



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 823 324 642  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: AXXIS PRODUCTION AS  
Forretningsadresse: Askekroken 11  
0277 OSLO

### Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

### 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: Nina Midtlie  
Dato for fastsettelse av årsregnskapet: 06.05.2021

### Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert  
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

*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, 22.06.2022



## Resultatregnskap

Beløp i: USD	Note	2020	2019
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Salgsinntekt	2	45 965 002	12 344 479
<b>Sum inntekter</b>		<b>45 965 002</b>	<b>12 344 479</b>
<b>Kostnader</b>			
Varekostnad	3,6	39 986 875	12 341 780
Annen driftskostnad	4	51 497	1 852
<b>Sum kostnader</b>		<b>40 038 372</b>	<b>12 343 632</b>
<b>Driftsresultat</b>		<b>5 926 630</b>	<b>847</b>
<b>Finansinntekter og finanskostnader</b>			
Annen finansinntekt		14 406	36
<b>Sum finansinntekter</b>		<b>14 406</b>	<b>36</b>
Annen finanskostnad		3 212	168
<b>Sum finanskostnader</b>		<b>3 212</b>	<b>168</b>
<b>Netto finans</b>		<b>11 194</b>	<b>-132</b>
<b>Ordinært resultat før skattekostnad</b>		<b>5 937 824</b>	<b>715</b>
Skattekostnad på ordinært resultat	5	1 310 440	0
<b>Ordinært resultat etter skattekostnad</b>		<b>4 627 384</b>	<b>715</b>
<b>Årsresultat</b>		<b>4 627 384</b>	<b>715</b>
<b>Overføringer og disponeringer</b>			
Overføringer til/fra annen egenkapital		4 627 384	715
<b>Sum overføringer og disponeringer</b>		<b>4 627 384</b>	<b>715</b>



### Balanse

Beløp i: USD	Note	2020	2019
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
<b>Finansielle anleggsmidler</b>			
Investering i datterselskap	11	820	820
<b>Sum finansielle anleggsmidler</b>		<b>820</b>	<b>820</b>
<b>Sum anleggsmidler</b>		<b>820</b>	<b>820</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
Varer	10	0	444 523
<b>Sum varer</b>		<b>0</b>	<b>444 523</b>
<b>Fordringer</b>			
Andre fordringer		457 228	178
Konsernfordringer	7	10 793 749	12 343 694
<b>Sum fordringer</b>		<b>11 250 977</b>	<b>12 343 872</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende	9	4 702 576	4 001
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>4 702 576</b>	<b>4 001</b>
<b>Sum omløpsmidler</b>		<b>15 953 553</b>	<b>12 792 396</b>
<b>SUM EIENDELER</b>		<b>15 954 373</b>	<b>12 793 216</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Selskapskapital	6	5 556	5 556
<b>Sum innskutt egenkapital</b>		<b>5 556</b>	<b>5 556</b>



## Balanse

<b>Beløp i: USD</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
<b>Opptjent egenkapital</b>			
Annen egenkapital		608 256	715
<b>Sum opptjent egenkapital</b>		<b>608 256</b>	<b>715</b>
<b>Sum egenkapital</b>		<b>613 812</b>	<b>6 271</b>
<b>Sum langsiktig gjeld</b>		<b>0</b>	<b>0</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld		121	642
Kortsiktig konserngjeld	7	15 340 440	12 786 303
<b>Sum kortsiktig gjeld</b>		<b>15 340 561</b>	<b>12 786 945</b>
<b>Sum gjeld</b>		<b>15 340 561</b>	<b>12 786 945</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>15 954 373</b>	<b>12 793 216</b>



## Konsernets resultatregnskap

Beløp i: USD	Note	2020	2019
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Salgsinntekt	3.4	92 790 000	70 744 000
<b>Sum inntekter</b>		<b>92 790 000</b>	<b>70 744 000</b>
<b>Kostnader</b>			
Varekostnad	5	52 313 000	58 634 000
Lønnskostnad	3.20	3 388 000	2 616 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	11a, 11b	9 533 000	6 080 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	11a,11 b	18 021 000	35 093 000
Annen driftskostnad	3	3 690 000	4 183 000
<b>Sum kostnader</b>		<b>86 945 000</b>	<b>106 606 000</b>
<b>Driftsresultat</b>		<b>5 845 000</b>	<b>-35 862 000</b>
<b>Finansinntekter og finanskostnader</b>			
Annen finansinntekt	6	3 847 000	43 000
<b>Sum finansinntekter</b>		<b>3 847 000</b>	<b>43 000</b>
Annen finanskostnad	6	5 739 000	6 082 000
<b>Sum finanskostnader</b>		<b>5 739 000</b>	<b>6 082 000</b>
<b>Netto finans</b>		<b>-1 892 000</b>	<b>-6 039 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>3 953 000</b>	<b>-41 901 000</b>
Skattekostnad på ordinært resultat	7	7 086 000	4 576 000
<b>Ordinært resultat etter skattekostnad</b>		<b>-3 133 000</b>	<b>-46 477 000</b>
<b>Årsresultat</b>		<b>-3 133 000</b>	<b>-46 477 000</b>
<b>Overføringer og disponeringer</b>			
Overføringer til/fra annen egenkapital		-3 133 000	-46 477 000
<b>Sum overføringer og disponeringer</b>		<b>-3 133 000</b>	<b>-46 477 000</b>



### Konsernets balanse

Beløp i: USD	Note	2020	2019
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Multi-client library	11b	36 168 000	47 213 000
<b>Sum immaterielle eiendeler</b>		<b>36 168 000</b>	<b>47 213 000</b>
<b>Varige driftsmidler</b>			
Seismic and node equipment	11a	8 114 000	12 428 000
Vessel	11a	3 454 000	4 667 000
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	11a	226 000	573 000
<b>Sum varige driftsmidler</b>		<b>11 794 000</b>	<b>17 668 000</b>
<b>Sum anleggsmidler</b>		<b>47 962 000</b>	<b>64 881 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
Varer	12	85 000	762 000
<b>Sum varer</b>		<b>85 000</b>	<b>762 000</b>
<b>Fordringer</b>			
Kundefordringer	9,14	0	12 291 000
Andre fordringer	10	531 000	14 415 000
<b>Sum fordringer</b>		<b>531 000</b>	<b>26 706 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende	8	5 874 000	1 434 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>5 874 000</b>	<b>1 434 000</b>
<b>Sum omløpsmidler</b>		<b>6 490 000</b>	<b>28 902 000</b>
<b>SUM EIENDELER</b>		<b>54 452 000</b>	<b>93 783 000</b>

### BALANSE - EGENKAPITAL OG GJELD

#### Egenkapital



### Konsernets balanse

Beløp i: USD	Note	2020	2019
<b>Innskutt egenkapital</b>			
Selskapskapital		840 000	11 718 000
Overkurs		38 453 000	38 453 000
<b>Sum innskutt egenkapital</b>		<b>39 293 000</b>	<b>50 171 000</b>
<b>Opptjent egenkapital</b>			
Share based programme		401 000	397 000
Udekket tap		47 546 000	55 291 000
<b>Sum opptjent egenkapital</b>		<b>-47 145 000</b>	<b>-54 894 000</b>
<b>Sum egenkapital</b>		<b>-7 852 000</b>	<b>-4 723 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
<b>Annen langsiktig gjeld</b>			
Obligasjonslån	13,25	17 417 000	0
Lease liability		0	73 000
<b>Sum annen langsiktig gjeld</b>		<b>17 417 000</b>	<b>73 000</b>
<b>Sum langsiktig gjeld</b>		<b>17 417 000</b>	<b>73 000</b>
<b>Kortsiktig gjeld</b>			
First year of long term debt	13	16 562 000	2 480 000
Leverandørgjeld	15	12 251 000	41 646 000
Other current liabilities, contract liabilities	17,4	16 074 000	54 307 000
<b>Sum kortsiktig gjeld</b>		<b>44 887 000</b>	<b>98 433 000</b>
<b>Sum gjeld</b>		<b>62 304 000</b>	<b>98 506 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>54 452 000</b>	<b>93 783 000</b>



Skatteetaten

Vår dato 05.12.2019	Din/Deres dato 08.11.2019	Saksbehandler Lars Waalorp
800 80 000 Skatteetaten.no	Din/Deres referanse	Telefon 32212244
Org.nr 974761076	Vår referanse 2019/6696236	Postadresse Postboks 9200 Grønland 0134 OSLO

AXXIS GEO SOLUTIONS ASA  
Strandveien 50  
1366 LYSAKER

Att. Maiken Aalde

## Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk

Vi viser til deres brev av 8. november 2019 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk for følgende selskaper:

<b>Axxis Production AS</b>	<b>org.nr. 823 324 642</b>
<b>Axxis Multi Client International AS</b>	<b>org.nr. 923 778 098</b>

Søknaden ble sendt til Skattedirektoratet. Skattedirektoratets myndighet til å treffe enkeltvedtak etter regnskapsloven § 3-4 tredje ledd ble delegert til skattekontoret med virkning fra 1. juni 2019.

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering de overnevnte selskapene dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som danner grunnlaget for vedtaket ikke endres vesentlig.

Kopi av dette brevet må sendes til Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Den regnskapspliktige må selv dokumentere ved dette brev at tillatelse er gitt.

### Bakgrunn

Axxis Production AS og Axxis Multi Client International AS er 100 % eid av Axxis Geo Solutions ASA. Selskapene leier og driver skip som leverer tjenester innen havbunnsseismikk til norske og internasjonale kunder innen olje- og gassindustrien. Engelsk er selskapenes arbeidsspråk. Morselskapet er tidligere gitt tillatelse til å bruke engelsk språk i årsregnskapet og årsberetningen.

### Skattekontorets 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 mv., 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 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 Skattekontorets 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 skattekontoret lagt særlig vekt på at selskapene er direkte eid av et selskap som også har tillatelse til å benytte engelsk. Videre er det vektlagt at selskapet driver virksomhet i en internasjonal bransje der alle sentrale aktører behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Lars Waalorp  
seniorrådgiver  
Brukerdialog, brukerkontakt  
Skatteetaten

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



Admincontrol

## List of Signatures Page 1/1

### Annual Report 2020 Axxis Production AS final.pdf

Name	Method	Signed at
Bøhn, Ronny	BANKID_MOBILE	2021-05-05 14:17 GMT+02
Haugestad, Nils Per C	BANKID	2021-05-05 13:32 GMT+02
Knudsen, Svein Tore	BANKID	2021-05-05 13:13 GMT+02



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# AXXIS PRODUCTION AS ANNUAL REPORT 2020

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## BOARD OF DIRECTORS REPORT

### Operations and location

Axxis Production AS (referred to as the "Company") is a 100% owned subsidiary of Axxis Geo Solutions ASA (referred to as the "Parent").

The Company is engaged in the international geophysical industry and focuses its activities in the growing Ocean Bottom Node ("OBN") segment of the marine seismic market. The Company's registered office is at Strandveien 50, 1366 Lysaker, Norway and is also located with operational office in Oslo.

The Company's business strategy is to secure both contract and multi-client projects, and the Company was established in order to operate both the multi-client and contract projects of the Parent. The secured contract and multi-client projects will be operated by the Company, and costs related to the operation of the projects will be charged from the Company to the subsidiary in the Group holding the contract.

In 2020 there has been three operations in the Company, one invoiced to the subsidiary Axxis Geo Solutions Egypt LLC and two exclusive contracts for Equinor in the North Sea. In 2019 there was one operation in the Company invoiced to the subsidiary Axxis Geo Solutions Egypt LLC which started in late 2019.

### Going concern

The financial statements for 2020 are based on the assumption of going concern. The Company is 100% owned by the Parent which will fund further projects and growth for the Company.

The Parent, Axxis Geo Solutions ASA, has filed for court protected reconstruction on 16 February 2021. This filing provided protection from bankruptcy and allowed for continued operation under court protection. Out of the 110 creditors voting, 106 creditors voted in favor of the reconstruction proposal within the deadline of 27 April 2021. In nominal amounts, this represents in excess of 98% of claims eligible to vote voting in favor. The District Court of Asker and Bærum has confirmed the reconstruction proposal. The decision by the District Court of Asker and Bærum is subject to an appeal period, which expires 3 June 2021, and will become legally binding thereafter (subject to no appeals made).

Subject to the reconstruction proposal being legally binding and the forced debt settlement becoming legally binding, the Parent will pay out approximately USD 7 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.

An Extraordinary General Meeting on 28 April 2021 approved the private placement of NOK 144.5 million from the investor Group as announced earlier. The Parent has confirmed the private placement and announced the details of a subsequent repair offering 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 Parent.

The Group prepares and maintains a rolling P&L and cash forecast, in addition to key balance sheet items (trade payables, long-term debt, and cash). The forecast is based on the assumed restructuring



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of the Company's balance sheet as a part of the proposed reconstruction (see note 12 Events after the reporting period). Management's operational outlook is derived from existing pipeline of opportunities as well as estimated multi-client late sales. The forecast is adjusted for the current trough in the oil and gas markets. In the Group's current forecast, cash and cash equivalents are expected to remain positive for the 12-month period following the 2020 financial statements.

This restructuring will provide the Company with sufficient working capital and cash to operate the North Sea contract and keep the company running for more than 12 months.

Management has used its best judgements in the evaluation of the going concern assumption. Although there are some uncertainties listed above related to conditions that might impact the future cash flows, management is of the opinion that the going concern assumption is appropriate and the accounts are prepared under the going concern assumption.

#### Comments related to the financial statements

The financial statements are prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway. The notes are an integral part of the financial statements.

In 2020 there has been three operations in the Company, one invoiced to the subsidiary Axxis Geo Solutions Egypt LLC and two exclusive contracts for Equinor in the North Sea. In 2019 there was one operation in the Company invoiced to the subsidiary Axxis Geo Solutions Egypt LLC which started in late 2019.

In the 2020, Axxis Production AS reported a gain after tax of USD 4 627 384, compared to a gain after tax of USD 715 in 2019. The main reason for the increase in gain is the margin on the three operations during 2020.

At year end, the Company had total assets of USD 15 954 373, compared to USD 12 793 216 in 2019. Cash as of December 2020 of USD 4 702 576 compared to USD 4 001 same period last year. In addition to intercompany receivables of USD 10 793 749 in 2020 compared to USD 12 343 694 in 2019.

As at 31 December 2020, the Company has total positive equity of USD 613 812, compared to positive equity of USD 6 271 in 2019.

Intercompany liabilities of USD 15 340 440 in 2020 compared to 12 786 303 per December 2019.

The Company is part of the consolidated financial statements of the Group prepared on a historical cost basis. Contact the Parent company Axxis Geo Solutions ASA to get hold of the consolidated financial statement for 2020.

#### Risk

The Company is exposed to risk factors including, but not limited to, the factors described below.

##### *Market risk*

The Company is exposed to market specific and general economic cycles and macro-economic fluctuations, since changes in the general economic situation affect the demand from our clients.



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The Company is experiencing renewed growth in the OBN segment; however, no assurance can be provided with regards to future market development. The Company' business performance depends upon production and development spending by oil and gas companies. Historically, in times of low oil price, demand in exploration spending has been reduced in much greater extent than production related spending, where the Company is active.

#### *Credit risk*

Delayed or loss of payments from the Company's customers/clients may adversely impair the Company's liquidity. The concentration of the Company's customers, presently few, in the oil and gas industry may impact the Company's overall exposure to credit risk as customers may be similarly affected by prolonged changes in economic- and industry conditions. The Company evaluate the credit quality of its potential clients during contract negotiations to minimize the risk of payment delinquency, but no assurance can be given that the Company will be able to avoid this risk.

#### *Liquidity risk*

Liquidity risk is the risk that the Company is not able to meet its payment obligations when they fall due. The Company may need access to long-term funding. Funding will come from the parent company Axxis Geo Solutions ASA. Failure to access necessary liquidity could require the Company to scale back its operations or could have other materially adverse consequences for its business and its ability to meet its obligations. Due to the new equity in the Group, the Company will have sufficient cash.

#### *Foreign exchange risk*

The Company's functional currency is USD. Changes in currency exchange rates relative to the USD may affect the USD valued assets. Changes in currency may also affect the Company's local expenses when operating abroad. The Company's expenses are primarily in USD and NOK. As such, the Company's earnings may be exposed to fluctuations in the foreign currency market. Currency exchange rates fluctuate due to several factors, and these include international balance of payments, economic and financial conditions, government intervention, speculation and other factors.

The revenue and cash flow from operations gives the Company adequate working capital for ongoing operations and commitments. The Parent company will fund further projects and growth. The Company's revenue is primarily from large international oil and gas companies, including companies owned whole or in part by governments, and the Board deems the Company's exposure to credit risk as relatively limited due to the nature of the Company's customer base.

#### **The working environment and personnel**

The number of employees in the Company is zero, and therefore no injuries or accidents have been reported.

The Company's policy prohibits unlawful discrimination against employees, on account of ethnic or national origin, age, gender, sexual orientation or religion. Respect for the individual is the cornerstone of this policy and the Company also aims to treat its employees with dignity and respect.

The Board of Directors consists of 3 men.



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## The Environment

The commitment to the environmental forms an integrated part of the Company's Health & Safety Policy.

As stewards of the environment, it is the collective responsibility of the Company and our people to protect the environments that we work in. Our Goal of zero harm to the environment was achieved in 2020 as we had zero environmental recordable incidents throughout our operations. The Company's intent is to conduct our business in harmony with the environment. Our goal is no damage to the environment; our challenge is to deliver this along with our services and products. Our Policies underscores our commitment to the environment and outline our responsibilities throughout our operations.

Our mission is to minimize our footprint wherever we work through the implementation of five key strategies at work locations:

- Minimization of waste by design and purchase.
- Managing waste output to follow best environmental practice.
- Guarding against accidental and operational pollution.
- Provision for mitigation of any accidental and operational pollution.
- Site remediation after operations.

## Research and development

The Company does no material research and development activity.

## Allocation of Net Profit (loss)

The Board of Directors has proposed the net gain for the Company of USD 4 627 384 to be attributed to accumulated earning and other equity.

The Company's distributable equity as of 31.12.2020 was zero.

Lysaker, 5 May 2021

\_\_\_\_\_  
Svein Knudsen  
Chairman

\_\_\_\_\_  
Nils Haugestad  
Board member

\_\_\_\_\_  
Ronny Bøhn  
Board member



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## FINANCIAL STATEMENTS

### INCOME STATEMENT

<b>USD</b>	<b>Note</b>	<b>Full Year 2020</b>	<b>16.08.2019 - 31.12.2019</b>
<b>Total revenue</b>	2	45 965 002	12 344 479
<b>Cost of sales</b>	3,6	(39 986 875)	(12 341 780)
<b>Other operating expenses</b>	4	(51 497)	(1 852)
<b>Total operating expenses</b>		<b>(40 038 372)</b>	<b>(12 343 632)</b>
<b>Operating profit (loss) before depreciation and amortization (EBITDA)</b>		<b>5 926 630</b>	<b>847</b>
<b>Depreciation &amp; Amortization</b>		-	-
<b>Operating profit (loss) (EBIT)</b>		<b>5 926 630</b>	<b>847</b>
<b>Financial income</b>		<b>1</b>	<b>1</b>
<b>Financial expenses</b>		<b>(3 212)</b>	<b>(168)</b>
<b>Currency gain (loss)</b>		<b>14 405</b>	<b>35</b>
<b>Profit (loss) before tax</b>		<b>5 937 824</b>	<b>715</b>
<b>Tax income (expenses)</b>	5	<b>(1 310 440)</b>	-
<b>Profit (loss) for the period</b>		<b>4 627 384</b>	<b>715</b>

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## BALANCE SHEET

USD			
Assets	Note	31.12.2020	31.12.2019
<b>Non current assets</b>			
Investment in subsidiaries	11	820	820
<b>Total non current assets</b>		<b>820</b>	<b>820</b>
<b>Current assets</b>			
Inventories	10	-	444 523
Receivables group companies	7	10 793 749	12 343 694
Other current assets		457 229	178
Cash and cash equivalents	9	4 702 576	4 001
<b>Total current assets</b>		<b>15 953 554</b>	<b>12 792 396</b>
<b>Total assets</b>		<b>15 954 373</b>	<b>12 793 216</b>
<b>USD</b>			
Equity and Liabilities	Note	31.12.2020	31.12.2019
<b>Equity</b>			
Share capital	6	5 556	5 556
Additional paid-in capital		-	-
<b>Total paid-in capital</b>		<b>5 556</b>	<b>5 556</b>
Accumulated earnings and other equity		608 256	715
<b>Total equity</b>		<b>613 812</b>	<b>6 271</b>
<b>Current liabilities</b>			
Trade payables		121	642
Liabilities to group companies	7	15 340 440	12 786 303
<b>Total current liabilities</b>		<b>15 340 561</b>	<b>12 786 945</b>
<b>Total equity and liabilities</b>		<b>15 954 373</b>	<b>12 793 216</b>

Lysaker, 5 May 2021

Svein Knudsen  
Chairman

Nils Haugestad  
Board member

Ronny Bøhn  
Board member



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STATEMENT OF CHANGES IN EQUITY

USD	Share capital	Additional paid-in capital	Accumulated earnings	Total equity
<b>Balance as of 1.1.2020</b>	<b>5 556</b>	-	<b>715</b>	<b>6 271</b>
Profit (loss) for the period	-	-	4 627 384	4 627 384
Other comprehensive income (loss)	-	-	-	-
Group contribution from the Parent company	-	-	377 378	377 378
Group contribution to the Parent company	-	-	(4 397 221)	(4 397 221)
<b>Balance as of 31.12.2020</b>	<b>5 556</b>	-	<b>608 256</b>	<b>613 812</b>

USD	Share capital	Additional paid-in capital	Accumulated earnings	Total equity
<b>Balance as of 16.08.2019 - registration of shares</b>	<b>5 556</b>	-	-	<b>5 556</b>
Profit (loss) for the period	-	-	715	715
Other comprehensive income (loss)	-	-	-	-
Share issue expense	-	-	-	-
<b>Balance as of 31.12.2019</b>	<b>5 556</b>	-	<b>715</b>	<b>6 271</b>



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## STATEMENT OF CASH FLOW

USD	Note	Full Year 2020	16.08.2019 - 31.12.2019
<b>Cash flow from operating activities</b>			
Profit before tax		4 627 384	715
Depreciation and amortization		-	-
Change in trade payables		(522)	642
Change in fuel stock	10	444 523	(444 523)
Change in other current receivables	7	1 092 895	(12 343 873)
Change in other current liabilities	7	2 554 138	12 786 303
<b>Net cash from operating activities</b>		<b>8 718 418</b>	<b>(736)</b>
<b>Cash flow from investing activities</b>			
Investment in subsidiary company	11	-	(820)
<b>Net cash flow from investment activities</b>		<b>-</b>	<b>(820)</b>
<b>Cash flow from financing activities</b>			
New equity	6	-	5 556
Net Group contribution from/to Parent company		(4 019 843)	-
<b>Net cash flow from financial activities</b>		<b>(4 019 843)</b>	<b>5 556</b>
<b>Net change in cash and cash equivalents</b>		<b>4 698 575</b>	<b>4 001</b>
Cash and cash equivalents balance 1.1		4 001	-
<b>Cash and cash equivalents balance 31.12</b>		<b>4 702 576</b>	<b>4 001</b>



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## NOTES TO ANNUAL REPORT

### NOTE 1 ACCOUNTING PRINCIPLES

Axxis Production AS (the Company) is a 100% owned subsidiary of Axxis Geo Solution ASA (the Parent), being the Parent company of a group of companies focusing on the ocean bottom seismic (OBS) market. The Parent has a proprietary technology-agnostic node handling system.

The Company is a limited liability company in Norway. The Company's registered office is at Strandveien 50, 1366 Lysaker, Norway and is also located with operational office in Oslo.

The Company's business strategy is to secure OBN projects both in Norway and internationally. In 2020 there has been three operations in the Company, one invoiced to the subsidiary Axxis Geo Solutions Egypt LLC and two exclusive contracts for Equinor in the North Sea. In 2019 there was one operation in the Company invoiced to the subsidiary Axxis Geo Solutions Egypt LLC which started in late 2019.

There is no employees in the Company.

The financial statements of the Company were authorized by the Board of Directors on 5 May 2021.

The financial statements are prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway. The notes are an integral part of the financial statements.

The Company is part of the consolidated financial statements of Axxis Group prepared on a historical cost basis. Contact the Parent company Axxis Geo Solutions ASA to get hold of the consolidated financial statement for 2020.

#### Going concern

The financial statements for 2020 are based on the assumption of going concern. The Company is 100% owned by the Parent which will fund further projects and growth for the Company.

The Parent, Axxis Geo Solutions ASA, has filed for court protected reconstruction on 16 February 2021. This filing provided protection from bankruptcy and allowed for continued operation under court protection. Out of the 110 creditors voting, 106 creditors voted in favor of the reconstruction proposal within the deadline of 27 April 2021. In nominal amounts, this represents in excess of 98% of claims eligible to vote voting in favor. The District Court of Asker and Bærum has confirmed the reconstruction proposal. The decision by the District Court of Asker and Bærum is subject to an appeal period, which expires 3 June 2021, and will become legally binding thereafter (subject to no appeals made).

Subject to the reconstruction proposal being legally binding and the forced debt settlement becoming legally binding, the Parent will pay out approximately USD 7 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.



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An Extraordinary General Meeting on 28 April 2021 approved the private placement of NOK 144.5 million from the investor Group as announced earlier. The Parent has confirmed the private placement and announced the details of a subsequent repair offering 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 Parent.

The Group prepares and maintains a rolling P&L and cash forecast, in addition to key balance sheet items (trade payables, long-term debt, and cash). The forecast is based on the assumed restructuring of the Company's balance sheet as a part of the proposed reconstruction (see note 12 Events after the reporting period). Management's operational outlook is derived from existing pipeline of opportunities as well as estimated multi-client late sales. The forecast is adjusted for the current trough in the oil and gas markets. In the Group's current forecast, cash and cash equivalents are expected to remain positive for the 12-month period following the 2020 financial statements.

This restructuring will provide the Company with sufficient working capital and cash to operate the North Sea contract and keep the company running for more than 12 months.

Management has used its best judgements in the evaluation of the going concern assumption. Although there are some uncertainties listed above related to conditions that might impact the future cash flows, management is of the opinion that the going concern assumption is appropriate and the accounts are prepared under the going concern assumption.

#### Changes in accounting principles

From 1 January 2020 the company changed its functional currency from NOK to USD. This change is accounted for prospectively with effect from 1 January 2020. The change in presentation currency has been accounted for retrospectively, similar to a change in accounting policy.

#### Presentation currency

The Company presents its financial reports in USD. Functional currency for the Company is USD as all the majority part of expenses are nominated and paid in USD from January 1, 2020. For presentation in the 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. Exchange rate differences arising from the translation to presentation currency are recognized in Other Comprehensive Income.

#### Foreign Currency

Transactions in foreign currencies are translated to USD using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities in non-functional currencies are translated into functional currency spot rate of exchange ruling at the date of the balance sheet. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominate in non-functional currencies are recognized in the income statement.

#### Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received for services in the ordinary course of the company's activities.



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#### Taxes

##### a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured using 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 at the reporting date in the countries where the Company operates and generates taxable income. Current income tax relating to items directly in equity is recognized in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulation are subject to interpretation and establishes provisions where appropriate.

##### b) Deferred tax

Deferred tax is provided for using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted on the balance sheet date and are expected to apply when the related deferred tax asset is realized, or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax relating to items recognized directly in equity is recognized in equity and not in the income statement.

#### Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is determined using the first-in, first-out (FIFO) method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The Company's inventory consists primarily of fuel.

#### Provisions

Provisions are recognized when the company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

#### Cash flow statement

The cash flow statement is presented using the indirect method.

#### Cash and cash equivalents

Cash and cash equivalents include cash at hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.



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NOTE 2 REVENUE

USD

<b>Operating revenue</b>	<b>Full Year 2020</b>	<b>Full Year 2019</b>
Sales revenue	12 160 911	-
Mobilization & demobilization revenue	2 773 601	-
Intercompany revenue	31 030 490	12 344 479
<b>Total revenue</b>	<b>45 965 002</b>	<b>12 344 479</b>



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## NOTE 3 COST OF SALES

### USD

<b>Cost of sales</b>	<b>Full Year 2020</b>	<b>Full Year 2019</b>
Fuel cost	795 730	674 941
Vessel and equipment hire	5 670 000	
Crew & project management	2 328 181	-
Seismic, source and node equipment	2 030 596	-
Mobilization costs	2 919 346	
Agent's related costs	301 218	
Intercompany costs to Egypt	25 941 804	11 666 838
<b>Total cost of sales</b>	<b>39 986 875</b>	<b>12 341 780</b>

Intercompany expenses are pass-through expenses related to the Egypt contract work and multi-client project for Western Geco in Egypt were completed in 2020. Mobilization of these projects started in 2019.



