

AXXIS GEO
SOLUTIONS
ASA
Q1 2021
EARNINGS RELEASE



CONTENTS

- AXXIS GEO SOLUTIONS ASA..... 3**
 - CEO STATEMENT 3
 - SUBSEQUENT EVENTS 3
 - KEY FINANCIALS IFRS REPORTING 4
 - KEY FINANCIALS SEGMENT REPORTING 4
 - OUTLOOK..... 5
 - GOING CONCERN 5
 - OPERATIONAL HIGHLIGHTS..... 6
 - FINANCIAL REVIEW 6
- FINANCIAL STATEMENTS 9**
 - INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 9
 - INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION..... 10
 - INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 11
 - INTERIM CONSOLIDATED STATEMENT OF CASH FLOW 12
 - NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS..... 13



AXXIS GEO SOLUTIONS ASA

CEO STATEMENT

“We made significant progress in the quarter through the refinancing of the Company which has provided us with a sound financial position to build tomorrow’s AGS on. Our creditors have shown strong support by accepting the reconstruction proposal that involves significant debt reduction coupled with new equity. Post completion, we will have strong liquidity. This opens up a large window of opportunities for us.

With the refinancing in place, we are also confident that we will be able to extract the full value of our high-quality data libraries. Further, the equity backing from our new shareholders will also allow us to evaluate new opportunities.

The seismic market continues to be sluggish. However, we see signs of improvement and expect increased activity as the adverse effects of the pandemic are reduced. The Company has active tenders under review for the second half of 2021 and expects an improved tender pipeline for 2022. Following the completion of the data processing of the Utsira OBN multi-client survey, AGS’ sales team is in cooperation with TGS following up on several late-sale opportunities for 2021,” says Ronny Bøhn, CEO of Axxis Geo Solutions.

EVENTS DURING THE QUARTER

- The Company filed for court protected reconstruction 16 February 2021.

SUBSEQUENT EVENTS

- EGM 28 April 2021 approved private placement of NOK 144.5 million.
- The proposal of reconstruction was approved by 98% majority.
- District court confirmed reconstruction plan, subject to appeal period ending 1 June 2021.
- Announced intention to consider repair offering of up to NOK 20 million.
- Agreement for sale of vessel Neptune Naiad and related seismic source equipment.

KEY FINANCIALS IFRS REPORTING

USD thousands

Profit and loss	Q1 2021	Q1 2020	Full Year 2020
Revenue	766	45 147	92 790
Cost of sales	(677)	(30 910)	(52 313)
EBITDA (loss)	(1 612)	12 740	33 399
EBIT (loss)	(4 721)	11 188	5 845
Net profit (loss)	(6 572)	6 948	(3 133)
Basic earnings (loss) per weighted average shares (in USD)	(0,11)	0,12	(0,05)
Financial position			
Total assets			54 452
Total liabilities			62 305
Total equity			(7 852)
Equity ratio			-14,4%
Cash flow			
Net cash flow from operating activities	(147)	8 545	18 863

KEY FINANCIALS SEGMENT REPORTING

USD thousands

Profit and loss	Q1 2021	Q1 2020	Full Year 2020
Revenue	766	45 946	66 184
EBITDA (loss)	(1 672)	13 482	6 319
Amortization and impairment MCL	(1 828)	(503)	(4 159)
EBIT (loss)	(4 724)	11 483	(3 550)
Net booked value MCL			36 168
Total equity			(7 845)
Equity ratio			-14,4 %

OUTLOOK

Going forward, the Company will continue to streamline its current activities to remain agile and continue its asset light / low fixed cost strategy. AGS' upcoming project in the North Sea in late June remains a priority.

The seismic market continues to be sluggish. However, the Company sees signs of improvement and expect increased activity as the adverse effects of the pandemic are reduced. The Company has active tenders under review for the second half of 2021 and expects an improved tender pipeline for 2022. Following the completion of the data processing of the Utsira OBN multi-client survey, AGS' sales team is in cooperation with TGS following up on several late-sale opportunities for 2021.

GOING CONCERN

The financial statement for Q1 2021 is based on the assumption of going concern.

The Company filed for court protected reconstruction on 16 February 2021. This filing provided protection from bankruptcy and allowed for continued operation under court protection. A reconstruction plan was subsequently put forth, whereafter 106 out of 110 creditors voted in favor of the plan by the deadline of 27 April 2021. In nominal amounts, this represented in excess of 98% of claims eligible to vote. In addition, Axxis obtained acceptance for voluntary debt settlement from the major creditors in the group companies in the US and Egypt.

On 30 April 2021, the District Court of Ringerike, Asker and Bærum confirmed the reconstruction proposal, subject to an appeal period which expires 1 June 2021. The court ruling will become legally binding thereafter (subject to no appeals being made).

