

Q1

First
Quarter 2020



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\$ 25.3m
revenues

\$1.8m
EBITDA

44%
Utilization

Signed loan
agreement

Improved
productivity

HEADLINES Q1 2020

- Revenues of \$25.3 million, up from \$12.3 million in Q1 2019
- Utilization of 44%, down from 76% in Q1 2019
- EBITDA of \$1.8 million, down from \$2.7 million in Q1 2019
- Market outlook negatively impacted by COVID-19 and oil price collapse. Key priorities are to safeguard our people and financial position
- Further cost cutting has been implemented and contingency plans for hibernation mode are in place. Capex plans have been pushed out
- Signed loan agreement for \$16 million credit facility

Key figures

All figures in USD 1 000'S (except Utilization, EPS and equity ratio)	Q1 2020 (Unaudited)	Q1 2019 (Unaudited)	2019 (Audited)
Revenues	25 341	12 311	45 136
EBITDA	1 814	2 720	(5 638)
EBIT	(734)	138	(22 379)
Profit/(loss)	(334)	(404)	(23 315)
Earnings per share (diluted)	(0,00)	(0,01)	(0,07)
Utilization	44 %	76 %	64 %
Cash flow operating activities	1 115	(991)	(8 065)
Total assets	82 576	59 313	70 876
Net interest bearing debt	1 230	420	1 507
Equity ratio	57 %	63 %	66 %

FINANCIAL REVIEW

Operational review

The company had four vessels on projects during the quarter and a vessel utilization of 44%. This compares with four vessels on projects and 76% utilization in Q1 2019.

During the quarter, the Voyager Explorer completed an OBN source project in Malaysia and the Nordic Explorer started a 2D survey in Australia. The Eagle Explorer mobilized for an OBN source project in West Africa that was cancelled due to COVID-19. The vessel Petrel Explorer continued the time charter with EMGS, although the charterers have given notice of redelivery. The Company continues to experience improved technical performance on projects, a trend that has been persistent from November last year. At the time of this report, the Nordic Explorer has successfully completed the 2D project in Australia, which demonstrates that the technical issues related to streamer equipment has been resolved. During the quarter, the Company has also operated a 3D contract in Asia. This work has been fully subcontracted to a third party.

The decommissioning of the Aquila Explorer was completed in Q1 and preparations to decommission the Osprey Explorer started. The Company has entered into a flexible time charter for the Geo Barents (built 2007) that will replace the Osprey Explorer. The Geo Barents is a modern and versatile vessel that can be employed in all the Company's three sub-segments (source, 2D and niche 3D). In view of the current market conditions, the rigging of the Fulmar Explorer has been postponed until the outlook improves.

As informed on April 14th, the Company has prepared contingency plans for further reduction in SG&A and to put the vessels idle at very low cost to cope with the current adverse market conditions. If the contingency plan is fully implemented, the Company should be able to operate at about USD 400,000 per month, while maintaining organizational capability for a minimum of two vessels at any time.

Contract awards

On 09 January 2020, the Company announced the receipt of a letter of award for a 3D survey in Asia. The survey started in Q1 and has been subcontracted to a third party.

On 20 February 2020, the Company announced the receipt of a letter of award for an OBN source contract in Asia. The survey is now expected to start in late May 2020.

Outlook

The general outlook for the seismic market is negatively affected by the COVID-19 situation and the low oil prices. The COVID-19 related travel and quarantine restrictions world-wide have had a negative impact on the demand for the Company's services, as oil companies and clients have delayed seismic projects for logistical reasons. The negative oil demand shock caused by COVID-19 in combination with increased supply of oil following the March breakdown of OPEC+ has also reduced demand for seismic data, at least in the short-run. The demand-side impact of COVID-19 in the long-run is difficult to estimate, but an immediate recovery once the pandemic has receded and the restrictions are lifted should not be expected.

Despite the negative impact of COVID-19 and low oil prices, tendering activity in the 2D and OBN source segments remained stable. The Company has also seen contract awards in the quarter. However, OBN source rates could be affected by lower activity and increased vessel availability. 2D rates should remain resilient due to less competition in this segment, although demand (particularly related to multiclient) may decrease. So far, the Company has shown resilience during the adverse market conditions, bolstered by an intense focus on costs, a strong balance sheet, a strong position in its niche markets and a flexible and competitive fleet. In the long-run, 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 \$25.3 million, compared with \$12.3 million in Q1 2019. EBITDA in Q1 was \$1.8 million down from \$ 2.7 million a year ago. A

significant part of both revenues and operating expenses in Q1 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 \$4.5 million (\$5.4 million in Q1 2019).

In May 2020 the company signed a loan agreement with Sparebank 1 SMN for a \$16 million credit facility. The proceeds from the loan will be applied to repay the SBX04 bond loan with maturity 30 June 2020 and to outfit the Geo Barents and Fulmar Explorer for seismic operations.

At the end of the quarter the company's equity was \$46 807 million with an equity ratio of 57%.

