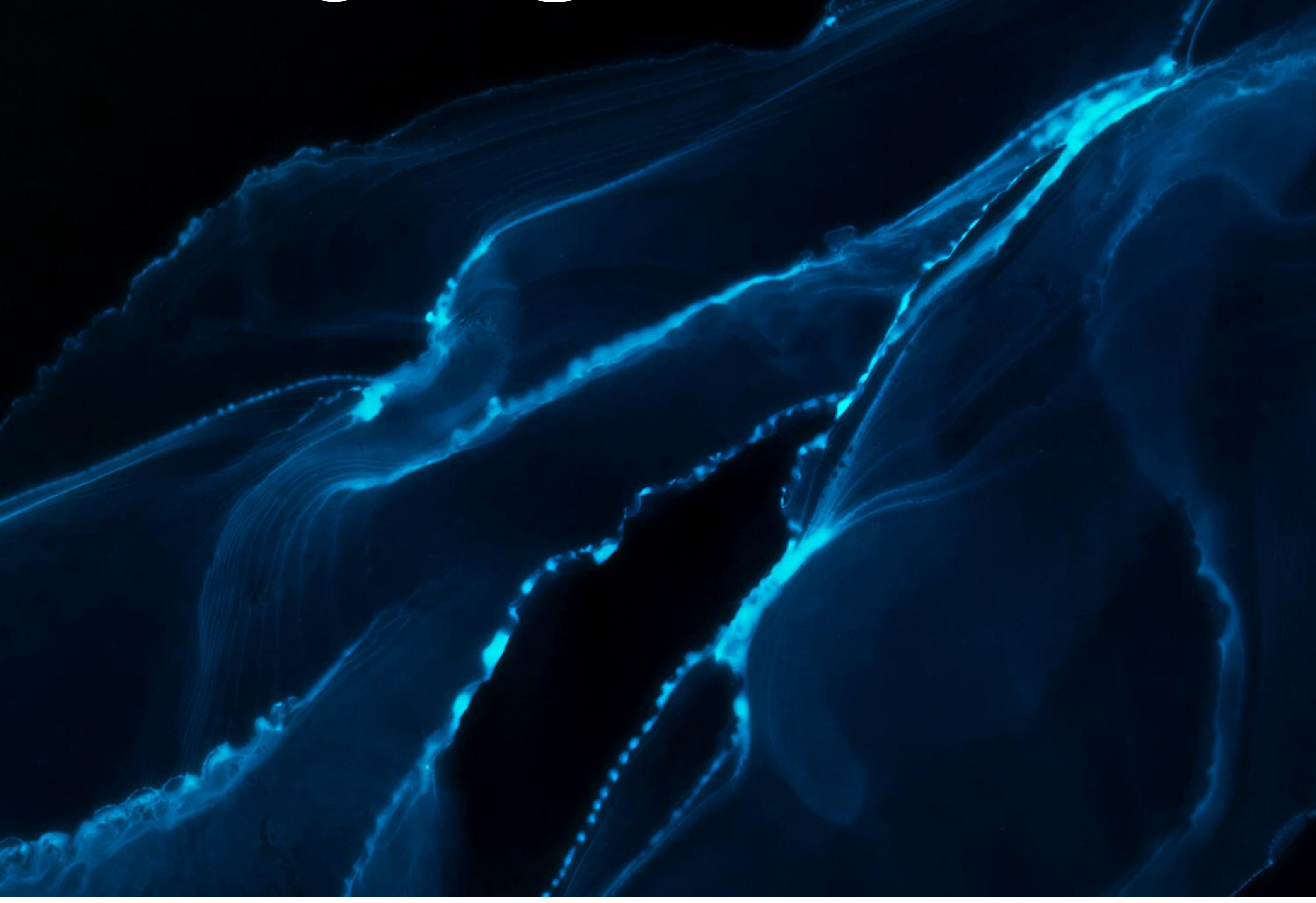
EMGS ANNUAL REPORT 2023.



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EMGS technology.

We deploy two methods of electromagnetic (EM) technology when conducting offshore surveys: controlled-source electromagnetic (CSEM) surveying and magnetotelluric (MT) surveying. Both methods use electromagnetic signals to map the subsurface. EMGS then receives the signals with acquisition hardware, and further processes and interprets this information with proprietary software. We seek to continually improve our signalling, acquisition, processing and interpretation hardware and software in order to further enhance the value of our technology to our clients.

Our clients see significant benefits in using electromagnetic surveys in addition to seismic surveys, which are based on acoustic wave technology. By combining these datasets, the accuracy and efficiency of oil and gas exploration can be significantly improved.

CSEM (Controlled-Source Electromagnetic)

When performing a CSEM survey, a powerful horizontal electric dipole source is towed above the seafloor while a series of receivers are placed on the seabed.

The dipole source transmits a low-frequency electromagnetic signal into the subsurface underneath the seafloor. The resistivity of the formations under the seafloor define the way in which the electromagnetic energy transmitted by the dipole propagates through the subsurface. High resistivity is an indicator of a possible hydrocarbon-filled reservoir.

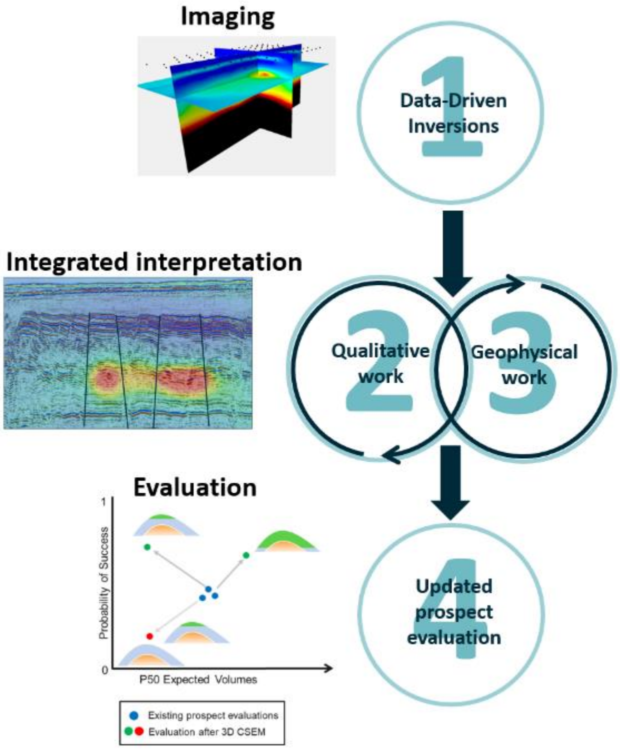
Multi-component receivers that have been placed on the seabed for the survey measure the electromagnetic energy that has propagated through the subsurface and the sea. The information from these receivers is processed and inverted to produce a 3D resistivity image of the survey area. EMGS typically deploys grids of receivers in order to acquire full-azimuth surveys. This type of survey provides optimal imaging of the subsurface.

CSEM data is a valuable supplement to information on structure and deposition of sediments provided by seismic (acoustic wave) surveys.

In addition, CSEM data can provide information on shallow subsurface resistivity which is important in marine mineral exploration and could also prove to be valuable in offshore wind turbine and cable placement and a range of other geotechnical applications.

EMGS has developed a workflow that allows companies to easily integrate CSEM information with seismic data and embed the integrated interpretation into their prospect evaluation work. This workflow, the EMGS' Exploration Solution, includes a wide range of analyses including; resistivity attribute analysis (similar to working with seismic attributes), anomaly identification and delineation, anomaly significance tests, sensitivity assessment for depth intervals of interest, correlation of anomalies to seismic observations such as conformance to structure, seismic DHI and seismic indicators of lithological resistors. The resulting integrated interpretation is used to establish the likelihood of a prospect being hydrocarbon charged and the size/area of a possible hydrocarbon accumulation.

Extensions to the workflow are available that address subsurface questions specific to field appraisal, such as estimating pay distribution and interpreting the hydrocarbon-water contact, both of which can further refine a company's assessment of the prospect(s) and therefore improve the understanding of the survey area prior to taking further steps in the exploration process.



The EMGS' Exploration Solution workflow transforms CSEM data into information for improved exploration decision-making

MT (Magnetotelluric)

Similar to CSEM surveying, the MT technique generates insight into the subsurface by imaging subsurface resistivity.

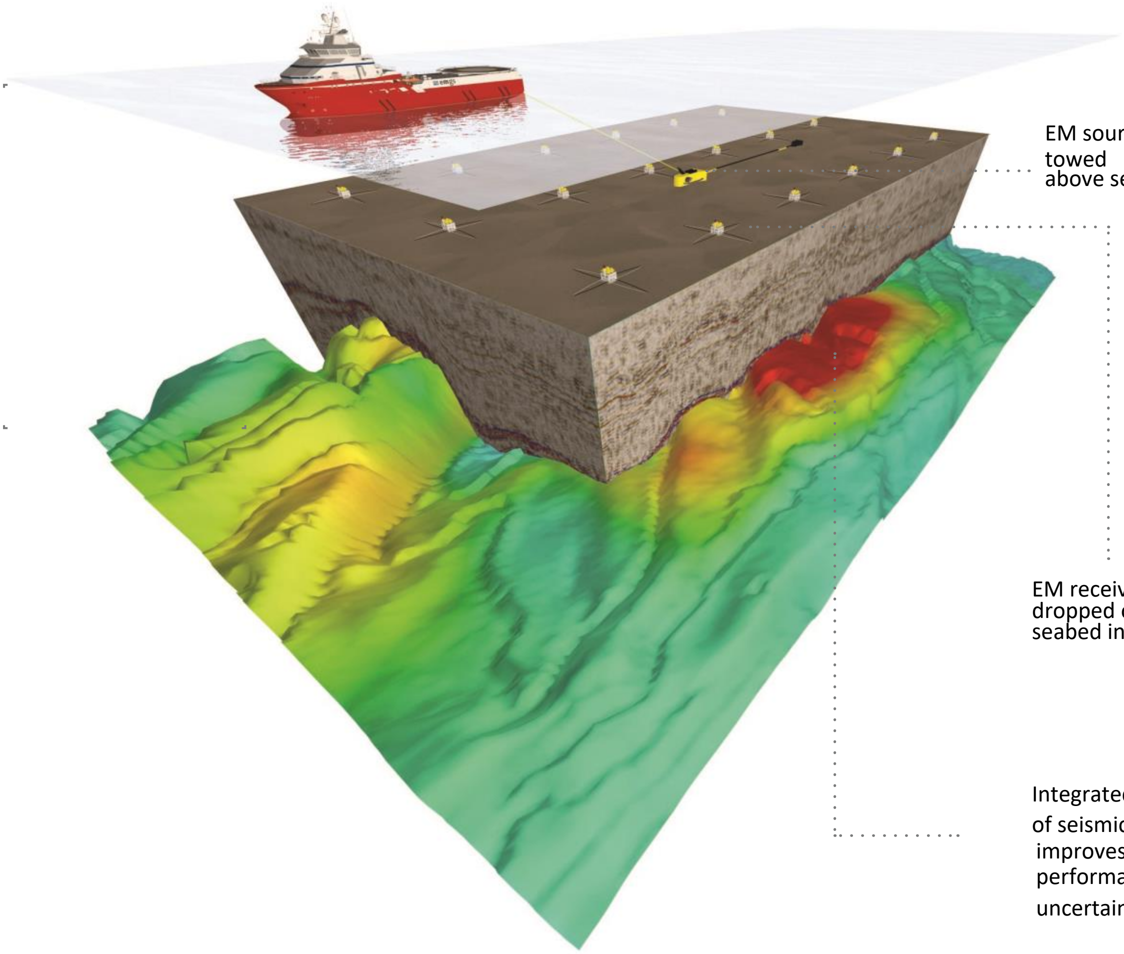
Marine MT surveys map subsurface resistivity variations by measuring naturally occurring electromagnetic signals on the seabed. These signals are generated by the interactions of solar wind with the Earth's magnetic field, which, when strong, are known as geomagnetic storms. The MT signals are of very low frequency, which offers excellent depth penetration. The unique design and sensitivity of the EMGS seabed receivers enable EMGS to efficiently acquire high-quality MT data as part of a CSEM survey when the controlled-source is inactive.

The low-frequency, deep-sensing nature of MT surveying makes the technique valuable for imaging and interpreting regional geology. MT surveys have been found most useful in salt and basalt settings where the flanks and/or the base are poorly defined. MT measurements, therefore, form a useful complement to seismic techniques, particularly in settings where high-impedance volcanic rocks or salt make the imaging and interpretation of seismic challenging.

Application of EM technology

The services offered by EMGS are used in all stages of the offshore exploration and development cycle. Applications of EMGS' technology include evaluating regional prospectivity, ranking identified prospects and appraisal of discoveries.

Figure 1: CSEM acquisition equipment



Regional Prospectivity

At the early stages of the exploration and production process, oil and gas companies use EM services to evaluate whether an offshore acreage is viable for commercial production of hydrocarbons. EM surveys may be conducted before licensing decisions are made in order to better understand the acreage value, as well as prioritization of potential leads and prospects that may have been mapped with seismic. EM may also be used to de-risk new and unproven plays and generate new leads and prospects. Adopting EM early in the exploration cycle can help oil and gas companies focus their investments on the most valuable acreage.

Prospect Ranking and Portfolio Polarisation

When a prospect is identified from seismic information, EM surveys can help operators reduce uncertainties in the probability of success and expected hydrocarbon volume, resulting in a more reliable economic evaluation of the prospect. Using EM to rank prospects reduces the risk of drilling dry wells, thereby increasing the economic success of exploration projects. Used on a portfolio of existing prospects EM can polarise the prospect portfolio and highlight the prospects with the largest volume potential and the highest chance of success. Through better targeting of exploration drilling activity, the use of EM surveys can also help to diminish the overall environmental impact of an exploration project.

Field Appraisal

Once a discovery is made, EM surveys can be used to ascertain a field's commercial viability and aid in development planning by improving reservoir delineation (i.e. the size and shape of the reservoir). EM can also assist in the optimal placement of subsequent development wells and reduce the number of appraisal wells that would typically be required for field delineation and reservoir characterisation, can result in a positive impact on a project's financial outcome and reducing its environmental footprint.

Potential New Application Areas

EMGS' core technology, originally developed for the oil and gas industry, can be adapted to new application areas such as marine mineral exploration, gas hydrate mapping, geotechnical and shallow hazard investigations, and the location of subsea cables. It is the company's goal to develop these new business fields building on its world-renowned expertise in marine EM technology.

Marine minerals

The electrification of society is an important part of the energy transition. In its "net zero 2050" scenario, Net Zero by 2050 A Roadmap for the Global Energy Sector (2021), the International Energy Association (IEA) forecasts a significant increase in the demand for minerals that are key components in the electrification supply chain, such as lithium, copper, and cobalt. Currently, these minerals are mined onshore, but it is expected that mineral deposits on or beneath the seafloor, called "marine minerals," are likely to play an important role in meeting this demand in the coming years and decades.

The marine mineral industry is in its infancy. The International Seabed Authority (ISA) has granted several concessions in international waters, and Norway is planning a concession round as early as 2024. There are already several Norwegian and international companies evaluating a possible participation in the upcoming concession round in Norway.

There are three main categories of marine minerals: nodules, crusts, and Seafloor Massive Sulfides (SMS). Most of the marine mineral deposits discovered to date are at the seabed in ultra-deep waters. Within the Norwegian Exclusive Economic Zone (EEZ) both crusts and SMSs have been discovered in the area of the mid-Atlantic spreading ridge.

SMS deposits are created by volcanic activity. Marine life thrives while the system is volcanically active. Only SMS deposits that have ceased to be volcanically active (i.e., extinct) are considered for commercial exploitation. The mineral content of these extinct SMS deposits vary in both mineral content and volume, and only a few of the many extinct SMS deposits are expected to have valuable metallic minerals in large enough quantities to be of commercial interest for offshore mineral excavation. Therefore, geophysical techniques are important in order to cost-effectively search for and identify potential SMS prospects for sampling, drilling and eventual excavation.

Electromagnetic systems are expected to play a significant role in the exploration and appraisal of marine minerals, and can be an important part of the geophysical toolbox. Towards this end, but also for other applications, EMGS has developed a deep-towed EM streamer solution for efficient mapping of seabed geology at, and near, the seabed. A prototype of the system was used in ATLAB survey in 2022. It will be possible to use the towed system on a stand-alone basis or together with EM seabed nodes, Autonomous Underwater Vehicles (AUV), as well as with acoustic surveying methods such as high resolution seismic and multi-beam echosounder bathymetry.

Development of EM technology

Development of marine EM equipment

EMGS is soon to launch a new source system, which will be its sixth-generation source system. The new source technology has been developed inhouse, based on years of experience with the marine controlled source electromagnetic (CSEM) method and deep-towed CSEM source systems. A key element of the new source system is its scalable and modular design enabling EMGS to quickly produce bespoke source systems for specific applications. The modular design of the new source allows for simple replacement of entire modules offshore, improving reliability and decreasing the likelihood of extended periods of technical downtime during operations.

The first new 6th generation source system, Tx-D 5006, will replace the Conventional Source as a backup for the Deep Blue (Tx-D 10005) and will be capable of transmitting up to 5000 ampere.

Figure: IGBT A Module

The Tx-D 5006 source system is expected to be ready for sea trials during Q3 2024.

Board of Directors.

Frederik W. Mohn, Chairman of the Board

Frederik W. Mohn is the sole owner and managing director of the Company's second largest shareholder Perestroika, a Norwegian investment company with investments in oil and gas, shipping, infrastructure, real estate development and financial services. Frederik was previously Chairman of the Board of Songa Offshore SE and currently is a member of the Board of Directors of Transocean Ltd.

Beatriz Malo de Molina, Board member

Beatriz Malo de Molina is a Managing Director at Alvarez & Marsal, a global professional services firm. Beatriz has served as Senior Vice President and Head of M&A at Orkla ASA and has previously held positions at Kistefos Private Equity and McKinsey & Co in Oslo, after a ten year career in the Investment Banking Division of Goldman, Sachs & Co. in London, Frankfurt, New York City and Mexico City. Beatriz began her career in 1994 within Ernst & Young's financial advisory department in New York City.

