Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	917 313 199
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	SHEARWATER GEOSERVICES HOLDING AS
Forretningsadresse:	Damsgårdsveien 135 5160 LAKSEVÅG

Regnskapsår

Årsregnskapets periode:	01.01.2022 - 31.12.2022

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Jane Eik Svanes
Dato for fastsettelse av årsregnskapet:	29.06.2023

Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

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, 23.08.2024

Resultatregnskap

Beløp i: USD	Note	2022	2021
RESULTATREGNSKAP			
Kostnader			
Varekostnad	9,10	1 016 000	3 687 000
Sum kostnader		**1 016 000**	**3 687 000**
Driftsresultat		**-1 016 000**	**-3 687 000**
Finansinntekter og finanskostnader			
Financial income		4 000	36 000
Sum finansinntekter		**4 000**	**36 000**
Financial expenses	11	8 252 000	6 908 000
Sum finanskostnader		**8 252 000**	**6 908 000**
Netto finans		**-8 248 000**	**-6 872 000**
Ordinært resultat før skattekostnad		**-9 264 000**	**-10 559 000**
Ordinært resultat etter skattekostnad		**-9 264 000**	**-10 559 000**
Årsresultat		**-9 264 000**	**-10 559 000**
Overføringer og disponeringer			
Transferred from other equity		-9 264 000	-10 559 000
Sum overføringer og disponeringer		**-9 264 000**	**-10 559 000**

Balanse

Beløp i: USD	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Finansielle anleggsmidler			
Investering i datterselskap	3	633 051 000	548 051 000
Sum finansielle anleggsmidler		**633 051 000**	**548 051 000**
Sum anleggsmidler		**633 051 000**	**548 051 000**
Omløpsmidler			
Varer			
Fordringer			
Andre fordringer		48 000	11 000
Konsernfordringer	8	5 000	85 317 000
Sum fordringer		**53 000**	**85 328 000**
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	5	21 000	143 000
Sum bankinnskudd, kontanter og lignende		**21 000**	**143 000**
Sum omløpsmidler		**74 000**	**85 471 000**
SUM EIENDELER		**633 125 000**	**633 522 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	4,6	38 397 000	38 397 000
Beholdning av egne aksjer	4	-442 000	-442 000
Overkurs	4	203 581 000	203 581 000
Ikke registrert kapitalforhøyelse	4		
Annen innskutt egenkapital	4	392 980 000	392 980 000

Balanse

Beløp i: USD	Note	2022	2021
Sum innskutt egenkapital		**634 516 000**	**634 516 000**
Opptjent egenkapital			
Annen egenkapital		-125 531 000	-116 267 000
Sum opptjent egenkapital		**-125 531 000**	**-116 267 000**
Sum egenkapital		**508 985 000**	**518 249 000**
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Debt to shareholders	6	97 282 000	90 760 000
Sum annen langsiktig gjeld		**97 282 000**	**90 760 000**
Sum langsiktig gjeld		**97 282 000**	**90 760 000**
Kortsiktig gjeld			
Kortsiktig konserngjeld	8,12	26 858 000	24 513 000
Sum kortsiktig gjeld		**26 858 000**	**24 513 000**
Sum gjeld		**124 140 000**	**115 273 000**
SUM EGENKAPITAL OG GJELD		**633 125 000**	**633 522 000**

Konsernets resultatregnskap

Beløp i: USD	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Marine acquisition	3	691 356 000	500 094 000
Software, Processing and Imaging (SPI)	3	25 409 000	16 046 000
Manufacturing & Engineering	3	8 251 000	6 595 000
Other Income	3	610 000	9 189 000
Sum inntekter		**725 626 000**	**531 924 000**
Kostnader			
Cost of sales	4,5,6	502 444 000	403 946 000
Depreciation	9,10	121 917 000	131 424 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	9	0	852 000
Sales, general and administration cost	6	26 223 000	19 951 000
Acquisition cost		0	2 924 000
Other losses (gains) net	7	4 118 000	766 000
Sum kostnader		**654 702 000**	**559 863 000**
Driftsresultat		**70 924 000**	**-27 939 000**
Finansinntekter og finanskostnader			
Financial income	7	15 934 000	3 930 000
Sum finansinntekter		**15 934 000**	**3 930 000**
Financial expenses	7	64 515 000	51 464 000
Sum finanskostnader		**64 515 000**	**51 464 000**
Netto finans		**-48 581 000**	**-47 534 000**
Ordinært resultat før skattekostnad		**22 343 000**	**-75 473 000**
Taxes	8	2 562 000	4 516 000
Ordinært resultat etter skattekostnad		**19 781 000**	**-79 989 000**
Årsresultat		**19 781 000**	**-79 989 000**
Other comprehensive income		0	30 000
Sum resultatkomponenter for IFRS-foretak			30 000

Konsernets resultatregnskap

Beløp i: USD	Note	2022	2021
Totalresultat		**19 781 000**	**-79 959 000**
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		19 781 000	-79 959 000
Sum overføringer og disponeringer		**19 781 000**	**-79 959 000**

Konsernets balanse

Beløp i: USD	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Intangible assets	10	24 214 000	23 068 000
Utsatt skattefordel	8	0	0
Goodwill	10	2 048 000	2 048 000
Sum immaterielle eiendeler		**26 262 000**	**25 116 000**
Varige driftsmidler			
Vessel and marine equipment	9	906 573 000	951 490 000
Seismic equipment and other equipment	9	112 256 000	124 406 000
Right of use assets	9,15	9 411 000	11 539 000
Manufacturing equipment	9	2 126 000	2 356 000
Sum varige driftsmidler		**1 030 366 000**	**1 089 791 000**
Sum anleggsmidler		**1 056 628 000**	**1 114 907 000**
Omløpsmidler			
Varer			
Inventory and pre-payments	12	54 487 000	27 139 000
Assets held for sale - vessels	9	0	6 969 000
Sum varer		**54 487 000**	**34 108 000**
Fordringer			
Trade receivables	3,12	161 076 000	76 508 000
Other receivables	3,12	13 574 000	8 951 000
Sum fordringer		**174 650 000**	**85 459 000**
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	14, 16	52 000 000	101 199 000
Sum bankinnskudd, kontanter og lignende		**52 000 000**	**101 199 000**
Sum omløpsmidler		**281 137 000**	**220 766 000**
SUM EIENDELER		**1 337 765 000**	**1 335 673 000**

Konsernets balanse

Beløp i: USD	Note	2022	2021
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	18	38 397 000	38 397 000
Beholdning av egne aksjer		-442 000	-442 000
Overkurs		203 581 000	203 581 000
Annen innskutt egenkapital		392 980 000	392 980 000
Sum innskutt egenkapital		**634 516 000**	**634 516 000**
Opptjent egenkapital			
Annen egenkapital		-186 450 000	-206 180 000
Sum opptjent egenkapital		**-186 450 000**	**-206 180 000**
Sum egenkapital		**448 066 000**	**428 336 000**
Gjeld			
Langsiktig gjeld			
Utsatt skatt	8	90 000	110 000
Sum avsetninger for forpliktelser		**90 000**	**110 000**
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	11,16	603 009 000	598 165 000
Lease liabilities	15	7 714 000	10 338 000
Sum annen langsiktig gjeld		**610 723 000**	**608 503 000**
Sum langsiktig gjeld		**610 813 000**	**608 613 000**
Kortsiktig gjeld			
Current portion of long-term debt	11,16	100 746 000	57 350 000
Short-term debt	11,13, 16	36 667 000	157 811 000
Lease liability	15	2 464 000	2 322 000
Leverandørgjeld		93 244 000	56 152 000
Taxes payable	8	1 282 000	4 210 000
Other short-term liabilities	3,13	44 483 000	20 879 000
Sum kortsiktig gjeld		**278 886 000**	**298 724 000**

Konsernets balanse

Beløp i: USD	Note	2022	2021
Sum gjeld		**889 699 000**	**907 337 000**
SUM EGENKAPITAL OG GJELD		**1 337 765 000**	**1 335 673 000**

To the General Meeting of Shearwater Geoservices Holding AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Shearwater Geoservices Holding AS, which comprise:

- the financial statements of the parent company Shearwater Geoservices Holding AS (the Company), which comprise the statement of financial position as at 31 December 2022, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of Shearwater Geoservices Holding AS and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated income statement, the consolidated statement of comprehensive income, statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover

PricewaterhouseCoopers AS, Sandviksbodene 2A, Postboks 3984 - Sandviken, NO-5835 Bergen
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

the information in the Board of Directors' report nor the other information accompanying the financial statements.

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

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, 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 and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to: https://revisorforeningen.no/revisjonsberetninger

Bergen, 20 June 2023
PricewaterhouseCoopers AS

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

Revisjonsberetning

Signers:

Name	*Method*	*Date*
Haugervåg, Jon	BANKID	2023-06-20 14:21

Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Torstein Kinden Helleland	14.06.2017	19.06.2017
Telefon	Deres referanse	Vår referanse
22078139	Kristian Rådal	2017/668031

SHEARWATER GEOSERVICES HOLDING AS
Damsgårdsveien 131
5160 LAKSEVÅG

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Shearwater GeoServices Holding AS, org.nr. 917 313 199

Vi viser til deres brev av 5. mai 2017 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Shearwater GeoServices Holding AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Shearwater GeoServices Holding AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

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

Bakgrunn
Shearwater GeoServices Holding AS er eid av Rasmussengruppen AS og GC Rieber Shipping ASA. 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 tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan*

Postadresse
Postboks 9200 Grønland
0134 Oslo

Besøksadresse:
Se www.skatteetaten.no
Org.nr: 996250318
E-post: skatteetaten.no/sendepost

Sentralbord
800 80 000
Telefaks
22 17 08 60

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 to aksjeselskaper. 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

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer

Shearwater GeoServices Holding AS

Annual Report 2022

www.shearwatergeo.com

Shearwater's modern fleet, expert imaging teams and innovative software combine to offer exceptional results.

The powerful fleet, complete with modern technology, is manned by experienced crews working safely and efficiently in all operating conditions to deliver a cost-effective and high-quality service.

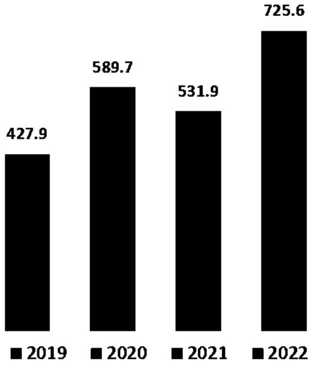
Shearwater is the cutting-edge geophysical services company.

Table of Contents

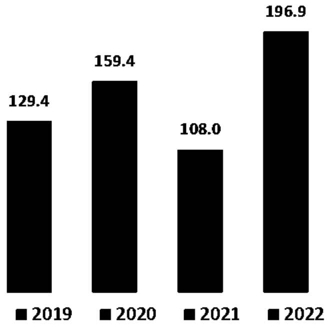
SHEARWATER

Annual Report 2022

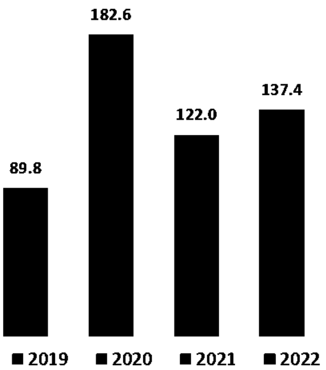
Key Figures



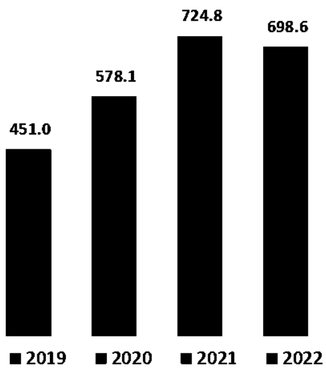
Total Revenues (*USD millions*)



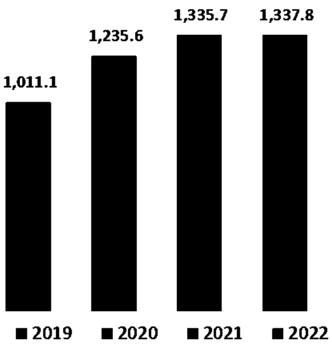
EBITDA (*USD millions*)



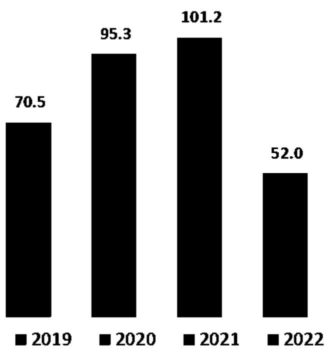
Cashflow from operations (*USD millions*)



Net debt (*USD millions*)



Total assets (*USD millions*)



Cash and cash equivalents (*USD millions*)

2

Message from the CEO

Shearwater GeoServices is poised to deliver significant value to our stakeholders, as we anticipate a multi-year upcycle in global oil and gas exploration and production (E&P) activity. Demand for marine seismic data acquisition and processing is increasing as national and independent oil and gas companies seek to reverse the impact of years of underinvestment to establish a long-term, secure supply of energy.

Moreover, we are excited to see existing and new clients invest in energy transition solutions, such as carbon capture, creating new markets for geophysical data. At Shearwater, we remain steadfast in our commitment to geophysics, and we continue to invest in technology development and improved operational efficiencies to increase value generation and reduce the footprint left by our activities.

We came into 2022 with a strong tailwind from rising energy demand and prices. The momentum continued throughout the year with an increased focus on energy security as the conflict in Ukraine continued to impact global markets and the supply of oil, gas, and power. Our deepest concerns go out to the Ukrainian people.

Robust and flexible

Shearwater is at the forefront of the global marine seismic industry, providing the full width of services including towed streamers, ocean bottom node (OBN) and hybrid surveys. We cover the full value chain from offshore acquisition to data processing and imaging for our clients, including reservoir characterisation and prediction models. Our market-leading execution platform is founded on transformational transactions, continuous in-house technology development and a strong financial position.

We have a robust and flexible operating model with significant operational gearing, allowing us to adjust capacity to market conditions. Last year, we maintained high utilisation on our active vessels and optimised capacity by reactivating three vessels in response to the higher demand. At year-end, we had thirteen active vessels, including five vessels working as part of our three active node crews.

We generated USD 725 million in revenue, an increase from USD 532 million in 2021, and EBITDA nearly doubled to USD 196.9 million from USD 108 million dollars in 2021. This improvement in cash generation was achieved with less than half our fleet being active. At year-end, our order backlog amounted to USD 552 million, an increase of 86% year-over-year. This provides good visibility on secured activity going forward. As demand increases, we are prepared to reactivate more capacity in a disciplined manner based on incremental margins and higher vessel utilisation.

Strong trends driving demand

Throughout the year, we saw an increase in the demand for seismic by national oil companies which represented approximately 40% of our 2022 revenue, as compared 26% in 2021. This reflects more attention to energy security at a national strategic level due to the recent geopolitical uncertainties and shows a willingness to invest across the market cycles to ensure a reliable supply of oil and gas over time. We expect this trend to continue in the coming years.

I would also like to highlight an increase in energy transition-related activities, which represented some 3% of our 2022 revenue. This included data acquisition and processing & imaging projects tied to carbon capture and storage, as well as other alternative applications of geophysics to support decarbonisation. This included a survey to investigate the potential for specific offshore rock formations to host a Geological Disposal Facility (GDF) on behalf of the UK authorities. We see great long-term potential in energy transition related services but expect fluctuations in activity in the near-term.

Changing the rules

In June, we launched our own ocean bottom node based on a fully in-house developed design. The Pearl is a significant technological advancement with several industry-first innovations. It is the lightest, most compact and smartest node ever developed with fully wireless charging and data handling, industry leading battery endurance, and best-in-class sensors. With Pearl, we plan to change the rules of ocean bottom seismic by offering new standards for time and cost efficiency to significantly expand the market potential.

Pearl is one example of how we at Shearwater continue to invest in and develop technology, often in close collaboration with our clients. We always seek to improve our services to drive down cost and external impact while simultaneously enhancing data quality. This is fully aligned with our purpose of measuring the earth to increase knowledge of our planet for a responsible future.

Better data and a deeper understanding of the seabed are essential to ensure global access to secure and reliable energy and other commodities at affordable prices, while simultaneously supporting the transition to a low-carbon society. I am proud of the entire Shearwater team and would like to extend my sincere gratitude for their dedication throughout the year. It is truly rewarding to be part of an organisation comprising highly competent individuals who work towards a common goal.

Exciting times ahead

Shearwater was created to be a consolidator and global leader of the marine seismic acquisition market with the robustness to withstand the oil and gas industry cycles as seen over the recent years. Today, we are firmly rooted as the global market leader with the most modern and largest fleet of high-capacity acquisition vessels. We offer a unique technology portfolio across the value chain with a strong presence in all marine acquisition markets. We have cost leadership with a global scale in a consolidated market supported by a solid balance sheet, strong cash generation capabilities and significant operational leverage.

This is an exciting time for us, and we are confident that we will be able to deliver significant value to our existing and potentially new shareholders in the years to come.

We are set to harvest!

Irene Waage Basili
CEO, Shearwater GeoServices AS

About Shearwater

Shearwater GeoServices Holding AS is a global, customer-focused, and technology-driven provider of market leading marine geophysical services, from sensor to image. The company has the world's largest fleet of high-end seismic vessels and a portfolio of proprietary technologies and software that provide customers with a full range of geophysical acquisition techniques, effective surveys, and high-quality data. Shearwater had approximately 1,000 employees at the turn of the year, an industry-leading cost position and a strong balance sheet.

Headquartered in Bergen, Norway, Shearwater is owned by RASMUSSENGRUPPEN AS, Schlumberger Norge AS and GC Rieber Shipping ASA.

Shearwater History

In 2016 RASMUSSENGRUPPEN AS and GC Rieber Shipping ASA established Shearwater GeoServices Holding AS as a jointly owned marine geophysical company. At its inception, Shearwater had a very experienced team of industry professionals and a fleet of four modern, high-capacity seismic vessels equipped with streamers. Based on the RASMUSSENGRUPPEN significant financial strength and willingness to make further investments in the industry, Shearwater's goal from day one was to become a consolidator of the seismic industry.

In 2018 Shearwater and Schlumberger entered into an agreement for Shearwater to acquire the marine seismic acquisition assets and operations of WesternGeco, the geophysical services product line of Schlumberger. Shearwater acquired 10 high-end seismic acquisition vessels, including seven 3D vessels and three multipurpose vessels (MPVs) configured to serve the growing Ocean Bottom Seismic (OBS) market, 12 complete streamer sets with spares, as well as two source vessels. The transaction also included WesternGeco's proprietary marine seismic technology, as well as development and manufacturing facilities in Norway and Malaysia. As part of the transaction, Schlumberger became a shareholder in Shearwater.

In 2019 Shearwater and CGG S.A. entered into an agreement for Shearwater to acquire five high-end seismic acquisition vessels, two legacy seismic vessels and five complete streamer sets. The agreement also included a five-year utilization commitment from CGG for an annual utilisation of two vessel-years from Shearwater over the period. This commitment provides Shearwater with a guaranteed cash flow and activity level, resulting in greatly improved visibility. The seismic vessels were jointly owned by CGG and Eidesvik Offshore ASA and as part of the transaction Eidesvik Offshore became a shareholder in Shearwater. The CGG-transaction was completed in January 2020. In January 2021, subsidiaries in RASMUSSENGRUPPEN acquired the shares held by CGG and Eidesvik.

In April 2021 Shearwater executed two transactions to take over the marine seismic acquisition assets previously owned by Polarcus including six streamer seismic acquisition vessels and four complete streamer sets to extend the commercial life of the fleet and streamer pool and accelerate the fleet renewal program. Today, Shearwater has a fleet of 23 vessels, including a fleet of four dedicated OBS vessels (MPVs and specialised source vessels).

Our strategy

Shearwater's strategy is to engage in mutually complementary activities to provide our clients with the services they need to understand the properties of the earth. We engage across the entire seismic value chain, from sensor to image. We consider all these activities to be highly complementary and our success is dependent on the continuous feedback loop created as we execute all the phases from research, engineering, manufacturing, offshore operation, and data processing.

We own and control our fleet, we do our own processing and imaging, and we use our own software both onboard our vessels and in our onshore processing. All these activities across the value chain are supported by in-house R&D activities at technology centres in Oslo, London, and Houston. We also own production facilities in Penang, Malaysia. The combination of controlling all the key assets and the technology development throughout the value chain gives us great flexibility to adapt our offering to meet our clients' needs and preferences.

Key elements of our strategy are:

- **Being a partner to our clients**

We actively engage with our clients to fully understand their challenges to provide them with the best geophysical solutions to their problems and to collaborate on strategic technology and software developments, both for traditional energy markets and for relevant new markets.

- **Technology leadership and continuous innovation**

Shearwater is a "sensor to image" company with a transparent and flexible approach. In collaboration with clients, we innovate sensors, sources, platforms, and software – entire seismic systems – from measurement to the final processed data.

- **Operational efficiency**

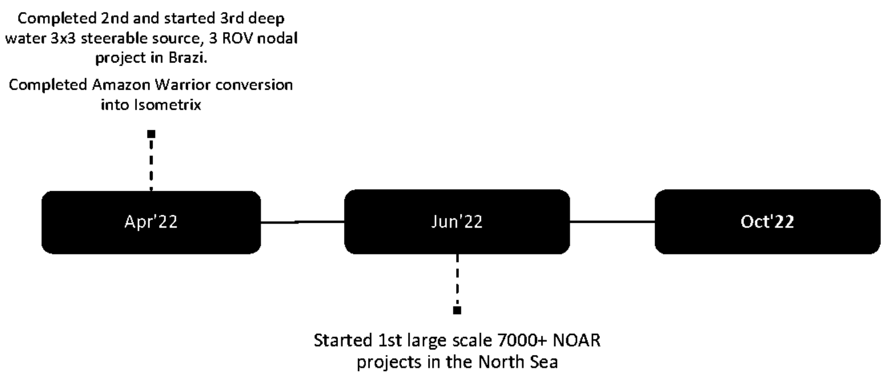
Our fleet of flexible and modern high-end seismic vessels enable us to offer the full range of acquisition techniques; streamer (both multicomponent and conventional), ocean bottom cable and ocean bottom nodes, and hybrid surveys utilising a combination of streamer and node technologies. The size and flexibility of our fleet and our global presence gives us scale to operate efficiently.

