

Q2

Second
Quarter 2020



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\$ 17.1m
revenues

\$0.0m
EBITDA

30%
Utilization

Refinanced
bond loan

HEADLINES Q2 2020

- Revenues of \$17.1 million, up from \$9.2 million in Q2 2019
- Utilization of 30%, down from 68% in Q 2 2019
- EBITDA \$0.0 million, up from negative \$1.7 million in Q2 2019
- Market outlook negatively impacted by COVID-19 and oil price collapse. Key priorities are to safeguard our people and financial position
- Bond loan refinanced with first drawing on \$16 million credit facility

Key figures - continuing operations

All figures in USD 1 000'S (except EPS and equity ratio)	Q2 2020 (Unaudited)	Q2 2019 (Unaudited)	YTD 2020 (Unaudited)	YTD 2019 (Unaudited)	2019 (Audited)
Revenues	17 096	9 202	42 436	21 513	45 136
EBITDA	8	(1 745)	1 866	975	(5 669)
EBIT	(4 242)	(7 242)	(4 976)	(7 104)	(22 379)
Profit/(loss)	(5 814)	(6 561)	(6 148)	(6 965)	(23 315)
Earnings per share (diluted)	(0,22)	(0,24)	(0,23)	(0,26)	(0,87)
Utilization	30%	68%	35%	72%	62 %
Cash flow operating activities	(154)	(2 606)	960	(3 597)	(8 065)
Total assets	88 567	84 019	88 760	84 019	70 874
Net interest bearing debt	5 508	(14 092)	5 508	(14 092)	1 930
Equity ratio	46,2%	72,1%	46,2%	72,1%	66,4%

FINANCIAL REVIEW

Operational review

Vessel utilization for the quarter was 30%, down from 68% in Q2 2019.

The quarter was marked by the COVID-19 situation, with both operational challenges, especially related to crew changes and logistics, and postponed projects. During the quarter, the Voyager Explorer started a contract in Indonesia. The Nordic Explorer completed a 2D survey in Australia and transited back to Europe, where it was redelivered to the shipowner in June. The Petrel Explorer was redelivered to the Company from EMGS. During the quarter, the 3D contract in Asia was completed. This work has been fully subcontracted to a third party.

The decommissioning of the Osprey Explorer was completed in Q2 and preparations to decommission the Harrier Explorer started in Q3.

Contract awards

On 20 April 2020, the Company announced the receipt of a letter of award for a source contract in South America. The survey has been delayed due to COVID-19 and is expected to start in Q4.

On 29 June 2020 the Company announced that it has been awarded a short source contract in the North Sea with mobilization in July 2020. This work has been successfully completed.

Outlook

The general outlook for the seismic market has been negatively affected by the COVID-19 situation and the fall in oil prices. For the tenders the Company has been involved in, the main effect of the COVID-19 situation seems to be that projects have been postponed rather than cancelled, especially due to travel and quarantine restrictions. A stable improvement in the COVID-19 situation, even only regionally, could therefore result in projects being put back on track.

Despite the negative impact of COVID-19 and low oil prices, tendering activity in the 2D and OBN source segments remained stable through the quarter. The Company has also seen contract awards in the quarter. However, OBN source rates are likely to be affected by lower activity and increased vessel availability. 2D rates are expected to remain more resilient due to less competition in this segment, although demand (particularly related to multiclient) may decrease. A significant portion of 2D demand is driven by government energy policy in Asian and African regions, and

therefore less sensitive to oil price fluctuations.

The Company continues to show resilience during adverse market conditions, bolstered by an intense focus on costs and cash, a strong balance sheet, a strong position in its niche markets and a flexible and competitive fleet. In the medium term, the Company is positive to the market outlook, as the oil market should balance and oil companies will require seismic data, both for enhanced recovery rates and exploration of new fields.

Financials

Revenues for the quarter amounted to \$17.1 million, up from \$ 9.2 million in Q2 2019. EBITDA in Q2 was \$0.0 million compared with negative \$ 1.9 million a year ago. A significant part of both revenues and operating expenses in Q2 2020 relates to a 3D survey in Asia that has been subcontracted to a third party.

Cash and cash equivalents at the end of the quarter were \$3.3 million (\$18.9 million in Q2 2019).

In June 2020 the Company refinanced the SBX04 bond loan with a credit facility. The facility also includes an undrawn tranche to be applied for the outfitting of Geo Barents and Fulmar Explorer for seismic operations.