Ms. Malo de Molina has board experience from publicly listed and privately held companies both in Norway and internationally, including chair positions.

Mimi Berdal, Board member

Mimi Berdal runs an independent corporate counseling and investment business. She holds a Cand. Jur. (law) degree from the University of Oslo.

Mimi Berdal is also a member of the Board of Directors of the listed companies Goodtech ASA (Chairman), Norsk Titanium AS and Thor Medical ASA, in addition to Freyr Battery SA (listed NYSE).

Jørgen Westad, Board member

Jørgen Westad is an Executive Director and Secretary of Siem Industries S.A. He is also a Director of Deusa GmbH. Prior to joining the Siem Group in 2015, he was CFO for a privately held shipping company as well as working as a commercial and investment banker at Hambros Bank Ltd and Bankers Trust Company. He holds a B.Eng in Naval Architecture and Shipbuilding and an MSc in Management Studies. Jørgen is a Norwegian citizen, resident in Luxembourg.

Board of Directors' Report.

2023 proved to be a difficult year for EMGS, with little activity. The Atlantic Guardian remained warm-stacked for the entire year. As a result of the low activity level the Company's focus was on developing backlog and keeping other cash outlays to a minimum, with the exception of required capital expenditures.

During the year, EMGS secured its first contract within the renewable energy infrastructure industry. EMGS will acquire Magneto Telluric (MT) data to be used in the design phase of an infrastructure project in Southeast Asia.

EMGS also developed new modular source technology which will be used in a new generation (6^{th} generation) of deep towed electromagnetic sources. The first system, which is currently in production, will be deployed on the Atlantic Guardian and used as a backup for the Deep Blue source system.

About EMGS

Vision, Values and Strategy

Electromagnetic Geoservices ASA ("EMGS" or the "Company"), with its subsidiaries (together, the "Group"), is the global leader in electromagnetic ("EM") surveying technology in the offshore oil and gas exploration industry.

EMGS' vision is ***to make EM an integral part of the E&P workflow and make EM as fully adopted as seismic.*** *By providing EM data integrated with other subsurface measurement, we enable our customers to reduce uncertainty and therefore increase success in their exploration and development programmes.*

EMGS' core values are: Integrity, Commitment, Innovation and Quality. These values form an integral part of our organisation and operations and are included as a topic in the Company's annual employee appraisal process. EMGS is constantly working to deliver the best quality product to its customers. The Company's technology is developed on an ongoing basis to improve quality and efficiency, as well as to broaden the scope of application and addressable markets. EMGS also places a high priority on interacting with its customers, to assist in ensuring that the full value of the Company's service is captured by our customers.

The integration of EM methods into exploration workflows provides oil and gas companies with an improved de-risking and appraisal tool when compared to using seismic exploration techniques alone. The use of EM data is complementary to the use of seismic data, as it provides oil companies with more information about the subsurface. Integrating the use of EM data into the exploration workflow reduces exploration risk through a better understanding of a reservoir's charge, seal and volume estimates. This data can also serve to decrease the environmental impact of a particular project, since better targeting of drilling activities can serve to reduce the total number of wells drilled into the seabed. EMGS remains a global leader in the planning, acquisition, processing, modelling, interpretation and integration of EM data. The Company has extensive experience, well-established proprietary routines and leading-edge processing, modelling and inversion software.

Over the past two decades EMGS has conducted over 900 surveys across most major mature and frontier basins in the world in water depths ranging from 20 to 3,600 metres for more than 150 customers.

Part of EMGS' strategy is to undertake a mix of proprietary and multi-client projects with a flexible and scalable operating model. This is enabled by maintaining an asset-light operating model, including chartering vessels from third-party vessel owning companies. As of 31 December 2023, EMGS had one vessel on charter, the *Atlantic Guardian,* owned by the North Sea Shipping Group. As of 31 December 2023, EMGS had two twelve-month option periods remaining.

In a typical year, the Group undertakes a mix of proprietary contract work and multi-client projects. International Oil Companies (IOCs) increasingly prefer the multi-client business model, whereby projects are funded in a consortium or with the expectation of future late sales National Oil Companies (NOCs) typically prefer to conduct proprietary work arrangements.

EMGS' strong focus on cost optimisation and control continues. Through cost discipline and efficient operations, the product offered to the market by the Company remains at the cutting edge of, and market leader within, EM technology.

EMGS was listed on the Oslo Stock Exchange in March 2007.

EM technology

The EM technology used by EMGS in its EM survey projects can be divided into two distinct methods: three-dimensional full azimuth controlled-source EM (3D CSEM) surveying and magnetotelluric (MT) surveying. For more information on the different methods, please see the separate section in the annual report, *EMGS Technology*.

Important events in 2023

Multi-client investments

The Company's multi-client business continues to be an important part of the overall business, both in terms of revenues and in terms of marketing value as the Company can more freely commercialize 3D CSEM data with existing and new customers, resulting in longer potential revenue streams through "late sales". In 2023, revenues from multi-client sales amounted to 90% of total revenues, up from 48% in 2022.

Sales and customers

The Group's revenues decreased 77% from USD 35.0 million in 2022 to USD 8.0 million in 2023. Sales were dominated by multi-client late sales.

The EMGS sales and business development organisation is headquartered in Oslo, and is represented globally through a network of business partners serving key local markets. The organisation consists of commercial sales, technical advisors and exploration advisors.

Events after the balance sheet date

Fully prefunded multi-client survey in Brazil
In January 2024, EMGS secured a multi-client contract with Petrobras, with an approximate contract value of USD 11.7 million.

Fully prefunded multi-client survey in Norway
In February 2024, EMGS announced that the Company had entered into an agreement for a fully prefunded multi-client survey in the North Sea with a contract value of USD 2.0 million.

Demand for EM services

The Company has two main sources of revenue: proprietary contract sales and multi-client sales. In addition, the Company receives some revenue related to consultancy, processing services and software sales. These revenues are presented as contract sales. For more information on the different revenue sources, please see the notes to the financial statements.

The overall demand for EMGS' services is dependent, in large part, on offshore oil and gas E&P budgets.

Fleet status and utilisation

As per the end of 2023, the Company chartered one vessel, the Atlantic Guardian.

At the end of the reporting period, the Atlantic Guardian has a firm charter agreement until 20 October 2024, with an option to the Company to extend the charter period.

The Atlantic Guardian was warm-stacked in Norway for the entire year during 2023.

In total, EMGS recorded a total of 12.0 vessel months in 2023, an average of 3.0 per quarter, compared with 11.9 vessel months in 2022 and an average of 3.0 per quarter in 2022. The Company had a vessel utilisation of 0% in 2023, down from 22% in 2022.

EMGS' ability to optimise the performance of its vessel through maximising commercial utilisation and minimising unpaid activities are key factors for the Group's longer-term operating performance. Technical downtime, steaming time between surveys and unpaid standby time all negatively affect the Group's operating results.

Seasonality

Adverse weather conditions, including ice and winter conditions offshore, can result in lost time when vessels are forced to remain in dry dock, relocate and/or reduce activity. In addition, the Group's operational results fluctuate from quarter to quarter because of oil and gas companies' spending patterns and/or as related to licensing rounds in Norway and abroad.

Currency fluctuations

Currency transaction exposure occurs to some extent during the ordinary course of business and when the relevant exchange rates change between the date of a transaction and the date of the final payment for the transaction. The Group records such gains or losses in the financial income and expenses line item of its consolidated income statement.

Financial statements

Going concern

The Group has prepared its financial statements under the going concern assumption, and the Board confirms in accordance with Section 3-3a of the Norwegian Accounting Act that the going concern assumption is applicable. The Group's reported results, its business strategy, its current budgets and financing, as well as its long-term strategic forecasts provide the basis for the going concern assumption. See also "Liquidity risk" below for more information about the going concern assumption.

As of 31 December 2023, the carrying value of the Group's equity was USD 0.6 million, down from USD 8.7 million at the end of 2022. The free cash balance at the end of 2023 was USD 10.3 million. Subsequent to the end of the 2023 financial year, EMGS secured two acquisition contracts with a combined total contract value of over USD 13.7 million. EMGS is working towards improving equity through profitable operations in 2024, however, this is dependent upon securing additional backlog in H2 2024.

The Company's equity amounted to NOK 23.2 million as of 31 December 2023, up from NOK 5.5 million at the end of 2022.

None of the Company's debt is past due and the Company does not expect to breach the financial covenants of the convertible bond loan in the next 12 months.

Results of operations

The year ending 31 December 2023 is compared in the section below with the year ending 31 December 2022.

The Group prepares its accounts in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union. References to Notes refer to Notes to the Consolidated Financial Statements.

Revenues and operating expenses
In 2023, the Group recorded revenues of USD 8.0 million, down 77% from USD 35.0 million in 2022. Contract sales and other revenue ended at USD 0.8 million, while multi-client sales totalled USD 7.2 million all of which was late sales. In 2022, USD 18.3 million was recorded as contract sales, while multi-client sales totalled USD 16.7 million. This means that sales from the multi-client projects accounted for 90% of the revenues in 2023, compared with 48% in 2022.

The decrease in revenues from 2022 to 2023 is mainly explained by a lack of demand for services.

Charter hire, fuel and crew expenses ended at USD 1.2 million, down 71% from USD 4.2 million reported in 2022. The Group capitalised USD 1.2 million in multi-client expenses in 2022, while no multi-client expenses were capitalised in 2023.

Employee expenses amounted to USD 3.0 million in 2023, down 23% from the USD 3.9 million as reported in 2022. A more detailed overview of the Group's employee expenses can be found in Note 8. The number of employees decreased from 20 at the beginning of 2023 to 19 at the end of 2023.

Other operating expenses amounted to USD 2.8 million in 2023, compared with USD 3.0 million in 2022. A more detailed overview of the Group's other operating expenses can be found in Note 9.

Depreciation and amortisation
Other depreciation and amortisation totalled USD 3.7 million in 2023, down from USD 4.2 million in 2022.

Multi-client amortisation amounted to USD 0.6 million in 2023, down from USD 2.5 million in 2022. The Company uses straight-line amortisation for its completed multi-client projects, assigned over the useful lifetime of four years. The amortisation is then distributed evenly, independently of sales during the period. As a result of implementing IFRS 15 as of 1 January 2018 the Group started to capitalise multi-client projects with only one customer that were previously expensed as incurred (converted contracts). For these, the full amortisation of the book value is now recorded at the point in time when the revenues are recognised at delivery to the customer.

No impairments of long-term assets were made in 2023 or in 2022.

In 2023, depreciation of right of use assets amounted to USD 2.8 million, down from USD 4.0 million in 2022.

Financial items and result for the year before and after taxes
Interest expenses ended at USD 3.1 million in 2023, an increase from USD 2.5 million in 2022. EMGS recorded a gain on net foreign currency of USD 58 thousand in 2023 compared with a loss of USD 7 thousand in 2022.

The Group recorded a gain of USD 0.7 million on the repurchase of bonds with a nominal value of USD 5.0 million in 2022. The bonds were repurchased at 13.5 per cent discount to par. No bonds were repurchased in 2023.

Net financial items ended at negative USD 2.1 million in 2023, an increase from negative USD 2.0 million in 2022.

For 2023, EMGS recorded a loss before income taxes of USD 8.2 million, compared with a profit before income taxes of

USD 11.1 million in 2022.

Income tax expenses of negative USD 21 thousand were recorded in 2023, compared with negative USD 46 thousand in 2022.

EMGS reported a net loss of USD 8.2 million for 2023, down from a net profit of USD 11.2 million for 2022.

Cash flow and balance sheet

Cash flow from operating, investing and financing activities
For 2023, net cash flow from operating activities was positive USD 5.0 million, compared with USD 16.6 million in 2022.

EMGS applied USD 0.9 million to investing activities in 2023. The investments consist of USD 0.9 million in property, plant and equipment. In 2022, cash applied in investing activities amounted to USD 2.0 million. The investments consisted of USD 317 thousand in property, plant and equipment, USD 1.6 million in multi-client investments and USD 33 thousand in purchase of intangible rights.

Cash flow from financial activities ended at negative USD 5.2 million in 2023. The cash flow from financial activities in 2023 includes financial lease liabilities of USD 2.6 million, interest lease liabilities USD 0.3 million and USD 2.3 million in interest payments. In 2022, cash flow from financial activities ended at negative USD 13.0 million. The cash flow from financial activities in 2022 includes financial lease liabilities of USD 6.2 million, convertible bond repurchase of USD 4.3 million, interest lease liabilities USD 0.5 million and USD 2.1 million in interest payments.

In summary, cash decreased by USD 1.2 million in 2023. As of 31 December 2023, cash and cash equivalents totalled USD 10.3 million.

Financial position
EMGS total assets amounted to USD 27.8 million as of 31 December 2023, down from USD 42.7 million as of 31 December 2022.

The carrying value of the Group's multi-client library was USD 1.0 million at the end of 2023, a decrease of USD 0.5 million since the end of 2022.

Total borrowings were USD 21.9 million at the end of 2023, down from USD 24.9 million at the end of 2022.

Liquidity requirements and financing facilities
The Group's need for liquidity fluctuates from quarter to quarter depending on revenues, capital expenditures, vessel operations and cash balance.

The Company's convertible bond contains a financial covenant requiring free cash and cash equivalents of at least USD 2.5 million. As of 31 December 2023, the free cash and cash equivalents totalled USD 10.3 million. EMGS' management follows the Company's liquidity risk closely, including weekly updates of the Group's sales forecast and vessel schedule, in addition to a corresponding update of the cost and free cash forecast.

As per 31 December 2023, EMGS has one listed convertible bond with a carrying value of USD 19.6 million, non-current lease liabilities of USD 0.1 million, and current lease liabilities of USD 2.2 million.

Research and development

To maintain its strong position within the EM market, EMGS has invested significant time and resources in research and development ("R&D") over several years. The industry in which EMGS operates is highly technical and the requirements for the acquisition and processing of EM data evolve continuously.

As a result of the industry downturn and the decision to move to a low-cost setup in 2020, EMGS found it necessary to significantly reduce its investments in R&D. The reduction is likely to have limited revenue impact in the short term, as the Company maintains its strong technological position.

EMGS did not incur R&D related costs in 2023 or in 2022.

The Group did not capitalise any employee costs in 2023 or in 2022 related to R&D.

Allocation of Net Income

The Board of Directors proposes that the net income of EMGS, the parent company, shall be attributed to

Other equity	NOK 17.7 million
Net income/(loss) allocated	NOK 17.7 million

Distributable equity as of 31 December 2023 was NOK 0.

Financial risk

The Group's principal financial liabilities are trade and other payables and loans and borrowings. The Group has various financial assets such as trade receivables, cash and short-term deposit which arise directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's management and Board review and agree policies for managing each of these risks which are summarised below. For further details see Note 3 to the financial statements.

Market risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise two types of risk for the Group: interest rate risk and currency risk. Financial instruments affected by market risk include bonds, loans, borrowings, and Available For Sale (AFS) investments. Please see sensitivity analysis in Note 3.

i) Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group has exposure to interest rate risk, though this is primarily only related to the Group's long-term convertible bond of USD 19.5 million with floating interest rate (SOFR + 6.5%).

ii) Foreign currency risk
Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group operates internationally and therefore has exposure to foreign exchange risk arising from transactions executed in other currencies than the functional currency of each company. EMGS ASA has USD as functional currency, so the foreign currency risk is primarily with respect to NOK in EMGS ASA.

For 2023, approximately 95% of the Group's sales revenues were denominated in USD, whilst approximately 32% of the costs were denominated in USD.

Foreign exchange risk arises from future commercial transactions, recognised as assets and liabilities. The Group's exposure to foreign currency changes on equity and for all other currencies is not material.

Liquidity risk
Liquidity risk is the risk that the Company will not have sufficient liquidity to be able to meet its financial obligations. EMGS' sources of liquidity include cash balances, cash flow from operations, borrowings, existing and new bank facilities and further debt and equity issues. It is the Company's objective to balance these sources of liquidity.

The Company's convertible bond contains a financial covenant requiring free cash and cash equivalents of at least USD 2.5 million. As of 31 December 2023, the free cash and cash equivalents totalled USD 10.3 million. EMGS' management follows the Company's liquidity risk closely.

The financial liabilities with maturity less than one year will be settled through cash flow from operating activities in 2024. Based on current risk-weighted forecasts and information, management considers the liquidity throughout 2024 sufficient to cover both the Group's net current liabilities per 31 December 2023 and estimated cash needs in 2024.

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables and cash and cash equivalents, but also from banking in foreign jurisdictions). See Note 20 for the aging analysis of trade receivables.

In 2021, the Company implemented a new Cash repatriation and risk management standard, which formalises and streamlines certain mitigating measures undertaken by EMGS to reduce risk related to banking in foreign jurisdictions.

EMGS' clients are major international, national and independent oil and gas companies, mostly with good credit standings and histories.

Occasionally, a smaller oil and gas company may be on the client list. In these cases, due diligence is conducted in the credit evaluation phase and management exercises caution in counterparty selection.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

Corporate governance

EMGS is committed to good corporate governance. EMGS' corporate governance principles are based on equal treatment of all shareholders, maintaining open and reliable lines of communication with shareholders and other stakeholders, having a Board that is autonomous and independent of the executive management and ensuring a clear division of responsibility between the Board and the executive management. The Board also includes two directors that are independent of the largest shareholders of the company.

The Company produces a comprehensive annual statement on corporate governance as part of its annual report. Electromagnetic Geoservices ASA holds a Directors and Officers Liability Insurance on behalf of the Board of Directors and executive management. For further details, please see the section titled *Corporate Governance* in this annual report. The information is also available on the Company's homepage.

CSR, working environment, discrimination and external environment

EMGS has adopted a policy and a standard for sustainability and corporate social responsibility ("CSR"). The principles in the policy cover areas related to labour rights, anti-corruption, environment and human rights.

All work in the Group related to sustainability and corporate social responsibility (together "the CSR work") is based on the CSR policy and the standard.

As the Company is a Norwegian public limited company listed on the Oslo Stock exchange, it complies with Section 3-3c of the Norwegian Accounting Act in respect of corporate social responsibility.