- **Sustainability leadership**

We own and control the most modern major fleet in the seismic market, and we continuously work to improve the efficiency of our operations. Leveraging our diverse workforce, advanced technology capabilities and extensive operational experience, we are committed to being a driving force in providing sustainable geophysical solutions for existing and new energy markets.

Marine Acquisition

Key Highlights 2022



The Marine Acquisition business has experienced improving rates and margins through 2022 as Covid-19 restrictions eased through the year and global activity increased.

Shearwater owns and operates the largest fleet of purpose-built seismic vessels designed for safe and efficient data acquisition using towed streamers, ocean bottom nodes (OBN) and ocean bottom cables (OBC). Combined with onboard and onshore data processing expertise, the company delivers industry leading products and solutions.

Shearwater offers the world's most advanced marine seismic acquisition technologies for exploration, reservoir delineation, characterization, and monitoring. The company's range of leading streamer technologies is the result of extensive research and engineering over many decades. Providing the best data quality and operational performance in the industry, the Qmarine and Isometrix systems have set new standards in seismic acquisition.

Shearwater is recognised as the market leader and vendor of choice in time-lapse 4D seismic based on experience and technologies such as multicomponent streamer, source and receiver steering and availability of a purpose-built fleet for multi-vessel surveys.

Ocean bottom seismic acquisition is a rapidly growing area of the seismic market, where Shearwater offers high-quality seabed solutions for shallow and deep-water environments focused on Ocean Bottom Node recording technology, through Nodes-on-a-Rope (NOAR), Deepwater ROV, as well as hybrid combinations with towed-streamer operations. Shearwater's broad portfolio of cost-effective, high-quality seabed seismic acquisition technologies is complemented by experience in processing and imaging these datasets. In 2022, major advances were achieved in the development of Pearl, Shearwater's own node, which became commercially available towards the end of 2022.

Shearwater utilises innovative techniques for custom marine acquisition solutions. Regardless of the complexity and requirements of the clients' marine seismic challenge, Shearwater offers the widest range of acquisition techniques to provide the level of subsurface illumination and image fidelity needed to make informed reservoir characterization decisions.

In 2022, surveys were conducted safely through comprehensive control and management measures implemented from the onset of the Covid-19 pandemic with constant adjustment and improvements as the situation evolved. Although Covid-19 related restrictions decreased through the year, the flexibility and resilience of the Shearwater crews and operating model were tested with constant changes as both clients and the countries in which the company operated, adjusted their procedures and requirements to manage the pandemic.

Despite the market uncertainty in 2022, Shearwater was able to minimise non-productive time and ensure continued high utilisation of the active fleet through the year due to forward planning, careful vessel selection, global reach, and the versatility of the operating model. As activity picked up in the second half of the year, our fleet size, market visibility and healthy backlog enabled the reactivation of several vessels which remained active throughout the year in Towed Streamer as well as Ocean Bottom operations. The strategy of reactivating assets based on consistent mid- to long-term visibility was maintained to maximise utilisation of the active fleet through the year.

Shearwater's QHSE function remained focused on the implementation of robust management systems, induction, and personal engagement to manage the challenges posed by continued growth with increased exposure hours, new employees and new environments. The severity of lost time incidents (LTIs) were low with 15 recorded cases having no high potential for escalation. In 2022, the company successfully implemented campaigns covering various risk elements of our activities and completed the definition and creation of Shearwater's own behavioural based safety training program called PACE (Preventing Accidents by Controlled Exposure) which will be rolled out to the company in 2023.

The start of 2023 has been challenging with 4 recordable incidents to date. Safety is the priority in all operations and Shearwater has a stated Goal Zero approach. This has previously been achieved through commitment at all levels of the organisation and by contractors and clients alike. The next level of our QHSE culture program is currently being rolled out with a shift of focus towards the safety behaviour of our people through the PACE program.

Fleet

Today, Shearwater owns and operates a fleet of 23 high-end seismic vessels. This includes one high volume ocean bottom NOAR seismic vessel, with receiver deployment and source capability, one high-end wide-tow high-capacity steerable source vessel capable of nine source string spreads, 2 high-end wide-tow high-capacity source vessels capable of deploying six source string spreads and is in the process of converting one of its vessels into the industry first dual ROV seismic vessel, also capable of source and 2D towed streamer operations. Shearwater's versatile fleet includes a significant number of the industry's most powerful towed streamer vessels, in terms of streamer count, towing capacity, endurance and efficiency.

Based on the quality and scale of the fleet, Shearwater may accommodate all types of exploration and development projects, from large-scale regional 3D surveys to focused 4D production monitoring as well as reservoir monitoring for carbon capture utilisation and storage (CCUS) projects. Combining some of the world's most innovative and efficient vessels with the most advanced acquisition systems, provides the ability to deploy the optimal acquisition configuration to meet the requirements of every survey design and technique. This ensures exceptional results in even the toughest environments.

Towed Streamer Fleet (2D & 3D)


Amazon Warrior


Amazon Conqueror


SW Empress


Geo Coral


Oceanic Vega


Oceanic Sirius


Geo Caribbean


SW Duchess


SW Amundsen


SW Columbus


SW Magellan


SW Baret


SW Bell


SW Bly


SW Gallien


SW Mikkelsen


SW Thuridur


Geo Celtic


SW Duke

Ocean Bottom Fleet


SW Vespucci


SW Cook


SW Tasman


SW Diamond

Please see www.shearwatergeo.com for additional vessel information

Software, Processing & Imaging

Key Highlights 2022

Feb'22 — ConocoPhillips Technology Transfer Signed

May'22 — First commercial OBN Processing project awarded

May'22 — Carbon Capture Processing Project award

July'22 — First commercial 4D Processing project award

Shearwater has built a dynamic and flexible team of leading processing geophysicists to provide marine towed streamer, ocean bottom, and land seismic data processing and imaging. They provide an integrated expert service for customers' processing and re-processing projects.

The experienced onboard and onshore processing teams ensure the highest quality 2D and 3D imaging in all geological environments. What's more, access to in-house clusters and proven use of cloud computing enables Shearwater to provide the results in a time frame that allows customers to meet their decision deadlines.

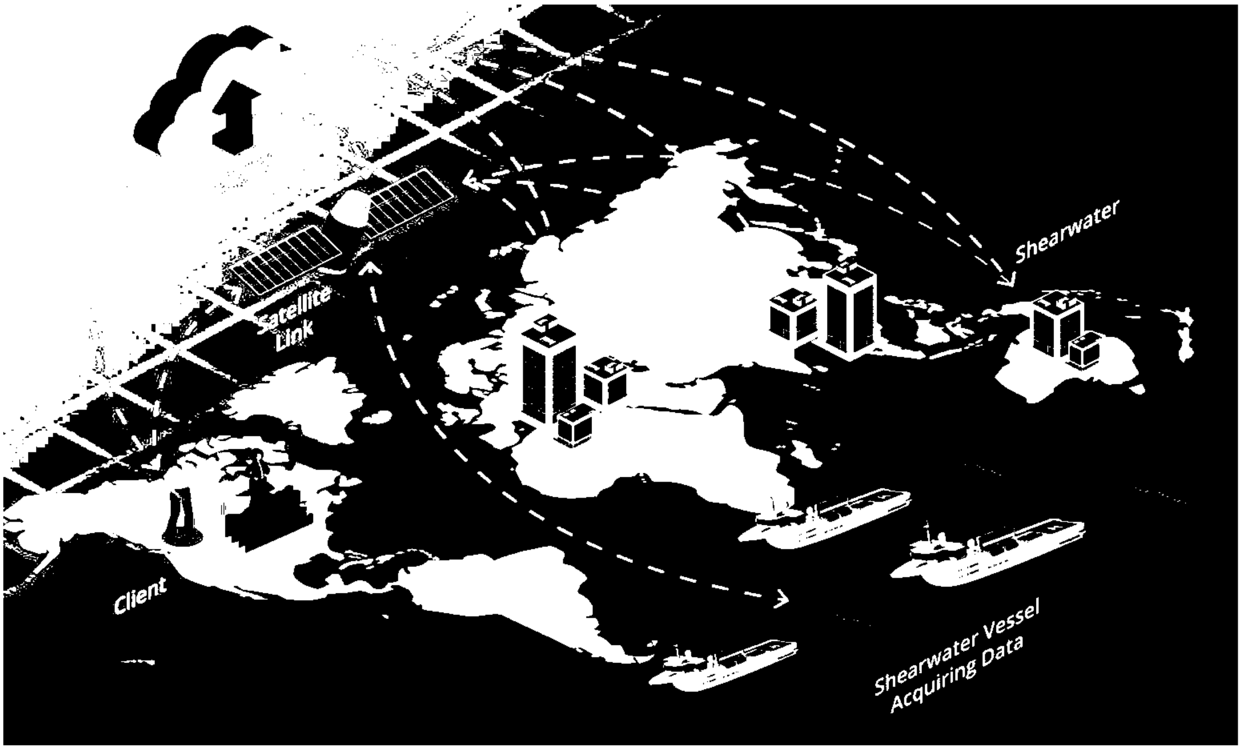
Strong integration between acquisition and processing technology development, and between operational teams in acquisition and processing, enables Shearwater to deliver integrated solutions to clients. Fast-track data processing during acquisition enables clients to make decisions during or soon after the survey. This would normally take months or years.

The proprietary Reveal software provides a modern, highly interactive, and user-friendly platform for all aspects of processing and imaging. From onboard Real Time Quality Control (RTQC) to final model building, Shearwater's experts use the same Reveal user interface to provide a cost-effective service and superior data quality. Leading Exploration & Production companies use Reveal as their geophysical software due to its ease of use, flexibility, and extensibility for fast technology innovation.

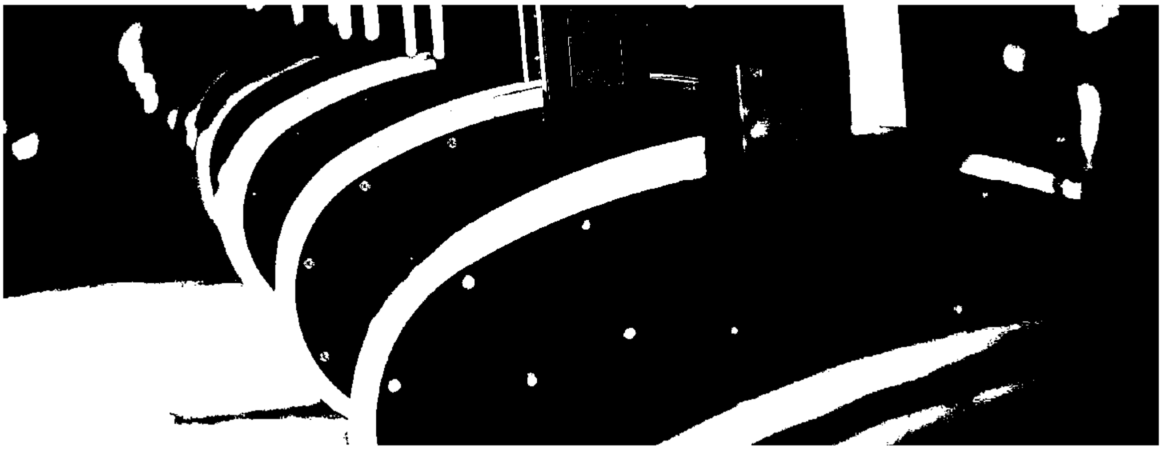
Customers benefit from in-house R&D teams who develop new, industry-leading algorithms to provide innovative ways to improve the image quality delivered. Shearwater's main processing hub is in the UK, with the company offering flexible teams to establish project specific centres close to clients' offices as required.

The creation of the combined Software, Processing, and Imaging (SPI) business line in September 2020 was an important strategic development of the business driven both by internal ambitions and customer demands. The company has updated its strategic framework, held workshops with key clients, increased investment in technology and upgraded the services provided across the SPI business segment. The SPI adjustment has rapidly led to customers adapting their strategies with increased collaboration and investment in external software.

Monsoon



Monsoon is Shearwater's digital environment that delivers flexibility by simplifying data access and promoting collaboration seamlessly, via the cloud. It was launched in 2020 and has enabled the company to reduce cycle time and work on projects with much greater flexibility.



Technology

Key Highlights 2022:

Jan'22 - May '22

Shearwater is dedicated to innovation and technology, constantly investing in research and development. We provide advanced marine seismic technology solutions for exploration, reservoir delineation, characterization, and monitoring. Our entire company is driven by curiosity and a passion for innovation, merging science and technology to create new business value. These principles form the core of Shearwater's identity and vision.

Curiosity serves as the driving force behind our pursuit of innovation at Shearwater. It fuels our desire to understand and explore the natural world, its opportunities, and challenges. By embracing curiosity, we continuously push the boundaries of what is possible, unlocking the full potential of technology.

Shearwater's investments in technology are guided by two main ambitions. Firstly, we aim to improve the quality of seismic solutions while enhancing the efficiency of operations. Secondly, we actively support our corporate goals of reducing emissions by allocating specific research and technology budgets to address this issue.

Our technology investments cover all aspects of the seismic data value chain. Our unique technology portfolio includes proprietary seismic streamers, nodes, and sources, in addition to seismic processing, digital technologies, and subsurface technology.

Shearwater stands out in the seismic technology market as the sole player with complete ownership of the entire value chain of seismic streamers and nodes. Shearwater's in-house capabilities across design, engineering, and manufacturing allow for consolidated expertise and seamless collaboration. This integration promotes innovation and efficiency, resulting in superior products and solutions.

With full ownership of the value chain, Shearwater exercises meticulous control over the entire process, ensuring high-quality standards and customization to client needs. In addition, Shearwater's integrated approach accelerates the development and time-to-market for seismic technology solutions, responding swiftly to market demands and maintaining a competitive edge. By owning the entire value chain, Shearwater optimizes costs, maintains competitive pricing, and delivers high-quality solutions without compromising on performance.

The company has an experienced research and engineering organisation comprising of more than 80 permanent staff with background in geophysics and geology, signal processing, computer science, software, and electrical and mechanical engineering disciplines. They are based in Norway, the UK, and the US. A state-of-the art manufacturing facility in Malaysia, including more than 100 professionals, produces the products in volume to be deployed commercially and allowing customers to realize value.

Our range of leading streamer technologies is the result of extensive research and engineering over many decades. Providing the best data quality and operational performance in the industry, the Qmarine and Isometrix systems have set new standards in seismic acquisition.

The technology directions are in strong alignment to the market and client needs, where improved imaging is desired given the earth resources are now harder to find, the desire to conduct infrastructure led exploration to maximise current producing assets and infrastructure and the need to acquire and turn around vast amounts of data more efficiently given shorter seasonal windows.

The Shearwater Technology & Innovation Centre (STIC) is engaged in the development of a new compact seabed seismic node, a novel marine vibratory source and extending its proprietary navigation software TRINAV towards Fleet Wide application. In addition, the centre is also responsible for sustaining and extending applications and longevity of the current suite of technologies used in operations for service delivery to customers. The centre was established in 2020 and is in the greater Oslo area with modern facilities including technical labs, engineering and test infrastructure, data rooms and instrumentation replicating systems used in the field.

New technology priorities are weighted towards Ocean Bottom Seismic (OBS) applications where significant market growth is anticipated in the coming years. A large portion of technology investments are aimed at developing a new seabed seismic node "Pearl" including its associated peripheral systems. The Pearl is a compact node with a much smaller size and lower weight compared to other nodes in the market. This will return significant advantages in operational efficiencies and enable more creative survey geometries to create new value in superior data quality and efficiency and cost of overall acquisition survey.

In 2022, the Pearl node was launched at the EAGE in Madrid and development progressed well through the first half of the year. Prototypes were deployed in two field tests in the North Sea. In parallel, manufacturing systems and associated infrastructure at the Shearwater production site in Malaysia were commissioned in preparation for start of volume production at the end of the year.

In the fourth quarter, a field test involving 44 Pearl nodes was conducted with a scaled version of the final onboard system called 'REEF'. The test was conducted in very shallow waters and in challenging weather and operating conditions. Operational and technical learnings from all three field tests in 2022 are being incorporated in design and operating procedures. In the first quarter of 2023, a deepwater field test was conducted in Brazil with six Pearl nodes deployed against industry reference nodes.

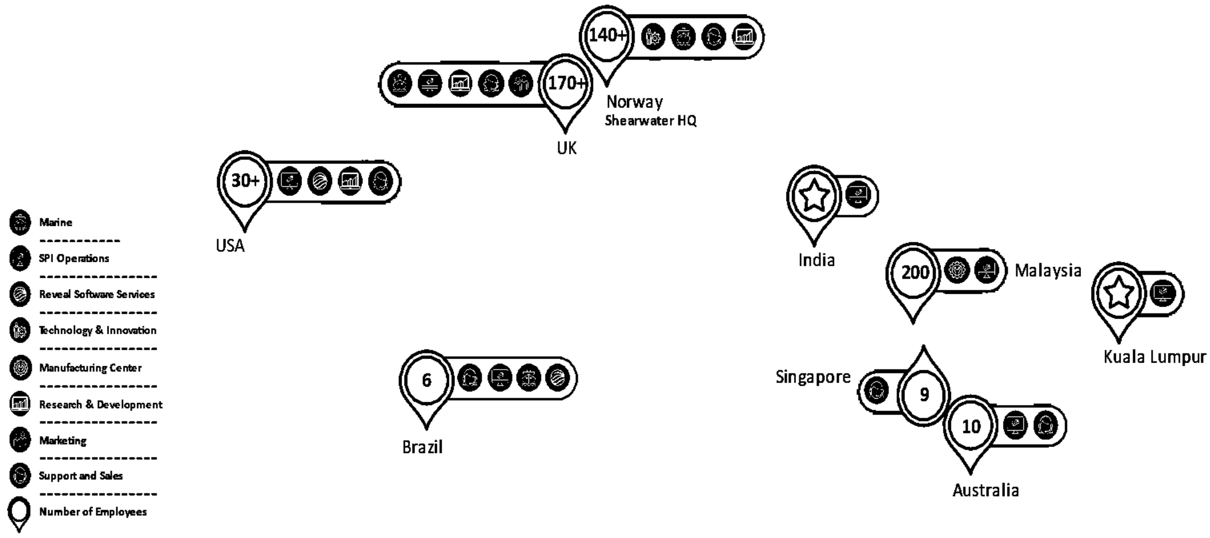
With sufficient control over design and manufacturing methods, focus for the second half of 2022 has been on the development of the REEF system, which is the onboard system for managing nodes with respect to battery charging, node configuration, data harvesting and production of field deliverables.

Another key technology priority is new energy sources. Project BASS (Broadband Acoustic Seismic Source) represents Shearwater's marine vibroseis technology under development in collaboration with Equinor and the Research Council of Norway. In 2021, the project attracted two additional industrial partners in Vår Energi and Lundin Energy Norway which committed support through funding of the multi-year development project. Through 2022, the project has made progress on its plan with strong collaboration from all four partners.

Given the non-impulsive nature of its energy release, marine vibrators are largely considered more environmentally friendly to marine life than the current source technology. In addition, such solutions have the potential to bring about a step change in acquisition productivity, especially in OBS and in improvements to seismic data quality. The project seeks to develop the design of the complete source system including processing and imaging. Through 2023, significant progress has been made at the system level. More specifically the projector technology reached the key milestone of successfully testing of the 'PM-B' projector module at Seneca lake in both June and October of 2022. The project has been promoted to its next major milestone in the Alpha test, to be conducted in June of 2023 in the North Sea. The Alpha test will involve acquiring a mini survey over an existing field using two projector modules. Additionally focus in 2023 will be towards preparing for the next phase of the project post Alpha test and to commercialization.

Sustaining and support of proprietary seismic software and business applications software continued. In the area of new markets, Shearwater have active participation in industry consortia as the geophysical partner contributing with knowledge, technology and expertise within data acquisition, processing and geophysical software. Shearwater are members in the Center of Geophysical Forecasting consortium hosted by NTNU, GCE Ocean and the Green Platform initiative.

Shearwater Geographical Locations



Board of directors

Robert Hobbs
Chairman of the Board

Robert Hobbs has over 30 years of experience in the upstream sector of the oil and gas business, holding senior management positions with both exploration and production operators as well as service companies.

Until 2016, Mr. Hobbs served as CEO of TGS-NOPEC. Prior to that, he utilized his exploration geoscience background in staff and executive roles at Marathon Oil, Veritas DGC, Union Texas Petroleum, and Exxon. He also has served as Chairman of the International Association of Geophysical Contractors, the geophysical industry's global trade association. Mr. Hobbs holds a Bachelor of Science degree in geology from Baylor University and a master of science degree in geoscience from University of Southern California.

Stein Vidar Håland
Board Member

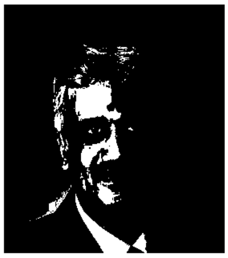
Stein Vidar Håland was part of Rasmussen Group from 1976 until 2021. He retired from his position as CFO for RASMUSSENGRUPPEN AS in September 2021, a position he had held since 1986.

Mr. Håland holds a degree from Norges Handelshøyskole (NHH).