An Extraordinary General Meeting on 28 April 2021 approved an equity private placement of NOK 144.5 million from an investor group. The Company has confirmed the private placement and announced the details of a subsequent repair offering of up to NOK 20 million. Following the issue of the New Shares, the New Shares will represent in aggregate about 97% of the total outstanding shares in the Company.

An Extraordinary General Meeting on 21 May approved, subject to the reconstruction proposal and the forced debt settlement becoming legally binding, that Axxis will pay out approximately USD 6 million in cash and issue approximately 424 million shares to its creditors (the "Conversion Shares"). The Company estimates that the forced debt settlement will become legally binding, that payments will be made, and Conversion Shares issued no later than 30 June 2021.



The restructuring will provide the Company with sufficient working capital for continued operation. However, the Company will still be dependent on securing new seismic survey contracts as well as multi-client late sales.

The board of directors and management have used their best judgements in the evaluation of the going concern assumption. Although there are uncertainties listed above related to conditions that might impact future cash flows, the board of directors and management are of the opinion that the going concern assumption is appropriate and the accounts are prepared under the going concern assumption.

OPERATIONAL HIGHLIGHTS

Operations were negatively impacted by the weak market conditions this quarter. A number of project opportunities have been postponed or cancelled in light of the challenging market environment. As a result, AGS remained in Smart-Stack mode through the period and focused on cost management, while maintaining readiness for return to operations in the North Sea in Q2-21.

The qualification process for two major international oil companies progressed through the period, further increasing our market reach.

OPERATIONS

The operations team have commenced preparations for the previously announced North Sea project which is scheduled for mobilization in late June. This project will allow us to provide a complimentary offering to our core NOAR business line and position us for future participation in a wider range of seismic survey opportunities.

COVID 19 remains an ongoing risk to operations. As the pandemic evolves, our HSE and operations teams continue to refine our COVID mitigations plans that enabled successful and COVID-free operations through 2020.

HSE PERFORMANCE

No incidents were recorded in the period, continuing our zero-incident record from the prior year. We have now surpassed two million manhours without a Lost Time Incident.

FINANCIAL REVIEW

The financial review is prepared according to the IFRS accounting principles. Following the application of the IFRS 15 accounting standard for revenues, multi-client pre-funding revenues are not recognized under percentage of completion ("PoC") method. Instead, all such revenues are recognized at delivery of the final processed data, which is considerably later than the acquisition of the seismic data. The segment reporting (used for management purposes) in note 1 Revenue, note 2 Segment Reporting, note 3 Multi-client library, and note 8 EBITDA, shows the deviation from IFRS.

REVENUE

Revenue for the first quarter of 2021 was USD 766 thousand compared to USD 45.1 million for the first quarter of 2020. The revenue in Q1 2021 is related to Covid-19 compensation from the Norwegian government where the revenue in Q1 2020 was related to contract work in Egypt.



OPERATIONAL COST

Cost of sales (COS) in the first quarter of 2021 was USD 677 thousand compared to USD 30.9 million in the first quarter of 2020. COS for Q1 2021 was for Neptune Naiad being warm-stacked and processing and uploading of the Utsira multi-client data. USD 30.9 million COS for Q1 2020 was related to operations in Egypt for the full quarter.

Personnel expenses and other operating expenses in the first quarter of 2021 amounted to USD 1.7 million, compared to USD 1.5 million in the first quarter of 2020. Advisers used for the reconstruction in Q1 2021 amounted to USD 0.8 million, in addition to USD 0.2 million for other legal fees and external services compared to USD 0.4 million for Q1 2020 for legal fees and external services.

DEPRECIATION OF TANGIBLE ASSETS

Depreciation was USD 1.3 million during the first quarter of 2021 compared to depreciation of USD 1.6 million in the first quarter of 2020. There have been no investments made in 2021, compared to investment of USD 27 thousand in the same period of 2020.

AMORTIZATION OF INTANGIBLE ASSETS

According to IFRS, multi-client surveys are not amortized until the data is ready for sale. The data processing of the multi-client 3D OBN Utsira survey was completed in Q3 2020. AGS started linear amortization over 4 years from Q3 2020. The straight-line amortization of Utsira was USD 1.8 million for the first quarter of 2021.

IMPAIRMENT

No impairment charges have been made in the first quarter of 2021 for the vessel Neptune Naiad, the node handling systems or seismic equipment. There has not been any impairment of the Utsira multi-client survey or the multi-client survey in Egypt in the quarter.

EBITDA AND EBIT

The EBITDA was USD -1.6 million in the first quarter of 2021 compared to EBITDA of USD 12.7 million in the first quarter of 2020. This decrease in EBITDA is due to lack of project activity during the quarter compared to full operation during Q1 2020.

EBIT (operating profit) was USD -4.7 million in the first quarter of 2021 compared to EBIT of USD 11.2 million during the same period in 2020. The decrease in EBIT relates to the same factor as the decrease in EBITDA described above.