The Company produces an annual statement on its CSR work, including information about the working environment in the Group, equal opportunities and discrimination statement, the external environment and human rights. For further details, please see the section titled Sustainability and Corporate Social Responsibility in this annual report. The information is also available on the Company's homepage.

Company outlook

The Atlantic Guardian was mobilised at the end of February for a series of projects in Norway and Brazil during the 2024 season. The first survey on the Norwegian Continental Shelf, was completed end March, and the vessel started the transit to Brazil for the fully prefunded multi-client acquisition project for Petrobras in the Espirito Santos Basin offshore Brazil. This project is expected to be acquired during the 2nd quarter of 2024.

The company is working on securing additional acquisition work for the vessel. The awards in the 2023 APA license rounds in Norway included several licenses with EM work program obligations, and the Company expects that the Atlantic Guardian will return to Norway and be active on the Norwegian Continental Shelf after the completion of the project in Brazil.

EMGS is currently engaged in a number of discussions with customers, both in Norway and internationally, regarding potential EM acquisition projects for 2024 and beyond. While uncertainty remains high for the second half of 2024, EMGS is encouraged by the level of customer interest.

Oslo, 17 April 2024
Board of Directors and CEO of Electromagnetic Geoservices ASA

Sign.

Responsibility Statement.

Today the Board of Directors and the Chief Executive Officer reviewed and approved the Board of Directors' Report and the consolidated and separated annual financial statements for Electromagnetic Geoservices ASA ("EMGS" or the "Company") for the year ended 31 December 2023.

EMGS' consolidated financial statements have been prepared in accordance with IFRSs and IFRICs as adopted by the EU and additional disclosure requirements in the Norwegian Accounting Act. The separate financial statements for the Company have been prepared in accordance with Norwegian Accounting Act and Norwegian accounting standards. The Board of Directors' report is in accordance with the requirements in the Norwegian Accounting Act and Norwegian accounting standard no 16.

To the best of our knowledge:

- The consolidated and separate annual financial statements for 2023 have been prepared in accordance with applicable financial reporting standards.

- The consolidated and separate annual financial statements give a true and fair view of the assets, liabilities, financial position and profit/(loss) as a whole as of 31 December 2023 for the Group and the Company.

- The Board of Directors' report for the Group and the Company includes a fair review of
  - The development and performance of the business and the position of the Group and the Company.
  - The principal risks and uncertainties the Group and the Company face.

Oslo, 17 April 2024
Board of Directors and CEO of Electromagnetic Geoservices ASA

Sign.

Report on Corporate Governance.

EMGS is committed to good corporate governance practices which strengthen and maintain confidence in the Company, thereby contributing to long-term value creation for shareholders and other stakeholders. The objective of corporate governance is to regulate the division of roles between shareholders, the Board and the executive management more comprehensively than is required by legislation.

EMGS' principles for corporate governance are based on the following elements:

- All shareholders are treated equally
- EMGS will provide open, reliable and relevant communication to shareholders, governmental bodies and the public about the Company's activities and its corporate governance commitment
- EMGS' Board is fully independent from the Company's executive management
- EMGS pays particular attention to ensuring that there are no conflicts of interest between the interests of its shareholders, the members of its Board and its executive management
- EMGS will ensure a clear division of responsibility between the Board and the executive management

1. Implementation and reporting on corporate governance

Implementation and reporting

The board of directors (the "Board") of Electromagnetic Geoservices ASA (the "Company" or "EMGS") is committed to maintaining a high standard of corporate governance, in line with both Norwegian and international best practice standards. In addition to maintaining a high standard of corporate governance, the Board and the executive management of the Company carry out, on an annual basis, a comprehensive review and evaluation of its principles for corporate governance and the implementation of these. This report (the "Report") summarises the Company's corporate governance work and compliance with applicable requirements and fulfils the Company's reporting obligations under applicable law and other legal frameworks.

EMGS is a Norwegian-registered public limited liability company, with its shares listed on the Oslo Stock Exchange (*Oslo Børs or "OSE"*).

The Norwegian Accounting Act Section 3-3b, which the Company is subject to, sets out certain corporate governance related information which is to be disclosed and reported on through the issuance of an annual reporting document. This Report meets the requirements provided by the Accounting Act. The Accounting Act is available on www.lovdata.no.

Furthermore, pursuant to section 4.4 of the (non-harmonised) *Oslo Rule Book II – Issuer Rules* (the "OSE Continuing Obligations") issued by the Euronext Oslo Stock Exchange, the Company is obligated to publish an annual statement of their practice related to their policy on corporate governance. In addition to setting out certain minimum requirements for such reporting (equivalent to those under the Accounting Act), the OSE Continuing Obligations requires that the Company reports on its compliance with the recommendations of the Norwegian Code of Practice for Corporate Governance (the "Code") published by the Norwegian Corporate Governance Board. Both the OSE Continuing Obligations and the Code require that an explanation is provided where a company has chosen an alternative approach to specific recommendations in the Code (i.e., a "comply or explain" basis).

EMGS complies with the current Code, issued on 14 October 2021. The Company provides a report on its principles for corporate governance in its annual report and on its website, www.emgs.com. EMGS' objective is to comply with all sections of the Code, but the Company may in the future choose to deviate from principles in the Code if this is deemed to be in the best interest of the Company, its shareholders and its other stakeholders.

The OSE continuing Obligations are available on https://www.euronext.com/en/regulation/euronext-regulated-markets, and the Code is available on www.nues.no.

This Report sets out how the Code is accommodated through the financial year 2023.

Values and guidelines for business ethics and corporate social responsibility

EMGS has a set of clearly defined core values: Integrity, Commitment, Innovation and Quality. The values are expressed in EMGS' daily operations and management, including in our approach to corporate governance.

The Board recognises that confidence in EMGS as a company and in its business activities is essential for the Company's continuing competitiveness. Therefore, EMGS is committed to transparency and openness about its management systems and procedures. This strengthens value creation, builds internal and external confidence and promotes an ethical and sustainable approach to business.

The Board has, in close cooperation with the Company's executive management, established a comprehensive framework of guidance documents. The core element and top-tier in this framework are the Company's policy documents, which include the Company's ethics policy, the corporate social responsibility policy (see also separate report in the annual report) and the health, safety and environment policy. Other core guidance documents include the Company's Code of Conduct Standard and the EMGS Sustainability and Corporate Social Responsibility Standard. These policies and standards are evaluated and updated on a regular basis. The Company has adopted a programme for corporate social responsibility, including an anti-corruption compliance programme incorporating mandatory training of all employees.

EMGS' website provides more information about the Company's business activities, policies and standards.

2. Business

EMGS is the market leader in controlled-source electromagnetic (CSEM) imaging. Pursuant to Section 3 of the Company's Articles of Association, the Company's purpose is as follows:

"The Company's activity is to engage, by itself or through proprietary interests in other companies, in the prospecting for hydrocarbon deposits in connection with the exploration, development and production of hydrocarbons."

The Company has clear objectives and strategies for its business within the scope of the definition of the business purpose in its Articles of Association.

The Board of Directors' report in the Company's annual report includes a description of the Company's objectives and principal strategies according to the business activities clause from the Articles of Association. The Articles are available at the Company's homepage, www.emgs.com.

3. Equity and dividends

Equity and share capital

As of 31 December 2023, the EMGS Group had a combined equity of USD 0.6 million, representing an equity ratio of 2.2%.

The Board's assessment of the Company's equity position is set out in the Board of Director's Report.

The Company's registered share capital is NOK 130,969,690 divided into 130,969,690 shares each having a par value of NOK 1.

Dividends

The Company has at present no intention to pay dividends. The Board will establish a dividend policy when relevant.

The Company's objective is to generate a long-term return for its shareholders through dividends and increases in the share price that are, at least, in line with the return available on similar investment opportunities of comparable risk.

Authorisations to increase share capital and to acquire own shares

At the Annual General Meeting (AGM) held on 21 June 2023, the Board was authorised to increase the share capital of the Company by up to NOK 26,193,968 (being 20% of the registered share capital of the Company) through one or more share issues. Further details are set out in the resolution by the AGM that states, amongst others, that the authorisation may be utilised in connection with potential transaction / M&A activity, and/or to finance general corporate purposes.

The Board was also given an authorisation to increase the share capital by up to NOK 3,929,090 to be utilised for fulfilling the Company's obligations towards holders of options, should such options be exercised. All options are based on the Employee Option Programme.

The two authorisations are valid until the next AGM of the Company, but in no event beyond 30 June 2024. As of 31 December 2023, the Board had not used these authorisations.

4. Equal treatment of shareholders and transactions with close associates

Equal treatment

Equal treatment of shareholders is an important principle for corporate governance in EMGS. The Company has one class of shares, and any purchases or sales of own shares are carried out over the stock exchange.

The Articles of Association do not impose any restrictions on voting rights. All shares have equal rights.

Pursuant to the Norwegian Public Limited Liability Companies Act, existing shareholders have pre-emption rights in connection with share capital increases and issuance of financial instruments which grant the holder a right to have new shares issued. However, this right can be waived from time-to-time by a qualified majority of the shareholders. When proposing to the shareholders to resolve such a waiver, the Board shall explain the rationale for such a waiver.

Where a share capital increase is resolved by the Board in accordance with an authorisation by the general meeting of the Company, the pre-emption right may only be set aside where this has been pre-approved by the shareholders as part of the issuance of the authorisation. Where the Board resolves to carry out an increase in the share capital and waive the pre-emption rights of the existing shareholders on the basis of such an authorisation granted to the Board, an explanation will normally be publicly disclosed in a stock exchange announcement issued in connection with the increase of the capital.

The Board of EMGS will waive the pre-emption of existing shareholders in connection with any share capital increases to meet the Company's obligations towards holders of options if and when such options are exercised.

Transactions with close associates

In the event of any material transaction between the Company and its shareholders, a shareholder's parent Company, members of the Board, members of the executive personnel or close associates of any such parties, the Board will, as a general rule, arrange for a valuation by an independent third party.

EMGS has implemented procedures for the Board, the board committees and the executive personnel to ensure that any conflicts of interest connected to agreements entered into by the Company are reported to the full Board.

5. Freely negotiable shares

The shares in EMGS are freely negotiable and the Articles of Association do not contain any restrictions on negotiability.

EMGS is listed on the Oslo Stock Exchange, and the Company works actively to attract the interest of new shareholders.

6. General meetings

General Meetings
General meetings are the Company's ultimate corporate body. EMGS encourages all shareholders to participate in general meetings. The Board endeavours to organise the general meetings to ensure that as many shareholders as possible may exercise their rights by participating, and that such meetings are an effective forum for the views of shareholders and the Board.

Preparation for the Annual General Meeting (AGM)
The AGM is normally held in June each year, and in any case no later than 30 June, which is the latest date permitted under applicable law. The 2022 AGM was held on 21 June 2023. The 2023 AGM is scheduled to be held on 19 June 2024.

The notices calling the general meetings are made available on the Company's website and sent to shareholders in the form requested in their VPS account, in each event no later than three weeks prior to the meeting.

According to article 8 of the Company's registered Articles of Association and provided that the shareholders may participate in general meetings electronically, ref. article 9 in the articles, the AGM may, with the majority required to amend the Articles of Association and with effect until the next AGM, decide that the notices calling Extraordinary General Meetings shall be sent no later than two weeks before the date of the meeting.

Shareholders who wish to take part in a general meeting must give notice to the Company by the date stated in the notice of meeting, which date must be at least two business days before the general meeting.

Each share carries one vote in the Company's general meetings.

Article 10 of the Articles of Association stipulates that the supporting documents dealing with matters to be considered by the AGM can be made available on the Company's website rather than being sent to shareholders directly. However, shareholders are still entitled to receive the documents by post upon request.

The calling notice to the general meeting along with a form for appointing a proxy and sufficiently detailed supporting information, including proposals for resolutions and comments on matters where no resolution is proposed, are disclosed on the Company's website. Resolutions and supporting information are sufficiently detailed and comprehensive to enable shareholders to form a view on matters on the agenda to be considered in the meeting. The Company will make appropriate arrangements for the general meeting to vote separately on each candidate nominated for the Company's corporate bodies.

As a routine, the financial calendar for the coming year is published no later than 31 December as a stock exchange announcement, and it is also made available on the Company's website.

Participation in general meetings
Shareholders who do not attend the general meeting may be represented and exercise their voting rights by way of a proxy. A person will be nominated to be available to vote as a proxy on behalf of shareholders. Proxy forms will enable the proxy holder to cast votes for each item on the agenda separately. The final deadline for shareholders to give notice of their intention to attend the meeting or to vote by proxy will be set in the notice for the meeting. According to article 9 of the Articles of Association, the Board may decide that the shareholders can participate in the general meeting by mean of an electronic aid, including that they may exercise their rights as shareholders electronically.

Agenda and conduct of the AGM
The Board decides the agenda for the AGM. The main agenda items are determined by the requirements of the Public Limited Liability Companies Act.

The Code stipulates that the Board should have arrangements to ensure an independent Chairman for the general meetings. The Company has evaluated the recommendation but decided that it was in the interest of the Company and the shareholders that the general meeting held in 2023 was chaired by the Chairman of the Board.

The AGM minutes are published by the issuance of a stock exchange announcement and are also made available on the Company's homepage.

7. Nomination Committee

EMGS has a Nomination Committee elected by the AGM. According to article 11 in the Company's Articles of Association, the committee shall consist of 2 to 3 members who shall be elected by the AGM for a period of 2 years, unless the AGM decides a shorter period.

At the Extraordinary General Meeting held on 25 November 2021, in which Frederik W. Mohn replaced the previous Chairman of the Company, Christos Makrygiannis replaced Frederik W. Mohn as a Member of the Nomination Committee.
As per 31 December 2023, the Nomination Committee consisted of two members;

- Kristian Siem (Chairperson)
- Christos Makrygiannis

The Nomination Committee has refrained from accepting a fee for their work on the Nomination Committee. The Nomination Committee proposes candidates for election to the Board and for the remuneration of the members of the Board. Also, the Nomination Committee proposes candidates for election to the Nomination Committee and suggests changes to the mandate or guidelines of the Nomination Committee.

EMGS' Nomination Committee is in contact with shareholders, the Board and the Company's executive management when searching for candidates for election to the Board.

The recommendation to the AGM relating to the election should be available in time to be sent with the notice calling the meeting, so that the shareholders have the opportunity to submit their views on the recommendation to the Nomination Committee ahead of the meeting. Further details are set out in article 11 of the Articles of Association and in the guidelines for the nomination committee, which were approved by the AGM in 2012.

8. Board: composition and independence

The composition of the Board

EMGS does not have a corporate assembly.

According to article 5 in the Company's Articles of Association, the Board shall consist of 3–11 board members. At the end of 2023, EMGS' Board consisted of four directors. Two of the directors are female and two are male.

The shareholder-elected members represent varied and broad experience from relevant industries and areas of speciality, and the members bring experiences from both Norwegian and international companies. Any proposal for the election of shareholder-elected board members are made with a view to ensure that the Board can attend to the shareholders' common interest and the Company's need for competence, capacity and diversity. Also, the Board should function well as a collegial body. The Chairman of the Board is elected by the general meeting.

As of 31 December 2023, the Board consisted of the following directors:

- Frederik W. Mohn, Chairman
- Beatriz Malo de Molina (Independent)
- Mimi Berdal (Independent)
- Jørgen Westad

Independence of the Board

The Board does not include any members from the Company's executive management.

Two of the four shareholder-elected board members, Ms. Malo de Molina and Ms. Berdal, are considered independent of the Company's material business associations and major shareholders. Mr. Mohn and Mr. Westad are not considered independent and are related to one of each of the Company's two largest shareholders. Mr. Mohn and Mr. Westad are related to bondholders that hold the majority of the convertible bond.

As the majority of the members of the Board are not considered independent, the Company deviates from the Code on this point. However, the Company believes that this deviation is in the interest of both EMGS and its stakeholders, including other shareholders, as it allows for short lines of communication between the Company and its largest shareholders as well as significant experience and competence to the Board which the Company may not be able to retain without these directors.

9. The work of the Board

The Board's duties and responsibilities

The Board has the ultimate responsibility for the management of the Company and for supervising its day-to-day management and activities in general. This includes developing the Company's strategy and monitoring its implementation. In addition, the Board exercises supervision responsibilities to ensure that the Company manages its business and assets and carries out risk management in a prudent and satisfactory manner. The Board is responsible for the appointment of the CEO. The Board has an annual plan for its work.

Mandate for the Board

In accordance with the provisions of Norwegian company law, the terms of reference for the Board are set out in a formal mandate that includes specific rules and guidelines on the work of the Board and decision making. The Chairman of the Board is responsible for ensuring that the work of the Board is carried out in an effective and proper manner in accordance with legislation.

Mandate for the CEO

The Board issues a mandate for the work of the CEO. There is a clear division of responsibilities between the Board and the CEO. The CEO is responsible for the operational management of the Company.

Financial reporting

The Board receives periodic reports on the Company's commercial and financial status. The Company follows the timetable laid down by the Oslo Stock Exchange for the publication of interim and annual reports.

Board meetings

The Board holds regular meetings and a strategy meeting each year. Extraordinary Board meetings are held as and when required, to consider matters that cannot wait until the next regular meeting. In addition, the Board has appointed three sub-committees composed of board members to work on matters in these areas. The Board has established and stipulated instructions for these committees.

Audit Committee

The Audit Committee is appointed by the Board. Its main responsibilities are to supervise the Company's systems for internal control, to ensure that the auditor is independent and assist the Board with oversight. The Audit Committee has reviewed the procedures for risk management and financial controls for the major areas of the Company's business activities.

The Audit Committee receives reports on the work of the external auditor and the results of the audit. Also, the Audit Committee meets regularly with the auditor where no member of the executive management is present.

As per 31 December 2023, the Audit Committee consisted of the following:

- Beatriz Malo de Molina, Chairman
- Jørgen Westad

Compensation Committee

The Compensation Committee makes proposals to the Board on the employment terms, as well as conditions and total remuneration of the CEO and other executive personnel.

