



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

### Enheten

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

### Regnskapsår

Årsregnskapets periode: 01.01.2021 - 31.12.2021

### Konsern

Mørselskap 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: Monica Tøsdal  
Dato for fastsettelse av årsregnskapet: 14.06.2022

### Grunnlag for avgivelse

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

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 26.10.2022



### Resultatregnskap

Beløp i: USD	Note	2021	2020
<b>RESULTATREGNSKAP</b>			
<b>Kostnader</b>			
Varekostnad	9,10	3 687 000	3 243 000
<b>Sum kostnader</b>		<b>3 687 000</b>	<b>3 243 000</b>
<b>Driftsresultat</b>		<b>-3 687 000</b>	<b>-3 243 000</b>
<b>Finansinntekter og finanskostnader</b>			
Financial income		36 000	375 000
<b>Sum finansinntekter</b>		<b>36 000</b>	<b>375 000</b>
Loss on investment in subsidiary	3	0	97 022 000
Financial expenses	11	6 908 000	142 000
<b>Sum finanskostnader</b>		<b>6 908 000</b>	<b>97 164 000</b>
<b>Netto finans</b>		<b>-6 872 000</b>	<b>-96 789 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-10 559 000</b>	<b>-100 032 000</b>
Skattekostnad på ordinært resultat	7	0	0
<b>Ordinært resultat etter skattekostnad</b>		<b>-10 559 000</b>	<b>-100 032 000</b>
<b>Årsresultat</b>		<b>-10 559 000</b>	<b>-100 032 000</b>
<b>Overføringer og disponeringer</b>			
Transferred from other equity		-10 559 000	-100 032 000
<b>Sum overføringer og disponeringer</b>		<b>-10 559 000</b>	<b>-100 032 000</b>



### Balanse

Beløp i: USD	Note	2021	2020
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
<b>Finansielle anleggsmidler</b>			
Investering i datterselskap	3	548 051 000	442 851 000
<b>Sum finansielle anleggsmidler</b>		<b>548 051 000</b>	<b>442 851 000</b>
<b>Sum anleggsmidler</b>		<b>548 051 000</b>	<b>442 851 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Andre fordringer		11 000	8 000
Konsernfordringer	8	85 317 000	105 226 000
<b>Sum fordringer</b>		<b>85 328 000</b>	<b>105 234 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende	5	143 000	116 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>143 000</b>	<b>116 000</b>
<b>Sum omløpsmidler</b>		<b>85 471 000</b>	<b>105 350 000</b>
<b>SUM EIENDELER</b>		<b>633 522 000</b>	<b>548 201 000</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Selskapskapital	4,6	38 397 000	34 364 000
Beholdning av egne aksjer	4	-442 000	-442 000
Overkurs	4	203 581 000	132 869 000
Ikke registrert kapitalforhøyelse	4	0	74 745 000
Annen innskutt egenkapital	4	392 980 000	392 980 000



## Balanse

<b>Beløp i: USD</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
<b>Sum innskutt egenkapital</b>		<b>634 516 000</b>	<b>634 516 000</b>
<b>Opptjent egenkapital</b>			
Annen egenkapital	4	-116 267 000	-105 708 000
<b>Sum opptjent egenkapital</b>		<b>-116 267 000</b>	<b>-105 708 000</b>
<b>Sum egenkapital</b>		<b>518 249 000</b>	<b>528 808 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
<b>Annen langsiktig gjeld</b>			
Debt to shareholders	6	90 760 000	0
<b>Sum annen langsiktig gjeld</b>		<b>90 760 000</b>	<b>0</b>
<b>Sum langsiktig gjeld</b>		<b>90 760 000</b>	<b>0</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld		0	18 000
Kortsiktig konserngjeld	8	24 487 000	19 365 000
Annen kortsiktig gjeld		26 000	10 000
<b>Sum kortsiktig gjeld</b>		<b>24 513 000</b>	<b>19 393 000</b>
<b>Sum gjeld</b>		<b>115 273 000</b>	<b>19 393 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>633 522 000</b>	<b>548 201 000</b>



## Konsernets resultatregnskap

Beløp i: USD	Note	2021	2020
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Marine acquisition	3	500 094 000	556 071 000
Software, Processing and Imaging (SPI)	3	16 046 000	9 517 000
Other income	3	15 784 000	24 137 000
<b>Sum inntekter</b>		<b>531 924 000</b>	<b>589 725 000</b>
<b>Kostnader</b>			
Cost of sales	4,5,6	403 946 000	412 720 000
Depreciation	9,10	131 424 000	127 696 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	9	852 000	25 996 000
Sales, general and adm cost	6	19 951 000	17 642 000
Acquisition cost		2 924 000	1 827 000
Other losses (gains) net	7	766 000	1 288 000
<b>Sum kostnader</b>		<b>559 863 000</b>	<b>587 169 000</b>
<b>Driftsresultat</b>		<b>-27 939 000</b>	<b>2 556 000</b>
<b>Finansinntekter og finanskostnader</b>			
Financial income	7	3 930 000	378 000
<b>Sum finansinntekter</b>		<b>3 930 000</b>	<b>378 000</b>
Financial expenses	7	51 464 000	50 447 000
<b>Sum finanskostnader</b>		<b>51 464 000</b>	<b>50 447 000</b>
<b>Netto finans</b>		<b>-47 534 000</b>	<b>-50 069 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-75 473 000</b>	<b>-47 513 000</b>
Taxes	8	4 516 000	1 167 000
<b>Ordinært resultat etter skattekostnad</b>		<b>-79 989 000</b>	<b>-48 680 000</b>
<b>Årsresultat</b>		<b>-79 989 000</b>	<b>-48 680 000</b>
Other comprehensive income		30 000	-50 000
Sum resultatkomponenter for IFRS-foretak		30 000	-50 000
<b>Totalresultat</b>		<b>-79 959 000</b>	<b>-48 730 000</b>



## Konsernets resultatregnskap

<b>Beløp i: USD</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
<b>Overføringer og disponeringer</b>			
Overføringer til/fra annen egenkapital		-79 959 000	-48 730 000
<b>Sum overføringer og disponeringer</b>		<b>-79 959 000</b>	<b>-48 730 000</b>



### Konsernets balanse

Beløp i: USD	Note	2021	2020
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Intangible assets	10	23 068 000	22 217 000
Utsatt skattefordel	8	0	0
Goodwill	10	2 048 000	2 048 000
<b>Sum immaterielle eiendeler</b>		<b>25 116 000</b>	<b>24 265 000</b>
<b>Varige driftsmidler</b>			
Vessels	9	951 490 000	873 931 000
Seismic equipment and other equipment	9	124 406 000	123 350 000
Manufacturing equipment	9	2 356 000	3 599 000
Right of use asset	9, 15	11 539 000	8 770 000
<b>Sum varige driftsmidler</b>		<b>1 089 791 000</b>	<b>1 009 650 000</b>
<b>Finansielle anleggsmidler</b>			
Long term receivables	15	0	36 000
<b>Sum finansielle anleggsmidler</b>		<b>0</b>	<b>36 000</b>
<b>Sum anleggsmidler</b>		<b>1 114 907 000</b>	<b>1 033 951 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
Inventory and pre-payments	12	27 139 000	19 536 000
Assets held for sale - vessels	9	6 969 000	
<b>Sum varer</b>		<b>34 108 000</b>	<b>19 536 000</b>
<b>Fordringer</b>			
Kundefordringer	3,12	76 508 000	70 650 000
Andre fordringer	3,12	8 951 000	16 129 000
<b>Sum fordringer</b>		<b>85 459 000</b>	<b>86 779 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende	14,16	101 199 000	95 332 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>101 199 000</b>	<b>95 332 000</b>



### Konsernets balanse

Beløp i: USD	Note	2021	2020
Sum omløpsmidler		220 766 000	201 647 000
<b>SUM EIENDELER</b>		<b>1 335 673 000</b>	<b>1 235 598 000</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Selskapskapital	18	38 397 000	34 364 000
Beholdning av egne aksjer		-442 000	-442 000
Overkurs		203 581 000	132 869 000
Ikke registrert kapitalforhøyelse			74 745 000
Annen innskutt egenkapital		392 980 000	392 980 000
<b>Sum innskutt egenkapital</b>		<b>634 516 000</b>	<b>634 516 000</b>
<b>Opptjent egenkapital</b>			
Annen egenkapital		-206 181 000	-126 221 000
<b>Sum opptjent egenkapital</b>		<b>-206 181 000</b>	<b>-126 221 000</b>
<b>Sum egenkapital</b>		<b>428 335 000</b>	<b>508 295 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
Utsatt skatt	8	110 000	141 000
<b>Sum avsetninger for forpliktelser</b>		<b>110 000</b>	<b>141 000</b>
<b>Annen langsiktig gjeld</b>			
Gjeld til kredittinstitusjoner	11,16	598 358 000	610 195 000
Other long term liabilities	15	10 145 000	8 574 000
<b>Sum annen langsiktig gjeld</b>		<b>608 503 000</b>	<b>618 769 000</b>
<b>Sum langsiktig gjeld</b>		<b>608 613 000</b>	<b>618 910 000</b>
<b>Kortsiktig gjeld</b>			
Current portion of long term debt	11,13, 15,16	217 484 000	54 621 000
Leverandørgjeld	13	56 152 000	31 425 000
Betalbar skatt	8	4 210 000	854 000



## Konsernets balanse

<b>Beløp i: USD</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
Annen kortsiktig gjeld	3,13	20 879 000	21 493 000
<b>Sum kortsiktig gjeld</b>		<b>298 725 000</b>	<b>108 393 000</b>
<b>Sum gjeld</b>		<b>907 338 000</b>	<b>727 303 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>1 335 673 000</b>	<b>1 235 598 000</b>



**Skattedirektoratet**

Saksbehandler Torstein Kinden Helleland	Deres dato 14.06.2017	Vår dato 19.06.2017
Telefon 22078139	Deres referanse Kristian Rådal	Vår referanse 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](http://www.skatteetaten.no)  
Org.nr: 996250318  
E-post: [skatteetaten.no/sendepost](mailto: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

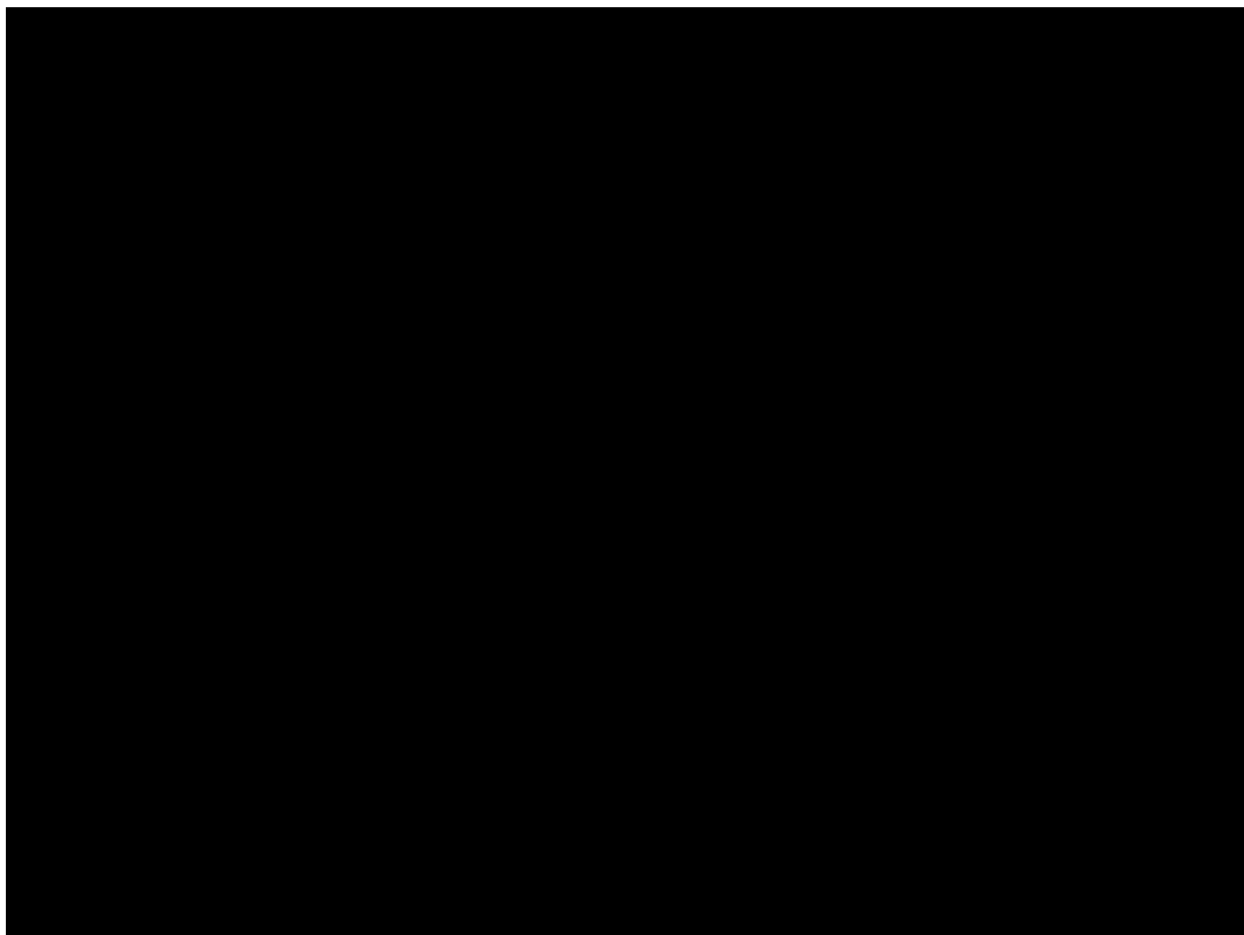
*Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer*



Shearwater GeoServices Holding AS  
Annual Report 2021

[www.shearwatergeo.com](http://www.shearwatergeo.com)

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**SHEARWATER**

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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

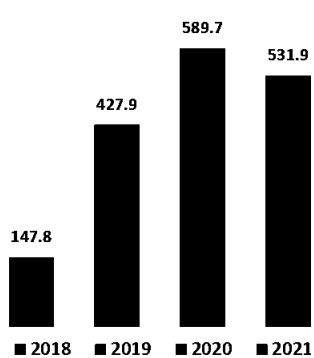
<b>Key figures</b>	<b>2</b>
<b>Message from the CEO</b>	<b>3</b>
<b>About Shearwater</b>	<b>5</b>
<b>Strategy and Business Overview</b>	<b>6</b>
<b>Board of directors</b>	<b>15</b>
<b>Management</b>	<b>17</b>
<b>Board of directors' report</b>	<b>19</b>
<b>Group financial statement</b>	<b>29</b>
<b>Contact</b>	<b>83</b>



