----------------------|---------------------|
| Equity as at 01.01. | 3,838 | -23,689,803 | -23,685,965 |
| Group contribution received | | 1,032,502 | 1,032,502 |
| Loss for the year | | -25,321,094 | -25,321,094 |
| Equity as at 31.12. | 3,838 | -47,978,395 | -47,974,557 |

As at 31.12.2020 the company's share capital is lost leaving the board of directors with a duty to act.

The financial statement is based on going concern and the board of directors confirms this after receiving a parent guarantee from Shearwater GeoServices Holding AS, the company's ultimate holding company, which ensures operation at least for the next 12 months from the date of approval of the balance sheet.

Note 11 Intercompany balances

Short term receivables to group companies totals USD 2.8 mill. in 2020 (2019: 4.8 mill.) and consist of ordinary trade receivables from group companies.

Short term liabilities to group companies totals USD 5.5 mill. in 2020 (2019: 7.0 mill.) and consist of a combination of short term loan from holding companies and ordinary trade payables to group companies.

All intercompany balances are subject to interest calculation.

Long term liability of USD 86.4 mill. (2019: 84.0 mill.) is a long term interest-bearing NOK loan from Reflection Marine AS with due date in 2021. Accrued interests in 2020 totals USD 2.1 mill. (2019: 2.3 mill.). The loan has been retranslated to USD with the exchange rate at the balance sheet date. Total currency loss in 2020 is USD 2.4 mill. (2019: gain USD 0.9 mill.).



Note 12 Transactions with related parties

In 2020 the company has rented seismic equipment to group companies with a total of USD 8.5 mill. of which USD 7.8 mill. is to Shearwater GeoServices Assets V AS.

Seafarers employed in the company are hired to vessel and operating companies in the group. In 2020 this totals to USD 1.2 mill.

The company has been charged for a corporate service fee from Shearwater GeoServices Norway AS. In 2020 corporate service fee totals USD 282,829 (2019: USD 189,096) .

The transactions are all part of the ordinary business.

Note 13 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.