As per 31 December 2023, the Compensation Committee consisted of the following:

- Frederik W. Mohn, Chairman
- Beatriz Malo de Molina
- Mimi Berdal
- Jørgen Westad

Strategy Committee

A Strategy Committee was established by the Board on 11 February 2015. The Strategy Committee shall contribute to the Company's strategy development.

The committee consists of the following:

- Frederik W. Mohn, Chairman
- Beatriz Malo de Molina
- Mimi Berdal
- Jørgen Westad

Annual evaluation

The Board's working methods and interactions are subject to annual revision.

10. Risk management and internal control

The Board ensures that the Company has sound risk management and an internal control system that is appropriate to its activities. The risk management and internal control systems in EMGS are based on its corporate values, ethics guidelines and principles for sustainability and corporate social responsibility ("**CSR**"). The Board reviews the Company's internal control system and the main areas of risk annually.

EMGS' management conducts day-to-day follow-up of financial management and reporting. Management reports to the Audit Committee, which conducts a review of the quarterly and annual reports before publication. The Audit Committee inquires into the integrity of EMGS' accounts, also in its interactions with the independent auditor. It also inquiries into, on behalf of the Board, issues related to financial review and internal control, and the external audit of EMGS' accounts. The Board ensures that EMGS is capable of producing reliable annual reports and that the external auditor's recommendations are given thorough consideration.

A description of the Company's financial risk management objectives and policies are included in Note 3 to the financial accounts.

11. Remuneration for the Board

The AGM decides the remuneration paid to members of the Board annually. The Nomination Committee prepares proposals for the AGM regarding remuneration for Board members. The remuneration of the Board reflects the Board's responsibility, expertise and time commitment, and the complexity of the Company's activities.

The Code recommends that remuneration of the Board should not be linked to the Company's performance and, further, that the Company should not grant options to members of its Board.

None of the shareholder-elected board members are engaged by the Company in any other role (e.g., as consultant) other than that as Board members.

Details on the remuneration to the Board can be found in notes to the financial statements of the Company.

12. Remuneration of the executive personnel

The Board determines salary and other remuneration systems for key management personnel pursuant to the provisions of the Norwegian Public Limited Liability Companies Act. The CEO's employment conditions, and remuneration are determined by the Board and are presented to the AGM. The Board annually evaluates salary and other remuneration for the CEO. Details on the remuneration to the Company's executive personnel are included in notes to the financial statements of the Company.

The guidelines of the remuneration system for the executive personnel are determined by the Board and is presented to the AGM through a declaration on principles for management remuneration, which is required by law. This declaration is also included in the Company's annual report.

Performance-related remuneration of the executive personnel is linked to value creation for shareholders or the Company's performance over time. The performance-related remuneration to the executive personnel is subject to an absolute limit.

The Board believes that the salary levels of executive personnel should be competitive.

In accordance with the public limited liability companies act (ASAL §6-16), a remuneration report will be made available on www.emgs.com prior to the AGM to be held on 19 June 2024.

13. Information and communications

EMGS maintains regular dialogue with analysts and investors. The Company considers it very important to inform shareholders and investors about the Company's commercial and financial performance.

The Company strives to continuously publish all relevant information to the market in a timely, effective and non-discriminatory manner. All stock exchange announcements are made available both on the Company's website and on the Oslo Stock Exchange news website at www.newsweb.no, and are also distributed to news agencies (via Hugin).

Financial reports

EMGS publishes its provisional annual accounts as soon as possible after the end of each financial year. The complete annual report and accounts are made available to shareholders no later than three weeks prior to the AGM and no later than by the end of April, as required by the Securities Trading Act (section 5-5 (1)).

Quarterly reports are normally published within six weeks following the end of the quarter, except for the report for the second quarter which is normally published approximately seven weeks following the end of the quarter.

The Company's financial calendar for the coming year is published no later than 31 December in accordance with the rules of the Oslo Stock Exchange. The financial calendar is available on the Company's website and on the Oslo Stock Exchange website.

EMGS holds recorded web-based presentations in connection with the publication of its interim results. These presentations review the published results, market conditions and the Company's future prospects. The presentations are given by the CEO and/or the CFO and are distributed by webcast so that anyone can follow the presentation. Quarterly reports, presentation material and webcasts are all available on the Company's website.

Other market information

In addition to the dialogue between the shareholders in the general meeting, the Board aspires to maintain contact with shareholders throughout the year, if possible in relation to the quarterly presentations and the participation in seminars mainly aimed at investors. This contact is coordinated between the Chairman of the Board, the CEO and/or the CFO.

The Company has a policy of identifying the positions entitled to speak on behalf of the Company on various subjects, and who should communicate with the media, investors and investment bankers.

14. Takeovers

The Board endorses the recommendation of the Code for corporate governance on takeover bids. EMGS’ Articles of Association do not contain any restrictions, limitations or defence mechanisms on acquiring the Company’s shares.

In accordance with the Securities Trading Act and the Code, the Board has adopted guidelines for possible takeovers.

In the event of a takeover bid, the Board will, in accordance with its overall responsibility for corporate governance, act for the benefit of all Company shareholders. The Board will not seek to hinder or obstruct takeover bids for EMGS’ activities or shares, unless the interests of the Company’s shareholders so warrants.

If an offer is made for EMGS’ shares, the Board will normally both make a recommendation as to whether the shareholders should accept the offer and arrange a valuation from an independent expert.

15. Auditor

The external auditor presents an annual plan to the Audit Committee covering the main features for carrying out the audit. The external auditor presents the result of the audit to the Audit Committee and the Board in the meeting dealing with the annual financial statements, including presenting any material changes in the Company’s accounting principles and significant accounting estimates, and reporting any material matters on which there has been disagreement between the external auditor and EMGS’ executive management.

The external auditor annually presents internal control weaknesses and improvement opportunities to the Audit Committee and, when appropriate, to the Board. The Board holds a meeting with the auditor at least once a year where no member of the executive management is present.

The Board has adopted instructions as to the executive personnel’s access to the use of the external auditor for services other than auditing. The external auditor provides an overview of remuneration divided into fee paid for audit work and any fees paid for other specific assignments, which are presented to the Audit Committee and at the Annual General Meeting. This disclosure is also included in the annual report.

The external auditor has given the Board a written notification confirming that the requirements for independence are satisfied.

Oslo, 17 April 2024
Board of Directors and CEO of Electromagnetic Geoservices ASA

Sign.

Report on Sustainability and Corporate Social Responsibility.

Introduction

This report from the Board of Directors (the "Board") of Electromagnetic Geoservices ASA ("EMGS" or "the Company") describes EMGS' principles, efforts, measures and results related to sustainability and corporate social responsibility ("CSR") in the year of 2023.

The report is based on the principles in EMGS' policy for sustainability and corporate social responsibility and the EMGS sustainability and corporate social responsibility standard (together, the "CSR Policy Documents"). These principles cover the areas labour rights, anti-corruption, the environment and human rights. The CSR Policy Documents applies to both national and international operations.

It is the intention of EMGS that the Company's efforts within (i) working environment issues, including safety measures, (ii) anti-corruption procedures and training, and (iii) the culture encouraged from our employees through the CSR Policy Documents shall contribute to improved understanding for human rights, working ethics, work environment, health, safety and environmental impact.

The work related to sustainability and CSR (together "the CSR work") in EMGS is based on the core values of the Company:

- **Integrity** in all our relationships
  We earn trust through demonstrating integrity. We dare to challenge, and we are honest. Our honesty benefits all our relationships.

- **Commitment** to value creation
  We are strong believers in the value our technology creates for both customers and shareholders. We go the extra mile.

- **Innovation** in products and services
  We set the stage for the future of the industry. We are passionate about developing what our customers need.

- **Quality** in every step

We care about our people, our customers and our deliveries. We don't compromise on safety or on quality. This report covers CSR work related to EMGS with its subsidiaries (together, the "Group") in 2023.

The report is primarily based on feedback from management in the Group and various internal committees, reporting systems and reports. Throughout 2023, as in previous years, CSR issues were discussed in management meetings and by the Board.

This report includes an introduction to the abovementioned principles, the EMGS commitment, implementation and actions as well as the measures and outcome specific for 2023.

The CSR policy is available on the Company's homepage www.emgs.com.

Transparency Act Statement

As required under Section 5 of the Norwegian Transparency Act of 18 June 2021, EMGS has prepared an approved a separate statement pertaining to our work related to human rights and decent working conditions. The statement is attached to this Report on Sustainability and Corporate Social Responsibility and is also published on the Company's homepage www.emgs.com.

Statement on CSR work 2023

All work in the Group related to CSR is based on the CSR Policy Documents. Below is an overview of the principles, as well as a description of how the Company reports issues relate to CSR, and measures taken under each of the main CSR principles.

Quality, Health, Security, Safety and Environment

In 2023, the general objectives for Quality, Health, Security, Safety and Environment (QHSSE) were met. Several areas of improvement were identified during the course of 2023, as is natural given the nature of CSR compliance. The Company's five-year trailing QHSSE statistics are in line with its peers.

EMGS complies with the highest standards from IOGP, the International Association of Oil and Gas Producers, as well as with specific QHSSE requirements from customers and authorities.

QHSSE performance is reviewed on a regular basis with the Board and management team.

Labour rights

EMGS adheres to the following principles for labour rights:

- Freedom of association and right to collective bargaining;
- No forced or compulsory labour;
- No child labour; and
- No discrimination

The working environment and the employees
As of 31 December 2023, the EMGS Group had 19 employees, of which three work in Trondheim, Norway, eleven at the regional office in Oslo, Norway, four offshore and one in Mexico City, Mexico.

EMGS takes a proactive approach to the welfare and safety of its employees and has initiated a number of measures to keep short-and long-term sick leave amongst the employee group at current low levels. The Company experienced no lost time injury events in 2023.

Equal opportunities and discrimination statement
EMGS' 19 employees represent five different nationalities with different cultures.

EMGS has defined and implemented guidelines to protect against gender discrimination. At the end of 2023, two of the Group's 19 employees, or 11%, were female, which is higher as compared to male/female ratio as of 31 December 2022.

The Group will continue to prioritise its goal of improving the current imbalance by actively following a recruiting strategy to this effect. EMGS recognises that the average compensation for its female employees is lower than the average workforce figure. This can be explained by a high degree of representation of males at management level and among the technical professionals. As per 31 December 2023, the executive management team consisted of three persons, whereof all are male.

The Discrimination Act's objective is to promote gender equality, ensure equal opportunities and rights, and to prevent discrimination due to ethnicity, national origin, descent, skin colour, language, religion and faith. The Group is actively and systematically working to encourage the Act's purpose within its business. The activities include recruiting, remuneration, working conditions, promotion, development opportunities and protection against harassment. These are issues of importance for EMGS' working environment, as the Group has employees from five nations with a various languages, cultures, ethnicities, religions and faiths.

The Group's aim is to have a workplace with no discrimination due to reduced functional ability. For employees or new applicants with reduced functional ability, individual arrangements can be made concerning the workplace and responsibilities. For offshore work, the Group has limited possibilities for offering work to employees with reduced functional ability.

Working environment measures

EMGS management encourages and facilitates close dialogue between management and employees, and between the different departments within the Group. Some of the actions to facilitate dialogue are through bi-weekly meetings held with all employees.

Office inspections are carried out on a regular basis to capture potential working environment hazards.

The Maritime Labour Convention, MLC 2006 was implemented in August 2013 and the Norwegian law implementing this convention, the Shipworker Act, was implemented on the same day. By the end of 2019, the MLC 2006 had been ratified by 94 countries. EMGS' working environment and terms were already in line with the MLC 2006 and the Shipworker Act requirements before its implementation.

Anti-Corruption

Corruption undermines all sound business activities and free competition. Business should work against corruption in all its forms, including extortion and bribery. EMGS has a zero-tolerance policy with respect to corruption in all its forms, including bribery and facilitation payments. Adherence to this principle is a basic and fundamental requirement for all contractors and suppliers.

The Group and all of its employees shall at all times adhere to all applicable legislation related to bribery and anti-corruption, and as a minimum always to the provisions of the FCPA, the UK Bribery Act and the Norwegian penal code.

The Company has over the years given significant attention to the Company's active pursuit to prevent corruption and bribery.

EMGS has several policies and standards related to its anti-corruption compliance programme, including but not limited to the Ethics Policy and Code of Conduct as well as an anti-corruption compliance training programme. The training is a combination of web-based and more in-depth training in meetings.

The Group has established a whistle-blower procedure in line with best practice industry standards and all applicable regulations. EMGS encourages and supports employees who report dilemmas and incidents in relation to attempted and/or actual corruption, bribery and/or fraud to management ("whistle blowers"). The Company has not received any reports from employees related to anti-corruption during 2023.

EMGS continues to place a high priority on the Company's compliance work.

External environment

EMGS is of the opinion that a more systematic use of its EM data in offshore oil exploration will reduce the environmental footprint of oil exploration activities by among other things reducing the number of dry or non-commercial wells being drilled before finding and appraising hydrocarbon reservoirs.

EMGS is committed to acting responsibly and in full transparency to monitor and reduce its environmental impact and continually improve the overall environmental performance of its services. This is an integral and fundamental part of

EMGS' business strategy, operating methods and technology development implemented through EMGS' QHSSE Policy, Environmental Standard and Environmental Management Plan.

EMGS is tracking its environmental footprint on each survey and identifying and monitoring the main waste streams including hazardous waste.

The technology EMGS uses supports the Company's environmental ambitions. The anchors used to keep receivers in place are made from an eco-friendly compound which dissolves in the months after the receivers are released, thus the anchors do not harm the environment. This means that the anchors are reduced to disaggregated sand after a survey, leaving no discernible survey footprint and no hazard to subsea operations or fishing.

Human Rights

Principles related to Human Rights:

- Support and respect the protection of human rights; and
- Make sure not to be complicit in human rights abuses.

Human rights abuses shall not occur at EMGS. It is the intention of EMGS that the working environment effort, including safety measures, the anti-corruption procedures and training as well as the attitude encouraged from the Company's employees shall contribute to improved understanding for human rights, working ethics and a cleaner environment in the areas of the world where the Group operates.

The reputation of the Company is created by the collective conduct of each individual employee. The employees are obligated to study the EMGS policies, including but not limited to Ethics Policy and Code of Conduct and perform their duties accordingly.

On an operating level, EMGS seeks to ensure that there is a good working environment without discrimination of any kind in the Group. The managers handle all minor issues related to human rights. If/when there are issues of broader magnitude, HR, and legal are involved.

No claim regarding Human Rights has been reported to HR, QHSE or Legal in 2023.

2023 Transparency Act Statement

INTRODUCTION AND PURPOSE

Avoiding any form of contribution to, or risk of contributing to, human rights violations has always been central to Electromagnetic Geoservices ASA's (together with its subsidiaries, "EMGS" or the "Company") obligations towards its stakeholders, including most notably the various local communities in which EMGS operates.

Our commitment to the protection of human rights is incorporated as a core tenet in our most important guidance documents, including our Code of Conduct. EMGS requires all sales agents and other key service providers to adhere to our own Code of Conduct, unless they can document that they have already implemented a similar guidance document with requirements no less stringent than those incorporated in EMGS' Code of Conduct.

Following the implementation of the Norwegian Transparency Act of 18 June 2021 (the "Transparency Act"), EMGS' efforts to ensure that we perform adequate risk assessments to identify actual or potential risks of human rights infringements, directly or indirectly through our suppliers and supply chains, has been further strengthened.

This statement has been prepared in accordance with Section 5 first subsection of the Transparency Act and was approved by the EMGS board of directors in April 2024.

OUR BUSINESS, ORGANISATION AND HUMAN RIGHTS COMPLIANCE

About EMGS

EMGS acquires, processes and markets CSEM (controlled-source electromagnetic) and MT (magnetotelluric) data, primarily for use in offshore oil and gas exploration, using its own proprietary EM technology.

The EM data is acquired using a designated EM acquisition vessel, which EMGS charters on a time charter basis (i.e. including, amongst other things, provision of the maritime crew operating the vessel) from North Sea Commander Shipping AS, a Norwegian shipowner and operator.

In addition to data acquisition operations, EMGS processes EM data and provides certain consulting services related to our principal lines of business.

For further details regarding EMGS, its business, organisation, and operations, please refer to earlier sections of the annual report and other information published on the Company's webpage (www.emgs.com).

EMGS' work to ensure no human rights infringement risk

EMGS has, prior to the implementation of the Transparency Act, adopted a risk-based approach to ensuring that we do not contribute to, or risk contributing to, human rights violations. Specifically, this means that the Company on a regular basis and as part of all relevant risk analysis (e.g. prior to performing acquisition operations outside of Norway) specifically considers these questions with a view to identifying human rights risks and ensuring that appropriate measures are implemented to avoid or, as the case may be, seek to fully mitigate them.

Following the implementation of the Transparency Act, EMGS has, additionally, introduced a company group-wide risk analysis.

In addition to continuing this specific event- and risk-based work to ensure our compliance with fundamental human rights, EMGS has, based on the requirements of the Transparency Act, instituted a semi-annual group-wide risk analysis based on the process set out in the OECD Due Diligence Guidance for Responsible Business Conduct. The results of this review are reported to the Audit Committee and, on an annual basis, to the Board of Directors.

Any findings identified through the due diligence review process (or otherwise during the ordinary course of business), are followed up separately with continuous reporting to the Audit Committee.

DUE DILIGENCE FINDINGS AND AREAS OF FOCUS

Under the Transparency Act, EMGS is obligated to publish the "[…] actual negative consequences for basic human rights and decent working conditions, and significant risk of negative consequences […]" (office translation) identified by the Company as part of the due diligence review.

EMGS has not, during the period covered by this statement, identified any actual negative consequences for basic human rights and decent working conditions as a direct or indirect result of its business or operations.