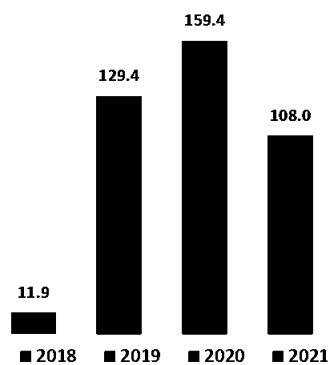
**SHEARWATER**

Annual Report 2021

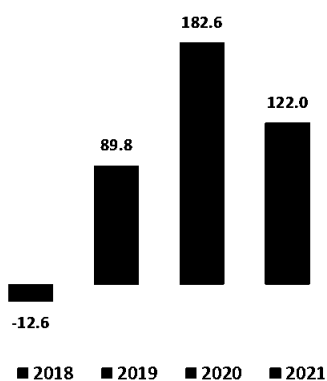
## Key Figures



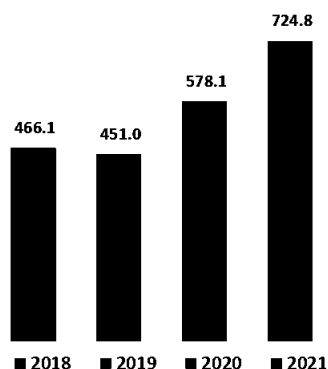
Total Revenues (USD millions)



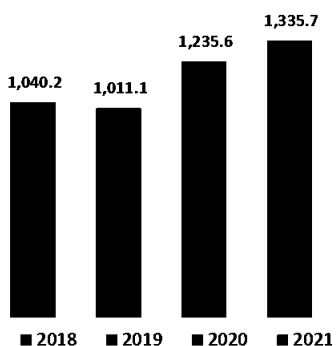
EBITDA (USD millions)



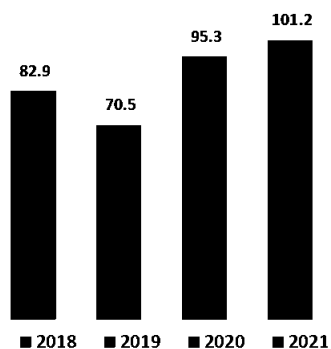
Cashflow from operations (USD millions)



Net debt (USD millions)



Total assets (USD millions)



Cash and cash equivalents (USD millions)



## Message from the CEO

Shearwater GeoServices was founded on a clear vision of creating a global leader in marine seismic acquisition with the robustness to withstand the oil and gas industry cycles. Over the past two years, we have proven our resilience and ability to navigate a worldwide downturn in our core markets and a global pandemic.

Now, we see another step-change in activity. Energy demand and prices started to recover in late 2021 on increased global activity and easing Covid-19 effects. More recently the Russian invasion of Ukraine has had a profound impact on global markets, highlighting the vulnerability of global energy supply. Our deepest concerns go out to the Ukrainian people.

### **Navigating the cycles**

The robustness and flexibility of the Shearwater operating model enables us to efficiently adjust capacity and maintain activity levels. We have maintained good utilisation for our active vessels through the recent downturn. We secured new contract awards from a wide range of clients supported by a streamlined organisation, leveraging our built-in flexibility for scaling up and down in changing market conditions.

In 2021, we continued to generate an operational cash flow which enabled us to meet both our debt instalments and invest in technology development. Revenue was USD 531.9 million and EBITDA was USD 108.0 million in 2021, compared to USD 589.7 million and USD 159.4 million respectively, in 2020.

Despite challenging market conditions during most of 2021, we delivered a robust financial performance and maintained significant operational leverage into a market recovery that started in the latter part of the year and has continued into 2022.

### **Strong commitment to our clients**

Shearwater's strategy of client collaboration and technology development, regardless of where we are in the cycle, provides a strong foundation for future partnerships and new solutions designed to meet our clients' needs by providing data enabling better decisions for exploration, development, and carbon storage monitoring.

Last year, we proactively took advantage of the market downturn to strengthen our position within high-end streamers through fleet enhancements at highly accretive prices and through continuous technology development. We also strengthened our position within in OBS and hybrid surveys.

We introduced Harmony, a new seismic source technology, developed in collaboration with major energy companies. It provides enhanced low frequencies yielding deeper seismic imaging, more realistic models of the earth's subsurface and a more precise estimation of the reservoir properties for 3D and 4D applications. We also expanded our position in the ROV deep-water node market with the largest-ever OBN seismic survey in Brazil for Petrobras on the Tui and Iracema fields in the Santos Basin.



## **SHEARWATER**

Annual Report 2021

Demand is also increasing for surveys where Shearwater delivers the full value chain from the offshore survey to data processing and imaging, and in some cases also extending to include reservoir characterisation and prediction models. This enables us to fully leverage the unique execution platform built through our transformational transactions supported by a robust financial position.

### **Positioned for growth**

On the back of our enhanced asset base and execution platform, we continue to strengthen Shearwater's position in new and growing markets such as ocean bottom nodes and carbon capture and storage. We are also one of a few companies in our market which continuously invest in technology development. Bringing new solutions to the market is a key enabler for long-term client relationships and a necessity to enable the oil and gas industry to improve reservoir recovery rates, which again is a key contributor to the energy transition.

Oil and gas will remain an important part of the world's energy supply for many decades. At the same time, we collectively work with our clients to transition into a low-carbon society. This is reflected in increased investments in wind, carbon storage, geothermal and other areas. As geophysicists, we are well positioned to capture these new opportunities for Shearwater to grow and develop, while we continue to invest in improving the footprint of what is still our core business.

Concerns about the reliability and security of global energy supply has led to the current situation with historically high energy prices. As a response, our clients are increasing their exploration and development budget. More investments in geophysical data, initially prioritising production optimisation from existing reservoirs and later exploration seismic, is now actually happening. We are uniquely positioned for a recovering seismic market which in our view is set to resume the broad cyclical upswing that was set back by the pandemic.

It also positions us for the ongoing energy transition, both in terms of modernising our current operational platform, and in driving improvements both in technology and solutions to tackle new and existing markets with a smaller environmental footprint.

We see a likely prolonged period of tight energy markets and rising offshore activity as our clients seek to add reserves and boost production. I would say we are well positioned and well prepared.

*Irene Waage Basili*

*CEO, Shearwater GeoServices AS*



Image: Ayca Eleman, MMO. Oceanic Vega, Black Sea

## 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 has approximately 850 employees, 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 a greatly improved visibility and more robust business model. 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 in order 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**

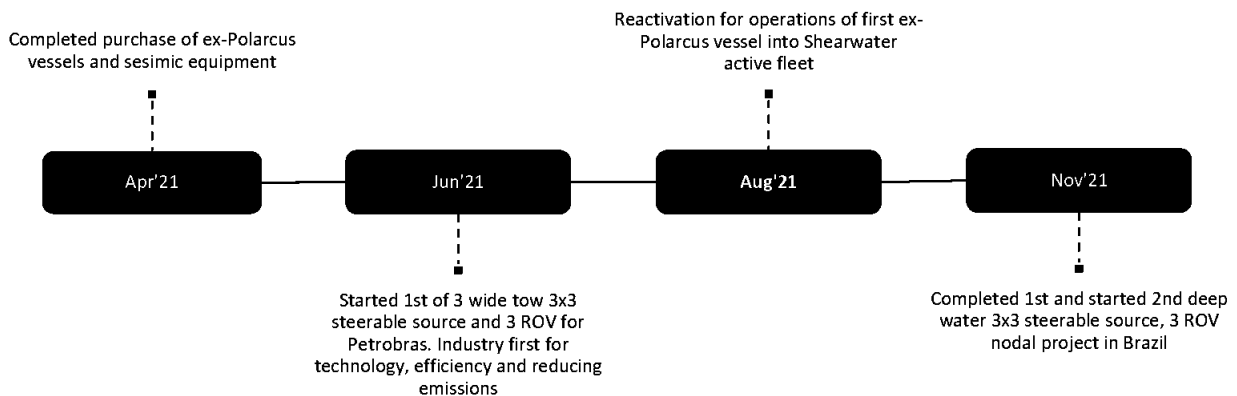
We own and control the most modern major fleet in the seismic market and we continuously work to improve the efficiency of our operations. Leveraging our diverse workforce, advanced technology capabilities and extensive operational experience, we are committed to being a driving force in providing sustainable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

6



## Marine Acquisition

### Key Highlights 2021



The Marine Acquisition business has experienced improving rates and margins particularly in the second half of 2021 as Covid-19 restrictions eased 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, including both Ocean Bottom Node (OBN) and Ocean Bottom Cable (OBC) approaches. Shearwater offers high-quality seabed solutions for



## **SHEARWATER**

Annual Report 2021

shallow and deep-water environments, including the Qseabed multicomponent seabed seismic system, Nodes-on-a-Rope (NOAR), Deepwater ROV nodes, as well as hybrid combinations with towed-streamer technologies. Our broad portfolio of cost-effective, high-quality seabed seismic acquisition technologies is complemented by experience in processing and imaging these datasets. In 2021, major advances were achieved in the development of Pearl, Shearwater's own node, which will be 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 2021, 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. The flexibility and resilience of the Shearwater crews and operating model were tested through the year 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 2021, 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. The company further consolidated the seismic market with the purchase of the ex-Polarcus vessels in April. The vessels add future growth capacity with a modern and versatile fleet equipped and prepared for a market rebound, supported by a flexible and cost-effective operating model. 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) remained low with seven recorded cases with no high-potential for escalation. In 2021, the company successfully implemented campaigns covering various risk elements of our activities.

The start of 2022 has been challenging with six 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 a behavioural based safety program.

## **Fleet**

The April 2021 asset acquisition has enabled Shearwater to extend the commercial life of the fleet and accelerate the fleet renewal program which started in 2020. It continued in 2021 with the retirement of Alize and Trident, and into 2022 with the retirements and recycling of Polar Marquis, Challenger, SW Emerald and SW Eagle. Today, Shearwater owns and operates a fleet of 23 high-end seismic vessels. This includes four ocean bottom seismic vessels, including three flexible vessels equipped for receiver deployment, source and towed streamer, and one high-end wide-tow high-capacity steerable source vessel capable of nine source string spreads. Shearwater's 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



**SHEARWATER**

Annual Report 2021

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**



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

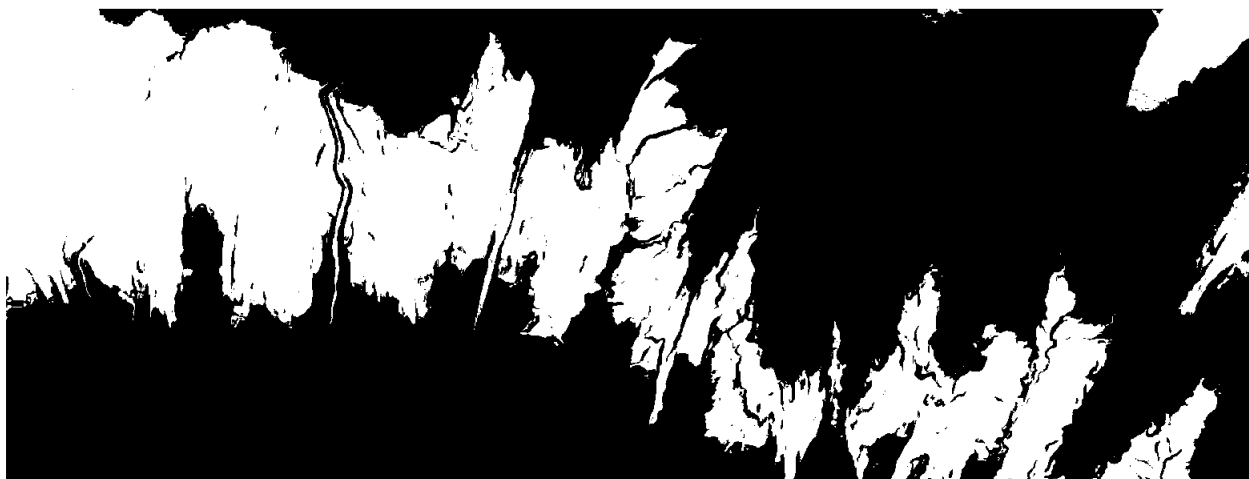


SW Tasman



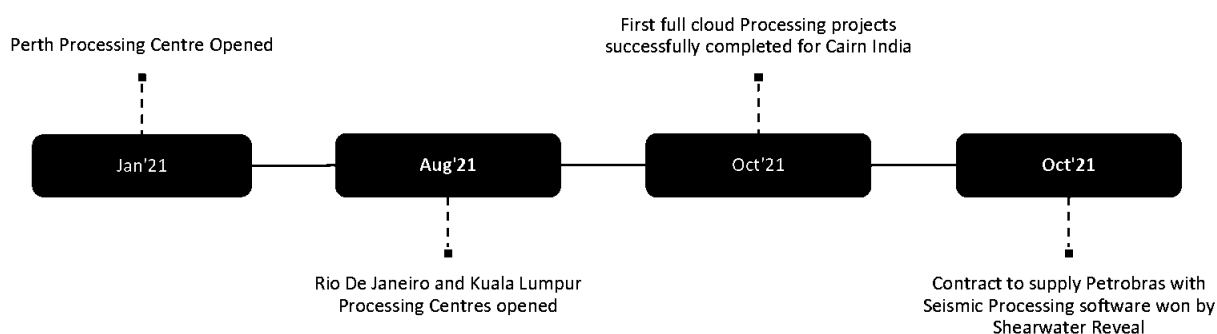
SW Diamond

Please see [www.shearwatergeo.com](http://www.shearwatergeo.com) for additional vessel information



## Software, Processing & Imaging

### Key Highlights 2021:



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

## SHEARWATER

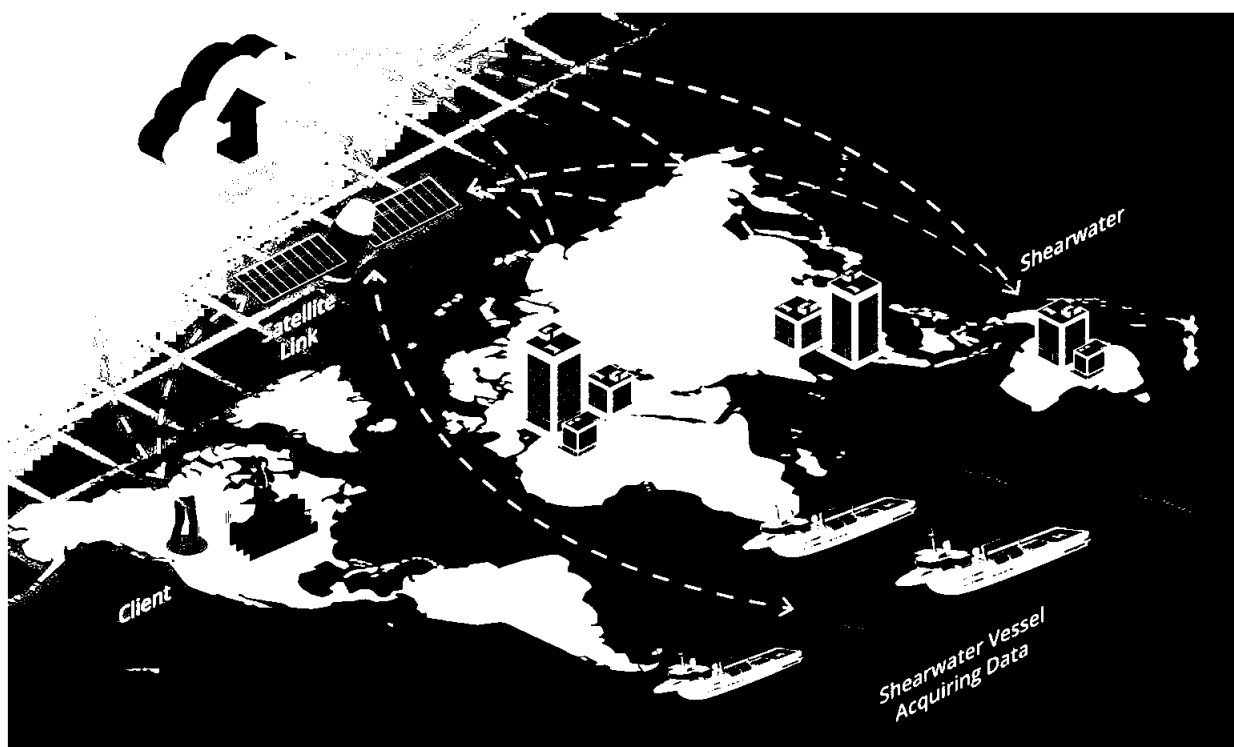
Annual Report 2021

Exploration & Production companies use Reveal as their geophysical software due to its ease of use, flexibility, and extensibility for fast technology innovation.