Lars Erik Larsson
Board Member

Lars Erik Larsson is General Legal Counsel at RASMUSSENGRUPPEN AS, a position he has held since 2017. Prior to joining RASMUSSENGRUPPEN AS, he worked as associate/lawyer in Advokatfirmaet Thommessen AS from 2006 to 2014 and as a lawyer in KPMG Law from 2014-2017.

Mr. Larsson holds a law degree from the University of Oslo.



Vijay Kasibhatla
Board Member

Mr. Vijay Kasibhatla serves as Director of Mergers and Acquisitions (M&A) at Schlumberger Limited. Prior to this role, Mr. Kasibhatla has held a number of other positions within Schlumberger including more recently, as Finance & Commercial Director of Schlumberger Production Management (SPM), as Financial Controller for the Integrated Project management business (IPM) and as an M&A portfolio manager focusing on various acquisitions and divestitures for Schlumberger. He served as a Director at Saxon Energy Services Inc. and OneLNG. Mr. Kasibhatla holds an M.S. degree in Chemical Engineering from the University of Kentucky and an M.B.A from London Business School.

Trygve Lauvdal
Board Member

Trygve Lauvdal is Investment Director at RASMUSSENGRUPPEN AS.

He has nine years of equity research experience from DNB, specializing in the technology sector from 2001 to 2008 and the industrial- and renewable energy sector from 2008 to 2010. He started his career at ABB in 1997.

Mr. Lauvdal holds a PhD in engineering cybernetics from NTNU.

Cathrine Lund Larsen
Board Member

Cathrine Lund Larsen is CFO in Statnett, the transmission system operator (TSO) of the Norwegian power system. Prior to this she served ten years in DNB holding senior management positions within strategy, finance, and analysis. She has also worked several years in the renewable industry with finance, investments, and risk management in Statkraft.

Mrs Lund Larsen holds a degree in Commerce and Business studies from Norges Handelshøyskole.

Kristin Færøvik
Board Member

Kristin Færøvik is a highly experienced energy executive, most recently serving as Managing Director of Lundin Energy Norway. She is currently the Chair of the Board at Moreld, as well as a Board Member at Sval Energi and Bunker Holding. Previously, she has held executive positions at Rosenberg WorleyParsons, Marathon Oil and BP Norway.

Kristin, a graduate of NTNU (Trondheim, Norway) began her career with BP Norway with initial positions in petroleum engineering and commercial advisory roles for Norwegian and international assets, before moving into executive management

Management

Irene Waage Basili
CEO

Before being part of establishing Shearwater GeoServices in 2016, Irene held the position as CEO in GC Rieber Shipping for six years. Prior to this Irene was VP of Marine Strategy with PGS, following PGS' acquisition of Arrow Seismic in 2007 where Irene served as CEO. Irene has more than 25 years of experience from the maritime industry both within offshore service and conventional shipping.

Irene gained her degree in Business Administration from Boston University School of Management and has several leadership courses from Solstrandprogrammet (Norway) and IMD (Switzerland).

She serves as Director of the Board of Pacific Basin Ltd. (Hong Kong Stock Exchange).

Andreas Hveding Aubert
CFO

Andreas has over ten years' financial management experience in the offshore seismic and subsea industries. He has worked with companies such as Technocean/Reef Subsea and Omega Subsea.

In 2007 Andreas gained a Master's Degree in Accounting and Auditing, prior to this he also obtained a Master's Degree in Business Administration and Management.

Peter Hooper
CCO

Peter has over twenty years' experience in offshore seismic, sub-sea survey and marine operations. Peter had gained considerable operational experience working in both offshore and senior management roles. In 2006 he co-founded the seismic survey company, Wavefield AS and following a corporate merger later became Senior Vice President of Marine Operations at CGGVeritas before joining Dolphin Geophysical where he served as VP Operations and later COO.

Peter holds a BSc (Hons) from the University of Aberdeen and a post Graduate Diploma in Hydrographic Surveying from the University of Plymouth.

Antonio Stempel
SVP Marine Acquisition

Antonio has over 25 years' experience in exploration and production, geophysics, management, and offshore seismic operations. Antonio joined YPF Venezuela in 1996 as a geoscientist, moving to Schlumberger in 1999 where he had roles in geophysics, regional management and global marine operations working in Latin America, Europe, and Asia. In 2015 he joined Geokinetics as Global Business Development Manager for Seafloor operations before joining Shearwater where he was Global Operations Manager for the Western Hemisphere prior to his current role.

Antonio holds an M.Sci. in Geophysical Engineering from the Universidad Simon Bolivar in Caracas, Venezuela

Simon Telfer
SVP Software, Processing & Imaging

Simon has over 20 years' experience in Seismic Processing & Imaging in both offshore and onshore roles.

Prior to joining Shearwater GeoServices he worked for Dolphin Geophysical where he held the position of Onboard Processing Manger and was responsible for establishing the department and also part of the team that launched Processing & Imaging using OpenCPS. Before joining Dolphin Geophysical he worked for CGG in the Houston and London offices as a Geophysical Advisor and Veritas DGC in onshore and offshore positions.

Simon holds an M.Sci. in Exploration Geophysics from University College London.

Philippa Box
SVP Human Resources

Philippa started her Human Resources career in the finance industry working at HSBC and Bank of America Merrill Lynch responsible for the delivery of People, Learning & Leadership Development strategy. In 2015 she joined technology start-up GoGet Carshare based in Sydney and was responsible for the development and implementation of their HR function.

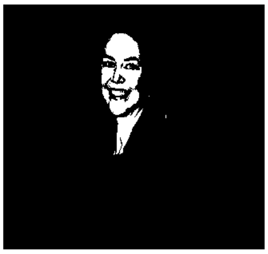
Since returning to the UK in 2018, Philippa has worked across various industries including aviation and insurance, joining Shearwater in 2021 initially to lead UK HR and subsequently was responsible for the Global HR team prior to her current position.

Philippa holds an BSc (Hons) in Business Management from the University of Surrey, specialising in Human Resources Management.

Massimo Virgilio
CTO

Massimo has over twenty years' experience between technology, geoscience and management applied to the seismic business. In 2005 he joined Geosystem, a small start-up as one of their first employees. In his recent assignments between technology, marketing, and line management, he served as Manager of the Electromagnetics unit for Schlumberger, Vice President for Signal Processing, imaging, and Interpretation for WesternGeco, Research Director for seismic technologies and Sales for Digital business for Schlumberger.

Massimo holds an M.Sci. in Telecommunication Engineering from Politecnico di Milano where he also served as Researcher for 3 more years after his degree.



Gunnvor Dyrdi Remøy
General Counsel

Gunnvor Dyrdi joined Shearwater in February 2019 and her background includes a combination of legal and commercial experience. Prior to joining Shearwater Gunnvor Dyrdi worked with an international law firm, specializing in corporate and transactional law.

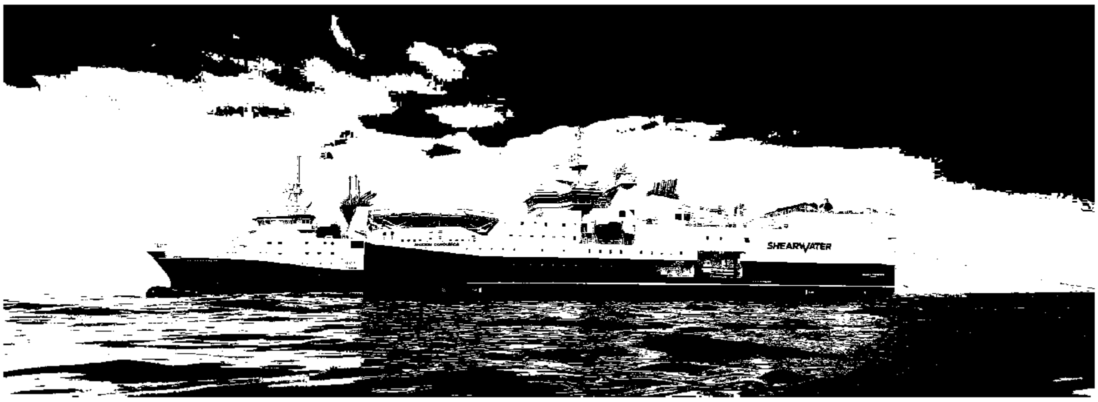
She received her master's degree from the University of Bergen in 2013, including one-year studies in Minnesota, USA, and became a certified lawyer in 2015. Gunnvor Dyrdi is also a deputy board member in the Norwegian Shipowner Association and serves as Board Secretary in Shearwater GeoServices Holding AS.

.

Tanya Herwanger
SVP Strategy & New Markets

Tanya has over eighteen years of experience in the seismic industry. During this time, she worked in functional, commercial, and general management roles gaining a broad and diverse view of the industry and its developments. Most recently Tanya was EVP Staff & Support at TGS ASA where she was responsible for business support and environmental, social, governance (ESG) strategy and implementation. Prior to this she was VP Africa, Middle East. Before joining TGS in 2014, Tanya worked as legal and compliance counsel for SLB/WesternGeco in Houston and London. During her time at SLB she supported both offshore and onshore seismic operations in multiple jurisdictions and spent three years as global marine legal counsel responsible for the fleet.

In addition to legal qualifications from Queen Mary & Westfield College and City University London, Tanya gained her Executive MBA from Mannheim Business School in 2020.



Board of directors' report

Shearwater GeoServices Holding AS ("Shearwater" or "Group") is a leading full-service provider of marine geophysical acquisition services with operations in all major offshore basins around the world. In line with the strategy, Shearwater has significantly expanded its operations through the consolidation of the marine seismic acquisition businesses of Schlumberger in 2018 and of CGG in January 2020. Additional investments in 2021, extending the commercial life of the fleet and streamer pool, combined with continuous technology development, underline Shearwater's commitment to leadership in marine geophysics.

Shearwater is organised into three primary business units: Marine Acquisition, Software Processing and Imaging and Technology.

- Marine Acquisition manages fleet operations and marine seismic acquisition projects.
- Software, Processing, and Imaging provide a truly integrated service for processing and re-processing projects in all geological environments on the most modern seismic processing software platform in the industry.
- Technology, Manufacturing and Engineering combines decades of experience to innovate every step from sensor design to final image.

Executing growth strategy

Shearwater has successfully completed three acquisitions since 2018, adding vessel capacity and seismic equipment to increase operational efficiency and flexibility. The Board is confident Shearwater is well placed to meet the current and future demand in both traditional and new markets.

In 2022, the fleet renewal strategy continued with the recycling of four of the older seismic vessels while four vessels from the most recent acquisition became operational. In 2023, Shearwater has further progressed the fleet renewal strategy with the conversion of the SW Tasman to the first multifunctional deepwater dual ROV OBN deployment vessel with remotely operated vehicles (ROV) to deploy ocean bottom nodes (OBN) onboard. Operational from mid-2023, it enables Shearwater to meet increased ocean bottom seismic demand with in-house capacity independent of the market availability for ROV vessels.

Leading fleet and technology platform

Shearwater currently owns and operates a fleet of 23 fully equipped seismic vessels offering a full range of acquisition services including 3D, 4D and ocean bottom seismic (OBS). Following it's OBS campaign in Brazil, Diamond is marketed for sale and will be recycled out of the seismic industry in 2023. All streamer vessels have full streamer packages with ample access to spares. Shearwater also develops and offers high quality processing and imaging services and Reveal software. The Group holds a portfolio of proprietary streamer technologies, processing software and the Monsoon cloud solution which enable efficient execution of geophysical surveys and delivery of high-quality data. The client-led research and development strategy has successfully secured external industry funding over the last few years for Marine vibrating source development, demonstrating Shearwater's commitment to sustainable seismic exploration. This continues in 2023 with the first ever Alpha test of the marine vibrating source. In 2022, Shearwater launched its in-house developed and manufactured Pearl ocean bottom node which currently is undergoing testing before being commercially deployed in a growing OBS market.

Shearwater is also increasingly engaging in energy transition-related activities including data acquisition and processing & imaging projects tied to carbon capture and storage, as well as other alternative applications of geophysics to support decarbonisation. The Group see great long-term potential in energy transition related services but expects fluctuations in activity in the near-term.

The number of employees increased from 863 at the end of 2021 to 1,021 at year-end 2022. The Shearwater team is highly qualified within marine operations, business development, seismic data analysis, technology development, and management. They enable Shearwater to execute the growth strategy by safe and efficient utilisation of all assets, and to offer a widening range of geophysical services to customers worldwide.

Proactively managing changing market conditions

Going into 2022, Shearwater had ten active vessels. The vessel-count increased to 12 by mid-year in response to positive market developments, despite the geopolitical uncertainty created by the invasion of Ukraine in February. A further vessel was activated in the second half, with an active fleet of 13 vessels going into 2023.

As a result of the war in Ukraine and subsequent economic sanctions, uncertainty over the security of energy supply resulted increased oil and gas price volatility over the course of the year. Oil prices peaked at close to USD 119 per barrel by mid-year before gradually returning to around USD 76 per barrel by year-end, closer to the starting point of 2022. Despite price volatility, tender volume for both streamer and seabed surveys increased in 2022 and we experienced a steady pricing improvement particularly in the second half of the year as exploration demand continued to improve, driven in part by several of the national oil companies.

Utilisation of the active fleet averaged 82% for the year, peaking at 92% in the fourth quarter. The combination of increased active vessel count, strong utilisation and an upward trend in pricing resulted in a year-over-year revenue increase of 36%. With strong operational execution and continued focus on base line costs for both streamer and deep-water nodal vessels, the revenue increase led to an 87% growth in EBITDA, compared with 2021. A build-up in working capital towards the end of 2022 impacted operating cash flow for the year. However, the effect was reversed going into the first half of 2023.

Throughout the year, Shearwater has proactively taken steps to manage the geopolitical uncertainty. This includes working actively to minimise the impact on both Ukrainian and Russian employees with a strong focus on employee wellbeing, as well as on operations by mitigating the impact on project execution for clients.

Well positioned for market recovery with robust financial platform

In 2022, global oil and gas exploration expenditures increased over the prior year. This was reflected in a growing seismic contract market and increased tendering activity, a trend that is continuing into 2023. Shearwater maintains proactive customer and partner dialogues to ensure alignment on project execution, future opportunities, and technology development.

The Board of Directors is confident that Shearwater is well positioned for a continued market recovery based on the company's leading market position, low-cost base, and limited capex requirements in the short- to medium term, combined with the significant backlog secured through the long-term capacity agreement with CGG and recent major contract awards.

Financial review

Income Statement

Total revenue for the Shearwater Group in 2022 was USD 725.6 million and EBITDA was USD 196.9 million compared to USD 531.9 million and USD 108.0 million, respectively, in 2021. The operating profit (EBIT) for 2022 was USD 70.9 million compared to an operating loss of USD 27.9 million in 2021, and net financial items were negative USD 48.6 million in 2022 compared to negative USD 47.5 million in 2021.

The Group's net profit after tax amounted to USD 19.8 million in 2022 compared to a net loss of USD 80.0 million in 2021. The improved profitability reflected a larger active fleet, higher average utilisation, improved contract pricing and good cost control during the year.

Cash Flow

Net cash flow from operations in 2022 was USD 137.4 million compared to USD 122.0 million in 2021.

Cash flow from investing activities was negative USD 55.7 million compared to negative USD 214.2 million in 2021. Cashflow from investing activities included the acquisition of the former Polarcus assets in 2021 and conversion of a third Isometrix vessel to the fleet in 2022.

Net cash flow from financing activities was negative USD 130.9 million in 2022 compared to positive USD 98.1 million in 2021. In 2022, the Group executed a two-year extension to one of the financing facilities which resulted in a USD 50 million debt repayment and drawdown of a new shareholder loan provided by RASMUSSENGRUPEN AS of NOK 300 million. Repayment of long-term loans for 2022 amounted to USD 215.9 million while interest expense paid on long-term debt and repayment of financial leases amounted to USD 39.3 million.

Net cash flow for the year was negative USD 49.2 million compared to positive USD 5.9 million in 2021.

Statement of financial position

The Group's total assets as at 31 December 2022 amounted to USD 1,337.8 million compared to USD 1,335.7 million at the end of 2021, while total assets in Shearwater GeoServices Holding AS were USD 633.1 million compared to USD 633.5 million at the end of 2021. At 31 December 2022, the Group's booked value of vessels was USD 906.6 million, and the book value of seismic equipment was USD 112.3 million compared to USD 951.5 million and USD 124.4 million respectively, at the end of 2021.

The Group's book equity at 31 December 2022 was USD 448.1 million corresponding to an equity ratio of 33.5%, with corresponding prior year figures of USD 428.3 million and 32.1%. Shearwater GeoServices Holding AS's equity was USD 509.0 million, corresponding to an equity ratio of 80.4%, compared to USD 518.2 million and equity ratio of 81.8% at the end of 2021.

Financing

Group interest-bearing debt, including shareholder loans of USD 127.8 million was USD 750.6 million at 31 December 2022, of which USD 139.9 million was classified as short-term debt, compared to USD 826.0 million of which USD 217.5 million was classified as short-term debt at the end of 2021. The decrease in short term debt is primarily due to the two-year extension of the USD 150 million bank facility in December 2022, with all facilities now maturing towards the end of 2024 or early 2025. The average maturity of the Group's loan portfolio was 2.4 years, down from 3.1 years at the end of 2021.

Group debt decreased by USD 75.4 million during the year principally through paid instalments, compared to increase of USD 152.6 million in 2021 due to asset acquisitions partially offset by paid instalments and repayments related to refinancing. At 31 December 2022, the Group's cash holding was USD 52.0 million of which USD 1.3 million was classified as restricted. Net interest-bearing debt was USD 698.6 million, compared to USD 724.8 million at 31 December 2021.

In April 2021, the Group completed the acquisition of six seismic vessels and associated seismic equipment previously owned by Polarcus. The Group financed this transaction with a new USD 107.5 million loan facility and a convertible shareholder loan from RASMUSSENGRUPPEN AS of USD 85.0 million. In 2022, the Group made no repayments associated with these facilities. In addition, the Group entered into a USD 10 million overdraft facility agreement with termination date in January 2025, of which USD 7.3 million was drawn at the year end.

The Group debt covenants are tied to free liquidity, working capital, equity, and market value of the vessels. The Group was compliant with its covenants at 31 December 2022.

Going concern

Based on the above report of profit and loss for the Shearwater Group, the Board of Directors confirms that the financial statements for 2022 have been prepared based on the assumption of a going concern and the Board believes that this assumption is appropriate and in accordance with section 3-3 of the Norwegian Accountancy Act.

Application of the parent company's net income for 2022: Shearwater GeoServices Holding AS had a loss of USD 9.3 million in 2022 and the loss is proposed added to uncovered losses.

Risks and risk management

The Group has developed a risk management system which reports to the Board semi-annually, addressing and evaluating risks across main categories and specific factors. The Group is committed to managing risks by actively capturing opportunities and addressing undesired risks by mitigating probability and severity.

The Group emphasises that this annual report includes certain forward-looking statements of expected activities or developments. The statements are based on assumptions and estimates, and some of them are beyond the Group's control and therefore subject to risks and uncertainties.

Market risk

The profitability and cash flow from the Group's operations will depend upon the overall demand and investment level of operators and oil companies which in turn are impacted by the market price for oil and gas. Energy prices are subject to numerous factors outside of the Group's control, including economic and political conditions, supply and demand, the policies of the Organisation of Petroleum Exporting Countries (OPEC), currency exchange rates and the availability of alternative fuel sources.

Oil price fluctuations may have a significant impact on the Group's business through project postponements and reduced operational activity. However, higher, or lower commodity demand and prices do not necessarily translate into increased or decreased activity. Customers' project development time, reserve replacement needs, as well as expectations of future commodity demand and prices are additional factors that influence the demand for the Group's services. Each one of these may have a material impact on results from operations and profitability.

Over the last ten years there has been periods with relatively low oil and gas prices, and this has contributed to reduced supply of seismic vessels, with several units removed from the market in recent years through decommissioning or temporary lay-up. With a significant share of the global seismic vessel capacity in lay-up, there is a risk that a potential increase in demand may be overestimated and lead to excess supply as vessels are reactivated and negatively impact market rates and the Group's operational and financial performance.

Operational risk

Shearwater is exposed to operational risks, especially related to offshore services, such as mechanical breakdowns, technical problems, collisions, bad weather and other force majeure events. If any of these risks materialises, the Group's business could be interrupted, and the Group could incur significant liabilities. While some of these risks are covered by insurance, there may be significant deductibles. The risks may ultimately result in curtailment or cancellation of, or delays in, exploration and production activities for the customers, which in turn may adversely impact Group operations and have a material negative impact on Group earnings and valuation.

There is also a general inherent risk related to conducting international business. These include, but are not limited to, unexpected changes in regulatory requirements, difficulties in staffing and managing foreign operations, social and political instability, fluctuations in currency exchange rates, potentially adverse tax consequences, legal uncertainties regarding liability and enforcement, and changes in local laws and controls on the repatriation of capital or profits. Any of these risks could materially affect the Group's operations and, consequently, the financial position and profit of the Group. Shearwater seeks to minimise operational risk and is dedicated to ensuring good and stable operations and has introduced adequate systems and routines for quality assurance from the time the Group was established.

Financial risk

Foreign exchange risk

A majority of the Group's revenue is in USD. As the Group has a global footprint, the Group has and will have revenue in other currencies going forward with the associated foreign exchange risk. The Group is seeking to match operational cost with revenue to reduce this risk. As USD is expected to represent the majority of Group revenues the main liabilities are also denominated in USD. The Group's expenses are mainly recorded in USD, GBP, EUR, and NOK. The Group may attempt to minimise risks by implementing hedging arrangements when appropriate but will not be able to fully avoid foreign exchange related risks. Currency exchange rates are subject to the prevailing supply and demand situation in the foreign exchange markets. Changes in currency exchange rates relative to the USD may affect the USD value of the Group's assets, liabilities, revenues, and expenses and thereby impact the Group's financial performance.