Based on a risk-based approach, EMGS has identified the following two areas as those with the highest risk (meaning, in this context, more than a remote or hypothetical possibility) of negative consequences for human rights and/or decent working conditions:

- EMGS operates on a worldwide basis. Consequently, the Company will from time-to-time operate in countries where local requirements, laws and regulations applicable to our operations (e.g. requirements for fishing representatives onboard our vessel during operations) do not sufficiently safeguard the interest of local fishing communities and/or indigenous peoples. Consequently, when performing offshore acquisition operations in such countries, the Company would, if it solely relied on meeting the requirements under applicable local law, still risk infringing on the rights and interests of such local fishing communities and/or indigenous peoples. To mitigate this risk, EMGS undertakes specific human-rights related risk analysis when operating in such jurisdictions and implements mitigating initiatives and efforts if and as appropriate. Based on the concrete circumstances, such mitigating initiatives and efforts may include voluntary use of fishing representative(s), retaining one or more local community/fishing liaisons, consultation with affected or potentially affected local communities and fishermen, and paying appropriate compensation in case of disruption to fishing activity (including in the form of pre-emptive compensation; paying compensation to local fishing communities so that they may temporarily cease their fishing activity in EMGS' area of operation). Based on extensive experience from operating in such areas, and considering the robust mitigating measures EMGS employs, we consider the risk to be very low (although not negligible). During 2023 EMGS did not operate in such areas as the vessel was warm-stacked in Norway for the entire year. Based on planned acquisition activity in 2024, EMGS considers this risk factor to be germane going forward.

- At the end of 2023, EMGS had 19 full time employees (whereof 18 were based in Norway), in addition to certain direct contractors. EMGS considers the risk of potential non-compliance with the right to decent working conditions among its own employees and direct contractors, including in both instances with respect to those working on the Company's vessel/offshore, to be very low. EMGS also relies on the consultants, contractors, and employees of our suppliers. As we are not the employer/direct contracting party to this personnel, regular interaction and follow up is required to ensure that their working conditions are, as a minimum, decent and generally acceptable. EMGS mitigates this risk by specifically addressing these questions with our contracting counterparties both during the sourcing/contracting phase and (for longer/recurring engagements) with regular intervals during the course of the relationship. Furthermore, our own employees are encouraged to report, either through their line manager or, if deemed appropriate, through our whistle-blower channel if they suspect that working conditions for such personnel are below the requirements of EMGS. EMGS considers this risk to be very low (although not negligible).

INFORMATION REQUESTS

Under Section 6 of the Transparency Act, any person has the right to submit a written request for further information to EMGS. We kindly ask that such requests are sent to emgs@emgs.com.

Oslo, 17 April 2024
Board of Directors and CEO of Electromagnetic Geoservices ASA

Sign.

Determination of Salary Statement.

The following statement has been prepared by the Board of Directors of Electromagnetic Geoservices ASA ("EMGS" or the "Company") and outlines the main principles for the current remuneration policy but does not constitute the official accepted guidelines. The official guidelines made in accordance with section 6-16a of the Norwegian Public Limited Liability Companies Act was accepted by the 2021 AGM and is published on www.emgs.com. The Board's Senior Executive Remuneration Report for 2023 will be available in the 2024 AGM Calling Notice and on www.emgs.com following AGM on 19 June 2024.

1. Main principles for determination of management remuneration

The objective of the Company's compensation policy for the executive management ("Management"), is to attract and retain the best leadership capabilities available to lead and develop the Company and thus maximise shareholder and stakeholder value. The compensation is based both on a non-variable element ("Base Salary") and variable elements such as bonus, stock options and variable special payments ("Variable Compensation", and, together with Base Salary, "Overall Compensation").

For the CEO, the compensation level is determined by the Board of Directors without involvement from the CEO. For other members of Management, compensation is determined by the Board based on recommendations from, and discussions with, the CEO.

The Base Salary shall be competitive to local market levels and is determined by the manager's skills and level of responsibility in the organisation. The Base Salary is determined by using industry benchmarks with local relevance for similar roles.

The Variable Compensation, such as bonuses, is applied using Company performance and individual performance. Long term incentives, such as stock option plan, are applied by assessing the criticality of the role to the Company, and as an instrument to retain critical skills in the Company.

When determining compensation for the CEO and other members of Management, the Board takes into consideration not only industry benchmarks and individual performance, but also the average compensation level for all other employees of the Company.

2. Salaries and remuneration

2.1 Base Salary

The Management's fixed annual salary is defined as the Base salary and is subject to annual review.

2.2 Performance Bonus

The Company has a performance bonus programme linked to annual performance. The objective of the programme is to compensate individuals based on the achievement of Company objectives as well as personal performance. The objectives of the Company are established by the Board of Directors.

Management has a bonus potential of up to 50% of Base Salary, and the rates are specified in the individual employment agreements. Management's bonuses are based on achieving KPIs set by the Board of Directors. The KPIs vary from year to year, but typically include achieving financial targets and operating in a safe and efficient manner. In 2023, Management did not achieve the KPI financial targets set by the Board of Directors. For further details to Management's compensation, please see Note 6 to EMGS ASA's financial statements or the Remuneration Report 2022 available on www.emgs.com.

A Bonus programme is established as a general programme for all employees with a bonus potential of 10 – 50% of Annual Base Salary. No bonus was accrued in 2023.

2.3 Share Option Programme

Management participates in the Company's Stock Option Plan which is used to attract and retain employees. The programme was established with the aim to provide a long-term incentive.

For new grants, the minimum exercise price is set at fair market value at the date of grant. The vesting of such options takes place over a four-year period from the date of the grant.

Any new grants under the share option programme will be determined by the Board based on authorisation from the annual general meeting (as described directly below).

The Company's share option programme is based on an authorisation from the annual general meeting of the Company. The authorisation was renewed at the annual general meeting in 2023 and is thus subject to renewal at the 2024 annual general meeting. The authorisation, which covers all employees and not only Management, is limited to a maximum of 3,929,090 options.

The total number of outstanding options (for all employees and not only Management) under the share option programme as of 31 December 2023 was 112,500.

2.4 Pension plan

Management participates in the Company´s general collective pension plan. The Company has defined contribution pension plans, and the plan applicable in Norway involves a contribution level of 5% of Base Salary from 0 G up to 7.1 G and 15% of Base Salary from 7.1 G up 12 G, where G is the base amount (Folketrygdens grunnbeløp) that equals NOK 118 620 as of 31 December 2023.

The Company does not offer any top-up pension plan for Management.

2.5 Benefits in kind

Management participates in the Company's ordinary benefits in kind schemes (i.e. telephone expenses, laptop and free broadband connection and use). The Board may, on a case-by-case basis and based on their own discretion, award other reasonable and benefits in kind provided that such benefits do not deviate from what is generally accepted in the Norwegian market.

2.6 Severance plan

As is customary in the Norwegian market, the CEO has, in his employment agreement, agreed that he may be terminated at the discretion of the Board (i.e. termination at will). In the event of such termination, the CEO is entitled to severance pay equal to 12 months' Base Salary. No other members of Management have any agreements to receive Base salary and benefits beyond the statutory notice period.

Agreements may be signed regarding severance pay for other members of general management to attend to the Company's needs at all times to ensure that the selection of managers is in commensuration with the Company's needs. Pursuant to the Working Environment Act, such agreements may not have a binding effect on general management other than the CEO.

3. Management salaries and remuneration in subsidiaries of EMGS

Companies within the EMGS group are to follow the main principles of the Company's managerial salary policy as described in section 1. It is an ambition of the Company to globally coordinate the wage policy and the plans used for variable compensation throughout the EMGS Group.

4. Review of the executive management remuneration policy that has been carried out in the financial year 2023

The remuneration policies set out in the declaration on determination of salary and other compensation to the Management for 2023 were followed in all respects.

Oslo, 17 April 2024

Frederik W. Mohn
for and on behalf of the Board of Directors of Electromagnetic Geoservices ASA

Sign.

Financial statements.

EMGS Group

Consolidated Income Statement.

Amounts in USD 1 000	Note	2023	2022
Operating revenues			
Contract sales	6	767	13,561
Multi-client pre-funding	6, 16	0	4,793
Multi-client late sales	6, 16	7,221	11,874
Other revenue	6, 25	0	4,751
Total revenues		**7,988**	**34,979**
Operating expenses			
Charter hire, fuel and crew expenses	7	1,228	4,241
Employee expenses	8	2,950	3,884
Depreciation right-of-use assets	27	2,808	4,049
Multi-client amortisation	16	553	2,513
Other depreciation and amortisation	16, 27	3,707	4,159
Other operating expenses	9, 10	2,844	3,018
Total operating expenses		**14,090**	**21,864**
Operating profit/ (loss)		**-6,102**	**13,115**
Financial income and expenses			
Interest income	11	1,251	388
Interest expense	11	-3,094	-2,516
Interest expense lease liabilities	11, 27	-310	-504
Impairment financial assets	4, 11	0	0
Gains on financial assets and liabilities	11, 23	-1	671
Net foreign currency income/(loss)	11	58	-7
Net financial items		**-2,097**	**-1,969**
Income/ (loss) before income taxes		**-8,199**	**11,146**
Income tax expense	12	-21	-46
Income/ (loss) for the period		**-8,178**	**11,192**
Basic income/(loss) per share in USD		**-0.06**	**0.09**
Diluted income/(loss) per share (EPS) in USD		**-0.06**	**0.09**

Consolidated Statement of Other Comprehensive Income.

Amounts in USD 1 000	Note	2023	2022
Income/ (loss) for the period		**-8,178**	**11,192**
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		-4	-5
Other comprehensive income/(loss)		**-4**	**-5**
Total other comprehensive income/(loss) for the period		**-8,182**	**11,187**

The items recorded in Other comprehensive income/(loss) do not have any tax effect in 2023 or 2022. Amounts are wholly allocated to the owners of the parent.

Consolidated Statement of Financial Position.

Amounts in USD 1 000	Note	2023	2022
ASSETS			
Non-current assets			
Multi-client library	16	951	1,504
Other intangible assets	16	12	106
Property, plant and equipment	17	6,584	9,252
Right-of-use assets	27	1,530	4,882
Other receivables and prepayments	18	2,929	2,693
Assets under construction	17	0	3
Total non-current assets		**12,006**	**18,439**
Current assets			
Spare parts, fuel, anchors and batteries	19	4,010	4,158
Trade receivables and accrued revenues	20	1,124	7,898
Other receivables and prepayments	18	179	506
Financial lease receivables	18	0	49
Cash and cash equivalents	21	10,255	11,434
Restricted cash	21	193	196
Total current assets		**15,761**	**24,241**
Total assets		**27,767**	**42,681**
EQUITY			
Capital and reserves attributable to equity holders			
Share capital, share premium and other paid-in equity	14	71,589	71,490
Other reserves		-1,579	-1,575
Retained earnings		-69,407	-61,233
Total equity		**601**	**8,681**
LIABILITIES			
Non-current liabilities			
Provisions	25	0	0
Borrowings	23	19,584	19,484
Non-current leasing liabilities	23, 27	139	118
Total non-current liabilities		**19,722**	**19,601**
Current liabilities			
Trade payables	24	1,135	2,928
Current tax liabilities	12	2,945	3,025
Other short term liabilities	26	1,169	3,104
Current leasing liabilities	23, 27	2,194	5,341
Total current liabilities		**7,443**	**14,398**
Total liabilities		**27,165**	**33,999**
Total equity and liabilities		**27,767**	**42,681**

Oslo, 17 April 2024

Board of Directors and CEO of Electromagnetic Geoservices ASA

Sign.

Consolidated Statement of Cash Flows.

Amounts in USD 1 000	Note	2023	2022
Net cash flow from operating activities			
Income/ (loss) before income taxes		**-8,199**	**11,146**
Adjustments for:			
Total taxes paid		-59	-342
Depreciation right-of-use assets	27	2,808	4,437
Multi-client amortisation	16	553	2,513
Other depreciation and amortisation	16,17	3,707	4,159
Impairment of other long term assets	16,17	0	0
Cost of share-based payment	15	101	4
Change in trade receivables	20	6,775	-6,632
Change in inventories	19	148	-345
Change in trade payables	24	-1,793	947
Change in other working capital		-1,792	-1,388
Finance Income	11	0	-671
Finance Cost		2,705	2,730
Net cash flow from operating activities		**4,952**	**16,560**
Investing activities:			
Purchase of property, plant and equipment	17	-946	-317
Investment in multi-client library	16	0	-1,602
Purchase of intangible assets	16	0	-33
Cash used in investing activities		**-946**	**-1,953**
Financial activities:			
Principal amount leases	23	-2,580	-6,157
Interest lease liabilities	27	-310	-504
Repayment/settelment of loan	23	0	-4,297
Interest paid	11	-2,295	-2,070
Cash used in/provided by financial activities		**-5,185**	**-13,027**
Net change in cash		**-1,179**	**1,580**
Cash balance beginning of period		11,434	9,855
Cash balance end of period		10,255	11,434
Net change in cash		**-1,179**	**1,580**

Consolidated Statement of Changes in Equity.

Amounts in USD 1 000	Note	Share capital share premium and other paid-in-capital	Other reserves	Retained earnings	**Total equity**
Balance as of 1 January 2022	**14**	**71,490**	**-1,570**	**-72,433**	**-2,514**
Income/(loss) for the period		0	0	11,192	11,192
Other comprehensive income		0	-5	0	-5
Total comprehensive income		**0**	**-5**	**11,192**	**11,187**
Cost of share-based payments		0	0	9	9
Balance as of 31 December 2022	**14**	**71,490**	**-1,575**	**-61,232**	**8,681**
Income/(loss) for the period		0	0	-8,178	-8,178
Other comprehensive income		0	-4	0	-4
Total comprehensive income		**0**	**-4**	**-8,178**	**-8,182**
Cost of share-based payments		99	0	3	102
Balance as of 31 December 2023	**14**	**71,589**	**-1,579**	**-69,407**	**601**

Notes.

Note 1 – Corporate information

Electromagnetic Geoservices ASA (EMGS/the Company) and its subsidiaries (together the Group) use EM to find hydrocarbons in offshore reservoirs. The Company's services help oil and gas companies to improve their exploration success rates. The Group has subsidiaries in Norway, Brazil, USA, Malaysia, Mexico, Canada and the United Kingdom.

The Company is a public limited liability company incorporated and domiciled in Norway with shares and bonds that are publicly traded. The address of its registered office is Karenslyst allè 4, 0278 Oslo, Norway.

These consolidated financial statements have been approved for issue by the Board of Directors and the Chief Executive Officer on 17 April 2024

Note 2 – Summary of significant accounting policies

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS® Accounting Standard "IFRS") as adopted by the European Union (EU). IFRS as adopted by the EU differ in certain respects from IFRS as issued by the International Accounting Standards Board (IASB). References to IFRS hereafter should be construed as references to IFRS as adopted by the EU.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

The consolidated financial statements have been prepared on a historical cost basis. The consolidated financial statements are presented in US dollars and all values are rounded to the nearest thousand except when otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional statement of financial position at the beginning of the earliest period presented when there is a retrospective application of an accounting policy.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of EMGS and entities controlled by EMGS (subsidiaries). Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.
Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of the voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual agreement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

2.3 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

2.4 Foreign currencies

<u>a) Functional and presentation currency</u>
The financial statements of each entity within the Group reflect transactions recorded in the currency of the economic environment in which it operates (the functional currency). The functional currency of the Company is US Dollars (USD).

The consolidated financial statements are presented in USD which is the Group's presentation currency. Each entity in the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

<u>b) Transactions and balances</u>
Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rate on the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in

foreign currencies are translated at the functional currency spot rate at the reporting date. All differences are recorded in profit and loss.

Non-monetary items that are measured in terms of historical costs in a foreign currency are translated using the exchange rates on the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates on the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

c) Group companies
The results and financial position of Group companies (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each balance sheet presented are translated at the rate of exchange ruling at the reporting date.

(ii) Revenues and expenses for each income statement presented are translated using the foreign exchange rates on the specific transaction date.

All resulting exchange differences are recognised in other comprehensive income.

2.5 Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods and services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 4. Revenue is shown net of withholding and value-added taxes. Revenue is recognised as follows:

a) Proprietary contract sales
The Group performs EM services under contract for a specific customer, whereby the EM data is owned by the customer. The Group recognises contract revenues (whether priced as Lump Sum, Day Rate or Unit Price) over time. The Percentage of Completion ("POC") revenue recognition method is used for proprietary contract sales. Under the POC method revenue is recognised in proportion to the stage of completion of the agreement. The Group believes the POC method is the most accurate way in which to measure performance obligations satisfied.

A map outlining the specific area to be acquired, processed or reprocessed along with related latitude/longitude coordinates and related parameters for acquisition or processing are part of the agreement. This provides EMGS with significant information about the area, geographical location and other matters which substantially impact the Company's estimate of time to complete the project. Such estimates are documented prior to the beginning of the project agreement and progression tracking is documented daily in the vessel operational logs.

In most cases, a third-party is included in the daily review and approval process during acquisition. Approved daily acquisition reports serve as the basis for determining physical progress in the POC calculations.

Mobilisation Fees
Costs related to mobilisation are deferred and recognised over the acquisition period (which is the time from the first receiver is dropped to the last retrieval) of the contract, using the percentage of completion method. The deferral of mobilisation costs can only begin after an agreement has been signed between EMGS and the client. Until a contract is signed or anticipated, costs are expensed as incurred.

b) Sales of multi-client library data

Pre-funding agreements

Multi-client licensing sales made prior to commencement of acquisition for a project and licensing sales while the projects are in progress, are presented as pre-funding revenues. The advantages for pre-funding customers are generally the possibility to influence the project specifications, early access to acquired data, and discounted prices.

The Group recognises pre-funded revenue at the point in time when data is made accessible to the customer.

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 recognised when a valid licensing agreement is signed, and the multi-client library data is made accessible to the customer.

Uplift

Uplift revenues can arise if a customer that has already bought a license for EM data, is awarded acreage covered by the data bought. Uplift revenue is recognised when the customer is awarded the acreage.

Contract balances

Accrued revenue

Accrued revenue is the right to consideration in exchange for goods or services transferred to the customer. If the Group is transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or series to the customer, a contract liability is recognised when the payment is received, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Significant financing component

The Group has received funding from third parties building the next generation EM equipment. There is a significant financing component for these contracts considering the length of time between the parties' payment and the beneficial period. As such, interest costs are calculated on this contract liability recorded as provision in the balance sheet. The interest rate is commensurate with the rate that would be reflected in a separate financing transaction between the Group and the parties at contract inception.