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NOTE 4 OTHER OPERATING EXPENSES

USD

<u>Other operating expenses</u>	<u>Full Year 2020</u>	<u>Full Year 2019</u>
<u>Accounting and other consultancy fees</u>	<u>43 447</u>	<u>1 277</u>
<u>Audit fees</u>	<u>7 213</u>	<u>-</u>
<u>Communication costs</u>	<u>837</u>	<u>576</u>
<u>Office expenses</u>	<u>-</u>	<u>-</u>
<b><u>Total other expenses</u></b>	<b><u>51 497</u></b>	<b><u>1 852</u></b>



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## NOTE 5 TAX

USD	Full Year 2020	Full Year 2019
<b>Specification of tax expense for the year</b>		
Current income tax (including withholding tax)	1 310 440	-
Change in deferred tax (income)	-	-
<b>Total tax expense (- tax income)</b>	<b>1 310 440</b>	<b>-</b>
<b>Reconciliation of actual against expected tax expense at the income tax rate of 22%</b>		
Profit before tax	5 937 824	715
22% tax	1 306 321	157
<b>Tax effect from:</b>		
Non taxable income	-	-
Other permanent differences	15 499	(157)
Currency effect	(316)	-
Not booked deferred tax asset	(11 064)	-
<b>Calculated tax expense for the Company</b>	<b>1 310 440</b>	<b>0</b>
Effective tax rate for the Company	22%	0%

### There are no taxes payables in the balance sheet

To offset the taxes payables the Company will:

Use withholding tax paid abroad	70 198
Give Group contribution to the Parent company	1 240 242
<b>Total</b>	<b>1 310 440</b>

USD	31.12.2020	31.12.2019
<b>Deferred tax liabilities (assets)</b>		
Non current assets	-	-
Receivables	-	-
Accumulated tax loss carried forward	-	(50 293)
<b>Temporary differences at 31.12.</b>	<b>-</b>	<b>(50 293)</b>
Deferred tax (liabilities) assets (22%) *	-	11 064



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## NOTE 6 SHAREHOLDERS

<b>The company's share capital 31.12.2020 is as follows:</b>	<b>Number of shares</b>	<b>Value per share</b>	<b>NOK</b>
Ordinary shares (one share = one vote)	1 000	50,00	50 000

### **Paid/proposed dividend**

The Board has decided not to recommend a dividend for 2020.

### **Ownership structure**

The company is 100% owned by Axxis Geo Solutions ASA (the Parent). Contact the Parent at Strandveien 50, 1366 Lysaker, Norway to get hold of the consolidated financial statements.



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## NOTE 7 RELATED PARTY TRANSACTIONS

The transactions and balances with related parties in 2020 is mainly related to services provided by the parent company Axxis Geo Solutions ASA towards the subsidiary Axxis Geo Solutions Egypt LLC in relation to the seismic service of a contract project in Egypt, which started operation in December 2019 and finished in July 2020. See the figure below:

USD		
<b>Operational revenue:</b>	<b>Full Year 2020</b>	<b>Full Year 2019</b>
Axxis Geo Solutions Egypt LLC	31 030 490	12 344 479
<b>Total revenue from related parties</b>	<b>31 030 490</b>	<b>12 344 479</b>

USD		
<b>Operational cost:</b>	<b>Full Year 2020</b>	<b>Full Year 2019</b>
Axxis Geo Solutions ASA	36 781 150	12 341 780
<b>Total cost from related parties</b>	<b>36 781 150</b>	<b>12 341 780</b>

### Balances with related parties:

USD		
<b>Current receivables group companies</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
Axxis Geo Solutions Egypt LLC	10 793 749	12 343 694
<b>Total receivable group companies</b>	<b>10 793 749</b>	<b>12 343 694</b>

USD		
<b>Current liabilities group companies</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
Axxis Geo Solutions ASA	15 132 365	12 786 303
Axxis Geo Solutions Inc	208 075	-
<b>Total liabilities group companies</b>	<b>15 340 440</b>	<b>12 786 303</b>

See note 1 for information of the transactions.



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NOTE 8 OTHER CURRENT ASSETS

USD		
<b>Other current assets</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
Prepaid tax	-	-
Other current assets	457 229	178
<b>Total other current assets</b>	<b>457 229</b>	<b>178</b>



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NOTE 9 BANK DEPOSIT, CASH IN HAND

USD

<b>Bank deposits, cash in hand</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
Bank deposits	4 702 576	4 001
<b>Total bank deposits</b>	<b>4 702 576</b>	<b>4 001</b>



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NOTE 10 INVENTORIES

USD

<b>Stock of supplies</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
Fuel, lubeoil holdings	-	444 523
<b>Total stock of supplies</b>	-	<b>444 523</b>



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## NOTE 11 INVESTMENT IN SUBSIDIARIES

### USD

<b>Investment in subsidiaries</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
Shares in AGS Egypt LLC	820	820
<b>Total investment in subsidiaries</b>	<b>820</b>	<b>820</b>

### Ownership structure

The company is 99% owned by Axxis Production AS and 1% owned by the ultimate Parent Axxis Geo Solutions ASA. The consolidated account and ultimate Parent is Axxis Geo Solutions ASA. Contact Axxis Geo Solutions ASA at Strandveien 50, 1366 Lysaker, Norway to get hold of the consolidated financial statements.



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NOTE 12 EVENT AFTER THE BALANCE SHEET DATE

**Reconstruction**

The Parent announced 16 February 2021 that the Parent had not been able to reach agreement with all creditors in order to implement a voluntary solution to refinance the Parent. Consequently, the Parent filed for court protected reconstruction.

On 17 February 2021, the District Court of Asker and Bærum authorized opening of reconstruction negotiations for the Parent. On 7 April 2021, the Parent presented the final proposal for reconstruction by forced debt settlement. The proposal from the Parent involves a forced debt settlement of the Parent's unsecured debt. Secured debt, up to the value of the pledged assets, is not part of the forced debt settlement. The deadline for creditor replies is 27 April 2021.

Under the court-authorized reconstruction negotiations, the Parent continues normal business operations under the oversight of the Debt Restructuring Committee. Unsecured liabilities incurred prior to the opening of reconstruction negotiations are "frozen". All liabilities that are incurred thereafter shall be covered in their entirety.

Under the reconstruction proposal, Parent creditors are offered the following:

- a) Creditors with ordinary (general and unsecured) claims receive a dividend of 10%. The agreed dividend is paid out within 14 – fourteen – working days after the court confirmation of the reconstruction plan by forced debt settlement, cf. The Reconstruction Act § 52, is enforceable, tentatively during June/July 2021.
- b) As an alternative, creditors can convert all or part of their claim to shares in the Parent at a subscription price of 0.5 NOK/share. The share issue will be decided upon at an extraordinary general assembly of the Parent, expected to be held in May. The shares are expected to be registered in the respective VPS accounts no later than 30 June 2021. There might be a delay before the shares are listed. The minimum subscription amount per creditor is NOK 100 000. There is a limit of 9.9% share ownership per individual shareholder from their debt conversion.
- c) Claims that group entities / other related parties have against the Parent will be entitled to the same dividend as other ordinary claims, but these claims will not receive any dividend until all other entitled creditors have received their dividends in full.

It is not opened reconstruction negotiations in the subsidiaries of the Parent. The Parent has arranged for separate voluntary debt settlements in the subsidiaries. The Parent aims to achieve a solution whereby the bondholders also waive claims and collateral in the subsidiaries, thus avoiding insolvency proceedings in these companies.

The reconstruction will be financed through an equity issue for cash of USD 17-20 million, where a group of investors on certain conditions have committed to provide the Parent with USD 17 million, at a subscription price of 0.1 NOK/share. After the reconstruction is complete, the Parent will have an attractive financial position and satisfactory liquidity. This forms a sound basis for continued operations.

Ongoing agreements which the Parent is party to and that are not terminated during the reconstruction negotiations continue.



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It is the opinion of the Parent that the creditors will receive a higher recovery in the reconstruction proposal compared to alternative bankruptcy proceedings. Through bankruptcy proceedings, the Parent estimates that creditors with ordinary (general and unsecured) claims would be able to achieve a dividend in the range 0–2%.

The District Court of Asker and Bærum has 3 May 2021 confirmed the reconstruction proposal. The decision by the District Court of Asker and Bærum is subject to an appeal period, which expires 3 June 2021, and will become legally binding thereafter (subject to no appeals made).



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Statsautoriserte revisorer  
Ernst & Young AS

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## INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Axxis Production AS

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Axxis Production AS, which comprise the balance sheet as at 31 December 2020, the income statement and statements of cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2020 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

#### Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors (management) are responsible for the other information. Our opinion on the audit of the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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 ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

- ▶ identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Report on other legal and regulatory requirements

### Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption, and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Independent auditor's report - Axxis Production AS

A member firm of Ernst & Young Global Limited

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### Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 5 May 2021  
ERNST & YOUNG AS

*The auditor's report is signed electronically*

Finn Ole Edstrøm  
State Authorised Public Accountant (Norway)

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## Finn Ole Stephansen-Smith Edstrøm

Statsautorisert revisor

On behalf of: EY

Serial number: 9578-5995-4-951045

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AXXIS GEO  
SOLUTIONS  
ANNUAL REPORT  
2020

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## BOARD OF DIRECTORS REPORT

### Operations and location

Axxis Geo Solutions Group comprises Axxis Geo Solutions ASA (referred to as the "Company" or the "Parent") and its subsidiaries (together referred to as the "Group" or "AGS"). Axxis Geo Solutions ASA is a public limited company incorporated in Norway. The Company is listed on EURONEXT EXPAND OSLO and traded under the ticker Axxis.

The Company's registered main office is at Strandveien 50, 1366 Lysaker, Norway. Further, the Group also has operational offices in Houston, USA and Cairo, Egypt.

The Group is engaged in the international geophysical industry and focuses its activities in the Ocean Bottom Node ("OBN") segment of the marine seismic market.

The Group's business strategy is to secure proprietary OBN contracts and develop multi-client OBN programs through an asset light model where vessels, personnel and equipment are leased in on a cost-efficient basis. The asset light model, along with the Company's operational efficiency, gives a competitive advantage when bidding for contracts.

The Group specializes in delivering tailored seismic solutions, flexible project management and execution to oil and gas companies world-wide.

### Comments related to the financial statements

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards («IFRS») as adopted by the European Union («EU»). Following the application of the IFRS 15 accounting standard for revenues, multi-client pre-funding revenues are not recognized under the 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 2.3 Alternative Performance Measures ("APM") 2.3 EBITDA, note 3 Segment, note 4 Revenue, and note 11B Multi-client library, shows the deviation from IFRS.

The notes are an integral part of the consolidated financial statements. The consolidated financial statements have been prepared on a historical cost basis. The financial statements of the subsidiaries have been prepared for the same reporting year as the Company, using consistent accounting policies.

### Changes in accounting principles

From 1 January 2020 the parent company changed its functional currency from NOK to USD. This change is accounted for prospectively with effect from 1 January 2020. Further the group also changed the presentation currency from NOK to USD from 1 January 2020. The change in presentation currency has been accounted for retrospectively, similar to a change in accounting policy. The Group has restated prior periods for this voluntary presentational change in line with IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, from 1 January 2019. This point in time represents the earliest date from which it was practicable to perform a restatement, given the lack of sufficiently reliable data for earlier periods. As a consequence, foreign currency translation gains or losses prior to 2019 has been disregarded, with the FCT effects first calculated from 1 January 2019 onwards. In addition, the Group has included a statement of financial position at the beginning of the comparative period, i.e. as of 1 January 2019, in line with IAS 1, *Presentation of Financial Statements*.

The Group presents its consolidated financial reports in USD. For presentation in consolidated accounts, the monetary assets and liabilities have been converted and translated into USD at the rate



of exchange prevailing at the reporting date each quarter. Historical value has been used for all other balance sheet items. The statement of profit or loss is converted and translated into USD at the average exchange rate for each quarter, except for depreciation and amortization which are based on historical values. Exchange rate differences arising from the translation to presentation currency are recognized in Other Comprehensive Income.

## **Consolidated statement of comprehensive income**

### *Revenue*

The 2020 Group's revenues of USD 92.8 million is higher than the previous year's revenues of USD 70.7 million. Revenues for the full year of 2020 is mainly related to contract work in Egypt and the North Sea. In addition under IFRS, the pre-funding of USD 27.4 million being booked as contract liability in 2019 in the balance sheet, was reclassified as pre-funding revenues following the delivery of the Utsira data processing in September 2020. The Utsira multi-client library had two late sales with AGS' share being USD 1.1 million. The revenues in 2019 was related to contract work in India, Dubai and Brazil.

### *Operational cost*

The 2020 Group's cost of sales (COS) amounted to USD 52.3 million compared to USD 58.6 million during the same period in 2019. The largest portion of COS for the full year of 2020 is related to the projects in the Egypt and the North Sea. In addition, the multi-client project in Egypt has been capitalized with USD 10.6 million. COS for 2019 included USD 7.4 million related to idle time in Malta and the remaining amount related to the contracts in Dubai and Brazil. In addition, USD 55.1 million was capitalized related to the multi-client Utsira project.

The 2020 Group's personnel expenses and other operating expenses amounted to USD 7.1 million compared to USD 6.8 million during the same period of last year. Legal and consultants fee was USD 2.8 million for the full year 2020, compared to USD 2.2. million in 2019.

### *Depreciation of tangible assets*

The 2020 Group's depreciation and write downs of equipment were USD 5.9 million compared to USD 6.1 million in 2019. The write down in 2020 was USD 0.3 million. There were no new investments in equipment in 2020.

### *Amortization of intangible assets*

According to IFRS, the investment related to 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 September 2020, and the Group started linear amortization over 4 years from Q3 2020. The straight line amortization of Utsira was USD 3.6 million for 2020. As of September 2020, the IFRS value of the multi-client survey Utsira was impaired with USD 18.0 million, the value is equal to the segment value.

### *Impairment*

No impairment charges have been made in 2020 for the vessel Neptune Naiad, the node handling systems or the seismic equipment. There has not been any impairment of the multi-client survey in Egypt. As of September 2020, the IFRS value of the multi-client survey Utsira was impaired with USD 18.0 million. In 2019, the multi-client survey Utsira was impaired with USD 35.1 million, based on net present value of the library and expectations of future sales both for IFRS and segment value. There were no impairment charges for the vessel Neptune Naiad, nor the node handling systems owned by the Group or the seismic equipment in 2019.

### *EBITDA and EBIT*

EBITDA for the Group in 2020 was USD 33.4 million compared to USD 5.3 million for 2019. The contract work had a positive effect on the EBITDA for 2020. Another impact on EBITDA was lower activity and



lower cost due to cost reduction measures implemented. In 2019, mobilization and idle time between jobs had a negative effect on EBITDA.

EBIT for the Group in 2020 was USD 5.8 million compared to USD -35.9 million in 2019. EBIT is impacted by the same factors as described above for EBITDA. In addition, EBIT for 2019 was negatively impacted by the impairment of the multi-client library.

#### *Financial items*

Net financial expense was USD 1.9 million in 2020 compared to net financial expense of USD 6.0 million in 2019. The improvement is mainly related to the fair value estimate of the converted loans which has been calculated and booked as a financial gain of USD 3.8 million. Additionally, the improvement is related to a lower currency loss last year compared to 2020. Financial expenses during 2020 includes interest cost of USD 2.1 million for additional debt in 2020, and USD 0.4 million in penalty interest of unsecured debt.

#### *Income tax (expense)*

The corporate income tax in Norway is 22% in 2020. Income tax expense for 2020 amounted to USD 7.1 million compared to income tax expense of USD 4.6 million for the same period in 2019. The tax expense in 2020 represents mainly withholding tax and corporate tax in Egypt. No deferred tax asset has been recorded related to tax losses carried forward at December 31, 2020.

#### *Loss for the period*

For 2020 the Group had a loss of USD 3.1 million compared to a loss of USD 46.5 million for the same period in 2019.

#### *Consolidated statement of financial position*

As of December 31, 2020, AGS had total assets of USD 54.5 million, compared to total assets of USD 93.8 million as of December 31, 2019.

Total non-current assets decreased from USD 64.9 million in 2019 to USD 48.0 million in 2020. This is attributed to a net decrease in the multi-client library of USD 11.0 million and decrease of USD 5.9 million in fixed assets.

Total current assets decreased from USD 28.9 million in 2019 to USD 6.5 million in 2020. The decrease is driven by trade receivables and other current asset with USD 26.2 million, offset by increase in cash of USD 4.4 million. Cash balance was USD 5.9 million as of December 31, 2020.

The Group's equity was negative of USD 7.9 million at December 31, 2020 versus negative of USD 4.7 million as of December 31, 2019. The negative equity ratio is -14.4% as of December 31, 2020 compared to -5.0% for the same period in 2019. The Board has secured additional equity in the range of USD 17 -20 million which will be available to the Company to the extent a successful reconstruction is completed (see further information under "Events after the reporting period").

Total non-current liabilities increased from USD 0.1 million as of December 31, 2019 to USD 17.4 million as of December 31, 2020 related to the issuance of the Company's current bond loan. The bond loan includes a minimum cash covenant of USD 2.0 million. The covenant is fulfilled as of December 2020. The Company received a waiver of scheduled interest payment related to the bond loan per 30 November 2020, whereby the scheduled cash interest payment was added to the principal of the bond loan. Fair value of the converted loans, both unsecured loan and bond loan, has been calculated and booked as financial gain which will be booked as amortized cost on the loans going forward. The amortized cost from the fair value evaluation in 2020 was USD 1.2 million. The Company has received waivers from the two covenants for all the quarters in 2020, including year end 2020.



These two financial covenants are (i) liquid assets of not less than 120% of the outstanding loan and (ii) equity ratio of 35% or more. Since waivers have not been obtained for coming 12 months, the secured debt towards Eksportkreditt Norge AS has been reclassified to short-term debt.

The current portion of long-term debt amounted to USD 16.6 million as of December 2020; USD 1.2 million in respect of debt towards Eksportkreditt Norge AS, USD 0.1 million in respect of office leases, USD 9.3 million in respect of unsecured debt and USD 6.0 million in respect of the bond loan.

Total current liabilities as of December 31, 2020 amounted to USD 44.9 million, compared to USD 98.4 million as of December 31, 2019. A decrease of USD 29.4 million of the current liabilities is due to trade payables having been converted to loan. 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 22.7 million. Other current liabilities decreased by USD 15.5 million in 2020. This item includes project related accruals, taxes and VAT and the promissory loan note in favor of TGS of USD 6.6 million per December 2020. The decreases are offset by an increase in the current portion of long-term debt by USD 14.1 million, ending with a balance of USD 16.6 million per December 31, 2020.

#### *Consolidated statement of cash flow*

The Group's cash flow from operating activities in 2020 was USD 18.9 million, compared to USD 24.4 million at the same period in 2019. The reduction in operating cash flow compared to 2019 was primarily a result of idle time after the Egypt and North Sea projects. The latter ended in July, whereas Neptune Naiad was warm-stacked per December 2020. In addition as offset, trade payables have been converted to loans with USD 34.3 million in 2020.

The Group's cash outflow from investing activities in 2020 amounted to USD 10.4 million, compared to USD 61.6 million in the same period in 2019. The main investments in 2020 were in the multi-client survey in Egypt of USD 10.6 million, compared to the Group's investment in 2019 of the multi-client survey Utsira of USD 55.1 million, and in node handling equipment of USD 6.9 million. To the extent the proposed reconstruction (see note 26 Events after the reporting period) is completed, the Group will have reasonable liquidity to finance future investments.

The Group's cash flow from financing activities in 2020 was negative USD 4.0 million, compared to positive USD 30.8 million in the same period in 2019. Payment of instalments and interest paid of USD 4.0 million in 2020. In 2019, net proceeds from new equity were USD 34.2 million offset by payment of instalments and interest paid of USD 3.3 million.

#### **Parent company**

Axxis Geo Solutions ASA is the parent company of the Group.

In 2020, Axxis Geo Solutions ASA reported a loss after tax of USD 5.4 million, compared to a loss of USD 40.5 million in 2019. The reduction of loss this year is significantly impacted by impairment of shares in subsidiaries and accruals for impairment of intercompany receivables of USD 42.9 million in 2019.

At year end 2020, Axxis Geo Solutions ASA had total assets of USD 43.0 million, compared to USD 61.1 million at the end of 2019.

As of December 31, 2020, Axxis Geo Solutions ASA has a total negative equity of USD 4.5 million, compared to a positive equity of USD 0.9 million at the end of 2019. The equity ratio was -10.5%, compared to 1.5% at the end of 2019. The Board has secured additional equity in the range of USD 17



-20 million which will be available to the Company to the extent a successful reconstruction is completed (see further information under "Events after the reporting period").

## Going concern

The financial statements for 2020 are based on the assumption of going concern.

The Company has filed for court protected reconstruction on 16 February 2021. This filing provides protection from bankruptcy and allows for continued operation under court protection.

The Company has put forth a reconstruction proposal to the creditors (see note 26 Events after the reporting period) and a restructuring as outlined by the proposal will provide the Company 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 Company has implemented a smart-stack strategy and thereby significantly reduced its cash burn-rate.

The Company currently reports a negative common equity and total current liabilities exceed total current assets per 31 December 2020.

In light of the current reconstruction efforts, there is significant uncertainty with respect to the going concern assumption. Should the reconstruction proposal not be approved, the going concern assumption will most likely not be applicable and balance sheet items would be significantly impaired.

The Group prepares and maintains a rolling P&L and cash forecast, in addition to key balance sheet items (trade payables, long-term debt, and cash). The forecast is based on the assumed restructuring of the Company's balance sheet as a part of the proposed reconstruction (see note 26 Events after the reporting period). Management's operational outlook is derived from existing pipeline of opportunities as well as estimated multi-client late sales. The forecast is adjusted for the current trough in the oil and gas markets. In the Group's current forecast, cash and cash equivalents are expected to remain positive for the 12-month period following the 2020 financial statements.

The Group's cash flow forecast is based on existing firm commitments and the Group's expectations for future opportunities and the Group's corporate restructuring efforts, specifically:

- successfully completing the restructuring of the Company's balance sheet,
- successfully obtaining additional work in the second half of 2021,
- successfully completing multi-client late sales from the Utsira multi-client survey, and
- maintaining operating expenses at a minimum level.

The financial forecast has been prepared based on the current challenging market conditions.

There are, however, risks related to the assumptions in the forecast:

- There is a risk that the Group will not be successful in completing the proposed reconstruction.
- The Group is dependent on future business to maintain a positive cash balance beyond 12 months following the 2020 financial statements. There is a risk that the Group does not secure future contracts or late sales.

The annual accounts are prepared on the assumption of a going concern. However, the Company's and the Group's financial situation is unsustainable as equity is negative and liquidity is under pressure and hence there is material uncertainty related to the going concern assumption. The Group has filed for a court-protected reconstruction and put forth a restructuring plan to its creditors. If successful in



this restructuring, the Group will strengthen its working capital and improve its liquidity. The outcome of these discussions is uncertain and the going concern assumption is subject to material uncertainty.

Management has used its best judgements in the evaluation of the going concern assumption. Although there are significant uncertainties and risk listed above related to events or conditions that might impact the future cash flows, management is of the opinion that the going concern assumption is appropriate and the accounts are prepared under the going concern assumption. If the Company is unsuccessful with the above activities, the financial statements do not reflect impairment charges or provisions that might be required if the Company or the Group was liquidated or the assets were sold in a distressed situation.

## **Risk**

The Group is exposed to risk factors including, but not limited to, the factors described below.

### *Market risk*

The Group is exposed to market specific and general economic cycles and macro-economic fluctuations, since changes in the general economic situation affect the demand from clients. The Group's business performance depends on production and development spending by oil and gas companies. Historically, in times of low oil price, demand in exploration spending has been reduced to a much greater extent than production related spending, where the Group is active. The Group is also affected by the current Covid pandemic and to the extent the pandemic continues, this may have a negative impact on future demand for seismic services.

### *Credit risk*

Delayed or loss of payments from the Group's customers/clients may adversely impair the Group's liquidity. The concentration of the Group's customers, presently few, in the oil and gas 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. The Group evaluates the credit quality of its potential clients during contract negotiations in order to minimize the risk of payment delinquency, but no assurance can be given that the Group will be able to avoid this risk. During 2020, the Group did not experience any material receivables losses.

### *Liquidity risk*

Liquidity risk is the risk that the Group is not able to meet its payment obligations. The Company is dependent on both access to long-term funding and timely payments of receivables from customers. There can be no assurance that available funding sources are accessible when needed nor can there be any assurance that the Group will be able to raise new equity or other financial solutions on favorable terms and in amounts necessary to conduct its on-going and future operations, should this be required. Failure to access necessary liquidity could require the Group to scale back its operations or could have other materially adverse consequences for its business and its ability to meet its obligations as has been the case for 2020. The Group took action to convert some of its accounts payable debt to long-term debt with a bond loan of USD 24.7 million and an unsecured loan of USD 9.6 million. In February 2021 the Company filed for court protected reconstruction and sufficient liquidity for 2021 is dependent on successful outcome of such reconstruction and new equity to be raised. The Board has secured additional equity in the range of USD 17 -20 million which will be available to the Company to the extent a successful reconstruction is completed (see further information under "Events after the reporting period").

### *Foreign exchange risk*

The Group' presents its consolidated financial report in USD. The functional currency for the Parent Company and all of the subsidiaries is USD. The Group's significant operations in foreign countries exposes it to risks related to foreign currency movements. Currency exchange rates fluctuate due to



several factors, including international balance of payments, economic and financial conditions, government intervention, speculation and other factors. Changes in currency may affect the Group's local expenses when operating abroad. The Group's revenues are primarily in USD, while expenses are primarily in USD and NOK. As such, the Group's earnings are exposed to fluctuations in the foreign currency market. The Group has not established hedging arrangements to mitigate the possible adverse effects of this exposure.

#### *Commodity prices*

The Group is exposed to fluctuations in the price of certain key commodities such as oil, fuel and transportation costs. The Group has not established hedging arrangements to mitigate the possible adverse effects of this exposure.

#### *Covid-19 risk*

The impacts of COVID-19 on businesses across the globe is substantial and presents new challenges to normal business practices. The Group has been planning for and monitoring developments since the initial spread of the virus in early 2020 and has taken a series of steps to maintain the continuity of our services for our customers and to safeguard the health of our employees and stakeholders.

During the year, the Company received a cancellation of a small contract in the North Sea which was expected to be conducted in the second quarter of 2020. The contract revenues related to this survey was estimated at USD 1 million. The Company received a cancellation fee of 25% of the estimated revenue amount.

To the extent the pandemic continues, this may have a negative impact on future demand for seismic services.

#### *Other business risk*

The offshore seismic industry has from time to time experienced excess capacity and supply. The Group operates on a smaller scale than some of its competitors. Consequently, the Group may not be as financially or operationally robust to manage cyclical down-turns as its larger competitors. Further, the Group has an asset-light business model and is dependent on suppliers to ensure access to necessary equipment for its seismic operations. Such access may be difficult to obtain. In addition, the Company could be required to perform material depreciations on its balance sheet, primarily related to the value of its seismic library, which in turn would have a negative effect on the Company's profit and loss. This risk is primarily related to possible deviations in multi-client late sales relative to current estimates.

The seismic and oil service industry sees frequent changes and developments in technology. Such changes and developments can often be driven by competitors of the Company with substantial greater resources than those of the Company. The Group's technology, such as its OBN acquisition method, and any further technology under development, may not prove to be viable or efficient, and efforts to respond to technological innovations may require significant financial investments and resources. Failure by the Group to respond to changes in technology and innovations may render the Group's operations non-competitive and may have a material, negative effect on the Company's results of operation, financial condition and future prospects.

The Group is currently dependent on a limited number of suppliers which provide critical elements to the Group's operations, such as processing capacity, nodes and node handling equipment. This is expected to continue to be the case going forward. The Group currently relies on chartering vessels suited for seismic acquisition, which may in a situation of shortage of vessels involve a disadvantage towards its competitors. There can be no guarantee that there will be available vessels for charter or processing capacity for the Company's requirements in the future. Further, being highly dependent on



a limited number of suppliers, supply for nodes and node-handling equipment may impede or restrict the Group in obtaining improved terms for the supplies. If any of the foregoing occurs, it may have a material, negative effect on the Company's revenues, financial position and prospects.

The business of the Group currently only has a limited number of potential customers, and a few existing customers which provide a large part of the total revenues. This creates a risk of losing substantial revenue if one or a small number of customers are unable to perform their obligations under, or terminates, their contracts with the Group. Further, being highly dependent on a limited number of clients may impede or restrict the Group's in obtaining improved terms for its services.

The seismic acquisition operations of the Group may be exposed to extreme weather, hazardous conditions and activity in the work area. The Company's own insurance may not be adequate to cover potential losses. The Group may also have to share the production time in the survey area with another party, or stop for a period of time if own or third-party operations cause disturbance to the project or impacting safety or quality in the production. If any of the foregoing occurs, the Group will lose production time which in turn will have a negative effect on Company's revenues, financial position and prospects.

Risk related to cyber criminality is increasing globally. This threat is relevant for all devices connected to the internet. In order to protect the Group and the Company's assets and IP, precautions and procedures has been taken. The most common attack vector is 'phishing emails'. The Group has taken steps to improve protection of email, improve capabilities to identify ongoing malicious activities and increase employee awareness of cyber threats. Despite these efforts and precautions, no guarantee can be made against cyber attacks on the Group that can materially impact the Group's operation and financial position.

The Group business is subject to laws and regulations in various jurisdictions, and the requirements of, changes in or violations of such laws or regulations may adversely affect the Group's business and profitability. The Group invests in financial and managerial resources to maintain compliance with these laws and regulations, and failure to do so could result in fines or penalties, enforcement actions, claims for personal injury or property damages, or obligations to investigate and remediate damages.

The Group's acquisition of geophysical data is, in most jurisdictions, dependent on regulatory approval such as licenses, permits or similar which must be obtained before geophysical data may be acquired. For its multi-client projects in particular, there may be a risk that such regulatory approvals are not obtained or will only be obtained on conditions not acceptable to the Group. Should this occur with short or no advance notice, there may not be alternative employment available for the Group. This may have a negative impact on the Company's revenue and profits from operations.

The Group's multi-client business relies on a certain period of exclusivity in controlling the distribution of the acquired data through licenses to customers. The exclusivity period granted by local authorities can typically be 10 years but may be shortened during that period for reasons outside the Group's control. Any such change in business assumptions to the Group's investment in multi-client data may have a negative impact on the Company's revenues, profits and may cause impairment of remaining book values.