Interest rate risk

The majority of the Group's external financing is subject to floating interest rates with interest cost exposed to fluctuations in market interest rates. At the end of 2022, interest rate exposure for 31% of Group liabilities were secured through fixed interest mortgages. In December 2020 the Group entered interest rate swaps totalling USD 214 million with maturity in December 2024. In December 2022, the Group closed the interest rate swaps with a financial gain of USD 12 million.

Credit risk

Lack of or delayed payment from customers may significantly and adversely impact Group revenue and liquidity. Customers are mainly companies within the energy industry. This concentration may impact the Group's overall exposure to credit risk as customers may be simultaneously affected by prolonged changes in economic and industry conditions, as well as by the general constraints on liquidity resulting from continued low oil prices. Further, laws and regulations in some jurisdictions in which the Group operates could make collection difficult or time-consuming. The Group gives due consideration to the credit quality of its potential clients during contract negotiations to minimise credit risk.

Liquidity risk

The Group was established in December 2016 with solid backing from owners injecting substantial liquidity into Shearwater. Shareholders injected an additional USD 50 million to increase liquidity in connection with the acquisition of the shares in Reflection Marine ASA (the holding company of Schlumberger's marine acquisition segment) in November 2018. In December 2021, shareholders injected an additional USD 30 million associated with the refinancing of existing debt facilities. In December 2022, the Group extended one of the bank facilities by two years and paid down USD 50 million of the facility. All facilities now mature end of 2024 or the beginning of 2025.

The marine seismic acquisition business is a capital-intensive business segment and working capital requirements are high. The group is exposed to delays in project execution and late payments from clients which might have substantial impact on the group's liquidity. To minimise liquidity risk, the group actively manages and forecasts liquidity for short- and long-term requirements.

Climate risk

Shearwater acknowledges the recommendations set forth by the Task Force on Climate Related Financial Disclosures (TCFD) and considers climate risks and opportunities when developing strategies and financial plans. Climate risk can be defined as the combination of transitional risk and physical risk. Transitional risks comprise market, reputational and policy risks, whereas physical risks arise through changes in weather patterns, temperature increases and other physical effects of climate change. Shearwater provides an analysis of climate risks and opportunities and measures that have been implemented to ensure long-term value creation in the sustainability report available at www.shearwatergeo.com.

The Group business and operating results could be adversely affected by climate change and the adoption of new climate change laws, policies, and regulations in response to growing concerns about climate change and greenhouse gas emissions developed by governments and third-party organisations. Shearwater could face increased expectations from stakeholders to take actions beyond existing regulatory requirements and own stated ambitions to minimise external impact and mitigate climate change. This may require additional measures and costs with potential to impact the Group's business, financial results, and position. As a result, the Group has established a strategy and made organisational changes to address the needs resulting from the transition to the carbon neutral targets of various countries. Demand for Carbon Capture Utilisation and Storage solutions are increasing and will be an increasing proportion of the seismic capital expenditure of clients going forward, The Group are monitoring climate risk through the Environmental, Social and Governance committee established in 2021 which has participation of senior management from all areas of the business. Shearwater operations are also exposed to physical risk from the activities of climate change activists within the area of survey operations. This is managed by interaction with local maritime authorities, close dialogue with clients and commitment to safe operations.

Geopolitical risk

In February 2022, Russia invaded Ukraine with a significant negative impact on people and local infrastructure, and with wide-ranging consequences for the global political and economic environment. The ongoing invasion is widely condemned in the international community and sanctions have been imposed on Russian businesses, certain nationals, and the state. The war has led to widespread business disruptions, impacted the global economy and commodity prices, and triggered significant short-term volatility in international debt and equity markets. There is great uncertainty with regards to the extent and duration of the conflict and its impact on the global economy, as well as the Group's performance over time. Oil and gas prices have increased from already high levels before the invasion due to Russia being a leading exporter of gas, oil and coal to Europe. There is uncertainty regarding the potential impact on safe and reliable energy supply, as well as to the market prices of oil, gas and other commodities which may impact the Group's future operations and results. Geopolitical risk also impacts survey operations in certain parts of the world and Shearwater manages this by close engagement with clients and local authorities.

Other risk

Other risks actively monitored by the Group include the Covid-19 pandemic and cyber security. The risk for cyber-attacks is considered higher since the start of conflict in Ukraine. Cyber attacks are continously evolving. To mitigate these risks, we implement security management in a planned and systematic way and continously improve the security standard across the Group.

Environment, Social and Governance ("ESG")

In 2020, the Group published the first ESG report and established an ESG committee to oversee the implementation of the ESG strategy. In 2022, the company strengthened the organisation through two new ESG positions to coordinate and progress Group improvement initiatives and to ensure compliance with the relevant international regulations and stakeholders' expectations. Sustainability is a key element of the strategy execution and Shearwater supports the Paris Agreement and the UN Sustainability Development Goals (SDG's).

Shearwater's Board of Directors, management and governance structures aim to ensure compliance with all relevant government requirements, laws, and regulations. The Group has established a Code of Conduct and corporate social responsibility policy which supports the safeguarding of the environment, employees, and society in general. Ethical, social, and environmental considerations are well-integrated into daily operations, and the values of safety, quality and integrity underpin everything Shearwater does.

Shearwater manages the environmental risk of operations with scale and efficiency. All vessels seek operational improvements to prevent pollution, minimise other negative external impacts and comply with relevant laws and regulatory requirements in countries of operation. The scale of Shearwater's fleet provides opportunity to reduce transit distance and lay-up vessels close to areas of operations.

In the 2022 sustainability report Shearwater took steps toward aligning reporting with the new EU Corporate Sustainability Reporting Directive (CSRD) and its draft standards (ESRSs). In addition, Shearwater has further developed the Taskforce for Climate-Related Financial Disclosures and aligned emissions reporting with the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard.

A more detailed account of Shearwater's ESG goals and strategy is contained in the annual sustainability report which can be found at www.shearwatergeo.com.

Organisation and working environment.

In 2022, the number of permanent employees increased to 1,021 compared to 863 at the end of 2021. Shearwater continued to build on the strong Group-wide organisational culture established through the Shearwater Focus program initiated in 2019 and continuous attention to creating a good working environment both onshore and offshore. This included providing a special attention to support Ukrainian and Russian crew members due to the ongoing conflict. In 2022, Shearwater built on this and launched Shearwater DNA, a program that establishes our core purpose, vision, and values to form an integral part of our common identity as an organisation.

Shearwater has been able to attract skilled employees in its target areas and has a highly dedicated and motivated workforce. As an employer, Shearwater does not accept discrimination of any kind towards its employees or other parties involved in the company's activities. This includes all unjust treatment, exclusion or preference based on ethnicity, gender, age, sexual orientation, disability, religion, political persuasion, or other circumstances.

In late 2021, Shearwater launched a gender balance network (Ardenna), with a focus on strengthening a culture of equal opportunities, improve the company's gender balance and to ensure the Group attracts and retains the best talents to stimulate innovation and development.

The Group sick leave ratio was 1.5% in 2022. During the year, Shearwater executed several operations in areas with high fishing activity and heavy commercial traffic. Shearwater focus on safety in all its activities and no incidents with serious harm to personnel occurred in 2022.

Quality, health, environment, and safety

The Group's management systems are aligned to IOGP guidelines and certified to ISO9001. 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 models, and the software is widely used in other industries where compliance to safe working practices is paramount. The Group's management system places significant emphasis on Occupational Health and Human factors as fundamental components of the Group's operational practices. We have implemented robust Behavioural Based Safety processes throughout all our business lines, firmly supporting the Group's QHSE strategic plan and fostering a culture of continuous learning.

The Group's fleet of modern seismic vessels provides 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 through robust asset integrity management systems.

There were fifteen total recordable incidents in 2022 with three high potential incidents and zero fatalities, compared with seven total recordable incidents, five high potential incidents and zero fatalities in 2021.

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 the goal of zero loss, zero harm and zero rework. Shearwater is a Governing Member of EnerGeo.

Corporate governance

The ultimate parent company in the Shearwater group is Shearwater GeoServices Holding AS, a limited liability company registered in Norway. Shearwater's governance and corporate management is based on Norwegian corporate law and compliance with relevant principles in the "Norwegian Code of Practice for Corporate Governance" (the NUES recommendation). The Group is subject to the Norwegian Transparency Act. The Group's statement under the Act will be published on www.shearwatergeo.com no later than 30 June 2023, and will be accessible in the footer of the frontpage.

It is the Group's view that effective corporate governance is fundamental to success, and a framework for successful services to customers and value creation for owners. Good corporate governance is characterised by open, responsible communication and cooperation among the owners, its Board of Directors, and management, in the context of both short-term and long-term value creation perspectives.

Shearwater maintains corporate policies to ensure that all employees carry out their activities in an ethical manner and in accordance with current legislation and Shearwater standards. The Corporate Social Responsibility Policy and the Code of Conduct have been approved by the Board of Directors, and addresses personal conduct and business practice, including handling conflict of interest, combating corruption, and respecting human rights. These policies apply to all employees worldwide as well as suppliers, consultants, and business partners.

It is through the general meeting of shareholders that the shareholders of Shearwater exercise ultimate authority in the company and elect the members of the Board of Directors. The Board is elected by the shareholders of the Company to oversee management and to assure that the shareholders' long-term interests are served. The Board of Directors are responsible for the administration, development, and supervision of all Shearwater business.

On 1st December 2022, the Group strengthened and expanded the Board with the appointment of Kristin Færøvik. The Board of Directors currently consists of seven directors, four shareholders' representatives, two directors elected based on votes at the General Meeting and one independent Chairman. In accordance with Norwegian corporate law, the Board of Directors has overall responsibility for management of the Company, while the CEO is responsible for day-to-day management.

The Board of Directors has adopted Corporate Governance Guidelines that sets further rules of procedures for the Board of Directors and the CEO. Shearwater has directors, officers and company liability insurance which covers financial loss of the insured person, financial loss of the company in respect of any securities claim, outside entity executive cover and financial loss of outside entity executive.

Shareholder information

Shearwater GeoServices Holding AS has two classes of shares, class A and class B, of which the latter carry no voting rights. At 31 December 2022, three principal shareholders owned the class A shares with RASMUSSENGRUPPEN AS, including wholly owned subsidiaries, holding 78%, Schlumberger Norge AS holding 13% and GC Rieber Shipping ASA holding 9%. In 2017, the Company issued class B shares which are currently owned by the Company and key employees. In 2021, certain members of the board subscribed to class A shares as part of the partial divestment by GC Rieber Shipping ASA.

Prospects

Shearwater's operations are exposed to developments in the markets for oil and gas exploration and production. The energy markets experienced a significant tightening through 2022 as demand recovered towards the long-term trend whereas supply struggled to keep up. Several years of under-investment in the oil and gas sector has not been sufficiently compensated by investments in renewable energy and the second half of 2022 saw shortages and increasing energy prices. The war in Ukraine further underlined the importance of reliable and affordable energy supply.

As a result of this, energy companies are increasing their capex budgets for 2023 and guidance for the coming years. National oil companies represent the largest increases, but the oil majors are also communicating higher spending going forward. Shearwater is experiencing increased tender volume, both for streamer seismic and ocean bottom seismic surveys.

Growth opportunities are also emerging with increased investments in new markets such as wind, carbon storage, geothermal and other areas. Shearwater is well positioned to capture these opportunities as the largest provider of marine seismic acquisition services with a low-cost base and limited capex requirement over the coming years.

A significant backlog through the capacity agreement with CGG and recent major contract awards, combined with a strong balance sheet and support from shareholders, provides operational and financial strength for Shearwater to fully capitalise on a market recovery and to expand into energy transition activities.

Responsibility statement

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 31 December 2022 has been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations determined by the International Accounting Standards Board and adopted by the EU effective as at 31 December 2021, and that the information gives a true and fair view of the Group's assets, liabilities, financial position and profit or loss. We also confirm, to the best of our knowledge, that the annual report includes a fair review of important events that have occurred in the accounting period and their impact on the condensed set of financial statements.

Kristiansand, 20th June 2023

Robert Hobbs
Chairman of the Board

Stein Vidar Håland
Board member

Lars Erik Larsson
Board member

Vijay Kasibhatla
Board member

Trygve Lauvdal
Board member

Cathrine Lund Larsen
Board member

Kristin Færøvik
Board member

Irene Waage Basili
Chief Executive Officer

GROUP FINANCIAL STATEMENT SHEARWATER GEOSERVICES HOLDING AS

Group Financial Statement

CONSOLIDATED INCOME STATEMENT

THE SHEARWATER GEOSERVICES HOLDING AS GROUP

(In thousands of USD)	Note	2022	2021
Operating revenue and other income			
Marine acquisition	3	691,356	500,094
Software, Processing, and Imaging (SPI)	3	25,409	16,046
Manufacturing & Engineering	3	8,251	6,595
Other income	3	610	9 189
Total Revenue and Other Income		**725,626**	**531,924**
Operating expenses			
Cost of sales	4, 5, 6	502,444	403,946
Depreciation	9, 10	121,917	131,424
Impairment	9	-	852
Sales, general and administration cost	6	26,223	19,951
Acquisition cost		-	2,924
Other losses (gains) net	7	4,118	766
Total Operating Expenses		**654,702**	**559,863**
Operating profit (EBIT)		**70,924**	**-27,940**
Financial income	7	15,934	3,930
Financial expenses	7	-64,515	-51,464
Net Financial Items (+Income/-Expense)		**-48,580**	**-47,534**
Net income before taxes		**22,344**	**-75,474**
Taxes	8	2,562	4,516
Net Income (+profit/-loss)		**19,782**	**-79,990**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Net income for the year	19,782	-79,990
Other comprehensive income	-	30
Total comprehensive income for the year	**19,782**	**-79,960**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

THE SHEARWATER GEOSERVICES HOLDING AS GROUP

(In thousands of USD)		31 December 2022	2021
ASSETS			
Goodwill	10	2,048	2,048
Intangible assets	10	24,214	23,068
Total Intangible Assets		**26,262**	**25,116**
Vessel and marine equipment	9	906,573	951,490
Seismic equipment and other equipment	9	112,256	124,406
Right of use assets	9, 15	9,411	11,539
Manufacturing equipment	9	2,126	2,356
Total Tangible Assets		**1,030,366**	**1,089,791**
Total Non-Current Assets		**1,056,628**	**1,114,907**
Other current assets	12	54,487	27,139
Trade receivables	3, 12	161,076	76,508
Other receivables	3, 12	13,574	8,951
Cash and cash equivalents	14, 16	52,000	101,199
Total current assets		**281,137**	**213,796**
Assets held for sale - vessels	9	-	6,969
Total Financial Current Assets		**-**	**6,969**
Total Assets		**1,337,765**	**1,335,672**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

THE SHEARWATER GEOSERVICES HOLDING AS GROUP

(In thousands of USD)	Notes	31 December 2022	2021
EQUITY AND LIABILITIES			
Share capital	18	38,397	38,397
Share premium		203,581	203,581
Other paid in capital		392,980	392,980
Own shares		-442	-442
Retained earnings		-186,451	-206,181
Total Equity		**448,066**	**428,336**
Deferred tax liability	8	90	110
Long-term debt	11, 16	603,009	598,165
Lease liabilities	15	7,714	10,338
Total Long-Term liabilities		**610,832**	**608,613**
Current portion of long-term debt	11, 16	100,746	57,350
Short-term debt	11, 13, 16	36,667	157,811
Lease liabilities	15	2,464	2,322
Trade payables		93,244	56,152
Taxes payable	8	1,282	4,210
Other short-term liabilities	3, 13	44,484	20,879
Total short-term liabilities		**278,886**	**298,724**
Total liabilities		**889,699**	**907,336**
Total equity and liabilities		**1,337,765**	**1,335,672**

Kristiansand 20 June 2023

Robert Hobbs
Chairman of the board

Stein Vidar Håland
Board member

Lars Erik Larsson
Board member

Vijay Kasibhatla
Board member

Trygve Lauvdal
Board member

Cathrine Lund Larsen
Board member

Kristin Færøvik
Board member

Irene Waage Basili
Chief Executive Officer

CONSOLIDATED CASH FLOW STATEMENT

THE SHEARWATER GEOSERVICES HOLDING AS GROUP

(In thousands of USD)	Notes	2022	2021
Cash flow from operating activities:			
Net income before taxes		22,344	-75,474
Paid tax		-3,457	-1,144
Depreciation and write down	9	121,917	132,276
Capitalised depreciation	9	1,094	-696
Profit on sale of equipment	9	-283	8
Interest expenses	7	61,221	48,890
Change in current assets / liabilities		-65,394	18,146
Net Cash flow from operating activities		**137,441**	**122,006**
Cash flow from investing activities:			
Payments for fixed assets	9	-63,658	-215,168
Payments for sale of equipment	9	7,937	962
Net cash flow from investing activities		**-55,721**	**-214,206**
Cash flow from financing activities			
Drawdown of long-term loan	11	96,204	107,500
Repayment of long-term loan	11	-215,922	-61,354
Drawdown of shareholder loan	18	30,273	85,000
Drawdown of overdraft account		-2,120	7,298
Repayment of lease liabilities	15	-3,048	-3,067
Interest paid		-36,306	-37,309
Net cash flow from financing activities		**-130,919**	**98,068**
Net increase in cash and cash equivalents		**-49,199**	**5,867**
Cash and cash equivalents at start of period		101,199	95,332
Cash and cash equivalents at end of period	**14**	**52,000**	**101,199**

STATEMENT OF CHANGES IN EQUITY
THE SHEARWATER GEOSERVICES HOLDING AS GROUP

For the year ended 31 December 2022

(In thousands of USD)	Share capital	Share premium	Other paid in capital	Approved not registered	Own shares	Retained earnings	Total equity
Balance at 1 January 2022	**38,397**	**203,581**	**392,980**	**-**	**-442**	**-206,181**	**428,336**
Net income for the year						19,782	19,782
Other comprehensive income						-	-
Other changes						-50	-50
Total equity at 31 December 2022	**38,397**	**203,581**	**392,980**	**-**	**-442**	**186,451**	**448,066**

For the year ended 31 December 2021

(In thousands of USD)	Share capital	Share premium	Other paid in capital	Approved not registered	Own shares	Retained earnings	Total equity
Balance at 1 January 2021	**34,364**	**132,869**	**392,980**	**74,745**	**-442**	**-126,221**	**508,296**
Share issue/debt conversion from 2020 registered in January 2021	4,033	70,712		-74,745			-
Net income for the year						-79,990	-79,990
Other comprehensive income						30	30
Total equity at 31 December 2021	**38,397**	**203,581**	**392,980**	**-**	**-442**	**-206,181**	**428,336**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

NOTE 1: GENERAL INFORMATION

Shearwater GeoServices Holding AS (the parent company) is a Norwegian registered company with corporate office in Bergen, with subsidiaries in Norway, United Kingdom, United States, Singapore, Malaysia, Brazil, Ghana, and the Netherlands.

Shearwater is a global provider of 3D, 4D and Ocean Bottom marine seismic data acquisition, land and marine processing and imaging products, data processing software and manufacturing. Shearwater has a fleet of modern purpose-built vessels with towed and Ocean Bottom seismic acquisition capabilities.

The consolidated financial statement was authorised for issue by the Board of Directors on 20 June 2023.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the company have been prepared in accordance with the Norwegian Accounting Act § 3-9 and the financial statements comply with International Financial Reporting Standards (IFRS) as adopted in the European Union. All amounts are in USD.

2.1 Basis for consolidation

The consolidated financial statements incorporate the financial statements of Shearwater GeoServices Holding AS and entities controlled (subsidiaries) by Shearwater GeoServices Holding AS. Control is achieved when the Group is exposed, or has rights, to variable returns from involvement with the investee and can affect those returns through its power over the investee.

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three following elements of control:
- Power over investee
- Exposure, or rights, to variable returns from its involvement with the investee
- Ability to use its power over the investee to affect its returns

Consolidation of subsidiaries begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Intercompany transactions, balances, and unrealised gains on transactions between group companies are eliminated. Unrealised losses are eliminated but also considered as impairment indicator of the asset transferred. Accounting policies of subsidiaries will be changed when it is necessary to ensure consistency with the policies adopted by the Group.

2.2 Business combinations

The purchase method is applied when accounting for business combinations. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange. Cost directly attributable to the acquisition is expensed. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

The preliminary purchase price allocation in a business combination is changed if new information on the fair value becomes available and is applicable on the date when control is assumed. The allocation may be altered prior to the expiry of a 12-month period.

2.3 Foreign currency

The consolidated financial statements are presented in USD, which is the Group's presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. 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. The parent and all the subsidiaries have USD as their functional currency.

Non-monetary assets items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operations and translated at the closing rate.

The assets and liabilities of entities with other functional currency than USD are translated into USD at the rate of exchange ruling at the balance sheet date and their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of an entity, the deferred cumulative amount recognised in the equity relating to that particular entity is recognised in profit or loss.

2.4 Property, Plant and Equipment (PPE)
Property, plant, and equipment acquired by the Group 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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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.

Depreciation on items of property, plant and equipment are mainly depreciated using the straight-line method to allocate their cost to their residual values. One of the subsidiaries is using depreciation by production.

Asset group	*Useful life*
Office equipment including hardware	3 years
Vessels	25 years
Periodical maintenance	2.5-5 years
Fixed seismic equipment onboard vessel	5 - 7 years
Seismic equipment, leased and owned	5 - 7 years
Processing equipment	3 - 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.

2.5 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 assets, other than those specified below is expensed as incurred.