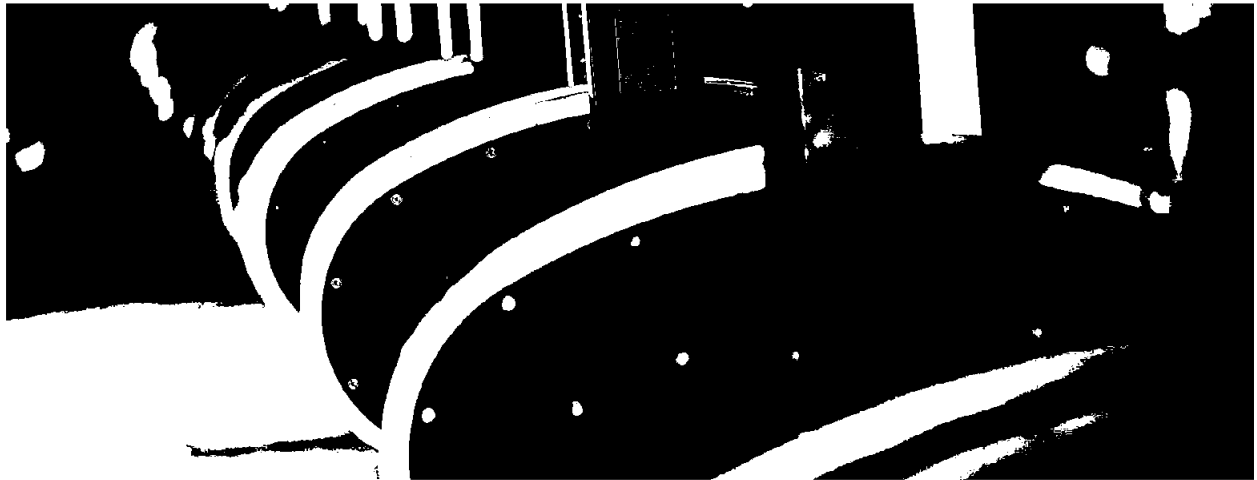
Customers benefit from in-house R&D teams who develop new, industry-leading algorithms to provide innovative ways to improve the image quality delivered. Shearwater's main processing hub is in the UK, with the company offering flexible teams to establish project specific centres close to clients' offices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

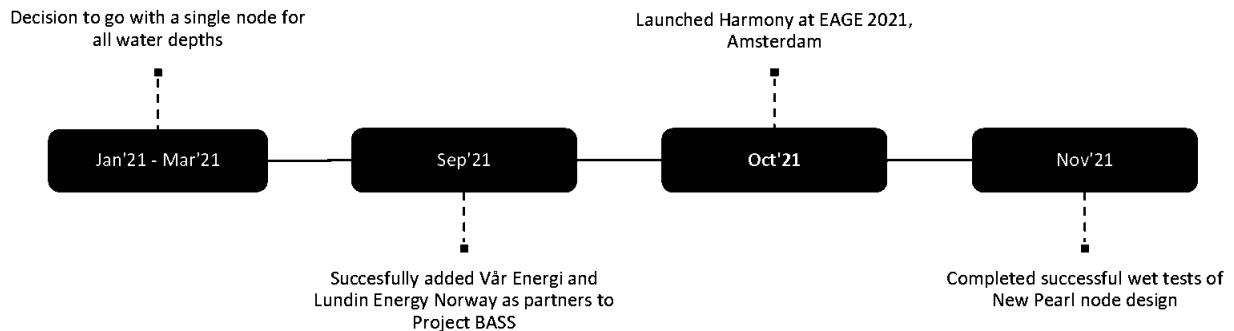


Monsoon is Shearwater's digital environment that delivers flexibility by simplifying data access and promoting collaboration seamlessly, via the cloud. It was launched in 2020 and has enabled the company to reduce cycle time and work on projects with much greater flexibility.



## Technology

### Key Highlights 2021:



Shearwater offers advanced marine seismic acquisition technologies for exploration, reservoir delineation, characterization, and monitoring. The entire company shares the vision of combining science and technology to create new business value.

The company has an experienced research and engineering organisation comprising of more than 90 permanent staff with background in geophysics, 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 150 professionals, produces the products in volume to be deployed commercially and allowing customers to realize additional 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 Shearwater Technology & Innovation Centre (STIC) is engaged in development of a new compact seabed seismic node, a novel marine vibratory source and a low frequency source. 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 located in the greater

12



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. The node project reached a key milestone in November 2021 with successful "in-water" test with the second-generation node prototypes. The product will be launched in June 2022 and be commercially available in the second half of 2022. Further to the Pearl node, a separate project is focused on developing handling solutions for both shallow and deep-water operations to optimise and preserve value

The other 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.

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 and manufacture of the next generation projector called 'PM-B' with both low and high frequency capabilities. Two in-water tests at Seneca lake have been successfully executed for incremental de-risking of the technology. In addition, good progress was made towards the development of other sub-systems including processing and imaging methods to be deployed through proprietary software Reveal.

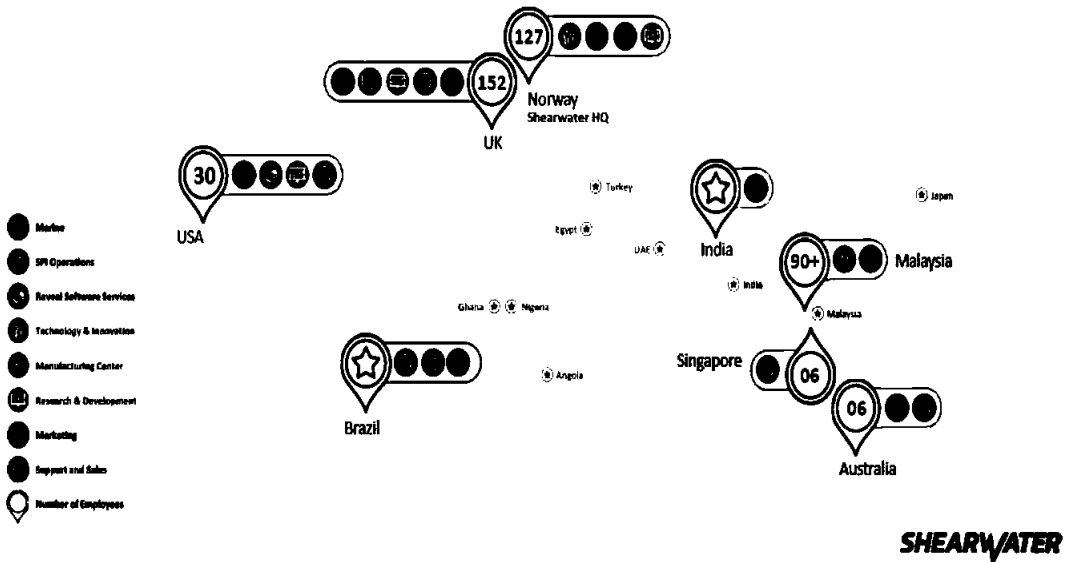
In 2021, Shearwater introduced a new low frequency source named Harmony at the EAGE industry conference held in Amsterdam in October. Harmony is an airgun based low frequency source utilising the physics of frequency locking of bubbles to enable a source signal that is richer in low frequency energy. The advancements in processing of data through Full Waveform Imaging (FWI) methods have led to significantly improved images, especially in the mature fields of Gulf of Mexico. Such FWI processing and imaging methods require long offset measurements in acquisition which in turn require more low frequency seismic energy. Harmony is well positioned to serve this market, with applications in both ocean bottom and towed streamer acquisition setups. The advantage of Harmony over other low frequency sources is its modularity. Harmony can be deployed on any vessel of opportunity and while being offshore, and additionally the possibility to also combine a low frequency source and a conventional source in acquisition enabling more creative acquisition geometries for customers to choose from.

On sustaining of technology, we improved further the operating envelope of Isometrix by optimizing the system to run faster with reallocation of hardware on existing installations on the vessels. This improvement allows for more creative acquisition geometries with Isometrix. Further, a project named "TRINAV Fleet Wide" was initiated in late 2021 to develop a single positioning platform by extending proprietary TRINAV software and integrating it to work with third party peripheral units. The first version of this new software is expected to be commercially available in the fourth quarter of 2022.



## Locations

### Shearwater's Geographical Locations & Worldwide Presence





## 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.



**SHEARWATER**

Annual Report 2021



**Trygve Lauvdal**  
Board Member

Trygve Lauvdal is Investment Director at RASMUSSEGRUPPEN 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.



## 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 oil industry. 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



**SHEARWATER**

Annual Report 2021

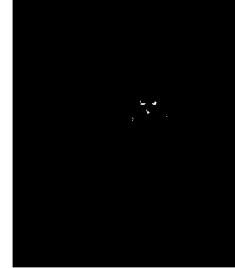


**Simon Telfer**  
SVP Software, Processing & Imaging

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.



**Kerry Walker**  
Global Head of HR

Kerry has over 13 years' experience in Human Resources, 10 of which have been in the oil industry.

Before joining Shearwater, Kerry previously worked for CGG and held the position of VP Hub HR, responsible for the delivery and communication of the overall People strategy across Northern Europe.

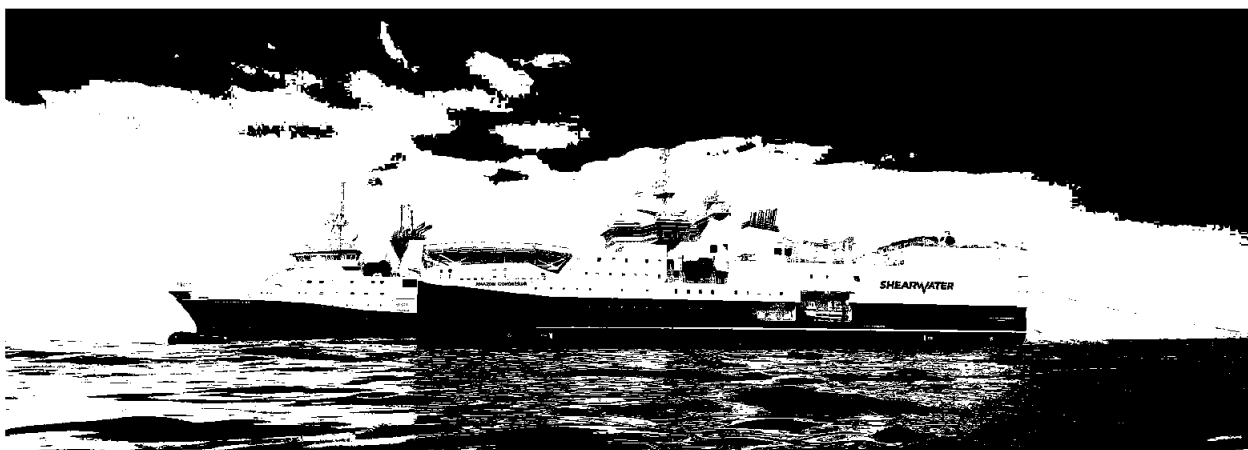
Prior to this Kerry held the position of Regional HR Business Partner for EAME, where she was responsible for the development and delivery of the People strategy of the Processing and Imaging business line across EAME.



**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 WesternGec, 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.



## 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, underlines 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 combines decades of experience to innovate every step from sensor design to final image

## Executing growth strategy

In April 2021, Shearwater executed two transactions to take over marine seismic acquisition assets previously owned by Polarcus, including six seismic acquisition vessels and four complete streamer sets and associated equipment. The transactions were financed by a new vessel loan facility and a shareholder convertible loan. The investments enable Shearwater to extend the commercial life of the fleet and streamer pool, to accelerate the fleet renewal program and meet growing seabed market demand.

## Leading fleet and technology platform

Following the above transaction, the retirement of two vessels in 2021 and four vessels in 2022 as part of the fleet renewal program, Shearwater now 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). 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 that the Group pursues secured increased external industry funding in 2021 for the Marine vibrating source development, demonstrating Shearwater's commitment to sustainable seismic exploration.



## **SHEARWATER**

Annual Report 2021

The number of employees increased from 805 at the end of 2020 to 863 at year-end 2021. The highly qualified employees have enabled Shearwater to utilise the acquired assets safely and quickly and offer a broader range of geophysical services to customers worldwide.

### **Proactively managing changing market conditions**

2021 started with Shearwater executing projects awarded during the pandemic which were competitively priced during challenging market conditions. Over the course of the year there was a steady positive oil price development as demand returned to the global economy. The positive impact from this trend has seen increased cashflow generation for our clients and we have seen an increase in the seismic market both in terms of volume and margin in the second half of 2021.