At the end of the quarter the company's equity was \$40 993 million with an equity ratio of 46%.

In June 2020 the Company completed a 20:1 reverse split of its outstanding shares. Following the consolidation the total number of outstanding shares was reduced to 26 946 570.

The Board of Directors and Chief Executive Officer

SeaBird Exploration Plc,

14 August 2020

Ståle Rodahl
Executive Chairman

Øivind Dahl-Stamnes
Director

Rolf Inge Jacobsen
Director

Nicholas Knag Nunn
Director

Hans Christian Anderson
Director

Gunnar Jansen
Chief Executive Officer (Acting)

Consolidated interim statement of income					
All figures in USD 000's (except EPS)	Q2 2020 (Unaudited)	Q2 2019 (Unaudited)	YTD 2020 (Unaudited)	YTD 2019 (Unaudited)	2019 (Audited)
Revenues	17 096	9 202	42 436	12 311	45 136
Cost of sales	(15 714)	(9 384)	(37 618)	(8 437)	(43 053)
Selling, general and administrative expenses	(1 407)	(1 760)	(3 075)	(1 983)	(7 357)
Net bad debt charges	-	-	-	669	277
Operational restructuring loss	-	-	0	-	(672)
Other income (expenses), net	33	197	122	160	31
EBITDA*	8	(1 745)	1 866	2 720	(5 638)
Gains (losses) on sale of property, plant and equipment	334	-	290	-	-
Depreciation	(2 191)	(2 511)	(4 522)	(2 451)	(10 636)
Amortization	(190)	(673)	(408)	(131)	(672)
Impairment	(2 202)	(2 313)	(2 202)	-	(5 461)
Operating profit (loss) / EBIT	(4 242)	(7 242)	(4 976)	138	(22 379)
Finance expense	402	56	108	(308)	(921)
Other financial items, net	(869)	698	1	(78)	736
Financial restructuring gain	-	-	-	-	-
Profit/(loss) before income tax	(4 709)	(6 489)	(4 868)	(248)	(22 564)
Income tax	(1 105)	(73)	(1 280)	(156)	(751)
Profit/(loss) continuing operations	(5 814)	(6 561)	(6 148)	(405)	(23 315)
Net profit/(loss) discontinued operations (note 1)	-	-	-	-	-
Profit/(loss) for the period	(5 814)	(6 561)	(6 148)	(405)	(23 315)
Profit/(loss) attributable to Shareholders of the parent	(5 814)	(6 561)	(6 148)	(405)	(23 315)
Earnings per share					
Basic	(0,18)	(0,24)	(0,20)	(0,02)	(0,87)
Diluted	(0,18)	(0,24)	(0,20)	(0,02)	(0,87)

*Operating profit before depreciation, impairment and gains (losses) on property, plant and equipment

Consolidated interim statement of comprehensive income					
All figures in USD 000's	Q2 2020 (Unaudited)	Q2 2019 (Unaudited)	YTD 2020 (Unaudited)	YTD 2019 (Unaudited)	2019 (Audited)
Profit/(loss)	(5 814)	(6 561)	(6 148)	(405)	(23 315)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	(5 814)	(6 561)	(6 148)	(405)	(23 315)
Total comprehensive income attributable to Shareholders of the parent	(5 814)	(6 561)	(6 148)	(405)	(23 315)
Total	(5 814)	(6 561)	(6 148)	(405)	(23 315)

Consolidated interim statement of financial position

All figures in USD 000's	30 June 2020 (Unaudited)	30 June 2019 (Unaudited)	31 December 2019 (Audited)
ASSETS			
Non current assets			
Tangible assets			
Property, plant and equipment	47 508	47 339	53 948
MultiClient Investment	372	1 085	436
Long term investments	581	615	186
	48 462	49 039	54 570
Current assets			
Inventories	1 416	2 057	1 926
Trade receivables	29 556	5 468	3 620
Other current assets	3 618	7 563	5 044
Contract assets	-	562	1 836
Assets classified as held for sale	2 138	189	-
Restricted cash	92	206	233
Cash and cash equivalents	3 285	18 936	3 645
	40 298	34 980	16 304
Total assets	88 760	84 019	70 874
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Paid in Capital	322 875	319 742	322 875
Currency Translation reserve	(407)	(407)	(407)
Share options granted	150	364	87
Retained earnings	(281 625)	(259 128)	(275 477)
	40 993	60 572	47 078
EQ ratio	46 %	72 %	66 %
LIABILITIES			
Non current liabilities			
Borrowings	6 217	-	-
Long term tax liabilities	251	1 083	263
Other long term liabilities	542	400	160
	7 011	1 483	423
Current liabilities			
Trade payables	27 510	3 429	5 349
Contract liabilities	49	544	-
Other payables	8 482	10 293	9 234
Provisions	525	1 317	1 643
Loans and borrowings	1 282	4 844	5 152
Current tax liabilities	2 908	1 537	1 995
	40 756	21 964	23 373
Total liabilities	47 767	23 447	23 796
Total equity and liabilities	88 760	84 019	70 873