FINANCIAL ITEMS

Net financial expense was USD 1.8 million during the first quarter of 2021 compared to net financial gain of USD 1.4 million in the first quarter of 2020. The decrease is mainly related the interest-bearing debt of USD 34.9 million compared to debt of USD 1.9 million in Q1 2020. In addition, Q1 2021 reported a currency loss of USD 8 thousand as compared to a currency gain of USD 1.8 million in Q1 2020.

INCOME TAX (EXPENSE)

The corporate income tax in Norway is 22% in 2021. Income tax expense for the first quarter of 2021 amounted to USD 70 thousand compared to income tax expense of USD 5.6 million for the same period in 2020. The tax expense in Q1 2021 represents year-end adjustment for one of the subsidiaries.

The Company has no deferred tax assets booked as of March 2021.



LOSS FOR THE PERIOD

AGS had a loss of USD 6.6 million for the first quarter of 2021 compared to profit of USD 6.9 million for the first quarter of 2020.

FINANCIAL POSITION AND CASH FLOW

As of 31 March 2021, AGS had total assets of USD 50.0 million, compared to total assets of USD 99.7 million as of 31 March 2020.

Total non-current assets decreased from USD 63.4 million in Q1 2020 to USD 44.9 million in Q1 2021. This is attributed to the net decrease in multi-client library of USD 12.9 million and decrease of USD 5.6 million in fixed assets.

Total current assets decreased from USD 36.4 million in Q1 2020 to USD 5.0 million in Q1 2021. The decrease is driven by trade receivables reduced by 9.9 million to zero, other current asset and cash reduced by USD 20.0 million. Cash balance ending at USD 4.3 million as of 31 March 2021.

The Group's equity was negative USD 14.4 million at the end of Q1 2021 versus positive of USD 2.2 million as of 31 March 2020. The negative equity ratio is -28.9% as of 31 March 2021 compared to 2.2% same period in 2020.

Total current liabilities decreased from USD 97.5 million as of 31 March 2020 to USD 64.3 million as of 31 March 2021. All loans have been reclassified to short-term liabilities. The current portion of long-term debt amounted to USD 34.9 million, in respect of the debt towards Eksportkreditt Norge AS of USD 1.2 million, USD 24.1 million for the bond loan and USD 9.6 million for the unsecured debt as of March 2021. The bond loan includes a minimum cash covenant of USD 2.0 million. The covenant is fulfilled as of 31 March 2021. The financial covenants for Eksportkreditt Norge AS are (i) liquidity of no less than 120% of outstanding loan and (ii) an equity ratio of more than 35%. These covenants are not satisfied as of 31 March 2021. Fair value of the converted debt, both unsecured loans and the bond loan, have been calculated and booked as financial gain that will be booked as amortized cost on the loans going forward. The amortized cost from the fair value evaluation in Q1 2021 was USD 0.5 million.

Further decrease in trade payables by USD 34.8 million is due to trade payables having been converted to debt and no activity during the quarter. In addition, contract liability related to pre-funding revenue for Utsira was allowed booked as revenue in 2020, leading to a decrease of current liabilities with USD 25.2 million. Other current liabilities decreased by USD 6.2 million in 2021. The account includes project related accruals, taxes and VAT and the promissory loan note in favor of TGS of USD 6.9 million per 31 March 2021.

Cash outflow from operating activities in the first quarter of 2021 was negative USD 0.1 million compared to positive USD 8.5 million at the end of the same period in 2020. There was project activity during the full quarter of Q1 2020.

Cash outflow from investing activities in the first quarter of 2021 was zero compared to investment in seismic equipment in the first quarter 2020 of USD 27 thousand.

Cash outflow from financing activities in first quarter of 2021 was negative USD 1.4 million compared to negative USD 0.8 million in the same period in 2020. Cash outflow from financing activities for both periods are related to debt amortization and interest paid, in addition to payment of office lease liabilities.

FINANCIAL STATEMENTS

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Axxis Geo Solutions Group

USD thousands	Note	Q1 2021	Q1 2020	Full year 2020
Revenue	1/2	766	45 147	92 790
Cost of sales	2	(677)	(30 910)	(52 313)
Personnel expenses	2	(614)	(570)	(3 388)
Other operating expenses	2	(1 087)	(928)	(3 691)
Amortization & impairment multi-client & goodwill		(1 828)	-	(21 620)
Depreciation & impairment		(1 280)	(1 552)	(5 934)
Operating profit (loss) (EBIT)		(4 721)	11 188	5 845
EBIT %		0,0%	0,0%	0,0%
Financial income		0	-	3 848
Financial expenses		(1 773)	(454)	(5 315)
Currency exchange gain (loss)		(8)	1 836	(424)
Profit (loss) before tax		(6 502)	12 570	3 953
Income tax (expense)		(70)	(5 621)	(7 086)
Profit (loss) for the period		(6 572)	6 948	(3 133)
Currency translation adjustments		-	-	-
Other comprehensive income (loss) for the period		-	-	-
Total comprehensive income (loss) for the period		(6 572)	6 948	(3 133)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Axxis Geo Solutions Group