#### **The working environment and personnel**

The total number of permanent employees in the Group were eleven at the end of 2020, compared to eight at the end of 2019, where three are temporarily laid off (furlough) since November 2020. The employee list consisted of three women and eight men in 2020 and three women and five men in



2019. There is no employee as temporary, or part time hired of the permanent employees. No employees were on parental leave in 2020 or 2019.

The Board of Directors consists of five members, two men and three women in both 2020 and 2019.

There have not been any serious injuries or accidents in the current or prior year. In both 2020 and 2019, the average sick day percentage for the work force was zero.

The Group's policies prohibit unlawful discrimination against employees, on account of ethnic or national origin, age, gender, sexual orientation or religion. Respect for the individual is the cornerstone of this policy and the Group also aims to treat its employees with dignity and respect.

## CORPORATE RESPONSIBILITY

The Company is a global leading pure-play ocean-bottom node seismic company committed to the protecting our personnel's health and wellbeing, minimizing our environmental impact, and operating in line with high ethical business practices.

The Group integrates our people, our business and the environment in which we operate into one coherent operation providing our stakeholders and shareholders sustainable and socially responsible operations and services. Our corporate responsibilities provide us the opportunity to enter new areas and operate within communities around the world, leaving behind a positive footprint.

The Group has developed policies, standards, guidelines and education materials to prepare our employees to be custodians of ethics, human rights, social matters and anti-corruption in all of our areas of operations.

The Group aims to form part of the social fabric in the areas and countries in which we operate. Our Social Responsibility Policy reflects the culture that we have grown in our company and the level of expectation of all persons representing us.

### *Our People*

The health and wellbeing of our people is the key to our success as a company. Our diverse, multinational work force reflects our goal to be an equal opportunity employer. Equality applies to all practices and guidelines relating to the recruitment and hiring of all workers. We respect and protect the fundamental human and workers' rights in a manner consistent with the United Nations Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises.

The first months of 2020 gave us a renewed sense of corporate social responsibility – in keeping our employees safe, helping our customers, and sustaining our business through the pandemic. From the onset of the pandemic outbreak of Covid 19 in early March 2020, the Group initiated a committee dedicated to navigating our way through the health risks that it presented our people. Covid 19 mitigation plans were established and implemented in all of our operations and we were successful in completing them with zero infections or illnesses.

We adhere to the local laws and regulations within the countries we operate, and respect the cultures and rights of the communities with which we interact. The Group promotes a healthy workplace by prohibiting unlawful discrimination due to gender, race, age, ethnicity, disability, sexual orientation or religion and provide fair compensation for employees' work and rewarding and recognizing their contributions. We train our diverse staff in Cultural Competence and maintain a culture of zero tolerance of any form of harassment throughout the organization.



The Group recorded 937,392 man hours in 2020 with zero industry defined recordable injuries. Our 2021 Goals and Objectives reflect improvement initiatives generated from our 2020 learnings and will be executed to maintain our record of a TRIR of zero in the coming year.

Subcontractors and their personnel are important to our operations and team. Our Subcontractor Management Standard guides our employees to review our subcontractors policies and management systems to ensure these are aligned with the Group's principles, and that they conform with our management systems, and how to address inconsistencies or non conformities where these arise.

#### *Environment*

As stewards of the environment, it is the collective responsibility of the Group and our people to protect the environments that we work in. The Group's intent is to conduct our business in harmony with the environment and to minimize any impact our operations may have. Our Policies underscore our commitment to the environment and outline our responsibilities throughout all operations. The Group's goal of zero environmental recordable incidents throughout our operations was achieved in 2020.

Our mission is to minimize our footprint wherever we work through the implementation of five key strategies at work locations:

- Minimization of waste by design and purchase.
- Managing waste output to follow best environmental practice.
- Guarding against accidental and operational pollution.
- Provision for mitigation of any accidental and operational pollution.
- Site remediation after operations.

#### *Our Business*

The Group is committed to operate all activities within the spirit and letter of all laws and regulations that govern our businesses and employees. Employees must exercise the highest level of integrity, ethics and objectivity in any actions and relationships which may affect the Group. Employees must not misuse their authority or influence of their positions in these relationships. Moreover, employees have a duty to act in the best interest of the Group at all times and are empowered to intervene in any situation they feel is not appropriate through our Stop Work Policy, or to report indiscretions through our confidential anonymous reporting process.

All of the Group operations are conducted under the framework of our Integrated Operations Management System (iOMS). Our system employs a strong project management principle and covers the risk management and controls, guidelines and processes required to competently undertake our tasks. The scope of the iOMS addresses a broad range of tasks impacts or threats; that impact the wellbeing of the environment in which we work, the communities with which we interact, the employees and subcontractors as well as the business results the Group aims to achieve. By bringing together the management of key aspects of running a successful business, the iOMS achieves company-wide consistency, across all assets and activities, at every location and throughout the entire workforce.

#### **Research and development**

The Group does no material research and development activity.

#### **Allocation of Net Profit (loss)**

The Board of Directors has proposed the net loss for the Company of USD 5.4 million to be attributed to accumulated earning and other equity. The Company's negative equity as of December 31, 2020 was USD 4.5 million.



## Outlook

The market is showing signs of improvement and we expect to see increased activity starting in the second half of 2021. The Company has been awarded one contract in the North Sea, starting in Q3 2021, and there are several active tenders under review for 2021. Following the completion of the data processing of the Utsira OBN multi-client survey, our sales team embarked on a (digital) road show to showcase the dataset to a substantial number of potential buyers. Based on the preliminary feedback, we see several late sale opportunities for 2021.

## Events after the reporting period

### Default notice

The Company has after the reporting period received default notice from Nordic Trustee on behalf of the bondholders and from Eksportkreditt for unpaid installment and interest in January 2021. The Company is in active dialogue with the respective creditors and expect to find a solution which is aligned with the outcome of the court-protected reconstruction

### Reconstruction

The Company announced 16 February 2021 that the Company had not been able to reach agreement with all creditors in order to implement a voluntary solution to refinance the Company. Consequently, the Company filed for court protected reconstruction.

On 17 February 2021, the District Court of Asker and Bærum authorized opening of reconstruction negotiations for the Company. On 7 April 2021, the Company presented the final proposal for reconstruction by forced debt settlement. The proposal from the company involves a forced debt settlement of the Company's unsecured debt. Secured debt, up to the value of the pledged assets, is not part of the forced debt settlement. The deadline for creditor replies is 27 April 2021.

Under the court-authorized reconstruction negotiations, the Company continues normal business operations under the oversight of the Debt Restructuring Committee. Unsecured liabilities incurred prior to the opening of reconstruction negotiations are "frozen". All liabilities that are incurred thereafter shall be covered in their entirety.

Under the reconstruction proposal, Company creditors are offered the following:

- a) Creditors with ordinary (general and unsecured) claims receive a dividend of 10%. The agreed dividend is paid out within 14 – fourteen – working days after the court confirmation of the reconstruction plan by forced debt settlement, cf. The Reconstruction Act § 52, is enforceable, tentatively during June/July 2021.
- b) As an alternative, creditors can convert all or part of their claim to shares in the Company at a subscription price of 0.5 NOK/share. The share issue will be decided upon at an extraordinary general assembly of the Company, expected to be held in May. The shares are expected to be registered in the respective VPS accounts no later than 30 June 2021. There might be a delay before the shares are listed. The minimum subscription amount per creditor is NOK 100 000. There is a limit of 9.9% share ownership per individual shareholder from their debt conversion.
- c) Claims that group entities / other related parties have against the Company will be entitled to the same dividend as other ordinary claims, but these claims will not receive any dividend until all other entitled creditors have received their dividends in full.

It is not opened reconstruction negotiations in the subsidiaries of the Company. The Company has arranged for separate voluntary debt settlements in the subsidiaries. The Company aims to achieve a



solution whereby the bondholders also waive claims and collateral in the subsidiaries, thus avoiding insolvency proceedings in these companies.

The reconstruction will be financed through an equity issue for cash of USD 17-20million, where a group of investors on certain conditions have committed to provide the Company with USD 17 million, at a subscription price of 0.1 NOK/share. After the reconstruction is complete, the Company will have an attractive financial position and satisfactory liquidity. This forms a sound basis for continued operations.

Ongoing agreements which the Company is party to and that are not terminated during the reconstruction negotiations continue.

It is the opinion of the Company that the creditors will receive a higher recovery in the reconstruction proposal compared to alternative bankruptcy proceedings. Through bankruptcy proceedings, the Company estimates that creditors with ordinary (general and unsecured) claims would be able to achieve a dividend in the range 0–2%.



Lysaker, 16 April 2021

The Board of Directors and CEO of Axxis Geo Solutions ASA

[Sign.]

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Christian Huseby  
Chairman

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Njål Sævik  
Director

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Vibeke Fængsrud  
Director

---

Nina Skage  
Director

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Eirin Inderberg  
Director

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Ronny Bøhn  
CEO



## RESPONSIBILITY STATEMENT

### Confirmation from the Board of Directors and General manager

The Board of Directors and the CEO of Axxis Geo Solutions ASA have today considered and approved the annual report and financial statements for the 2020 calendar year ended on December 31, 2020.

We confirm, to the best of our knowledge, that:

- The 2020 financial statements for the Group and Parent company have been prepared in accordance with all applicable accounting standards.
- The information provided gives a true and fair view of the Group's and Parent company's assets, liabilities, financial position and results.
- The Board of Directors report provides a true and fair overview of the development, performance and financial position of Axxis Geo Solutions ASA and the Group together with a description of the principal risks and uncertainties that they face.

Lysaker, 16 April 2021

The Board of Directors and CEO of Axxis Geo Solutions ASA

[Sign.]

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Christian Huseby  
Chairman

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Njål Sævik  
Director

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Vibeke Fængsrud  
Director

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Nina Skage  
Director

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Eirin Inderberg  
Director

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Ronny Bøhn  
CEO



## CORPORATE GOVERNANCE

### CORPORATE GOVERNANCE POLICY

*Adopted by the Board of Directors on 16 April 2021*

#### 1. SCOPE AND APPLICABILITY OF THE POLICY

These Corporate Governance Policies (the "**Policies**") have been adopted by the Board of Directors (the "**Board**") of Axxis Geo Solutions ASA (the "**Company**") to express the corporate governance principles by which the Company conducts its business. The Policies apply to the Company and its consolidated subsidiaries (together the "**Group**") and will be evaluated by the Board and the Company's executive management (the "**Management**") annually.

The Company is incorporated in Norway in accordance with the Norwegian Public Limited Liability Companies Act of 13 June 1997 no. 45 (the "**NPLCA**") and is subject to Norwegian law. Hence, the reporting requirements on corporate governance set forth in Section 3-3b of the Norwegian Accounting Act of 17 June 1998 no. 56 (the "**Norwegian Accounting Act**") and the Norwegian Code of Practice for Corporate Governance issued by the Norwegian Corporate Governance Board on 17 October 2018, as amended from time to time (the "**NUES Code**"), apply to the Company. As the Company's shares are listed on Oslo Axess, the Company is also subject to the Norwegian Securities Trading Act of 29 June 2007 no. 75 (the "**NSTA**") and the continuing obligations of stock exchange listed companies issued by the EURONEXT EXPAND OSLO (the "**Continuing Obligations**"). These Policies are secondary to provisions set out in law, in regulations made pursuant to law, and in the Company's articles of association (the "**Articles of Association**").

These Policies shall apply until the Board decides otherwise.

#### 2. MAIN OBJECTIVES FOR THE COMPANY'S CORPORATE GOVERNANCE

The Board shall ensure that the Company has good corporate governance to, inter alia, support achievement of the Company's core objectives on behalf of its shareholders and to create a strong, sustainable company. The Board believes that good corporate governance involves openness and a trustful cooperation between the shareholders, the Board and the Management, employees, customers, suppliers, public authorities and society in general.

The Company endorses the NUES Code. The NUES Code is based on a "comply or explain" principle, which involves that listed companies must comply with the NUES Code or explain why an alternative approach has been chosen. The Company will comply with the NUES Code, and any deviations will be included in a statement of policy on corporate governance in the annual report.

The Company's corporate governance policies are based on the following main objectives:

- a. Open, reliable and relevant communication with the outside world regarding the Company's business and matters related to corporate governance
- b. Equal treatment of the Company's shareholders
- c. Independence between the Board, the Management and the shareholders in order to avoid conflicts of interests
- d. A clear division of work between the Board and the Management and the shareholders
- e. Good control and corporate governance mechanisms in order to achieve predictability and reducing the level of risks for shareholders and stakeholders.

In addition to these Policies, the Company has adopted the following internal manuals:



A Code of Conduct for Business, Ethics and Corporate Social Responsibility Instructions to the Board, and Instructions to the Chief Executive Officer ("CEO").

The above-mentioned internal manuals form an integral part of the Company's corporate governance policies. In addition, the Company has adopted a manual for "*Inside Information and Additional Disclosure Routines*".

### **3. THE BUSINESS OF THE COMPANY**

The operations of the Company shall be in compliance with the business objective as set forth in § 3 of the Articles of Association, which reads as follows:

*"The Company's business involves owning and/or operating vessels providing services to the oil and gas industry, including investment in other entities and businesses related thereto."*

The Company shall define clear goals, strategies and risk profiles for the Company's business activities. The Company shall have Policies for how it integrates the interests of the society at large into the value creation, please refer to the Code of Conduct for Business, Ethics and Corporate Social Responsibility. The Board shall at least on an annual basis evaluate targets, strategies and risk profiles.

### **4. EQUITY AND DIVIDENDS**

#### **4.1 Equity**

The Board shall ensure that the Company's capital structure is in line with its goals, strategy and risk profiles, and in accordance with the applicable laws and regulations.

#### **4.2 Dividends**

The Board proposes any distribution of dividends to the general meeting. The general meeting determines any distribution of dividends in accordance with Section 8-1 and Section 8-2 of the NPLCA. The grounds for any proposal to authorize the Board to approve the distribution of dividend shall be explained. The Board shall establish a clear and predictable dividend policy, which shall be available at the Company's website.

#### **4.3 Board authorizations**

Any proposed authorizations to the Board to increase the Company's share capital shall be restricted to defined purposes and shall be dealt with as separate agenda items at the general meeting. Board authorizations shall be limited in time to the date of the next annual general meeting, and in any event to 30 June the same year. This also applies to any authorization to the Board for the Company to purchase own shares.

### **5. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES**

#### **5.1 Equal treatment of shareholders**

All shareholders shall be treated on an equal basis, unless there is a just cause for treating them differently in accordance with applicable laws and regulations. In the event of an increase in share capital of the Company through issuance of new shares, a decision to waive the existing shareholders' pre-emptive rights to subscribe for shares shall be justified. If the Board resolves to issue new shares and waive the pre-emptive rights of existing shareholders pursuant to a Board authorization granted by the general meeting, the justification shall be publicly disclosed in a stock exchange announcement issued in connection with the shares issue.



Any transactions carried out by the Company in the Company's own shares shall be carried out through the EURONEXT EXPAND OSLO and in any case at prevailing stock exchange prices. In the event that there is limited liquidity in the Company's shares, the Company shall consider other ways to ensure equal treatment of shareholders.

## **5.2 Transactions with close associates**

In the event of any not immaterial transactions between the Company and shareholders; a shareholder's parent company; members of the Board; members of the Management or close associates of any such parties, the Board shall obtain an independent third party evaluation of the transaction, unless the transaction in questions shall be approved by the Company's general meeting in accordance with the NCPLA. Independent third-party evaluations shall also be obtained in the event of transactions between companies in the Group where any of the companies involved have minority shareholders.

## **6. SHARES AND NEGOTIABILITY**

There shall be no limitation with respect to any party's ability to own, trade or vote for the Company's shares. The Articles of Association contain no restrictions on negotiability of the shares.

## **7. GENERAL MEETINGS**

### **7.1 Exercise of rights**

The Board shall ensure that the Company's shareholders can participate at general meetings. This shall be facilitated by the following:

- The proposed resolutions and any supporting documents shall be sufficiently detailed, comprehensive and specific allowing shareholders to understand and form a view on all matters to be considered
- The deadline for shareholders to give notice of their attendance at the general meeting shall be no later than two business days prior to the date of the general meeting in accordance with the Articles of Association
- The Board and the chair of the general meeting shall ensure that the shareholders are able to vote separately on each individual matter, including on each individual candidate nominated for election to the Board and other corporate bodies (if applicable)
- The Chairman shall be present at general meetings, as well as the auditor should be present at general meetings where matters of relevance for such committees/persons are on the agenda, and
- The Board shall make arrangements to ensure that the chair of the general meeting is independent.

### **7.2 Participation without being present**

Shareholders who are unable to attend the general meeting in person shall be given the opportunity to vote by proxy. In this respect, the Company shall:

- Provide information in the notice to the general meeting on the procedure for attending by proxy
- Nominate a person who can act as a proxy for shareholders and
- Prepare a proxy form, which shall, insofar as possible, be set up so that it is possible to vote on each individual item on the agenda and candidates that are nominated for election.



## 8. NOMINATION COMMITTEE

The Articles of Association of the Company require it to have a Nomination Committee.

The Nomination Committee shall consist of up to 3 members elected by a Shareholders Meeting for a period of up to 2 years at the time, unless the Shareholders Meeting decides a shorter period. The Nomination Committee shall make recommendation and prepare proposals to the Shareholders Meeting for:

- Election of members of the Board of Directors and remuneration of the Directors and any Board Committees

Election of the Nomination Committee and remuneration of the Nomination committee, The proposals shall be made available no later than 21 days prior to the Shareholders' Meeting.

The Nomination Committee shall meet at least annually with the Board of Directors, the executive management and the CEO, and shall consult with selected shareholders to ensure that the Nomination Committee have their support.

## 9. BOARD COMPOSITION AND INDEPENDENCY

The Board shall be composed in a way that it can (i) attend to the common interests of all shareholders and meet the Company's need for expertise, capacity and diversity and (ii) act independently of special interests. The majority of the shareholder-elected Board members shall be independent of the Management and significant business contacts. At least two of the members of the Board shall be independent of the Company's major shareholder(s).

For the purposes of these Policies, a *major shareholder* shall mean a shareholder who owns or controls more than 10% of the Company's shares or votes, and *independence* shall entail that there are no circumstances or relations that may be expected to be able to influence an independent assessments of the person in question. The Board shall not include members of the Management.

The Chair of the Board is elected by the general meeting. The term of office for members of the Board shall not be longer than two years at a time. Members of the Board may be re-elected.

The Company's annual report shall provide information regarding the expertise of the members of the Board, as well as information on their history of attendance at board meetings. Further, the annual report shall identify the members of the Board that are considered to be independent. Members of the Board are encouraged to own shares in the Company.

## 10. THE WORK OF THE BOARD

### 10.1 General

The Board has implemented instructions for the Board and the Management, focusing on determining a clear allocation of internal responsibilities and duties. The respective objectives, responsibilities and functions of the Board and the CEO shall be in compliance with rules and standards applicable to the Company and are described in the Company's "*Instructions for the Board*" and "*Instructions for the CEO*".

The Board shall ensure that the members of the Board and the members of the Management make the Board aware of any material interests that they may have in matters to be considered by the Board.

The Board's consideration of matters of a material character in which the Chair of the Board is, or has been, personally involved, shall be chaired by another member of the Board to ensure a more independent consideration of the matter in question.



#### 10.2 Board committees

The Board has an audit committee (the "Audit Committee"), which is a working committee for the Board, preparing matters and acting in an advisory capacity. The duties, tasks and composition of the Audit Committee shall be in compliance with the NCPLA. In particular, the Audit Committee shall act as a preparatory body and support the Board in the exercise of its responsibility relating to financial reporting, auditing, internal controls, compliance with ethical Policy such as Environmental, Social and Governance ("ESG") and overall risk management.

The members of the Audit Committee are elected by and amongst the members of the Board for a term of up to two years. The entire Board shall not act as the Company's Audit Committee. At least one member of the Audit Committee should be competent in respect of finance and audit, and the majority of the members should be independent of the Company. The mandate of the Audit Committee is subject to annual revision.

The Company has not appointed a remuneration committee. A remuneration committee has not deemed to be of importance and the Board has, after consideration, decided to maintain a simple and cost-effective governance structure. The Board will determine the remuneration and compensation scheme of the Company in accordance with applicable law.

The Board shall provide details in the annual report of the Audit Committee and any other board committees, if appointed.

#### 11. RISK MANAGEMENT AND INTERNAL CONTROL

The Board shall ensure that the Company has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the Group's business activities. The internal control shall encompass the Company's Policy etc. for how it integrates considerations related to stakeholders into its creation of value.

The Board shall carry out an annual review of the Group's most important areas of exposure to risk and its internal control measures. The review shall pay particular attention to:

- Changes relative to previous years' reports in respect of the nature and extent of material risks and the Company's ability to cope with changes in its business and external changes
- The extent and quality of the Management's routine monitoring of risks and the internal control system and, where relevant, the work of the internal audit function
- The extent and frequency of the Management's reporting to the Board on the results of such monitoring, and whether this reporting makes it possible for the Board to carry out an overall evaluation of the internal control situation in the Group and how risks are being managed
- Events of material shortcomings or weaknesses in internal control that come to light during the course of the year which have, could have, or may have had a significant effect on the Group's financial results or financial standing and
- how well the Company's external reporting process functions.

Based on the instructions by the Board, the CEO shall implement internal control measures and propose the same to the Board.

The CEO shall effectuate internal control measures on the basis of the instructions by the Board and report the results to the Board annually in accordance with the Board's annual plan.



The report to the Board shall provide a balanced presentation of all material risks and how such risks are handled through the internal control measures of the Company.

The main areas of internal control related to financial reporting shall be described and included in the corporate governance report to be prepared by the Board pursuant to Section 3-3b of the Norwegian Accounting Act and the Continuing Obligations. This account should include sufficient and properly structured information to make it possible for shareholders to understand how the Company's internal control system is organized. The account should address the main areas of internal control related to financial reporting. This includes the control of environment, risk evaluation, control activities, information and communication and follow-ups.

## **12. BOARD REMUNERATION**

The remuneration to the members of the Board shall be determined by the annual general meeting each year. The Board's remuneration shall reflect the Board's responsibility, expertise, use of time and the complexity of the Company's business activities. Remuneration shall not be dependent on or linked to the Company's performance, and no options shall be issued to the members of the Board.

Board members, or companies to whom they are associated, should not undertake separate assignments for the Group in addition to the Board appointment. If they nevertheless do so, the whole Board shall be informed. Fees for such additional assignments shall be approved by the Board. If remuneration has been paid above the standard Board member fee, this shall be specified in the annual report.

The Chairman has been paid NOK 1.4 million in 2020 as consultant fee.

## **13. MANAGEMENT REMUNERATION**

The Company has prepared Policy for determining remuneration to the CEO and other members of the Management in accordance with Section 6-16a of the NPLCA. The Policy shall, at all times, support prevailing strategy and values of the Company.

The total remuneration to the CEO and other members of the Management consists of basic salary (main element), benefits in kind, variable salary, pension and insurance schemes.

Performance-related remuneration to the members of the Management in the form of warrants, share options, bonus programs or similar shall be linked to value creation for shareholders or the Company's profit over time. Such arrangements, including warrants and share option arrangements, shall incentivize performance and be based on quantifiable factors that the member of the Management in question may influence.

The Board prepares Policy for the remuneration of members of the Management. Such Policy shall include the main principles for the Company's remuneration policy and shall contribute to aligning the interests of the shareholders and the Management. These Policies shall be communicated to the annual general meeting, and it shall be clearly stated which aspects of the Policies that are advisory and which, if any, are binding. The general meeting shall vote separately on each of these aspects of the Policy.

## **14. INFORMATION AND COMMUNICATIONS**

### **14.1 Financial reporting and communication**

The Company's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). Reporting must fulfil statutory requirements and provide sufficient information to allow the Company's stakeholders to form as accurate a picture of the business as possible.



The Company shall report in accordance with the provisions of the NSTA, as well as the requirements pursuant to the Continuing Obligations.

The Company shall at all times provide its shareholders, the EURONEXT EXPAND OSLO and the financial market in general with timely and precise information. Such information will be given in the form of annual reports, quarterly reports, press releases, stock exchange announcements and investor presentations. The Company's report on corporate social responsibility shall be integrated in the annual report. The Board has established Policy for the Company's reporting of financial and other information.

The Company shall each year publish a financial calendar with details of the dates of important events such as the general meeting, publication of interim reports, open presentations and payment of the dividend.

The Board has adopted routines for, inter alia, the handling of inside information, please see Section 2 and the reference therein to the manual for "*Inside Information and Additional Disclosure Routines*".

#### **14.2 Information to the Company's shareholders**

In addition to the Board's dialogue with the Company's shareholders at general meetings, the Board should make suitable arrangements for shareholders to communicate with the Company at other times in order to facilitate an understanding of which matters affecting the Company from time to time and which are of particular concern to the Company's shareholders. Communications with the shareholders should always be in compliance with the provisions of applicable laws and regulations and in consideration of the principles of transparency and equal treatment of the Company's shareholders.

Information to the Company's shareholders shall be published at the Company's website at the same time as it is sent to the shareholders. The Board has established Policy for the Company's contact with shareholders outside the general meeting.

#### **15. TAKE-OVERS**

Although it is recommended by the NUES Code, the Board has not established separate Policy on how to respond in the event of a take-over bid, but will comply with the following principles should such event occur:

In the event of a take-over bid, the Board shall ensure that

- a. shareholders in the Company are treated equally
- b. shareholders are given sufficient information and time to form a view of the offer
- c. the Group's business activities are not disrupted unnecessarily
- d. the bid is not hindered or obstructed by the Board unless there are particular reasons to do and that
- e. in case the bid is made for the Company's shares, no authorizations or resolutions are exercised or made by the Board with the intention to obstruct the take-over bid unless this is approved by the general meeting subsequent to the announcement of the bid.

With respect to any agreements entered into by the Company and a bidder, the following principles shall apply:

- a. An agreement limiting the Company's ability to arrange other bids for the Company's shares shall only be entered into if it is self-evident that such agreement is in the Company and the shareholders' common interest. This shall also apply to any agreement on financial



compensation to the bidder if the bid does not proceed. Any financial compensation should be limited to the cost the bidder has incurred in making the bid.

- b. An agreement that is material to the market's evaluation of the bid shall be disclosed no later than at the same time as the announcement that the bid will be made is published.
- c. Any transaction that *de facto* is a disposal of the Company's activities shall be decided by the general meeting.

If an offer is made for the Company's shares, the Board shall issue a statement recommending its shareholders to accept or decline the offer. The Board's statement shall make it clear whether the views expressed are unanimous, and if such is not the case, explain the basis on which specific members of the Board have excluded themselves from the statement. The Board shall ensure that an explained valuation of the offer is prepared by an independent expert, which shall be disclosed no later than at the time of the disclosure of the Board's statement.

#### **16. AUDITOR**

The Board shall ensure that the auditor annually submits the main features of the plan for the audit of the Company to the Audit Committee.

The auditor shall participate in Board meetings dealing with the annual accounts, where it shall

- a. report on any material changes in the Company's accounting principles and key aspects of the audit
- b. comment on any material estimated accounting figures and
- c. report all material matters on which there has been disagreement between the auditor and the Management (if any).

The Board shall establish Policy for the Management regarding the use of the auditor for work not related to the statutory audit review.

The Board shall at least once a year review the Company's internal control procedures with the auditor, including identified weaknesses by the auditor and proposals for improvements.



## CONSOLIDATED FINANCIAL STATEMENT

### – AXXIS GEO SOLUTIONS GROUP

#### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

USD thousands	Note	Full year 2020	Full Year 2019
Revenue	3,4	92 790	70 744
Cost of sales	5	(52 313)	(58 634)
Personnel expenses	3,20	(3 388)	(2 616)
Other operating expenses	3	(3 691)	(4 184)
Amortization & impairment multi-client & goodwill	11b	(21 620)	(35 093)
Depreciation & impairment	11a	(5 934)	(6 080)
<b>Operating profit (loss) (EBIT)</b>		<b>5 845</b>	<b>(35 862)</b>
Financial income	6	3 848	43
Financial expenses	6	(5 315)	(4 934)
Currency exchange gain (loss)	6	(424)	(1 148)
<b>Profit (loss) before tax</b>		<b>3 953</b>	<b>(41 901)</b>
Income tax (expense)	7	(7 086)	(4 576)
<b>Profit (loss) for the period</b>		<b>(3 133)</b>	<b>(46 477)</b>
Currency translation adjustments		-	-
<b>Other comprehensive income (loss) for the period</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income (loss) for the period</b>		<b>(3 133)</b>	<b>(46 477)</b>
<b>Earnings (loss) per share</b>			
Basic earnings per share		(0,05)	(0,79)
Diluted earnings per share		(0,05)	(0,79)



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

USD thousands		As of 31.12.2020	As of 31.12.2019	As of 01.01.2019
Assets	Note		Restated*	Restated*
<b>Non-current assets</b>				
Goodwill		-	-	1 951
Multi-client library	11b	36 168	47 213	27 130
Deferred tax asset	7	-	-	4 585
Property, plant and equipment	11a	11 794	17 668	16 604
<b>Total non-current assets</b>		<b>47 963</b>	<b>64 880</b>	<b>50 270</b>
<b>Current assets</b>				
Inventories	12	85	762	1 948
Trade receivables **	9,14	-	12 291	3 941
Other current assets	10	531	14 415	6 358
Bank deposits, cash in hand	8	5 873	1 435	7 696
<b>Total current assets</b>		<b>6 490</b>	<b>28 903</b>	<b>19 942</b>
<b>Total assets</b>		<b>54 452</b>	<b>93 783</b>	<b>70 212</b>

\* Restated due to changes of presentation currency from NOK to USD

\*\* 31.12.2019 - MUSD 9.8 relates to VAT that has been paid 10 Feb 2020



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

USD thousands		As of 31.12.2020	As of 31.12.2019	As of 01.01.2019
<b>Equity and Liabilities</b>	<b>Note</b>		<b>Restated*</b>	<b>Restated*</b>
<b>Equity</b>				
Share capital and other paid in capital		39 293	50 171	14 762
Other reserves		(47 145)	(54 894)	(8 814)
<b>Total equity</b>		<b>(7 852)</b>	<b>(4 723)</b>	<b>5 948</b>
<b>Non current liabilities</b>				
Interest bearing debt	13,25	17 417	73	142
<b>Total non current liabilities</b>		<b>17 417</b>	<b>73</b>	<b>142</b>
<b>Current liabilities</b>				
Interest bearing debt current	13	16 562	2 480	3 518
Trade payables	15	12 251	41 646	20 769
Contract liabilities	4	-	22 729	17 858
Other current liabilities	17	16 075	31 578	21 977
<b>Total current liabilities</b>		<b>44 887</b>	<b>98 433</b>	<b>64 123</b>
<b>Total liabilities</b>		<b>62 305</b>	<b>98 506</b>	<b>64 265</b>
<b>Total equity and liabilities</b>		<b>54 452</b>	<b>93 783</b>	<b>70 212</b>

\* Restated due to changes of presentation currency from NOK to USD

\*\* 31.12.2019 - MUSD 9.8 relates to VAT that has been paid 10 Feb 2020

Lysaker, 16 April 2021

The Board of Directors and CEO of Axxis Geo Solutions ASA

[Sign.]