Consolidated interim statement of cash flow

All figures in USD 000's	Q2 2020 (Unaudited)	Q2 2019 (Unaudited)	YTD 2020 (Unaudited)	YTD 2019 (Unaudited)	2019 (Audited)
Cash flows from operating activities					
Profit / (loss) before income tax	(4 709)	(6 489)	(4 868)	(6 736)	(22 564)
Adjustments for:					
Depreciation, amortization and impairment	4 583	5 628	7 132	8 079	16 741
Other items	410	(75)	40	(720)	148
Movement in provision	(419)	1 317	(1 118)	1 317	1 643
Unrealized exchange (gain) /loss	116	(69)	(772)	(63)	(92)
Interest expense on financial liabilities	(521)	160	(362)	312	650
Paid income tax	-	(110)	(308)	(78)	(283)
(Increase)/decrease in inventories	610	(821)	510	(880)	(749)
(Increase)/decrease in contact assets	12 956	2 715	1 836	1 265	(9)
(Increase)/decrease in trade and other receivables	(22 949)	(5 290)	(24 429)	(6 985)	(3 842)
Increase/(decrease) in long term liabilities	5 974	(4 408)	6 600	(5 200)	(5 440)
Increase/(decrease) in trade and other payables	3 794	4 947	16 650	6 200	6 383
Increase/(decrease) in contract liability	0	(111)	49	(108)	(651)
Net cash from operating activities	(154)	(2 606)	960	(3 597)	(8 065)
Cash flows from investing activities					
Capital expenditures	(2 181)	(9 282)	(2 422)	(9 739)	(20 763)
Long term investment	-	-	-	5	633
Multi-client investment	(158)	(29)	(211)	(80)	(80)
Net cash used in investing activities	(2 339)	(9 311)	(2 633)	(9 815)	(20 210)
Cash flows from financing activities					
Proceeds from issuance of ordinary shares	-	28 542	-	28 542	28 542
Transaction costs on issuance of ordinary shares	-	(1 968)	-	(1 968)	(2 031)
Transaction costs refinancing loan facility	(160)	-	(160)	-	-
Receipts from borrowings	7 500	-	7 500	-	-
Repayment of borrowings	(5 190)	-	(5 190)	-	-
Movements in borrowings	(21)	-	(21)	-	-
Repayment of principal portion of lease liability	(224)	-	(597)	-	(290)
Repayment of interest portion of lease liability	(28)	-	(39)	-	(76)
Interest paid	(180)	-	(180)	-	-
Net cash from financing activities	1 697	26 574	1 313	26 574	26 145
Net (decrease)/increase in cash and cash equivalents	(797)	14 657	(360)	13 162	(2 130)
Cash and cash equivalents at beginning of the period	4 081	4 279	3 645	5 774	5 774
Cash and cash equivalents at end of the period	3 285	18 936	3 285	18 936	3 645

Consolidated interim statement of changes in equity

All figures in USD 1 000's	YTD 2020 (Unaudited)	YTD 2019 (Unaudited)	2019 (Audited)
Opening balance	47 078	37 511	37 511
Profit/(loss) for the period	(6 148)	(6 561)	(23 315)
Adjustment to retained earnings for share option plan	-	-	-
Increase/(decrease) in share capital	-	29 775	32 908
Share options granted	63	253	(24)
Net movements in currency translation reserve and other changes	0	(404)	-
Ending balance	40 993	60 572	47 078

Selected notes and disclosures

SeaBird Exploration Plc is a limited liability company. The Company's address is Spyrou Kyprianou 15, Matrix Tower II, 3rd floor, 4001, Limassol, Cyprus. The Company also has an office in Bergen, Norway. The company is listed on the Oslo Stock Exchange under the ticker symbol "SBX".

Basis of presentation

The condensed interim consolidated financial statements have been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" (IAS 34) and the act and regulations for the Oslo Stock Exchange.