Research and development costs
Research costs are expensed as incurred. An internally generated intangible asset arising from development (or

from the development phase of an internal project) is recognised if all of the following have been demonstrated: technical and commercial feasibility of completing the intangible asset so that it will be available for use or sale; the intention to complete the intangible asset and use or sell it; the ability to use or sell the intangible asset; how the intangible asset will generate probable future economic benefits; the availability of adequate technical, financial and other resources to complete the development to use or sell the intangible asset; and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date on which the intangible asset first satisfies the recognition criteria above. All other development costs are expensed as incurred.

After initial recognition, internally generated intangible assets are reported at cost less accumulated amortization and accumulated impairment, on the same basis as intangible assets acquired separately. Capitalised development costs are amortised on a straight-line basis over the estimated useful life of the asset.

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. For investment in associates, goodwill is included in the investment's carrying amount.

Goodwill is not amortised but is tested for impairment annually or more frequently 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.

2.6 Inventories
Inventories are stated at the lowest of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.7 Trade receivables
Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the Trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

After initial recognition Trade receivables and Contract assets are measured at amortised cost less provision for lifetime expected credit losses. Trade receivables and Contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 120 days past due. Impairment losses on Trade receivables and Contract assets are presented as Impairment within Operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

2.8 Cash and cash equivalents
Cash includes Cash in hand and at bank. Cash equivalents are short-term liquid investments that can be immediately converted into a known amount of cash and have at initial recognition a maximum term to maturity of three months.

2.9 Equity

Costs of equity transactions, share issuance costs and other transaction costs that are incremental and directly related to an equity transaction are shown in Equity as a deduction, net of tax, from the proceeds.

2.10 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises the liabilities to make lease payments and Right-of-use assets representing the right to use the underlying assets.

Lease term

The lease term is determined on the commencement date of the lease, and corresponds to the term of the lease contract, unless the Group is reasonably certain that it will exercise contractual extensions or termination options.

Measurement of lease liabilities

At the commencement date of the lease, the Group recognises a lease liability measured at the present value of lease payments due under the contract, less any lease incentives receivable, plus the costs of purchase or termination options if reasonably certain to be exercised. Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Group's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Subsequently, the carrying amount of the lease liability is increased to reflect the accumulation of interest on the liability balance and reduced as the lease payments are charged to the liability. In addition, the carrying amount of the lease liability is remeasured to reflect contractual modifications, changes to lease payments or changes in the assessment of the lease term.

Measurement of right-of-use asset

Right-of-use assets are measured at cost, comprising the initial measurement of lease liability, lease payments made at the commencement date, initial direct costs, and estimated restoration costs, less any lease incentives received.

Subsequently, the Right-of-use asset is measured at cost, less accumulated depreciation, and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The Right-of-use assets are also subject to impairment. Refer to the accounting policies in section Impairment of Property, Equipment, and Intangibles.

Short term leases and low value leases

The Group has elected to apply the recognition exemption to lease contracts with a duration of 12 months or less, or that relate to assets with an underlying low value. Lease payments associated with short-term leases and leases of low-value assets are expensed on a straight-line basis.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

2.11 Income tax

Current income tax

Income tax expense represents the sum of the current tax expense (or recovery) plus the change in Deferred tax liabilities and asset during the period, except for current and deferred income tax relating to items recognised directly in equity, in which case the tax is also recognised directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are calculated using the liability method for all temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and for tax purposes, including tax losses carried forward. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred income tax is recognised on temporary differences arising on investments in subsidiaries, associates, and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

The Group includes deductions/benefits from uncertain tax positions when it is probable that the tax position will be ultimately sustained.

The carrying amount of deferred income tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each end of the reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The probability assessment is based on Management's judgement and estimates in regard to future taxable income and tax planning opportunities (see separate note describing accounting estimates below, cf 2.19).

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period. The income tax rate in Norway is 22% from 1 January 2019. Deferred tax/liability on all temporary differences in the Norwegian group companies are calculated using a tax rate of 22%.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes are related to the same taxable entity and the same taxation authority. Deferred tax is classified as long-term in the consolidated statements of financial position.

2.12 Employee benefits
Pension obligations
The companies in the group have a defined contribution plan. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior period. The Group has no further payment obligations once the contributions have been paid. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity for pension, based on obligatory, agreed on or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.13 Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the Chief operating decision-maker. The Chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the corporate management, which consist of the Group's CEO, CFO and CCO.

2.14 Revenue recognition
Revenue from contracts with customers arises primarily from performance of proprietary/exclusive seismic services in accordance with customer specifications. Revenue is recognised at the amount that the Group expects to be entitled to and expects to collect under the contract. (If a contract has multiple performance obligations, consideration is allocated among the performance obligations based on their estimated relative

fair values).

Where the Group has satisfied its performance obligations and has a right to consideration, accrued revenue is recognised. The principles applied for each of the main types of contracts with customers are described in more detail in note 3.2.

2.15 Provisions

A provision is recognised when the Group has an obligation (legal or self-imposed) because 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.

2.16 Classification of assets and liabilities in the balance sheet

Assets meant for permanent ownership or use and receivables which are due later than one year after the end of the accounting period are classified as Fixed assets. Other assets are classified as Current assets. Liabilities which are due later than one year after the end of the accounting period are classified as Long-term liabilities. Other liabilities are classified as Current liabilities. Next year's instalments on long-term debt are classified as Current liabilities in the balance sheet.

2.17 Events after the balance sheet date

New information on the Group's financial position on the balance sheet which becomes known after the balance sheet date is recorded in the Annual Accounts. Events after the balance sheet date that do not affect the Group's financial position on the balance sheet but will affect the Group's financial position in the future are disclosed if significant.

2.18 Cash flow statement

The Cash flow statement is presented using the indirect method. Cash and cash equivalents include cash, bank deposits and other short term highly liquid placement with original maturities of three months or less. The cash flows are divided into operating activities, investing activities and financing activities.

2.19 Use of estimates, judgements, and assumptions in the preparation of the financial statements

Management has used estimates and assumptions which have affected the assets, liabilities, income, and expenses, as well as the disclosures regarding potential obligations. This particularly relates to deferred tax assets, provisions for liabilities and write-downs of fixed assets when there are indications of impairment. The estimates may change because of future events. The estimates and the underlying assumptions are reassessed continuously. Changes in accounting estimates are recognised in the income statement in the period the changes occur. If the changes also relate to future periods, the effect will be distributed over the present and future periods.

Impairment of seismic vessel and equipment

Seismic vessels and equipment are regularly reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Management has estimated both Fair value less cost of disposal and Value in use. Fair value less cost of disposal is based on the average of two valuations from reputable brokers, adjusted for expected sales commissions. The values in the broker valuations are quoted as a range. The mid-point in the range is used, since this is considered to best reflect all possible outcomes of a potential transaction. In the current market, the valuations from brokers only to a limited extent represent results of transactions of similar assets. This reduces the reliability of the valuation, and management has sought to substantiate the broker valuations, inter alia with value in use calculations or tests of reasonableness of implicit rates derived from the valuations.

Implicit rates have been derived from a discounted cash flow model. Both vessel values and booked value of seismic equipment is included in estimating the implicit rates. Estimating future cash flows requires management to make judgments regarding long-term forecasts of future revenues and costs related to the assets subject to review. These forecasts are subject to uncertainty as they require assumptions about demand for our products and services, future market conditions and technological developments. Significant and unanticipated changes in these assumptions could result in impairments in a future period.

The Group applied a pre-tax discount rate of 12.1% in determining discounted cash flows in connection with the impairment evaluations of seismic vessels and equipment at year end. The rates reflect the estimated weighted average cost of capital for Group activities.

When estimating value in use, management has used the same assumption and discount rate as in the evaluation of the broker valuations.
In estimating future cash flows for the seismic fleet, management has based the assessment on awarded projects as well as estimates about future rates. Throughout 2022 the Group has experienced an increase in quantity and pricing of tenders rising over the course of 2022. With the current rise in energy prices, lack of exploration investment over recent years and continued rise in energy demand, Shearwater expects the demand for seismic services will increase over the coming years.

Due to the inherent volatile nature of macro-economic factors such as future oil price, discount rate and changes to rules and regulations for seismic exploration, there is always a risk of change to the assumptions used.

A sensitivity analysis has been prepared for the Group's vessels. The sensitivity analysis applies a 3 percentage points and 5 percentage points lower assumption for operating profit ("EBIT") for the long term. No impairment is needed in these two scenarios as of December 31, 2022.

Management has also reviewed book value of seismic equipment separate from the seismic vessel impairment. This review focused on fair value based on known second-hand purchase prices as well as expected value of new streamers.

Deferred tax assets
Deferred tax assets are recognised in the balance sheet when it is probable that the company will have sufficient future taxable profit to benefit from the tax asset. Significant management judgment is required to estimate the amount of deferred tax assets that can be recognised in the balance sheet. Based on budgets considering the Group's existing market conditions, none of the losses carried forward can be utilised in the very near term. Reference is made to note 8 – taxes.

2.20 Climate risk/sustainability
The company is monitoring the impact of climate risk and sustainability and the impact this may have on accounting estimates, accruals, and impairments. The legislative impact in response to climate change is highly uncertain and through the establishment of an Environmental, Social and Governance committee the company monitors technology changes that could be applied in the future. Subsequent changes in government legislation and market responses to climate change will continue to be monitored by the company and may result in changes to accounting assumptions in the future.

2.21 Assets held for sale
Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. The sale is highly likely if, at the reporting date, management has committed to detailed sales plans, is actively looking for a buyer and has set a reasonable selling price and the sale is highly likely to occur within a year. Such assets are measured at the lower of their carrying amount and fair value less costs to sell. Once classified as held for sale, the non-current assets will no longer be depreciated.

2.22 New and amended standards and interpretations adopted by the Group
The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The following mandatory amendments have been adopted:

- Amendments to IAS 16: Property, Plant and Equipment - Proceeds before intended use
- Amendments to IFRS 3: Reference to the Conceptual Framework
- Amendments to IAS 37: Onerous Contracts – Costs of Fulfilling a Contract
- Annual improvement to IFRS 9: Fees in the '10 per cent' test for derecognition of financial liabilities

These amendments had no material impact on the consolidated financial statements.

2.23 New standards and interpretations not yet adopted by the Group

Standards and interpretations that are issued up to the date of issuance of the consolidated financial statements, but not yet effective, are disclosed below. The Company's intention is to adopt the following relevant new and amended standards and interpretations when they become effective, subject to EU approval, before the consolidated financial statements are issued.

- *Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies*
- *Amendments to IAS 8: Definition of Accounting Estimates*
- *Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The Group has assessed the expected impact and is currently not expected to have a material impact on the consolidated financial statements.

There are no other standards or interpretations that are not yet effective that would be expected to have a material impact on the Group's financial statements.

NOTE 3: REVENUE

3.1 Segment information

The Chief Executive Officer, the Chief Financial Officer and the Chief Commercial Officer are responsible for following up and ensuring that the Group's performance is in line with the Group's existing strategy both from a product perspective as well as enabling the Group to evolve within its given parameters. Early in 2021 the Group decided to form a new combined business line with Software and Processing & Imaging (SPI). Combining these gave the Group an opportunity to release untapped potential in the Shearwater organisation and brought the Group closer together to be able to see the potential for technology collaborations, increased technology research and development, greater software support and stronger client engagement. This change has enabled faster and better collaboration within Shearwater and with our clients in the Group’s pursuit of continuing to transform our industry. Within the Group there are now three defined segments: Marine Acquisition, Software, Processing & Imaging (SPI) and Manufacturing and Engineering.

Marine Acquisition

The Group owns and operates a fleet of purpose-built seismic vessels designed for safe and efficient seismic acquisition. The Group offers a wide range of seismic services in 2D, 3D and 4D mode, including towed streamers and Ocean Bottom Surveys with either nodes or cable. With 14 high-end vessels, Shearwater are offering the seismic services on a world-wide basis. For this segment the product is the delivery of quality checked unprocessed seismic data.

Software, Processing & Imaging

The Group process and re-process both land and marine seismic data by combining the latest processing software with experienced geophysicists and efficient hardware. Our onboard and onshore processing teams provide expertise and service to achieve the highest quality 2D and 3D imaging.

The Group's Reveal software provides advanced processing and imaging algorithms from Real Time QC on vessels, through to building and depth imaging.

Manufacturing and engineering

This segment includes research and development, engineering services as well as manufacturing. The Group has extensive competence covering the entire process from drawing board to manufacturing streamers and nodes, also enabling the Group to do the maintenance and repair of equipment inhouse.

The steering committee primarily uses a measure of earnings before interest, tax, depreciation, and amortisation (EBITDA, see below) to assess the performance of the operating segments. The Group presents a full income statement with split between operating segments over the EBITDA line monthly. The Group also includes the statement of financial position in monthly reporting however the balance figures are not reported specifically per segment.

The Group operates world-wide and while the geographical markets have a central place at the project planning stage and when presenting the Group's backlog, it is not considered a separate segment in the internal financial reporting.

(In thousands of USD) 2022	Marine Acquisition	Software, Processing & Imaging	Manufacturing & Engineering	Not allocated	Total
Income statement					
Total operating revenue and other income*	691,356	25,409	8,251	610	725,626
Operating expenses	462,834	16,804	22,920	26,108	528,667
EBITDA**	**228,521**	**8,605**	**-14,669**	**-25,498**	**196,959**
Depreciation and amortisation	117,294	932	1,224	2,467	121,917
Operating profit EBIT***	**111,228**	**7,673**	**-15,893**	**-27,966**	**75,042**
Interest income				3,968	3,968
Interest expense	-51,349			-8,428	-59,777
Other financial income/expenses	-19	-68		3,198	3,111
Income tax expense				-12,562	-2,562
Net Income	**59,859**	**7,605**	**-15,893**	**-31,790**	**19,782**

** Part of Manufacturing & Engineering income is funding received from external organisations in connection with research and development projects.*

*** EBITDA is earnings before interest, tax, depreciation, and amortisation. Acquisition cost is not included in EBITDA as it is not considered ordinary operating expense. EBITDA is used internally to continuously measure the Group's ability to serve its debt and capital cost.*

**** EBIT in segment reporting deviates somewhat from EBIT in the income statement as other losses (gains) is presented as financial income/expenses in the segment reporting.*

Not allocated operating expenses relate to Sales, General and Administrative expenses for the Group's support functions as Sales, Marketing, Finance, Legal and Human Resources.

(In thousands of USD) 2022	Marine Acquisition	Software, Processing & Imaging	Manufacturing & Engineering	Not allocated	Total
Cash flow					
EBITDA	**228,521**	**8,605**	**-14,669**	**-25,498**	**196,959**
Change in current assets	-47,624			-14,405	-62,029
Change in current assets with no cash impact				2,510	2,510
Net cash flow from operating activities	**180,897**	**8,605**	**-14,669**	**-37,394**	**137,441**
Payment for fixed assets	-57,816	-1,731	-4,061	-50	-63,658
Payment sale of fixed assets	7,388	549			7,937
Investments in subsidiaries					
Net cash flow from investing activities	**-50,428**	**-1,182**	**-4,061**	**-50**	**-55,721**
Capital increase					
Repayment of long-term loan including interest	-252,228				-252,228
Drawdown long-term loan	126,477				126,477
Drawdown shareholder loan					
Drawdown overdraft	-2,120				-2,120
Other financing activities		-735		-2,313	-3,048
Net cash flow from financing activities	**-127,871**	**-735**		**-2,313**	**-130,919**
Net change in cash flow	**2,598**	**6,688**	**-18,730**	**-39,747**	**-49,199**

(In thousands of USD) 2021	Marine Acquisition	Software, Processing & Imaging	Manufacturing & Engineering	Not allocated	Total
Income statement					
Total operating revenue and other income*	500,094	16,046	6,595	9,189	531,924
Operating expenses	378,636	12,877	12,434	19,951	423,898
EBITDA**	**121,458**	**3,169**	**-5,839**	**-10,762**	**108,026**
Acquisition cost				2,924	2,924
Depreciation and amortisation	126,928	677	1,247	2,572	131,424
Impairment	852				852
Operating profit EBIT***	**-6,322**	**2,492**	**-7,086**	**-16,258**	**-27,174**
Interest income				198	198
Interest expense	-41,347	-110	-2	-7,028	-48,486
Other financial income/expenses	-28	-27		43	-12
Income tax expense				-4,516	-4,516
Net Income	**-47,697**	**2,355**	**-7,088**	**-27,561**	**-79,990**

** Part of Manufacturing & Engineering income is funding received from external organisations in connection with research and development projects.*

*** EBITDA is earnings before interest, tax, depreciation, and amortisation. Acquisition cost is not included in EBITDA as it is not considered ordinary operating expense. EBITDA is used internally to continuously measure the Group's ability to serve its debt and capital cost.*

**** EBIT in segment reporting deviates somewhat from EBIT in the income statement as other losses (gains) is presented as financial income/expenses in the segment reporting.*

(In thousands of USD) 2021	Marine Acquisition	Software, Processing & Imaging	Manufacturing & Engineering	Not allocated	Total
Cash flow					
EBITDA	121,458	3,169	-5,839	-10,762	108,026
Change in current assets	2,463			-3,862	-1,399
Change in current assets with no cash impact	16,532			-1,153	15,379
Net cash flow from operating activities	**140,453**	**3,169**	**-5,839**	**-15,777**	**122,006**
Payment for fixed assets	-210,371	-934	-3,675	-187	-215,168
Payment sale of fixed assets	962				962
Net cash flow from investing activities	**-209,409**	**-934**	**-3,675**	**-187**	**-214,206**
Repayment of long-term loan including interest	-98,664				-98,664
Drawdown long-term loan	107,500				107,500
Drawdown shareholder loan	85,000				85,000
Drawdown overdraft	7,298				7,298
Other financing activities		-471		-2,596	-3,067
Net cash flow from financing activities	**101,134**	**-471**	**-**	**-2,596**	**98,068**
Net change in cash flow	**32,178**	**1,764**	**-9,514**	**-18,560**	**5,867**

3.2 Revenue from Contracts with Customers
The company earns revenue from the following categories of customer contracts:

Products and service lines (In thousands of USD)	**Year ended 31 Dec 2022**	**31 Dec 2021**
Marine acquisition	691,356	500,094
SPI	25,409	16,064
Manufacturing & Engineering	8,251	6,595
Revenue from contract with customers	**725,016**	**522.735**
Other income Marine acquisition	11	8,305
Other income	599	884
Total	**725,626**	**531,924**
Timing of revenue recognition		
Point in time	7,006	2,291
Services transferred over time	718,010	520,444
Total revenue from contract with customers	**725,016**	**522,735**

Other income also includes insurance settlements which will be recognised when payment is considered virtually certain.

Performance obligations

Marine Acquisition

Exclusive contracts

The Group performs seismic services under contract in accordance with customer specifications. Such service contracts are considered to contain one performance obligation. This performance obligation is considered satisfied over time because the Group performs the service at the customer specification, the resultant data is owned by the customer and the Group has no alternative right to otherwise use or benefit from the resultant data. The Group recognises proprietary/contract revenue over time as the services are performed and the Group is entitled to the compensation under the contract. Depending on nature of the contract, progress is measured either based on square kilometres or time progressed.

Mobilisation revenue and cost

Mobilisation fee and the related mobilisation costs of moving the seismic vessel and its crew from one location to the location specified by the contract is deferred and charged to expense over the contract duration based on percentage of completion. 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 the costs which could be capitalised or deferred, then only those costs that are recoverable are capitalised/deferred.

The performance obligation is satisfied over time and payment is generally due monthly or upon defined project milestones. In the instance the customer contract includes both marine acquisition and processing, the Group divides the revenue proportionately based on expected costs, which is an estimate of relative standalone selling price.

Software, Processing & Imaging

Processing and Imaging

The Group performs Processing and Imaging under contract in accordance with customer specifications. Such service contracts are considered to contain one performance obligation. This performance obligation is considered satisfied over time because the Group performs the service at the customer specification, the resultant data is owned by the customer and the Group has no alternative right to otherwise use or benefit from the resultant data. The Group recognises proprietary/contract revenue over time as the services are performed and the Group is entitled to the compensation under the contract. Progress for processing and imaging services are measured based on a model considering both working hours and processing.

Software

Depending on type of contract, the performance obligation is measured as a combination of performance over time and at a point in time. Most customers purchase and install the Reveal software, generating revenue recognised at one point in time for the Group. Maintenance, which includes program updates, are recognised over time while licenses include a combination of the two. Payment is generally due monthly.

Manufacturing and engineering

Engineering

The Group performs engineering projects related to development of seismic- /streamer technology. The performance obligation is regarded as satisfied over time as the service is at the customer's specification and project progress is measured and invoiced upon defined project milestones.

Manufacturing

Revenue related to equipment sales is recognised when the control of the equipment is transferred to the customer. If the contract requires any means of prepayment from the client such payments are recorded as a contract liability under 'Other short-term liabilities'. The performance obligation for repair of streamers is also recognised at a point in time when the repair is completed, and the article returned to customer.

Other

The performance obligation is generally satisfied over time and payment due monthly. Other income that occurs on ad hoc basis and not a natural part of the Group's defined segments is often considered satisfied at a point in time. In 2022 and 2021 part of other income is insurance settlement recognised at a point in time.

Net operating revenue by geography

	Year ended	
(In thousands of USD)	**31 Dec 2022**	**31 Dec 2021**
Europe, Africa and Middle East - EAME	211,847	222,005
Asia / Pacific - APAC	320,093	149,172
North and South America - NSA	193,686	160,747
Total	**725,626**	**531,924**

The Group has recognised the following assets and liabilities related to contracts with customers:

Assets related to contract with customers	**2022**	**2021**
Trade receivables	77,798	45,933
Mobilisation and transit costs recognised (costs to fulfil a contract)	13,860	9,120
Receivables, invoiced after balance sheet date	83,277	31,029

Contract liabilities	**2022**	**2021**
Prepayment from customers/Deferred revenues	20,751	9,086
Expected delivery of remaining performance obligations		
Within one year	551,643	296,864
More than one year	-	-

The increase in contract assets and liabilities are related to projects just concluded at year end and contracts that has project start early January 2023.