USD thousands	Note	31.03.2021	31.03.2020	31.12.2020
Assets				
Non-current assets				
Goodwill		-	-	-
Multi-client library	3	34 340	47 213	36 168
Deferred tax asset		-	-	-
Property, plant and equipment		10 514	16 142	11 794
Other non-current assets		-	-	-
Total non-current assets		44 854	63 355	47 963
Current assets				
Inventories		85	1 566	85
Trade receivables		-	9 851	-
Other current assets		616	15 785	531
Bank deposits, cash in hand		4 340	9 186	5 873
Total current assets		5 041	36 388	6 490
Total assets		49 896	99 742	54 452
Equity and Liabilities				
Equity				
Share capital and other paid in capital	5	39 293	50 171	39 293
Other reserves		(53 716)	(47 945)	(47 145)
Total equity		(14 423)	2 226	(7 852)
Non current liabilities				
Interest bearing debt		-	15	17 417
Total non current liabilities		-	15	17 417
Current liabilities				
Interest bearing debt current		34 892	1 871	16 562
Trade payables		13 785	48 546	12 251
Contract liabilities		-	25 247	-
Other current liabilities		15 642	21 838	16 075
Total current liabilities		64 319	97 502	44 887
Total liabilities		64 319	97 516	62 305
Total equity and liabilities		49 896	99 742	54 452



INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Axxis Geo Solutions Group

USD thousands	Share capital	Additional paid-in capital	Accumulated earnings	Other equity/ Share based programme	Total equity
Balance as of 01.01.2021	840	38 453	(47 546)	400	(7 852)
Profit (loss) for the period			(6 572)		(6 572)
Other comprehensive income (loss)			-		-
Cost for new shares issued					-
Write down of par value	-		-		-
Share based payment				1	1
Balance as of 31.03.2021	840	38 453	(54 117)	401	(14 423)

USD	Share capital	Additional paid-in capital	Accumulated earnings	Other equity/ Share based programme	Total equity
Balance as of 01.01.2020	11 718	38 453	(55 291)	397	(4 723)
Profit (loss) for the period			6 948		6 948
Other comprehensive income (loss)			-		-
Cost for new shares issued					-
Share based payment				0	0
Balance as of 31.03.2020	11 718	38 453	(48 343)	398	2 226

INTERIM CONSOLIDATED STATEMENT OF CASH FLOW

Axxis Geo Solutions Group				
USD thousands	Note	Q1 2021	Q1 2020	Full Year 2020
Cash flow from operating activities				
Profit (loss) before tax		(6 502)	12 570	3 953
Taxes paid		-	(1 360)	(2 116)
Depreciation and amortization	3	3 108	1 552	27 554
Currency (gain)/loss without cash flow effects		(11)	(142)	(81)
Interest expense		1 268	433	3 995
Share based payment cost		1	0	3
Change in trade receivables		-	2 440	12 291
Change in trade payables		1 534	6 900	(29 396)
Change in inventories		-	(804)	676
Change in other current assets		(85)	(1 370)	13 884
Change in contract liabilities		-	2 518	(22 729)
Other working capital changes		539	(14 191)	10 827
Net cash from operating activities		(147)	8 545	18 863
Cash flow from investing activities				
Investment in property, plant and equipment		-	(27)	(62)
Disposal of property, plant and equipment		-	-	204
Investment in multi-client library	3	-	-	(10 576)
Cash received/paid from merger		-	-	-
Net cash flow from investment activities		-	(27)	(10 434)
Cash flow from financing activities				
Net proceeds from interest bearing debt		-	-	-
Repayment of interest bearing debt		-	(279)	(1 440)
Payment of lease liabilities (recognized under IFRS 16)		(59)	(53)	(220)
Net proceeds from new equity		-	-	-
Interest paid lease liabilities		(1)	(3)	(10)
Interest paid		(1 326)	(432)	(2 321)
Net cash flow from financial activities		(1 386)	(767)	(3 991)
Net change in cash and cash equivalents		(1 533)	7 751	4 438
Cash and cash equivalents balance 1.1		5 873	1 435	1 435
Cash and cash equivalents balance 31.12		4 340	9 186	5 873

* Interest expense in 2020 includes financial cost as a result of the merger with Songa Bulk of USD 1.2 million