Christian Huseby  
Chairman

Njål Sævik  
Director

Vibeke Fængsrud  
Director

Nina Skage  
Director

Eirin Inderberg  
Director

Ronny Bøhn  
CEO



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

USD thousands	Share capital	Additional paid-in capital	Accumulated earnings	Other equity/ Share based programme	Total equity
<b>Balance as of 01.01.2020</b>	<b>11 718</b>	<b>38 453</b>	<b>(55 291)</b>	<b>397</b>	<b>(4 723)</b>
Profit (loss) for the period	-	-	(3 133)	-	(3 133)
Other comprehensive income (loss)	-	-	-	-	-
Cost for new shares issued	-	-	-	-	-
Write down of par value	(10 878)	-	10 878	-	-
Share based payment	-	-	-	3	3
<b>Balance as of 31.12.2020</b>	<b>840</b>	<b>38 453</b>	<b>(47 546)</b>	<b>400</b>	<b>(7 852)</b>

USD thousands	Share capital	Additional paid-in capital	Accumulated earnings	Other equity/ Share based programme	Total equity
<b>Balance as of 01.01.2019</b>	<b>8 396</b>	<b>5 944</b>	<b>(8 814)</b>	<b>423</b>	<b>5 948</b>
Share based payment 01.01.2019	-	-	-	(423)	(423)
Profit (loss) for the period	-	-	(46 477)	-	(46 477)
Other comprehensive income (loss)	-	-	-	-	-
New shares issued - cash settled	8 468	27 564	-	-	36 033
Cost for new shares issued	-	(1 876)	-	-	(1 876)
Effect of Songa Bulk ASA merger 2/7-19 of share consolidation for AGS shareholders	(5 263)	(14 151)	-	-	(19 414)
Effect of Songa Bulk ASA merger 2/7-19 of share consolidation for AGS shareholders	-	19 414	-	-	19 414
Effect of Songa Bulk ASA merger 2/7-19 for shares in Songa as contribution in kind	117	1 558	-	-	1 676
Share based payment	-	-	-	397	397
<b>Balance as of 31.12.2019</b>	<b>11 718</b>	<b>38 453</b>	<b>(55 291)</b>	<b>397</b>	<b>(4 723)</b>



## CONSOLIDATED STATEMENT OF CASH FLOW

USD thousands	Note	Full Year 2020	Full Year 2019
<b>Cash flow from operating activities</b>			
Profit (loss) before tax	7	3 953	(41 901)
Taxes paid	7	(2 116)	-
Depreciation and amortization	11a,11b,16	27 554	41 172
Currency (gain)/loss without cash flow effects		(81)	1 873
Interest expense	6	3 995	3 200
Share based payment cost	21	3	(25)
Change in trade receivables	9	12 291	(8 350)
Change in trade payables	15	(29 396)	20 877
Change in inventories	12	676	1 186
Change in other current assets	10	13 884	(8 058)
Change in contract liabilities	4	(22 729)	4 871
Other working capital changes	13,17	10 827	9 601
<b>Net cash from operating activities</b>		<b>18 863</b>	<b>24 446</b>
<b>Cash flow from investing activities</b>			
Investment in property, plant and equipment	11a	(62)	(6 919)
Disposal of property, plant and equipment	11a	204	-
Investment in multi-client library	11b	(10 576)	(55 060)
Cash received/paid from merger	2.0	-	425
<b>Net cash flow from investment activities</b>		<b>(10 434)</b>	<b>(61 554)</b>
<b>Cash flow from financing activities</b>			
Repayment of interest bearing debt	13	(1 440)	(1 127)
Payment of lease liabilities (recognized under IFRS 16)	16	(220)	(186)
Net proceeds from new equity	18	-	34 156
Interest paid lease liabilities	16	(10)	(18)
Interest paid		(2 321)	(1 979)
<b>Net cash flow from financial activities</b>		<b>(3 991)</b>	<b>30 847</b>
<b>Net change in cash and cash equivalents</b>		<b>4 438</b>	<b>(6 261)</b>
Cash and cash equivalents balance 1.1	8	1 435	7 696
<b>Cash and cash equivalents balance 31.12</b>	<b>8</b>	<b>5 873</b>	<b>1 435</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1 GENERAL INFORMATION ABOUT THE COMPANY AND BASIS FOR PRESENTATION

#### 1.1 General information

Axxis Geo Solutions Group comprise Axxis Geo Solutions ASA (referred to as the "Company" or the "Parent") and its subsidiaries (together referred to as the "Group"). Axxis Geo Solutions ASA is a public limited listed company incorporated in Norway. The Company is listed on Euronext Expand Oslo and traded under the ticker Axxis.

The Company's registered office is at Strandveien 50, 1366 Lysaker, further the Group is located with operational office in Houston. The Group has due to local requirement, when operating OBN survey, offices also in Cairo.

The Group is engaged in the international geophysical industry and focuses its activities in the Ocean Bottom Node ("OBN") segment of the marine seismic market.

The Group's business strategy is to secure OBN contacts and develop multi-client OBN programs and hire in vessels, personnel and equipment to secured contracts and multi-client projects. The asset light model does yield a cost efficiency and should, along with operational efficiency when on contracts and projects, lead to cost benefits which will give a comparative advantage in securing new contracts and profitable projects.

The Group specializes on delivering tailored seismic solutions, flexible project management and execution to oil and gas companies world-wide. Its operations are based on a scalable asset-light setup to complete seismic surveys.

#### Basis of Preparation

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards («IFRS») as adopted by the European Union ("EU"), their interpretations adopted by the International Accounting Standards Board (IASB) and the additional requirements of the Norwegian Accounting Act as of 31 December 2020.

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.

The consolidated financial statements of the Group were authorized by the Board of Directors on 16 April 2021. The consolidated financial statements will be presented for approval at the Annual General Meeting on 23 June 2021. Until this date the Board of Directors have the authority to amend the financial statements.

#### Going concern

The financial statements for 2020 are based on the assumption of going concern.

The Company has filed for court protected reconstruction on 16 February 2021. This filing provides protection from bankruptcy and allows for continued operation under court protection.



The Company has put forth a reconstruction proposal to creditors (see note 26 Events after the reporting period) and a restructuring as outlined by the proposal will provide the Company 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 Company has implemented a smart-stack strategy and thereby significantly reduced its cash burn-rate.

The Company currently reports a negative common equity and total current liabilities exceed total current assets per 31 December 2020.

In light of the current reconstruction efforts, there is significant uncertainty with respect to the going concern assumption. Should the reconstruction proposal not be approved, the going concern assumption will most likely not be applicable and balance sheet items would be significantly impaired. Under such circumstances, valuation of balance sheet items will be based on liquidation values which are substantially lower than the current carrying values.

See item 2.2 for a full going concern evaluation.

## **Note 2.0 Summary of Significant Accounting Policies**

### **Principles of Consolidation**

The consolidated financial statements comprise the Parent company Axxis Geo Solutions ASA and its subsidiaries.

Subsidiaries are all entities over which the Company has control. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the income statement from the date the Company gains control until the date the Company ceases to control the subsidiary.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

### **Changes in accounting principles**

From 1 January 2020 the parent company changed its functional currency from NOK to USD. This change is accounted for prospectively with effect from 1 January 2020. Further the group also changed the presentation currency from NOK to USD from 1 January 2020. The change in presentation currency has been accounted for retrospectively, similar to a change in accounting policy. The Group has restated prior periods for this voluntary presentational change in line with IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, from 1 January 2019. This point in time represents the earliest date from which it was practicable to perform a restatement, given the lack of sufficiently reliable data for earlier periods. As a consequence, foreign currency translation gains or losses prior to 2019 has been disregarded, with the FCT effects first calculated from 1 January 2019 onwards. In addition, the Group has included a statement of financial position at the beginning of the comparative period, i.e. as of 1 January 2019, in line with IAS 1, *Presentation of Financial Statements*.

### **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.

#### **Foreign Currency**

Transactions in foreign currencies are translated using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities in non-functional currencies are translated into functional currency spot rate of exchange ruling at the date of the balance sheet. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in non-functional currencies are recognized in the income statement.

#### **Revenue recognition**

Revenue from contracts with customers comes from two different business models.

Contract seismic surveys is projects where the Group performs seismic services in accordance with customer specifications and the customer is the owner of all data collected. The contracts can include both collection of data and processing. If both services are included in a contract, the contract consist of two performance obligations. The Group has so far only had one multi-client contract with processing.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received for services in the ordinary course of the Group's activities. Revenue is shown net of withholding and value-added taxes.

The Company applies the practical expedient for short-term advances received from customers. That is, the promised amount of consideration is not adjusted for the effects of a significant financing component if the period between satisfying the performance obligation and the payment is one year or less. Where the Company has satisfied its performance obligations and has a right to consideration, an accrued revenue is recognized. The principles applied for each of the main types of contracts with customers are described in more detail below.

#### **Contract seismic surveys**

The Group recognizes contract revenue (whether priced as lump sum, day rate or unit price) based on the percentage of completion method (POC). Progress is measured in a manner generally consistent with the physical progress on the project. The revenue recognition is based on a split between acquisition work and data processing, only if both services are included in the contract. For the acquisition work the progress is based on the number of energy releases in the water. The progress of the data processing is measured based on estimated time of completion. Any amount received exceeding recognized revenue, is recorded on the balance sheet as a contract liability. Conversely, recognized revenue exceeding payments received is recognized as a contract asset, or a receivable if there is a right to payment that is not conditional of additional performance.

The contracts may include mobilization fees. These payments are included in the transaction price. No revenue is recognized before the data acquisition commences.

Any mobilization cost is capitalized as a cost to fulfil a contract and are amortized over the data acquisition period. The costs primarily relate to relocation of vessels and other preparation costs that can be directly allocated to the contract. The Group incur these costs to be able to fulfil the contract, and they are capitalized to the extent that they are expected to be recovered by the contract.



## **Multi-client revenue**

Multi-client is granting of licenses to the Group's multi-client library. In the contracts the customer gets a non-exclusive right to use the data from a specific survey, where the Group already has, or will collect and process data. The Group owns the data in the library. Before the Group initiates a new multi-client survey, the Group has its own target to always have one or more committed customer. Revenues from these contracts are defined as prefunding revenues. The advantages for pre-funding customers are generally the possibility to influence the project specifications, early access to acquired data, and discounted prices. Revenues from contracts that are signed after the survey is complete are defined as Late sales.

## **Multi-client pre-funding**

The Company recognizes pre-funding revenue as "right to use" licenses and the revenue is recognized at the point in time when the "right to use" license is transferred to the customer.

When the license is transferred to the customer depends on the specific contract but is typically upon completion of processing of the survey and granting of access to the finished data or delivery of the finished data.

## **Cost to obtain contracts**

Incremental cost of obtaining contracts with customers are recognized as an asset to the extent that the entity expects to recover those costs. The incremental cost of obtaining a contract are those costs that would not have incurred if the contract had not been obtained. The costs are amortized over the same period as revenue for the related contract is recognized.

## **Multi-client late sales**

Customers are granted a license from the Group which entitles them to access a specific part of the multi-client data library. The license payment is fixed and is required when the license is granted. The late sale revenue is recognized when a valid licensing agreement is signed, and the multi-client library data made accessible to the customer.

## **Property, plant and equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment loss. Historical cost includes costs directly attributable to the acquisition of the item. Costs are included in the asset's carrying amount or recognized as a separate asset, if 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. Costs of all repairs and maintenance are expensed as incurred. Depreciation of property plant and equipment is calculated using the straight-line method, over the estimated useful life.

The asset's residual values, useful lives, and method of depreciation are reviewed at each balance sheet date and adjusted if appropriate. If an asset's carrying amount is greater than its estimated recoverable amount, the asset is immediately impaired to the recoverable amount.

Assets under construction are carried at cost, less accumulated impairment. Depreciation commences when the asset is ready for its intended use.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.



## **Leases**

The Company 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.

### *Company as a lessee*

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes 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 Company is reasonably certain that it will exercise contractual extensions or termination options.

### *Measurement of lease liabilities*

At the commencement date of the lease, the Company recognizes 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 Company'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 assets*

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.

### *Short term leases and low value leases*

The Company has elected to apply the recognition exemption to lease contracts with a duration of less than 12 months, 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.

Other short-term leases less than 12 months and payments of these leases are charged to the income statement on a straight-line basis over the period of the lease.

## **Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.



Intangible assets with defined useful lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and method are reviewed at least every financial year end.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

#### **Multi-client library**

##### *Capitalization*

The multi-client library consists of geophysical data to be licensed to customers on a non-exclusive basis. Directly attributable costs associated with the production and development of multi-client projects such as data acquisition and processing, and direct project costs are capitalized. Cost directly attributable to data acquisition and processing include vessel costs, payroll and related costs for crew, project management, agent, other related project costs, hardware/software costs and mobilization costs when relocating a vessel to the survey areas.

##### *Amortization*

The OBN multi-client library will be amortized from the date the processed data are ready to be transferred to customers, using straight line amortization.. Each project will be evaluated individually, for the Utsira 3D OBN multi-client library that was processed and ready for sale in September 2020, the Company used 4 years life time for the linear amortization.

Before the library is completed, the Group test for impairment annually. To ensure that value in use above net book value, the Group will perform an additional impairment test after pre-funding revenues are recognized.

#### **Inventories**

Inventories are valued at the lower of cost or net realizable value. Cost is determined using the first-in, first-out (FIFO) method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The Group's inventory consists primarily of fuel.

#### **Taxes**

##### a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured using 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 at the reporting date in the countries where the Group operates and generates taxable income. Withholding taxes are included in the tax expense to the extent that a tax credit is available in the income tax in the home state.

Current income tax relating to items recognised directly in equity or other comprehensive is recognised in equity or other comprehensive income and not in the income statement.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.



## b) Deferred tax

Deferred tax is provided for using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted on the balance sheet date and are expected to apply when the related deferred tax asset is realized, or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

## Employee benefits

### *Pension obligations*

The Group operates a defined contribution plan. The net pension cost for the period is presented as an employee expense.

### *Share based payment*

The Group has an option plan for employees and one member of the Board. The fair value of options granted under the plan is recognized as employee benefit expense with a corresponding increase in equity. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of options that are expected to vest, based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit and loss, with a corresponding adjustment to equity.

## Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

## Trade receivables

Trade receivables sale of goods and services are held to collect contractual cash flows. They are initially recognised at the transaction price from sale of goods or services and are subsequent measured with a provision for expected credit loss.

Impairment losses are measured at lifetime expected credit losses in accordance with IFRS 9.

The Group's impairment model for trade receivable, contract assets and other current assets is a simplified approach based on lifetime expected credit losses (ECL). Impairment is based on an estimate of the probability of default for the financial assets reflecting an unbiased amount determined by evaluating a range of possible outcomes; the time value of money and reasonable available information related to past events, current conditions and forecasts of future economic conditions.

The Group uses an impairment model with the following characteristics: The receivables are organized based on the credit risk of the customers. The primary portfolio is the receivables where invoicing is done to customers with a high credit rating, typical large listed or state-owned oil companies.



This portfolio has a low risk of default and therefore no impairment loss is initially recognized based on the expectation of all of the accounts being paid. Further, an individual assessment is performed on specific customer receivables, typically if a customer is in known financial distress or has declared bankruptcy.

On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

#### **Other financial assets**

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

#### **Debt instruments other than account receivables**

Receivables other than account receivables from sale of goods and services are also held in a business model to collect the contractual cash flows. The receivables are subsequently measured at amortized cost with a provision for expected credit loss. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

#### **Interest bearing debt and borrowings**

Interest bearing loans are recognized initially at fair value less transaction costs. Subsequent to initial recognition, interest bearing loans are measured at amortized cost using the effective interest method. Gains and losses are recognized in the consolidated statements of profit and loss when the liabilities are derecognized as well as through the amortization process.

#### **Financial liabilities**

Financial liabilities represent a contractual obligation to deliver cash in the future. Financial liabilities, with the exception of derivatives, are initially recognized at fair value net of transaction costs directly attributable to the transaction and are subsequently measured at amortized cost. Financial liabilities are derecognized when the obligation is discharged through payment or when the Group is legally released from the primary responsibility for the liability.

#### **Classification and measurement**

##### *Financial instruments at fair value through profit and loss*

This category comprises financial assets and liabilities held for trading. Financial instruments in this category are initially recorded at fair value, and transaction costs are expensed in the consolidated statement of profit and loss. Realized and unrealized gains and losses arising from changes in the fair value are included in the consolidated statements of profit and loss in the period in which they arise.

##### *Financial instruments at amortized cost*

Financial assets and liabilities in this category are initially recognized at fair value, and subsequently carried at amortized cost, using the effective interest method less any allowance for impairment. This category includes accounts receivable, accounts payable and loans and other borrowings.

#### **Cash flow statement**

The cash flow statement is presented using the indirect method.

#### **Cash and cash equivalents**

Cash and cash equivalents include cash at hand, deposits held at call with banks with original maturities of three months or less.



## Merger with Songa Bulk ASA in 2019

The merger between Songa Bulk ASA and Axxis Geo Solutions AS (AGS AS) in 2019 with a reverse share split, forming Axxis Geo Solutions ASA (AGS ASA), was not considered a business combination under IFRS, but a reverse take over/acquisition of a non-trading shell company. The Merger was carried out pursuant to chapter 13 of the Norwegian Public Limited Liability Companies Act, whereby Songa Bulk ASA has assumed the assets, rights and obligations of AGS AS as a whole, against issuance of consideration shares to the former shareholders in AGS AS.

The merger has been accounted as a reverse acquisition whereby AGS AS is the accounting acquirer, i.e. the continuing entity. As the transaction is not a business combination, but a share-based transaction, it is accounted for in accordance with IFRS 2. In the consolidated financial statement of AGS ASA (former Songa Bulk ASA), the transaction is accounted for as a continuation of the financial statements of AGS AS. Assets and liabilities of Songa Bulk ASA are recognised at fair value in accordance with IFRS 2.

The opening balance from Songa Bulk ASA comprised cash and an investment in shares measured at fair value of MNOK 5.2, as well as a short-term liability (Trade payable) of MNOK 1.2. The rest was other contribution equity restricted, see table below.

Opening balance from Songa Bulk ASA	
thousands NOK	
<b>Assets</b>	
Bank	4 448
Shares in Star Bulk AS	<u>761</u>
	<u>5 208</u>
<b>Equity and liabilities</b>	
Trade payable	1 184
Other contributed equity (restricted)	<u>4 025</u>
	<u>5 208</u>

When the transactions was finally booked, the cash received in NOK currency was slightly higher MNOK 4.8, giving net cash from the merger of MNOK 3.6, reflected in the cash flow for 2019.

## Note 2.1 Standards and interpretations issued, but not yet effective

The following standards and interpretations have been issued but are not mandatory for annual reporting periods ending on 31 December 2020.

The Group does not expect any material implementation effects for any of the new or amended standards or interpretations.

At the date of authorization of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- IFRS 17 Insurance Contracts I
- FRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 1 Classification of Liabilities as Current or Non-current
- Amendments to IFRS 3 Reference to the Conceptual Framework
- Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use



- Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to IFRS Standards 2018-2020 Cycle
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture

## **Note 2.2 Key accounting estimates and judgement**

The Group makes estimate and assumptions concerning the future. The resulting accounting estimates could deviate from the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

### *Impairment of intangible assets*

The Group uses the discounted cash flow method to estimate the present value of the multi-client library, project Utsira and project Egypt, based on expectations of future multi-client late sales according the cash flow prognosis used by management for 2021.

There are two uncertainty when it comes to timing of the late sales and also the size of the lates sales. The management has weighted these uncertainly with probability in their discounted cash flow calculations. The WACC used in the calculation is comparabele to peers.

In 2020, the IFRS value of multi-client survey Utsira was impaired with USD 18.0 million. In 2019 the Utsira multi-client survey was impaired with USD 35.1 million.

### *Revenue recognition*

The Group uses the percentage of completion method in accounting for revenue for contract seismic surveys. Progress is measured in a manner generally consistent with the physical progress on the project. Use of the percentage of completion method requires the Group to estimate the services performed to date as a proportion of the total service to be performed. The proportion of services performed to total services to be performed can differ from management's estimate, influencing the amount of revenue recognized in the period.

### *Cooperation agreement with TGS-NOPEC Geophysical Company ASA (TGS)*

The Group entered into an agreement with TGS, where the parties have agreed that the library will be a jointly owned asset and each party will be entitled to 50% of the revenues generated by the library.

Management has evaluated the substance of the agreement and concluded that the contract is not within the scope of IFRS 15. This is because it is considered to be a collaboration agreement as TGS is not considered to be a customer. Management has established an accounting policy where the rules for joint operations in IFRS 11 Joint arrangements are used by analogy. The Group recognize its cost net of TGS investment as intangible asset and will recognize its 50% share of revenues generated by the library.

### *Going concern*

The Group prepares and maintains a rolling P&L and cash forecast, in addition to key balance sheet items (trade payables, long-term debt, and cash). The forecast is based on the assumed restructuring of the Company's balance sheet as a part of the proposed reconstruction (see note 26 Events after the reporting period. Management's operational outlook is derived from existing pipeline of opportunities as well as estimated multi-client late sales. The forecast is adjusted for the current trough in the oil and gas markets. In the Group's current forecast, cash and cash equivalents are expected to remain positive for the 12-month period following the 2020 financial statements.

The Group's cash flow forecast is based on existing firm commitments and the Group's expectations for future opportunities and the Group's corporate restructuring efforts, specifically:



- successfully completing the restructuring of the Company's balance sheet,
- successfully obtaining additional work in the second half of 2021,
- successfully completing multi-client late sales from the Utsira multi-client survey, and
- maintaining operating expenses at a minimum level.

The financial forecast has been prepared based on the current challenging market conditions.

There are, however, risks related to the assumptions in the forecast:

- There is a risk that the Group will not be successful in completing the proposed reconstruction.
- The Group is dependent on future business to maintain a positive cash balance beyond 12 months following the financial statements. There is a risk that the Group does not secure future contracts or late sales.

The annual accounts are prepared on the assumption of a going concern. However, the Company's and the Group's financial situation is unsustainable as equity is negative and liquidity is under pressure and hence there is material uncertainty related to the going concern assumption. The Group has filed for a court-protected reconstruction and put forth a restructuring plan to its creditors. If successful in this restructuring, the Group will strengthen its working capital and improve its liquidity. The outcome of these discussions is uncertain and the going concern assumption is subject to material uncertainty.

Management has used its best judgements in the evaluation of the going concern assumption. Although there are significant uncertainties and risk listed above related to events or conditions that might impact the future cash flows, management is of the opinion that the going concern assumption is appropriate and the accounts are prepared under the going concern assumption. If the Company is unsuccessful with the above activities, the financial statements do not reflect impairment charges or provisions that might be required if the Company or the Group was liquidated or the assets were sold in a distressed situation.

#### *Merge with Songa in 2019*

Management has evaluated the merger between Songa Bulk ASA and Axxis Geo Solutions AS (AGS AS) with a reverse share split, forming Axxis Geo Solutions ASA (AGS ASA), not to be considered a business combination under IFRS, but a reverse takeover/acquisition of a non-trading shell company. There were no employees, no processes or no asset except cash that was transferred in the merge.

#### *Covid-19 risk*

The impacts of COVID-19 on businesses across the globe is substantial and presents new challenges to our normal business practices. The Group has been planning for and monitoring developments since the initial spread of the virus in early 2020 and has taken a series of steps to maintain the continuity of our services for our customers and to safeguard the health of our employees and stakeholders.

During the year, the Company received a cancellation of a small contract in the North Sea which was expected to be conducted in the second quarter of 2020. The contract revenues related to this survey was estimated at USD 1 million. The Company received a cancellation fee of 25% of the estimated revenue amount.



NOTE 3 SEGMENT INFORMATIONS

The Group operates two segments, Multi-client and Contract, based on the two different revenue streams for the Group.

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 a percentage of recognised revenues according to budget, while the financial statements are based on a principle where amortization begins when the library is fully processed and ready for sale.

Revenue recognition for the Contract segment is based on the same principles as the IFRS financial statements.

Operating expenses are allocated to the segments based on the use of resources and assets.

Share based payment cost and capitalized cost of obtaining contracts has not been allocated to segments.

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

Vessel and equipment are utilized by both segments, and depreciation is allocated based on use. Investments in multi-client library (MCL) in the period of USD 10.6 million only relates to the multi-client segment. The MCL of Utsira was written down with USD 18 million in IFRS reporting during 2020, due to fair value evaluation per September 2020 based on assumption for late sales.

USD thousands	Segment reporting		Adjustments	IFRS reporting
	Multi-client	Contract		
<b>Geographical markets</b>	<b>Full Year 2020</b>	<b>Full Year 2020</b>	<b>Full Year 2020</b>	<b>Full Year 2020</b>
Norway	1 858	14 935	26 606	43 399
Asia	-	-	-	-
Middle East	-	46 884	-	46 884
Brazil	-	2 508	-	2 508
<b>Total revenue</b>	<b>1 858</b>	<b>64 326</b>	<b>26 606</b>	<b>92 790</b>

The geographical split is based on where the seismic surveys have been performed.



USD thousands	Segment reporting		Adjustments	IFRS reporting
	Multi-client	Contract		
<b>Major customers</b>	<b>Full Year 2020</b>	<b>Full Year 2020</b>	<b>Full Year 2020</b>	<b>Full Year 2020</b>
Customer 1	800	46 884		47 684
Customer 2	698	14 935	-	15 633
Customer 3	260	2 508	-	2 768
Customer 4	100	-	-	100
<b>Total revenue</b>	<b>1 858</b>	<b>64 326</b>	<b>-</b>	<b>66 184</b>

USD thousands	Segment reporting		Adjustments	IFRS reporting
	Multi-client	Contract		
<b>Income statement</b>	<b>Full Year 2019</b>	<b>Full Year 2019</b>	<b>Full Year 2019</b>	<b>Full Year 2019</b>
Total revenue	12 799	70 744	(12 799)	70 744
Total cost of sales	2 246	(60 880)	-	(58 634)
Personnel expenses	(1 067)	(1 954)	405	(2 616)
Other operating expenses	(1 085)	(3 299)	200	(4 184)
<b>Total Operating Expenses</b>	<b>94</b>	<b>(66 132)</b>	<b>605</b>	<b>(65 433)</b>
<b>Operating profit (loss) before depreciation and amortization (EBITDA)</b>	<b>12 893</b>	<b>4 611</b>	<b>(12 194)</b>	<b>5 310</b>
Depreciation, Amortization and Impairment	(43 606)	(6 965)	9 398	(41 172)
<b>Operating profit (loss) (EBIT) Segment</b>	<b>(30 713)</b>	<b>(2 354)</b>	<b>(2 796)</b>	<b>(35 862)</b>

Vessel and equipment are utilized by both segments, and depreciation is allocated based on use. Investments in multi-client library (MCL) in the period of USD 10.6 million only relates to the multi-client segment. The MCL of Utsira was written down with USD 18 million in IFRS reporting during 2020, due to fair value evaluation per September 2020 based on assumption for late sales.