The condensed interim consolidated financial statements do not include all information required for full annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2019.

The consolidated financial statements for the year ended 31 December 2019 and quarterly reports are available at www.sbexp.com. The financial statements as of Q1 2020, as approved by the board of directors 14 May 2020, are unaudited.

Significant accounting principles

The accounting policies used for preparation of the condensed interim consolidated financial statements are consistent with those used in the consolidated financial statements for 2019 unless otherwise stated.

Risk factors

The information in this report may constitute forward-looking statements. These statements are based on various assumptions made by the Company, many of which are beyond its control and all of which are subject to risks and uncertainties. Risk factors include but are not limited to the demand for seismic services, the high level of competition in the source and 2D/3D markets, changes in governmental regulations, adverse weather conditions, and currency and commodity price fluctuations. For further description of relevant risk factors, we refer to the annual report 2019. As a result of these and other risk factors, actual events and actual results may differ materially from those indicated in or implied by such forward looking statements.

Segment information

All seismic operations are conducted and monitored within the company as one business segment.

Revenue recognition

The company has adopted IFRS 15 "Revenue from Contracts with Customers" from 1 January, 2018. The company continues to recognize contract revenues and costs in line with project duration starting from first shot point in the seismic survey and ending at demobilization.

Revenues			
USD millions	Q2 2020	Q2 2019	2019
Contract	17	8	43
Multi-client	-	-	2
Total revenues	25	12	45

Contract revenue by region			
USD millions	Q2 2020	Q2 2019	2019
EAME	2	1	13
NSA	0	6	22
APAC	15	1	9
TOTAL	17	8	43

Seabird have defined Europe, Africa and Middle-East (EAME), North and South America (NSA) and Asia Pacific (APAC) as geographic areas for reporting purposes.

Terms of payment in contracts with customers are from 30-60 days depending on contract.

Leased vessels

The company has adopted IFRS 16 "Leases" from 1 January, 2019. IFRS 16 sets out a model for identification of lease arrangements and their treatment in the financial statements, and long-term lease contracts usually need to be brought on balance sheet. The company recognized the lease for the Voyager Explorer as a lease asset and lease liability in Balance Sheet. The company booked a lease amortization cost of \$0.2 million and interest cost of \$0.0 million in the first two quarters 2020 relating to the company's minimum lease liability for the Voyager Explorer charter party.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. 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 company and the cost of the item can be measured reliably. Costs of all repairs and maintenance are expensed as incurred. Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

	15 years from date of conversion or 25 years from initial build
Seismic vessels	15 years from date of conversion or 25 years from initial build
Maritime equipment	10 to 15 years
Seismic equipment	4 to 8 years
Office equipment	4 years

Multi-client library

The multi-client library consists of seismic data surveys to be licensed to customers on a non-exclusive basis. Costs directly incurred in acquiring, processing and otherwise completing multi-client seismic surveys, including depreciation and mobilization costs, are capitalized to the multi-client library. Generally, each multi-client survey is amortized in a manner that reflects the pattern of consumption of its economic benefits. Upon completion of data processing and delivery to the prefunding customers and those contracted during the work in progress phase, amortization is recognized based on total costs versus forecasted total revenues of the project. Thereafter, a straight-line amortization is applied over the project's remaining useful life, which for most projects is estimated to be four years. The straight-line amortization is distributed evenly through the financial years, independently of sales during the quarters. Whenever there is an indication that a survey may be impaired, an impairment test is performed. A systematic impairment test of all surveys is performed at least annually at the end of the financial year.

Multi-client sales in Q2 2020 were \$ nil (\$ 0.0 million). Multi-client amortization in Q2 2020 was \$0.0 million (\$ nil). Net multi-client investment was \$nil in Q2 2020.

SeaBird's multi-client library consists of two surveys in the EMEA region and two multi-

client surveys in South East Asia. The multi-client library has a book value of \$0.4 million as per 30 June 2020, which relates to the two 2018 surveys in the EMEA region.

Multi-client library millions	USD
Opening balance 31 December 2019	0.44
Capitalized cost	-
Capitalized depreciation	-
Partner contribution	-
Impairment	-
Amortization	(0.06)
Net book value 30 June 2020	0.38

Net interest-bearing debt

On 26 June 2020 the company refinanced the SBX04 bond loan with a \$ 16 million bank facility from Sparebank 1 SMN. The facility also includes an undrawn tranche to be applied for the outfitting of the "Geo Barents" and "Fulmar Explorer" for seismic operations. The outstanding amount as per 30 June 2020 is \$ 7.5 million. The loan has final maturity in June 2020.

