

Q4

Fourth  
Quarter

2019



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\$ 7.6m  
revenues

negative \$3.8m  
adjusted EBITDA

42%  
Utilization

\$ 16m  
Loan and  
guarantee  
facility

Decommissioning  
Osprey Explorer

## HEADLINES Q4 2019

- Revenues of \$7.6 million, up 12% from Q4 2018
- Utilization of 42%, down from 58% in Q4 2018
- Restructuring charge of \$1.2 million and a decommissioning and impairment charge of \$3.0 million
- Adjusted EBITDA of negative \$3.8 million, down from negative \$1.2 million in Q4 2018
- Market outlook sees modest improvement for 2020; 2D activity improving and OBN market remains healthy
- Delivery on the new strategy communicated on 7 November 2019:
  - cost cutting according to plan
  - relocation
  - reorganization while improving technical downtime
  - fleet renewal without major capex while adding flexibility to costs and a lighter balance sheet
- Subsequent to quarter end, SeaBird agrees to a \$16 million long-term credit facility

### Key figures - continuing operations

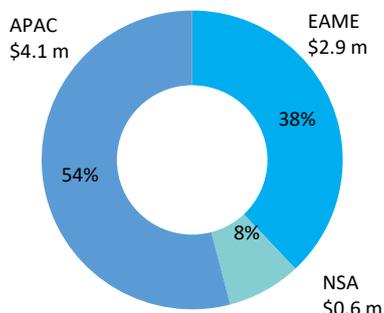
All figures in USD 1 000'S (except EPS and equity ratio)	Quarter ended 31 December		Year to Date 31 December	
	2019 (Unaudited)	2018 (Unaudited)	2019 (Unaudited)	2018 (Audited)
Revenues	7,636	6,801	45,136	19,880
EBITDA	(5,512)	(1,162)	(6,166)	(5,185)
Adjusted EBITDA	(3,762)	(1,162)	252	(6,306)
Operating profit (loss) / EBIT	(10,979)	(3,616)	(22,907)	(12,490)
Net interest bearing debt	1,507	(1,215)	1,507	(1,215)
Equity ratio	66%	64%	66%	64%
Capital expenditures	(1,535)	(19,760)	(27,159)*	(21,260)
Utilization	42%	58%	62%	47%
Number of vessels	7	5	7	5

Note: all figures are from continuing operations. See note 1 for discontinued operations. Number of vessels reflect end of period count.

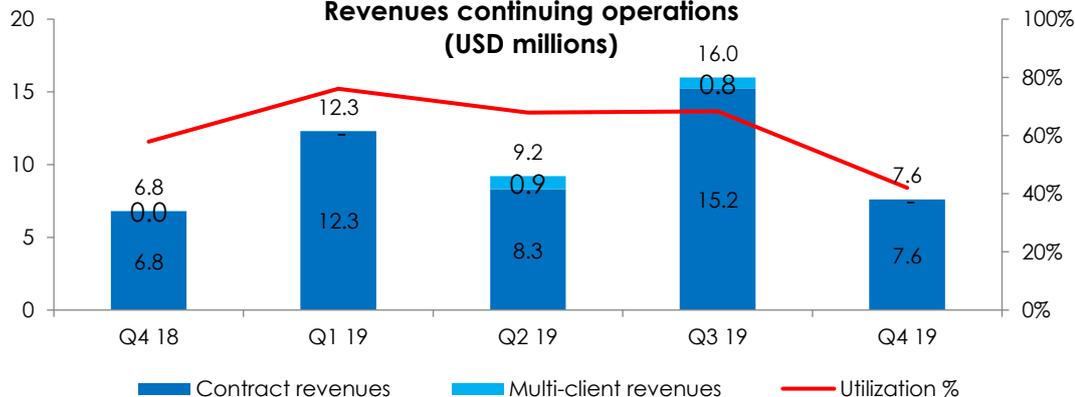
\*CAPEX includes YTD non-cash investment of \$6.4 million for Petrel and Fulmar equity issue raised from sellers of the vessel.