USD thousands	Segment reporting		Adjustments	IFRS reporting
	Multi-client	Contract		
<b>Geographical markets</b>	<b>Full Year 2019</b>	<b>Full Year 2019</b>	<b>Full Year 2019</b>	<b>Full Year 2019</b>
Norway	12 799	-	(12 799)	-
Asia	-	64 153	-	64 153
Middle East	-	2 115	-	2 115
Brazil	-	4 476	-	4 476
<b>Total revenue</b>	<b>12 799</b>	<b>70 744</b>	<b>(12 799)</b>	<b>70 744</b>



USD thousands	Segment reporting		Adjustments	IFRS reporting
	Multi-client	Contract		
<b>Major customers</b>	<b>Full Year 2019</b>	<b>Full Year 2019</b>	<b>Full Year 2019</b>	<b>Full Year 2019</b>
Customer 1	-	70 744	-	70 744
Customer 2	9 567	-	(9 567)	-
Customer 3	3 232	-	(3 232)	-
Customer 4	-	-	-	-
<b>Total revenue</b>	<b>12 799</b>	<b>70 744</b>	<b>(12 799)</b>	<b>70 744</b>

NOTE 4 REVENUE AND COST FROM CONTRACT WITH CLIENTS

USD thousands	Segment reporting		Adjustments	IFRS reporting
	Multi-client	Contract		
<b>Income statement</b>	<b>Full Year 2020</b>	<b>Full Year 2020</b>	<b>Full Year 2020</b>	<b>Full Year 2020</b>
Contracts for seismic acquisition	-	64 325	-	64 325
Multi-client projects pre-funding	798	-	26 606	27 404
Multi-client projects late sales	1 060	-	-	1 060
<b>Total revenue from contracts with customers</b>	<b>1 858</b>	<b>64 325</b>	<b>26 606</b>	<b>92 790</b>
At a point in time	-	-	28 464	28 464
Over time	1 858	64 325	(1 858)	64 325
<b>Total revenues from contracts with customers</b>	<b>1 858</b>	<b>64 325</b>	<b>26 606</b>	<b>92 790</b>



Cost to fulfill contracts and cost to obtain contracts

USD thousands	Segment reporting		Adjustments	IFRS reporting
	Multi-client	Contract		
Income statement	Full Year 2020	Full Year 2020	Full Year 2020	Full Year 2020
<b>Contract assets</b>				
Assets recognized for cost to fulfill a contract in the balance 1.1.20	-	5 047	-	5 047
Assets recognized for costs to fulfill a contract (mobilization costs)	-	5 105	-	5 105
Amortization of assets recognized for cost to fulfill a contract (mobilization costs)	-	(10 152)	-	(10 152)
<b>Total contract assets</b>	-	<b>0</b>	-	<b>0</b>

Assets related to cost to fulfill and cost to obtain contracts is presented as other current assets in the balance.

Contract liabilities

Advanced payments received	-	-	-	-
Recognized revenue related to advanced payments received	-	-	-	-
<b>Total current contract liabilities</b>	-	-	-	-

USD thousands	Segment reporting		Adjustments	IFRS reporting
	Multi-client	Contract		
Income statement	Full Year 2019	Full Year 2019	Full Year 2019	Full Year 2019
Contracts for seismic acquisition	-	70 744	-	70 744
Multi-client projects pre-funding	12 799	-	(12 799)	-
Multi-client projects late sales	-	-	-	-
<b>Total revenue from contracts with customers</b>	<b>12 799</b>	<b>70 744</b>	<b>(12 799)</b>	<b>70 744</b>
<b>At a point in time</b>				
Over time	12 799	70 744	(12 799)	70 744
<b>Total revenues from contracts with customers</b>	<b>12 799</b>	<b>70 744</b>	<b>(12 799)</b>	<b>70 744</b>



**Cost to fulfill contracts and cost to obtain contracts**

USD thousands	Segment reporting		Adjustments	IFRS reporting
	Multi-client	Contract		
Income statement	Full Year 2019	Full Year 2019	Full Year 2019	Full Year 2019
<b>Contract assets</b>				
Assets recognized for cost to fulfill a contract in the balance 1.1.20	-	3 390	-	3 390
Assets recognized for costs to fulfill a contract (mobilization costs)	-	5 971	-	5 971
Amortization of assets recognized for cost to fulfill a contract (mobilization costs)	-	(4 314)	-	(4 314)
<b>Total contract assets</b>	-	<b>5 047</b>	-	<b>5 047</b>
<i>Assets related to cost to fulfill and cost to obtain contracts is presented as other current assets in the balance.</i>				
<b>Contract liabilities</b>				
Advanced payments received	100	-	22 629	22 729
Recognized revenue related to advanced payments received	12 799	-	(12 799)	-
<b>Total current contract liabilities</b>	<b>12 899</b>	-	<b>9 830</b>	<b>22 729</b>

**Performance obligations**

**Contract seismic and imaging**

The contracts for seismic surveys have an expected duration of less than one year. Because of this, the Group does not disclose information about transaction price allocated to unsatisfied or partly unsatisfied performance obligations for these contracts. Contracts for seismic surveys usually have a billing schedule with frequent billings, so there will not be a material difference in timing of the payments and the progress in the projects.

**Multi-client Pre-funding**

The Group had per end of September 2020 finalized the data processing of the multi-client 3D OBN Utsira survey. The IFRS pre-funding revenue being booked as contract liability in 2019 the balance sheet of USD 22.7 million was allowed booked as pre-funding revenue in September 2020. This is a collaboration project where the Group has a 50% share. The Group's share of contracted pre-funding revenue is USD 27.4 million.

Per end of 2019 the Group had completed 100% of the data collection phase of the OBN multi-client survey Utsira in the North Sea.

For pre-funding contracts a significant portion of the payments is received during the data collection phase, which is before the customer receives the final processed data.



NOTE 5 COST OF SALES

USD thousands		
<u>Cost of sales</u>	<u>Full Year 2020</u>	<u>Full Year 2019</u>
Vessel cost	(22 965)	(53 101)
Crew & project management	(18 524)	(24 037)
Seismic, source and node equipment	(13 486)	(27 100)
Agent related expenses	(2 866)	(12 094)
Mobilization amortization	(10 152)	(4 314)
Mobilization cost capitalized	5 105	5 971
Multi-client capitalization - gross (see note 11b)*	10 576	56 041
<b>Total operating expenses</b>	<b>(52 313)</b>	<b>(58 634)</b>

NOTE 6 FINANCIAL ITEMS

USD thousands		
<u>Financial income</u>	<u>Full Year 2020</u>	<u>Full Year 2019</u>
Interest income	0	9
Other financial income	3 847	34
<b>Total financial income</b>	<b>3 848</b>	<b>43</b>
<u>Financial expenses</u>	<u>Full Year 2020</u>	<u>Full Year 2019</u>
Interest expense	(2 161)	(1 099)
Interest expense suppliers	(1 834)	(898)
Other financial expenses	(1 320)	(2 937)
<b>Total financial expenses</b>	<b>(5 315)</b>	<b>(4 934)</b>
<u>Currency exchange gain (loss)</u>	<u>Full Year 2020</u>	<u>Full Year 2019</u>
Exchange gains	3 434	5 064
Exchange losses	(3 858)	(6 212)
<b>Total exchange gain (loss)</b>	<b>(424)</b>	<b>(1 148)</b>



## NOTE 7 TAX

<u>USD thousands</u>	<u>Full Year 2020</u>	<u>Full Year 2019</u>
<b>Specification of tax expense (income) for the year</b>		
Current income tax (including withholding tax)	7 073	-
Change in deferred tax	-	4 576
Changes from previous years	13	-
<b>Total tax expense (income)</b>	<b>7 086</b>	<b>4 576</b>
<b>Reconciliation of actual against expected tax expense (income) at the income tax rate of 22%</b>		
Profit (loss) before tax	3 953	(41 901)
22% tax	870	(9 218)
<b>Tax effect from:</b>		
Non taxable income	0	-
Withholding tax abroad	5 569	-
Permanent differences	(147)	423
Currency effect	(1 386)	(166)
Difference in tax rate in foreign activities	(33)	152
Use of withholding tax paid abroad	(70)	-
Not booked deferred tax asset	2 283	13 385
<b>Calculated tax expense (income)</b>	<b>7 086</b>	<b>4 576</b>
Effective tax rate for the Company	(179,26)	10,92
<b>Temporary differences</b>		
<u>USD thousands</u>	<u>31.12.2020</u>	<u>31.12.2019</u>
Non current assets	(1 682)	1 598
Trade receivables	-	-
Other accruals	-	(148)
Financial lease	(1)	87
Accumulated loss carried forward	(57 348)	(62 379)
<b>Temporary differences at 31.12.</b>	<b>(59 030)</b>	<b>(60 842)</b>
<b>Deferred tax assets (liabilities)</b>	<b>12 987</b>	<b>13 385</b>

Deferred tax assets is not recognized per December 2020. The management evaluated the deferred tax assets to be uncertain when to be utilized in the future. This evaluation is performed yearly.



## NOTE 8 BANK DEPOSIT, CASH IN HAND

<b>USD thousands</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
<b>Bank deposits</b>	<b>5 792</b>	<b>1 367</b>
<b>Restricted bank deposits</b>	<b>80</b>	<b>68</b>
<b>Total bank deposits</b>	<b>5 873</b>	<b>1 435</b>

Restricted bank deposits relates to employee withholding tax. These deposits are subject to regulatory restrictions and are therefore not available for general use by the entities within the Group. The account can be used to settle employee withholdig tax.

At 31 December there were two supplier who had outlays in the bank. These are after year-end 2020 resolved and released back to the Company.

## NOTE 9 TRADE RECEIVABLES

<b>USD thousands</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
<b>Trade receivables</b>	<b>-</b>	<b>12 291</b>
<b>Provisions for bad debts</b>	<b>-</b>	<b>-</b>
<b>Net trade receivables</b>	<b>-</b>	<b>12 291</b>

Related parties transactions is disclosed in note 19.

<b>USD thousands</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
<b>Not overdue as of 31.12</b>	<b>-</b>	<b>9 582</b>
<b>Past due 0-30 days</b>	<b>-</b>	<b>1 464</b>
<b>Past due 31-180 days</b>	<b>-</b>	<b>1 033</b>
<b>Past due more than 180 days</b>	<b>-</b>	<b>211</b>
<b>Total</b>	<b>-</b>	<b>12 291</b>

Trade receivables are amounts due from customers for goods sold or services rendered in the ordinary course of business. Trade receivables are classified as current assets as they are generally due for payment within 30 to 60 days. Trade receivables are recognized initially at the amount of unconditional consideration, unless significant financing components exist. In such instances, trade receivables are recognized at fair value. Refer to note 14 (i) for information about credit risk and expected credit loss.

The Group uses an impairment model with the following characteristics: The receivables are organized based on the credit risk of the customers. The primary portfolio is the receivables where invoicing is done to customers with a high credit rating, typical large listed or state-owned oil companies. This portfolio has a low risk of default and therefore no impairment loss is initially recognized based on the expectation of all of the accounts being paid. Further, an individual assessment is performed on specific customer receivables, typically if a customer is in known financial distress or has declared bankruptcy. Per year-end 2019 the Group had two main clients, being major oil companies and one of them large listed company. All outstanding trade receivables has been paid during 2020.



**Accrued revenue (contract assets)**

In addition, the Group has accrued revenue for ongoing projects, which has not been invoiced the customers per year-end, see also note 10.

Accrued revenue as of December 2020 was USD 0.3 million, compared to USD 7.9 as of December 2019.

The accrued revenue per end 2020 is related to the Utsira multi-client project and recharge for fuel for redelivered vessels. Per 2019 the accrued revenue was related to the ongoing Middle East and Brazil projects, The accrued revenue is following the same impairment model as ordinary trade receivables. As of December 2020 and 2019, there were no indicators for the need of impairment for trade receivables.

NOTE 10 OTHER CURRENT ASSETS

USD thousands	31.12.2020	31.12.2019
Prepayments	186	1 420
Mobilization	-	5 049
Accrued income	312	7 913
Cost to obtain contracts	-	-
Other current receivables	34	33
<b>Total other current assets</b>	<b>531</b>	<b>14 415</b>

NOTE 11A PROPERTY, PLANT AND EQUIPMENT

USD thousands	Vessel	Seismic and node equipment	Projects in progress	Computer equipment	Lease asset	Total tangible assets
<b>2020</b>						
Cost at 1.1.20	8 171	17 624	29	370	489	26 682
Additions	-	62	-	-	-	62
Disposal	-	(246)	-	-	-	(246)
Impairment	-	(67)	-	(6)	-	(73)
Cost at 31.12.20	8 171	17 372	29	364	489	26 425
Accumulated depreciation 1.1.20	(3 504)	(5 196)	-	(118)	(196)	(9 015)
Depreciation	(1 213)	(4 099)	-	(122)	(223)	(5 657)
Disposal	-	25	-	-	-	25
Impairment	-	12	-	5	-	16
Accumulated depreciation at 31.12.20	(4 717)	(9 259)	-	(235)	(420)	(14 631)
Carrying amount at 1.1.20	4 667	12 428	29	251	292	17 668
Carrying amount at 31.12.20	3 454	8 114	29	128	69	11 794
Economic lifetime in years	3-10	3-5		3-10	2-5	



USD thousands	Vessel	Seismic and node equipment	Projects in progress	Computer equipment	Lease asset	Total tangible assets
<b>2019</b>						
Cost at 1.1.19	7 332	11 687	1 060	167	-	20 246
Additions	839	4 301	1 552	202	489	7 383
Disposal	-	(947)	-	-	-	(947)
Reclass **	-	2 583	(2 583)	-	-	-
Cost at 31.12.19	8 171	17 624	29	370	489	26 682
Accumulated depreciation 1.1.19	(2 157)	(1 693)	-	(28)	-	(3 878)
Depreciation	(1 347)	(3 775)	-	(90)	(196)	(5 408)
Disposal	-	271	-	-	-	271
Accumulated depreciation at 31.12.19	(3 504)	(5 196)	-	(118)	(196)	(9 015)
Carrying amount at 1.1.19	5 176	9 994	1 060	139	-	16 368
Carrying amount at 31.12.19	4 667	12 428	29	251	292	17 668

\*\* The reclass is related to assets moved from projects in progress to correct asset group when finished.

Economic lifetime in years                      3-10                      3-5                                      3-10                      2-5

#### Impairment

According to IFRS the carrying amount of intangible assets and property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Management regularly evaluates its fleet plan and capital expenditure level in light of market conditions. In 2020 and 2019 management performed such evaluations. In 2020 this evaluation resulted in impairments related to certain seismic equipment in the subsidiary in US for the year 2020. There was no need for impairment at the end of 2019.

The Group has no asset held for sale.

#### NOTE 11B INTANGIBLE ASSETS

USD thousands	Segment reporting		IFRS reporting	
	Multi-client	Goodwill	Multi-client	Goodwill
Carrying value at 1.1.2020	29 752	-	47 213	-
Capitalized cost for the period	10 576	-	10 576	-
Amortization for the period	(4 159)	-	(3 656)	-
Impairment for the period	-	-	(17 964)	-
Carrying value at 31.12.2020	36 168	-	36 168	-
Carrying value at 1.1.2019	17 823	1 832	27 246	1 832
Capitalized cost for the period	55 060	-	55 060	-
Amortization for the period	(8 038)	-	-	-
Impairment for the period	(35 093)	(1 832)	(35 093)	(1 832)
Carrying value at 31.12.2019	29 752	-	47 213	-



The Group has no fully amortized intangible assets that are still in use per 31.12.2020. The Group's multi-client library is pledged as security for interest-bearing debt, refer to note 13 Interest-bearing debt.

### Multi-client library (MCL)

The Multi-client segment consists of multiple seismic data surveys that comprise the segment. As of 31.12.2020, the Group owns two multiclient surveys, each considered a separate CGU and impairment tested separately.

The MCL will be amortized linearly over 4 years from the date the processed data are ready to be transferred to customers according to IFRS.

The asset is rated to level 3 using the Fair Value Hierarchy.

According to IFRS the MCL should be tested for impairment if the circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. The Group performs quarterly testing for impairment where the sales estimate is updated for each quarterly evaluation. The industry is known for uncertainty of when the late sales will happen, rather than the size of the late sales. For financial purposes the Group used sales estimates weighted in addition to worst, low, mid and high probability where the next two years were estimated in detail. The WACC used for calculated NPV (Net Present Value) is 12,44 % similar to comparable companies. Together, the weighted sales expectations and the WACC comprise the key input factors to the Group's impairment testing of multi-client library.

A decrease in the company's sales expectations exceeding 5,5% would result in an impairment in the multi-client library. Similarly, an increase in WACC to 15,4% would result in an impairment in the multiclient library.

The MCL of Utsira was written down with 18 million in IFRS reporting during 2020, due to fair value evaluation per September 2020 based on assumptions for late sales.

### Goodwill

In 2017 the Group acquired 100% of the shares in Axxis Geo Solutions Inc. The historical value of the goodwill arose from the knowledge and competence of the personnel in the Axxis Geo Solutions Inc. This knowledge and competence have since then been incorporated into the Group as a whole and was no longer attributable to a single subsidiary or CGU of the Group. The basis for the goodwill had changed and gave the Group indicators to perform new write down analysis. Based on the evaluation the goodwill was written down to zero as of December 2019.

### NOTE 12 INVENTORIES

USD thousands	31.12.2020	31.12.2019
Purchased finished goods	85	762
Provision for obsolescence	-	-
<b>Net inventories</b>	<b>85</b>	<b>762</b>

The inventories consist of fuel for the vessel Neptune Naiad per 31 December 2020.

The Group has not expensed any impairment of inventories during the periods 2020 or 2019.



NOTE 13 INTEREST BEARING DEBTS

USD thousands	Interest rate (%)	Maturity	31.12.2020	31.12.2019
Lease Liabilities	5%	2021	-	73
NOK 29 750 000 Nibor+5,5% Term Loan	Nibor + 5.5%	2021	-	-
USD 24 739 311 Bond Loan	8%	2022	17 417	-
<b>Non-current borrowings</b>			<b>17 417</b>	<b>73</b>
Lease Liabilities	5%	2021	73	224
NOK 29 750 000 Floating rate term loan	Nibor + 0.5%	2021	1 160	2 256
USD 24 739 311 Bond loan	8%	2022	6 033	-
USD 5 780 326 Fixed rate term loan	4%	2021	5 695	-
USD 1 490 633 4% Fixed rate term loan	4%	2021	1 244	-
USD 1 332 704 4% Fixed rate term loan	4%	2021	1 300	-
NOK 2 495 043 4% Fixed rate term loan	4%	2021	234	-
NOK 12 000 000 Interest Free Loan	0%	2021	822	-
<b>Current borrowings</b>			<b>16 562</b>	<b>2 480</b>
<b>Total borrowings</b>			<b>33 980</b>	<b>2 553</b>

Details of the Group's exposure to risk arising from current and non-current borrowings are set out in note 14, Financial risk management.

**NOK 29 750 000 Nibor+5,5% Term Loan (Eksportkreditt)**

The term loan is repaid through twelve consecutive quarterly instalments. The term loan has a first priority pledge in the owned vessel, operating assets and factoring agreement.

The loan is in breach of financial covenants, and have been classified to current liabilities in the financial statements since 31.12.2019. However, the Company has received waiver from the two covenants for all the quarters in 2020, including year end 2020.

The financial covenants are as following:

- 1) Liquid assets of no less than 120% of outstanding loan
- 2) Equity ratio of 30% until Q4 19 and thereafter 35% till final maturity date (September 2021)

**USD 24 739 311 Bond loan**

The USD 24 739 311 bond loan was issued in relation to the restructuring completed in 2020, in which USD 24 739 311 of short term payables were converted to a 2-year bond loan. The bond carries a fixed interest of 8% and is repaid either through cash calls or the agreed repayment schedule. For the bond loan, the group has pledged shares in subsidiaries, inventories, operating assets, factoring agreement, and second priority in the owned vessel.

The bond requires the Group to maintain a liquidity balance of USD 2 million, and maintain a 0 dividend policy, through financial covenants. As of 31.12.2020, the covenants for the bond loan are fulfilled.



#### Fixed rate term loans

In relation to the restructuring completed in 2020, The Group has issued a series of fixed rate term loans through conversion of short term payables to long term loan agreements. The loans are unsecured and carry a fixed interest rate from 0% to 4% p.a.

#### Balance sheet value of assets placed as security

USD thousands	31.12.2020	31.12.2019
Multi-client library	36 168	47 213
Property, plant and equipment	11 794	17 668
Inventories	85	762
Trade receivables	-	12 291
<b>Total balance sheet value of assets placed as security</b>	<b>48 047</b>	<b>77 934</b>

#### Carrying amounts and fair values of interest bearing debt

USD thousands	2020		2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Interest bearing debt	33 980	36 531	2 553	2 553

#### NOTE 14 FINANCIAL RISK MANAGEMENT

The Group is exposed to market specific and general economic cycles and macro-economic fluctuations, since changes in the general economic situation affect the demand from our clients. The Group's business performance depends upon production and development spending by oil and gas companies. Historically, in times of low oil price, demand in exploration spending, where the Group is active, has been reduced in much greater extent than production related spending.

#### Capital Management

For the purpose of the Group's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares, or repay or issue new debt. The Group monitors capital using a equity ratio, which is the book value of equity over the book value of assets in the Group's segment reporting. The Group's policy and target is to keep the equity ratio over 35%.

In order to achieve this overall objective, the Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. Refer to Note 13 for information regarding financial covenants related to the Group's interest bearing debt.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2020 and 2019.

#### Financing risk

The Group use bank loan, bond loan and unsecured loans in addition to equity for financing purposes. The purpose of these financial instruments is to ensure that the Group has financial flexibility for investments that are necessary for the Group's operations. In addition, the Group has items such as



trade receivables, trade payables etc. which is directly related to the business's daily operations. The Group does not use financial instruments for hedging purposes. Risk management procedures have been established by the Board and handled by the CFO.

The Group is exposed to financial risk linked to interest rate risk, liquidity risk, currency risk and credit risk. The Group's management has a continuous assessment to identify and evaluate financial risks, and sets guidelines for how to handle them.

The Group does not have any financial derivatives in 2020 or 2019.

### (i) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group is mainly exposed to credit risk related to trade receivables and other current receivables.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Current and expected future customers are oil and gas companies with sound credit ratings. Also for other companies in the industry, historic credit losses has been neglectable. Because expected credit loss is considered to be a clearly immaterial amount, no provision has been made.

### 2020

USD thousands	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
	Expected loss rate	0%	0%	0%	
Carrying amount trade receivables	-	-	-	-	-
Loss allowance	-	-	-	-	-

### 2019

USD thousands	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
	Expected loss rate	0%	0%	0%	
Carrying amount trade receivables	9 582	1 464	1 034	211	12 291
Loss allowance	-	-	-	-	-

Trade receivables 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 without special agreement in advance.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.



**(ii) Market risk - interest rate**

The Group's main interest rate risk arises from loan from Eksportkreditt/GIEK, which expose the group to cash flow interest rate risk. The Group does not use financial instruments to hedge interest rate risk.

Trade and other receivables and trade and other payables are interest free and with a term of less than one year, so there is no significant interest rate risk associated with these financial assets and liabilities.

The Group's sensitivity to potential changes in interest rates with an increase in 50 basis points would increase interest expense for the period with approximately USD 9 thousands for 2020 (USD 15 thousands for 2019).

**(iii) Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. The Group's strategy for managing liquidity risk is to have sufficient liquidity at all times in order to meet its financial liabilities at maturity, both under normal and exceptional circumstances, without risking unacceptable losses or at the expense of the Group's reputation. The Group may need access to long-term funding. There can be no assurance that available funding sources are accessible when needed nor can there be any assurance that the Group will be able to raise new equity on favorable terms and in amounts necessary to conduct its ongoing and future operations, should this be required. Furthermore, there can be no assurance that the Group will be able to obtain additional shareholder funding. Failure to access necessary liquidity could require the Group to scale back its operations or could have other materially adverse consequences for its business and its ability to meet its obligations.

The table below provides an overview of the maturity profile of all financial liabilities. For bank loans the stated amount includes estimated interest payments. In cases where the counterparty may claim earlier redemption, the amount is placed in the earliest period the payment may be required from the counterparty. The majority of trade payables are past their respective due dates.

**2020**

USD thousands	Remaining Term					Total
	0-3 months	3-6 months	6-9 months	9-12 months	1-2 years	
Borrowings	5 323	2 905	3 852	2 999	22 586	37 665
Lease liabilities	60	15	-	-	-	74
Trade payables	12 251	-	-	-	-	12 251
Other current liabilities	9 561	6 514	-	-	-	16 075
<b>Total</b>	<b>27 194</b>	<b>9 434</b>	<b>3 852</b>	<b>2 999</b>	<b>22 586</b>	<b>66 065</b>

**2019**

USD thousands	Remaining Term					Total
	0-3 months	3-6 months	6-9 months	9-12 months	1-2 years	
Borrowings	2 256	-	-	-	-	2 256
Lease liabilities	4 423	59	59	59	73	4 673
Trade payables	41 646	-	-	-	-	41 646
Other current liabilities	25 339	79	-	6 159	-	31 578
<b>Total</b>	<b>73 665</b>	<b>138</b>	<b>59</b>	<b>6 218</b>	<b>73</b>	<b>80 153</b>



**(iv) Market risk - foreign exchange rates**

The Group operates internationally and is exposed to foreign exchange risk, primarily the NOK and EGP. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. The Group is exposed to currency risk as a large part of the groups expenses are denominated in NOK. Profit after tax for the Group is also affected by changes in exchange rates, as expenses and payables are converted to USD.

The NOK denominated bank loans and payables are expected to be repaid with receipts from US dollar denominated sales. The foreign currency exposure of these loans has not been hedged.

The table below shows the Group's sensitivity to potential changes in exchange rates. The calculation takes into account the currency translation of all consolidated foreign subsidiaries. The calculation in the table shows the effect on consolidated profit / loss on the average exchange rate.

USD thousands	Change in exchange rate	Effect on profit before	Effect on OCI
<b>2020</b>	+ 10 %	481	-
	- 10 %	-588	-
<b>2019</b>	+ 10 %	1 595	-
	- 10 %	-1 949	-

The Group's operations in foreign countries expose it to risks related to foreign currency movements. Currency exchange rates fluctuate due to several factors, and these include; international balance of payments, economic and financial conditions, government intervention, speculation and other factors. Changes in currency exchange rates relative to the USD may affect the USD valued assets and liabilities of the Group – primarily the company's portion of debt that is denominated in NOK. Changes in currency may also affect the Group's local expenses when operating abroad. The Group's expenses are primarily in USD and NOK. As such, the Group's earnings are exposed to fluctuations in the foreign currency market.

NOTE 15 CATEGORIES OF FINANCIAL INSTRUMENT

USD thousands	31.12.2020	31.12.2019
<b>Financial assets at amortized cost</b>		
<b>ASSETS</b>		
Other non-current assets	-	-
Trade receivables	-	12 291
Cash and cash equivalents	5 873	1 435
<b>Total financial assets</b>	<b>5 873</b>	<b>13 725</b>



<b>Financial liabilities at amortized cost</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
<b>LIABILITIES</b>		
Interest-bearing non-current liabilities	17 417	73
Interest-bearing current liabilities	16 562	2 480
Trade payables	12 251	41 646
Other current liabilities	16 075	31 578
<b>Total financial liabilities</b>	<b>62 305</b>	<b>75 704</b>

The Group's exposure to various risks associated with the financial instruments is discussed in note 14 Financial risk management. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

#### Fair value

Due to the short-term nature of cash and cash equivalents, trade receivables and other current receivables, their carrying amount is considered to be the same as their fair value.

Interest bearing loans are recognized initially at fair value less transaction costs. Subsequent to initial recognition, interest bearing loans are measured at amortized cost using the effective interest method. Gains and losses are recognized in the consolidated statements of profit or loss when the liabilities are derecognized as well as through the amortization process. The carrying value of borrowing is less amortized cost. The carrying amount of trade and other payables are considered to be approximately the same as their fair values, due to their short-term nature.

The Group does not hold any financial derivatives.

#### NOTE 16 LEASES

The Group uses the accounting standard IFRS 16 Leases. IFRS 16 Leases has from a lessee viewpoint eliminated the classification of leases as either operating leases or financial leases.

The standard was effective for accounting periods beginning on or after 1 January 2019 and was adopted by the Group from the same date.

For the Group only office space comes under the classification of leases. Vessels and other seismic equipment on short term leases comes under the classification of commitments. As of 31 Dec 2020 the Group has no commitments in vessels or seismic equipment.

Lease assets are included in the balance sheet under the item property, plant and equipment. The non current part of the lease liability is included in the balance sheet under the item interest bearing debt non current, and the current part under interest bearing debt current, refer to note 13.



<b>Right-of-use assets:</b>		
<b>USD thousands</b>	<b>Offices</b>	<b>Total</b>
<i>Carrying value</i>		
<b>Balance right-of-use assets 1.1.2020</b>	<b>293</b>	<b>293</b>
Additions	-	-
Depreciation	(223)	(223)
Impairment	-	-
Other adjustments	-	-
<b>Balance right-of-use assets 31.12.2020</b>	<b>69</b>	<b>69</b>

<b>Lease liabilities:</b>			
<b>USD thousands</b>	<b>Non current*</b>	<b>Current</b>	<b>Total</b>
<i>Carrying value</i>			
<b>Balance lease liabilities 1.1.2020</b>	<b>73</b>	<b>224</b>	<b>297</b>
Additions	-	-	-
Reclassification to current	(73)	73	-
Lease payments	-	(230)	(230)
Accrued interest	-	10	10
Other adjustments	-	(3)	(3)
<b>Balance lease liabilities 31.12.2020</b>	<b>-</b>	<b>73</b>	<b>73</b>

\* All lease agreement related to office space expires by end of 31 May 2021.

The Group had a total cash outflow for leases of USD 0.2 million of which USD 0.01 million is related to interest in 2020. The Groups cost of low-value assets was insignificant and the Group had no variable lease payments in 2020.

<b>Right-of-use assets:</b>		
<b>USD thousands</b>	<b>Offices</b>	<b>Total</b>
<i>Carrying value</i>		
<b>Balance at 1.1.2019</b>	<b>-</b>	<b>-</b>
Leases capitalized due to implementation of IFRS 16	236	236
<b>Balance right-of-use assets 1.1.2019</b>	<b>236</b>	<b>236</b>
Additions	254	254
Depreciation	(197)	(197)
Impairment	-	-
Other adjustments	-	-
<b>Balance right-of-use assets 31.12.2019</b>	<b>293</b>	<b>293</b>



**Lease liabilities:**

<b>USD thousands</b>	<b>Non current*</b>	<b>Current</b>	<b>Total</b>
<i>Carrying value</i>			
<b>Balance at 1.1.2019</b>			
Leases capitalized due to implementation of IFRS 16	142	94	236
<b>Balance lease liabilities 1.1.2019</b>	<b>142</b>	<b>94</b>	<b>236</b>
Additions	254	-	254
Reclassification to current	(323)	323	-
Lease payments	-	(204)	(204)
Accrued interest	-	18	18
Other adjustments	-	(6)	(6)
<b>Balance lease liabilities 31.12.2019</b>	<b>73</b>	<b>224</b>	<b>297</b>

\* The non current part of the lease liability of USD 73 thousand is due in 2021.