The Glander facility has been renegotiated and extended by 6 months until 31 December 2020. The facility is recognized at amortized cost of \$0.5 million. Coupon interest rate is 6.0%.

Net interest-bearing debt			
USD millions	30.06.20	30.06.19	31.12.19
Non-current interest-bearing debt			
Bond loan	-	-	-
Debt to credit institutions	6,2	-	-
Long term tax liabilities	0,5	1,1	0,3
Lease liabilities	0,3	0,4	0,2
Total non-current interest-bearing debt	7,0	1,5	0,4
Current interest-bearing debt			
Bond loan	-	4,8	5,2
Debt to credit institutions	1,3	-	-
Other current interest-bearing debt	0,5	0,5	0,5
Total non-current interest-bearing debt	1,8	5,3	5,7
Total non-current and current interest-bearing debt	8,8	6,8	6,1
Net interest-bearing debt			
Cash and cash equivalent	3,3	18,9	3,6
Total net interest-bearing debt	5,5	(12,1)	2,4

Share capital and share options

The total number of ordinary shares at 30 June 2020 was 26,946,570 with a nominal value of \$0.2 per share.

The Company has two employee share option plans: Plan A share option plan is for a maximum of 1.4 million share options to be allocated to current and future employees. The share option plan has a duration of three years from grant date (12 October 2018). The options have exercise prices of NOK 48 for the tranche vesting one year after grant date, NOK 53 for the tranche vesting two years after the grant date and NOK 58 for the tranche vesting three years after the grant date. All options may be exercised at any time within one year from the corresponding vesting dates.

Under Plan B, 1.6 million share options were allocated to key employees. The share option plan has a duration of three years from grant date (26 November 2019). The options have exercise prices of NOK 12.00 for the tranche vesting one year after grant date, NOK 13.20 for the tranche vesting two years after the grant date and NOK 14.40 for the tranche vesting three years after the grant date. All options may be exercised at any time within one year from the corresponding vesting dates.

Share options			
In millions	Plan A	Plan B	Total
granted	1.2	1.6	2.9
forfeited	(1.0)	-	(1.0)
30 June	0.2	1.6	1.8
vested	0.2	-	0.2
non-vested	0.1	1.6	1.7
Total options	0.2	1.6	1.8

Related party transactions

The Company hired Storfjell AS for various consultancy services. Storfjell AS is controlled by Ståle Rodahl who is the chairman of the Company's board of directors. Cost incurred in the quarter amounts to approximately \$10,000.

Going concern

The company's consolidated accounts have been prepared based on a going concern assumption.

Alternative performance measurements

Seabird presents the alternative performance measurements (APM) that are regularly reviewed by management and aim to enhance the understanding of the Company's performance. APMs are calculated consistently over time and are based on financial data presented in accordance with IFRS and other operational data as described below.

Alternative performance measurements		
Measure	Description	Reason
EBITDA - Operating profit before depreciation	EBITDA is defined as operating profit before depreciation and impairment	This is a measure for evaluation of operating profitability on a more variable cost basis as it excludes depreciation

	of fixed assets and represents earnings before interest, tax and depreciation, and is a key financial parameter for Seabird.	and impairment. EBITDA shows operating profitability regardless of capital structure and tax situations.
EBIT- Operating profit	EBIT represents earnings before interest and tax.	EBIT shows operating profitability regardless of capital structure and tax situations.
Equity ratio	Equity divided by assets at the reporting date.	Measure capital contributed by shareholders to fund the Company's assets.
Earnings per share	Earnings divided by average number of shares outstanding.	Measures the Company's earnings on a per-share basis.
Net interest bearing debt	Net interest-bearing debt consists of both current and non-current interest-bearing liabilities less interest bearing financial assets, cash and cash equivalents.	Net interest-bearing debt is a measure of the Company's net indebtedness that provides an indicator of the overall statement. It measures the Company's ability to pay all interest-bearing liabilities within available interest bearing financial assets, cash and cash equivalents, if all debt matured on the day of the calculation. It is therefore a measurement of the risk related to the Company's capital structure.

Other definitions	
Measure	Description
Vessel utilization	Utilisation is a measure of the Company's ability to keep vessels in operation and on contract with clients, expressed as a percentage and are based on actual days.

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