In addition to the above performance obligations the strategic partnership entered into in January 2020 also included a capacity agreement where CGG committed to utilise vessel capacity corresponding to two vessel years per year over a five-year period, which secures CGG access to strategic vessel capacity for future multiclient projects while securing Shearwater a commitment of cashflow and activity for multiple years. Estimated performance obligations for the Group related to this capacity agreement is USD 48.2 million within one year and USD 173.6 million for the remaining contract period.

Trade receivables are non-interest bearing and primarily on terms of 30 to 60 days. Receivables, invoiced after balance sheet date are initially recognised as revenue earned. This is generally related to marine acquisition and imaging projects awaiting a final confirmation of work done for the period before invoicing can be finalised. Contract liabilities consists of revenue billed as well as accrued costs to be billed, but not yet recognised. The Group expects all deferred revenues in 2022 to be recognised during 2023.

Assets recognised from costs to fulfil a contract
With reference to the contract balances above, the Group's work in progress consists of costs related to mobilisation of the vessel and transit costs, costs accrued during transit from one project to start of mobilisation for the next project. These costs are amortised on a straight-line basis over the term of the specific contract it relates to, consistent with the pattern of recognition of the associated revenue.

	2022	2021
Assets recognised from costs incurred to fulfil a contract	13,860	9,120
Amortisation recognised as cost of providing services during the period	-3,646	-6,390

NOTE 4: SPECIFICATION COST OF SALES

(In thousands of USD)	Year ended 31 Dec 2022	31 Dec 2021
Vessel operating cost	462,834	378,636
Processing and Imaging cost (SPI)	16,689	12,877
Manufacturing and Engineering cost	22,920	12,434
Total cost of sales*	**502,444**	**403,946**

**cost of sales is excluding depreciation*

(In thousands of USD)	Year ended 31 Dec 2022	31 Dec 2021
Operating costs	410,116	320,309
Personnel costs	85,404	81,254
Other costs	6,923	2,383
Total cost of sales	**502,444**	**403,946**

**cost of sales is excluding depreciation*

NOTE 5: SALARY AND PERSONNEL EXPENSES

Number of employees in the group as of year-end:

Location	2022	2021
Offshore	533	448
Norway offices	138	126
UK offices	166	152
US office	32	28
Malaysia office	122	85
Singapore/Australia office	17	10
Brazil office	6	6
Other locations	7	8
Total employees	**1,021**	**863**

The Group has seen an increase in salary and personnel expenses which is due to a steady increase of both offshore and office employees during 2022. Total man-years at year end 2022 was 1,021 (2021: 863 man-years).

(In thousands of USD)	Year ended 31 Dec 2022	31 Dec 2021
Salary cost	89,747	80,872
Social security	3,510	3,018
Pension and insurance cost	8,488	6,650
Other benefits	5,657	1,011
Total salary and benefits cost	**107,402**	**91,550**

Salary and benefits costs are included in Cost of sales USD 85.4 million (2021: USD 81.3 million) and Sales, general and administration costs USD 22.0 million (2021: USD 10.3 million).

(In thousands of USD)	No of A-/ B-shares	Salary	Bonus	Other benefits	Pension premium	Total
MANAGEMENT REMUNERATION 2022						
Irene Waage Basili, CEO	26,500	544	-	7	29	581
Andreas Aubert, CFO	15,000	364	-	3	20	387
Peter Hooper, CCO	23,390	385	-	4	21	411
Massimo Virgilio, CTO	-	302	-	3	17	322
Patrick Leigh-Smith, *Until Mar-22*	-	78	-	-	7	85
Antonio Stempel, *From May-22*		162	-	11	15	187
Simon Telfer	3,036	265	-	-	34	299
Kerry Walker, *Until Oct-22*	-	114	-	3	15	131
Philippa Box, *From Oct-22*	-	31	-	-	3	34
Gunnvor Dyrdi Remøy, *From Oct-22*	-	37	-	1	1	39
Total Management remuneration *	**67,926**	**2,281**		**31**	**163**	**2,475**

** Amounts in currencies other than USD have been translated to USD using average exchange rate for the year*

Included in the CEO's contract is a severance package of 12 months' pay.
Total compensation to the Board of Directors in 2022 is USD 212,670.
The Chairman of the Board has received USD 129,549 as remuneration in 2022 (2021: USD 119,223).

(In thousands of USD)	No of A-/ B-shares	Salary	Bonus	Other benefits	Pension premium	Total
MANAGEMENT REMUNERATION 2021						
Irene Waage Basili, CEO	26,500	562	557	2	30	1,152
Andreas Aubert, CFO	15,000	365	349	3	21	738
Peter Hooper, CCO	23,390	417	244	4	24	689
Linda Myklebust, *Until 04/21*	1,846	114	118	208	5	445
Massimo Virgilio, CTO,*From 09/21*	-	109	-	1	7	116
Patrick Leigh-Smith	-	341	202	55	23	621
Roy Bampton, *Until 06/21*	7,036	139	139	8	10	295
Simon Telfer	3,036	279	120	2	22	423
Kerry Walker, *From 07/21*	-	74	-	1	6	81
Total Management remuneration *	**76,808**	**2,398**	**1,730**	**282**	**149**	**4,559**

** Amounts in currencies other than USD have been translated to USD using average exchange rate for the year*

Pensions
All employees not eligible for coverage under the defined contribution plans in Norway and the UK are eligible to participate in pension plans in accordance with local industrial, tax and social regulations. All of these plans are considered defined contribution plans. For some of these plans, subject to statutory limitations, employees may make voluntary contributions in addition to the Group's contributions.

The pension expenses in the income statement for 2022 is USD 3,487 thousand while 2021 totalled to USD 2,324 thousand.

Shares and share option scheme
The Group established in 2018 a share and share option scheme where the members of the management team and other employees holding key positions were given the opportunity to buy B shares in the company, as well as being awarded options for five tranches, with the last tranche awarded at the end of 2021. Each of the members were given the opportunity to buy the B shares at the same price as the other shareholders subscribed to A shares, at NOK 50 per share. With each B share purchased came the right to purchase a further share (warrant) at NOK 50 per share. For the options set out in the agreement in 2018, the strike price on the options was set to NOK 50 per share, with a monthly increase of the strike price of 0.8%, with the first increase calculated in September 2017.

In 2022 the option scheme was extended to include options awarded at the end of 2022 at the same strike price as for the options awarded under the program in 2018. The strike price at the end of 2022 is NOK 83.26. The strike price at the beginning of 2021 was NOK 68.77 and NOK 75.67 at the end of 2021.

Number of options granted during 2022 is 90,707 (2021: 114,395). No options have been forfeited, exercised, or expired since the establishment of the share option scheme in 2018.

Total number of warrants and options, all fully vested, held by each participant at end of the year:

	2022		2021	
	Number of Warrants	Number of Options	Number of Warrants	Number of Options
Irene Waage Basili, CEO	20,000	163,978	20,000	136,647
Andreas Aubert, CFO	10,000	81,990	10,000	59,213
Peter Hooper, CCO	20,000	136,650	20,000	113,873
Massimo Virgilio, CTO	-	8,000	-	4,000
Antonio Stempel	-	8,000	-	4,000
Simon Telfer	3,036	10,932	3,036	9,110
Gunnvor Dyrdi Remøy	-	8,000	-	4,000
Roy Bampton*	3,036	9,110	3,036	9,110
Total management team	**56,072**	**426,660**	**56,072**	**339,953**
Other employees**	31,108	91,098	31,108	91,098
Total	**87,180**	**535,978**	**87,180**	**449,271**

** Roy Bampton was part of management team until June 2021. Included in totals for both 2022 and 2021*
***Other employees include previous management team members and key personnel.*

The 2018 scheme was amended in December 2022 providing an extended exercise period until May 2025. We do not consider the extension to have a material fair value effect due to additional restrictive constraints on the exercise of the options for key employees. It is significant uncertainty in calculating the fair value of the options in a non-listed company. The estimated fair value is based on available prices discounted for liquidity premium and increased restrictions in the 2022 amendments. The share option scheme has limited number of members and number of options granted. The value of the stock options awarded in 2022 has not been recognised in the financial statements as the estimated attributable value is deemed not material in 2022.

NOTE 6: AUDITORS FEE

(In thousands of USD)	Year ended 31 Dec 2022	31 Dec 2021
Statutory audit	412	467
Other attestation services	31	80
Statutory audit required by law	**444**	**547**
Other services outside the audit scope	77	66
Tax advice	19	42
Other services	**96**	**108**
Total auditor's fee *	**540**	**655**

** included in Sales, general and administration cost*

Of statutory audit fee in 2022, USD 65 thousand relates to subsidiaries audited by other audit firms than the parent company (2021: USD 33 thousand). The audit fee is excluding VAT.

NOTE 7: FINANCIAL INCOME AND EXPENSES

(In thousands of USD)	Year ended 31 Dec 2022	31 Dec 2021
Interest income	1,731	198
Mark-to-Market interest swap (note 16)	11,966	3,692
Other financial income	2,237	40
Total financial income	**15,934**	**3,930**
Interest on loans	-57,818	-47,517
Interest on leases	-1,021	-969
Total interest expense	**-58,839**	**-48,486**
Other financial cost	-5,676	-2,978
Total financial expenses	**-64,515**	**-51,464**
Net financial income (+) / expenses (-)	**-48,580**	**-47,534**

Net currency loss of USD 4,118 thousand (2021: net loss USD 766 thousand) related to operating activities is shown as other losses (gains) in the income statement.

NOTE 8: TAX

(In thousands of USD)	Year ended 31 Dec 2022	31 Dec 2021
Tax payable	2,582	4,549
Change in deferred tax/tax assets	-20	-32
Income tax expense	**2,562**	**4,516**
Reconciliation of income tax expense for the year		
Net income before taxes	22,344	-75,474
Norwegian statutory tax rate	22%	22%
Estimated tax	4,916	-16,604
Change in deferred tax assets not recognised	-2,060	15,717
Permanent differences including effects of tonnage tax regime and tax rates other than statutory tax rate in Norway	-293	5,405
Income tax expense (income)	**2,562**	**4,516**
Deferred tax liabilities/assets		
Fixed assets	-14,236	-15,199
Profit and loss account	356	498
Net long-term debt	-2,379	-23,501
Net short-term receivables	-	-
Tax losses carried forward	-138,005	-125,586
Deducted interests carried forward	-87,020	-83,561
Basis for calculation of deferred tax	**-241,283**	**-247,349**
Norwegian statutory tax rate	22%	22%
Not recognised deferred tax asset Norwegian entities	-46,758	-47,283
Not recognised deferred tax asset UK entity	-2,733	-4,268
Deferred tax liability in Norwegian tonnage tax company	90	110
Deferred tax liabilities in the balance sheet	**90**	**110**
Deferred tax liability from acquisition transaction*	7,034	7,034
Recognised deferred tax asset in Norwegian entities	-7,034	-7,034
Recognised deferred tax asset in UK entity	-	-
Deferred tax assets in the balance sheet	**-**	**-**

** Relates to tax effect of additional group values of seismic equipment, engineering and manufacturing equipment and patents/software acquired in November 2018.*

By end of 2022 the Group had tax losses carried forward of USD 138.0 million (2021: USD 125.6 million) whereof nil is basis for capitalisation. The disclosure of deferred tax benefits on net tax reducing differences and carry forward losses, is based on estimated future earnings. Based on budgets considering the Groups' existing market, the Group does not expect to be able to utilise the deferred tax assets through taxable profits in the very near future.

NOTE 9: TANGIBLE, NON-CURRENT ASSETS

(In thousands of USD)	Seismic vessels	Seismic equipment	Manufacturing & engineering equipment	Office equipment	Right of use asset	Total
Cost:						
Acquisition cost at period 1 January 2022	1,098,949	290,202	11,284	5,682	20,040	1,426,157
Additional capital expenditures	22,672	36,212	994	714	152	60,743
Sale of equipment	262	-	-	-	-	262
Disposals during the year	-	-	-	-	-	-
Acquisition cost at 31 Dec 2022	**1,121,882**	**326,414**	**12,278**	**6,396**	**20,192**	**1,487,162**
Accumulated depreciation:						
Balance at period start	147,459	168,692	8,928	2,786	8,501	336,366
Depreciation for the period	61,467	47,166	1,224	1,118	2,281	113,255
Depreciation periodical maintenance for the period	5,740	-	-	-	-	5,740
Impairment	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-
Less disposals during the year	341	-	-	-	-	341
Deferred mob cost	302	792	-	-	-	1,094
Accumulated depreciation at 31 Dec 2022	**215,309**	**216,650**	**10,152**	**3,904**	**10,781**	**456,796**
Balance sheet values at 31 Dec 2022	**906,573**	**109,764**	**2,126**	**2,492**	**9,411**	**1,030,366**
Estimated useful lifetime	*25 yrs.*	*3 to 7 yrs.*	*3 to 7 yrs.*	*3 to 5 yrs.*	*1 to 5 yrs.*	

The Group owns and operate a fleet of 23 fully equipped seismic vessels offering a full range of acquisition services including 3D, 4D and ocean bottom seismic (OBS), whereof 13 vessels were active during 2022.

In December 2021 the Group entered into a recycling agreement for four of its vessels. Delivery of the vessels were complete by 1st and 2nd quarter 2022. At year end 2021 the lowest of capitalised value and fair value less sale cost for the vessels were presented as held for sale. The Book value of vessels held for sale totalled to USD 7.0 million at year end 2021. The assets held for sale are not depreciated. Of the total sales price of 7.1 million, 20% were received in 2021 and posted as short-term liabilities in the financial statement. The remaining amount was received in 2022.

Depreciation charged to the income statement is reflecting estimated useful lifetime for the vessels and equipment. For details regarding deferred mobilisation cost, see accounting principles for tangible assets.

Other assets (Right of use) are office and warehouse buildings as well as lease of processing equipment. Short term leases, such as bareboat or time charter hire of support/chase vessels have not been capitalised as all lease contracts are 12 months or less. Total short-term leases not capitalised at the end of the year totals to USD 35.1 million (2021: USD 23.9 million), see note 15.

(In thousands of USD)	Seismic vessels	Seismic equipment	Manufacturing & engineering equipment	Office equipment	Right of use asset	Total
Cost:						
Acquisition cost at period start	1,039,560	228,140	11,281	4,561	15,109	1,298,650
Additions acquisition transaction	127,500	50,000				177,500
Additional capital expenditures	20,809	12,062	3	1,121	4,931	38,927
Sale of equipment	-	-	-	-	-	-
Assets held for sale	-47,015					-47,015
Disposals during the year	-41,905	-	-	-	-	-41,905
Acquisition cost at 31 Dec 2021	**1,098,949**	**290,202**	**11,284**	**5,682**	**20,040**	**1,426,157**
Accumulated depreciation:						
Balance at period start	165,628	107,652	7,681	1,698	6,339	288,999
Depreciation for the period	59,400	60,560	1,247	1,087	2,162	124,456
Depreciation periodical maintenance	4,146					4,146
Impairment	-	852				852
Assets held for sale	-40,046					-40,046
Disposals during the year	-41,347					-41,347
Deferred mob cost	-323	-373	-	-	-	-696
Accumulated depreciation at 31 Dec 2021	**147,459**	**168,692**	**8,928**	**2,786**	**8,501**	**336,366**
Balance sheet values at 31 Dec 2021	**951,490**	**121,510**	**2,356**	**2,896**	**11,539**	**1,089,791**
Estimated useful lifetime	*25 yrs.*	*3 to 7 yrs.*	*3 to 7 yrs.*	*3 to 5 yrs.*	*1 to 5 yrs.*	

In April 2021 the Group acquired streamers and related seismic equipment for at total cash consideration of USD 50 million. The Group further purchased six seismic acquisition vessels for a total consideration of USD 127.5 million.

In June 2021 one of the legacy WesternGeco vessels was sold for recycling.

Impairment

As of 31 December 2022, the Group obtained vessel market values from two reputable brokers for the Group's entire fleet. In addition, impairment testing has been performed to calculate the recoverable amount for the Group's fleet. Each vessel constitutes a separate cash-generating unit, which is tested separately for impairment. Historical volatility in Oil and Gas demand in recent years due to a global pandemic and geopolitical uncertainty of supply indicates impairment testing should be carried out by the Group. Whilst climate risk does present an uncertainty it also presents opportunities for future growth markets and transition away from fossil fuels will occur over a prolonged period. For this reason, it does not factor highly as indication for impairment in 2022.

The recoverable amount is tested against each vessels' book value. When the calculated recoverable amount is lower than book value of the vessel, the vessel is written down to its recoverable amount. In accordance with IAS 36 the recoverable amount is defined as the highest of the fair value less cost of disposal (net sales value) and value in use.

The Group has been affected by drop in demand due to Covid-19 the last couple of years but has still managed to return positive growth in EBITDA. The demand for oil and gas has recovered from the impact of Covid-19 and with recent geopolitical events, it is expected that the exploration spending will increase over the coming years.

This is also reflected the significant increase in the margins per day for Shearwater vessels the last year. The activity level and margins as evidenced by the 2023 budget gives confidence that the impairment testing and conclusions are correct.

The Group believes that net sales value based on independent broker estimates gives a reasonable indicator of the recoverable amount. The Group compared an average of the valuations with a reduction of sales commission, against book value.

As fair values are subject to uncertainty, the Group sought to substantiate the broker valuations, inter alia with tests of reasonableness of implicit rates derived from the valuations. For some vessels in the Group the recoverable amount was calculated and measured at value in use. Three of the Group's vessels had book value lower than the mid-point range used when compared to fair value less cost of disposal.

For these vessels the Group has used value in use to review the need for impairment. As value in use substantiated book values these vessels have not been impaired at 31.12.2022.

Based on these assessments, the Group has not made any vessel impairments in 2022 and 2021.

The impairment of seismic equipment in 2021 was related to a streamer incident during operation. An incident onboard SW Marquis in November 2019 left the vessel in need of extensive repair before the vessel could be considered operational again. The Group had no immediate plans to go through with these repairs and settled the insurance claim for the vessel.

	Year ended	
(In thousands of USD)	**31 Dec 2022**	**31 Dec 2021**
Seismic equipment	-	852
Total impairment	**-**	**852**

NOTE 10: INTANGIBLE ASSETS

(In thousands of USD)	Goodwill	R&D	Patents and software	Total intangible assets
2022				
Costs as of 1 January 2022	**2 048**	**3 672**	**28 212**	**33 932**
Additions to costs		3 068	1 000	4 068
Cost as of 31 December 2022	**2 048**	**6 740**	**29 212**	**38 000**
Amortisation as of 1 January 2022	**-**	**-**	**8 816**	**8 816**
Amortisation expense	-	-	2 921	2 921
Impairment	-	-	-	-
Amortisation as of 31 December 2022	**-**	**-**	**11 737**	**11 737**
Balance as of 31 December 2022	**2 048**	**6 740**	**17 475**	**26 262**
Estimated useful life			*10 years*	
2021				
Costs as of 1 January 2021	**2 048**	**-**	**28 212**	**30 260**
Additions to costs		3 672		3 672
Cost as of 31 December 2021	**2 048**	**3 672**	**28 212**	**33 932**
Amortisation as of 1 January 2021	**-**	**-**	**5 995**	**5 995**
Amortisation expense	-	-	2 821	2 821
Impairment	-	-	-	-
Amortisation as of 31 December 2021	**-**	**-**	**8 816**	**8 816**
Balance as of 31 December 2021	**2 048**	**3 672**	**19 396**	**25 116**
Estimated useful life			*10 years*	

Patents and software

The patents and software were acquired as part of a business combination in 2018 and were recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line based on estimated useful lives. Additionally, through technology sale and transfer agreement in 2022, the Group acquired Intellectual Property and Software tools for a value of USD 1 million. The IP will be amortised on a straight-line over a 10-year period.

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 Group believes that the remaining patent life, which has an average lifetime of 10 years, is a reasonably proxy for the assets' useful life.

Research and development

The capitalised Research and Development reflect the direct consultants, materials and payroll costs related to the development of the Pearl Ocean Bottom Node project in 2021 and 2022. Pearl will continue with a slightly smaller but still large team through 2023 focusing on commercialisation of the technology, scaling and optimisations in manufacturing and operational processes and further extensions to increase flexibility in operations. Another focus area will updating all necessary engineering documentation to ensure technology can be supported and sustained efficiently. Some of the engineering resources will also be utilised towards remaining engineering work on Pearl REEF system. It is expected that the nodes will be in commercial operation from second half of 2023. Estimated commercial life for the finalised product is 10 years. Costs will be capitalised to completion of the project and amortised over the useful life.

Goodwill

Goodwill is attributable to workforce. The Group's prior business combinations did not only increase Shearwater's tangible assets and provide ownership of patents and software, but also key competence within the full range of geophysical acquisition techniques to ensure high quality performance throughout the Group's operation.

Impairment of intangible assets

The Group tests as principle whether intangible assets have suffered any impairment on an annual basis. At the end of 2022, the Group finds that the assumptions the purchase price allocation finalised in 2019 was based on is still relevant. In the last year, the margins per day for Shearwater vessels has increased significantly. The demand for oil and gas has recovered from the impact of Covid-19 and with recent geopolitical events, energy security is at the forefront of decision making by western governments and exploration spending is expected to increase over the course of 2023.

Currently the Group is cautiously optimistic for the near future and further increase in day rates. Recent awards show clear signs of a rebound. In the long run it is our view that oil and gas will be a very important part of the global energy mix, and that the reserves today are not enough to meet the long-term demand for oil and gas. The activity level has returned to pre-Covid levels, and the Group expects further increase in activity and margins as evidenced by the 2023 budget. The current levels of activity will lead to a substantial requirement for new streamers within the next few years, and Shearwater's IP will maintain its value.