The Group had a total cash outflows for leases of USD 0.2 million of which USD 0.02 million is related to interest in 2019. The Groups cost of low-value assets was insignificant and the Group had no variable lease payments in 2019.

**Commitments**

The Group has not entered into any contractual commitments for the rental of seismic equipment (nodes) as of 31 December 2020. Contractual commitments were USD 1.2 million as of 31 December 2019. The cost for short term leases of seismic equipment was USD 11.8 million in 2020 and USD 10.3 million in 2019.

The Group has no commitments for short-term leases of vessels as of 31 December 2020. The commitments for short-term leases of vessels amounted to USD 3.2 million as of 31 December 2019, and all were due within one year. Lease commitments of vessels were USD 3.2 million as of 31 December 2019. The cost for short term leases of vessels was USD 15.7 million in 2020 and USD 13.6 million in 2019.

**NOTE 17 OTHER CURRENT LIABILITIES**

<b>USD thousands</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
Holiday pay owed	152	79
Taxes payable	5 731	-
Other accrued costs	3 365	9 236
VAT settlement	245	9 474
Deferred mobilization revenue	-	6 159
Balance against multi-client project partner	6 582	6 629
<b>Total other current liabilities</b>	<b>16 075</b>	<b>31 578</b>

Balance against multi-client (MC) project partner is related to the collaboration agreement with TGS, which gives TGS the right to 50% of the pre-funding received as well as late sales related to the ongoing OBN MC project Utsira. The balance will be settled through distribution of future customer payments to TGS. Since its inception, the maturity date of the between the Group and TGS has been extended until 2021, and an interest rate of Nibor +10% is applied to the outstanding balance.



In addition, the group has pledged security in the multi-client library, operating assets, inventories, and factoring agreement.

## NOTE 18 SHARE CAPITAL AND SHAREHOLDERS INFORMATION

<b>The Company's share capital per 31.12.2020 include the following:</b>	<b>Number of shares</b>	<b>Share Capital in NOK</b>	<b>Par Value per share*</b>
Ordinary shares (one share = one vote)	58 821 018	5 882 102	0,10

\* The par value has been written off from NOK 1.39431124614644 to NOK 0,10 per share in 2020.

The Company has one class of shares, all shares provide equal rights, including the right to any dividends in line with 2019. Each of the shares carries one vote in line with 2019. Neither AGS nor any of its subsidiaries directly or indirectly owns shares or treasury shares in the Company.

<b>Changes in number of shares</b>	<b>Shares</b>
<b>Number of shares 1.1.2019</b>	500 958 750
New shares issued - cash settled	234 496 171
Merge with Songa	294 181 968
Merge with Songa split	20 592 738
Share from Songa	717 199
<b>New shares as Axis Geo Solutions ASA 2.7.2019</b>	<b>21 309 937</b>
New shares issued - cash settled	37 511 082
<b>Number of shares 31.12.2019</b>	<b>58 821 018</b>
Change in 2020	-
<b>Number of shares 31.12.2020</b>	<b>58 821 018</b>

### Paid/proposed dividend

The board has decided not to propose any dividend for 2020 or 2019 .



The major shareholders in Axxis Geo Solutions ASA 31 December 2020 were as follows:

<b>Shareholders</b>	<b>Total shares</b>	<b>Ownership share</b>	<b>Voting share</b>
HAVILA HOLDING AS	15 549 434	26,4%	26,4%
ROGER IGELESTRØM	2 000 000	3,4%	3,4%
JOHS. HANSEN REDERI AS	1 413 345	2,4%	2,4%
Nordnet Bank AB	1 096 145	1,9%	1,9%
TOM DANIELSEN	1 073 166	1,8%	1,8%
FRANK ROBERT SUNDE	742 468	1,3%	1,3%
J.P. Morgan Securities LLC	703 618	1,2%	1,2%
NÆRINGSLIVETS HOVEDORGANISASJON	671 343	1,1%	1,1%
DAGUSIKI HOLDING AS	660 572	1,1%	1,1%
DEGHAN ZAKLAKI	629 647	1,1%	1,1%
YVES MEROUR	541 531	0,9%	0,9%
JOHN OTTO DYBVIK	500 995	0,9%	0,9%
MORTEN HÅVAR OLSEN	500 000	0,9%	0,9%
ACTION AS	454 850	0,8%	0,8%
ALCIDES SHIPPING AS	450 712	0,8%	0,8%
RONNY BRATTAAS	421 763	0,7%	0,7%
Deutsche Bank Aktiengesellschaft	400 028	0,7%	0,7%
MADRA INVEST AS	373 734	0,6%	0,6%
NORDNET LIVSFORSIKRING AS	365 477	0,6%	0,6%
THOMAS GRØNSTAD	350 000	0,6%	0,6%
<b>Total 20 largest shareholders</b>	<b>28 898 828</b>	<b>49,1%</b>	<b>49,1%</b>
<b>Total other shareholders</b>	<b>29 922 190</b>	<b>50,9%</b>	<b>50,9%</b>
<b>Total number of shares</b>	<b>58 821 018</b>	<b>100,0%</b>	<b>100,0%</b>



The major shareholders in Axxis Geo Solutions ASA 31 December 2019 were as follows:

Shareholders	Total shares	Ownership share	Voting share
HAVILA HOLDING AS	15 549 434	26,4 %	26,4 %
RONJA CAPITAL AS	2 065 257	3,5 %	3,5 %
BJARTE BRUHEIM	1 820 000	3,1 %	3,1 %
W2 SEISMIC AS	1 765 561	3,0 %	3,0 %
URBANUM GRUPPEN AS	1 500 000	2,6 %	2,6 %
JOHS. HANSEN REDERI AS	1 496 345	2,5 %	2,5 %
AIEA INVEST AS	1 423 873	2,4 %	2,4 %
KJØLÅS STANSEKNIVER AS	1 282 768	2,2 %	2,2 %
STETTE INVEST AS	1 282 768	2,2 %	2,2 %
REMCO AS	1 100 000	1,9 %	1,9 %
ATLE SANDVIK PEDERSEN	1 000 000	1,7 %	1,7 %
Nordnet Bank AB	942 949	1,6 %	1,6 %
MIDDELBOG INVEST AS	833 333	1,4 %	1,4 %
J.P. Morgan Securities LLC	703 618	1,2 %	1,2 %
NÆRINGSLIVETS HOVEDORGANISASJON	671 343	1,1 %	1,1 %
LEOVILLE AS	614 436	1,0 %	1,0 %
YVES MEROUR	541 531	0,9 %	0,9 %
RUNE HAARSTAD	517 000	0,9 %	0,9 %
ABN AMRO Global Custody Services N	500 021	0,9 %	0,9 %
JAKOB HATTELAND HOLDING AS	500 000	0,9 %	0,9 %
<b>Total 20 largest shareholders</b>	<b>36 110 237</b>	<b>61,4%</b>	<b>61,4%</b>
<b>Total other shareholders</b>	<b>22 710 781</b>	<b>38,6%</b>	<b>38,6%</b>
<b>Total number of shares</b>	<b>58 821 018</b>	<b>100,0%</b>	<b>100,0%</b>

Shares owned or controlled by members of the Board of Directors, Chief Executive Officer and Other Executive Officers 31 December 2020 were as follows:

Board of Directors	Position	Number of shares	Ownership share	Voting share	Number of options
Havila Holding AS 1)		15 549 434	26,4 %	26,4 %	-
1) Partly owned by Njål Sævik	Board member				42 000

Share and options owned by management 31 December 2020 were as follows:

Executive management	Position	Number of shares	Number of options
Lee Parker (CEO till August 8 2020)	CEO	559 390	-
Ronny Bøhn (CEO from August 8 2020)	CEO	-	-
Svein Knudsen (CFO till 1 April 2020)	CCO	17 000	106 400
Nils Haugestad CFO (CFO from 1 April 2020)	CFO	-	-
Richard Dunlop	EVP Operations	144 228	106 400



Shares owned or controlled by members of the Board of Directors, Chief Executive Officer and Other Executive Officers **31 December 2019** were as follows:

Board of Directors	Position	Number of shares	Ownership share	Voting share	Number of options
Havila Holding AS 1)		15 549 434	26,4 %	26,4 %	-
1) Partly owned by Njål Sævik	Board member				42 000

Share and options owned by management 31 December 2019 were as follows:

Executive management	Position	Number of shares	Number of options
Lee Parker	CEO	559 390	176 400
Richard Dunlop	EVP Operations	144 228	106 400
Svein Knudsen	CFO	17 000	106 400

#### NOTE 19 RELATED PARTIES

The ultimate Parent of the Group is Axxis Geo Solutions ASA. The Group transactions and balances with other Group companies in 2020 and 2019 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	Full Year 2020	Full Year 2019
<b>Hired vessels:</b>		
Lease payment Havila Fortune - controlled by Havila Holding AS	(3 275)	(4 756)
Lease payment Havila Aurora - controlled by Havila Holding AS	(3 746)	(2 997)
Lease payment Geo Caspian - controlled by Havila Holding AS	(31)	(3 267)
<b>Ship management and other operating services:</b>		
Remøy Shipping controlled by W2 Seismic AS	-	(259)
Evotec AS - controlled by Rome AS *	-	(985)
<b>Consultancy and accounting services:</b>		
Impact Geo Solutions controlled by Bjarte Bruheim *	-	(444)
Rome AS controlled by Jogeir Romestrand *	-	(205)
Hasund AS - controlled by Bjørnulf AS	-	180
Energy Consulting AS controlled by Christian Huseby **	(159)	-
<b>Interest and guarantee payments:</b>		
Interest ONGC guarantee to Havila Holding AS	-	(83)
Interest on shareholder loan from Havila Holding AS	-	(39)
Interest on shareholder loan from TRH AS	-	(11)
Interest on shareholder loan from Songa Investments AS	-	(39)



<b>Balances with related parties</b>		
<b>USD thousands</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
<b>Account payables:</b>		
Impact Geo Solutions controlled by Bjarte Bruheim *	-	123
Rome AS *	-	17
Evotec AS - controlled by Rome AS *	-	863
Havila Ships AS controlled by Havila Holding AS	1 116	6 019

\* The previously shareholders of AGS ASA, Bjarte Bruheim and Rome AS with zero shares as of December 2020 have both delivered consultancy services previously to the Board in addition to being Chairman/ Board members of AGS AS/AGS ASA respectively. All work performed by these related parties was regulated in separate consultancy agreements. Both agreements were cancelled 30.09.2019.

\*\* As of 30th June 2020, Christian Huseby was selected as Chairman of the Board at the Annual General Meeting, in addition to delivering consultancy services from April 2020 to December 2020.

## NOTE 20 PERSONNEL EXPENSES AND REMUNERATIONS

<b>USD thousands</b>	<b>Full Year 2020</b>	<b>Full Year 2019</b>
Wages and salaries	2 321	1 683
Social Security costs	261	182
Pension costs	103	53
Other remuneration	701	708
Share based payment expense (refer to note 22)	3	-11
<b>Total personnel expense</b>	<b>3 388</b>	<b>2 616</b>
<b>Number of man-years at 31.12</b>	<b>2020</b>	<b>2019</b>
Group companies in Norway	9	6
Group companies abroad	2	4

The Group has a defined contribution pension plan. The contribution plan is a retirement plan in which the Group pays fixed contributions to a separate legal entity. The Group has no further payment obligations once these contributions have been paid. Contributions are booked as cost on an ongoing basis. The Group meets the requirements for occupational pension scheme under the Act on Obligatory Occupational Pensions. The contribution pension scheme in Norway meets the legal requirements.

A loan of USD 90 thousands was given the the CEO, Lee Parker in 2020. The loan will a part of the settlement with the former CEO.No loan or collateral has been granted to the CEO, the Chairman of the Board or other related parties.



## Chief executive officer and other Executive officers

In 2020, the Group paid compensation to its executive officers as follows:

USD thousands

Name	Fixed salary	Bonus	Other benefits	Pension benefits	Share based payment cost	Total cost	Number of options held
Lee Parker (CEO till August 8 2020)	210	-	37	-	-	247	-
Ronny Bøhn (CEO from August 8 2020)	100	-	1	7	-	108	-
Svein Knudsen CCO (CFO till 1 April 2020)	213	-	1	17	2	233	106 400
Nils Haugestad (CFO from 1 April 2020)	191	-	1	13	-	205	-
Richard Dunlop (EVP Operations)	220	-	24	-	2	246	106 400

In 2019, the Group paid compensation to its executive officers as follows:

USD thousands

Name	Fixed salary	Bonus	Other benefits	Pension benefits	Share based payment cost	Total cost	Number of options held
Svein Knudsen (CFO)	273	-	1	18	41	332	106 400
Lee Parker (CEO)	360	-	35	-	68	463	176 400
Rick Dunlop (EVP Operations)	240	-	23	-	41	304	106 400

## Board of Directors

In 2020, for the period from AGM 2019 to AGM 2020, the Group paid following compensations to Board of Directors:

USD thousands

Name	Position	Director since	Term expire	Fee	Share based payment cost	Number of options held
Christian Huseby	Chairman	30.6.2020	2022	-	-	-
Njål Sævik	Board Member	6.11.2017	2021	29	2	42 000
Nina Skage	Board Member	2.7.2019	2021	35	-	-
Eirin Inderberg	Board Member	2.7.2019	2021	29	-	-
Vibeke Fængsrud	Board Member	2.7.2019	2021	34	-	-
	<b>Director to</b>					
Rolf Rønningen	Chairman	30.6.2020	N/A	43	-	-
Tore Tønseth	Board Member	12.2.2020	N/A	7	-	-



In 2019, for the period from AGM 2018 to AGM 2019, the Group paid following compensations to Board of Directors:

USD thousands

Name	Position	Director since	Term expire	Fee	Share based payment cost	Number of options held
Rolf Rønningen	Chairman	2.7.2019	2020	-	-	-
Njål Sævik	Board Member	6.11.2017	2020	25	19	42 000
Nina Skage	Board Member	2.7.2019	2020	-	-	-
Eirin Inderberg	Board Member	2.7.2019	2020	-	-	-
Vibeke Fængsrud	Board Member	2.7.2019	2020	-	-	-
Director to						
Jogeir Romestrand	Board Member	1.11.2019	N/A	51	50	-
Fredrik Platou	Board Member	1.11.2019	N/A	36	16	-
Andreas Pay	Board Member	1.11.2019 18.12.2019	N/A	4	-	-
Tore Tønseth	Board Member	1.12.2019 12.2.2020	N/A	-	-	-
Bjarte Henry Bruheim	Chairman	2.7.2019	N/A	50	68	-
Ole Andre Heggheim	Board Member	2.7.2019	N/A	25	16	-
Tore Rødal	Board Member	2.7.2019	N/A	25	19	-

See note 18 for shares held by the Group's Board of Directors.

## NOTE 21 SHARE BASED PAYMENT PROGRAMS

The Group has a share based payment scheme for employees and some members of the Board.

The options granted gives the holder right to purchase a defined number of shares at a predetermined price if the vesting conditions are met. The exercise price has been set to fair value of the shares at grant date.



Set out below are summaries of options granted under the scheme:

	2020		2019	
	Average exercise price per share option (NOK)	Number of options	Average exercise price per share option (NOK)	Number of options
As at 1.1*	9,4500	749 479	8,8761	981 879
Granted during the year	-	-	25,0000	28 000
Expired during the year	-	-	8,9556	(260 400)
Terminated during the year	8,6400	(344 400)	-	-
As at 31.12	10,1400	405 079	9,4508	749 479
Vested 31.12	9,8700	398 079	8,9002	656 609
Exercisable 31.12		398 079		656 609

\* after the merge with Songa - new number of option

	Full Year 2020	Full Year 2019
Share based payment cost (revenue) recognised in the period USD thousand	3	-11

	2020	2019
Instrument	Option	Option
Quantity 31.12 (instruments)	-	28 000
Quantity 31.12 (shares)	-	28 000
Contractual life*	-	5,75
Strike price*	-	25,00
Share price*	-	22,45
Expected lifetime*	-	2,25
Volatility*	-	57,65%
Interest rate*	-	1,329%
Dividend*	-	0,00
FV per instrument*	-	6,87
Vesting conditions		

\*Weighted average parameters at grant of instrument

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price	Share options 31 December 2020	Share options 31 December 2019
15.9.2017	15.9.2022	6,96	196 000	406 000
27.9.2018	27.9.2023	11,28	181 079	315 479
1.5.2019	1.5.2024	25,00	28 000	28 000,00
<b>Total number of options</b>			<b>405 079</b>	<b>749 479</b>



Outstanding instruments overview					
Strike Price	Number of instruments	Weighted	Weighted Average Strike Price	Vested instruments 31.12.2020	Weighted Average Strike Price
		Average remaining contractual life			
Outstanding instruments			Vested instruments		
6,96	196 000	2,70	6,96	196 000	6,96
11,28	181 079	3,49	11,28	181 079	11,28
25,00	28 000	4,09	25,00	21 000	25,00
	<b>405 079</b>			<b>398 079</b>	

The exercise price for both grants was fair value at the grant date. The options can be exercised by buying shares as settlement where one options give right to one share. For the 2019 grant, 50% of the options vested on grant date, while the remaining option will vest in May 2024. The fair value at grant date was 6.87 NOK/option.

The fair value has been estimated using the the Black-Scholes option pricing model. When calculating fair value at grant date, the group has assumed a volatility of 49% from comparable peers in the oil and gas services for both grants, 0 expected dividends, and a risk free interest rate of 1.98% for the 2019 grant.

## NOTE 22 AUDITORS FEE

### USD thousands

Expensed audit fee (excluding VAT)	Full Year 2020	Full Year 2019
Statutory audit	159	122
Tax advice (incl. technical assistance with tax return)	109	55
Other attestation services	27	24
Other assurance services	-	-
<b>Total auditors fee</b>	<b>295</b>	<b>202</b>

## NOTE 23 SUBSIDIARIES AND ASSOCIATED COMPANIES

The Group comprise of the following legal entities as at 31 December 2020 and 31 December 2019.

Subsidiary of AGS ASA:	Jurisdiction	Equity interest %	Voting rights %
Neptune Seismic AS	Norway	100 %	100 %
Axxis Geo Solution Inc.	USA	100 %	100 %
PT Axxis Geo Solutions*	Indonesia	49 %	100 %
Axxis Multi Client AS	Norway	100 %	100 %
Axxis Production AS	Norway	100 %	100 %
Axxis Multi Client International AS	Norway	100 %	100 %
Axxis Geo Solutions Egypt LLC**	Egypt	100 %	100 %



\* The formal shareholdings in Axxis Geo Solutions PT is 49 %. The Group has control of operating decisions and is exposed to 100 % of variability of the companys' results through a shareholder agreement. Because of this, no non-controlling interest has been recognised in the financial statements.

\*\* Axxis Production AS owns 99% and Axxis Geo Solutions ASA owns 1% of the shares in the company.

## NOTE 24 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit or loss attributable to shareholders of the Parent by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share include the weighted average number for ordinary shares that would be issued on the conversion of all the diluted potential ordinary shares into ordinary shares. The warrants and options described in note 18, are not included in the number of dilutive shares, since the Group report a loss in both periods presented.

<b>Basic earnings (loss) per ordinary number of share</b>	<b>2020</b>	<b>2019</b>
Profit (loss) attributable to the ordinary equity holders of the company	(3 133)	(46 477)
Number of outstanding shares	58 821 018	58 821 018
<b>Basic earnings (loss) per ordinary share (USD)</b>	<b>(0,05)</b>	<b>(0,79)</b>
<b>Basic earnings (loss) per weighted average number of share</b>	<b>2020</b>	<b>2019</b>
Profit (loss) attributable to the ordinary equity holders of the company	(3 133)	(46 477)
Average number of outstanding shares	58 821 018	34 111 774
<b>Basic earnings (loss) per weighted average share (USD)</b>	<b>(0,05)</b>	<b>(1,36)</b>
<b>Diluted earnings (loss) per share</b>	<b>2020</b>	<b>2019</b>
Profit (loss) attributable to the ordinary equity holders of the company	(3 133)	(46 477)
Average number of outstanding shares	58 821 018	34 111 774
<b>Diluted earnings (loss) per share (USD)</b>	<b>(0,05)</b>	<b>(1,36)</b>

Due to loss in both years, the number of diluted shares 140 907 is not taken into calculations above for 2019.



NOTE 25 CASH FLOW INFORMATION

USD thousands	Liabilities arising from financing activities				Total
	Current interest bearing debt	Current lease liabilities	Non-current interest bearing debt	Non-current lease liabilities	
<b>1.1.2020</b>	<b>2 256</b>	<b>224</b>	<b>-</b>	<b>73</b>	<b>2 553</b>
Cash flows	(1 440)	(230)	-	-	(1 670)
Other*	33 090	7	-	-	33 097
Reclassification	(17 417)	73	17 417	(73)	-
<b>31.12.2020</b>	<b>16 489</b>	<b>73</b>	<b>17 417</b>	<b>-</b>	<b>33 979</b>

\* Mainly related to trade payables converted to loans.

USD thousands	Liabilities arising from financing activities				Total
	Current interest bearing debt	Current lease liabilities	Non-current interest bearing debt	Non-current lease liabilities	
<b>1.1.2019</b>	<b>3 424</b>	<b>94</b>	<b>-</b>	<b>142</b>	<b>3 660</b>
Cash flows	(1 127)	(204)	-	-	(1 331)
New leases	-	-	-	254	254
Other	(41)	12	-	-	(29)
Reclassification	-	323	-	(323)	-
<b>31.12.2019</b>	<b>2 256</b>	<b>224</b>	<b>-</b>	<b>73</b>	<b>2 554</b>

The Group implemented IFRS 16 effective as of 1 January 2019.

NOTE 26 EVENTS AFTER THE REPORTING PERIOD

**Default notice**

The Company has after the reporting period received default notice from Nordic Trustee on behalf of the bondholders and from Eksportkreditt for unpaid installment and interest in January 2021. The Company is in active dialogue with the respective creditors and expect to find a solution which is aligned with the outcome of the court-protected reconstruction

**Reconstruction**

The Company announced 16 February 2021 that the Company had not been able to reach agreement with all creditors in order to implement a voluntary solution to refinance the Company. Consequently, the Company filed for court protected reconstruction.

On 17 February 2021, the District Court of Asker and Bærum authorized opening of reconstruction negotiations for the Company. On 7 April 2021, the Company presented the final proposal for reconstruction by forced debt settlement. The proposal from the company involves a forced debt settlement of the Company's unsecured debt. Secured debt, up to the value of the pledged assets, is not part of the forced debt settlement. The deadline for creditor replies is 27 April 2021.

Under the court-authorized reconstruction negotiations, the Company continues normal business operations under the oversight of the Debt Restructuring Committee. Unsecured liabilities incurred prior



to the opening of reconstruction negotiations are “frozen”. All liabilities that are incurred thereafter shall be covered in their entirety.

Under the reconstruction proposal, Company creditors are offered the following:

- a) Creditors with ordinary (general and unsecured) claims receive a dividend of 10%. The agreed dividend is paid out within 14 – fourteen – working days after the court confirmation of the reconstruction plan by forced debt settlement, cf. The Reconstruction Act § 52, is enforceable, tentatively during June/July 2021.
- b) As an alternative, creditors can convert all or part of their claim to shares in the Company at a subscription price of 0.5 NOK/share. The share issue will be decided upon at an extraordinary general assembly of the Company, expected to be held in May. The shares are expected to be registered in the respective VPS accounts no later than 30 June 2021. There might be a delay before the shares are listed. The minimum subscription amount per creditor is NOK 100 000. There is a limit of 9.9% share ownership per individual shareholder from their debt conversion.
- c) Claims that group entities / other related parties have against the Company will be entitled to the same dividend as other ordinary claims, but these claims will not receive any dividend until all other entitled creditors have received their dividends in full.

It is not opened reconstruction negotiations in the subsidiaries of the Company. The Company has arranged for separate voluntary debt settlements in the subsidiaries. The Company aims to achieve a solution whereby the bondholders also waive claims and collateral in the subsidiaries, thus avoiding insolvency proceedings in these companies.

The reconstruction will be financed through an equity issue for cash of USD 17-20million, where a group of investors on certain conditions have committed to provide the Company with USD 17 million, at a subscription price of 0.1 NOK/share. After the reconstruction is complete, the Company will have an attractive financial position and satisfactory liquidity. This forms a sound basis for continued operations.

Ongoing agreements which the Company is party to and that are not terminated during the reconstruction negotiations continue.

It is the opinion of the Company that the creditors will receive a higher recovery in the reconstruction proposal compared to alternative bankruptcy proceedings. Through bankruptcy proceedings, the Company estimates that creditors with ordinary (general and unsecured) claims would be able to achieve a dividend in the range 0–2%.



## FINANCIAL STATEMENTS – AXXIS GEO SOLUTIONS ASA

### STATEMENT OF COMPREHENSIVE INCOME

USD thousands	Note	Full year 2020	Full year 2019
<b>Total revenue</b>	2,3	42 429	135 265
<b>Cost of sales</b>	4	(39 957)	(111 542)
<b>Personnel expenses</b>	19,2	(3 335)	(2 529)
<b>Other operating expenses</b>		(3 920)	(44 607)
<b>Total Operating Expenses</b>		<b>(47 213)</b>	<b>(158 678)</b>
<b>Operating profit (loss) before depreciation and amortization (EBITDA)</b>		<b>(4 784)</b>	<b>(23 413)</b>
<b>Depreciation &amp; Amortization</b>	10	(5 682)	(5 931)
<b>Operating profit (loss) (EBIT)</b>		<b>(10 466)</b>	<b>(29 344)</b>
<b>Financial income</b>	5	9 485	43
<b>Financial expenses</b>	5	(4 315)	(5 903)
<b>Currency gain (loss)</b>	5	(260)	(852)
<b>Profit (loss) before tax</b>		<b>(5 556)</b>	<b>(36 055)</b>
<b>Tax income (expense)</b>	6	109	(4 482)
<b>Profit (loss) for the period</b>		<b>(5 447)</b>	<b>(40 537)</b>



STATEMENT OF FINANCIAL POSITION

USD thousands		As of 31.12.2020	As of 31.12.2019	As of 01.01.2019
Assets	Note		Restated*	Restated*
<b>Non-current assets</b>				
Deferred tax asset		-	-	4 576
Property, plant and equipment	10	11 662	17 283	16 535
Investment in subsidiaries	22	2 251	1 873	4 229
Other non current assets				510
<b>Total non-current assets</b>		<b>13 913</b>	<b>19 156</b>	<b>25 850</b>
<b>Current assets</b>				
Stock of supplies	11	85	317	1 948
Trade receivables	8,13	0	11 369	3 941
Receivables group companies	18	28 548	26 332	-
Other current assets	9	231	2 582	5 835
Cash and cash equivalents	7	194	1 314	7 569
<b>Total current assets</b>		<b>29 059</b>	<b>41 914</b>	<b>19 293</b>
<b>Total assets</b>		<b>42 972</b>	<b>61 070</b>	<b>45 143</b>



STATEMENT OF FINANCIAL POSITION

USD thousands		As of 31.12.2020	As of 31.12.2019	As of 01.01.2019
<b>Equity and Liabilities</b>	<b>Note</b>		<b>Restated*</b>	<b>Restated*</b>
<b>Equity</b>				
Share capital	17	840	11 718	8 396
Additional paid-in capital	17	38 453	38 453	5 944
<b>Total paid-in capital</b>		<b>39 294</b>	<b>50 171</b>	<b>14 339</b>
Accumulated earnings and other equity		(43 800)	(49 234)	(8 671)
<b>Total Equity</b>		<b>(4 506)</b>	<b>938</b>	<b>5 668</b>
<b>Non current liabilities</b>				
Interest bearing debt	12,15,23	17 417	22	98
<b>Total non current liabilities</b>		<b>17 417</b>	<b>22</b>	<b>98</b>
<b>Current liabilities</b>				
Current liability of long-term debt	12,15,23	16 511	2 342	3 510
Trade payables	13	10 557	41 380	20 677
Liabilities to group companies	18	2 014	736	9 320
Other current liabilities	16	978	15 651	5 869
<b>Total current liabilities</b>		<b>30 060</b>	<b>60 110</b>	<b>39 376</b>
<b>Total liabilities</b>		<b>47 478</b>	<b>60 132</b>	<b>39 474</b>
<b>Total equity and liabilities</b>		<b>42 972</b>	<b>61 070</b>	<b>45 143</b>

\* Restated due to changes of presentation currency from NOK to USD

Lysaker, 16 April 2021

The Board of Directors and CEO of Axxis Geo Solutions ASA

[Sign.]