# HEADLINES Q4 2019

**Q4 Revenues by region  
USD millions**



**Revenues continuing operations  
(USD millions)**



## Operational review

SeaBird recorded revenues of \$7.6 million in Q4, a 12% increase compared to \$6.8 million in Q4 2018.

The company had 42% vessel utilization in Q4 2019 with six vessels employed on different projects. This compares with three vessels on projects and 58% utilization in Q4 2018.

The profitability in the quarter was negatively affected by restructuring charges of \$1.2 million related to the company's SG&A expense reduction plan as well as the relocation of the corporate headquarter to Bergen, Norway. Profitability is also negatively affected by a decommissioning and impairment cost of \$3.0 million related to Osprey Explorer. Furthermore, a slump in tendering activity during 2019 led to low utilization during Q4, negatively affecting profitability.

During the quarter, Eagle Explorer, Nordic Explorer and Harrier Explorer completed 2D surveys in Northern Europe, West Africa and South America, respectively. Towards the end of the quarter, the Nordic Explorer started to mobilize for another 2D survey in Australia, expected to be completed in the first half of Q2 2020. Osprey Explorer completed an OBN source contract in Northern Europe in October, whereas the Petrel Explorer continued the contract with EMGS. In November, the Voyager Explorer commenced an OBN source contract in Asia. The Company has experienced improved performance and low technical downtime on current projects commencing in Q4.

The rigging of the Fulmar Explorer for seismic operation will start in late Q1 and the vessel is expected ready for the market by the end of Q2. The decommissioning of Aquila Explorer will be completed in Q1 2020. The Company has started the process to decommission the Osprey Explorer, which will be replaced by the modern and more versatile Geo Barents (built 2007). Geo Barents can be employed

in all of the Company's three sub-segments (source, 2D and niche 3D).

Multi-client revenues in the quarter were nil.

## Contract awards

On 11 November 2019, the company announced the receipt of a letter of intent for the provision of source vessel services for an OBN survey in the Eastern Hemisphere. The survey is expected to start in early Q2 2020, with an approximate duration of 60 – 90 days.

## Outlook

Seismic spending the last couple of years has largely been allocated to improved oil recovery (IOR) from producing fields as well as near-field exploration. This has resulted in a commensurate increase in source vessel demand related to ocean bottom seismic surveys. The ocean bottom seismic (OBS) market is still expected to be a core market for the company. Tendering activity in this segment for the fourth quarter was moderate. We expect to see activity up in first quarter, with several OBN projects in Africa and the Americas expected to be tendered. The 2D streamer segment is expected to become relatively more important for the company as 2020 progresses. In this respect, we continue to see a modest increase in tendering and higher conversion rates for contract awards in this segment. Activity in this segment has largely been related to smaller proprietary surveys, but we also see acquisition contracts materializing with the multi-client companies for larger surveys.

Contract prices are stable compared to previous quarters and expected to increase gradually, especially if 2D activity continues to increase, with the majority of the relevant global fleet being allocated either to OBN source or 3D.

Following the fleet renewal and financing initiatives concluded in Q1 2020, the company will have an upgraded modern,

versatile and competitive fleet of 6 vessels ready to compete as of primo 2H 2020. While earnings in the first half of the year will be affected by continued moderate utilization in Q1 and the two upgrade projects, we expect activity levels to improve markedly in the second half of the year.

# FINANCIAL REVIEW

## Financial comparison

All figures below relate to continuing operations unless otherwise stated. For discontinued operations, see note 1. The company reports a net loss of \$11.8 million for Q4 2019 (net loss of \$3.7 million in the same period in 2018).

Revenues were \$7.6 million in Q4 2019 (\$6.8 million).

Cost of sales was \$9.2 million in Q4 2019 (\$5.8 million).

SG&A was \$1.5 million in Q4 2019 compared to \$1.9 million in Q4 2018. SG&A in Q4 2019 is reduced by \$0.5 million from the reversal of option expenses.

Bad debt charges were \$0.4 million in Q4 2019 (\$nil).