2.6 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 recognised 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 on assets is calculated using the straight-line method. The assets are depreciated over their estimated useful life, as follows:

	Useful life:
Machinery and equipment*	3 - 8 years
Cluster **	5 years
Hardware equipment and furniture	3 - 5 years

*Machinery and equipment are mainly placed onboard the vessel. Parts of the equipment are under water during operation and have a shorter useful life.

** A cluster consists of IT equipment comprising of large number of processors for doing advanced data processing.

The assets' 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 written down to the recoverable amount (Note 2.11).

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 and any significant part initially recognised is derecognised 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 statement of profit or loss when the asset is derecognised.

2.7 Leases

The Group assesses at the 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.

Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

a) Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. 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.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment (Note 2.10).

b) Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

c) Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.8 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 amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite.

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

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level (Note 2.10).

a) Patents
Patents have a finite useful life and are recorded at historical cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of patents over their estimated useful lives (10-15 years). Administrative costs associated with patents are expensed as incurred.

b) Computer software
The cost of acquired computer software licenses is capitalised based on the expenses incurred to acquire and bring the specific software to use. These costs are amortised over the estimated useful life (3 years).

The costs of design of software interfaces, installing, testing, creating system and user documentation, defining user reports and data conversion are capitalised together with the software cost.
These costs are directly related to developing the software application for the Group's use.

Costs associated with maintaining computer software are expensed as incurred. Costs directly associated with the production of identifiable and unique software products controlled by the Group, which are expected to generate economic benefits in excess of cost (beyond one year) are recognised as intangible assets. Direct costs include software development employee costs and an appropriate portion of relevant overheads. Computer software development costs recognised as assets are amortised over their estimated useful life, not to exceed three years.

c) Research and development costs
Research costs are expensed as incurred. Development expenditure on individual projects is recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible assets so that it will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits

- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit (normally 3 years).
During the period of development, the asset is tested for impairment annually.

Contributions from external customers and government grant in the development stage are recorded as a reduction of the intangible asset up to the amount that covers the cost price. Any surplus is recorded as revenues.

d) Multi-client library
The multi-client library consists of surveys of electromagnetic data. The surveys can be licensed to customers on a non-exclusive basis. Directly attributable costs associated with the production and development of multi-client projects such as acquisition costs, processing costs, and direct project costs are capitalised.

A multi-client project is considered complete when all components or processes associated with the acquisition and processing of the data are finished, and all components of the data have been properly stored and made ready for delivery to customers.

After a project is completed, a straight-line amortisation is applied. The straight-line amortisation is assigned over the useful life, which is set at four years. The straight-line amortisation is distributed evenly through the financial year independently of sales during the quarters.

2.9 Inventories

Inventories are valued at the lower of cost or net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable 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 equipment components and parts, anchors, batteries, and fuel.

2.10 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, such as for goodwill and intangible assets with infinite useful life, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transaction can be identified, an appropriate valuation model is applied.

The Group bases its impairment calculation on budget and forecast calculations.

Non-financial assets, other than goodwill previously impaired, are reviewed at each reporting date for possible reversal of the previously recorded impairment. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods.

2.11 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Subsequent measurement

For purposes of subsequent measurements, financial assets are classified in four categories:

- financial assets at amortised cost (debt instruments)
- financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- financial assets at fair value through profit or loss

Financial assets at amortised cost is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade receivables.

The Group does not have any financial assets measured at fair value through OCI, financial assets designated at fair value through OCI, or financial assets at fair value through profit or loss.

Derecognition

A financial asset is derecognised when the rights to receive cash flows from the asset have expired; or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to third party under a "pass-through" arrangement; and either (i) the Group has transferred substantially all the risks and rewards of the asset, or (ii) the Group has neither transferred nor retained substantially all the risks and rewards relating to the asset, but has transferred control of the asset.

Impairment of financial assets

For trade receivables, the Group applied a simplified approach in calculating expected credit losses (ECL). The Group recognises a loss allowance based on lifetime ECLs at each reporting date. This is based on the historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment, see Note 3 b).

b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss.
This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

Financial liabilities at amortised cost (loans and borrowings)
This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

The EIR amortization is included as finance costs in the statement of profit or loss.

This category applies to interest-bearing loans and borrowings.

Convertible bond
The convertible bond is separated into a liability and an equity component. On issuance of the convertible bond, the fair value of the liability component is determined using a market rate for equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised costs (net of transaction costs) until it is extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity. Transaction costs are deducted from equity. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bond, based on the allocation of proceeds to the liability and equity components when the instrument is initially recognised.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, this is treated as derecognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

2.12 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.

Current income tax relating to items recognised directly in equity is recognised 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 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 realised 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 utilised.

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.

c) Sales tax

Expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.13 Employee benefits

a) Pension obligations

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

b) Share-based payments

The Group operates an equity-settled, share-based compensation plan. The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuation expert using an appropriate pricing model, further details are given in Note 15.

The cost of equity-settled transactions is recognised in Employee expenses, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date). The cumulative expense recognised for equity- settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. When options are exercised, the proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

c) Bonus plans

The Group recognises a provision for bonus expenses where contractually obliged or where there is a past practice that has created a constructive obligation.

2.14 Provisions

Provisions are recognised 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.

2.15 Cash and short-term deposits

Cash and short-term deposits in the statement of financial position and consolidated statement of cash flows comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

2.16 Changes in accounting policies and disclosures

The accounting principles adopted are consistent with those of the previous year.

2.17 Standards and interpretations issued, but not yet adopted

The financial statements have been prepared based on standards effective for the year ending 31 December 2023. IASB has issued standards/amendments to standards that are not yet effective.

The Group plans to implement the new standards, amendments and interpretations when they are effective and approved by EU.

Note 3 – Financial risk management objectives and policies

The Group's principal financial liabilities comprise trade and other payables and loans and borrowings. Payments related to EMGS's Senior Unsecured Convertible Bond 2018/2025 are paid quarterly and are interest only. The main purpose of these financial liabilities is to finance the Group's operations. The Group has various financial assets such as trade receivables, cash and short-term deposits which derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's executive management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

The Group did not apply hedge accounting in 2023 or 2022.

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise two types of risk for the Group: interest rate risk and currency risk.

The sensitivity analysis in the following sections relates to the position as of 31 December 2023 and 2022. The sensitivity analysis has been prepared on the basis that the amount of net debt and the portion of financial instruments in foreign currencies are all constant. The analysis excludes the impact of movements in market variables on the carrying value of pension, provisions and on the non-financial assets and liabilities of foreign operations.

The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risk. This is based on the financial assets and financial liabilities held as of 31 December 2023 and 2022.

i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term loan with floating interest rate.

With all other variables held constant, a reasonably possible increase in SOFR of 2.5% will increase the Group's annual net interest expense on the long-term loan by approximately USD 490 thousand as of 31 December 2023 (2022: USD 488 thousand).

ii) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group operates internationally and therefore has exposure to foreign exchange risk arising from transactions executed in other currencies than the functional currency of each company. EMGS ASA has USD as functional currency, hence the foreign currency risk is primarily with respect to NOK in EMGS ASA. Approximately 95% of the Group's sales are denominated in USD (2022: 97%), whilst approximately 32% of costs are denominated in USD in 2023 (2022: 63%).

Foreign exchange risk arises from future commercial transactions, recognised as assets and liabilities.

The following table summarises the sensitivity to a reasonably possible change in the NOK exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities). The Group's exposure to foreign currency changes on equity and for all other currencies is not material.

Amounts in USD 1000	Strengthening / (weakening) of NOK	Effect on income/(loss) before tax
2023	20%	129
	-20%	-129
2022	20%	69
	-20%	-69

b) Credit risk

The Group is exposed to credit risk from its operating activities (primarily for trade receivables and cash and cash equivalents). See Note 20 for aging analysis of trade receivables.

i) Trade receivables

The Group trades with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

The requirement for an impairment charge is analysed at each reporting date on an individual basis for each customer. For trade receivables, the Group applied a simplified approach in calculating expected credit losses (ECL). The Group recognises a loss allowance based on expected credit losses at each reporting date. This is based on the historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment, see Note 2.11 a). The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.
With respect to credit risk arising from the other financial assets of the Group such as cash and cash equivalents, the Group's exposure to credit risk arises from default of the counter party, with maximum exposure equal to the carrying amount of these instruments.

c) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient liquidity to be able to meet its financial obligations. EMGS' sources of liquidity include cash balances, cash flow from operations, borrowings, it's existing and new bank facilities and further debt and equity issues. It is the Company's objective to balance these sources of liquidity.

The Group's convertible bond contains a financial covenant requiring free cash and cash equivalents of at least USD 2.5 million. As of 31 December 2023, the free cash and cash equivalents totaled USD 10.3 million. EMGS' management follows the Group's liquidity risk closely.

The financial liabilities with maturity less than one year will be settled through cash flow from operating activities in 2024. While EMGS is still working on securing meaningful backlog, the flexible operating cost base allows EMGS to significantly reduce costs during periods of vessel warm stack. Management considers the liquidity throughout 2024 sufficient to cover both the Group's net current liabilities per 31 December 2023 and estimated cash-need in 2024.

The table below summarises the maturity profile of the Group's financial liabilities 31 December based on contractual payments.

Amounts in USD 1 000	On demand	Less than 3 months	3 to 6 months	6 months to 1 year	1 to 2 years	2 to 5 years	> 5 years	Total
Year ended 31 December 2023								
Interest bearing loans and borrowings	0	564	558	1,140	20,637	0	0	22,898
Trade and other payables	0	1,731	287	3,230	0	0	0	5,248
Other financial liabilities	0	653	672	870	96	43	0	2,333
Year ended 31 December 2022								
Interest bearing loans and borrowings	0	552	545	1,127	2,261	20,637	0	25,123
Trade and other payables	0	4,142	1,006	3,910	0	0	0	9,058
Other financial liabilities	0	1,085	1,605	2,650	118	0	0	5,458

See Note 23 for financial liabilities.

Electromagnetic Geoservices ASA Senior Unsecured Convertible Bonds 2018/2025 with a current outstanding amount of USD 19.5 million contains a financial covenant requiring free cash and cash equivalents of at least USD 2.5 million. In addition, the bond agreement restricts the Company's ability, among other things, to sell multi-client library, declare or make any dividend payments, incur additional indebtedness, change our business, and enter speculative financial derivative agreements.

i) Capital management

For the purpose of the Group's capital management, capital includes equity attributable to the equity holder of the parent.

The primary objective of the Group's capital management is to ensure healthy capital ratios to support its business and maximise shareholder value.

In order to achieve this overall objective, the Group's capital management, amongst 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 lenders to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowings in the current period.

The Group manages its capital structure and adjusts it considering changes in economic conditions. To maintain or adjust the capital structure, the Group may refinance its debt, issue new shares or sell assets.

Note 4 – Significant accounting estimates, judgements and assumptions

The preparation of the Group's financial statements requires management to make estimates, judgements and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liabilities affected in the future periods. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Estimates and assumptions

The Group makes estimates 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 amounts of assets and liabilities within the next financial year are discussed below.

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the financial budget approved by the management and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being (CGU) tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to the multi-client library and DeepBlue (see description under Assets under construction below) recognised by the Group. The key assumptions used to determine the recoverable amount, including a sensitivity analysis, are disclosed and further explained in Note 16.

DeepBlue

At least annually, management forecasts future cash flows from the Joint Industry Project ("the DeepBlue"). The DeepBlue is the Next Generation EM equipment. The project has been on-going since 2012. EMGS performed its first commercial survey with the DeepBlue equipment in 2017. The net carrying value of the DeepBlue as of 31 December 2023 of USD 5 294 thousand (2022: USD 8 470 thousand) has been recorded as property, plant and equipment.

In estimating future cash flows, future market demand and additional expenses to operate the vessel are taken into account. Because the inherent difficulty in estimating these factors, it is possible that future cash flows from these activities will not be sufficient to recover the existing carrying value of the DeepBlue. See Note 17 for more details regarding the impairment test.

Impairment of financial assets

In September 2021, Mexican bank regulators revoked Accendo Banco S.A.'s banking license and initiated a liquidation process of the bank. EMGS had deposits with Accendo of approximately USD 2.1 million. EMGS was entitled to receive approximately USD 135 thousand from the Mexican Bank Savings Protection Fund. An impairment of the deposits in the Accendo account, less the USD 135 thousand received, was made at the end of the third quarter 2021 in the amount of USD 1.9 million. A reliable recovery estimate is not possible at this time, so no adjustment to the impairment has been made subsequent to the end of 2023.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. The Group is subject to income taxes in several jurisdictions. Given the wide range of international business relationships, differences arising between the actual results and the assumptions made, or future changes in such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audit by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on several factors, such as the experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies. EMGS has USD 1.3 million included as a receivable based on prepaid taxes in Malaysia related to a 2019 survey.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Unrecognised tax assets as of 31 December 2023 are USD 89 837 thousand (2022: USD 85 771 thousand).

Useful lives of the Group's property, plant and equipment, and intangible assets (technical innovations, climate-related matters, Ukraine and macroeconomic situation)

The Group's management determines the estimated useful lives and related depreciation and amortisation charges for its property, plant, and equipment and intangible assets. When remaining useful lives of assets are determined to be too high, management will make appropriate estimate revisions and adjust depreciation charges prospectively. Items determined to be technically obsolete, or which have been abandoned will be written off completely.

Management considers technical innovations and increased competition as the most material factor with respect to assessing the remaining useful life of the Company's assets.

Additionally, a number of other potential factors are, although it is management's current assessment that they are unlikely to have a material impact on the value of our assets, considered. This includes:

- Geopolitical conflicts

  The war in Ukraine and the associated energy situation in Europe, has led to increased oil and, in particular, gas prices, and has increased national governments' focus on energy security. Although there are still a number of uncertainties, it is likely that this will result in increased exploration spending and budgets going forward.

  Management continuously assesses the impact of the war in Ukraine and the Houthi attacks in the Red Sea and the potential impacts on the Company's operations, including with respect to supply chain issues. It is management's current assessment, however, that these impacts, if any, are likely to be immaterial and that the Company will be able to fully mitigate them.

- Climate-related risks

  Irrespective of the actual pace of the green transition, it is management's opinion that the Company is well positioned. In addition to its core E&P offering, where in particular gas exploration is likely to increase as a result of gas replacing coal power, the Company is in the early stages of positioning itself in the expected future marine minerals exploration market. The Company is also assessing various options for including certain services to the offshore wind market.

- Other macro considerations

  The Company is also subject to a number of macroeconomic factors, which are difficult to predict and where various experts may disagree as to the likely future developments. Among these factors are, most notably, future interest rate levels, whether the current high-inflation environment will normalise and any future economic recessions. Management takes all of these factors into consideration when determining the need for additional impairments.

4.2 Judgement

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Revenue recognition – contract sales
IFRS 15 requires entities to exercise judgement taking into consideration all the relevant facts and circumstances when applying each step of the model to contracts with their customers. The Group uses the percentage of completion method in accounting for its proprietary contracts, as the revenue should be recognised over time by measuring the progress towards complete satisfaction of the performance obligation. 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 services to be performed. The proportion of services performed to total services to be performed can differ from management's estimates, influencing the amount of revenue recognised in the period. Generally, the percentage of completion is agreed upon with the customer on a monthly basis and is based upon acquisition of data, measuring receiver deployment; receiver recovery; and tow lines completed.

Determining the lease term of contracts with renewal options – Group as lessee
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised. The Group has lease contracts for one vessel that includes extension options. The Group applies judgement in evaluation whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic

incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew.

The renewal periods for the vessel Atlantic Guardian are not included as part of the lease term as these are not reasonably certain to be exercised.

Refer to Note 27 for information on leases.

Development costs
Development costs are capitalised in accordance with accounting policy in Note 2.8 c). Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to established project management model. As of 31 December 2023, the carrying amount of capitalised development costs is USD 12 thousand (2022: USD 106 thousand).

4.3 Liquidity and Going Concern Assumption

The Group has prepared its financial statements under the going concern assumption, and the Board confirms in accordance with Section 3-3a of the Norwegian Accounting Act that the going concern assumption is applicable. The Group's reported results, its business strategy, its current budgets and financing, as well as its long-term strategic forecasts provide the basis for the going concern assumption. See also "Liquidity risk" above for more information about the going concern assumption.

The cash and cash equivalent position as of 31 December 2023 was USD 10.3 million. As further described under Risks and uncertainty factors, the Company's outstanding convertible bond and its bank facilities contain financial covenants requiring that the Company has a minimum of USD 2.5 million in free cash and / or cash equivalents.

As of 31 December 2023, the carrying value of the Group's equity was USD 0.6 million, down from USD 8.7 million at the end of 2022.

The Company's equity amounted to NOK 23.2 million as of 31 December 2023, up from NOK 5.5 million at the end of 2022.

Note 5 – Shared revenue

The Group has entered several cooperation agreements regarding EM multi-client surveys in the Barents Sea, Gulf of Mexico and Brazil. The cooperation agreements are joint operations.

EMGS has received funding and/or seismic data against a revenue share on prefunding, late sales and uplift revenues. EMGS has provided the vessel, performed the data acquisition and finally provided the data processing services. The acquired data remains the property of EMGS.

When EMGS licenses data to customers in areas subject to revenue sharing, the Group invoices and collects payments from the customers for the entire sales amount. The related accounts receivable is presented gross, while the portion due to the partner upon collection from the customer is presented as a short-term liability.

EMGS did not recognize any revenue in 2023 from the sale of multi-client library with cooperation agreements in 2023 EMGS' share of the revenue from the sale of data from the multi-client library with a cooperation agreement in 2022 was USD 6 062 thousand. EMGS only recognises revenue net of revenue share on late sales in which a cooperation agreement is applicable.

Note 6 – Segment

For management purposes, the Group is organised into one reportable segment. The Group offers EM services, and the sale contracts and costs are incurred worldwide.