_____ Christian Huseby Chairman	_____ Njål Sævik Director	_____ Vibeke Fængsrud Director
_____ Nina Skage Director	_____ Eirin Inderberg Director	_____ Ronny Bøhn CEO



STATEMENT OF CHANGES IN EQUITY

USD thousands	Share capital	Additional paid-in capital	Accumulated earnings	Total equity
<b>Balance as of 1.1.2020</b>	<b>11 718</b>	<b>38 453</b>	<b>(49 234)</b>	<b>938</b>
Profit (loss) for the period			(5 447)	(5 447)
Other comprehensive income (loss)			-	-
Write down of par value	(10 878)		10 878	-
Share based payment			3	3
<b>Balance as of 31.12.2020</b>	<b>840</b>	<b>38 453</b>	<b>(43 800)</b>	<b>(4 506)</b>

USD thousands	Share capital	Additional paid-in capital	Accumulated earnings	Total equity
<b>Balance as of 1.1.2019</b>	<b>8 396</b>	<b>5 944</b>	<b>(8 671)</b>	<b>5 668</b>
Share based payment 1.1.2019			(423)	(423)
Profit (loss) for the period			(40 537)	(40 537)
Other comprehensive income (loss)			-	-
New shares issued - cash settled	8 468	27 564	-	36 033
Cost for new shares issued		(1 876)		(1 876)
Effect of Songa Bulk ASA merger 2/7-19 of share consolidation for AGS shareholders	(5 263)	(14 151)		(19 414)
Effect of Songa Bulk ASA merger 2/7-19 of share consolidation for AGS shareholders		19 414		19 414
Effect of Songa Bulk ASA merger 2/7-19 for shares in Songa as contribution in kind	117	1 558		1 676
Share based payment			397	397
<b>Balance as of 31.12.2019</b>	<b>11 718</b>	<b>38 453</b>	<b>(49 234)</b>	<b>938</b>



## STATEMENT OF CASH FLOW

USD thousands	Note	Full year 2020	Full year 2019
<b>Cash flow from operating activities</b>			
Profit before tax	6	(5 556)	(36 055)
Depreciation and amortization	10,15	5 682	5 931
Currency (gain)/loss without cash flow effects		(72)	(1 317)
Interest expense	5	3 042	3 188
Share based payment cost	20	3	(11)
Change in trade receivables	8	11 369	(7 428)
Change in trade payables	13	(30 823)	20 703
Change in inventory	11	232	1 630
Change in other current receivables	9	135	(23 079)
Change in other non current receivables		-	510
Other working capital changes	12,16	18 004	1 198
<b>Net cash from operating activities</b>		<b>2 015</b>	<b>(34 729)</b>
<b>Cash flow from investing activities</b>			
Investment in property, plant and equipment	10	(62)	(5 618)
Disposal of property, plant and equipment	10	204	-
Write-down subsidiaries		-	2 702
Investment in subsidiaries	22	(377)	(11)
Cash received/ paid from merger	2.0	-	425
<b>Net cash flow from investment activities</b>		<b>(235)</b>	<b>(2 502)</b>
<b>Cash flow from financing activities</b>			
Repayment of interest bearing debt	12	(1 440)	(1 127)
Payment of lease liabilities (recognized under IFRS 16)	15	(82)	(69)
Net proceeds from new equity	17	-	34 156
Interest paid lease liabilities	15	(3)	(6)
Interest paid		(1 374)	(1 979)
<b>Net cash flow from financial activities</b>		<b>(2 899)</b>	<b>30 975</b>
<b>Net change in cash and cash equivalents</b>		<b>(1 119)</b>	<b>(6 256)</b>
Cash and cash equivalents balance 1.1	7	1 314	7 569
<b>Cash and cash equivalents balance 31.12</b>	<b>7</b>	<b>194</b>	<b>1 314</b>



## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1 GENERAL INFORMATION ABOUT THE COMPANY AND BASIS FOR PRESENTATION

#### General information

Axxis Geo Solutions ASA is a public limited listed company incorporated in Norway. The Company is listed on Euronext Expand Oslo and traded under the ticker Axxis.

The Company's registered office is at Strandveien 50, 1366 Lysaker, Norway.

The Company's financial statements are prepared in accordance with International Financial Reporting Standards («IFRS») as adopted by the European Union ("EU"), their interpretations adopted by the International Accounting Standards Board (IASB) and the additional requirements of the Norwegian Accounting Act as of 31 December 2020.

The notes are an integral part of the Company's financial statements.

The Company's 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 Company's financial statements are presented in thousands of USD.

Further, the Company applies the same accounting policies as described in note 1 and 2 in the notes to the consolidated financial statements where relevant, except that unrealized foreign exchange gain (loss) on non-current intercompany loans is recognized in the statements of profit and loss.

Shares in subsidiaries (see note 22) are presented at cost less impairment. Impairment is recognized based upon the carrying value of the individual shares and net intercompany receivables in the subsidiaries less the estimated recoverable amount (based on discounted estimated future cash flows). If estimated recoverable amounts increase, impairment charges are reversed accordingly. There is no fixed plan for repayment of long-term intercompany receivables and payables.

#### Changes in accounting principles

From 1 January 2020 the parent company changed its functional currency from NOK to USD. This change is accounted for prospectively with effect from 1 January 2020. The change in presentation currency has been accounted for retrospectively, similar to a change in accounting policy. The Company has restated prior periods for this voluntary presentational change in line with IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, from 1 January 2019. This point in time represents the earliest date from which it was practicable to perform a restatement, given the lack of sufficiently reliable data for earlier periods. As a consequence, foreign currency translation gains or losses prior to 2019 has been disregarded, with the FCT effects first calculated from 1 January 2019 onwards. In addition, the Company has included a statement of financial position at the beginning of the comparative period, i.e. as of 1 January 2019, in line with IAS 1, *Presentation of Financial Statements*.

#### Key accounting estimates and judgement

The Company makes estimate and assumptions concerning the future. The resulting accounting estimates could deviate from the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.



### *Revenue recognition*

The Company uses the percentage of completion method in accounting for revenue for contract seismic surveys. Progress is measured in a manner generally consistent with the physical progress on the project. Use of the percentage of completion method requires the Company to estimate the services performed to date as a proportion of the total service to be performed. The proportion of services performed to total services to be performed can differ from management's estimate, influencing the amount of revenue recognized in the period.

### *Going concern*

The Company prepares and maintains a rolling P&L and cash forecast, in addition to key balance sheet items (trade payables, long-term debt, and cash). The forecast is based on the assumed restructuring of the Company's balance sheet as a part of the proposed reconstruction (see note 26 Events after the reporting period. Management's operational outlook is derived from existing pipeline of opportunities. The forecast is adjusted for the current trough in the oil and gas markets. In the Company's current forecast, cash and cash equivalents are expected to remain positive for the 12-month period following the 2020 financial statements.

The Company's cash flow forecast is based on existing firm commitments and the Company's expectations for future opportunities and the Company's corporate restructuring efforts, specifically:

- successfully completing the restructuring of the Company's balance sheet,
- successfully obtaining additional work in the second half of 2021, and
- maintaining operating expenses at a minimum level.

The financial forecast has been prepared based on the current challenging market conditions.

There are, however, risks related to the assumptions in the forecast:

- There is a risk that the Company will not be successful in completing the proposed reconstruction.
- The Company is dependent on future business to maintain a positive cash balance beyond 12 months following the financial statements. There is a risk that the Company does not secure future contracts or late sales.

The annual accounts are prepared on the assumption of a going concern. However, the Company's and the Company's financial situation is unsustainable as equity is negative and liquidity is under pressure and hence there is material uncertainty related to the going concern assumption. The Company has filed for a court-protected reconstruction and put forth a restructuring plan to its creditors. If successful in this restructuring, the Company will strengthen its working capital and improve its liquidity. The outcome of these discussions is uncertain and the going concern assumption is subject to material uncertainty.

Management has used its best judgements in the evaluation of the going concern assumption. Although there are significant uncertainties and risk listed above related to events or conditions that might impact the future cash flows, management is of the opinion that the going concern assumption is appropriate and the accounts are prepared under the going concern assumption. If the Company is unsuccessful with the above activities, the financial statements do not reflect impairment charges or provisions that might be required if the Company was liquidated or the assets were sold in a distressed situation.



### *Covid-19 risk*

The impacts of COVID-19 on businesses across the globe is substantial and presents new challenges to our normal business practices. The Group has been planning for and monitoring developments since the initial spread of the virus in early 2020 and has taken a series of steps to maintain the continuity of our services for our customers and to safeguard the health of our employees and stakeholders.

During the year, the Company received a cancellation of a small contract in the North Sea which was expected to be conducted in the second quarter of 2020. The contract revenues related to this survey was estimated at USD 1 million. The Company received a cancellation fee of 25% of the estimated revenue amount.

### *Merge with Songa in 2019*

Management has evaluated the merger between Songa Bulk ASA and Axxis Geo Solutions AS (AGS AS) with a reverse share split, forming Axxis Geo Solutions ASA (AGS ASA), not to be considered a business combination under IFRS, but a reverse takeover/acquisition of a non-trading shell company. There were no employees, no processes or no asset except cash that was transferred in the merge.

## NOTE 2 SEGMENT INFORMATIONS

The Company operates only one segment, which is based on the Contract revenue stream, and therefore no split of operating expenses has been included in the note. Revenue recognition for the Contract segment is based on the same principles as the IFRS financial statements.

<b>USD thousands</b>		
<b>Income statement</b>	<b>Full Year 2020</b>	<b>Full Year 2019</b>
Contracts for seismic acquisitions	2 508	70 417
Other revenue	39 921	64 847
Multi-client projects	-	-
<b>Total revenue from contracts with customers</b>	<b>42 429</b>	<b>135 265</b>

<b>USD thousands</b>		
<b>Geographical markets</b>	<b>Full Year 2020</b>	<b>Full Year 2019</b>
Norway	39 921	53 717
Asia	-	63 337
Middle East	-	13 798
Brazil	2 508	4 413
<b>Total revenue</b>	<b>42 429</b>	<b>135 265</b>

<b>USD thousands</b>		
<b>Major customers</b>	<b>Full Year 2020</b>	<b>Full Year 2019</b>
Customer 1	36 760	62 962
Customer 2	3 161	53 717
Customer 3	2 508	11 713
Other	-	6 873
<b>Total revenue</b>	<b>42 429</b>	<b>135 265</b>



## NOTE 3 REVENUE AND COST FROM CONTRACT WITH CLIENTS

USD thousands	Full Year 2020	Full Year 2019
<b>Income statement</b>		
Contracts for seismic acquisition	2 508	70 417
Other revenue	39 921	64 847
Multi-client projects	-	-
<b>Total revenue from contracts with customers</b>	<b>42 429</b>	<b>135 265</b>
<b>At a point in time</b>		
Over time	42 429	135 265
<b>Total revenues from contracts with customers</b>	<b>42 429</b>	<b>135 265</b>

### Cost to fulfill contracts and cost to obtain contracts

USD thousands	Full Year 2020	Full Year 2019
<b>Contract assets</b>		
Assets recognized for cost to fulfill a contract in the balance 1.1.2020	69	3 390
Assets recognized for costs to fulfill a contract (mobilization costs)	-	993
Amortization of assets recognized for cost to fulfill a contract (mobilisation costs)	(69)	(4 314)
<b>Total contract assets</b>	<b>0</b>	<b>69</b>

The Company has no current contract liabilities per 31.12.2020.

### Performance obligations

#### Contract seismic and imaging

The contracts for seismic surveys have an expected duration of less than one year. Because of this, the Group does not disclose information about transaction price allocated to unsatisfied or partly unsatisfied performance obligations for these contracts. Contracts for seismic surveys usually have a billing schedule with frequent billings, so there will not be a material difference in timing of the payments and the progress in the projects.



NOTE 4 COST OF SALES

USD thousands		
Cost of sales	Full Year 2020	Full Year 2019
Vessel cost	(15 966)	(52 417)
Crew & project management	(8 674)	(19 159)
Seismic, source and node equipment	(13 289)	(27 059)
Agent related expenses	(960)	(9 584)
Mobilization amortization	(69)	(4 314)
Mobilization cost capitalized	-	993
<b>Total operating expenses</b>	<b>(39 957)</b>	<b>(111 542)</b>

NOTE 5 FINANCIAL ITEMS

USD thousands		
Financial income	Full Year 2020	Full Year 2019
Interest income	0	9
Other financial income	3 847	34
Group contribution (from subsidiary)	5 637	-
<b>Total financial income</b>	<b>9 485</b>	<b>43</b>
Financial expenses	Full Year 2020	Full Year 2019
Interest expense	1 227	1 087
Interest expense suppliers	1 815	898
Other financial expenses	1 273	1 215
Write-down shares in subsidiaries	-	2 702
<b>Total financial expenses</b>	<b>4 315</b>	<b>5 903</b>
Currency exchange gain (loss)	Full Year 2020	Full Year 2019
Exchange gains	3 249	2 255
Exchange losses	(3 509)	(3 107)
<b>Total currency exchange gain (loss)</b>	<b>(260)</b>	<b>(852)</b>



NOTE 6 TAX

USD thousands	Full Year 2020	Full Year 2019
<b>Specification of tax expense (income) for the year</b>		
Current income tax (including withholding tax)	-	-
Change in deferred tax	(109)	4 482
<b>Total tax expense (income)</b>	<b>(109)</b>	<b>4 482</b>

**Reconciliation of actual against expected tax expense (income) at the income tax rate of 22%**

Profit (loss) before tax	(11 194)	(36 055)
22% tax	(2 463)	(7 932)
<b>Tax effect from:</b>		
Non taxable income		
Withholding tax abroad	(109)	
Receive Group contribution	1 240	
Permanent differences	(86)	(423)
Not booked deferred tax assets	1 503	12 873
Currency effect	(195)	(36)
<b>Calculated tax expense (income)</b>	<b>(109)</b>	<b>4 482</b>

Effective tax rate for the Company	1,0	12,4
------------------------------------	-----	------

USD thousands	31.12.2020	31.12.2019
<b>Temporary differences</b>		
Non current assets	(1 683)	908
Accruals	(45 757)	(44 485)
Accumulated loss carried forward	(18 157)	(15 187)
<b>Temporary differences at 31.12.</b>	<b>(65 597)</b>	<b>(58 764)</b>
<b>Deferred tax assets (liabilities)</b>	<b>14 431</b>	<b>12 928</b>

Deferred tax assets is not recognized per December 2020. The management evaluated the deferred tax assets to be uncertain when to be utilized in the future. This evaluation is performed yearly.

NOTE 7 BANK DEPOSIT, CASH IN HAND

USD thousands	31.12.2020	31.12.2019
Bank deposits	114	1 246
Restricted bank deposits	80	68
<b>Total bank deposits</b>	<b>194</b>	<b>1 314</b>

Restricted bank deposits relates to employee withholding tax. These deposits are subject to regulatory restrictions and are therefore not available for general use by the Company. The account is used to settle employee withholdig tax.



At 31 December there were two supplier who had outlays in the bank. These are after year-end 2020 resolved and released back to the Company.

## NOTE 8 TRADE RECEIVABLES

USD thousands		
<b>Trade receivables</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
Trade receivables	-	11 369
Provisions for bad debts	-	-
<b>Net trade receivables</b>	<b>-</b>	<b>11 369</b>

Related parties transactions is disclosed in note 18.

USD thousands	31.12.2020	31.12.2019
Not overdue as of 31.12	-	8 857
Past due 0-30 days	-	1 242
Past due 31-180 days	-	1 055
Past due more than 180 days	-	215
<b>Total</b>	<b>-</b>	<b>11 369</b>

Trade receivables are amounts due from customers for goods sold or services rendered in the ordinary course of business. Trade receivables are classified as current assets as they are generally due for payment within 30 to 60 days. Trade receivables are recognized initially at the amount of unconditional consideration, unless significant financing components exist. In such instances, trade receivables are recognized at fair value. Refer to note 13 (i) for information about credit risk and expected credit loss.

The Company use the same method as the Group. The Group uses an impairment model with the following characteristics: The receivables are organized based on the credit risk of the customers. The primary portfolio is the receivables where invoicing is done to customers with a high credit rating, typical large listed or state-owned oil companies. This portfolio has a low risk of default and therefore no impairment loss is initially recognized based on the expectation of all of the accounts being paid. Further, an individual assessment is performed on specific customer receivables, typically if a customer is in known financial distress or has declared bankruptcy. Per year-end 2019 the Company had two main clients, being major oil companies and one of them large listed company. All outstanding trade receivables per end 2019 were paid during 2020 apart from one reimbursable item of USD 0.9 million related to the India project. There was no outstanding trade receivables per end 2020.

### Accrued revenue (contract assets)

In addition, the Company has accrued revenue for ongoing projects, which has not been invoiced the customers per year-end, see also note 9.

Accrued revenue as of December 2020 was USD 0.1 million, compared to USD 1.8 million as of December 2019.

The accrued revenue per end 2020 is related to recharge of fuel for redelivered hired vessels. The accrued revenue per end 2019 was related to the ongoing Brazil project. The accrued revenue is following the same impairment model as ordinary trade receivables.

As of December 2020 and 2019, there were no indicators for the need of impairment.



NOTE 9 OTHER CURRENT ASSETS

USD thousands	31.12.2020	31.12.2019
Prepayments	151	692
Mobilization	-	71
Accrued income	80	1 817
Other current receivables	-	2
<b>Total other current assets</b>	<b>231</b>	<b>2 582</b>

NOTE 10 PROPERTY, PLANT AND EQUIPMENT

USD thousands	Vessel	Seismic and node equipment	Projects in progress	Computer equipment	Lease asset	Total tangible assets
<b>2020</b>						
Cost at 1.1.2020	8 171	17 557	29	196	184	26 136
Additions	-	62	-	-	-	62
Disposal	-	(246)	-	-	-	(246)
<b>Cost at 31.12.2020</b>	<b>8 171</b>	<b>17 372</b>	<b>29</b>	<b>196</b>	<b>184</b>	<b>25 952</b>
Accumulated depreciation 1.1.2020	(3 504)	(5 189)	-	(88)	(73)	(8 854)
Depreciation	(1 213)	(4 095)	-	(65)	(88)	(5 461)
Disposal	-	25	-	-	-	25
<b>Accumulated depreciation at 31.12.2020</b>	<b>(4 717)</b>	<b>(9 259)</b>	<b>-</b>	<b>(153)</b>	<b>(162)</b>	<b>(14 290)</b>
Carrying amount at 1.1.2020	4 667	12 368	29	108	110	17 283
Carrying amount at 31.12.2020	3 454	8 114	29	43	22	11 662
Economic lifetime in years		3-10	3-5		3-10	2-5
<b>2019</b>						
Cost at 1.1.2019	7 332	11 672	1 060	157	-	20 221
Additions	839	4 249	1 552	39	184	6 862
Disposal	-	(947)	-	-	-	(947)
Reclass **	-	2 583	(2 583)	-	-	-
<b>Cost at 31.12.2019</b>	<b>8 171</b>	<b>17 557</b>	<b>29</b>	<b>196</b>	<b>184</b>	<b>26 136</b>
Accumulated depreciation 1.1.2019	(2 157)	(1 690)	-	(24)	-	(3 871)
Depreciation	(1 347)	(3 771)	-	(64)	(73)	(5 255)
Disposal	-	271	-	-	-	271
<b>Accumulated depreciation at 31.12.2019</b>	<b>(3 504)</b>	<b>(5 189)</b>	<b>-</b>	<b>(88)</b>	<b>(73)</b>	<b>(8 854)</b>
Carrying amount at 1.1.2019	5 176	9 982	1 060	134	-	16 351
Carrying amount at 31.12.2019	4 667	12 368	29	108	110	17 283
Economic lifetime in years		3-10	3-5		3-10	2-5

\*\* The reclass is related to assets moved from projects in progress to correct asset group when capitalized.



## Impairment

According to IFRS the carrying amount of intangible assets and property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Management regularly evaluates its fleet plan and capital expenditure level in light of market conditions. In 2020 and 2019 management performed such evaluations which did not result in impairments related to fixed assets at the year end 2020 or 2019.

The Company has no asset held for sale.

## NOTE 11 INVENTORIES

USD thousands	31.12.2020	31.12.2019
Purchased finished goods	85	317
Provision for obsolescence	-	-
<b>Net inventories</b>	<b>85</b>	<b>317</b>

The inventories consist of fuel.

The amount of inventories recognized as an expense in cost of sales during 2020 was USD 1.1 million and for 2019 the amount was USD 14.9 million.

## NOTE 12 INTEREST BEARING DEBTS

USD thousands	Interest rate (%)	Maturity	31.12.2020	31.12.2019
Lease Liabilities	5%	2021	-	22
NOK 29 750 000 Nibor+5,5% Term Loan	Nibor + 5.5%	2021	-	-
USD 24 739 311 Bond Loan	8%	2022	17 417	-
<b>Non-current borrowings</b>			<b>17 417</b>	<b>22</b>
Lease Liabilities	5%	2021	22	86
NOK 29 750 000 Floating rate term loan	Nibor + 0.5%	2021	1 160	2 256
USD 24 739 311 Bond loan	8%	2022	6 033	-
USD 5 780 326 Fixed rate term loan	4%	2021	5 695	-
USD 1 490 633 4% Fixed rate term loan	4%	2021	1 244	-
USD 1 332 704 4% Fixed rate term loan	4%	2021	1 300	-
NOK 2 495 043 4% Fixed rate term loan	4%	2021	234	-
NOK 12 000 000 Interest Free Loan	0%	2021	822	-
<b>Current borrowings</b>			<b>16 511</b>	<b>2 342</b>
<b>Total borrowings</b>			<b>33 929</b>	<b>2 364</b>

Details of the Company's exposure to risk arising from current and non-current borrowings are set out in note 13, Financial risk management.



**NOK 29 750 000 Nibor+5,5% Term Loan (Eksportkreditt)**

The term loan is repaid through twelve consecutive quarterly instalments. The term loan has a first priority pledge in the owned vessel, operating assets and factoring agreement.

The loan is in breach of financial covenants, and have been classified to current liabilities in the financial statements since 31.12.2019. However, the Company has received waiver from the two covenants for all the quarters in 2020, including year end 2020.

The financial covenants are as following:

- 1) Liquid assets of no less than 120% of outstanding loan
- 2) Equity ratio of 30% until Q4 19 and thereafter 35% till final maturity date (September 2021)

**USD 24 739 311 Bond loan**

The USD 24 739 311 bond loan was issued in relation to the restructuring completed in 2020, in which USD 24 739 311 of short term payables were converted to a 2-year bond loan. The bond carries a fixed interest of 8% and is repaid either through cash calls or the agreed repayment schedule. For the bond loan, the group has pledged shares in subsidiaries, inventories, operating assets, factoring agreement, and second priority in the owned vessel.

The bond requires the Group to maintain a liquidity balance of USD 2 million, and maintain a 0 dividend policy, through financial covenants. As of 31.12.2020, the covenants for the bond loan are fulfilled.

**Fixed rate term loans**

In relation to the restructuring completed in 2020, the Group has issued a series of fixed rate term loans through conversion of short term payables to long term loan agreements. The loans are unsecured and carry a fixed interest rate from 0% to 4% p.a.

**Balance sheet value of assets placed as security**

USD thousands	31.12.2020	31.12.2019
Vessel, equipment and maintenance	11 662	17 283
Investment in subsidiaries	2 251	1 873
Stock of supplies	85	317
Trade receivables	-	11 369
<b>Total balance sheet value of assets placed as security</b>	<b>13 998</b>	<b>30 842</b>

**Carrying amounts and fair values of interest bearing debt**

USD thousands	2020		2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Interest bearing debt	33 929	36 480	2 364	2 364

**NOTE 13 FINANCIAL RISK MANAGEMENT**

The Company is exposed to market specific and general economic cycles and macro-economic fluctuations, since changes in the general economic situation affect the demand from our clients. The Company's business performance depends upon production and development spending by oil and gas companies. Historically, in times of low oil price, demand in exploration spending, where the Company is active, has been reduced in much greater extent than production related spending.



## **Capital Management**

For the purpose of the Company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares, or repay or issue new debt. The Company monitors capital using an equity ratio, which is the book value of equity over the book value of assets in the Company's segment reporting. The Company's policy and target is to keep the equity ratio over 35%.

In order to achieve this overall objective, the Company's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. Refer to Note 12 for information regarding financial covenants related to the Company's interest bearing debt.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2020 and 2019.

## **Financing risk**

The Company use bank loan, bond loan and unsecured loans in addition to equity for financing purposes. The purpose of these financial instruments is to ensure that the Company has financial flexibility for investments that are necessary for the Company's operations. In addition, the Company has items such as trade receivables, trade payables etc. which is directly related to the business's daily operations. The Company does not use financial instruments for hedging purposes. Risk management procedures have been established by the Board and handled by the CFO.

The Company is exposed to financial risk linked to interest rate risk, liquidity risk, currency risk and credit risk. The Company's management has a continuous assessment to identify and evaluate financial risks, and sets guidelines for how to handle them.

The Company does not have any financial derivatives in 2020 or 2019.

### **(i) Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is mainly exposed to credit risk related to trade receivables and other current receivables.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been Companyed based on shared credit risk characteristics and the days past due. Current and expected future customers are oil and gas companies with sound credit ratings. Also for other companies in the industry, historic credit losses has been neglectible. Because expected credit loss is considered to be a clearly immaterial amount, no provision has been made.

2020



USD thousands		More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
	Current				
Expected loss rate	0%	0%	0%	0%	
Carrying amount trade receivables	-	-	-	-	-
Loss allowance	-	-	-	-	-

## 2019

USD thousands		More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
	Current				
Expected loss rate	0%	0%	0%	0%	
Carrying amount trade receivables	8 857	1 242	1 055	215	11 369
Loss allowance	-	-	-	-	-

Trade receivables 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 Company, and a failure to make contractual payments for a period of greater than 120 days past due without special agreement in advance.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

### (ii) Market risk - interest rate

The Company's main interest rate risk arises from loan from Eksportkreditt/GIEK, which expose the Company to cash flow interest rate risk. The Company does not use financial instruments to hedge interest rate risk.

Trade and other receivables and trade and other payables are interest free and with a term of less than one year, so there is no significant interest rate risk associated with these financial assets and liabilities.

The Company's sensitivity to potential changes in interest rates with an increase in 50 basis points would increase interest expense for the period with approximately USD 9 thousands for 2020 (USD 15 thousands for 2019).

### (iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. The Company's strategy for managing liquidity risk is to have sufficient liquidity at all times in order to meet its financial liabilities at maturity, both under normal and exceptional circumstances, without risking unacceptable losses or at the expense of the Company's reputation.

The Company may need access to long-term funding. There can be no assurance that available funding sources are accessible when needed nor can there be any assurance that the Company will be able to raise new equity on favorable terms and in amounts necessary to conduct its on-going and future operations, should this be required. Furthermore, there can be no assurance that the Company will be able to obtain additional shareholder funding. Failure to access necessary liquidity could require the Company to scale back its operations or could have other materially adverse consequences for its business and its ability to meet its obligations.



The table below provides an overview of the maturity profile of all financial liabilities. For bank loans the stated amount includes estimated interest payments. In cases where the counterparty may claim earlier redemption, the amount is placed in the earliest period the payment may be required from the counterparty. The majority of trade payables are past their respective due dates.

2020

USD thousands	Remaining Term					Total
	0-3 months	3-6 months	6-9 months	9-12 months	1-2 years	
Borrowings	5 323	2 905	3 852	2 999	22 586	37 665
Lease liabilities	23	-	-	-	-	23
Trade payables	10 557	-	-	-	-	10 557
Other current liabilities	2 161	-	-	-	-	2 161
<b>Total</b>	<b>18 064</b>	<b>2 905</b>	<b>3 852</b>	<b>2 999</b>	<b>22 586</b>	<b>50 406</b>

2019

USD thousands	Remaining Term					Total
	0-3 months	3-6 months	6-9 months	9-12 months	1-2 years	
Borrowings	2 256	-	-	-	-	2 256
Lease liabilities	4 388	23	23	23	23	4 478
Trade payables	41 380	-	-	-	-	41 380
Other current liabilities	15 572	79	-	-	-	15 651
<b>Total</b>	<b>63 595</b>	<b>102</b>	<b>23</b>	<b>23</b>	<b>23</b>	<b>63 765</b>

(iv) Market risk - foreign exchange rates

The Company operates internationally and is exposed to foreign exchange risk, primarily the NOK. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant Company entity. The Company is exposed to currency risk as some part of the Company's expenses are denominated in NOK. Profit after tax for the Company is also affected by changes in exchange rates, as expenses and payables are converted to USD.

The NOK denominated bank loans and payables are expected to be repaid with receipts from US dollar denominated sales. The foreign currency exposure of these loans has not been hedged.

The table below shows the Company's sensitivity to potential changes in exchange rates. The calculation takes into account the currency translation of all consolidated foreign subsidiaries. The calculation in the table shows the effect on consolidated profit / loss on the average exchange rate.

USD thousands	Change in exchange rate	Effect on profit before	Effect on OCI
2020	+ 10 %	481	-
	- 10 %	-588	-
2019	+ 10 %	1 595	-
	- 10 %	-1 949	-

The Company's significant operations in foreign countries expose it to risks related to foreign currency movements. Currency exchange rates fluctuate due to several factors, and these include; international balance of payments, economic and financial conditions, government intervention, speculation and other factors. Changes in currency exchange rates relative to the USD may affect the USD valued assets



and liabilities of the Group – primarily the company's portion of debt that is denominated in NOK. Changes in currency may also affect the Company's local expenses when operating abroad. The Company's expenses are primarily in USD and NOK. As such, the Company's earnings are exposed to fluctuations in the foreign currency market.

## NOTE 14 CATEGORIES OF FINANCIAL INSTRUMENT

### USD thousands

<b>Financial assets at amortized cost</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
<b>ASSETS</b>		
Other non-current assets	-	-
Trade receivables	-	11 369
Cash and cash equivalents	194	1 314
<b>Total financial assets</b>	<b>194</b>	<b>12 683</b>
<b>Financial liabilities at amortized cost</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
<b>LIABILITIES</b>		
Interest-bearing non-current liabilities	17 417	22
Interest-bearing current liabilities	16 511	2 342
Trade payables	10 557	41 380
Other current liabilities	978	15 651
<b>Total financial liabilities</b>	<b>45 464</b>	<b>59 396</b>

Axis Geo Solutions ASA exposure to various risks associated with the financial instruments is discussed in note 13 Financial risk management. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

### Fair value

Due to the short-term nature of cash and cash equivalents, trade receivables and other current receivables, their carrying amount is considered to be the same as their fair value.