Other income (expense) was negative \$0.8 million in Q4 2019 (negative \$0.3 million). A provision of \$0.3 million is recognized for litigation. In addition, \$0.6 million represents a provision for the decommissioning of Osprey Explorer.

In connection with the headquarter relocation to Bergen the company booked a restructuring cost of \$1.2 million. The relocation will take place during first half of 2020.

EBITDA was negative \$5.5 million in Q4 2019 (negative \$1.2 million).

Depreciation, amortization and impairment were \$5.5 million in Q4 2019 (\$2.5 million). The increase is predominantly due to \$2.5 million impairment of the Osprey Explorer. In addition, depreciation is increased as a result of the acquisition of Petrel Explorer, Fulmar Explorer, Eagle Explorer and related seismic equipment.

Finance expense was \$0.4 million in Q4 2019 (\$0.2 million).

Other financial items were negative \$0.2 million in Q4 2019 (positive \$0.1 million).

Income tax cost was \$0.2 million in Q4 2019 (\$0.0 million).

Capital expenditures in the quarter were \$1.5 million (\$19.8 million).

## Liquidity and financing

Cash and cash equivalents at the end of the period were \$3.6 million (\$5.8 million in Q4 2018), excluding \$0.2 million restricted cash (\$0.2 million in Q4 2018).

The SBX04 secured bond loan (issued as "SeaBird Exploration Finance Limited First Lien Callable Bond Issue 2015/2018 Tranche B") is recognized in the books at

amortized cost of \$5.2 million per Q4 2019 (nominal value of \$4.6 million plus payment in kind interest of \$0.7 million plus accrued interest of \$0.0 million plus amortized interest of \$0.6 million less gain on restructuring of \$0.7 million). The SBX04 secured bond loan (Tranche B) is due 30 June 2020 and it is carrying an interest rate of 6.0%. Interest may be paid in kind and deferred until 30 June 2020. The outstanding loan balance is scheduled to be paid at the maturity date. Interest paid during Q4 2019 was \$ nil. The bond is listed on Nordic ABM, and is traded with ticker SBEF02 PRO.

The Glander facility is classified 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 Q4 2019 was \$ nil.

Net interest bearing debt was \$1.5 million as at the end of Q4 2019 (negative \$1.2 million in Q4 2018).

The total number of ordinary shares at 31 December 2019 was 538,931,387 with a nominal value of \$0.01 per share.

The company has two employee share option plans: Plan A 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 granted 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.

As of 31 December 2019, the Company had 37.5 million options outstanding under Plan A and Plan B, collectively.

The Company's accounts for the fourth quarter of 2019 have been prepared on the basis of a going concern assumption.

## Subsequent events

On 9 January 2020, the company announced a letter of award for a 3D survey in Asia. The survey commences at the end of Q1 and is expected to be completed in Q2 this year. The company will use a third party vessel and equipment for this survey as it seeks to optimize its capacity against all contract opportunities currently seen in the region. In conjunction with the LOA above, Seabird will also enter into a frame agreement with the customer, under which further work may be awarded to the Company.

On 9 January 2020, the company concluded the extraordinary General Meeting which elected a new board of directors. SeaBird's board of directors now consist of Mr Ståle Rodahl as chairman, Mr Nicholas Knag Nunn, Mr Øivind Dahl-Stamnes and Mr Rolf Inge Jacobsen. The Company's nomination committee consists of Mr Svein Øvrebø, Mr Per Øyvind Berge and Mr Hans Christian Anderson.

On 27 January 2020, the company updated the contract schedule for 2020. The Company received a letter of award for provision of source services for two OBN surveys to be carried out in West Africa, with an expected total duration of about 80 days. The first survey is expected to start in April 2020 and the second survey will follow immediately after. The vessel Eagle Explorer will be used for both surveys.

On 27 January 2020, the time charter agreement with EMGS for the Petrel Explorer originally contained two options for EMGS to extend the contract by 6 months each. The first of these two options has been converted to 6 monthly options. EMGS has declared the first option, meaning that the charter period for the Petrel Explorer is now firm until 30 April 2020.