No impairment was made for intangible assets.

NOTE 11: LONG-TERM DEBT

The Group had USD 150 million Bond Replacement Facility which matured in December 2022. At the same time The Group entered a new 2-year Bond Replacement Facility approx. USD 100 million. Additionally, the Group entered into a short-term loan agreement with RASMUSSENGRUPPEN AS in the amount of NOK 300 million to cover the short-term liquidity needs.

The Group acquired streamers and six vessels in 2021 (see note 9) which were financed by a new USD 107.5 million facility end of April 2021 as well as a convertible loan from shareholder RASMUSSENGRUPPEN AS of USD 85.0 million in January 2021 (see note 18). In addition, a company in the Group entered into an overdraft facility agreement in 2021 with termination date in January 2025. Total available overdraft is USD 10.0 million of which USD 7.3 million has been drawn at year end, for 2022 5,2 million has been draft. The drawn overdraft facility is presented in the Group as short-term debt due to the general nature of an overdraft account.

The Group's long-term liabilities, including first year's instalments, are summarised as follows at year-end 2022:

(In thousands of USD)		Average interest rate 2022	Average maturity	Balance sheet 2022
Mortgage debt with floating interest	Secured	USD LIBOR + 6 %	2.1 years	500,733
Mortgage debt with fixed interest	Secured	USD CIRR 2.4 + 2.5 %	3.9 years	108,267
Convertible debt with fixed interest	Unsecured	USD 7.0 %	2.5 years	97,282
Debt with fixed interest	Unsecured	USD 12.0 %	0.3 years	30,556
Drawn on overdraft facility		USD LIBOR + 4.2 %	1.0 years	5,178
Lease liabilities		7.99 %	5.2 years	10,178
Amortisation effect, mortgage debt				-2,552
Accrued interest expenses				958
Total				**750,599**
			Of which is classified as long-term debt:	*603,009*
			Of which is classified as long-term lease liabilities:	*7,714*
			Of which is classified as current portion of long-term debt:	*100,746*
			Of which is classified as short-term debt:	*36,667*
			Of which is classified as short-term lease liabilities:	*2,464*

For mortgage debt with fixed interest final maturity is June 2027 provided that equity guarantors extend their guarantees.

Booked value of assets pledged as security for Mortgage debt was USD 1,247.9 million, of which USD 40.5 million were bank deposits.

The Group's most important covenants in its long-term financing agreements for 2022 and 2021 are:
- The Group shall on a consolidated basis always have an equity ratio of at least 30%.
- Shearwater GeoServices AS shall have free liquidity of more than USD 30 million on a consolidated basis.

In addition to the above there are covenants on individual basis per financing facility related to market value of secured assets, working capital and minimum liquidity.

The Group compliant with the financial covenants at 31 December 2022 and 31 December 2021.

The Group's long-term liabilities, including first year's instalments, are summarised as follows at year-end 2021:

(In thousands of USD)		Average interest rate 2021	Average maturity	Balance sheet 2021
Mortgage debt with floating interest	Secured	USD LIBOR + 5.9 %	2.6 years	587,151
Mortgage debt with fixed interest	Secured	USD CIRR 2.5 + 2.4 %	4.5 years	130,153
Convertible debt with fixed interest		7.0%	4.0 years	90,760
Drawn on overdraft facility	Secured	USD LIBOR + 4.2%	1.0 years	7,298
Lease liabilities		7.99%	5.9 years	12,660
Amortisation effect, mortgage debt				-2,861
Accrued interest expenses				826
Total				**825,987**
			Of which is classified as long-term debt:	*598,165*
			Of which is classified as long-term lease liabilities:	*10,338*
			Of which is classified as current portion of long-term debt:	*57,350*
			Of which is classified as short-term debt:	*150,513*
			Of which is classified as short-term lease liabilities:	*2,322*

For mortgage debt with fixed interest final maturity is June 2027 provided that equity guarantors extend their guarantees.

Booked value of assets pledged as security for Mortgage debt was USD 1,265.9 million, of which USD 91.5 million were bank deposits.

Liabilities from financing activities and other assets

	Borrowings	Leases	Sub-total
Net debt as at 1 January 2021	**-663,015**	**-10,375**	**-673,390**
Cash changes			
Cash flows			
Down-payment of long-term debt	61,354		61,354
Cash from new long-term debt	-107,500		-107,500
Cash from new convertible loan from shareholder	-85,000		-85,000
Cash from overdraft facility	-7,298		-7,298
Repayment of lease liabilities		3,067	3,067
Non-cash changes			
Interest long-term new debt added to facilities	-11,089		-11,089
Other non-cash movements	-778	-5,943	-6,721
Foreign exchange adjustments		591	591
Net debt as at 31 December 2021	**-813,327**	**-12,660**	**-825,986**
Net debt as at 1 January 2022	**-813,327**	**-12,660**	**-825,986**
Cash changes			
Cash flows			
Down-payment of long-term debt	215,922		215,922
Cash from new long-term debt	-96,204		-96,204
Cash from new loan from shareholder	-30,273		-30,273
Cash from new overdraft debt	2,120		2,120
Repayment of lease liabilities		3,048	3,048
Non-cash changes			
Interest long-term debt added to facilities	-17,013		-17,013
Other non-cash movements	-1,486	-872	-1,287
Foreign exchange adjustments	-162	306	144
Net debt as at 31 December 2022	**-740,421**	**-10,178**	**-750,599**
Of which is classified as long-term debt:	*603,009*		*603,009*
Of which is classified as long-term lease liabilities:		*7,714*	*7,714*
Of which is classified as current portion of long-term debt:	*100,746*		*100,746*
Of which is classified as short-term debt:	*36,667*		*36,667*
Of which is classified as short-term lease liabilities:		*2,464*	*2,464*

NOTE 12: TRADE RECEIVABLES, INVENTORY, PRE-PAYMENTS, AND OTHER CURRENT RECEIVABLES

(In thousands of USD)	**2022**	**2021**
Trade receivables	77,798	45,962
Accrued, not invoiced revenue	83,277	30,546
Trade receivables	**161,076**	**76,508**
Assets recognised from costs incurred to fulfil a contract	13,860	9 120
Inventory	9 154	592
Fuel and other inventory onboard vessels	27,597	14,319
Prepaid cost	3,876	3,107
Other current assets	**54,487**	**27,139**
Taxes receivable in Brazil	6,636	1,904
Other short-term receivables	6,938	7,047
Other receivables	**13,574**	**8,951**

Ageing of Trade Receivables and Accrued, not invoiced revenue

(In thousands of USD)	**Total**	Not due	< 30 days	30 - 60 days	60 - 90 days	> 90 days
2022	**161,076**	99,368	54,048	43	82	7,534
2021	**76,508**	66,554	9,164	666	59	65

Of Trade Receivables 31 December 2022, USD 3,368 thousand are still outstanding receivables at the time the financial statement is signed. The Group has incurred a loss of USD 0.2 mill on Trade receivables in 2022 (2021: nil). The Group's expected losses not accounted for are considered to be immaterial as of 31 December 2022. As such, the Group has not identified any material losses that should be accounted for.

NOTE 13: SHORT-TERM DEBT AND OTHER SHORT-TERM LIABILITIES

(In thousands of USD)	2022	2021
Overdrafts	5,178	7,298
Short-term loan	30,556	149,687
Accrued interest	933	826
Short-term debt	**36,667**	**157,811**
Pre-paid revenue	20,751	9,086
National insurance contribution, payroll taxes and VAT	10,963	5,182
Accrued holiday allowance and other personnel charges	1,996	1,707
Other current liabilities	10,775	4,904
Other short-term liabilities	**44,484**	**20,879**

Short-term debt was higher in 2021 compared to 2022 due to one of the Group's long-term loans falling due in December 2022. At the end of December 2022, the Group entered into a short-term loan agreement with RASMUSSENGRUPPEN AS to cover the short-term liquidity needs for general corporate purposes. Please refer to note 18.

The increase in Other short-term liabilities is mainly due to increased activity levels, higher number of projects and employees in 2022 compared to 2021.

NOTE 14: CASH AND CASH EQUIVALENTS

(In thousands of USD)	2022	2021
Restricted cash *	1,332	777
Bank deposits	50,668	100,422
Total cash and cash equivalents	**52,000**	**101,199**

* Restricted cash contains both cash held for employee tax payments and cash used to provide guarantees to clients, vendors, and financial institutions.

NOTE 15: LEASES

The Group as a lessor

The Group has a financial lease balance related to seismic equipment of USD 28 thousand of which USD 28 thousand is due within one year. The effect of the lease in profit and loss is limited to USD 0.1 million per year.

The Group as a lessee

To determine whether a contract contains a lease, it is considered whether the contract conveys the right to control the use of an identified asset. This is for the Group considered to only be the case for office leases and processing equipment. For the Group, these lease commitments resulted in the recognition of an asset (right-of-use) and a lease liability. The rental period is calculated based on the duration of the agreement plus any option periods if these with reasonable certainty will be exercised. Joint expenses etc. are not recognised in the lease liability for the rental contracts.

The future payments under each lease arrangement have been discounted using the incremental borrowing rate applicable to the leased assets to calculate the lease liability recognised on the date of adoption. The Group is utilising the practical expedients for short term leases for periods of 12 months or less and low value leases.

The Group has non-cancellable lease commitments related to office and warehouse buildings. The lease payments have been discounted at 8.5% which the Group considered to be its incremental borrowing rate at the initial measuring.

In 2020 and 2021 one of the Group companies has entered into lease agreements for processing equipment. The contract values were translated at the contract date and lease payments were discounted at 5.8% which the company considered to be its incremental borrowing rate.

Lease payments for right of use assets will be included under depreciation and financial cost in the Group's income statement (see note 9 and note 7).

The Group has the following lease commitments related to right of use assets at the end of the year:

(In thousands of USD)	2022	2021
Net carrying amount of right of use assets (see note 9)	9,411	11,539
Current portion of lease liability	2,464	2,322
Non-current lease liability	7,714	10,338
Total lease liability as of 31 December	**10,178**	**12,660**

Future minimum lease instalments related to non-cancellable lease agreements are due as follows:

Total lease liability	2022	2021
Within 1 year	3,284	3,561
From 1 to 5 years	7,859	10,772
More than 5 years	2,158	4,279
Future minimum lease instalments	**13,300**	**18,612**

The Group charters in support, chase and ROV vessels generally on a project-to-project basis. As at year end the Group had future lease commitments related to support and chase vessels of a total of USD 6.5 million (2021: USD 7.6 million) for support and chase vessels and ROV vessel of USD 28.6 million (2021: USD 16.3 million) not registered as rights of use assets of which all were leases held for 12 months or less. Short term leases over profit and loss totalled to USD 74.8 million in 2022 (2021: USD 55.4 million).

NOTE 16: FINANCIAL INSTRUMENTS

16.1 Carrying amount and categories of financial assets and liabilities

The Group's financial assets and liabilities are included in the balance sheet as follows:

	2022		2021	
(In thousands of USD)	Nominal value	Fair value	Nominal value	Fair value
ASSETS				
Financial assets at amortised cost				
Trade receivables	77,798	77,798	45,962	45,962
Accrued, not invoiced revenue	83,277	83,277	30,546	30,546
Cash and cash equivalents	52,000	52,000	101,199	101,199
Financial assets at fair value through profit and loss				
Interest rate swap	-	-	3,692	3,692
Total financial assets	**129,798**	**129,798**	**181,399**	**181,399**
LIABILITIES				
Liabilities at amortised cost				
Interest bearing long-term debt	610,723	583,973	608,503	608,503
Interest bearing short-term debt	139,877	136,629	217,484	217,484
Trade payables	93,244	93,244	56,152	56,152
Total financial liabilities	**843,844**	**813,846**	**882,139**	**882,139**

The carrying values of financial assets, interest bearing long-term debt with variable interest rates and trade payables are assumed to be their fair values.

The fair value of the interest-bearing long-term debt with fixed interest rate are estimated using the latest external interest rate for the Group, which is considered to be market price.

Classification as trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement within 30-60 days and therefore are all classified as current. The Group's impairment and other accounting policies for trade and other receivables are outlined in note 2.

Impairment and risk exposure

Information about the impairment of trade and other receivables, their credit quality and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in this note.

Compliance with loan covenants

The Group has complied with the financial covenants of its borrowing facilities during the 2022 and 2021 reporting period.

16.2 Financial risk management

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year's profit and loss information has been included where relevant to add futher context.

The Group has continued its high focus on financial risk management during 2022. Enterprise risk management systems and routines have been developed and adopted to ensure qualified reporting of risks identified, classification of risks, mitigation factors and awarness of risks throughout the organisation, and is considered a continuous work in progress. Within financial risk management there is specified focus on foreign exchange risk, counterpart and credit risk and risks related to financing. Models to improve forecasting are being tested and implemented to address fluctuation in the marketplace.

Market risk

(i) Foreign exchange risk

Exposure

The majority of the Group's revenue is in USD. As the Group has a global footprint, the Group has and will have revenue in other currencies going forward, leaving the Group exposed to foreign exchange risk.

The Group’s exposure to foreign currency risk at the end of the reporting period, expressed USD, was as follows:

	31.12.2022						31.12.2021		
	NOK in TUSD	BRL in TUSD	INR in TUSD	EUR in TUSD	GBP in TUSD	SGD in TUSD	NOK in TUSD	BRL in TUSD	EUR in TUSD
Trade receivables	-86	5	622	-	159	-	123	-	109
Cash/bank account	4,604	125	791	-4,035	-2,972	60,885	208	16 787	-107
Trade payables	-5,714	-2,960	2,653	-3,221	-1,473	-561	-2 851	-2 855	-1 055

Instruments used by the group

The Group seeks to ensure that operational cost is matched with revenue in terms of currency, and since the majority of the Group's revenue is expected to be in USD, the Group's liabilities are mainly held in USD. The Group's expenses have historically been mainly in USD, NOK, GBP, and EUR. However, as the Group has increased its operational presence worldwide the Group will be affected by exposure to operational costs and liabilities in other currencies. The Group will attempt to minimise risks by implementing hedging arrangements when appropriate but will not be able to fully avoid these risks. Changes in currency exchange rates relative to the USD may affect the USD value of the Group's asset and thereby impact the Group's total return on such assets.

Sensitivity

As shown in the table above, the Group is exposed to changes in USD/NOK, USD/EUR, USD/BRL, USD/GBP, USD/SGD and USD/INR exchange rates the last two years. The sensitivity of profit or loss to changes in the exchange rates arises mainly from INR and BRL denominated financial instruments as cash/bank account and trade payables.

	Impact on post tax profit	
	2022	2021
USD/NOK exchange rate - increase 10%	93	197
USD/NOK exchange rate - decrease 10%	-93	-197
USD/BRL exchange rate - increase 10%	221	-1,087
USD/BRL exchange rate - decrease 10%	-221	1,087

USD/EUR exchange rate - increase 10%	566	82
USD/EUR exchange rate - decrease 10%	-566	-82
USD/INR exchange rate - increase 10%	-317	-287
USD/INR exchange rate - decrease 10%	317	287
USD/GBP exchange rate - increase 10%	334	-
USD/GBP exchange rate - decrease 10%	-334	-
USD/SGD exchange rate - increase 10%	-4,705	-
USD/SGD exchange rate - decrease 10%	4,705	-

Profit was less sensitive to movements in USD/NOK exchange rates in 2022 than 2021 due to net decrease of exposure of negative NOK denominated cash and bank accounts and trade payables. Sensitivity to USD/EUR exchange rates is less in 2022 compared to 2021, the main difference however is a net negative USD/EUR position in 2021 compared to positive in 2020. Sensitivity to USD/INR exchange rates in 2022 are similar to 2021 as changes to the exposure in cash and bank accounts were limited. Sensitivity to USD/BRL exchange rates in 2022 was lower than 2021 due to decreased exposure in cash and bank accounts. Sensitivity to USD/SGD exchange rates in 2022 was higher than 2021 due to increased exposure in cash and bank accounts. The Group's exposure to other foreign exchange movements was not material.

Interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to the risk of increasing interest rates. (See note 11 for details on loans and interest rates). The loan portfolio consists of loans with both fixed and floating interest rate exposure. In December 2020 the Group entered interest rate swaps totalling USD 214 million with maturity in December 2024. The interest swap was realized in 2022. At the end of 2022, 32% of the Group's liabilities were secured through mortgages with fixed interest.

	2022	**% of total loans**	**2021**	**% of total loans**
Variable rate borrowings	500,733	68 %	587,151	73 %
Fixed rate borrowings	236,105	32 %	220,917	27 %
	736,838		**808,069**	

Sensitivity
Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates. Other components of equity change as a result of an increase/decrease in the fair value of the cash flow hedges of borrowings and the fair value of available-for-sale debt instruments. The Group has no impact on other components of equity.

	Impact on post tax profit		**Impact on equity**	
	2022	**2021**	**2022**	**2021**
Interest rates - change by 70 basis points	2,645	-2,526	2,645	1,145
Interest rates - change by 100 basis points	3,779	-3,609	3,779	1,636

Credit risk
Credit risk is the risk that counterparties to financial instruments do not perform according to the terms of the contract. The appropriate maximum credit exposure related to financial assets is as follows:

Credit exposure		
(in thousands of USD)	**2022**	**2021**
Trade receivables	77,798	45,962
Accrued, not invoiced revenue	83,277	30,546
Cash and cash equivalents	52,000	101,199
Total financial assets	**213,076**	**177,707**

Cash and cash equivalents
The company monitors the counterparty credit risk of banking partners.

Trade receivables
Lack of or delayed payments from customers may significantly and adversely impair the Group's revenue and liquidity. The concentration of the Group's customers in the energy industry may impact the Group's 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 Group operates could make collection difficult or time consuming. The Group gives due consideration to the credit quality of its potential clients during contract negotiations to minimise the credit risk.

The ageing of trade receivables is as follow:

Ageing of trade receivables		
(in thousands of USD)	**2022**	**2021**
Not due	99,368	66,554
<30 days	54,048	9,164
30-60 days	43	666
60-90 days	82	59
>90 days	7,534	63
Total	**161,076**	**76,508**

Liquidity risk

Shearwater operates in a capital-intensive business segment, meaning that it has a high level of fixed cost it is required to finance on an ongoing basis to provide its services and products to customers. In addition, the working capital requirements of the Group varies largely from time to time depending on activity levels and timing of projects. To meet its payment obligations, the Group is therefore dependent on having access to long-term funding, credit lines with its suppliers and prompt payments from its clients.

The seismic exploration market is influenced by the capital expenditure levels of energy production and exploration companies, and this may be reflected in activity levels and rates for the services provided by Shearwater. The Group, along with the rest of the industry is dependent on a market recovery with increased rates over time to maintain a satisfactory liquidity situation.

Since Shearwater's establishment in 2016, the Group has been supported by its owners with substantial equity contributions in relation to M&A transactions building the Group to its current size. In addition, the Group has been supported by its financial partners ensuring long term debt financing through bank facilities. Shearwater seeks to reduce liquidity risk through focus on short- and long-term forecasting, cash management and close dialogue with owners, financial institutions, and other stakeholders.

The company is exposed to liquidity risk related to the following:

Ageing of financial liabilities

at 31.12.2022 (in thousands of USD)	**Within 1 year**	**1-2 years**	**2-5 years**	**Over 5 years**	**Total**
Mortgage debt with floating interest	107,881	331,994	158,171	-	598,046
Mortgage debt with fixed interest	64,079	37,229	174,814	-	276,123
Leasing debt	3,284	2,223	5,635	2,158	13,300
Trade payables	93,244	-	-	-	93,244
Other current liabilities	-	-	-	-	-
Total	**268,488**	**371,447**	**338,620**	**2,158**	**980,713**

Ageing of financial liabilities

at 31.12.2021 (in thousands of USD)	**Within 1 year**	**1-2 years**	**2-5 years**	**Over years**	**Total**
Mortgage debt with floating interest	213,025	76,012	384,682	-	673,719
Mortgage debt with fixed interest	28,015	32,523	53,746	35,959	150,243
Leasing debt	3,561	2,530	8,242	4,279	18,612
Trade payables	56,152	-	-	-	56,152
Other current liabilities	-	-	-	-	-
Total	**300,753**	**111,065**	**446,669**	**40,238**	**898,726**

NOTE 17: SUBSIDIARIES

The Shearwater GeoServices Holding AS Group consisted of the following companies at 31 December 2022:

Company	Jurisdiction	Share-holding	Voting Power
Shearwater GeoServices AS	Norway	100%	100%
Shearwater GeoServices Norway AS	Norway	100%	100%
Shearwater GeoServices Assets II AS	Norway	100%	100%
Reflection Marine Norge AS	Norway	100%	100%
Shearwater GeoServices Assets V AS	Norway	100%	100%
Shearwater GeoAssets AS	Norway	100%	100%
Shearwater GeoServices CharterCo AS	Norway	100%	100%
Global Seismic Shipping AS	Norway	100%	100%
Oceanic Seismic Vessels AS	Norway	100%	100%
Geo Vessels AS	Norway	100%	100%
Shearwater Invest AS	Norway	100%	100%
Shearwater GeoServices Ltd	United Kingdom	100%	100%
Reflection Marine UK Ltd	United Kingdom	100%	100%
Shearwater GeoServices Singapore Pte. Ltd	Singapore	100%	100%
Geophysical Resources Pte. Ltd	Singapore	100%	100%
Shearwater Product Center Sdn. Bhd.	Malaysia	100%	100%
Shearwater GeoServices Malaysia Sdn. Bhd.	Malaysia	70%	70%
Shearwater GeoServices Inc	United States	100%	100%
Shearwater GeoServices Software Inc	United States	100%	100%
Reflection Marine Corporation	United States	100%	100%
Delphis Ltd	Bermuda	100%	100%
Shearwater GeoServices do Brasil Ltda	Brazil	100%	100%
Shearwater GeoServices Nederland B.V.	Netherlands	100%	100%
Shearwater Ghana Ltd	Ghana	100%	100%
Shearwater GeoServices Ghana Ltd	Ghana	80%	80%
Shearwater GeoServices India Private Limited	India	100%	100%

NOTE 18: SHAREHOLDER INFORMATION

The shares in Shearwater GeoServices Holding AS were at 31 December 2022 held as follows:

	A-SHARES	B-SHARES	VOTING POWER
RASMUSSENGRUPPEN AS*	45,873,333		78%
Schlumberger Norge AS	7,651,043		13%
GC Rieber Shipping ASA	5,000,000		9%
Other shareholders **	81,720	6,072	0%
Management ***	22,890	81,108	0%
Shearwater GeoServices Holding AS	0	671,970	0%
	58,628,986	**759,150**	**100%**

** Including entities controlled by RASMUSSENGRUPPEN AS*

*** Held by employees of RASMUSSENGRUPPEN AS including board members of Shearwater Geoservices Holding AS and former employees of Shearwater*

**** Held by CEO and higher-level management*

Reconciliation of number of shares from beginning to end of the period:	2022	2021
Number of shares at 01.01.	59,388,136	59,388,136
Number of shares at 31.12.	**59,388,136**	**59,388,136**

All transactions with related parties are carried out at market terms. All shares held by Shearwater GeoServices Holding AS are in share class B. The B-shares have no voting rights in the company, other than that, the shares are equal to the A-shares. Should certain specific events occur, B-shares will become A-shares.