Going into 2021, Shearwater had eight active vessels in the first quarter of the year. This increased to a peak of twelve active vessels in the second and third quarter, before the active fleet was reduced to ten vessels at year-end. With both streamer and deep-water nodal work in Brazil, Shearwater was able to achieve a strong EBITDA in the fourth quarter and maintained strong positive cash flow generation from operations with the combination of a competitive cost base and strong operational performance.

Shearwater has throughout the Covid-19 pandemic proactively taken steps to minimise the impact on people and operations and to ensure business continuity with a strong focus on mitigating the impact on project execution for our clients. This includes regularly updated Group health advisories and executing business activities in compliance with local and international regulations. Together with other seismic contractors, Shearwater continues to contribute to meeting's hosted by Energeo Alliance where best practice is shared, and world-wide restrictions are openly monitored and discussed. In 2021, Shearwater started offering COVID-19 vaccines to all offshore employees. At the end of March 2022, 97% of Shearwater's offshore employees were fully vaccinated.

### **Well positioned for market recovery with robust financial platform**

Market fundamentals improved throughout 2021. Energy demand grew sharply as the world gradually recovered from the Covid-19 pandemic while supply was unable to match this recovery due to several years of under-investment. As a result, the tendering activity picked up during the year, a trend that we see continuing into 2022. As such, the company 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 market recovery based on the company's strong 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.

## **Financial review**

### **Income Statement**

Total revenue for the Shearwater Group in 2021 was USD 531.9 million and EBITDA was USD 108.0 million compared to USD 589.7 million and USD 159.4 million, respectively, in 2020. The operating profit (EBIT) for 2021 was a loss of USD 27.9 million compared to an operating profit of USD 2.6 million in 2020, and net financial items were negative USD 47.5 million in 2021 compared to negative USD 50.1 million in 2020.

The Group's net loss after tax amounted to USD 80.0 million in 2021 compared to a net loss of USD 48.7 million in 2020.

**Cash Flow**

Net cash flow from operations in 2021 was USD 122.0 million compared to USD 182.6 million in 2020.

Cash flow from investing activities was negative USD 214.2 million compared to positive USD 5.1 million in 2020. The cashflow from investing activities includes the USD 177.5 million payment for the vessels and seismic equipment previously owned by Polarcus.

Net cash flow from financing activities was positive USD 98.1 million in 2021 compared to negative USD 162.9 million in 2020. Cash flow from financing in 2021 included the drawdown of a new loan facility provided by DNB and GIEK of USD 107.5 million and a shareholder loan provided by RASMUSSENGRUPEN AS of USD 85 million both related to the above-mentioned asset transaction. Repayment of long-term loans for 2021 amounted to USD 61.4 million. Interest expense on long-term debt and financial leases amounted to negative USD 40.4 million. Net cash flow for the year was positive USD 5.9 million compared to positive USD 24.8 million in 2020.

**Statement of financial position**

The Group's total assets as at 31 December 2021 amounted to USD 1 335.7 million compared to USD 1 235.6 million at the end of 2020, while total assets in Shearwater GeoServices Holding AS were USD 633.5 million compared to USD 548.2 million at the end of 2020. At 31 December 2021, the Group's booked value of vessels was USD 951.5 million, and the book value of seismic equipment was USD 124.4 million compared to USD 873.9 million and USD 123.4 million respectively, at the end of 2020.

The Group's book equity at 31 December 2021 was USD 428.3 million corresponding to an equity ratio of 32.1%, with corresponding prior year figures of USD 508.3 million and 41.1%. Shearwater GeoServices Holding AS's equity was USD 518.2 million, corresponding to an equity ratio of 81.8%, compared to USD 528.8 million and equity ratio of 96.5% at the end of 2020.

**Financing**

Group interest-bearing debt was USD 826.0 million at 31 December 2021, of which USD 217.5 million was classified as short-term debt, compared to USD 673.4 million of which USD 54.5 million was classified as short-term debt at the end of 2020. The increase in short term debt is primarily due to the USD 150 million bond replacement facility maturing in December 2022. The Group is currently exploring various alternatives for the refinancing of the facility, and the Board is confident that a solution will be found that provides Shearwater with a suitable financial platform going forward. The average maturity of the Group's loan portfolio was 3.1 years, down from 4.0 years at the end of 2020.

The Group reduced debt by USD 61.4 million during the year through paid instalments, compared to reduction of debt of USD 129 million in 2020 through paid instalments and repayments related to refinancing. At 31 December 2021, the Group's cash holding was USD 101.2 million of which USD 0.8 million was classified as restricted. Net interest-bearing debt was USD 724.8 million, compared to USD 578.1 million at 31 December 2020.

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 2021, the Group did not make any 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 2021.



## 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 2021 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 2021: Shearwater GeoServices Holding AS had a loss of USD 10.6 million in 2021 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 and gas commodity prices have been relatively low in recent years, which has had a negative impact on oil and gas companies' E&P (exploration and production) spending. 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.

The period with relatively lower oil and gas prices has reduced the 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 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

Most of the Group's external financing is subject to floating interest with interest cost exposed to fluctuations in interest rates. At the end of 2021, interest rate exposure for 27% 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. Taking the interest rate swap into account the Group is exposed to interest rate risk for approximately 52% of its loan value.

### 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 2020, shareholders injected an additional USD 25 million associated with the refinancing of existing debt facilities.



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 manage and forecast 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 [included in this annual report and] available at [www.shearwatergeo.com](http://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 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.

### **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 our 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 continuously evolving. To mitigate these risks, we implement security management in a planned and systematic way and continuously improve the security standard across the Group.

**Environment, Social and Governance (“ESG”)**

In 2020, the Group published its first ESG report and established an ESG committee to oversee the implementation of its ESG strategy. 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 its 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.

A more detailed account of Shearwater's ESG goals and strategy is contained in the annual ESG report which can be found at [www.shearwatergeo.com](http://www.shearwatergeo.com).

**Organisation and working environment**

In 2021, Shearwater experienced growth in the number of permanent employees from 805 at the end of 2020 to 863 at the end of 2021. In 2019, Shearwater prioritised establishing a strong Group-wide organisational culture through the Shearwater Focus program and continuous attention to creating a good working environment both onshore and offshore.

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

The Group sick leave ratio was 1.28% in 2021. During 2021, 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 2021.

**Quality, health, environment and safety**

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

The Group's fleet of modern seismic vessels 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



## **SHEARWATER**

Annual Report 2021

oilfield infrastructure. The technical capabilities of the vessels provide a cornerstone for safe and efficient surveys.

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

### **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).

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 our 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.

The Board of Directors currently consists of six directors, four shareholders' representatives, one director 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 2021, 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%. During 2021, certain members of the board subscribed to class A shares as part of the partial divestment by GC Rieber Shipping ASA. In 2017, the Company issued class B shares which are currently owned by the Company and key employees.

## 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 2021 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 2021 saw shortages and increasing energy prices. The war in Ukraine further underlined the importance of reliable and affordable energy.

As a result of this, energy companies are increasing their capex budgets for 2022 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 for OBS.

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 its owners, provides operational and financial strength for Shearwater to fully capitalise on a market recovery and to expand into energy transition activities.



**SHEARWATER**

Annual Report 2021

## 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 2021 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.

**Bergen, 14<sup>th</sup> June 2022**

**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

**Irene Waage Basili**  
Chief Executive Officer



**SHEARWATER**

Annual Report 2021

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**GROUP FINANCIAL STATEMENT  
SHEARWATER GEOSERVICES  
HOLDING AS**

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**SHEARWATER**

Annual Report 2021

Group Financial Statement

**CONSOLIDATED INCOME  
STATEMENT**

THE SHEARWATER GEOSERVICES HOLDING AS GROUP

(In thousands of USD)	Note	2021	2020
<b>Operating revenue and other income</b>			
Marine acquisition	3	500,094	556,071
Software, Processing and Imaging (SPI)	3	16,046	9,517
Other income	3	15,784	24,137
<b>Total revenue and other income</b>		<b>531,924</b>	<b>589,725</b>
<b>Operating expenses</b>			
Cost of sales	4, 5, 6	403,946	412,720
Depreciation	9, 10	131,424	127,696
Impairment	9	852	25,996
Sales, general and administration cost	6	19,951	17,642
Acquisition cost		2,924	1,827
Other losses (gains) net	7	766	1,288
<b>Total operating expenses</b>		<b>559,863</b>	<b>587,170</b>
<b>Operating profit (EBIT)</b>		<b>-27,940</b>	<b>2,555</b>
Financial income	7	3,930	378
Financial expenses	7	-51,464	-50,447
<b>Net financial items (+income/-expense)</b>		<b>-47,534</b>	<b>-50,068</b>
<b>Net income before taxes</b>		<b>-75,474</b>	<b>-47,513</b>
Taxes	8	4,516	1,167
<b>Net income (+profit/-loss)</b>		<b>-79,990</b>	<b>-48,680</b>
<i>Earnings per share</i>	19	-1.36	-0.93
<i>Diluted earnings per share</i>	19	-1.36	-0.93

**CONSOLIDATED STATEMENT OF COMPREHENSIVE  
INCOME**

Net income for the year	-79,990	-48,680
Other comprehensive income	30	-50
<b>Total comprehensive income for the year</b>	<b>-79,960</b>	<b>-48,730</b>

30



**SHEARWATER**

Annual Report 2021

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION THE SHEARWATER GEOSERVICES HOLDING AS GROUP

(In thousands of USD)	31 December		
	2021	2020	
<b>ASSETS</b>			
Goodwill	10	2,048	2,048
Intangible assets	10	23,068	22,217
Deferred tax asset	8	-	-
<b>Total intangible assets</b>		<b>25,116</b>	<b>24,265</b>
Vessel and marine equipment	9	951,490	873,931
Seismic equipment and other equipment	9	124,406	123,350
Right of use assets	9, 15	11,539	8,770
Manufacturing equipment	9	2,356	3,599
<b>Total tangible assets</b>		<b>1,089,791</b>	<b>1,009,650</b>
Long-term receivables	15	-	36
<b>Total financial non-current assets</b>		<b>-</b>	<b>36</b>
<b>Total non-current assets</b>		<b>1,114,907</b>	<b>1,033,952</b>
Inventory and pre-payments	12	27,139	19,536
Trade receivables	3, 12	76,508	70,650
Other receivables	3, 12	8,951	16,129
Cash and cash equivalents	14, 16	101,199	95,332
<b>Total current assets</b>		<b>213,796</b>	<b>201,647</b>
Assets held for sale - vessels	9	6,969	-
<b>Assets held for sale</b>		<b>6,969</b>	<b>-</b>
<b>Total assets</b>		<b>1,335,672</b>	<b>1,235,599</b>



**SHEARWATER**

Annual Report 2021

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**THE SHEARWATER GEOSERVICES HOLDING AS GROUP**

(In thousands of USD)	Notes	31 December	
		2021	2020
<b>EQUITY AND LIABILITIES</b>			
Share capital	18	38,397	34,364
Share premium		203,581	132,869
Other paid in capital		392,980	392,980
Approved not registered capital increase		-	74,745
Own shares		-442	-442
Retained earnings		-206,181	-126,221
<b>Total equity</b>		<b>428,336</b>	<b>508,296</b>
Deferred tax liability	8	110	141
Long-term debt	11, 16	598,358	610,195
Other long-term liabilities	15	10,145	8,574
<b>Total long-term liabilities</b>		<b>608,613</b>	<b>618,911</b>
Current portion of long-term debt	11, 13, 15, 16	217,484	54,621
Trade payables	13	56,152	31,425
Taxes payable	8	4,210	854
Other short-term liabilities	3, 13	20,879	21,493
<b>Total short-term liabilities</b>		<b>298,724</b>	<b>108,392</b>
<b>Total liabilities</b>		<b>907,336</b>	<b>727,303</b>
<b>Total equity and liabilities</b>		<b>1,335,672</b>	<b>1,235,599</b>

Robert Scott Hobbs  
Chairman of the Board

Bergen 14th June 2022

Stein Vidar Håland  
Board member

Trygve Lauvdal  
Board member

Vijay Babu Kasibhatla  
Board member

Lars Erik Larsson  
Board member

Cathrine Lund Larsen  
Board member

Irene Waage Basili  
Chief Executive Officer

32



## CONSOLIDATED CASH FLOW STATEMENT THE SHEARWATER GEOSERVICES HOLDING AS GROUP

(In thousands of USD)	Notes	2021	2020
<b>Cash flow from operating activities:</b>			
Profit before tax		-75,474	-47,513
Paid tax		-1,144	-1,092
Depreciation and write down	9	132,276	153,693
Capitalised depreciation	9	-696	-1,149
Profit on sale of equipment	9	8	-634
Interest expenses	7	48,890	49,355
Change in current assets / liabilities		18,146	29,990
<b>Net cash flow from operating activities</b>		<b>122,006</b>	<b>182,648</b>
<b>Cash flow from investing activities:</b>			
Payments for fixed assets	9	-215,168	-13,167
Payments for sale of equipment	9	962	1,100
Cash effect from investment in subsidiaries	9	-	17,125
<b>Net cash flow from investing activities</b>		<b>-214,206</b>	<b>5,058</b>
<b>Cash flow from financing activities</b>			
Capital increase	18	-	25,346
Drawdown of long-term loan	11	107,500	364,000
Transaction costs related to loans and borrowings	11	-	-4,046
Repayment of long-term loan	11	-61,354	-492,762
Drawdown of shareholder loan	18	85,000	-
Drawdown of overdraft account		7,298	-
Repayment of lease liabilities	15	-3,067	-2,383
Interest paid		-37,309	-53,035
<b>Net cash flow from financing activities</b>		<b>98,068</b>	<b>-162,879</b>
<b>Net increase in cash and cash equivalents</b>		<b>5,867</b>	<b>24,826</b>
Cash and cash equivalents at start of period		95,332	70,506
<b>Cash and cash equivalents at end of period</b>	<b>14</b>	<b>101,199</b>	<b>95,332</b>



**SHEARWATER**

Annual Report 2021

**STATEMENT OF CHANGES IN EQUITY**  
**THE SHEARWATER GEOSERVICES HOLDING AS**  
**GROUP**

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
<b>Balance at 1 January 2021</b>	<b>34,364</b>	<b>132,869</b>	<b>392,980</b>	<b>74,745</b>	<b>-442</b>	<b>-126,221</b>	<b>508,296</b>
Share issue/debt conversion from 2020 registered in January 2021	4,033	70,712		-74,745			-
Total comprehensive income						-79,960	-79,960
<b>Total equity at 31 December 2021</b>	<b>38,397</b>	<b>203,581</b>	<b>392,980</b>	<b>-</b>	<b>-442</b>	<b>-206,181</b>	<b>428,336</b>

For the year ended 31 December 2020

(In thousands of USD)	Share capital	Share premium	Other paid in capital	Approved not registered	Own shares	Retained earnings	Total equity
<b>Balance at 1 January 2020</b>	<b>33,125</b>	<b>83,977</b>	<b>392,980</b>		<b>-442</b>	<b>-77,491</b>	<b>432,150</b>
Share issue 8 January	1,239	48,893					50,132
Share issue 22 December				25,346			25,346
Debt conversion 29 December				49,399			49,399
Total comprehensive income						-48,730	-48,730
<b>Total equity at 31 December 2020</b>	<b>34,364</b>	<b>132,869</b>	<b>392,980</b>	<b>74,745</b>	<b>-442</b>	<b>-126,221</b>	<b>508,296</b>



**SHEARWATER**

Annual Report 2021

## 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 and Malaysia.

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.

