



Axxis Geo Solutions

Draft for reconstruction

March 2021

Background for reconstruction in Axxis Geo Solutions ASA

On 17 February 2021, the District Court of Asker and Bærum approved an application for reconstruction from Axxis Geo Solutions ASA, company no. 917 811 288 ("AGS" or the "Company"), in accordance with section 2 (1) of the Restructuring Act (Case no. 21-025186KON-AHER/1).

Attorney-at-law Mr. Jon Skjørshammer of Kvale Advokatfirma DA was appointed as Reconstructor and Chairman of the Debt Restructuring Committee. Lars Erik Lærum and Svein Knudsen were appointed as members of the Creditors' Committee.

AGS has over time prior to filing for reconstruction worked closely with the group's creditors, shareholders and other stakeholders to find a voluntary solution for settling the group's debt and securing financial reserves for continued operations. AGS was very close to a voluntary solution prior to filing for reconstruction.

This document presents the Company's draft for a reconstruction, as well as implications for the Company, its creditors and other stakeholders.

Debt situation in Axxis Geo Solutions ASA

Overall debt situation

- AGS estimate about 150 individual creditors, with total claims USD 56-64 million.
- The work of verifying total debt and the extent of other creditors is ongoing.
- As of 15 March 2021, 107 creditors have filed their claims with the debt restructuring committee, constituting an outstanding amount of about USD 44 million.

Voting in the reconstruction

- Pursuant to the reconstruction act, secured debt and internal group debt are excluded from voting on the reconstruction proposal.
- Based on the Company's valuations of pledged assets, the bond loan will be largely unsecured.
- On that basis, the bond loan will be the largest vote in the reconstruction with about 39-48% of the votes.

Secured debt and value of pledged assets

Export Credit Norway

→ Assumed to be 100% secured based on estimated values.

Bond loan

→ Assumed to be 0-10% secured based on estimated values; final valuation from the Debt Restructuring Committee in progress

Reconstruction plan – background

Purpose of the reconstruction and AGS' intentions

- The purpose of the reconstruction is to restructure AGS's balance sheet and create a basis for continued operations.
- It is AGS' intention to find the best possible solution for the Company's creditors, securing as high a recovery as possible.
- AGS' has worked actively to identify and assess potential reconstruction plans. Guiding principles have been to find a solution:
 - that is firm, feasible and possible to get acceptance from the creditors on,
 - which meets the requirement for equal treatment of creditors, and
 - which gives financial comfort for the Company's further operations.

The voluntary offer pre reconstruction

- Prior to filing for reconstruction, AGS negotiated with the group's creditors with basis in a USD 15 million equity injection from an investor group.
- The voluntary offer included:
 - Export Credit Norway and TGS: full recovery.
 - Trade creditors: full recovery up to USD 20,000 and 15% of any exceeding outstanding claim.
 - Other creditors: 15% recovery of outstanding amount. This includes the bond loan.
 - Creditors would alternatively be able to convert their outstanding claim to shares at a conversion price of 0.5 NOK/share.
- AGS was able to reach an agreement in principle in line with the voluntary offer with substantially all creditors, but did not obtain unanimous support.

Debtor's draft plan for reconstruction

Description of the proposal

- The proposed plan by the Company involves a forced debt settlement of the Company's unsecured debt.
- Cash settlement in the range of 5-20% of the outstanding amount; final percentage to be determined.
- Creditors will have an option to convert their outstanding claim to shares in the Company. The conversion price will be set to 0.5 NOK/share.
- Secured debt to Export Credit Norway is thought settled in full through a sale of Neptune Naiad and related equipment.
- Bond loan to the extent of the value of its pledged assets not to be included in the forced debt settlement.

Financing of the proposal

- The proposed plan financed through raising new equity.
- Committed term sheet signed by a group of investors willing to inject USD 17–20 million.
- The capital raise comes with a set of conditions, which the company considers probable to fulfil.

Axxis Geo Solutions after successful reconstruction

- Balanced financial position and good liquidity reserves to support continued operations after a successful reconstruction.

Alternatives considered

- The Company has received an alternative proposal, which has been carefully considered by the Company together with its advisers.
- AGS considers the proposal not to be feasible due to a set of legal, commercial and financial reasons.

Implications of bankruptcy for the creditors

The company has assessed the financial consequences of bankruptcy for the various creditor groups.

- Export Credit Norway is considered to receive full recovery of its outstanding balance even through bankruptcy proceedings, through forced sales of M/S Neptune Naiad and other equipment.
- In the event of bankruptcy, the bond loan, in addition to coverage through security in assets in the Company, will have the opportunity to demand fulfillment of the obligations from the Company's subsidiaries that have provided guarantees. The subsidiaries do not on an individual or an aggregate basis have values that would give full recovery to the bond loan, and the subsidiaries would also have to file for bankruptcy proceedings. AGS' assessment is that the bond loan through bankruptcy proceedings in the group as a whole would obtain a recovery in the range of 0-10% of the total outstanding under the bond loan.
- Other unsecured creditors are assumed to obtain a dividend in bankruptcy in the order of 0–2%

Estimated time schedule for the Restructuring Plan

- The Restructuring proposal targeted to be distributed to the creditors at the end of week starting 5 April
- The deadline for voting targeted to be set to a date in week starting 26 April



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