Transactions with related parties

2022

On 19 December 2022 Shearwater GeoServices AS entered into a short-term loan agreement with RASMUSSENGRUPPEN AS in the amount of NOK 300 million to cover the short-term liquidity needs for general corporate purposes. An arrangement fee of NOK 6.75 million (equal to 2.25% of the loan) has been deducted from the loan at disbursement date. Interests accrue on a day-to-day basis on the outstanding loan at a rate equal to 12% per annum. The loan including accrued interests fall due for repayment in 2023.

2021

In 2021 Shearwater GeoServices Holding AS entered into a five-year convertible loan agreement with RASMUSSENGRUPPEN AS in the amount of USD 85 million. USD 65 million of the convertible loan relates to the financing of the acquisition of streamers and vessels as part of the Polarcus transaction and USD 15 million of the convertible loan is available for general corporate purposes. Interests accrue on the loan at a fixed rate of 7% per annum. Accrued interests are payable-in-kind in arrears by being added to the principal amount on a quarterly basis. The lender has the right to convert the whole or any part of the loan into ordinary shares at a conversion price of USD 25 per share on the earlier of a decision from the board to initiate a public offering or 2 years from the disbursement date.

As per IFRS 9, the liability and equity components of the convertible loan have been evaluated separately with the equity component being the residual proceeds after deducting the liability component from the compound financial instrument. The liability component of the convertible debt has been evaluated against similar fixed and floating interest-bearing debt on Shearwater's external debt facilities that do not contain an equity component. Having assessed the carrying amount of the liability component to be at fair market value of a similar liability without an equity component, there are no residual proceeds or value to be assigned to the convertible option in this loan agreement.

On January 11, 2021, Eidesvik Offshore ASA exercised its put option and sold to CGG all its Shearwater shares. On January 11, 2021, CGG accepted the binding offer from RASMUSSENGRUPPEN AS to acquire all Shearwater shares held by CGG SA, including those owned as a result of Eidesvik exercising its put option. Through these transactions, Eidesvik Offshore ASA and CGG, sold all their shares in Shearwater and are not considered related parties to Shearwater from February 2021.

NOTE 19: CLIMATE RISK

The Group business and operating results could be adversely affected by climate change and the adoption of new climate change laws, policies and regulations in response to growing concerns about climate change and greenhouse gas emissions developed by governments and third-party organisations. Shearwater could face increased expectations from stakeholders to take actions beyond existing regulatory requirements and own stated ambitions to minimise external impact and mitigate climate change. This may require additional measures and costs with potential to impact the Group's business, financial results and position. As a result, the Group has established a strategy and made organisational changes to address the needs resulting from the transition to the carbon neutral targets of various countries. Demand for Carbon Capture Utilisation and Storage solutions are increasing and will be an increasing proportion of the seismic capital expenditure of our clients going forward, The Group are monitoring climate risk through the Environmental, Social and Governance committee established in 2021 which has participation of senior management from all areas of the business. Shearwater operations are also exposed to physical risk from the activities of climate change activists within the area of survey operations. This is managed by interaction with local maritime authorities, close dialogue with our clients and commitment to safe operations.

Climate risk has been incorporated into management's estimates and assumptions in preparing the financial statements. There is an increased climate risk for the Group's assets with the longest expected remaining useful lifetime. At the same time, the Group has a strong expected cash flow on short and medium term, which decreases the risk of the value of the Group's long-term assets. The climate risk has limited effect on the values.

The Group will continue to monitor the climate risk and new opportunities and will reassess estimates and the underlying assumptions continuously.

NOTE 20: GOING CONCERN

The Board of Directors confirms that the financial statements for 2022 have been prepared based on the assumption of a going concern and the Board believes that this assumption is appropriate and in accordance with section 3-3 of the Norwegian Accountancy Act and IAS 1.25.

NOTE 21: SUBSEQUENT EVENTS

There has been no significant events or transactions after the reporting period that needs to be disclosed in the financial statements.

FINANCIAL STATEMENT SHEARWATER GEOSERVICES HOLDING AS

INCOME STATEMENT
SHEARWATER GEOSERVICES HOLDING AS

(In thousands of USD)		2022	2021
Operating revenue		-	-
Total revenue		-	-
Cost of sales	9, 10	1,016	3,687
Total cost of sales		**1,016**	**3,687**
Operating profit		**-1,016**	**-3,687**
Financial income		4	36
Financial expenses	11	8,252	6,908
Total financial items		**-8,248**	**-6,872**
Net income before taxes		**-9,264**	**-10,560**
Taxes	7	-	-
Net income		**-9,264**	**-10,560**
Transferred from other equity		-9,264	-10,560

STATEMENT OF FINANCIAL POSITION
SHEARWATER GEOSERVICES HOLDING AS

(In thousands of USD)		31 Dec 2022	31 Dec 2021
ASSETS	**Note**		
Investment in shares	3	633,051	548,051
Total financial non-current assets		**633,051**	**548,051**
Other short-term receivables		48	11
Receivables to group companies	8	5	85,317
Cash and cash equivalents	5	21	143
Total current assets		**74**	**85,472**
Total assets		**633,125**	**633,522**

STATEMENT OF FINANCIAL POSITION

SHEARWATER GEOSERVICES HOLDING AS

(In thousands of USD)		31 Dec 2022	31 Dec 2021
EQUITY AND LIABILITIES			
Share capital (59 388 136 shares at NOK 5.50)	4, 6	38,397	38,397
Own shares (671 970 shares at NOK5.50)	4	-442	-442
Share Premium	4	203,581	203,581
Other paid in capital	4	392,980	392,980
Approved not registered capital increase	4		-
Retained earnings	4	-125,531	-116,267
Total Equity		**508,985**	**518,249**
Long-term liabilities			
Debt to shareholders	6	97,282	90,760
Total long-term liabilities		97,282	90,760
Short-term liabilities			
Liabilities to group companies	8, 12	26,852	24,487
Other short-term liabilities		6	26
Total short-term liabilities		**26,858**	**24,513**
Total liabilities		**124,140**	**115,273**
Total equity and liabilities		**633,125**	**633,522**

Kristiansand 20 June 2023

Robert Scott Hobbs
Chairman of the Board

Stein Vidar Håland
Board member

Trygve Lauvdal
Board member

Vijay Babu Kasibhatla
Board member

Lars Erik Larsson
Board member

Cathrine Lund Larsen
Board member

Kristin Færøvik
Board member

Irene Waage Basili
Chief Executive Officer

CASH FLOW STATEMENT

THE SHEARWATER GEOSERVICES HOLDING AS

(In thousands of USD)		**2022**	**2021**
Cash flow from operating activities:			
Net income before taxes		-9,264	-10,560
Change in group receivables / liabilities		9,199	110,031
Conversion of receivable in subsidiary	3, 8	-	-105,193
Change in current assets / liabilities		-57	-5
Other changes	6	-	5,760
Net cash flow from operating activities		**-122**	**33**
Cash flow from investing activities:			
Investment in subsidiaries	3	-	-7
Short-term loan to subsidiary	3, 8	-	-85,000
Net cash flow from investing activities		**-**	**-85,007**
Cash flow from financing activities			
Convertible loan from shareholder	6	-	85,000
Net cash flow from financing activities		**-**	**85,000**
Net change in cash and cash equivalents		-122	27
Cash and cash equivalents at 01.01.		143	116
Cash and cash equivalents at 31.12.	**5**	**21**	**143**

NOTE 1: CORPORATE INFORMATION

Shearwater Geoservices Holding AS (the parent company) is a Norwegian registered company with subsidiaries in Norway. Shearwater Geoservices is a new and innovative global provider of 3D marine seismic data, imaging products and data processing software.

NOTE 2: ACCOUNTING PRINCIPLES

The financial statements are prepared in accordance with the Norwegian Generally Accepted Accounting Principles (NGAAP) as set out in the Norwegian Accounting Act of 1998. The accounting principles are described below.

Use of functional currency

The Company is presenting its financial statements in USD, as this is defined as the presentation currency. The main assets in the Company is the investment in subsidiaries whose activities are predominantly in USD. The functional currency in the Group accounts is also 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 at the dates of the initial transactions. The applied USD/NOK exchange rate at 31.12.2022 is 0.1014 and the average exchange rate for 2022 is 0.1039.

Classification of assets and liabilities in the balance sheet

Assets intended for permanent ownership or use and receivables due later than one year after the balance sheet date are classified as fixed assets. Other assets are classified as current assets. Liabilities due later than one year after the balance sheet date are classified as long-term debt. Other liabilities are classified as short-term debt. The first year's instalments on long-term debt are classified as part of long-term debt but are specified in accompanying notes.

Investments in subsidiaries and associated companies

Investments in subsidiaries and associated companies are valued in accordance with the cost method. If fair value is lower than cost, and the fall in value is not considered to be temporary, the investment will be valued at fair value.

Cash and bank deposits

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

Taxes

Tax expenses are related to profit before tax and are expensed for when they incur. The tax expense consists of tax payable (tax on taxable income for the year) and change in net deferred tax. The tax expense is allocated to ordinary profit and extra-ordinary profit in accordance with the basis for the taxes. Deferred tax liability and deferred tax assets are presented net in the balance sheet. The disclosure of deferred tax benefits on net tax reducing differences and carry-forward losses, is based on estimated future earnings.

Cash flow statement

The Company's cash flow statement shows the Company's cash flows distributed between operating activities, investment activities and financing activities. The statement shows the impact of the different activities on the Company's cash and cash equivalents. The cash flow statement is presented based on the indirect method.

NOTE 3: INVESTMENT IN SUBSIDIARIES

(In thousands of USD)

COMPANY	OFFICE / JURISDICTION	SHARE AND VOTING POWER	CARRYING AMOUNT	RESULT 2022	EQUITY 31.12.22
Shearwater GeoServices AS	Bergen, Norway	100%	435,366	238,707	637,873
Shearwater GeoAssets AS	Bergen, Norway	100%	105,197	-37,885	103,283
Shearwater GeoServices Assets II AS	Bergen, Norway	100%	7,481	-1,002	5,634
Shearwater Invest AS	Bergen, Norway	100%	85,007	-29,077	29,735

The subsidiaries have not finalised their annual reports at the time of the Company's sign off 19th June 2023.

The Company invested in Shearwater Invest AS in January 2021. This company entered into an agreement for purchase of streamers and six vessels end of April 2021. The Company has given Shearwater Invest AS an interest free convertible loan of USD 85.0 million, which was converted to equity in March 2022.

Shearwater GeoServices AS was the acquiring company in the merger with Trace Invest AS and Reflection Marine AS in December 2021, with effect from 1st of January 2021. Net equity effect in the company accounts of Shearwater GeoServices AS was negative USD 30.3 million.

In 2022 The Company has received a group contribution from Global Seismic Shipping AS (owned 100 % by Shearwater GeoAssets AS) on the amount of USD 5,7 million with tax effect. The same amount is also given from The Company to Global Seismic Shipping AS without tax effect. The net effect in the financial statement is nil. The Company has also received a group contribution from Global Seismic Shipping AS on the amount of USD 1.5 million in 2022, the same amount is given from The Company to Global Seismic Shipping AS. The net effect in the financial statement is nil.

NOTE 4: EQUITY

(In thousands of USD)

	Share capital	**Own shares**	**Share premium**	**Other paid in capital**	**Approved not registered**	**Retained earnings**	**Total equity**
Equity as of 01.01.2022	38,397	-442	203,581	392,980	-	-116,267	**518,249**
Net income for the year						-9,264	**-9,264**
Total Equity per 31.12.2022	**38,397**	**-442**	**203,581**	**392,980**	**-**	**-125,531**	**508,985**

	Number of Shares	**Par value in USD**	**Carrying amount (1000 USD)**
A-shares	58,628,986	0.65	37,898
B-shares	759,150	0.66	499
Total registered shares	59,388,136		38,397

NOTE 5: CASH AND CASH EQUIVALENTS

(In thousands of USD)	2022	2021
Restricted cash	-	-
Bank deposits	21	143
Total cash and cash equivalents	**21**	**143**

NOTE 6: SHAREHOLDER INFORMATION

		Number of shares	Ownership	Voting rights
RASMUSSENGRUPPEN AS*	A-shares	45 873 333	78%	78%
GC Rieber Shipping ASA	A-shares	5 000 000	8%	9%
Schlumberger Norge AS	A-shares	7 651 043	13%	13%
Other shareholders**	A-shares	81 720	0%	0%
Management***	A-shares	22 890	0%	0%
Shearwater GeoServices Holding AS	B-shares	671 970	1%	0%
Other shareholders**	B-shares	6 072	0%	0%
Management***	B-shares	87 180	0%	0%
		59 388 136	100%	100%

** Including entities controlled by RASMUSSENGRUPPEN AS*
*** held by employees of RASMUSSENGRUPPEN AS including board members of Shearwater Geoservices Holding AS and former employees of Shearwater*
**** held by CEO and higher-level management*

The B-shares have no voting rights in the company, other than that, the shares are equal to the A-shares. Should certain specific events occur, B-shares will become A-shares.

Shearwater GeoServices Holding AS received an interest-bearing convertible loan from RASMUSSENGRUPPEN AS in 2021 to enable the Company to finance Shearwater Invest's investment in vessels and streamers. The convertible loan has a five-year profile and interest of 7% p.a. will be added to the facility quarterly. Interest in 2022 totals to USD 6.5 million.

Shearwater GeoAssets is the holding company for the Global Seismic Shipping (GSS) group acquired in January 2020. The transaction included vessel owning entities as well as marine seismic equipment. Payment for the shares were through a share issue of USD 50.1 million in Shearwater GeoServices Holding AS and USD 49.9 million as seller's credit. The seller's credit was converted into equity with share issue in Shearwater GeoServices Holding AS late December 2020. As a result of the payment for the Shearwater GeoAssets AS' investment in GSS was settled by share issue in the Company, the Company had at year end 2020 a significant receivable towards Shearwater GeoAssets AS which totaled to USD 105.2 million. The receivable was converted to equity in October 2021.

The company has no other significant transactions with related parties.

NOTE 7: TAXES

(In thousands of USD)	2022	2021
Calculation of taxes payable		
Net tax income for the year*	-20,657	-8,501
Permanent differences	-	-1,728
Change in temporary differences	-	-
Taxable income	**- 20,657**	**- 10,229**
Group contribution	5,678	1,728
Interest adjustment	8,254	6,749
Losses carried forward		
Net taxable income	**- 6,725**	**-1,752**
Tax rate	22%	22%
Taxes payable	**-**	**-**
Based on taxable income in tax return for 2022 and 2021		
Calculation of deferred tax / tax asset		
Net temporary differences	-	-
Interest carried forward	14,513	6,995
Loss carried forward	9,890	3,538
Basis for deferred tax	**24,402**	**10,532**
Tax rate	22%	22%
Deferred tax asset	5,369	2,317
Of which not booked	-5,369	-2,317
Deferred tax asset	-	-

NOTE 8: RECEIVABLES/LIABILITIES

(In thousands of USD)	2022	2021
Intercompany transactions		
Short-term receivables	6	85,317
Short-term liabilities	26,853	24,487

None of the short-term receivables or liabilities to the Group have maturity later than one year. Of the short-term receivable in 2021, USD 85.0 million is a convertible loan given to Shearwater Invest AS which has been converted to equity in March 2022.

Short-term liabilities to the group are ordinary payables due within one year. In 2022 short term liabilities were mainly towards Shearwater GeoServices AS with 25.1 million. In 2021 short term liabilities were mainly towards Shearwater GeoServices AS with USD 24.0 million.

NOTE 9: EMPLOYEES

The company has no employees, but CEO is contracted from the subsidiary Shearwater GeoServices Norway AS. There has been no remuneration to CEO from Shearwater GeoServices Holding AS as the salary has been provided from the subsidiary Shearwater GeoServices Norway AS. The CEO holds 6,500 A-shares and 20,000 B-shares as of 31 December 2022.

Total compensation to the Board of Directors in 2022 is USD 212,670. The chairman of the board has received USD 129,549 as remuneration in 2022 (2021: USD 119,223).

Shares and share option scheme

The Group established in 2018 a share and share option scheme where the members of the management team and other employees holding key positions were given the opportunity to buy B shares in the company, as well as being awarded options for five tranches, with the last tranche awarded at the end of 2021. Each of the members were given the opportunity to buy the B shares at the same price as the other shareholders subscribed to A shares, at NOK 50 per share. With each B share purchased came the right to purchase a further share (warrant) at NOK 50 per share. For the options set out in the agreement in 2018, the strike price on the options was set to NOK 50 per share, with a monthly increase of the strike price of 0.8%, with the first increase calculated in September 2017.

In 2022 the option scheme was extended to include options awarded at the end of 2022 at the same strike price as for the options awarded under the program in 2018. The strike price at the end of 2022 is NOK 83.26. The strike price at the beginning of 2021 was NOK 68.77 and NOK 75.67 at the end of 2021.

Number of options granted during 2022 is 90,707 (2021: 114,395). No options have been forfeited, exercised, or expired since the establishment of the share option scheme in 2018.

Total number of warrants and options, all fully vested, held by each participant at end of the year:

	2022		2021	
	Number of Warrants	**Number of Options**	**Number of Warrants**	**Number of Options**
Irene Waage Basili, CEO	20,000	163,978	20,000	136,647
Andreas Aubert, CFO	10,000	81,990	10,000	59,213
Peter Hooper, CCO	20,000	136,650	20,000	113,873
Massimo Virgilio, CTO	-	8,000	-	4,000
Antonio Stempel	-	8,000	-	4,000
Simon Telfer	3,036	10,932	3,036	9,110
Gunnvor Dyrdi Remøy	-	8,000	-	4,000
Roy Bampton*	3,036	9,110	3,036	9,110
Total management team	**56,072**	**426,660**	**56,072**	**339,953**
Other employees**	31,108	91,098	31,108	91,098
Total	**87,180**	**535,978**	**87,180**	**449,271**

** Roy Bampton was part of management team until June 2021. Included in totals for both 2022 and 2021*

***Other employees include previous management team members and key personnel.*

The 2018 scheme was amended in December 2022 providing an extended exercise period until May 2025. We do not consider the extension to have a material fair value effect due to additional restrictive constraints on the exercise of the options for key employees. It is significant uncertainty in calculating the fair value of the options in a non-listed company. The estimated fair value is based on available prices discounted for liquidity premium and increased restrictions in the 2022 amendments. The share option scheme has limited number of members and number of options granted. The value of the stock options awarded in 2022 has not been recognised in the financial statements as the estimated attributable value is deemed not material in 2022.

NOTE 10: AUDITORS FEE

(In thousands of USD)	**2022**	**2021**
Audit services	90	107
Other attestation services	1	58
Tax consulting	-	19
Total auditors fee	**91**	**185**

Auditor's fee presented is excluding VAT.

NOTE 11: FINANCIAL EXPENSES

(In thousands of USD)	**2022**	**2021**
Interest on convertible loan from shareholder	6,522	5,760
Intercompany interest expenses	1,728	1,140
Other financial expenses	2	8
Total auditors fee	**8,252**	**6,908**

NOTE 12: LIABILITIES

The Company has guaranteed for debt in the following companies, Shearwater Invest AS (USD 141 million), Shearwater GeoServices AS (USD 525 million) and Shearwater GeoServices Assets II AS (USD 72.9 million).

Contact

LONDON, UNITED KINGDOM
+44 (0) 1293 903296
2 City Place
Beehive Ring Rd
Gatwick
West Sussex
RH6 0PA

BERGEN, NORWAY
+47 55 38 75 00
Damsgårdsveien 135
5160 Laksevåg
Bergen
Norway

HOUSTON, USA
+1 (281) 921-8000
1080 Eldridge Parkway
Suite 1100
Houston
TX 77077

SINGAPORE
+65 6232 2744
6 Battery Road
Level 42
Singapore
049909

OSLO, NORWAY
Veritasveien 1,
N-1363 Høvik
Norway

MALAYSIA
1661 Jalan Perusahaan
Bukit Tengah Industrial Park
Bukit Mertajam
14000 Penang

www.shearwatergeo.com