The consolidated financial statement was authorised for issue by the Board of Directors on June 14 2022.

### 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 has the ability to affect those returns through its power over the investee.

The Group re-assesses whether or not 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

35



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.

<i>Asset group</i>	<i>Useful life</i>
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.

Subsequent to 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.

Subsequent to 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 net impairment losses 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 of time 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 regards 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) as a result of a previous event, it is probable (more likely than not) that a financial settlement will take place as a result of this obligation and the size of the amount can be measured reliably. If the effect is considerable, the provision is calculated by discounting estimated future cash flows using a discount rate before tax that reflects the market's pricing of the time value of money and, if relevant, risks specifically linked to the obligation.

## **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 as a consequence 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 represents 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 10.5% 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 2021 the Group has experienced significant improvement in rates and future rates are based on expectations of an improving oil price, that oil and gas demand is recovering and will be further supported by lifting Covid-19 related economic lock downs, and deferred 2020 projects coming back to the market. Even as the global energy transition evolves towards a higher share of renewable sources, Shearwater believes that oil and gas will remain a vital part of the energy mix also in the future.

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 two of the Group's vessels which has been valued based on value in use. Had an operating profit ("EBIT") 3 percentage points lower been assumed for the long term, the Group would consider an impairment of USD 4.8 million for two of the vessels in the fleet as of December 31, 2021. Had EBIT margins 5 percentage points lower been assumed for the long term, impairment of the two vessels would total to USD 18.0 million as of December 31, 2021.

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 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.



#### *Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform*

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

These amendments have no impact on the consolidated financial statements.

#### *Amendments to IAS 1 and IAS 8 Definition of Material*

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

These amendments had no impact on the consolidated financial statements.

#### *Conceptual Framework for Financial Reporting issued on 29 March 2018*

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

These amendments had no impact on the consolidated financial statements.

#### *Amendments to IFRS 16 Covid-19 Related Rent Concessions*

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

This amendment had no 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 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: Classification of Liabilities as Current or Non-current*

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification



The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively.

The Group is still assessing the potential impact.

*Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37*

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 but will not impact the Group since this practice already is applied prior to 2022.

The amendments are not expected to have a material impact on the Group.

*IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities*

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

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's 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. The presented segment figures from 2020 has been changed to match the new segments by adding previous segment Software together with Processing & Imaging.

**Marine Acquisition**

The Group owns and operates a fleet of purpose built seismic vessels designed for safe and efficient seismic acquisition using towed streamers, ocean bottom nodes (OBN) and ocean bottom cables (OBC). Combined with our onboard and onshore data processing expertise we deliver industry leading quality products. For this segment the end product will be the delivery of unprocessed seismic data.

**Software, Processing & Imaging**

The Group processes and re-processes 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 on a monthly basis. The Group also includes the statement of financial position in the 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.



**SHEARWATER**

Annual Report 2021

(In thousands of USD) 2021	Marine Acquisition	Software, Processing & Imaging	Manufacturing & Engineering	Not allocated	Total
<b>Income statement</b>					
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
<b>EBITDA**</b>	<b>121,458</b>	<b>3,169</b>	<b>-5,839</b>	<b>-10,762</b>	<b>108,026</b>
Acquisition cost				2,924	2,924
Depreciation and amortisation	126,928	677	1,247	2,572	131,424
Impairment	852				852
<b>Operating profit EBIT***</b>	<b>-6,322</b>	<b>2,492</b>	<b>-7,086</b>	<b>-16,258</b>	<b>-27,174</b>
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
<b>Net Income</b>	<b>-47,697</b>	<b>2,355</b>	<b>-7,088</b>	<b>-27,561</b>	<b>-79,990</b>

\* 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
<b>Cash flow</b>					
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
<b>Net cash flow from operating activities</b>	<b>140,453</b>	<b>3,169</b>	<b>-5,839</b>	<b>-15,777</b>	<b>122,006</b>
Payment for fixed assets	-210,371	-934	-3,675	-187	-215,168
Payment sale of fixed assets	962				962
<b>Net cash flow from investing activities</b>	<b>-209,409</b>	<b>-934</b>	<b>-3,675</b>	<b>-187</b>	<b>-214,206</b>
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
<b>Net cash flow from financing activities</b>	<b>101,134</b>	<b>-471</b>	<b>-</b>	<b>-2,596</b>	<b>98,068</b>
<b>Net change in cash flow</b>	<b>32,178</b>	<b>1,764</b>	<b>-9,514</b>	<b>-18,560</b>	<b>5,867</b>

45



**SHEARWATER**

Annual Report 2021

(In thousands of USD) 2020	Marine Acquisition	Software, Processing & Imaging	Manufacturing & Engineering	Not allocated	Total
<b>Income statement</b>					
Total operating revenue and other income	566,520	14,659	8,317	230	589,725
Operating expenses	381,041	11,694	18,420	19,207	430,362
<b>EBITDA*</b>	<b>185,479</b>	<b>2,965</b>	<b>-10,103</b>	<b>-18,978</b>	<b>159,363</b>
Acquisition cost				1,827	1,827
Depreciation and amortisation	123,026	349	1,415	2,906	127,696
Impairment	25,996				25,996
<b>Operating profit EBIT**</b>	<b>36,457</b>	<b>2,616</b>	<b>-11,519</b>	<b>-23,711</b>	<b>3,843</b>
Interest income				378	378
Interest expense	-48,247			-1,108	-49,355
Other financial income/expenses	-136	-9		-2,234	-2,379
Income tax expense				-1,167	-1,167
<b>Net Income</b>	<b>-11,927</b>	<b>2,607</b>	<b>-11,519</b>	<b>-27,842</b>	<b>-48,680</b>

\* 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.



**SHEARWATER**

Annual Report 2021

(In thousands of USD) 2020	Marine Acquisition	Software, Processing & Imaging	Manufacturing & Engineering	Not allocated	Total
<b>Cash flow</b>					
EBITDA	185,479	2,965	-10,103	-18,978	159,363
Change in current assets	22,904			-2,919	19,984
Change in current assets with no cash impact				3,300	3,300
<b>Net cash flow from operating activities</b>	<b>208,382</b>	<b>2,965</b>	<b>-10,103</b>	<b>-18,597</b>	<b>182,648</b>
Payment for fixed assets	-10,563	-556	-77	-1,971	-13,167
Payment sale of fixed assets	1,100				1,100
Net effect acquisition transaction	17,229				17,229
Investments in subsidiaries				-104	-104
<b>Net cash flow from investing activities</b>	<b>7,766</b>	<b>-556</b>	<b>-77</b>	<b>-2,075</b>	<b>5,058</b>
Capital increase				25,346	25,346
Repayment of long-term loan including interest	-545,797				-545,797
Drawdown long term loan	359,954				359,954
Other financing activities				-2,383	-2,383
<b>Net cash flow from financing activities</b>	<b>-185,843</b>			<b>22,963</b>	<b>-162,879</b>
<b>Net change in cash flow</b>	<b>30,306</b>	<b>2,409</b>	<b>-10,180</b>	<b>2,291</b>	<b>24,826</b>

### 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 2021	31 Dec 2020
Marine acquisition	500,094	556,071
SPI	16,064	14,659
Manufacturing & Engineering	6,595	8,317
<b>Revenue from contract with customers</b>	<b>522,735</b>	<b>579,047</b>
Other income Marine acquisition	8,305	10,449
Other income	884	229
<b>Total</b>	<b>531,924</b>	<b>589,725</b>
<b>Timing of revenue recognition</b>		
Point in time	2,291	1,662
Services transferred over time	520,444	577,386
<b>Total revenue from contract with customers</b>	<b>522,735</b>	<b>579,047</b>

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



### Performance obligations

#### **Marine Acquisition and SPI - Processing and Imaging**

##### *Exclusive contracts/Processing*

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. Progress for processing/imaging services are measured based on a model taking into account both working hours and processing.

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 of 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.

#### **SPI - 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 2021 and 2020 part of other income is insurance settlement recognised at a point in time.

### Net operating revenue by geography

(In thousands of USD)	Year ended	
	31 Dec 2021	31 Dec 2020
Europe, Africa and Middle East - EAME	222,005	200,545
Asia / Pacific - APAC	149,172	187,704
North and South America - NSA	160,747	202,075
<b>Total</b>	<b>531,924</b>	<b>589,725</b>



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

<b>Assets related to contract with customers</b>	<b>2021</b>	<b>2020</b>
Trade receivables	45,933	48,713
Mobilisation and transit costs recognised (costs to fulfil a contract)	9,120	3,427
Receivables, invoiced after balance sheet date	31,029	21,937
<b>Contract liabilities</b>	<b>2021</b>	<b>2020</b>
Prepayment from customers/Deferred revenues	9,086	5,183
<b>Expected delivery of remaining performance obligations</b>		
Within one year	296,864	249,105
More than one year	-	-

There was an increase in total contract assets as well as contract liabilities at year end 2021 compared to 2020. This was mainly due to an increase in the Group's ongoing and contracted obligations at year end, and is in line with what can be seen in the market in general, the demand for seismic services steadily returning to pre-covid levels.

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 as at year end 2021 is USD 48.2 million within one year and USD 221.8 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 2021 to be recognised during 2022.

#### **Assets recognised from costs to fulfil a contract**

With reference to the contract balances above, the Group's work in progress consist 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.

	<b>2021</b>	<b>2020</b>
Assets recognised from costs incurred to fulfil a contract	9,120	3,427
Amortisation and impairment loss recognised as cost of providing services during the period	-6,390	8,424


**NOTE 4: SPECIFICATION COST OF SALES**

(In thousands of USD)	Year ended	
	31 Dec 2021	31 Dec 2020
Vessel operating cost	378,636	381,299
Processing and Imaging cost	12,877	13,000
Manufacturing and Engineering cost	12,434	18,420
<b>Total cost of sales*</b>	<b>403,946</b>	<b>412,720</b>

\*cost of sales is excluding depreciation

(In thousands of USD)	Year ended	
	31 Dec 2021	31 Dec 2020
Operating costs	320,309	327,616
Personnel costs	81,254	83,830
Other costs	2,383	1,274
<b>Total cost of sales</b>	<b>403,946</b>	<b>412,720</b>

\*cost of sales is excluding depreciation

**NOTE 5: SALARY AND PERSONNEL EXPENSES**

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

Location	2021	2020
Offshore	448	449
Norway offices	126	113
UK offices	152	127
US office	28	27
Malaysia office	85	81
Singapore/Australia office	10	8
Brazil office	6	-
Other locations	8	-
<b>Total employees</b>	<b>863</b>	<b>805</b>

The Group has seen a slight increase in salary and personnel expenses which is due to a steady increase of office employees during 2021. Total full-time employees was at year end 863.

(In thousands of USD)	Year ended	
	31 Dec 2021	31 Dec 2020
Salary cost	80,872	80,038
Social security	3,018	2,406
Pension and insurance cost	6,650	6,159
Other benefits	1,011	2,200
<b>Total salary and benefits cost</b>	<b>91,550</b>	<b>90,803</b>

Salary and benefits costs are included in Cost of sales USD 81.3 million (2020: USD 83.8 million) and Sales, general and administration costs USD 10.3 million (2020: USD 7.0 million).



**SHEARWATER**

Annual Report 2021

(In thousands of USD)	No of A-/ B-shares	Salary	Bonus	Other benefits	Pension premium	Total
<b>MANAGEMENT REMUNERATION 2021</b>						
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, <i>Until 04/21</i>	1,846	114	118	208	5	445
Massimo Virgilio, CTO, <i>From 09/21</i>	-	109	-	1	7	116
Patrick Leigh-Smith	-	341	202	55	23	621
Roy Bampton, <i>Until 06/21</i>	7,036	139	139	8	10	295
Simon Telfer	3,036	279	120	2	22	423
Kerry Walker, <i>From 07/21</i>	-	74	-	1	6	81
<b>Total Management remuneration*</b>	<b>76,808</b>	<b>2,398</b>	<b>1,730</b>	<b>282</b>	<b>149</b>	<b>4,559</b>

\* 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.

The Chairman of the Board has received USD 119,223 as remuneration in 2021 (2020: USD 136,687).

(In thousands of USD)	No of A-/ B-shares	Salary	Bonus	Other benefits	Pension premium	Total
<b>MANAGEMENT REMUNERATION 2020</b>						
Irene Waage Basili, CEO	26,500	523	-	2	13	538
Andreas Aubert, CFO	15,000	326	-	2	15	343
Peter Hooper, CCO	23,390	379	-	2	19	401
Linda Myklebust	1,846	220	-	2	19	241
Patrick Leigh-Smith	-	455	-	-	36	492
Roy Bampton	7,036	296	-	15	17	329
Simon Telfer	3,036	279	-	-	22	301
<b>Total Management remuneration*</b>	<b>76,808</b>	<b>2,478</b>	<b>-</b>	<b>24</b>	<b>142</b>	<b>2,644</b>

\* 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 2021 is USD 2,324 thousand while 2020 totalled to USD 2,041 thousand.


**NOTE 6: AUDITORS FEE**

(In thousands of USD)	Year ended	
	31 Dec 2021	31 Dec 2020
Statutory audit	467	447
Other attestation services	80	-
<b>Statutory audit required by law</b>	<b>547</b>	<b>447</b>
Other services outside the audit scope	66	484
Tax advice	42	79
<b>Other services</b>	<b>108</b>	<b>101</b>
<b>Total auditor's fee *</b>	<b>655</b>	<b>549</b>

\* included in Sales, general and administration cost

Of statutory audit fee in 2021, USD 33 thousand relates to subsidiaries audited by other audit firms than the parent company (2020: USD 79 thousand). The audit fee is excluding VAT.