On 18 February 2020, in reference to the update released on November 7 last year, the Company announced it received a term sheet for a \$16 million three-year secured loan and guarantee facility. The proceeds from the loan will be used to repay the SBX04 bond loan expiring in June, and to outfit the "Fulmar Explorer" for seismic operations. The outfitting project will commence in Q1 with an expected duration of 3 months. Marketing of the "Fulmar Explorer" will begin immediately.

The Company has signed a 2-year, plus 2x1 year options, "pay as you work" flexible charter agreement with Uksnøy & Co AS for the 2007-built «Geo Barents». The vessel will be equipped for source, 2D and niche 3D work with expected availability ultimo March. The company will begin marketing the vessel immediately for work commencing in April or later.

Furthermore, the Company has decided to decommission the 1985-built «Osprey Explor» and recycle the in-water seismic equipment to the "Geo Barents". A final decision on the «Harrier Explor» will be taken well before the next special survey.

Through these initiatives, the Company will have an upgraded fleet of 6 owned and chartered vessels, enabling the Company to offer its clients a modern and competitive fleet in its industry segments. Furthermore, the initiatives will allow the Company to operate with a more flexible cost base, where the modern owned vessels offer a competitiveness that allows for a significant base utilization while the chartered vessels provide flexibility as activity levels fluctuate.

Together with the previously announced restructuring and cost reduction program, this will ensure a stronger, leaner and more competitive Company for the benefit of our clients and shareholders in the years to come.

On 20 February 2020, the Company announced a new OBN source contract in Asia Pacific. The expected duration of the contract is about 5 months and start-up is expected in April 2020. The vessel Voyager Explorer will be employed on this contract and the bareboat-charter will therefore be extended.

SeaBird Exploration Plc  
27 February 2020

#### The Board of Directors and Chief Executive Officer

Ståle Rodahl  
**Executive Chairman**

Øivind Dahl-Stammes  
**Director**

Rolf Inge Jacobsen  
**Director**

Nicholas Knag Nunn  
**Director**

Gunnar Jansen  
**Chief Executive Officer (Acting)**

### Consolidated interim statement of financial position

All figures in USD 000's	As of 31 December	
	2019 (Unaudited)	2018 (Audited)
<b>ASSETS</b>		
<b>Non current assets</b>		
Tangible assets		
Property, plant and equipment	53,948	41,863
MultiClient Investment	436	1,547
Long term investments	54	577
	<b>54,439</b>	<b>43,987</b>
<b>Current assets</b>		
Inventories	1,926	1,177
Trade receivables	3,620	2,077
Other current assets	5,177	3,269
Contract assets	1,836	1,827
Restricted cash	233	235
Cash and cash equivalents	3,645	5,774
	<b>16,438</b>	<b>14,360</b>
<b>Total assets</b>	<b>70,876</b>	<b>58,346</b>
<b>EQUITY</b>		
Capital and reserves attributable to equity holders of the Company		
Paid in Capital	322,875	289,967
Currency Translation reserve	(407)	(407)
Share options granted	87	111
Retained earnings	(276,005)	(252,162)
	<b>46,550</b>	<b>37,509</b>
<b>LIABILITIES</b>		
<b>Non current liabilities</b>		
Borrowings	-	4,559
Long term trade payables	-	400
Long term tax liabilities	808	1,258
Other long term liabilities	160	640
	<b>968</b>	<b>6,858</b>
<b>Current liabilities</b>		
Trade payables	5,349	2,982
Contract liabilities	-	651
Other payables	9,237	8,877
Provisions	2,171	-
Loans and borrowings	5,152	-
Current tax liabilities	1,449	1,469
	<b>23,359</b>	<b>13,979</b>
<b>Total liabilities</b>	<b>24,327</b>	<b>20,837</b>
<b>Total equity and liabilities</b>	<b>70,876</b>	<b>58,346</b>