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 REVENUE

USD thousands Q1 2021/Q1 2020/Full Year 2020	Segment reporting			IFRS reporting		
	Q1 2021	Q1 2020	Full year 2020	Q1 2021	Q1 2020	Full year 2020
Operating Revenue						
Contract revenue	-	45 147	64 326	-	45 147	64 326
Multi-client pre-funding revenue	-	798	798	-	-	27 404
Multi-client late sales	-	-	1 060	-	-	1 060
Other revenue	766	-	-	766	-	-
Total revenue	766	45 946	66 184	766	45 147	92 790

NOTE 2 SEGMENT REPORTING

USD thousands Q1 2021/2020	Segment reporting				Adjustments		IFRS reporting	
	Multi-client		Contract		Q1 2021	Q1 2020	Q1 2021	Q1 2020
	Q1 2021	Q1 2020	Q1 2021	Q1 2020				
Income statement								
Total revenue	-	798	766	45 147	-	(798)	766	45 147
Total cost of sales	(172)	(2 599)	(505)	(28 311)	-	-	(677)	(30 910)
Personnel expenses	-	-	(614)	(570)	-	-	(614)	(570)
Other operating expenses	-	-	(1 147)	(984)	59	56	(1 087)	(928)
Total Operating Expenses	(172)	(2 599)	(2 265)	(29 865)	59	56	(2 378)	(32 408)
Operating profit (loss) before depreciation and amortization (EBITDA)	(172)	(1 800)	(1 500)	15 282	59	(742)	(1 612)	12 740
Depreciation & Amortization	(1 828)	(503)	(1 224)	(1 496)	(56)	447	(3 108)	(1 552)
Operating profit (loss) (EBIT) Segment	(2 000)	(2 303)	(2 724)	13 786	4	(295)	(4 721)	11 188

USD thousands Full Year 2021/2020	Segment reporting		Adjustments		IFRS reporting	
	Multi-client	Contract	Full Year 2020	Full Year 2020	Full Year 2020	Full Year 2020
	Full Year 2020	Full Year 2020				
Income statement						
Total revenue	1 858	64 326	26 606	92 790		
Total cost of sales	(4 045)	(48 513)	245	(52 313)		
Personnel expenses	-	(3 388)	-	(3 388)		
Other operating expenses	-	(3 919)	229	(3 691)		
Total Operating Expenses	(4 045)	(55 820)	473	(59 392)		
Operating profit (loss) before depreciation and amortization (EBITDA)	(2 187)	8 506	27 079	33 399		
Depreciation & Amortization	(4 159)	(5 711)	(17 685)	(27 554)		
Operating profit (loss) (EBIT) Segment	(6 346)	2 796	9 395	5 845		

NOTE 3 MULTI-CLIENT LIBRARY

USD thousands	Segment reporting			IFRS reporting		
	31.03.2021	31.03.2020	31.12.2020	31.03.2021	31.03.2020	31.12.2020
Cost as of 01.01	92 881	82 306	82 306	92 881	82 306	82 306
Capitalized costs	-	-	10 576	-	-	10 576
Cost as of 31.03/31.12	92 881	82 306	92 881	92 881	82 306	92 881
Accumulated amortization and impairment as of 01.01	(56 713)	(52 554)	(52 554)	(56 713)	(35 093)	(35 093)
Amortization for the period	(1 828)	(503)	(4 159)	(1 828)	-	(3 656)
Impairment for the period	-	-	-	-	-	(17 964)
Accumulated amortization and impairment as of 31.03/31.12	(58 541)	(53 057)	(56 713)	(58 541)	(35 093)	(56 713)
Carrying value at 01.01	36 168	29 752	29 752	36 168	47 213	47 213
Carrying value at 31.03/31.12	34 340	29 249	36 168	34 340	47 213	36 168
Net MC revenues	-	798	1 858	-	-	28 464
Amort. in % of net MC revenues		63%				
Change in net book value	-5%	-2%	22%	-5%	0%	-23%

NOTE 4 RELATED PARTIES

The ultimate Parent of the Group is Axxis Geo Solutions ASA.

The Group transactions and balances with related parties in 2021 and 2020 are mainly related to time charter for vessels and consultancy fees. See the figure below for balances with related parties:

Transactions with related parties			
USD thousands	Q1 2021	Q1 2020	Full Year 2020
Hired vessels:			
Lease payment Havila Fortune - controlled by Havila Holding AS	-	(1 258)	(3 275)
Lease payment Havila Aurora - controlled by Havila Holding AS	-	(1 274)	(3 746)
Lease payment Geo Caspian - controlled by Havila Holding AS	-	(31)	(31)
Ship management and other operating services:			
Consultancy and accounting services:			
Energy Consulting AS controlled by Christian Huseby *	-	-	(159)
Balances with related parties			
USD thousands	31.03.2021	31.03.2020	31.12.2020
Account payables:			
Havila Ships AS controlled by Havila Holding AS	1 142	8 890	1 116

* At the Annual General Meeting held 30 June 2020, Christian Huseby was elected Chairman of the Board. For the period April 2020 to December 2020, Mr. Huseby received compensation for performing consultancy services to the Company.