**NOTE 7: FINANCIAL INCOME AND EXPENSES**

(In thousands of USD)	Year ended	
	31 Dec 2021	31 Dec 2020
Interest income	198	378
Mark-to-Market interest swap (note 16)	3,692	-
Other financial income	40	1
<b>Total financial income</b>	<b>3,930</b>	<b>378</b>
Interest on loans	-47,517	-48,617
Interest on leases	-969	-738
<b>Total interest expense</b>	<b>-48,486</b>	<b>-49,355</b>
Other financial cost	-2,978	-1,092
<b>Total financial expenses</b>	<b>-51,464</b>	<b>-50,447</b>
<b>Net financial income (+) / expenses (-)</b>	<b>-47,534</b>	<b>-50,068</b>

Net currency loss of USD 766 thousand (2020: loss of USD 1,288 thousand) related to operating activities are shown as other losses (gains) in the income statement.



**NOTE 8: TAX**

(In thousands of USD)	Year ended	
	31 Dec 2021	31 Dec 2020
Tax payable	4,549	969
Change in deferred tax/tax assets	-32	198
<b>Income tax expense</b>	<b>4,516</b>	<b>1,167</b>
<b>Reconciliation of income tax expense for the year</b>		
Net income before taxes	-75,474	-47,513
Norwegian statutory tax rate	22%	22%
Estimated tax	-16,604	-10,453
Deferred tax assets recognised	-	200
Change in deferred tax assets not recognised	15,717	10,773
Permanent differences including effects of tonnage tax regime and tax rates other than statutory tax rate in Norway	5,405	647
<b>Income tax expense (income)</b>	<b>4,516</b>	<b>1,167</b>
<b>Deferred tax liabilities/assets</b>		
Fixed assets	-15,199	-8,040
Profit and loss account	498	643
Net long-term debt	-23,501	-6,471
Net short-term receivables	-	47
Tax losses carried forward	-125,586	-105,628
Deducted interests carried forward	-83,561	-55,363
<b>Basis for calculation of deferred tax</b>	<b>-247,349</b>	<b>-174,812</b>
Norwegian statutory tax rate	22%	22%
Not recognised deferred tax asset Norwegian entities	-47,283	-31,566
Not recognised deferred tax asset UK entity	-4,268	-4,268
Deferred tax liability in Norwegian tonnage tax company	110	141
<b>Deferred tax liabilities in the balance sheet</b>	<b>110</b>	<b>141</b>
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	-	-
<b>Deferred tax assets in the balance sheet</b>	<b>-</b>	<b>-</b>

\* 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 2021 the Group had tax losses carried forward of 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 taking into account the Groups's 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
<b>Cost:</b>						
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
<b>Acquisition cost at 31 Dec 2021</b>	<b>1,098,949</b>	<b>290,202</b>	<b>11,284</b>	<b>5,682</b>	<b>20,040</b>	<b>1,426,157</b>
<b>Accumulated depreciation:</b>						
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
<b>Accumulated depreciation at 31 Dec 2021</b>	<b>147,459</b>	<b>168,692</b>	<b>8,928</b>	<b>2,786</b>	<b>8,501</b>	<b>336,366</b>
<b>Balance sheet values at 31 Dec 2021</b>	<b>951,490</b>	<b>121,510</b>	<b>2,356</b>	<b>2,896</b>	<b>11,539</b>	<b>1,089,791</b>
<i>Estimated useful lifetime</i>	<i>25 yrs.</i>	<i>3 to 7 yrs.</i>	<i>3 to 7 yrs.</i>	<i>3 to 5 yrs.</i>	<i>1 to 5 yrs.</i>	

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 for a total consideration of USD 127.5 million.

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

In December 2021 the Group entered into a recycling agreement for four of its vessels. Delivery of the vessels is estimated to 1<sup>st</sup> quarter 2022. As capitalised amount for these vessels are realised through a sales transaction and the sales were considered highly likely at year end, the lowest of capitalised value and fair value less sales cost for these vessels have been presented as held for sale. Book value of vessels held for sale totals to USD 7.0 million at year end. Assets held for sale will not be depreciated. As at year end a 20 % deposit of total sales price of USD 7.1 million for the four vessels has been received and posted as short term liabilities in the financial statement.

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 timecharter 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 23.9 million, see note 15.



(In thousands of USD)	Seismic vessels	Seismic equipment	Manufacturing & engineering equipment	Office equipment	Right of use asset	Total
<b>Cost:</b>						
Acquisition cost at period start	754,936	128,953	11,204	3,327	11,976	910,396
Additions acquisition transaction	272,893	99,500				372,393
Additional capital expenditures	12,196	-313	77	1,234	3,133	16,326
Sale of equipment	-466	-	-	-	-	-466
Disposals during the year	-	-	-	-	-	-
<b>Acquisition cost at 31 Dec 2020</b>	<b>1,039,560</b>	<b>228,140</b>	<b>11,281</b>	<b>4,561</b>	<b>15,109</b>	<b>1,298,650</b>
<b>Accumulated depreciation:</b>						
Balance at period start	77,207	51,023	6,266	763	4,019	139,277
Depreciation for the period	59,430	57,425	1,415	935	2,320	121,526
Depreciation periodical maintenance	3,350					3,350
Impairment	25,996					25,996
Deferred mob cost	-355	-795	-	-	-	-1,149
<b>Accumulated depreciation at 31 Dec 2020</b>	<b>165,628</b>	<b>107,652</b>	<b>7,681</b>	<b>1,698</b>	<b>6,339</b>	<b>288,999</b>
<b>Balance sheet values at 31 Dec 2020</b>	<b>873,931</b>	<b>120,488</b>	<b>3,599</b>	<b>2,862</b>	<b>8,770</b>	<b>1,009,650</b>
<i>Estimated useful lifetime</i>	<i>25 yrs.</i>	<i>3 to 7 yrs.</i>	<i>3 to 7 yrs.</i>	<i>3 to 5 yrs.</i>	<i>1 to 5 yrs.</i>	

On the 8<sup>th</sup> of January 2020 the Group completed the strategic vessel transaction with CGG. The transaction included five high-end seismic vessels and two legacy vessels previously owned by CGG Marine Resources Norge AS and Eidesvik Offshore ASA. Five complete streamer sets were also acquired. The group of companies that were part of the transaction had no employees or organisation that would enable a functioning business setup, only assets. Taking into account the definition in IFRS 3 Business combination into consideration, the Group considers this transaction an asset transaction, as the scope in the standard excludes the acquisition of an asset or a group of assets that does not constitute a business (2 b.).

**Assets and liabilities recognised as a result of the acquisition are as follows:**

(In millions of USD)

Acquired vessels	273
Acquired streamers	99
Cash in acquired companies	17
Debt in acquired companies	287
Fair value of shares issued	50
Seller's credit subsequently converted to shares	49
Other payables	3

In October 2020 one of the legacy CGG vessels was sold.

Other assets (right of use) are office and warehouse buildings previously identified as operating leases under IAS 17 as well as lease of processing equipment. Short term leases, such as bareboat or timecharter 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 10.1 million, see note 15.



## Impairment

As of 31 December 2021, the Group obtained vessel market values from two reputable brokers for the Group's entire fleet. In addition, impairment testing has been performed in order to calculate the recoverable amount for the Group's fleet. Each vessel constitutes a separate cash-generating unit, which is tested separately for impairment. 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 show a positive EBITDA. The Group believes that with the current rise in energy prices, lack of exploration investment over recent years and continued rise in energy demand, the demand for seismic services will increase over the coming years. This is also reflected in the quantity and pricing of tenders rising over the course of 2022, which 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. Five 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 31.12.2021.

Based on these assessments, the Group has not made any vessel impairments in 2021. Impairment of seismic equipment was in 2021 was related to a streamer incident during operation.

(In thousands of USD)	Year ended	
	31 Dec 2021	31 Dec 2020
SW Marquis	-	20,117
SW Eagle	-	2,276
SW Trident	-	3,603
Seismic equipment	852	-
<b>Total impairment</b>	<b>852</b>	<b>25,996</b>

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. The Group did not foresee neither SW Eagle nor SW Trident entering the market in the future. As such, all three vessels were impaired to estimated recoverable amount measured at fair value less cost of disposal at year end 2020.

Recoverable amounts for impaired vessels: (In thousands of USD)	Year ended
	31 Dec 2020
SW Marquis	1 943
SW Eagle	1 957
SW Trident	558



**NOTE 10: INTANGIBLE ASSETS**

(In thousands of USD)	Goodwill	R&D	Patents and software	Total intangible assets
<b>2021</b>				
<b>Costs as of 1 January 2021</b>	<b>2 048</b>	-	<b>28 212</b>	<b>30 260</b>
Additions to costs		3 672		3 672
<b>Cost as of 31 December 2021</b>	<b>2 048</b>	<b>3 672</b>	<b>28 212</b>	<b>33 932</b>
<b>Amortisation as of 1 January 2021</b>				
Amortisation expense	-	-	2 821	2 821
Impairment	-	-	-	-
<b>Amortisation as of 31 December 2021</b>	<b>-</b>	<b>-</b>	<b>8 816</b>	<b>8 816</b>
<b>Balance as of 31 December 2021</b>	<b>2 048</b>	<b>3 672</b>	<b>19 396</b>	<b>25 116</b>
<i>Estimated useful life</i>			<i>10 years</i>	
<b>2020</b>				
<b>Costs as of 1 January 2020</b>	<b>2 048</b>	-	<b>28 212</b>	<b>30 260</b>
Additions to costs				
<b>Cost as of 31 December 2020</b>	<b>2 048</b>	-	<b>28 212</b>	<b>30 260</b>
<b>Amortisation as of 1 January 2020</b>				
Amortisation expense	-	-	2 821	2 821
Impairment	-	-	-	-
<b>Amortisation as of 31 December 2020</b>	<b>-</b>	<b>-</b>	<b>5 995</b>	<b>5 995</b>
<b>Balance as of 31 December 2020</b>	<b>2 048</b>	-	<b>22 217</b>	<b>24 265</b>
<i>Estimated useful life</i>			<i>10 years</i>	

**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.

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. It is expected that the nodes will be in commercial operation from mid 2022. 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 2021, the Group finds that the assumptions the purchase price allocation finalised in 2019 was based on is still relevant. In the last year, demand for oil and gas has recovered from the impact of Covid-19 and there has been a significant strengthening in oil and gas prices. Currently, the Group is cautiously optimistic for the future and trends show that activity levels have more or less returned to pre-Covid levels and the Group expects further increase in activity. The current levels of activity will lead to substantial requirement for new streamers in the market within the next few years, furthering the credibility of the value of patents and software. No impairment was made for intangible assets.

### NOTE 11: LONG-TERM DEBT

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. 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 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
<b>Total</b>				<b>825,987</b>
			<i>Of which is classified as short-term debt:</i>	<i>217,484</i>
			<i>Of which is classified as long-term debt:</i>	<i>608,503</i>

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.

The Group's long-term liabilities, including first year's instalments, are summarised as follows at year-end 2020:

(In thousands of USD)		Average interest rate 2020	Average maturity	Balance sheet 2020
Mortgage debt with floating interest	Secured	USD LIBOR + 5.6 %	3.5 years	515,990



## SHEARWATER

Annual Report 2021

Mortgage debt with fixed interest	Secured	USD CIRR 2.25 + 2.5 %	5.6 years	149,839
Lease liabilities		8.35%	5.4 years	10,375
Amortisation effect, mortgage debt				-4,234
Accrued interest expenses				1,420
<b>Total</b>				<b>673,390</b>
			<i>Of which is classified as short-term debt:</i>	<i>54,478</i>
			<i>Of which is classified as long-term debt:</i>	<i>618,912</i>

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 1,173.5 million, of which USD 93.9 million were bank deposits.

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

(In thousands of USD)

Within 1 year	217,896
From 1 to 5 years	601,126
More than 5 years	39,321
<b>Total interest-bearing debt</b>	<b>858,343</b>

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

The Group's most important covenants in its long-term financing agreements are:

- The Group shall on a consolidated basis always have an equity ratio of at least 30%.
- Shearwater GeoServices AS shall have free liquidity of more than USD 30 million on a consolidated basis.

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



**SHEARWATER**

Annual Report 2021

**Liabilities from financing activities and other assets**

	<b>Borrowings</b>	<b>Leases</b>	<b>Sub-total</b>	<b>Cash and Cash equivalents</b>	<b>Total</b>
<b>Net debt as at 1 January 2020</b>	<b>-513,067</b>	<b>-8,465</b>	<b>-521,531</b>	<b>70,506</b>	<b>-451,026</b>
<i>Cash changes</i>					
Cash flows				24,826	24,826
Down-payment of long-term debt	492,762		492,762		492,762
Cash from new long-term debt	-364,000		-364,000		-364,000
Repayment of lease liabilities		2,384	2,384		2,384
<i>Non-cash changes</i>					
Long-term debt from acquisition	-286,810		-286,810		-286,810
Other non-cash movements	8,099	-3,871	4,228		4,228
Foreign exchange adjustments		-422	-422		-422
<b>Net debt as at 31 December 2020</b>	<b>-663,015</b>	<b>-10,375</b>	<b>-673,390</b>	<b>95,332</b>	<b>-578,058</b>
<b>Net debt as at 1 January 2021</b>	<b>-663,015</b>	<b>-10,375</b>	<b>-673,390</b>	<b>95,332</b>	<b>-578,058</b>
<i>Cash changes</i>					
Cash flows				5,866	5,866
Down-payment of long-term debt	61,354		61,354		61,354
Cash from new long-term debt	-107,500		-107,500		-107,500
Cash from new convertible loan from shareholder	-85,000		-85,000		-85,000
Cash from overdraft facility	-7,298		-7,298		-7,298
Repayment of lease liabilities		3,067	3,067		3,067
<i>Non-cash changes</i>					
Interest long-term new debt added to facilities	-11,089		-11,089		-11,089
Other non-cash movements	-778	-5,943	-6,721		-6,721
Foreign exchange adjustments		591	591		591
<b>Net debt as at 31 December 2021</b>	<b>-813,327</b>	<b>-12,660</b>	<b>-825,986</b>	<b>101,199</b>	<b>-724,787</b>



**NOTE 12: TRADE RECEIVABLES AND OTHER CURRENT RECEIVABLES**

(In thousands of USD)	2021	2020
Trade receivables	45,962	48,713
Accrued, not invoiced revenue	30,546	21,937
<b>Trade receivables</b>	<b>76,508</b>	<b>70,650</b>
Work in progress	9,712	3,427
Fuel and other inventory onboard vessels	14,319	11,572
Prepaid cost	3,107	4,538
<b>Inventory and prepayments</b>	<b>27,139</b>	<b>19,536</b>
Market value financial instruments (note 16)	3,692	-
Insurance claim (note 9)	-	11,620
Other short-term receivables	5,259	4,509
<b>Other receivables</b>	<b>8,951</b>	<b>16,129</b>

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
2021	<b>76,508</b>	66,554	9,164	666	59	65
2020	<b>70,650</b>	49,885	14,543	2,155	3,806	260

Of trade receivables 31 December 2021, USD 1,766,253 are still outstanding receivables at the time the financial statement is signed. The Group has not incurred any loss in 2021 (2020: loss of USD 52.7 thousand). The Group's expected losses not accounted for are considered to be immaterial as of 31 December 2021. As such, the Group has not identified any material losses that should be accounted for.



