



Axxis Geo Solutions

July 2020

Summary conclusions | the agreed restructuring plan provides for a manageable balance sheet structure

Restructuring plan

- Prior to the agreed restructuring and conversion of trade obligations, the Company experienced a liquidity squeeze and payable overhang
 - Accounts payable substantially above normal run-rate
 - Aging of payables put pressure on the operation
- Agreement reached with key creditors to convert outstanding trade obligations into loan agreements
 - Converting USD 25 million of accounts payable into a tradable and secured two-year bond
 - Converting USD 10 million of accounts payable into loan agreements
- Accounts payable reduced to levels below customary run-rate trade creditor levels
 - With the agreed restructuring plan, the Company has significantly strengthened its working capital, but will be dependent on securing additional revenues going forward

Credit details

- Conversion of USD 25 million of accounts payable into a tradable and secured two-year bond
 - Second-lien security in tangible assets with low levels of first lien security¹
 - Interest of 8% per annum, payable semi-annually as 4% per annum in cash and 4% per annum in cash or as PIK²
- Conversion of USD 10 million of accounts payable into unsecured loan agreements
 - Interest of 4% per annum
 - Amortization schedule implying repayment by January 2022
 - USD 1.4 million and USD 1.7 million amortization in Q3 and Q4 2020, respectively
 - USD 1.6 million amortization the following quarters
- Maturity on the note payable to TGS extended from September 2020 to June 2021

Indicative key bond terms

Issuer	Axxis Geo Solutions ASA
Guarantors	All material subsidiaries
Issue Amount	Up to USD 35 million
Tenor	2 years
Coupon	8% per annum, payable semi-annually as follows: 4% per annum shall be paid in cash and 4% per annum shall either be paid in cash or as additional bonds (payment-in-kind), at the Issuers option. By payment-in-kind in the form of additional Bonds, the Interest Rate shall be increased with 10% for the purpose of calculating the Interest Rate to be settled by payment-in-kind ("PIK Bonds").
Cash Sweep	During the first year, quarterly cash sweep of cash balances above \$7.5 million at each respective quarter end, to be applied as debt principal amortization
Amortization	During the second year, quarterly debt principal amortization of \$2 million per quarter
Status	Senior secured 2nd lien
Use of Proceeds/ Allocation	The bonds will be issued to certain vendors of the Issuer and the Bonds will be settled by conversion of debt and accrued but unpaid interests. For payables in other currencies than USD, the official FX rate of the Cut Off Date shall be used to calculate the amount of bonds to be received by each vendor
Issuer's call options	The Issuer may at any time redeem all or parts of the bonds at 100% of par value (plus accrued interest)
Security	The security package shall comprise of (to the extent practical and legally possible): (1) second lien security over the multi-client library and shares issued by the Guarantor owning such assets (ranking after TGS ¹); (2) second lien mortgage over all vessel and seismic equipment and shares issued by the Guarantors owing such assets (ranking after Danske Bank, GIEK and Eksportkredit ²); (3) first lien security over the shares issued Axxis Production AS and Axxis Multi Client International AS; and (4) security over any other material assets or subsidiaries acquired
Intercreditor Agreement/ Stand-Still Period	An intercreditor agreement at standard market terms will be entered into between i.a. the Trustee (on behalf of the bondholders), TGS, Danske Bank, GIEK, Eksportkredit, the Issuer and the Guarantors
Financial covenants	Minimum Liquidity of at least USD 2m, considered as unrestricted cash
General undertakings	General undertakings and information undertakings pursuant to Norwegian bond market standards, including i.a. restrictions on mergers and demergers, continuation of business, arm's lengths transaction provisions, quarterly reporting requirements
Special undertakings	Special undertakings pursuant to Norwegian bond market standards, including i.a. disposal of assets/business restrictions, financial indebtedness restrictions, negative pledge, financial support restrictions, full negative pledge and restriction on debt related to subsidiary, assets and agreements related to the revenue sharing agreement with WesternGeco, restrictions on transactions with group companies owing acquired financial indebtedness, listing of the Bonds
Dividend restrictions	No dividend
Change of control	Bondholder's put option at 101% of par value upon a change of control event
Listing	Bonds will be freely tradable; listing on Nordic ABM may be an option
Governing law	Norwegian law for bond agreement, applicable law for security documents
Trustee	Nordic Trustee AS
Manager	ABG Sundal Collier ASA

- 3 1) In connection with the 2019 ocean bottom node survey at Utsira in the North Sea, AGS has a note payable to TGS in the amount of USD 6.3m
 2) USD 1.5m in outstanding amount to Danske Bank, GIEK and Eksportkredit as per 2 April 2020