Subsequent events

On 20 April 2020, the Company announced the receipt of a letter of award for towed streamer source work in South America. The survey is expected to start in Q3 2020.

On 22 April 2020, the Company announced that it intends to carry out a 20:1 reverse split of shares with a record date 4 June 2020.

The Board of Directors and Chief Executive Officer

SeaBird Exploration Plc,

15 May 2020

Ståle Rodahl
Executive Chairman

Øivind Dahl-Stamnes
Director

Rolf Inge Jacobsen
Director

Nicholas Knag Nunn
Director

Gunnar Jansen
Chief Executive Officer (Acting)

Consolidated interim statement of income

All figures in USD 000's (except EPS)	Q1 2020 (Unaudited)	Q1 2019 (Unaudited)	2019 (Audited)
Revenues	25 341	12 311	45 136
Cost of sales	(21 904)	(8 437)	(43 053)
Selling, general and administrative expenses	(1 668)	(1 983)	(7 357)
Net bad debt charges	-	669	277
Other income (expenses), net	45	160	31
Operational restructuring loss	-	-	(672)
Depreciation	(2 332)	(2 451)	(10 636)
Amortization	(217)	(131)	(672)
Impairment	-	-	(5 461)
Total operating expenses	(26 075)	(12 172)	(67 543)
Operating profit (loss) / EBIT	(734)	138	(22 379)
Finance expense	(294)	(308)	(921)
Other financial items, net	870	(77)	736
Profit/(loss) before income tax	(158)	(248)	(22 564)
Income tax	(175)	(156)	(751)
Profit/(loss) for the period	(334)	(404)	(23 315)
Profit/(loss) attributable to Shareholders of the parent	(334)	(404)	(23 315)
Earnings per share			
Basic	(0,00)	(0,01)	(0,05)
Diluted	(0,00)	(0,01)	(0,05)

Consolidated interim statement of comprehensive income

All figures in USD 000's	Q1 2020 (Unaudited)	Q1 2019 (Unaudited)	2019 (Audited)
Profit/(loss)	(334)	(404)	(23 315)
Total other comprehensive income, net of tax	-	-	-
Total comprehensive income	(334)	(404)	(23 315)
Total comprehensive income attributable to Shareholders of the parent	(425)	(404)	(23 315)
Total	(425)	(404)	(23 315)

Consolidated interim statement of financial position

All figures in USD 000's	31 March 2020 (Unaudited)	31 March 2019 (Unaudited)	31 December 2019 (Audited)
ASSETS			
Non current assets			
Tangible assets			
Property, plant and equipment	51 858	39 869	53 948
MultiClient Investment	404	1 598	436
Long term investments	740	593	186
	53 002	42 060	54 570
Current assets			
Inventories	2 026	1 236	1 926
Trade receivables	5 935	4 867	3 620
Other current assets	4 141	3 406	5 044
Contract assets	12 956	3 277	1 836
Restricted cash	435	188	233
Cash and cash equivalents	4 081	4 279	3 645
	29 574	17 253	16 304
Total assets	82 576	59 313	70 874
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Paid in Capital	322 875	289 967	322 875
Currency Translation reserve	(407)	(407)	(407)
Share options granted	150	238	87
Retained earnings	(275 811)	(252 693)	(275 477)
	46 807	37 105	47 078
EQ ratio	57 %	63 %	66 %
LIABILITIES			
Non current liabilities			
Borrowings	-	4 699	-
Long term trade payables	-	405	-
Long term tax liabilities	251	1 207	263
Other long term liabilities	786	520	160
	1 037	6 831	423
Current liabilities			
Trade payables	4 679	4 936	5 349
Contract liabilities	49	654	-
Other payables	21 966	8 307	9 234
Provisions	944	-	1 643
Loans and borrowings	5 312	-	5 152
Current tax liabilities	1 783	1 479	1 995
	34 733	15 376	23 373
Total liabilities	35 769	22 208	23 796
Total equity and liabilities	82 576	59 313	70 873