## Consolidated interim statement of income

All figures in USD 000's (except EPS)	Quarter ended 31 December		Year to Date 31 December	
	2019 (Unaudited)	2018 (Unaudited)	2019 (Unaudited)	2018 (Audited)
<b>Revenues</b>	<b>7,636</b>	<b>6,801</b>	<b>45,136</b>	<b>19,880</b>
Cost of sales	(9,211)	(5,765)	(43,053)	(18,899)
Selling, general and administrative expenses	(1,545)	(1,941)	(7,357)	(6,856)
Net bad debt charges	(393)	-	277	167
Other income (expenses), net	(798)	(257)	31	522
Operational restructuring loss	(1,200)	-	(1,200)	-
Depreciation	(2,640)	(2,454)	(10,105)	(7,304)
Amortization	(171)	-	(1,175)	-
Impairment	(2,656)	-	(5,461)	(1)
<b>Total operating expenses</b>	<b>(18,614)</b>	<b>(10,417)</b>	<b>(68,043)</b>	<b>(32,370)</b>
<b>Operating profit (loss) / EBIT</b>	<b>(10,979)</b>	<b>(3,616)</b>	<b>(22,907)</b>	<b>(12,490)</b>
Finance expense	(427)	(224)	(921)	(1,958)
Other financial items, net	(227)	127	736	679
Financial restructuring gain	-	-	-	-
<b>Profit/(loss) before income tax</b>	<b>(11,632)</b>	<b>(3,714)</b>	<b>(23,092)</b>	<b>(13,769)</b>
Income tax	(185)	42	(751)	858
<b>Profit/(loss) continuing operations</b>	<b>(11,817)</b>	<b>(3,673)</b>	<b>(23,843)</b>	<b>(12,911)</b>
Net profit/(loss) discontinued operations (note 1)	-	-	-	936
<b>Profit/(loss) for the period</b>	<b>(11,817)</b>	<b>(3,673)</b>	<b>(23,843)</b>	<b>(11,976)</b>
<b>Profit/(loss) attributable to Shareholders of the parent</b>	<b>(11,817)</b>	<b>(3,673)</b>	<b>(23,843)</b>	<b>(11,976)</b>
<b>Earnings per share</b>				
Basic	(0.02)	(0.01)	(0.06)	(0.05)
Diluted	(0.02)	(0.01)	(0.06)	(0.05)
<b>Earnings per share from continued operations</b>				
Basic	(0.02)	(0.01)	(0.06)	(0.05)
Diluted	(0.02)	(0.01)	(0.06)	(0.05)

**Consolidated interim statement of comprehensive income**

All figures in USD 000's	Quarter ended 31 December		Year to Date 31 December	
	2019 (Unaudited)	2018 (Unaudited)	2019 (Unaudited)	2018 (Audited)
<b>Profit/(loss)</b>	<b>(11,817)</b>	<b>(3,673)</b>	<b>(23,843)</b>	<b>(11,976)</b>
Other comprehensive income	-	-	-	-
Net movement in currency translation reserve and other changes	-	-	-	-
<b>Total other comprehensive income, net of tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>(11,817)</b>	<b>(3,673)</b>	<b>(23,843)</b>	<b>(11,976)</b>
<b>Total comprehensive income attributable to Shareholders of the parent</b>	<b>(11,817)</b>	<b>(3,673)</b>	<b>(23,843)</b>	<b>(11,976)</b>
<b>Total</b>	<b>(11,817)</b>	<b>(3,673)</b>	<b>(23,843)</b>	<b>(11,976)</b>

**Consolidated interim statement of changes in equity**

All figures in USD 1 000's	2019	Year to Date
	(Unaudited)	31 December 2018 (Audited)
<b>Opening balance</b>	<b>37,509</b>	<b>15,666</b>
Profit/(loss) for the period	(23,843)	(11,976)
Increase/(decrease) in share capital	32,908	33,709
Increase/(decrease) equity component of warrants	-	-
Increase/(decrease) equity from reduction in nominal value of shares	-	-
Share options granted	(24)	111
Reclassification of share capital to retained earnings	-	-
Net movements in currency translation reserve and other changes	-	-
<b>Ending balance</b>	<b>46,549</b>	<b>37,509</b>