NOTE 5 SHAREHOLDERS

The Company's share capital per 31.03.21 include the following:

	Number of shares	Par Value per share	NOK
Ordinary shares (one share = one vote)	58 821 018	0,10	5 882 102

Largest shareholders per 31 March 2021:

Name	Number of shares	Ownership share
1 HAVILA HOLDING AS	15 549 434	26,4%
2 HENRIKSEN	2 000 000	3,4%
3 NORDNET LIVSFORSIKRING AS	1 802 981	3,1%
4 SESA CONSULTING AS	1 649 466	2,8%
5 JOHS. HANSEN REDERI AS	1 413 345	2,4%
6 Danielsen	1 073 166	1,8%
7 OLSEN	1 000 075	1,7%
8 NGUYEN	765 409	1,3%
9 J.P. Morgan Securities LLC	703 618	1,2%
10 NÆRINGSLIVETS HOVEDORGANISASJON	671 343	1,1%
11 HENRIKSEN BYGGINVEST AS	654 979	1,1%
12 UPADHYAY	623 400	1,1%
13 SKAARE	544 666	0,9%
14 MEROUR	541 531	0,9%
15 Nordnet Bank AB	494 063	0,8%
16 NILSEN	480 000	0,8%
17 The Bank of New York Mellon SA/NV	473 258	0,8%
18 ALCIDES SHIPPING AS	450 712	0,8%
19 SCHIEMANN	400 000	0,7%
20 MADRA INVEST AS	373 734	0,6%
Total	31 665 180	53,7%
Total other shareholders	27 155 838	46,3%
Total number of shares	58 821 018	100,0%

NOTE 6 GENERAL INFORMATION

Axxis Geo Solutions ASA (AGS or the Company) is a public company listed on EURONEXT EXPAND OSLO and traded under the ticker Axxis. The address of its registered office is Strandveien 50, 1366 Lysaker, Norway. For more information, please see www.axxisgeo.com

NOTE 7 BASIS FOR PREPARATION

The interim consolidated financial statements of AGS have been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34 Interim Financial Reporting as approved by EU and additional requirements in the Norwegian Securities Trading Act. The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with AGS' annual report for 2020 which is available at www.axxisgeo.com. The same accounting policies and methods of computation are followed in the interim financial statements as in the annual financial statements for 2020, except for the adoption of new standards effective as of 1 January 2021.

The notes are an integral part of the consolidated financial statements.

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets financial instruments that have been measured at fair value. The financial statements of the subsidiaries have been prepared for the same reporting year as the Company, using consistent accounting policies.

The consolidated financial statements are presented in thousands of USD.

Presentation and functional currency

The Group presents its consolidated financial reports in USD. For presentation in consolidated accounts, the monetary assets and liabilities has been converted and translated into USD at the rate of exchange prevailing at the reporting date each quarter and historical value has been used for all other balance sheet items. The statement of profit or loss are converted and translated into USD at the average exchange rate for each quarter, except for depreciation and amortization at historical values. Exchange rate differences arising from the translation to presentation currency are recognized in Other Comprehensive Income.

Going concern

The financial statement for Q1 2021 is based on the assumption of going concern.

The Company filed for court protected reconstruction on 16 February 2021. This filing provided protection from bankruptcy and allowed for continued operation under court protection. A reconstruction plan was subsequently put forth, whereafter 106 out of 110 creditors voted in favor of the plan by the deadline of 27 April 2021. In nominal amounts, this represented in excess of 98% of claims eligible to vote. In addition, Axxis obtained acceptance for voluntary debt settlement from the major creditors in the group companies in the US and Egypt.

On 30 April 2021, the District Court of Ringerike, Asker and Bærum confirmed the reconstruction proposal, subject to an appeal period which expires 1 June 2021. The court ruling will become legally binding thereafter (subject to no appeals being made).

An Extraordinary General Meeting on 28 April 2021 approved an equity private placement of NOK 144.5 million from an investor group. The Company has confirmed the private



placement and announced the details of a subsequent repair offering of up to NOK 20 million. Following the issue of the New Shares, the New Shares will represent in aggregate about 97% of the total outstanding shares in the Company.

An Extraordinary General Meeting on 21 May approved, subject to the reconstruction proposal and the forced debt settlement becoming legally binding, that Axxis will pay out approximately USD 6 million in cash and issue approximately 424 million shares to its creditors (the "Conversion Shares"). The Company estimates that the forced debt settlement will become legally binding, that payments will be made, and Conversion Shares issued no later than 30 June 2021.

The restructuring will provide the Company with sufficient working capital for continued operation. However, the Company will still be dependent on securing new seismic survey contracts as well as multi-client late sales.