Consolidated interim statement of cash flow

All figures in USD 000's	Q1 2020 (Unaudited)	Q1 2019 (Unaudited)	2019 (Audited)
Cash flows from operating activities			
Profit / (loss) before income tax	(158)	(248)	(22 564)
Adjustments for:			
Depreciation, amortization and impairment	2 549	2 451	16 741
Other items	(371)	(645)	148
Movement in provision	(699)	(0)	1 643
Unrealized exchange (gain) /loss	(888)	6	(92)
Interest expense on financial liabilities	159	153	650
Paid income tax	(308)	32	(283)
(Increase)/decrease in inventories	(100)	(59)	(749)
(Increase)/decrease in contract assets	(11 120)	(1 450)	(9)
(Increase)/decrease in trade and other receivables	(1 480)	(1 695)	(3 842)
Increase/(decrease) in long term liabilities	626	(792)	(5 440)
Increase/(decrease) in trade and other payables	12 855	1 253	6 383
Increase/(decrease) in contract liability	49	3	(651)
Net cash from operating activities	1 115	(991)	(8 065)
Cash flows from investing activities			
Capital expenditures	(241)	(457)	(20 763)
Long term investment	-	5	633
Multi-client investment	(53)	(51)	(80)
Net cash used in investing activities	(294)	(504)	(20 210)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	-	-	28 542
Transaction costs on issuance of ordinary shares	-	-	(2 031)
Repayment of principal portion of lease liability	(373)	-	(290)
Repayment of interest portion of lease liability	(11)	-	(76)
Net cash from financing activities	(384)	0	26 145
Net (decrease)/increase in cash and cash equivalents	437	(1 495)	(2 130)
Cash and cash equivalents at beginning of the period	3 645	5 774	5 774
Cash and cash equivalents at end of the period	4 081	4 279	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	(334)	(404)	(23 315)
Adjustment to retained earnings for share option plan	-	(127)	-
Increase/(decrease) in share capital	-	-	32 908
Share options granted	63	127	(24)
Net movements in currency translation reserve and other changes	-	-	-
Ending balance	46 807	37 105	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 offices in Bergen (Norway) and Singapore. 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 our 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 vessels and 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	Q1 2020	Q1 2019	2019
Contract	25	12	43
Multi-client	-	-	2
Total revenues	25	12	45

Contract revenue by region			
USD millions	Q1 2020	Q1 2019	2019
EAME	2	0	13
NSA	0	10	22
APAC	23	2	9
TOTAL	25	12	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.

Under IFRS 15, multi-client pre-funding arrangements would be classified as "right to use" licenses and the revenue is to be recognized at the point in time when the "right to use" license is transferred to the customer. This "point in time" is typically upon completion of processing of the survey and granting of access to the finished data or delivery of the finished data, which typically occurs 9-12 months after completion of the physical data collection.

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 from 1 January 2019. The company booked a lease amortization cost of \$0.1 million and interest cost of \$0.0 million in the first quarter 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:

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 Q1 2020 were \$ nil (\$ 0.0 million). Multi-client amortization in Q1 2020 was \$0.0 million (\$ nil). Net multi-client investment was \$nil in Q1 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 31 March 2020, which relates to the two 2018 surveys in the EMEA region.

Multi-client library millions	USD
Opening balance 31 December 2019	0.4
Capitalized cost	-
Capitalized depreciation	-
Partner contribution	-
Impairment	-
Amortization	(0.0)
Net book value 31 March 2020	0.4

Debt securities and maturities

The company has one bond loan (SBX04; SeaBird Exploration Finance Limited First Lien Callable Bond Issue 2015/2020). The total book value of outstanding debt as per 31 March 2020 is \$5.3 million. Please see table below for additional details.

The SBX04 bond loan matures on 30 June 2020 and will not have any principal payments before 30 June 2020. All accrued interest may be paid-in-kind and deferred until 30 June 2020.

The Company has signed a loan agreement for a \$16 million three-year secured loan and guarantee facility. The proceeds from the loan will be applied to repay the SBX04 bond loan expiring in 30 June 2020 and to outfit the "Geo Barents" and "Fulmar Explorer" for seismic operations.

Glander facility, previously classified as (long-term trade payables), has been reclassified as (trade payables). The facility is recognized at amortized cost of \$0.4 million. Coupon interest rate is 6.0%. Interest may be paid in kind and is due 30 June 2020. The facility's maturity date is 30 June 2020. Interest paid during Q1 2020 was \$ nil.

Debt securities	USD million
Current loans and borrowings	
<i>Secured debt</i>	
SBX04 bond loan, face value	4.6
Payment in kind (PIK) interest	0.8
Fair value adjustment *	(0.7)
Accrued interest and accumulated amortized interest	0.7
Current loans and borrowings 31 March	5.3

Aggregate maturities of loans and borrowings	USD millions
Overview of repayment	
2019	-
2020	5.5
Total debt principal due 30 Jun 2020	5.5

Share capital and share options

The total number of ordinary shares at 31 March 2020 was 538,931,387 with a nominal value of \$0.01 per share.

The Company has two employee share option plans: Plan A share option plan is for a maximum of 28.4 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 2.40 for the tranche vesting one year after grant date, NOK 2.65 for the tranche vesting two years after the grant date and NOK 2.90 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, 32.1 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 0.60 for the tranche vesting one year after grant date, NOK 0.66 for the tranche vesting two years after the grant date and NOK 0.72 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	24.9	32.1	57.0
forfeited	(19.5)	-	(19.5)
31 March	5.4	32.1	37.5
vested	3.1	-	3.1
non-vested	2.3	32.1	34.4
Total options	5.4	32.1	37.5

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 of fixed assets and represents earnings before interest, tax and depreciation, and is a key financial parameter for Seabird.	This is a measure for evaluation of operating profitability on a more variable cost basis as it excludes depreciation 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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