**SHEARWATER**

Annual Report 2021

## NOTE 13: OTHER CURRENT LIABILITIES

(In thousands of USD)	2021	2020
Current portion of lease obligation according to IFRS 16	2,322	1,801
Current portion of long-term debt	207,037	51,400
Overdrafts	7,298	-
Accrued interest	826	1,420
<b>Short-term debt and current portion of long term-debt</b>	<b>217,484</b>	<b>54,621</b>
<b>Trade payables</b>	<b>56,152</b>	<b>31,425</b>
Pre-paid revenue	9,086	5,183
National insurance contribution, payroll taxes and VAT	5,182	2,054
Accrued holiday allowance and other personnel charges	1,707	1,525
Other current liabilities	4,904	11,215
<b>Other short-term liabilities</b>	<b>20,879</b>	<b>21,493</b>

Current portion of long term-debt was higher in 2021 compared to 2020 due to one of the Group's long term loans falling due in December 2022. Trade payables showed an increase compared to 2020 and was mostly due to a higher number of marine acquisition projects at year end 2021 than at year end in 2020.



**SHEARWATER**

Annual Report 2021

## NOTE 14: CASH AND CASH EQUIVALENTS

(In thousands of USD)	2021	2020
Restricted cash *	777	745
Bank deposits	100,422	94,588
<b>Total cash and cash equivalents</b>	<b>101,199</b>	<b>95,332</b>

\* 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 38 thousand of which USD 38 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 in order 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 2021:

(In thousands of USD)	2021	2020
Net carrying amount of right of use assets (see note 9)	11,539	8,770
Current portion of long-term debt	2,322	1,801
Non-current lease liability	10,338	8,574
<b>Total lease liability as of 31 December</b>	<b>12,660</b>	<b>10,375</b>

63



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

	2021	2020
Total lease liability		
Within 1 year	3,561	2,654
From 1 to 5 years	10,772	8,334
More than 5 years	4,279	1,982
<b>Future minimum lease instalments</b>	<b>18,612</b>	<b>12,971</b>

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 7.6 million (2020: USD 10.1 million) and USD 16.3 million related to ROV vessel 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 55.4 million in 2021 (2020: 42.0 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:

(In thousands of USD)	2021	2020
<b>ASSETS</b>		
<i>Financial assets at amortised cost</i>		
Trade receivables	45,962	48,713
Cash and cash equivalents	101,199	95,332
<i>Financial assets at fair value through profit and loss</i>		
Interest rate swap	3,692	-
<b>Total financial assets</b>	<b>150,853</b>	<b>144,045</b>
<b>LIABILITIES</b>		
<i>Liabilities at amortised cost</i>		
Interest bearing long-term debt	608,503	618,796
Interest bearing short-term debt	217,484	54,621
Trade payables	56,152	31,425
<b>Total financial liabilities</b>	<b>882,139</b>	<b>704,842</b>

The carrying values of financial assets and liabilities are assumed to be their fair values.

#### 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. 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 2021 and 2020 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 further context.

The Group has continued its high focus on financial risk management during 2021. Enterprise risk management systems and routines have been developed and adopted to ensure qualified reporting of risks identified, classification of risks, mitigation factors and awareness 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 market place.

**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:

	31.12.2021				31.12.2020		
	NOK in TUSD	BRL in TUSD	INR in TUSD	EUR in TUSD	NOK in TUSD	EUR in TUSD	INR in TUSD
Trade receivables	123	-	-	109	83	6	-
Cash/bank account	208	16 787	3 045	-107	-1 972	1 815	3 161
Trade payables	-2 851	-2 855	635	-1 055	-2 060	-566	297

*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 has been exposed to changes in USD/NOK, USD/EUR and USD/INR exchange rates the last two years. The USD/INR exposure is related to the Group positioning itself for projects in India. In 2021 there is also a marked exposure in USD/BRL due to the Group's ongoing projects in Brazil. 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	
	2021	2020
USD/NOK exchange rate - increase 10%	197	308
USD/NOK exchange rate - decrease 10%	-197	-308
USD/BRL exchange rate - increase 10%	-1,087	-
USD/BRL exchange rate - decrease 10%	1,087	-
USD/EUR exchange rate - increase 10%	82	-98
USD/EUR exchange rate - decrease 10%	-82	98
USD/INR exchange rate - increase 10%	-287	-270
USD/INR exchange rate - decrease 10%	287	270

Profit was less sensitive to movements in USD/NOK exchange rates in 2021 than 2020 due to net decrease of exposure of negative NOK denominated cash and bank accounts and trade payables. Sensitivity to USD/EUR exchange rates is slightly less in 2021 compared to 2020, 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 2021 is similar to 2020 as changes to the exposure in cash and bank accounts was limited. Sensitivity to USD/BRL exchange rates in 2021 was higher than 2020 due to increased exposure both in cash and bank accounts as well as trade payables. 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 consist of loans with both fixed and floating interest rate exposure. In December 2020 the Group entered into interest rate swaps totalling USD 214 million with maturity in December 2024. Estimated market value at year end 2020 is approximately nil hence it is not presented in the financial statement. Hedge accounting has not been applied. At the end of 2021, 27% of the Group's liabilities were secured through mortgages with fixed interest. However, taking the interest rate swap into account the Group is exposed to interest rate risk for about 52% of its loan value (2020: 45%).

	2021	% of total loans	2020	% of total loans
Variable rate borrowings	587,151	73%	515,990	77%
Fixed rate borrowings	220,917	27%	149,839	23%
	<b>808,069</b>		<b>665,829</b>	

	Currency	Amount (1000)	Maturity	Interest rate swap	Fair value (1000)
Interest rate swap	USD	206 455	2024	0,36 %	3 692



## SHEARWATER

Annual Report 2021

### Sensitivity

Profit or loss is sensitive to higher/lower interest expenses from long-term debt as a result of changes in interest rates. The Group has no material impact on other components of equity.

	Impact on post tax profit		Impact on equity	
	2021	2020	2021	2020
Interest rates - change by 70 basis points	-2,526	-2,706	1,145	-
Interest rates - change by 100 basis points	-3,609	-3,866	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)	2021	2020
Trade receivables	45,962	48,713
Cash and cash equivalents	101,199	95,332
<b>Total financial assets</b>	<b>147,161</b>	<b>144,045</b>

### 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.

Ageing of trade receivables (in thousands of USD)	2021	2020
Not due	36,009	27,948
<30 days	9,164	14,543
30-60 days	666	2,155
60-90 days	59	3,806
>90 days	63	260
<b>Total</b>	<b>45,962</b>	<b>48,713</b>

Of trade receivables 31 December 2021, USD 1,766,253 are still outstanding receivables at the time the financial statement is signed. The Group has not incurred any losses over profit and loss in 2021 and only had a limited loss of USD 23.2 thousand incurred over profit and loss in 2020. Any losses and expected losses not accounted for are considered to be immaterial as of 31 December 2021. As such, the Group has not identified any material losses that should be accounted for.



### 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 in order 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. In order 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 31.12.2021 (in thousands of USD)	Within 1 year	1-2 years	2-5 years	Over 5 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
<b>Total</b>	<b>300,753</b>	<b>111,065</b>	<b>446,669</b>	<b>40,238</b>	<b>898,726</b>

#### Ageing of financial liabilities

at 31.12.2020 (in thousands of USD)	Within 1 year	1-2 years	2-5 years	Over years	Total
Mortgage debt with floating interest	63,269	215,297	330,183	-	608,749
Mortgage debt with fixed interest	26,806	28,015	78,656	43,572	177,049
Leasing debt	2,654	2,458	5,409	1,982	12,503
Trade payables	31,425	-	-	-	31,426
<b>Total</b>	<b>124,154</b>	<b>245,770</b>	<b>414,247</b>	<b>45,555</b>	<b>829,726</b>



**SHEARWATER**

Annual Report 2021

## NOTE 17: SUBSIDIARIES

The Shearwater GeoServices Holding AS Group consisted of the following companies at 31 December 2021:

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 Limited	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 Ghana Ltd	Ghana	100%	100%
Shearwater GeoServices Ghana Ltd	Ghana	80%	80%
Shearwater GeoServices Nederland B.V.	Netherlands	100%	100%
Shearwater GeoServices India Private Limited	India	100%	100%

## NOTE 18: SHAREHOLDER INFORMATION

The shares in Shearwater GeoServices Holding AS were at 31 December 2021 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		671,970	0%
	<b>58,628,986</b>	<b>759,150</b>	<b>100%</b>

\* 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



**SHEARWATER**

Annual Report 2021

<b>Reconciliation of number of shares from beginning to end of the period:</b>	<b>2021</b>	<b>2020</b>
Number of shares at 01.01.	59,388,136	51,006,954
Share capital increase	0	6,422,934
Conversion of debt	0	1,958,248
<b>Number of shares at 31.12.</b>	<b>59,388,136</b>	<b>59,388,136</b>

All transactions with related parties are carried out at market terms.

During 2020 the Company issued 8 381 182 new shares in share class A from three transactions. The first transaction of USD 50.1 million was in January 2020 in relation to the closing of the transaction where Shearwater acquired the vessels and related seismic equipment from CGG.

In December 2020 new equity of USD 25 million was injected into the company in relation to the refinancing of a substantial part of the Group's bank facilities. In this transaction all existing shareholders were offered the opportunity to participate in the share capital increase, and 23 424 of the new shares in share class A were subscribed for by key employees.

The last transaction saw the vendor note to CGG of USD 49.4 million originating from the CGG transaction completed in January 2020 settled through the issuance of new shares. The new shares were issued based on a share price agreed in January 2020.

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**

##### **2021**

On 20 January 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 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.

70



## **SHEARWATER**

Annual Report 2021

### 2020

On 8 January 2020, the agreements related to the strategic partnership with CGG and Eidesvik for marine acquisition services had been completed. The agreements covered the purchase of five modern high-end and two additional streamer vessels previously owned by CGG Marine Resources Norge AS and Eidesvik Offshore ASA as well as streamers sufficient to equip the five modern vessels. Eidesvik Offshore AS received shares in Shearwater at the transaction date through a share issue of USD 50.1 million, while the seller's credit of USD 49.4 million held by CGG Marine Resources Norge AS was settled by issuance of new shares 29 December 2020.

The strategic partnership 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.

The Group entered into a ship management agreement in January 2020 with Eidesvik AS, a subsidiary of Eidesvik Offshore AS, for three of the acquired vessels in 2020. Expensed ship management fee totals USD 0.5 million in 2020.

The Group has from the start of Shearwater Group had an ongoing ship management agreement with GC Rieber Shipping AS, a subsidiary of GC Rieber Shipping ASA, for four of the Group's vessels. During 2020 all of the ship management agreements were terminated and ship management for all of the Group's vessels are now handled internally. Expensed ship management fee totals USD 0.9 million in 2020.

As part of the transaction with Schlumberger, the Group would receive a reservation fee of USD 70 million for the reservation of two vessels over a two year period. The two year period came to an end mid November 2020. The Group has registered USD 19.4 million as revenue in 2020.

### **NOTE 19: EARNINGS PER SHARE**

Basic earnings per share are calculated by dividing the profit or loss attributable to equity holders of the company by the weighted average number of shares issued.

	<b>2021</b>	<b>2020</b>
Profit/(Loss) for the year	-79,989,751	-48,680,165
Weighted average number of issued shares	58,716,166	52,410,724
Basic earning per share	-1.36	-0.93

The Company has no potential shares outstanding at the year end that has a dilutive effect on the earnings per share.

### **NOTE 20: GOING CONCERN**

The Board of Directors confirms that the financial statements for 2021 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.



**SHEARWATER**

Annual Report 2021

## **NOTE 21: SUBSEQUENT EVENTS**

Shearwater has continued its fleet replenishment strategy by recycling four older vessels in 2022 (Polar Marquis, Oceanic Challenger, SW Emerald and SW Eagle). The net book value gain or loss from executing this strategy is not considered material to the Group accounts. In February 2022, Russia invaded Ukraine with a significant negative impact on people and local infrastructure, and with wide-ranging consequences for the global political and economic environment. Shearwater has no material exposure to this event with no substantial Russian client base. One equipment lease with a Russian client that was due to terminate in July 2022, was terminated early following the implementation of sanctions.