The board of directors and management have used their best judgements in the evaluation of the going concern assumption. Although there are uncertainties listed above related to conditions that might impact future cash flows, the board of directors and management are of the opinion that the going concern assumption is appropriate and the accounts are prepared under the going concern assumption.

NOTE 8 CHANGES IN ACCOUNTING STANDARDS

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments and interpretations apply for the first time in 2021, but do not have an impact on the Company's interim condensed consolidated financial statements.

DEFINITION OF APM (ALTERNATIVE PERFORMANCE MEASURES)

The European Securities and Markets Authority ("ESMA") issued guidelines on Alternative Performance Measures ("APMs") that came into force on 3 July 2016. The Company has defined and explained the purpose of the APMs in the paragraphs below.

The alternative performance measures presented by AGS may be determined or calculated differently by other companies.

EBITDA

EBITDA means earnings before interest, taxes, amortization, depreciation, and impairments. AGS uses EBITDA because it is useful when evaluating operating profitability as it excludes amortization, depreciation and impairments related to investments that occurred in the past. Also, the measure is useful when comparing the Company's performance to other companies.

USD thousands	Segment reporting		IFRS reporting	
	Q1 2021	Q1 2020	Q1 2021	Q1 2020
Profit (loss) for the period	(6 575)	7 231	(6 572)	6 948
Income tax (expense)	(70)	(5 621)	(70)	(5 621)
Net financial items	(1 780)	1 369	(1 781)	1 382
Depreciation & impairment PPE	(1 224)	(1 496)	(1 280)	(1 552)
Amortization & impairment of multi-client and goodwill	(1 828)	(503)	(1 828)	-
Operating profit (loss) before depreciation and amortization (EBITDA)	(1 672)	13 482	(1 612)	12 740

USD thousands	Segment reporting		IFRS reporting	
	Full Year 2021	Full Year 2020	Full Year 2021	Full Year 2020
Profit (loss) for the period		(12 373)		(3 133)
Income tax (expense)		(7 086)		(7 086)
Net financial items		(1 737)		(1 891)
Depreciation & impairment PPE		(5 711)		(5 934)
Amortization & impairment of multi-client and goodwill		(4 159)		(21 620)
Operating profit (loss) before depreciation and amortization (EBITDA)	-	6 319	-	33 399

For full overview of Segment vs IFRS see note 2 Segment Reporting.

The segment reporting is based on the accounting principles used in the internal reporting and deviates from IFRS. In the segment reporting, multi-client pre-funding revenues are recognized based on the percentage of completion method, compared to delivery of processed data according to IFRS. In the segment reporting, there is amortization for the multi-client library equal to percentage of recognized revenue according to budget, while the financial statements are based on a principle where amortization begins when the library is completed.

EBIT (Operating Profit)

Earnings before interest and tax is an important measure for AGS as it provides an indication of the profitability of the operating activities. The EBIT margin presented is defined as EBIT (Operating Profit) divided by net revenues.

Multi-client prefunding percentage

The multi-client prefunding percentage is calculated by dividing the multi-client prefunding revenues, as per segment reporting, by the operational investments in the multi-client library, excluding investments related to projects where payments to the vendors are contingent on sales (risk-sharing investments). The multi-client prefunding percentage is considered an important measure as it indicates how the Company's financial risk is reduced by multi-client investments.

Backlog

Backlog is defined as the total value of future segment revenue on signed customer contracts, letter of awards or where all major contracts terms are agreed. AGS believes that the backlog figure is a useful measure in that it provides an indication of the amount of customer backlog and committed activity in the coming periods.

NOTE 9 SUBSEQUENT EVENTS AND PRO FORMA 31 MARCH 2021

An extraordinary general meeting was held on 28 April 2021, which approved a capital raise through a private placement of NOK 144.5 million and the issuance of 1 445 000 000 new shares. The purpose of the private placement is to strengthen the Company's balance sheet, to finance the reconstruction proposal and for general corporate purposes. The completion of the private placement is conditional upon the creditors having approved the reconstruction proposal presented by the Company in the stock exchange notice as of 7 April 2021 with the required majority, that a proposed debt conversion is approved by the shareholders meeting and that the reconstruction proposal becomes legally binding and enforceable pursuant to the Reconstruction Act § 52.

The Company announced on 29 April 2021 the approval of the final proposal for the Company reconstruction pursuant to the court protected reconstruction process. Out of the 110 creditors voting, 106 creditors voted in favor of the reconstruction proposal. In nominal amounts, this represents in excess of 98% of claims eligible to vote voting in favor. In addition, Company obtained acceptance for a voluntary debt settlement from the creditors in the group companies. On 3 May 2021, the District Court of Ringerike, Asker and Bærum confirmed the reconstruction proposal, subject to appeal period which expires 1 June 2021.