The Group uses a patented electromagnetic survey method to find hydrocarbons in offshore reservoirs. The Group's services help oil and gas companies to improve their exploration success rates.
Management monitors the operating result of the single reportable segment for the purpose of making decisions about resource allocation and performance assessment.

No operating segments have been aggregated to form the above reportable operating segment. The customers are international oil companies, and the risk and profitability are similar in the different geographical areas.

The Group's property, plant and equipment is mainly the survey equipment on the vessel. As the surveys are executed worldwide, the Group is not able to allocate any assets to different geographical areas.

Geographic information

Revenues from external customers:

Amounts in USD 1 000	2023	2022
Europe, Middle East and Africa*	11	44
Norway	7,426	20,884
North and South America	444	14,010
Asia and the Pacific Ocean	107	41
Total	**7,988**	**34,979**

*excluding Norway

The revenue information above is based on the location of the survey.

Two external customers amounted to 10% or more of the Group's total revenues in 2023 (two external customer in 2022). Total revenues from these customers were in 2023 USD 3 300 thousand and USD 1 245 thousand (for 2022: USD 11 804 thousand and USD 8 010 thousand).

Note 7 – Charter hire, fuel and crew expenses

Amounts in USD 1 000	2023	2022
Charter hire and crew expenses	674	897
Fuel	14	2,291
Withholding tax cost	0	-56
Capitalisation of multi-client costs	0	-1,214
Other external services	541	2,323
Total charter hire, fuel and crew expenses	**1,228**	**4,241**

Note 8 – Employee expenses

Amounts in USD 1 000	2023	2022
Employee expenses		
Salaries	2,071	3,170
Social security tax	553	380
Pension costs (Note 22)	208	180
Other payments	115	151
Cost of share based payment (Note 15)	3	4
Total employee expenses	**2,950**	**3,884**
Compensation of key management personnel of the Group		
Salary	465	1,088
Bonus paid in the year	266	0
Share options	0	1
Pension benefits	40	40
Other benefits	5	5
Total management remuneration	**776**	**1,135**

The average number of full-time equivalents was 18.8 in 2023 (2022: 20).
The average number of full-time equivalents in management was 3 in 2023 (2022: 3).
See Note 6 in the Financial Statements of EMGS ASA for Executive Management and Board of Directors remuneration.

Note 9 – Other operating expenses

Amounts in USD 1 000	2023	2022
Office rental and housing expenses	195	319
Consumables and maintenance	251	270
Consultancy fees *	1,330	1,696
Travel expenses	168	103
Insurance	322	354
Marketing	61	46
Other operating expenses	518	231
Total other operating expenses	**2,844**	**3,018**
*** Fees to auditor included in consultancy fees:**		
Statutory audit services	133	121
Further assurance services	24	22
Tax advisory services	6	6
Total fees to auditor	**163**	**149**

The fees to auditor are for the Group included subsidiaries, and do not include VAT.

Note 10 – Research and development costs

Research and development costs consist of USD 0 (2022: USD 0) charged to the income statement as part of operating expenses.

Employee costs capitalised as development amounted to USD 0 (2022: USD 0).

Note 11 – Financial items

Amounts in USD 1 000	2023	2022
Financial income:		
Interest income	1,251	388
Gains on financial assets and liabilities	(1)	671
Total financial income	**1,250**	**1,059**
Financial expenses:		
Interest expenses lease liabilities	310	504
Interest expense on bonds	2,395	2,071
Interest expense partner contribution DeepBlue source	-	154
Foreign exchange losses related to loans and receivables	(58)	7
Impairment financial assest	0	0
Other interest expenses	700	290
Total financial expenses	**3,347**	**3,027**
Net financial items	**(2,097)**	**(1,969)**

The exchange rate effects in 2023 and 2022 are mainly related to accounts receivables and trade payables in NOK in EMGS ASA, and accounts receivables and trade payables in NOK or other currencies than USD in other group companies.

Note 12 – Income tax expense

Amounts in USD 1 000	2023	2022
Change in deferred tax asset	0	0
Current tax	-21	-46
Total income tax expense	**-21**	**-46**

The expense/(benefit) for income taxes from continuing operations differs from the amount computed when applying the Norwegian statutory tax rate to income/(loss) before taxes as the result of the following:

Amounts in USD 1 000	2023	2022
Income/(Loss) before tax	-8,199	11,146
Tax at the domestic rate of 22%	-1,804	2,452
Non-deductible expenses	-575	835
Change in non recognised deferred tax asset	2,379	-3,287
Effect of change in tax rate	0	0
Effect of change in accounting principles	0	0
Foreign income taxes	-21	-46
Total tax charge	**-21**	**-46**

The current tax liabilities in 2023 of USD 2 945 thousand mainly consist of accruals for taxes related to operations in Brazil, down from USD 3 025 thousand in 2022.

Note 13 – Deferred tax

Amounts in USD 1 000	2023	2022
Deferred taxes detailed:		
Property, plant and equipment	351	1,157
Inventory	0	0
Accrued foreign income taxes	166	-666
Loss carried forward	-88,667	-86,262
Total deferred tax (asset)/liability	**-88,150**	**-85,771**
Non-recognised deferred tax assets	**88,150**	**85,771**
Net deferred tax asset	**0**	**0**

Deferred tax assets are recognised only to the extent that the realisation of the related tax benefit through the future taxable profits is probable.

Unused tax losses are generated in Brazil, Norway, Mexico, Malaysia and the US. It can be carried forward indefinitely in Brazil, Mexico, Norway and Malaysia whilst in the US it can be carried forward in 20 years.

Note 14 – Share capital, share premium and other paid in capital

Amounts in USD 1 000 (except number of shares)	Number of shares	Ordinary share capital	Share premium	Other paid-in capital	Total
At 1 January 2022	**130,969,690**	**15,285**	**0**	**56,206**	**71,490**
					0
At 31 December 2022	**130,969,690**	**15,285**	**0**	**56,206**	**71,490**
At 1 January 2023	**130,969,690**	**15,285**	**0**	**56,206**	**71,490**
Cost of shares issued	0	0	0	99	**99**
At 31 December 2023	**130,969,690**	**15,285**	**0**	**56,305**	**71,589**

The Board is granted authorisation to increase the share capital by 30,123,029 shares so the total authorised number of ordinary shares is 161 092 719 (2022: 161 092 719) with a par value of USD 0.10 (NOK 1) per share. Total number of shares as of 31 December 2023 is 130 969 690 (2022: 130 969 690). All issued shares are denominated in NOK and fully paid.

The largest shareholders as of 31 December 2023:

	Number of ordinary shares	Percentage
Siem Investments S.À.R.L.	43,327,467	33.08%
PERESTROIKA AS	38,652,795	29.51%
RAGE, PER EGIL	2,340,500	1.79%
NORDNET LIVSFORSIKRING AS	1,722,137	1.31%
METIZ CATCHLOG AS	1,008,150	0.77%
SPORTSMAGASINET AS	1,000,000	0.76%
HEGGELUND, JAN	915,240	0.70%
JAGLAND, ERIK SMITH	900,000	0.69%
Nordnet Bank AB	806,653	0.62%
KEMP, KRISTIAN NEIL	750,000	0.57%
NÆRINGSENTREPRENØREN AS	603,000	0.46%
SKOGMO, OLE JØRGEN	601,000	0.46%
STAVSETH AS	600,000	0.46%
SOUTHGARDEN AS	591,110	0.45%
KONGSRUD, RUNE JACOB	507,837	0.39%
RYGG, JAN WIGGO	505,000	0.39%
EIKANGER INVEST AS	500,000	0.38%
ØVERLAND, JARLE	457,039	0.35%
SLENESET BYGG AS	447,983	0.34%
The Bank of New York Mellon	443,761	0.34%
Other	34,290,018	26.18%
Total	**130,969,690**	**100%**

Note 15 – Share based payment transactions

Share options are granted to employees. In 2022 no options were granted to the Company’s employees.

The expense recognised for employee services during the year is:

Amounts in USD 1 000	2023	2022
Expense arising from share based payment transactions	1	4

The vesting period is the period during which the conditions to obtain the right to exercise are to be satisfied. The options granted in previous years vest as follows:

- 25% on the one-year anniversary of the Grant Date
- 25% on the two-year anniversary of the Grant Date
- 25% on the three-year anniversary of the Grant Date
- 25% on the four-year anniversary of the Grant Date

The Grant expires two years following the Vesting Date. A condition to hold options within the Company is continued employment.

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not be actual outcome.

The Group has no legal or constructive obligation to repurchase or settle the options in cash.
The cost of the options is calculated based on the Black Scholes option pricing model.
The following table lists the inputs to the model used for the plan for the option granted during the year ended 31 December 2023:

	2023
Expected volatility	86%
Risk free interest rate	1.28%
Expected life of options (years)	3.5
Weighted average share price (USD)	2.14

Expected volatility was determined based on historic volatility on comparable listed companies. Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2023		2022	
	Average exercise price in USD per share	**Options**	**Average exercise price in USD per share**	**Options**
At 1 January	0.22	168,750	0.25	168,750
Granted	0.00	0	0.00	0
Exercised	0.29	-28,125	0.00	0
Released	0.00	0	0.00	0
Forfeited	0.22	-12,500	0.00	0
Expired	0.22	-15,625	0.00	0
At 31 December	**0.21**	**112,500**	**0.22**	**168,750**
Exercisable at 31 December	**0.21**	**112,500**	**0.22**	**168,750**

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

2023

	In USD per share	Options
2024	0.21	28,125
2025	0.21	28,125
2026	0.21	28,125
2027	0.21	28,125
		112,500

The weighted average remaining contractual life for the share options outstanding as of 31 December 2023 is 1.1 years (2022: 1.55 years).

No options were granted in 2023.

Note 16 – Intangible assets

Amounts in USD 1 000	Software and licenses	Patents	Multi-client library	Total
Year ended 31 December 2022				
Opening carrying value	422	0	2,412	2,834
Additions	34	0	1,602	1,636
Amortisation charge	-350	0	-2,513	-2,863
Impairment	0	0	3	3
Closing carrying value	**106**	**0**	**1,504**	**1,610**
At 31 December 2022				
Accumulated cost	17,400	3,667	161,899	182,967
Accumulated amortisation and impairment	-17,294	-3,667	-160,395	-181,356
Net carrying value	**106**	**0**	**1,504**	**1,610**
Year ended 31 December 2023				
Opening carrying value	106	0	1,504	1,610
Additions	0	0	0	0
Transferred from assets under construction to intangible assets	0	0	0	0
Accumulated costs on disposals	0	0	0	0
Amortisation charge	-93	0	-553	-646
Accumulated depreciation on disposals	0	0	0	0
Impairment	0	0	0	0
Closing carrying value	**13**	**0**	**951**	**964**
At 31 December 2023				
Accumulated cost	17,400	3,667	161,899	182,967
Accumulated amortisation and impairment	-17,387	-3,667	-160,948	-182,003
Net carrying value	**13**	**0**	**951**	**964**

Asset	**Estimated useful life**
Patents	10 – 15 years
Software and licenses	3 years
Multi-client library	4 years

Impairment of multi-client library

The Group performs impairment tests when there are indicators of impairment at least once a year. The Group considers the relationship between the total revenue forecast and the book value of each multi-client project when reviewing for indicators of impairment, hence the book value of the multi-client projects is highly influenced by the future sales forecasts.

The Group did not record impairments of the multi-client library in 2023 or in 2022. The impairment test was done for each multi-client project individually. The net present value of the future sales for each project was compared to the book value of the project. When calculating the net present value of future sales, a discount rate of 15% was used. A 1 % increase in the discount rate would have reduced the total net present value of future sales by USD 13 thousand (2022: USD 26), but it would not have resulted in an impairment in 2023 (2022: USD 0).

Note 17 – Property, plant and equipment and assets under construction

Amounts in USD 1 000	Machinery and equipment	Hardware and furniture	Cluster	Total	Assets under construction
Year ended 31 December 2022					
Opening carrying value	12,520	121	107	12,748	3
Additions	295	22	0	317	0
Accumulated costs on disposals	0	0	0	0	0
Transferred from assets under construction to PPE	0	0	0	0	0
Transferred from assets under construction to intangible assets	0	0	0	0	0
Depreciation charge	-3,713	-53	-46	-3,812	0
Accumulated depreciation on disposals	0	0	0	0	0
Impairment	0	0	0	0	0
Closing carrying value	**9,102**	**89**	**61**	**9,253**	**3**
At 31 December 2022					
Accumulated cost	153,442	22,041	12,513	187,995	3,127
Accumulated amortisation and impairment	-144,341	-21,952	-12,451	-178,745	-3,124
Net carrying value	**9,102**	**89**	**61**	**9,253**	**3**
Year ended 31 December 2023					
Opening carrying value	9,102	89	61	9,253	3
Additions	919	27	0	945	0
Accumulated costs on disposals	0	0	0	0	0
Transferred from assets under construction to PPE	0	0	0	0	0
Transferred from assets under construction to intangible assets	0	0	0	0	0
Depreciation charge	-3,518	-76	-19	-3,613	0
Accumulated depreciation on disposals	0	0	0	0	0
Impairment	0	0	0	0	-3
Closing carrying value	**6,502**	**40**	**42**	**6,585**	**0**
At 31 December 2023					
Accumulated cost	154,361	22,067	12,513	188,941	3,127
Accumulated amortisation and impairment	-147,859	-22,028	-12,470	-182,358	-3,127
Net carrying value	**6,502**	**40**	**42**	**6,585**	**0**

Asset	**Estimated useful life**
Machinery and equipment	3 – 8 years
Hardware and furniture	3 - 5 years
Cluster	5 years

Assets under construction

Assets under construction are internal capital expenditure projects that are not completed. These projects are mainly development and production of acquisition the EM equipment, including receivers, the source and the navigation system.

The DeepBlue

EMGS commenced a Joint Industry Project ("the DeepBlue") in 2012, supported by Shell and Equinor, for developing the Next Generation EM equipment. The benefit of using the DeepBlue equipment is deeper penetration and significantly improved imaging at increased burial depths. The improved imaging leads to improved confidence and enhanced interpretation possibilities. The prototype equipment was completed in 2017 with its first commercial survey summer 2017. The carrying value of the DeepBlue equipment as of 31 December 2023 was USD 5 294 thousand (2022: USD 8 470 thousand).

Impairment test of the DeepBlue

The Group performs impairment tests when there are indicators of impairment and at least once a year. The Group considers the relationship between the total revenue forecast and the total carrying value of the DeepBlue when reviewing for indicators of impairment.

No impairment was made to the DeepBlue equipment set in 2023 nor in 2022. The recoverable amount used in the impairment test was determined based on cash flow projections from the 2024 budget and assumptions regarding additional revenue stream from the DeepBlue equipment. The discount rate applied to cash flow projections was 12%.

The Company used the best estimate of additional revenue stream from the DeepBlue equipment compared with the conventional equipment as revenue forecast in the impairment model. The DeepBlue expanded the addressable market for the Group as the extra power can be used to increase the imaging depth from 2000-2500m to 3000-4000m below the seabed, and/or improve the imaging resolution and ability to see smaller targets at shallower burial depths.

The discount rate used in the net present value calculation was based on the specific circumstances of the Group and was derived from its weighted average cost of capital (WACC). The WACC took both debt and equity into account. The cost of equity was derived from the expected return on investment by the Group's investors. The cost of debt was based on the interest-bearing borrowings the Group is obliged to service. The beta factor was in line with the industry beta.

Sensitivity analysis for key assumptions
The table below shows the percentage change clearance provided by the current headroom of USD 6 968 thousand (2022: USD 2 125 thousand) for the DeepBlue equipment set by changing assumptions, given that the remainder of the assumptions are constant:

		Headroom Clearance	
		2023	**2022**
Discount rate	increase	572%	10%
Dayrate	decrease	-58%	-10%
Number of survey days per year	decrease	-63%	-24%

Note 18 - Other receivables and prepayments

Amounts in USD 1 000	**2023**	**2022**
Non-current		
Other receivables and prepayments	2,929	2,693
Financial lease receivables	0	0
	2,929	**2,693**
Current		
Other receivables and prepayments	179	506
	179	**506**
Total other receivables and prepayments	**3,108**	**3,199**

Note 19 – Spare parts, fuel, anchors and batteries

Amounts in USD 1 000	**2023**	**2022**
Equipment components and parts, at cost	2,639	2,773
Anchors and batteries, at cost	514	514
Fuel, at cost	857	871
Total Spare parts, fuel, anchors and batteries	**4,010**	**4,158**

An impairment, related to spare parts, fuel anchors and batteries, of USD 79 thousand was made in 2023, no impairments was made in 2022.

Note 20 – Trade receivables and accrued revenues

Amounts in USD 1 000	2023	2022
Accounts receivable	1,020	7,276
Accrued revenues	104	622
Impaired receivable	0	0
Total trade receivables and accrued revenues	**1,124**	**7,898**

Trade receivables are non-interest bearing and the payment terms are generally net 30-60 days.

Fair value of the receivables approximates the nominal values, less provision for doubtful receivables.

Generally, the Group trades with recognised, creditworthy customers. The customers are usually large oil companies with an appropriate credit history.

Only in a few instances, services are performed for smaller companies with limited credit history.

Per 31 December 2023 EMGS did not find it necessary to make a provision for doubtful trade receivables (2022: USD 0).

The aging analysis of trade receivables is as follows:

Amounts in USD 1 000	Total	Not Due	< 30	30 - 60 days	60 - 90 days	90 - 120 days	> 120
31 December 2023	1 020	546	400	7	67	0	0
31 December 2022	7 276	7 245	29	0	0	0	2

Note 21 – Cash and cash equivalents and restricted cash

Amounts in USD 1 000	2023	2022
Cash and cash equivalents	10,255	11,434
Restricted cash	193	196
Total cash and cash equivalents and restriced cash	**10,448**	**11,630**

Cash earns interest at floating rates based on daily bank deposit rates.

Restricted cash consists of USD 193 thousand held in restricted accounts as security against employee taxes withheld. In 2022, USD 196 thousand was held in restricted accounts.

Note 22 – Employee benefit obligations

The Company is required to have an occupational pension plan in accordance with the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon"). The Company's pension arrangements fulfill the requirements of the law.