**SHEARWATER**

Annual Report 2021

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**FINANCIAL STATEMENT  
SHEARWATER GEOSERVICES  
HOLDING AS**

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**SHEARWATER**

Annual Report 2021

**INCOME STATEMENT**  
**SHEARWATER GEOSERVICES HOLDING AS**

(In thousands of USD)		<b>2021</b>	<b>2020</b>
Operating revenue		-	-
<b>Total revenue</b>		-	-
Cost of sales	9, 10	3,687	3,243
<b>Total cost of sales</b>		<b>3,687</b>	<b>3,243</b>
<b>Operating profit</b>		<b>-3,687</b>	<b>-3,243</b>
Loss on investment in subsidiary	3	-	97,022
Financial income		36	375
Financial expenses	11	6,908	142
<b>Total financial items</b>		<b>-6,872</b>	<b>-96,789</b>
<b>Net income before taxes</b>		<b>-10,560</b>	<b>-100,032</b>
Taxes	7	-	-
<b>Net income</b>		<b>-10,560</b>	<b>-100,032</b>
Transferred from other equity		-10,560	-100,032



**SHEARWATER**

Annual Report 2021

**STATEMENT OF FINANCIAL POSITION**  
**SHEARWATER GEOSERVICES HOLDING AS**

(In thousands of USD)		<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
<b>ASSETS</b>	<b>Note</b>		
Investment in shares	3	548,051	442,851
<b>Total financial non-current assets</b>		<b>548,051</b>	<b>442,851</b>
Other short-term receivables		11	8
Receivables to group companies	8	85,317	105,226
Cash and cash equivalents	5	143	116
<b>Total current assets</b>		<b>85,472</b>	<b>105,350</b>
<b>Total assets</b>		<b>633,522</b>	<b>548,201</b>



**SHEARWATER**

Annual Report 2021

**STATEMENT OF FINANCIAL POSITION**  
SHEARWATER GEOSERVICES HOLDING AS

(In thousands of USD)		31 Dec 2021	31 Dec 2020
<b>EQUITY AND LIABILITIES</b>			
Share capital (59 388 136 shares at NOK 5.50)	4, 6	38,397	34,364
Own shares (671 970 shares at NOK5.50)	4	-442	-442
Share Premium	4	203,581	132,869
Other paid in capital	4	392,980	392,980
Approved not registered capital increase	4	-	74,745
Retained earnings	4	-116,267	-105,708
<b>Total Equity</b>		<b>518,249</b>	<b>528,809</b>
<b>Long-term liabilities</b>			
Debt to shareholders	6	90,760	-
Liabilities to group companies		-	-
<b>Total long-term liabilities</b>		<b>90,760</b>	<b>-</b>
<b>Short-term liabilities</b>			
Trade creditors		-	18
Liabilities to group companies	8	24,487	19,365
Other short-term liabilities		26	10
<b>Total short-term liabilities</b>		<b>24,513</b>	<b>19,393</b>
<b>Total liabilities</b>		<b>115,273</b>	<b>19,393</b>
<b>Total equity and liabilities</b>		<b>633,522</b>	<b>548,201</b>

Robert Scott Hobbs  
Chairman of the Board

Trygve Lauvdal  
Board member

Lars Erik Larsson  
Board member

Bergen, 14<sup>th</sup> June 2022 2

Stein Vidar Håland  
Board member

Vijay Babu Kasibhatla  
Board member

Cathrine Lund Larsen  
Board member

Irene Waage Basili  
Chief Executive Officer



**SHEARWATER**

Annual Report 2021

**CASH FLOW STATEMENT**  
**THE SHEARWATER GEOSERVICES HOLDING AS**

(In thousands of USD)		<b>2021</b>	<b>2020</b>
<b>Cash flow from operating activities:</b>			
Net income before taxes		-10,560	-100,032
Net effect investment in subsidiaries		-	97,022
Change in group receivables / liabilities		110,031	-88,663
Conversion of receivable in subsidiary	3, 8	-105,193	-
Change in current assets / liabilities		-5	-159
Other changes	6	5,760	
<b>Net cash flow from operating activities</b>		<b>34</b>	<b>-91,832</b>
<b>Cash flow from investing activities:</b>			
Investment in subsidiaries	3	-7	-33,104
<b>Net cash flow from investing activities</b>		<b>-7</b>	<b>-33,104</b>
<b>Cash flow from financing activities</b>			
Convertible loan from shareholder	6	85,000	-
Short-term loan to subsidiary	3, 8	-85,000	-
Share issue not registered		-	74,745
Share issue		-	50,132
<b>Net cash flow from financing activities</b>		<b>-</b>	<b>124,877</b>
Net change in cash and cash equivalents		27	-60
Cash and cash equivalents at 01.01.		116	176
<b>Cash and cash equivalents at 31.12.</b>	<b>5</b>	<b>143</b>	<b>116</b>

**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 Trace Invest AS and Shearwater GeoServices AS 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.

**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 2021	EQUITY 31.12.21
Shearwater GeoServices AS	Bergen, Norway	100%	435,366	-8,872	399,166
Shearwater GeoAssets AS	Bergen, Norway	100%	105,197	352	103,773
Shearwater GeoServices Assets II AS	Bergen, Norway	100%	7,481	-1,096	6,636
Shearwater Invest AS	Bergen, Norway	100%	7	-26,191	-26,187

The subsidiaries have not finalised their annual reports at the time of the Company's sign off 14th June 2022.

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 1<sup>st</sup> of January 2021. Net equity effect in the company accounts of Shearwater GeoServices AS was negative USD 30.3 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 was converted to equity in October 2021. At year end 2020 the Company received a group contribution with tax effect from Shearwater GeoAssets accounted for as income from investment of USD 3.2 million. In addition, the Company gave Shearwater GeoAssets a group contribution without tax effect for the same amount reversing the income.

In December 2020 the Company's investment in Trace Invest AS was used as contribution in kind in an equity increase in Shearwater GeoServices AS for a total of USD 318.7 million. The contribution in kind resulted in loss on investment of USD 97.0 million. In addition to that, the Company participated in a capital increase in Shearwater GeoServices AS as part of the refinancing package in the Group, with a total of USD 25.6 million.

Shares in Shearwater GeoServices Assets II AS was purchased by the Company at fair value from Shearwater GeoServices AS total of USD 7.5 million in December 2020.



**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 01.01.2021	34,364	-442	132,869	392,980	74,745	-105,708	528,809
Registered change of capital	4,033		70,712		-74,745		-
Net income for the year						-10,560	-10,560
<b>Total Equity per 31.12.2021</b>	<b>38,397</b>	<b>-442</b>	<b>203,581</b>	<b>392,980</b>	<b>-</b>	<b>-116,267</b>	<b>518,249</b>

	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)

	2021	2020
Restricted cash	-	-
Bank deposits	143	116
<b>Total cash and cash equivalents</b>	<b>143</b>	<b>116</b>

**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 2021 totals to USD 5.8 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)	2021	2020
<b>Calculation of taxes payable</b>		
Net tax income for the year*	-10,229	-100,014
Permanent differences	-	96,737
Change in temporary differences	-	-
<b>Taxable income</b>	<b>-10,229</b>	<b>-3,276</b>
Losses carried forward		
<b>Net taxable income</b>	<b>-10,229</b>	<b>-3,276</b>
Tax rate	22%	22%
<b>Taxes payable</b>	<b>-</b>	<b>-</b>

\* Based on taxable income in tax return for 2021 and 2020

<b>Calculation of deferred tax / tax asset</b>		
Net temporary differences	-	-
Loss carried forward	12,260	2,099
<b>Basis for deferred tax</b>	<b>12,260</b>	<b>2,099</b>
Tax rate	22%	22%
Deferred tax asset	2,697	462
Of which not booked	-2,697	-462
<b>Deferred tax asset</b>	<b>-</b>	<b>-</b>



## **SHEARWATER**

Annual Report 2021

### **NOTE 8: RECEIVABLES/LIABILITIES**

(In thousands of USD)	2021	2020
<b>Intercompany transactions</b>		
Short-term receivables	85,317	105,226
Short-term liabilities	24,487	19,365

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. Of the short-term receivables in 2020, USD 105.2 million was receivable towards Shearwater GeoAssets AS which was converted to equity in October 2021.

Short-term liabilities to the group are ordinary payables due within one year. In 2021 short term liabilities were mainly towards Shearwater GeoServices AS with USD 24.0 million. In 2020 short term liabilities were mainly towards Shearwater GeoServices AS with USD 15.3 million, which included a seller's credit for the purchase of shares in Shearwater GeoServices Assets II AS, and Shearwater GeoServices Norway AS with USD USD 3.9 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 2021.

The chairman of the board has received USD 119,223 as remuneration in 2021 (2020: USD 136,687).

### **NOTE 10: AUDITORS FEE**

(In thousands of USD)	2021	2020
Audit services	107	116
Other attestation services	58	-
Tax consulting	19	14
Other services outside the audit scope	-	-
<b>Total auditors fee</b>	<b>185</b>	<b>130</b>

Auditor's fee presented is excluding VAT.

### **NOTE 11: FINANCIAL EXPENSES**

(In thousands of USD)	2021	2020
Interest on convertible loan from shareholder	5,760	-
Intercompany interest expenses	1,140	123
Other financial expenses	8	19
<b>Total auditors fee</b>	<b>6,908</b>	<b>142</b>

82



## Contact



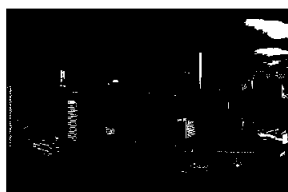
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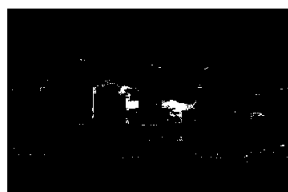
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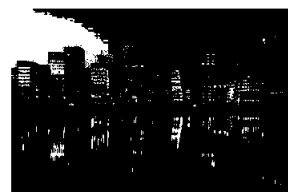
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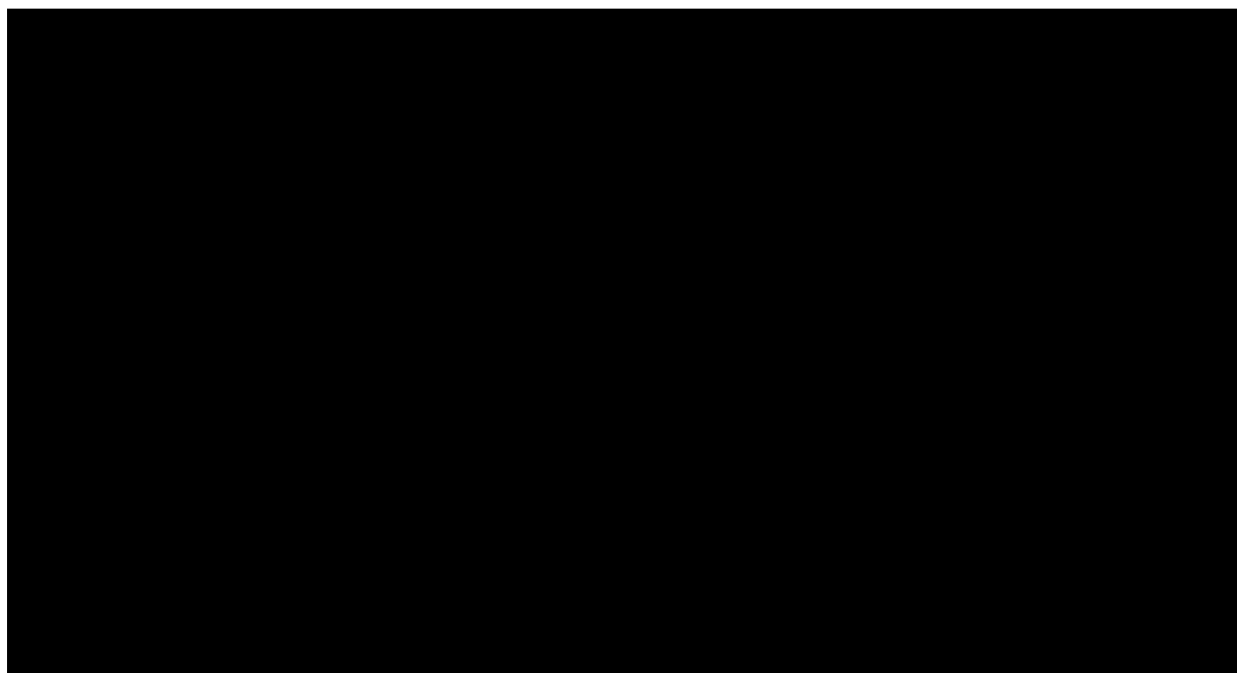
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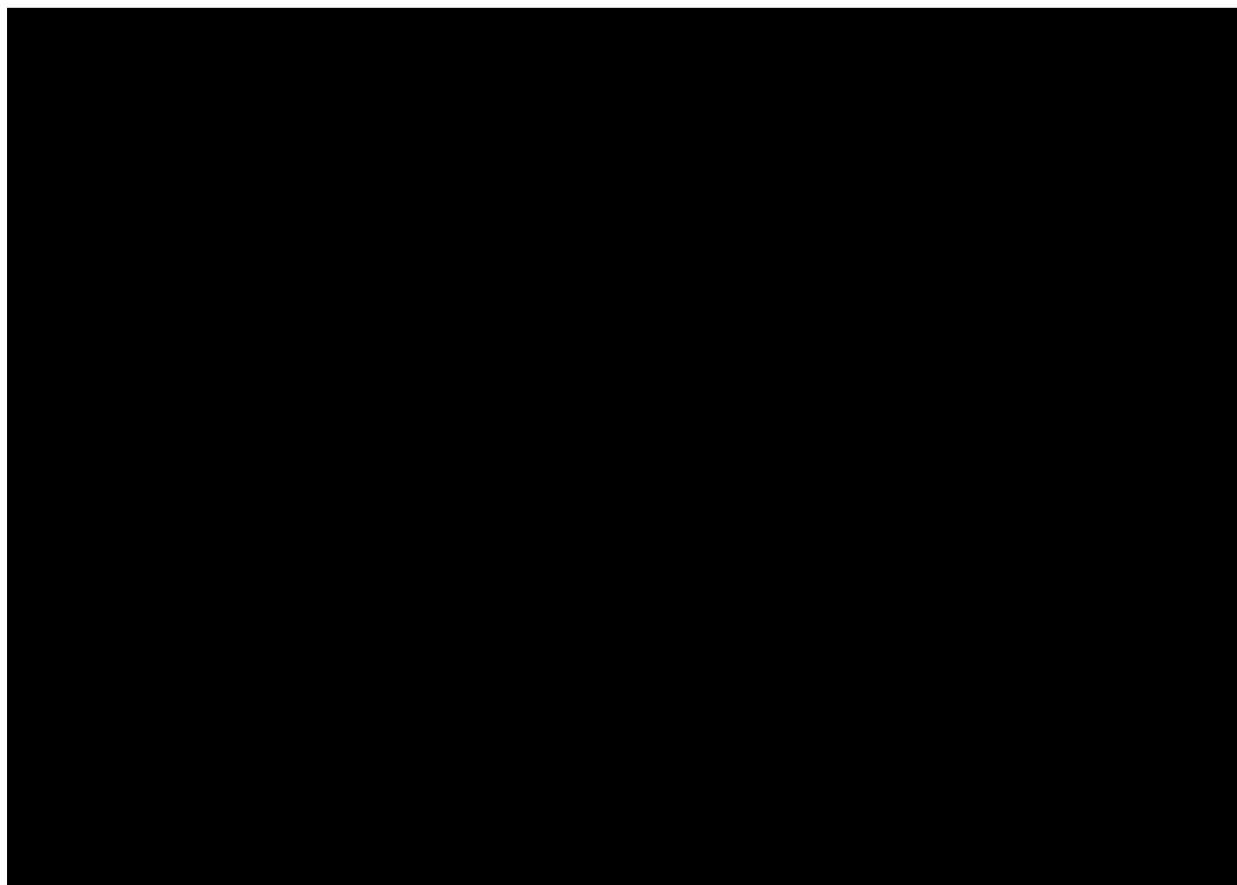
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[www.shearwatergeo.com](http://www.shearwatergeo.com)





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 2021, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, 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 2021, 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 consolidated 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 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, 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 laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



Independent Auditor's Report - Shearwater GeoServices Holding AS



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## *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 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 appears 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 legal requirements.

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## *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.

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## *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.

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Independent Auditor's Report - Shearwater GeoServices Holding AS



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

Bergen, 14 June 2022  
**PricewaterhouseCoopers AS**

Jon Haugervåg  
State Authorised Public Accountant

(This document is signed electronically)



 Securely signed with Brevio

Audit report Shearwater Geoservices Holding AS

**Signers:**

<b>Name</b>	<b>Method</b>	<b>Date</b>
Haugervåg, Jon	BANKID_MOBILE	2022-06-23 15:36

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