AGS | Leading Ocean Bottom Node seismic company with novel business and operating model

Business strategy and operations

- Our operating model combines the multi-client business model with an opportunistic approach to attractive margins in the OBN contract segment
- Asset light setup primarily based on chartering of vessels, leasing of nodes and crew on voyage contracts
- A proprietary and agnostic node handling system provide the most efficient OBN data acquisition in the industry

Multi-Client, contracts and financials

- Multi-Client library valued at USD 43 million¹
- Completed OBN survey for a large international client in Gulf of Suez and ongoing operation for Equinor in the North Sea into Q3 2020
- Pipeline and tendering activity is encouraging from Q4 2020 and onwards
- Q1-'20 revenue of USD ~46 million and EBIT margin of 25%

Proven operational model

- Completed the largest OBN multi-client survey conducted in the North Sea – prefunded by Aker BP and Equinor - attracting co-investment from TGS
- Delivered OBN project for ONGC over the Mumbai High area (2019), Gulf of Suez for WesternGeco (2020) and currently working for Equinor on the NCS

2020: Ongoing OBN seismic acquisition survey in Egypt, Gulf of Suez with late sale upside potential



2019: Completed OBN projects over the Mumbai High area – USD 70m project



2019: Completed the largest OBN multi-client survey conducted in the North Sea



Q1 highlights | High revenue quarter in Q1 and the strong operational performance has continued into Q2

Strong Q1 results and ongoing operation for Equinor

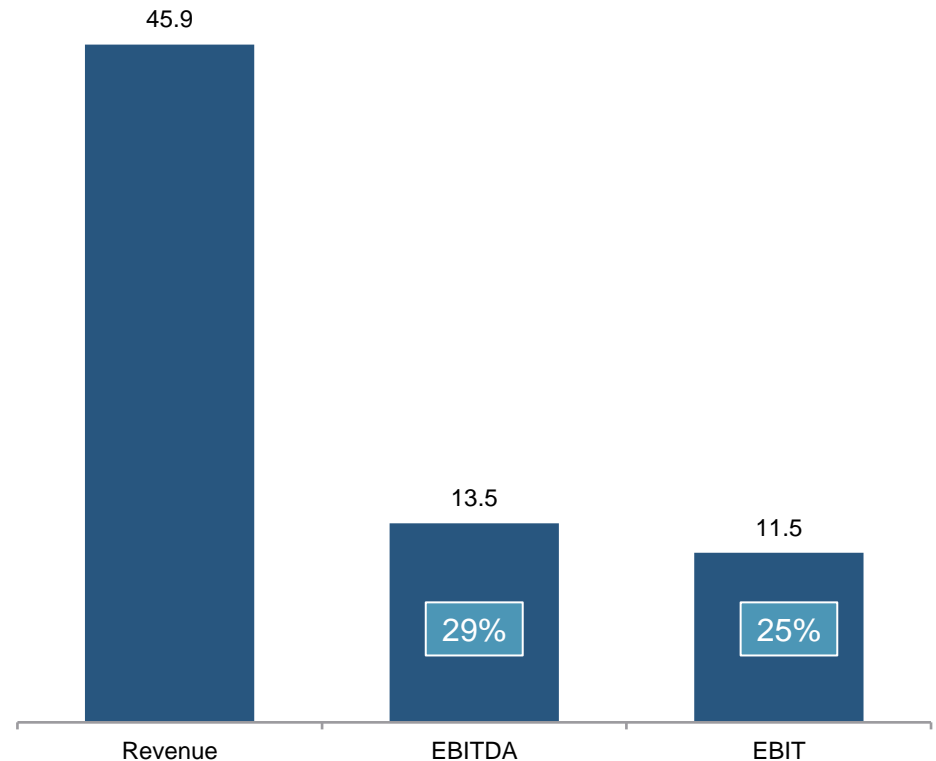
- Revenues mainly driven by the project in Egypt
 - USD 42.4 million related to survey in the Gulf of Suez
 - Brazilian campaign of USD 2.5 million
- EBITDA of USD 13.5 million, representing an EBITDA-margin of 29%
- EBIT of USD 11.5 million, representing an EBIT-margin of 25%
- During the quarter, AGS completed the Brazil source operation campaign with Neptune Naiad
- Delivery of milestone Northern Utsira OBN project data in the North Sea
- Received LOI from Equinor for a North Sea contract in February, signed final agreement in May 2020
 - Agreement for additional scope of work signed in beginning on June

Solid quarter with EBIT margin of 25%

In USD million

% Margin

Q1 segment reporting





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