Interest bearing loans are recognized initially at fair value less transaction costs. Subsequent to initial recognition, interest bearing loans are measured at amortized cost using the effective interest method. Gains and losses are recognized in the statements of profit or loss when the liabilities are derecognized as well as through the amortization process. The carrying value of borrowing is less amortized cost. The carrying amount of trade and other payables are considered to be approximately the same as their fair values, due to their short-term nature.

The Company does not hold any financial derivatives.

## NOTE 15 LEASES

The Company uses the accounting standard IFRS 16 Leases. IFRS 16 Leases has from a lessee viewpoint eliminated the classification of leases as either operating leases or financial leases.



The standard was effective for accounting periods beginning on or after 1 January 2019 and was adopted by the Company from the same date.

For the Company only office space comes under the classification of leases. Vessels and other seismic equipment on short term leases comes under the classification of commitments. As of 31 December 2020 the Company has no commitments in vessels or seismic equipment.

Lease assets are included in the balance sheet under the item property, plant and equipment. The non current part of the lease liability is included in the balance sheet under the item interest bearing debt non current, and the current part under interest bearing debt current, refer to note 12.

<b>Right-of-use assets:</b>		
<b>USD thousands</b>	<b>Offices</b>	<b>Total</b>
<i>Carrying value</i>		
<b>Balance right-of-use assets 1.1.2020</b>	<b>110</b>	<b>110</b>
Additions	-	-
Depreciation	(86)	(86)
Impairment	-	-
Other adjustments	-	-
<b>Balance right-of-use assets 31.12.2020</b>	<b>24</b>	<b>24</b>

<b>Lease liabilities:</b>			
<b>USD thousands</b>	<b>Non-current*</b>	<b>Current</b>	<b>Total</b>
<i>Carrying value</i>			
<b>Balance lease liabilities 1.1.2020</b>	22	86	109
Additions	-	-	-
Reclassification to current	(22)	22	-
Lease payments	-	(86)	(86)
Accrued interest	-	3	3
Other adjustments	-	(2)	(2)
<b>Balance lease liabilities 31.12.2020</b>	<b>(0)</b>	<b>24</b>	<b>24</b>

\* The lease agreement related to office space expires as of 28 February 2021.

The Company had a total cash outflow for leases of USD 0.09 million of which USD 0.003 million is related to interest in 2020. The Companies had no low-value assets or variable lease payments in 2020.

<b>Right-of-use assets:</b>		
<b>USD thousands</b>	<b>Offices</b>	<b>Total</b>
<i>Carrying value</i>		
Balance at 1.1.2019	-	-
Leases capitalized due to implementation of IFRS 16	-	-
<b>Balance right-of-use assets 1.1.2019</b>	<b>-</b>	<b>-</b>
Additions	184	184
Depreciation	(73)	(73)
Impairment	-	-
<b>Balance right-of-use assets 31.12.2019</b>	<b>110</b>	<b>110</b>



**Lease liabilities:**

USD thousands	Non-current*	Current	Total
<i>Carrying value</i>			
Leases capitalized due to implementation of IFRS 16	-	-	-
<b>Balance lease liabilities 1.1.2019</b>	<b>-</b>	<b>-</b>	<b>-</b>
Additions	98	86	184
Reclassification to current	(76)	76	-
Lease payments		(75)	(75)
Accrued interest		6	6
Other adjustments	-	(7)	(7)
<b>Balance lease liabilities 31.12.2019</b>	<b>22</b>	<b>86</b>	<b>109</b>

\* The non current part of the lease liability of USD 22 thousand is due in 2021.

The Company had a total cash outflow for leases of USD 0.08 million of which USD 0.006 million is related to interest in 2020. The Company had no low-value assets or variable lease payments in 2019.

**Commitments:**

The Company has not entered into any contractual commitments for the rental of seismic equipment (nodes) as of 31 December 2020. Contractual commitments were USD 1.2 million as of 31 December 2019. The cost for short term leases of seismic equipment was USD 11.8 million in 2020 and USD 10.4 million in 2019.

The Company has no commitments for short-term leases of vessels as of 31 December 2020. Lease commitments of vessels were USD 3.2 million as of 31 December 2019. The cost for short term leases of vessels was USD 14.5 million in 2020 and USD 13.6 million in 2019.

NOTE 16 OTHER CURRENT LIABILITIES

USD thousands	31.12.2020	31.12.2019
Holiday pay owed	174	79
Other accrued costs	1 327	6 906
VAT settlement	(523)	8 665
<b>Total other current liabilities</b>	<b>978</b>	<b>15 651</b>

NOTE 17 SHARE CAPITAL AND SHAREHOLDERS INFORMATION

The Company's share capital per 31.12.2020 include the following:	Number of shares	Share Capital in NOK	Par Value per share*
Ordinary shares (one share = one vote)	58 821 018	5 882 102	0,10

\* The par value has been written off from NOK 1.39431124614644 to NOK 0,10 per share in 2020.

The Company has one class of shares, all shares provide equal rights, including the right to any dividends in line with 2019. Each of the shares carries one vote in line with 2019. Neither AGS nor any of its subsidiaries directly or indirectly owns shares or treasury shares in the Company.



Changes in number of shares	Shares
<b>Number of shares 1.1.2019</b>	<b>500 958 750</b>
New shares issued - cash settled	234 496 171
<b>Merge with Songa</b>	<b>294 181 968</b>
Merge with Songa split	20 592 738
Share from Songa	717 199
<b>New shares as Axxis Geo Solutions ASA 2.7.2019</b>	<b>21 309 937</b>
New shares issued - cash settled	37 511 082
<b>Number of shares 31.12.2019</b>	<b>58 821 018</b>
Change in 2020	-
<b>Number of shares 31.12.2020</b>	<b>58 821 018</b>

#### Paid/proposed dividend

The Board has decided not to propose any dividend for 2020 or 2019.

The major shareholders in Axxis Geo Solutions ASA 31 December 2020 were as follows:

Shareholders	Total shares	Ownership share	Voting share
HAVILA HOLDING AS	15 549 434	26,4%	26,4%
ROGER IGELSTRØM	2 000 000	3,4%	3,4%
JOHS. HANSEN REDERI AS	1 413 345	2,4%	2,4%
Nordnet Bank AB	1 096 145	1,9%	1,9%
TOM DANIELSEN	1 073 166	1,8%	1,8%
FRANK ROBERT SUNDE	742 468	1,3%	1,3%
J.P. Morgan Securities LLC	703 618	1,2%	1,2%
NÆRINGSLIVETS HOVEDORGANISASJON	671 343	1,1%	1,1%
DAGUSIKI HOLDING AS	660 572	1,1%	1,1%
DEGHAN ZAKLAKI	629 647	1,1%	1,1%
YVES MEROUR	541 531	0,9%	0,9%
JOHN OTTO DYBVIK	500 995	0,9%	0,9%
MORTEN HÅVAR OLSEN	500 000	0,9%	0,9%
ACTION AS	454 850	0,8%	0,8%
ALCIDES SHIPPING AS	450 712	0,8%	0,8%
RONNY BRATTAAS	421 763	0,7%	0,7%
Deutsche Bank Aktiengesellschaft	400 028	0,7%	0,7%
MADRA INVEST AS	373 734	0,6%	0,6%
NORDNET LIVSFORSIKRING AS	365 477	0,6%	0,6%
THOMAS GRØNSTAD	350 000	0,6%	0,6%
<b>Total 20 largest shareholders</b>	<b>28 898 828</b>	<b>49,1%</b>	<b>49,1%</b>
<b>Total other shareholders</b>	<b>29 922 190</b>	<b>50,9%</b>	<b>50,9%</b>
<b>Total number of shares</b>	<b>58 821 018</b>	<b>100,0%</b>	<b>100,0%</b>



The major shareholders in Axxis Geo Solutions ASA 31 December 2019 were as follows:

Shareholders	Total shares	Ownership	
		share	Voting share
HAVILA HOLDING AS	15 549 434	26,4 %	26,4 %
RONJA CAPITAL AS	2 065 257	3,5 %	3,5 %
BJARTE BRUHEIM	1 820 000	3,1 %	3,1 %
W2 SEISMIC AS	1 765 561	3,0 %	3,0 %
URBANUM GRUPPEN AS	1 500 000	2,6 %	2,6 %
JOHS. HANSEN REDERI AS	1 496 345	2,5 %	2,5 %
AJEA INVEST AS	1 423 873	2,4 %	2,4 %
KJØLÅS STANSEKNIVER AS	1 282 768	2,2 %	2,2 %
STETTE INVEST AS	1 282 768	2,2 %	2,2 %
REMCO AS	1 100 000	1,9 %	1,9 %
ATLE SANDVIK PEDERSEN	1 000 000	1,7 %	1,7 %
Nordnet Bank AB	942 949	1,6 %	1,6 %
MIDDELBOG INVEST AS	833 333	1,4 %	1,4 %
J.P. Morgan Securities LLC	703 618	1,2 %	1,2 %
NÆRINGSLIVETS HOVEDORGANISASJON	671 343	1,1 %	1,1 %
LEOVILLE AS	614 436	1,0 %	1,0 %
YVES MEROUR	541 531	0,9 %	0,9 %
RUNE HAARSTAD	517 000	0,9 %	0,9 %
ABN AMRO Global Custody Services N	500 021	0,9 %	0,9 %
JAKOB HATTELAND HOLDING AS	500 000	0,9 %	0,9 %
<b>Total 20 largest shareholders</b>	<b>36 110 237</b>	<b>61,4 %</b>	<b>61,4 %</b>
<b>Total other shareholders</b>	<b>22 710 781</b>	<b>38,6 %</b>	<b>38,6 %</b>
<b>Total number of shares</b>	<b>58 821 018</b>	<b>100,0 %</b>	<b>100,0 %</b>

Shares owned or controlled by members of the Board of Directors, Chief Executive Officer and Other Executive Officers 31 December 2020 were as follows:

Board of Directors	Position	Number of shares	Ownership share	Voting share	Number of options
Havila Holding AS 1)		15 549 434	26,4 %	26,4 %	-
1) Partly owned by Njål Sævik	Board member				42 000

Share and options owned by management 31 December 2020 were as follows:

Executive management	Position	Number of shares	Number of options
Lee Parker (CEO till August 8 2020)	CEO	559 390	-
Ronny Bøhn (CEO from August 8 2020)	CEO	-	-
Svein Knudsen (CFO till 1 April 2020)	CCO	17 000	106 400
Nils Haugestad CFO (CFO from 1 April 2020)	CFO	-	-
Richard Dunlop	EVP Operations	144 228	106 400



Shares owned or controlled by members of the Board of Directors, Chief Executive Officer and Other Executive Officers **31 December 2019** were as follows:

Board of Directors	Position	Number of shares	Ownership share	Voting share	Number of options
Havila Holding AS 1)		15 549 434	26,4 %	26,4 %	-
1) Partly owned by Njål Sævik	Board member				42 000

Share and options owned by management **31 December 2019** were as follows:

Executive management	Position	Number of shares	Number of options
Lee Parker	CEO	559 390	176 400
Richard Dunlop	EVP Operations	144 228	106 400
Svein Knudsen	CFO	17 000	106 400

#### NOTE 18 RELATED PARTIES

##### USD thousands

Current receivables group companies	31.12.2020	31.12.2019
Axxis Multi Client AS *	12 367	13 324
Axxis Geo Solutions Inc.	742	172
Axxis Production AS	15 132	12 786
Axxis Geo Solutions Egypt LLC	-	50
PT Axxis Geo Solutions	305	-
Axxis Multi Client International AS	-	-
Neptune Seismic AS	2	-
<b>Total receivables group companies</b>	<b>28 548</b>	<b>26 332</b>

\* The intercompany receivables to Axxis Multi Client AS has per December 2019 been accrued for write down of USD 41.7 million. The amount relates to acquiring of the multi-client project Utsira which completed October 2019. The write-down has not been reversed per December 2020.

##### USD thousands

Current liabilities group companies	31.12.2020	31.12.2019
Axxis Geo Solutions Inc.	1 379	736
Axxis Production AS	377	-
PT Axxis Geo Solutions	257	-
<b>Total liabilities group companies</b>	<b>2 014</b>	<b>736</b>

For more information on related parties see note 19 for the Group.

##### USD thousands

Revenue from group companies	Full year 2020	Full year 2019
Axxis Multi Client AS	3 161	53 511
Axxis Production AS	36 762	11 668
<b>Total revenue group companies</b>	<b>39 923</b>	<b>65 179</b>



## USD thousands

<u>Cost from group companies</u>	<u>Full year 2020</u>	<u>Full year 2019</u>
Axxis Geo Solutions Inc.	11 983	13 167
PT Axxis Geo Solutions	257	965
<b>Total cost group companies</b>	<b>12 240</b>	<b>14 132</b>

For more information on related parties see note 19 for the Group.

## USD thousands

<u>Revenue from investment in subsidiaries</u>	<u>Full year 2020</u>	<u>Full year 2019</u>
Group contribution from Axxis Production AS	5 637	-
<b>Total revenue from investement in subsidiaries</b>	<b>5 637</b>	<b>-</b>

## NOTE 19 PERSONNEL EXPENSES AND REMUNERATIONS

<u>USD thousands</u>	<u>Full Year 2020</u>	<u>Full Year 2019</u>
Wages and salaries	1 588	966
Social Security costs	26	145
Pension costs	203	51
Other remuneration	1 513	1 377
Share based payment expense (refer to note 21)	3	-11
<b>Total personnel expense</b>	<b>3 333</b>	<b>2 529</b>
<b>Number of man-years at 31.12</b>	<b>2020</b>	<b>2019</b>
Group companies in Norway	9	6

The Company has a defined contribution pension plan. The contribution plan is a retirement plan in which the Company pays fixed contributions to a separate legal entity. The company has no further payment obligations once these contributions have been paid. Contributions are booked as cost on an ongoing basis. The Company meets the requirements for occupational pension scheme under the Act on Obligatory Occupational Pensions. The contribution pension scheme in Norway meets the legal requirements.

A loan of USD 90 thousands was given the the previous CEO, Lee Parker in 2020. The loan will a part of the settlement with the former CEO. No other loan or collateral has been granted to the Chairman of the Board or other related parties.



**Chief financial officer and other Executive officers**

In 2020, the Company paid compensation to its executive offices as follows:

USD thousands

Name	Fixed salary	Bonus	Other benefits	Pension benefits	Share based payment		Number of options held
					cost	Total cost	
Ronny Bøhn (CEO from August 8 2020)	100	-	1	7	-	108	-
Svein Knudsen CCO (CFO till 1 April 2020)	213	-	1	17	2	233	106 400
Nils Haugestad (CFO from 1 April 2020)	191	-	1	13	-	205	-

In 2019, the Company paid compensation to its executive offices as follows:

USD thousands

Name	Fixed salary	Bonus	Other benefits	Pension benefits	Share based payment		Number of options held
					cost	Total cost	
Svein Knudsen (CFO)	273	-	1	18	41	332	106 400

\* Svein Knudsen was employed 1.5.2018, and before that he was a consultant. Consultancy fees are not included in amounts above.

**Board of Directors**

In 2020, for the period from AGM 2019 to AGM 2020, the Group paid following compensations to Board of Directors:

USD thousands

Name	Position	Director since	Term expire	Share based		Number of options held
				Fee	payment cost	
Christian Huseby	Chairman	30.6.2020	2022	-	-	-
Njål Sævik	Board Member	6.11.2017	2021	29	2	42 000
Nina Skage	Board Member	2.7.2019	2021	35	-	-
Eirin Inderberg	Board Member	2.7.2019	2021	29	-	-
Vibeke Fængsrud	Board Member	2.7.2019	2021	34	-	-
<b>Director to</b>						
Rolf Rønningen	Chairman	30.6.2020	N/A	43	-	-
Tore Tønseth	Board Member	12.2.2020	N/A	7	-	-



In 2019, for the period from AGM 2018 to AGM 2019, the Group paid following compensations to Board of Directors:

USD thousands

Name	Position	Director since	Term expire	Fee	Share based payment cost	Number of options held
Rolf Rønningen	Chairman	2.7.2019	2020	-	-	-
Njål Sævik	Board Member	6.11.2017	2020	25	19	42 000
Nina Skage	Board Member	2.7.2019	2020	-	-	-
Eirin Inderberg	Board Member	2.7.2019	2020	-	-	-
Vibeke Fængsrud	Board Member	2.7.2019	2020	-	-	-
<b>Director to</b>						
Jogeir Romestrand	Board Member	1.11.2019	N/A	51	50	-
Fredrik Platou	Board Member	1.11.2019	N/A	36	16	-
Andreas Pay	Board Member	1.11.2019 18.12.2019	N/A	4	-	-
Tore Tønseth	Board Member	1.12.2019 12.2.2020	N/A	-	-	-
Bjarte Henry Bruheim	Chairman	2.7.2019	N/A	50	68	-
Ole Andre Heggheim	Board Member	2.7.2019	N/A	25	16	-
Tore Rødal	Board Member	2.7.2019	N/A	25	19	-

The main rule is that board members are elected for 2 years at a time, until the Annual General Meeting the year in question 2 years after the election.

See note 17 for shares held by the Group's Board of Directors.

## NOTE 20 SHARE BASED PAYMENT PROGRAMS

The Company has a share based payment scheme for employees and some members of the Board.

The options granted gives the holder right to purchase a defined number of shares at a predetermined price if the vesting conditions are met. The exercise price has been set to fair value of the shares at grant date.

Set out below are summaries of options granted under the scheme:

	2020		2019	
	Average exercise price per share option (NOK)	Number of options	Average exercise price per share option (NOK)	Number of options
As at 1.1*	9,4500	749 479	8,8761	981 879
Granted during the year	-	-	25,0000	28 000
Expired during the year	-	-	8,9556	(260 400)
Terminated during the year	8,6400	(344 400)	-	-
As at 31.12	10,1400	405 079	9,4508	749 479
Vested 31.12	9,8700	398 079	8,9002	656 609
Exercisable 31.12		398 079		656 609

\* after the merge with Songa - new number of option



	Full Year 2020	Full Year 2019
Share based payment cost (revenue) recognised in the period USD thousand	3	-11

Granted instruments	2020	2019
<i>Instrument</i>	<i>Option</i>	<i>Option</i>
Quantity 31.12 (instruments)	-	28 000
Quantity 31.12 (shares)	-	28 000
Contractual life*	-	5,75
Strike price*	-	25,00
Share price*	-	22,45
Expected lifetime*	-	2,25
Volatility*	-	57,65%
Interest rate*	-	1,329%
Dividend*	-	0,00
FV per instrument*	-	6,87

Vesting conditions

\*Weighted average parameters at grant of instrument

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price	Share options 31 December 2020	Share options 31 December 2019
15.9.2017	15.9.2022	6,96	196 000	406 000
27.9.2018	27.9.2023	11,28	181 079	315 479
1.5.2019	1.5.2024	25,00	28 000	28 000,00
<b>Total number of options</b>			<b>405 079</b>	<b>749 479</b>

Outstanding instruments overview					
Strike Price	Number of instruments	Weighted Average remaining contractual life	Weighted Average Strike Price	Vested instruments 31.12.2020	Weighted Average Strike Price
	Outstanding instruments			Vested instruments	
6,96	196 000	2,70	6,96	196 000	6,96
11,28	181 079	3,49	11,28	181 079	11,28
25,00	28 000	4,09	25,00	21 000	25,00
	<b>405 079</b>			<b>398 079</b>	

The exercise price for both grants was fair value at the grant date. The options can be exercised by buying shares as settlement where one options give right to one share. For the 2019 grant, 50% of the options vested on grant date, while the remaining option will vest in May 2024. The fair value at grant date was 6.87 NOK/option.



The fair value has been estimated using the the Black-Scholes option pricing model. When calculating fair value at grant date, the group has assumed a volatility of 49% from comparable peers in the oil and gas services for both grants, 0 expected dividends, and a risk free interest rate of 1.98% for the 2019 grant.

NOTE 21 AUDITORS FEE

USD thousands

Expensed audit fee (excluding VAT)	Full Year 2019	Full Year 2019
Statutory audit	134	93
Tax advice (incl. technical assistance with tax return)	109	55
Other attestation services	27	24
<b>Total auditors fee</b>	<b>270</b>	<b>173</b>

NOTE 22 SUBSIDIARIES AND ASSOCIATED COMPANIES

Axxis Geo solutions ASA (AGS ASA) comprise of the following legal entities as at 31 December 2020

USD thousands

Subsidiary of AGS ASA:	Jurisdiction	Total Equity	Net Income/ (loss)	Carrying value
Neptune Seismic AS	Norway	(4)	(1)	-
Axxis Geo Solution Inc.	USA	531	34	100
Axxis Geo Solutions PT*	Indonesia	434	(46)	-
Axxis Multi Client AS	Norway	(36 214)	(9 354)	1 762
Axxis Production AS	Norway	6 321	5 938	383
Axxis Multi Client International AS	Norway	4	(1)	5
Axxis Geo Solutions Egypt LLC**	Egypt	889	8 595	1
<b>Total</b>		<b>(28 038)</b>	<b>5 164</b>	<b>2 252</b>

\* The formal shareholdings in Axxis Geo Solutions PT is 49 %. The Group has control of operating decisions and is exposed to 100 % of variability of the companys' results through a shareholder agreement. Because of this, no non-controlling interest has been recognised in the financial statements.

\*\* Axxis Production AS owns 99% and Axxis Geo Solutions ASA owns 1% of the shares in the company.

The Company holds 100 percent of all shares (except AGS PT and AGS Egypt LLC as mentioned above) and all voting rights for its subsidiaries.



NOTE 23 CASH FLOW INFORMATION

USD thousands	Liabilities arising from financing activities				Total
	Current interest bearing debt	Current lease liabilities	Non-current interest bearing debt	Non-current lease liabilities	
<b>1.1.2020</b>	<b>2 257</b>	<b>86</b>	<b>-</b>	<b>22</b>	<b>2 365</b>
Cash flows	(1 440)	(86)	-	-	-1 525
Other*	33 088	1	-	-	33 089
Reclassification	(17 417)	22	17 417	(22)	-
<b>31.12.2020</b>	<b>16 488</b>	<b>24</b>	<b>17 417</b>	<b>-</b>	<b>33 929</b>

\* Mainly related to trade payables converted to loans.

USD thousands	Liabilities arising from financing activities				Total
	Current interest bearing debt	Current lease liabilities	Non-current interest bearing debt	Non-current lease liabilities	
<b>1.1.2019</b>	<b>3 424</b>	<b>86</b>	<b>-</b>	<b>98</b>	<b>3 608</b>
Cash flows	(1 127)	(75)	-	-	(1 202)
Other	(41)	(1)	-	-	42
Reclassification	-	76	-	(76)	-
<b>31.12.2019</b>	<b>2 257</b>	<b>86</b>	<b>-</b>	<b>22</b>	<b>2 365</b>

The Company implemented IFRS 16 effective as of 1 January 2019.

NOTE 24 EVENTS AFTER THE REPORTING PERIOD

**Default notice**

The Company has after the reporting period received default notice from Nordic Trustee on behalf of the bondholders and from Eksportkreditt for unpaid installment and interest in January 2021. The Company is in active dialogue with the respective creditors and expect to find a solution which is aligned with the outcome of the court-protected reconstruction

**Reconstruction**

The Company announced 16 February 2021 that the Company had not been able to reach agreement with all creditors in order to implement a voluntary solution to refinance the Company. Consequently, the Company filed for court protected reconstruction.

On 17 February 2021, the District Court of Asker and Bærum authorized opening of reconstruction negotiations for the Company. On 7 April 2021, the Company presented the final proposal for reconstruction by forced debt settlement. The proposal from the company involves a forced debt settlement of the Company's unsecured debt. Secured debt, up to the value of the pledged assets, is not part of the forced debt settlement. The deadline for creditor replies is 27 April 2021.

Under the court-authorized reconstruction negotiations, the Company continues normal business operations under the oversight of the Debt Restructuring Committee. Unsecured liabilities incurred prior to the opening of reconstruction negotiations are "frozen". All liabilities that are incurred thereafter shall be covered in their entirety.



Under the reconstruction proposal, Company creditors are offered the following:

- d) Creditors with ordinary (general and unsecured) claims receive a dividend of 10%. The agreed dividend is paid out within 14 – fourteen – working days after the court confirmation of the reconstruction plan by forced debt settlement, cf. The Reconstruction Act § 52, is enforceable, tentatively during June/July 2021.
- e) As an alternative, creditors can convert all or part of their claim to shares in the Company at a subscription price of 0.5 NOK/share. The share issue will be decided upon at an extraordinary general assembly of the Company, expected to be held in May. The shares are expected to be registered in the respective VPS accounts no later than 30 June 2021. There might be a delay before the shares are listed. The minimum subscription amount per creditor is NOK 100 000. There is a limit of 9.9% share ownership per individual shareholder from their debt conversion.
- f) Claims that group entities / other related parties have against the Company will be entitled to the same dividend as other ordinary claims, but these claims will not receive any dividend until all other entitled creditors have received their dividends in full.

It is not opened reconstruction negotiations in the subsidiaries of the Company. The Company has arranged for separate voluntary debt settlements in the subsidiaries. The Company aims to achieve a solution whereby the bondholders also waive claims and collateral in the subsidiaries, thus avoiding insolvency proceedings in these companies.

The reconstruction will be financed through an equity issue for cash of USD 17-20million, where a group of investors on certain conditions have committed to provide the Company with USD 17 million, at a subscription price of 0.1 NOK/share. After the reconstruction is complete, the Company will have an attractive financial position and satisfactory liquidity. This forms a sound basis for continued operations.

Ongoing agreements which the Company is party to and that are not terminated during the reconstruction negotiations continue.

It is the opinion of the Company that the creditors will receive a higher recovery in the reconstruction proposal compared to alternative bankruptcy proceedings. Through bankruptcy proceedings, the Company estimates that creditors with ordinary (general and unsecured) claims would be able to achieve a dividend in the range 0–2%.



## APPENDIX – ALTERNATIVE PERFORMANCE MEASURES (APMS)

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 the Group may be determined or calculated differently by other companies.

### EBITDA

EBITDA means Earnings before interest, taxes, amortization, depreciation and impairments. The Group 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	
	Full Year 2020	Full Year 2019	Full Year 2020	Full Year 2019
Profit (loss) for the period	(12 373)	(40 806)	(3 133)	(46 477)
Income tax (expense)	(7 086)	(3 468)	(7 086)	(4 576)
Net financial items	(1 737)	(4 271)	(1 891)	(6 039)
Depreciation & impairment PPE	(5 711)	(5 879)	(5 934)	(6 080)
Amortization & impairment of multi-client and goodwill	(4 159)	(44 692)	(21 620)	(35 093)
<b>Operating profit (loss) before depreciation and amortization (EBITDA)</b>	<b>6 319</b>	<b>17 504</b>	<b>33 399</b>	<b>5 310</b>

For full overview of Segment vs IFRS see note 3 Segment.

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 recognised 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 the Group 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. The Group 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.



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## INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Axxis Geo Solutions ASA

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Axxis Geo Solutions ASA, which comprise the financial statements for the parent company and the Group. The financial statements for the parent company and the Group comprise the statements of financial position as at 31 December 2020, statements of comprehensive income, the statements of cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company and the Group as at 31 December 2020 and their financial performance and 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations 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.

#### Material uncertainty related to going concern

We draw attention to Note 1.1 – “Going concern” and Note 2.2 – “Going concern” of the consolidated financial statements, which indicates that the Company's ability to continue as a going concern is dependent upon a successful outcome of the reconstruction plan including securing sufficient liquidity. This indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not reflect impairment charges or provisions that might be required if the Company is liquidated or the assets sold in a distressed situation. Our opinion is not modified in respect of this matter.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2020. In addition to the matter(s) described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

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## Impairment assessment of Multiclient library

Multi-client library accounts for USD 36.2 million (66 %) of the Group's total assets per 31 December 2020. The Company performed an impairment evaluation and determine the value in use to assess impairment. The Company estimated the value in use based on present value of estimated future sales forecasts. The Company based the forecasts on budgets and assumptions about future market demand and spending on exploration and production by oil companies, including licensing activities. The forecasts require considerable insight and judgment from management about future market conditions. The impairment evaluation of the multi-client data library is a key audit matter based on the continued uncertain market conditions and the significant judgement involved. In 2020 impairment losses of USD 18.0 million were recorded in the consolidated financial statements.

We evaluated management's assessment of impairment indicators and management's estimates related to sales forecasts. Our audit procedures included inquiries and evaluations of management's assumptions regarding the current market, licensing rounds and exploration activities. Furthermore, we evaluated the valuation methodology and the discount rate applied in the value in use model. We also tested the mathematical accuracy of the value in use calculations and performed sensitivity analysis of key assumptions. We also assessed the Company's disclosures regarding those assumptions and the impairment losses of multi-client data library recorded.

We refer note 11b in the consolidated financial statements.

## Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements 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 ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

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



As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

- ▶ identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- ▶ obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on other legal and regulatory requirements

### Opinion on the Board of Directors' report and on the statements on corporate governance and corporate social responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on corporate governance and corporate social responsibility concerning the financial statements, the going concern assumption and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Independent auditor's report - Axxis Geo Solutions ASA

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### Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 16 April 2021  
ERNST & YOUNG AS

*The auditor's report is signed electronically*

Finn Ole Edstrøm  
State Authorised Public Accountant (Norway)

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## About AGS

Axxis Geo Solutions (AGS) 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](http://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 2018. 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.

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