## Consolidated interim statement of cash flow

All figures in USD 000's	Quarter ended 31 December		Year to Date 31 December	
	2019 (Unaudited)	2018 (Unaudited)	2019 (Unaudited)	2018 (Audited)
<b>Cash flows from operating activities</b>				
Profit / (loss) before income tax	(11,632)	(3,714)	(23,092)	(13,769)
Adjustments for:				
Depreciation, amortization and impairment	5,467	2,454	16,741	7,305
Other items	886	124	148	(86)
Movement in provision	2,171	(0)	2,171	(3,437)
Unrealized exchange (gain) /loss	317	(53)	(92)	(141)
Interest expense on financial liabilities	171	152	650	590
Paid income tax	(100)	(38)	(283)	(313)
(Increase)/decrease in inventories	535	(60)	(749)	(181)
(Increase)/decrease in contract assets	2,374	210	(9)	(50)
(Increase)/decrease in trade and other receivables	(51)	(1,260)	(3,842)	(2,218)
Increase/(decrease) in long term liabilities	(120)	14	(5,440)	605
Increase/(decrease) in trade and other payables	708	68	6,383	(383)
Increase/(decrease) in contract liability	(731)	651	(651)	651
<b>Net cash from operating activities</b>	<b>(5)</b>	<b>(1,453)</b>	<b>(8,065)</b>	<b>(11,427)</b>
<b>Cash flows from investing activities</b>				
Capital expenditures	(1,535)	(19,760)	(20,763)	(21,260)
Proceeds from disposal of PPE	-	-	-	241
Long term investment	129	11	633	(532)
Multi-client investment	-	(775)	(80)	(1,047)
<b>Net cash used in investing activities</b>	<b>(1,406)</b>	<b>(20,524)</b>	<b>(20,210)</b>	<b>(22,597)</b>
<b>Cash flows from financing activities</b>				
Proceeds from issuance of ordinary shares	-	-	28,542	35,965
Transaction costs on issuance of ordinary shares	-	-	(2,031)	(2,256)
Repayment of borrowings	-	(35)	-	(225)
Repayment of principal portion of lease liability	(290)	-	(290)	-
Repayment of interest portion of lease liability	(76)	-	(76)	-
Interest paid	-	-	-	(15)
<b>Net cash from financing activities</b>	<b>(366)</b>	<b>(35)</b>	<b>26,145</b>	<b>33,470</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,777)</b>	<b>(22,011)</b>	<b>(2,130)</b>	<b>(554)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>5,421</b>	<b>27,786</b>	<b>5,774</b>	<b>6,329</b>
<b>Cash and cash equivalents at end of the period</b>	<b>3,645</b>	<b>5,774</b>	<b>3,645</b>	<b>5,774</b>

**Note 1: Interim statement of income for discontinued operations**

All figures in USD 1 000's	Quarter ended 31 December		Year to Date 31 December	
	2019 (Unaudited)	2018 (Unaudited)	2019 (Unaudited)	2018 (Audited)
<b>Revenues</b>	-	-	-	-
Cost of sales	-	-	-	-
Selling, general and administrative expenses	-	-	-	-
Other income (expenses), net	-	-	-	-
Depreciation and amortization	-	-	-	-
Impairment	-	-	-	-
<b>Total operating expenses</b>	-	-	-	-
<b>Operating profit (loss) / EBIT</b>	-	-	-	-
Interest expense	-	-	-	-
Other financial items, net	-	-	-	-
<b>Profit/(loss) before income tax</b>	-	-	-	-
Income tax	-	-	-	936
<b>Profit/(loss) discontinuing operations</b>	-	-	-	<b>936</b>
Gain/(loss) on sale of OBN business	-	-	-	-
<b>Net profit/(loss) from discontinued operations</b>	-	-	-	<b>936</b>
<b>Profit/(loss) attributable to</b>				
Shareholders of the parent	-	-	-	936

# 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 2018.

The consolidated financial statements for the year ended 31 December 2018 and quarterly reports are available at [www.sbexp.com](http://www.sbexp.com). The financial statements as of Q4 2019, as approved by the board of directors 27 February 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 2018 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 2018. 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.