On 3 May 2021, the Company announced its intention to consider a repair offering of up to NOK 20 million or 200 000 000 shares based on a subscription price of NOK 0.10 per share. The repair offering would be available to shareholders of record 4 May 2021. The repair offering is, inter alia, conditional upon (i) the board of directors resolving to initiate the repair offering as described in the stock exchange announcement by the Company on 30 April 2021, (ii) approval by a general meeting in the Company, expected to be held in June 2021, and (iii) the publication of a prospectus approved by the Norwegian Financial Supervisory Authority.

On 7 May 2021, the Company entered into an agreement with Sanco Holding AS ("Sanco") regarding the sale of the vessel "Neptune Naiad" including certain equipment, to Sanco (the "MOA"). Furthermore, Axxis Production AS, a wholly owned subsidiary of Axxis, has entered into a time charterparty for "Sanco Star" with Sanco for the chartering of the vessel (the "Charter Agreement") for use in connection with the contract with an international energy company for an Ocean Bottom Node (OBN) survey as disclosed in the stock exchange announcement on 30 November 2020. Completion of the MOA and Charter Agreement are conditional upon, inter alia, the decision by the District Court of Asker and Bærum becoming legally binding.

An extraordinary general meeting was held on 21 May 2021 which resolved to increase the Company's share capital with NOK 42,439,945.80, from NOK 150,382,101.80 to NOK 192,822,047.60, by issuance of 424,399,458 new shares, each with a nominal value of NOK 0.10. In connection with the reconstruction process which the Company is currently going through, the Board proposed to issue a capital raise through conversion of debt, in order to strengthen the Company's balance sheet, at a subscription price of NOK 0.50 per share. Completion of the debt conversion is conditional upon the reconstruction proposal presented by the Company in the stock exchange notice as of 7 April 2021, which was approved by the Company's creditors, as published in the stock exchange announcement on 29 April 2021, becomes legally binding and enforceable pursuant to the Reconstruction Act § 52.

Adjusting for the events described in this section, select 31 March 2021 reported figures would on a pro forma basis be as follows:

<u>(USD millions)</u>	<u>31 March 21</u>	<u>Adjustments arising from reconstruction activities 1)</u>	<u>Adjustments resulting from sale of property, plant and equipment</u>	<u>Adjustments arising from financing activities 1), 2)</u>	<u>Proforma 31 March 21</u>
Cash	4.3	-6.1	0.0	15.2	13.5
Bond Loan	24.1	-24.1			0.0
Eksportkreditt	1.2	-1.2			0.0
Loan agreements	9.6	-9.6			0.0
TGS agreement	6.9	-1.0			5.9
Trade payables and other current liabilities	22.5	-13.7			8.8
Total	64.3	-49.5	0.0	0.0	14.8
Shareholders Equity	-14.4	43.5	-4.5	15.2	39.8

¹ Proforma table incorporates transaction costs related to restructuring and financing activities.

² Effects of potential repair issue is not included in proforma calculation.

<u>Pro forma shares 31 March 2021</u>	<u>Number of shares</u>	<u>%</u>
Ordinary shares as of 31.03.2021	58 821 018	3.1%
Converted shares	424 399 458	22.0%
Private placement	1 445 000 000	74.9%
Pro forma shares	1 928 220 476	100.0%

Above figures does not include repair offering



Lysaker, 26 May 2021

The Board of Directors and CEO of Axxis Geo Solutions ASA

Christian Huseby
Chairman

Njål Sævik
Director

Vibeke Fængsrud
Director

Nina Skage
Director

Eirin Inderberg
Director

Ronny Bøhn
CEO



About Axxis

Axxis Geo Solutions (Axxis) is a pure-play ocean bottom node seismic company uniquely positioned to pursue both contract and multi-client seismic. AGS specializes on delivering tailored seismic solutions and flexible project management and execution to oil and gas companies world-wide. Its operations are based on a scalable asset-light setup through chartering of vessels and nodes to complete seismic surveys.

More information on www.axxisgeo.com

The information included herein contains certain forward-looking statements that address activities, events or developments that the Company expects, projects, believes or anticipates will or may occur in the future. These statements are based on various assumptions made by the Company, which are beyond its control and are subject to certain additional risks and uncertainties. The Company is subject to a large number of risk factors including but not limited to the demand for seismic services, the demand for data from our multi-client data library, the attractiveness of our technology, unpredictable changes in governmental regulations affecting our markets and extreme weather conditions. For a further description of other relevant risk factors, we refer to our Annual Report for 2020. As a result of these and other risk factors, actual events and our actual results may differ materially from those indicated in or implied by such forward-looking statements. The reservation is also made that inaccuracies or mistakes may occur in the information given above about current status of the Company or its business. Any reliance on the information above is at the risk of the reader, and AGS disclaims any and all liability in this respect.

Oslo, Norway

Strandveien 50,
1366 Lysaker

+47 480 95 555

Houston, United States

14511 Old Katy Road,
Suites 150,
Houston, TX 77079

+1 281 810 2550