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 as per 1 January 2019, and the company booked lease amortization cost of \$0.1 million and interest cost of \$0.0 million in quarter two 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 Q4 2019 were \$ nil (\$ 0.0 million). Multi-client amortization in Q4 2019 was \$0.0 million (\$ nil). Net multi-client investment was \$nil in Q4 2019.

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 December 2019, which relates to the two 2018 surveys in the EMEA region.

Multi-client library	USD millions
Opening balance 30 September 2019	0.5
Capitalized cost	-
Capitalized depreciation	-
Partner contribution	-
Impairment	-
Amortization	(0.0)
<b>Net book value 31 December 2019</b>	<b>0.4</b>

### 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 December 2019 is \$5.2 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 received a term sheet for a \$16 million three-year secured loan and guarantee facility. Proceeds from the loan is expected to be used to repay the SBX04 bond loan expiring in 30 June 2020 and to outfit the "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 Q4 2019 was \$ nil.

Debt securities	USD millions
<b>Current loans and borrowings</b>	
Secured debt	
SBX04 bond loan, face value	4.6
Payment in kind (PIK) interest	0.7
Fair value adjustment *	(0.7)
Accrued interest and accumulated amortized interest	0.6
<b>Current loans and borrowings 31 December</b>	<b>5.2</b>

Aggregate maturities of loans and borrowings	USD millions
<b>Overview of repayment</b>	
2018	-
2019	-
2020	5.5
<b>Total debt principal due 30 Jun 2020</b>	<b>5.5</b>

### Discontinued operations

On 8 December 2011, the Company sold the ocean bottom node business (accounted for as discontinued operations) to Fugro Norway AS. The Company has no remaining assets or potential revenues, but has recorded

selected tax liabilities in relation to the discontinued operations. The Company had a net income from discontinued operations of \$ nil in the quarter. See note 1 to the consolidated income statement for the income statement for discontinued operations.

### Share capital and share options

The total number of ordinary shares at 31 December 2019 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	Plan A	Plan B	Total
In millions			
granted	24.9	32.1	57.0
forfeited	(19.5)	-	(19.5)
<b>31 December</b>	<b>5.4</b>	<b>32.1</b>	<b>37.5</b>
vested	3.1	-	3.1
non-vested	2.3	32.1	34.4
<b>Total options</b>	<b>5.4</b>	<b>32.1</b>	<b>37.5</b>

### 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 \$21,000.

### SeaBird Exploration Finance

SeaBird Exploration Finance Limited, as the issuer of 'SeaBird Exploration Finance Limited First Lien Callable Bond Issue 2015/2018' ('SBX04'), has the following intra-group loans with other SeaBird entities as of 31 December 2019:

	USD Thousands
<b>Receivables</b>	
Osprey Navigation	17,649
SBX PLC	12,386
Aquila Explorer	3,363
SBX Crewing	2,908
BUT SBX APAC	2,327
SBX Shipping	1,039
SBX APAC	668
SBX UK	664
SBX Crewing Mexico	343
Others	205
<b>Total receivables from intra-group companies</b>	<b>41,553</b>
<b>Payables</b>	
Harrier Navigation	12,611
SBX Cyprus	4,555
Seabed Navigation	4,182
SBX FZX	1,561
SBX Vessels	1,537
Raven Navigation	1,085
SBX Multiclient	1,071
Geobird Management	976
Munin Navigation	780
SBX Seismic Mexico	515
SANA Navigation	425
SBX America	259
Biliria Marine	133
Oreo Navigation	22
<b>Total payables to intra-group companies</b>	<b>29,711</b>
<b>Total net receivables from intra-group companies</b>	<b>11,842</b>

### Going concern

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



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