In 2023, the defined contribution plan involved a contribution level of 5 % of Base Salary from 0 to 7.1 G and 15 % of Base Salary from 7.1 up to 12 G, where G is the National Insurance basic amount (Folketrygdens grunnbeløp). G equals to NOK 118 620 as of 31 December 2023.

The Company`s contribution to the Norwegian defined contribution plan for the year ended 31 December 2023 was USD 195 thousand (2022: USD 173 thousand).

As of 31 December 2023, there were 18 employees covered by the defined contribution pension plan (2022: 19).

Defined contribution schemes

Employees not eligible for coverage under the defined contribution plan applicable in Norway are eligible to participate in other Company pension schemes or to receive a pension compensation. All the schemes are considered defined contribution plans. For some of the schemes, subject to statutory limitations, employees may make voluntary contributions in addition to the Company's contributions. Total pension scheme contributions made by the Company in 2023 was USD 208 thousand (2022: USD 180 thousand).

Note 23 – Financial liabilities

Amounts in USD 1 000	Interest rate	Maturity	2023	2022
Non-current				
Senior Unsecured Convertible Bonds 2018/2023(2025) EMGS 03	SOFR + 6.50%	May 9th 2025	19,584	19,484
Lease liabilites	11.9%	2-3 years	139	118
			19,722	**19,601**
Current				
Lease liabilites	3.6-11.9%	Up to 1 year	2,194	5,341
			2,194	**5,341**
Total financial liabilities			**21,917**	**24,942**

USD 32.5 million convertible bond

On 9 May 2018, EMGS secured a USD 32.5 million convertible bond bearing an interest at 3 months LIBOR + 5.50% p.a. The loan can at any time be converted into common shares in EMGS at the conversion price of USD 0.42677 until the maturity date on 9 May 2023. On 9 February 2022, the Unsecured Convertible Bond 2018/2023 was extended by 24 months, until 9 May 2025, and the interest margin was increased by 100 bps to LIBOR + 6.5%. The updated terms have been assessed not to be substantially different from the original terms. Thus, the original bond has not been derecognised, and the extension has instead been accounted for as a modification of the original bond. The modification did not lead to any significant adjustments to the amortised cost of the bond. On 26 June 2023, EMGS entered into an amendment agreement to switch the reference rate from 3 months LIBOR to the Compounded Daily SOFR. The interest margin remains unchanged at 6.5%, however, a credit adjustment spread of 0.26161 per cent per annum was added.

The USD 32.5 million convertible bond can be seen as a contract settled by an entity by delivering a fixed amount of its own equity instruments in exchange for a fixed amount of foreign currency. The economic components of this convertible bond are:

(a) A liability. On issuance of the convertible bond, the fair value of the liability component was determined using a market rate for an equivalent non-convertible bond; and classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

(b) An equity component. The residual of the proceeds was allocated to the conversion option that was recognised in shareholders' equity.

At inception, the value of the liability component was estimated to USD 30.2 million. Amortised cost as 31 December 2023 was USD 19.6 million (2022: USD 19.5 million) including two separate bond buy-backs with a combined nominal value of USD 8 million in 2021 and one bond buy-back with a nominal value of USD 5.0 million in 2022. The equity component, the carrying amount of the conversion option, was estimated to USD 1.9 million at inception and is not remeasured in subsequent periods.

The convertible bond contains financial covenants requiring free cash and cash equivalents of at least USD 2.5 million. In addition, the bond agreement has restrictions regarding the Company's ability to sell the multi-client library, declare or make dividend payments, incur additional indebtedness, change its business or enter into speculative financial derivative agreements. As of 31 December 2023, the free cash and cash equivalents totaled USD 10.3 million (2022: USD 11.4 million).

The convertible bond is unsecured.

Lease liabilities and interest bearing debt

The Group has lease contracts for various items of IT-equipment, offices and vessels. The Group's obligations under its leases are secured by the lessor's title to the leased assets, see Note 27.

The maturity of non-current borrowings is as follows:

The exposure of the Group's borrowings to interest rate changes related to floating rate obligations and the contractual repricing dates of those obligations at the balance sheet dates are as follows:

Amounts in USD 1 000	2023	2022
6 months or less	21,917	24,942
6-12 months	0	0
1-5 years	0	0
Over 5 years	0	0
Total	**21,917**	**24,942**

The carrying amounts and fair value of the non-current borrowings are as follows:

	Carrying amounts	
Amounts in USD 1 000	2023	2022
Senior Unsecured Convertible Bonds 2018/2023(2025) EMGS 03	19,584	19,484
Leasing liabilities	2,333	5,458

The carrying amount of the Group's borrowings are as follows:

Amounts in USD 1 000	2023	2022
USD denominated	21,537	24,485
NOK denominated	380	457
Other	0	0
Total	**21,917**	**24,942**

The liabilities arising from financing activities are as follows:

		Non- cash changes			Cash flows	2022
Amounts in USD 1 000	Opening	Currency	New Leases & Modifications	Financial Gain	Financial lease liabilities	Closing
Current interest bearing loans	0	0	0	0	0	0
Current lease liabilities	6,239	0	4,854	0	-5,753	5,341
Non-current interst bearing loans	24,295	157	0	-671	-4,297	19,484
Non-current lease liablities	522	0	0	0	-404	118
Total 2022	**31,056**	**157**	**4,854**	**-671**	**-10,454**	**24,942**

		Non- cash changes			Cash flows	2023
Amounts in USD 1 000	Opening	Currency	New Leases & Modifications	Financial Gain	Financial lease liabilities	Closing
Current interest bearing loans	0	0	0	0	0	0
Current lease liabilities	5,341	0	-655	0	-2,491	2,194
Non-current interst bearing loans	19,484	101	0	-1	0	19,584
Non-current lease liablities	118	0	111	0	-90	139
Total 2023	**24,942**	**101**	**-544**	**-1**	**-2,580**	**21,917**

Fair values

The fair value hierarchy discloses how fair value is determined for financial instruments recorded at fair value in the consolidated financial statement.

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
Level 2: assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly.
Level 3: techniques for which all inputs which have a significant effect on the recorded fair value that is not based on observable market data.

The carrying amounts of cash and cash equivalents, restricted cash, trade receivables, other receivables, trade payables and other short-term liabilities approximate their respective fair values because of the short maturities of those instruments.

Note 24 – Trade payables

Trade payables are generally non-interest bearing and the payment terms are net 30 days. Fair value of the payables equals the nominal value of USD 1 135 thousand (2022: USD 2 928 thousand).

Note 25 – Provisions

As of 31 December 2023, the group had not accrued any provisions (2022: USD 0).

Note 26 – Other short-term liabilities

Amounts in USD 1 000	2023	2022
Accrued expenses	583	1,109
Holiday pay	287	261
Social security taxes and other public duties	272	251
Other short term liabilities	27	1,482
Total other short term liabilities	**1,169**	**3,104**

Accrued expenses are generally on 30 days payment terms.

Note 27 – Leases

The Group has lease contracts for various items of IT-equipment, offices and vessels. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Some of the lease contracts include extension options. See Note 4 for information on extension options.

The Group also has certain leases with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the "short-term lease" and "lease of low-value assets" recognition exemptions for these leases. These leases include laptops and printers for which a total expense recorded in 2023 was USD 22 thousand (2022: USD 34 thousand).

Set out below are the carrying amounts of right-of-use assets and lease liabilities recognised and the movements during the period: The modification to the vessel lease in 2023 is related to the extension of the lease for the Atlantic Guardian by one year. The modification to the office leases is related to the extension of the Oslo and Trondheim office leases.

Amounts in USD 1 000	Right-of-use assets Vessel leases	Office leases	IT equipment	Total	Lease liabilities Total	Interest expense on lease liabilitiles
As at 1 January 2022	**3,757**	**443**	**265**	**4,465**	**6,762**	
Additions	0	0	0	0	0	
Depreciation expense	-3,738	-197	-114	-4,049	0	
Depreciation capitalised as multi-client expenses	-388	0	0	-388	0	
Modification	4,854	0	0	4,854	4,854	
Payments	0	0	0	0	-6,157	-504
As at 31 December 2022	**4,484**	**246**	**151**	**4,882**	**5,459**	**-504**

Amounts in USD 1 000	Right-of-use assets Vessel leases	Office leases	IT equipment	Total	Lease liabilities Total	Interest expense on lease liabilitiles
As at 1 January 2023	**4,484**	**246**	**151**	**4,882**	**5,459**	
Additions	0	0	0	0	0	
Depreciation expense	-2,506	-195	-107	-2,808	0	
Depreciation capitalised as multi-client expenses	0	0	0	0	0	
Modification	-808	264	0	-544	-544	
Payments	0	0	0	0	-2,580	-310
As at 31 December 2023	**1,170**	**315**	**44**	**1,530**	**2,333**	**-310**

The maturity analysis of the lease liabilities is disclosed below:

Amounts in USD 1 000	2023	2022
Lease agreements – minimum lease payments:		
No later than 1 year	2,329	5,562
After 1 year and no more than 5 years	151	120
After more than 5 years	0	0
Total minimum lease payments	**2,480**	**5,682**
Future finance charges on leases	-147	-224
Present value of lease agreements	**2,333**	**5,458**

The following amounts are recognised in profit or loss:

Amounts in USD 1 000	2023	2022
Depreciation expense of right-of-use assets	2,808	4,049
Interest expense on lease liabilities	310	504
Total amounts recognised in profit or loss	**3,118**	**4,553**

The Group had total cash outflows for leases of USD 2 890 thousand in 2023 (2022: USD 6 661 thousand). The future cash outflows relating to leases that have not yet commenced are disclosed in Note 29.

Depreciation of right-of use assets as presented in the Consolidated Income Statement USD 2 808 thousand (2022: USD 4 049 thousand) is net of depreciation capitalised as multi-client expense as opposed to the Consolidated Statement of Cash Flows. Gross depreciation of USD 2 808 thousand (2022: USD 4 437 thousand) is included in operating activities and nothing (2022: USD 388 thousand) is included in investing activities.

Note 28 - Contingencies

The Group does not have any contingent liabilities in respect of guarantees and matters arising in the ordinary course of business.

Note 29 - Commitments

Lease commitments:

The Group has lease agreements on IT-equipment, offices and vessels.
The future aggregate minimum lease payments under non-cancellable leases are as follows:

Amounts in USD 1 000	2023	2022
No later than 1 year	2,194	5,539
After 1 year and no more than 5 years	139	113
Total operating lease commitments	**2,333**	**5,653**

Contract terms on renewal of the leases are to be negotiated at or before the expiry of the contracts. The vessel contract has renewal options of different durations.

Note 30 – Legal claims

EMGS is involved in the following legal processes:

EMGS is engaged in several tax discussions with the Brazilian internal revenue service. These discussions are related to two main categories of claims by the IRS: (i) a non-approval by the IRS of certain tax offset requests by EMGS related to a credit of Social Contribution on Net Profits (all as provided for under Brazilian law); and (ii) payment of an administrative penalty fee of 50% over a previously disputed tax credit claim. EMGS disputes all of the claims received from the IRS and has initiated administrative proceedings in Brazil to that effect. While EMGS views a negative outcome as unlikely, should EMGS ultimately be unsuccessful in disputing these claims, the aggregate potential additional tax liability amounts to approximately USD 200 thousand (exclusive of interest and penalties).

In March of 2024, EMGS won a court case related to the applicability of service tax on multi-client sales, filed by the Rio de Janeiro municipality in the amount of BRL 29.7 million. In the current litigation, the city of Rio de Janeiro is ostensibly trying to collect the same tax under which EMGS received a positive final verdict in 2019. While EMGS expects that the 2024 ruling will be appealed, we do not anticipate the decision being overturned. EMGS has not made a provision related to this event.

Note 31 – Earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing net profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Amounts in USD 1 000	2023	2022
Income/(loss) attributable to equity holders of the Company	-8,178	11,192
Basic earnings per share	**-0.06**	**0.09**
Diluted earnings per share	**-0.06**	**0.09**
Weighted average number of ordinary shares for the purpose of basic earnings per share (thousands)	130,970	130,970
Effect of dilutive potential shares:		
Share options (thousands)	113	169
Weighted average number of ordinary shares for the purpose of diluted earnings per share (thousands)	131,082	131,138

The Company has one category of dilutive potential ordinary shares: share options.

Note 32 – Related party transactions

The following table provides the amounts paid on transactions that have been entered into with related parties for the relevant financial year:

Amounts in USD 1 000	2023	2022
Momentum S.A.R.L.	0	0
Perestroika AS	0	0
RWC European Focus Master Inc.	0	4,221
Total	**0**	**4,221**

In 2022, the Company performed a bond buy-back with a total combined nominal value of USD 5 million. The bonds were repurchased at 86.5% of par. The total paid to related parties as part of the bond buy-back program was USD 4.2 million.

Note 33 – Investment in subsidiaries

Amounts in USD 1 000

Company	Share ownership/ voting rights 2023	Share ownership/ voting rights 2022	Equity 31 December 2023	Equity 31 December 2022	Location
Sea Bed Logging - Data Storage Company AS	100%	100%	23	25	Oslo, Norway
EMGS Americas 1 AS	100%	100%	11,924	11,852	Oslo, Norway
CSEM Production AS	100%	100%	12	11	Oslo, Norway
EM Multi-client AS	100%	100%	1,768	1,705	Oslo, Norway
EMGS Global AS	100%	100%	618	857	Oslo, Norway
EMGS Americas Inc	100%	100%	-1,063	-1,020	Delaware, USA
EMGS Shipping Mexico S. de R.L. de C.V.	99%/100%	99%/100%	597	538	Col. Del Valle, Mexico
EMGS Sea Bed Logging Mexico S.A. de C.V.	100%	100%	-2,766	-2,709	Col. Del Valle, Mexico
EMGS Services Mexico S.A. de C.V.	99%	99%	236	264	Col. Del Valle, Mexico
Electromagnetic Geoservices Canada Inc	100%	100%	-9	-701	British Columbia, Canada
Servicios Geologicos Electromagneticos do Brasil Ltda	100%	100%	-51,026	-51,027	Rio de Janeiro, Brasil
EMGS Surveys AS	100%	100%	39,038	7,337	Oslo, Norway
Electromagnetic Geoservices UK Ltd	100%	100%	309	4,071	London, UK
Electromagnetic Geoservices Malaysia Sdn Bhd	1%/100%	1%/100%	335	810	Kuala Lumpur, Malaysia
EMGS Asia Pacific Sdn Bhd	100%	100%	763	457	Kuala Lumpur, Malaysia
EMGS Labuan Ltd		100%		-22	Labuan, Malaysia
EMGS Asia Pacific Labuan Ltd		100%		-162	Labuan, Malaysia
EMGS Australia Pty Ltd		100%		85	Perth, Australia

The Group consolidates Electromagnetic Geoservices Malaysia Sdn Bhd and emgs Shipping Mexico S. de R.L. de C.V. at 100 % as the Company has control over these companies.

The Group has started the process of voluntary winding up of EMGS Asia Pacific Sdn Bhd and EMGS Electromagnetic Geoservices Malaysia Sdn Bhd. The Group has wound-up Labuan Ltd., emgs Asia Pacific Labuan Ltd. And EMGS Australia Pty Ltd. In 2024, the Group plans on merging Sea Bed Logging – data Storage Company AS, CSEM Productions AS, EMGS Multi-client AS and EMGS Surveys AS.

Note 34 – Events after the reporting period

Fully prefunded multi-client survey in Brazil

In January 2024, EMGS secured a multi-client contract with Petrobras, with an approximate contract value of USD 11.7 million.

Fully prefunded multi-client survey in Norway

In February 2024, EMGS announced that the Company had entered into an agreement for a fully prefunded multi-client survey in the North Sea with a contract value of USD 2.0 million.

Financial statements.

EMGS ASA

Income Statement.

1 January - 31 December

Amounts in NOK 1 000	Note	2023	2022
Operating revenues			
Contract sales	1, 3	8,502	135,614
Multi-client sales	1, 3	72,533	142,158
Other revenue	1, 3	0	40,500
Total operating revenues		**81,035**	**318,272**
Operating expenses			
Charter hire, fuel and crew expenses	4	39,376	92,075
Employee expenses	5, 6	30,066	38,282
Depreciation and ordinary amortisation	7	25,830	25,833
Multi-client amortisation	7	4,785	16,192
Other operating expenses	4, 8	25,548	28,209
Total operating expenses		**125,605**	**200,592**
Operating income		**-44,570**	**117,680**
Financial income and expenses			
Financial income	9	94,978	11,444
Financial expense	9	-32,714	-28,186
Net financial items		**62,264**	**-16,742**
Income/(loss) before income tax		**17,694**	**100,938**
Income tax expense	10	0	57
Income/(loss) for the year		**17,694**	**100,881**

Balance Sheet.

As of 31 December

Amounts in NOK 1 000	Note	2023	2022
ASSETS			
Non-current assets			
Multi-client library	7	8,213	12,998
Other intangible assets	7	111	947
Property, plant and equipment	7, 11	47,077	62,935
Assets under construction	7	0	0
Investments in subsidiaries	12	49,191	1,191
Total non-current assets		**104,592**	**78,071**
Current assets			
Spare parts, fuel, anchors and batteries	13	25,109	26,608
Trade receivables	3, 11, 14	11,375	77,839
Receivables group companies	14, 15	56,462	0
Other receivables	16	17,747	16,536
Cash and cash equivalents		96,788	99,492
Restricted cash	17	1,744	1,720
Total current assets		**209,227**	**222,196**
Total assets		**313,819**	**300,267**

Balance Sheet.

As of 31 December

Amounts in NOK 1 000	Note	2023	2022
EQUITY			
Paid-in-capital			
Share capital	18, 19	130,970	130,970
Share premium	18, 19	0	0
Other paid-in-capital	18, 19	415,671	415,655
Total paid-in-capital		**546,641**	**546,625**
Retained earnings			
Other equity	19	-523,456	-541,151
Total retained earnings		**-523,456**	**-541,151**
Total equity		**23,184**	**5,474**
LIABILITIES			
Non-current liabilities			
Borrowings	7, 21	198,233	192,052
Non-current leasing liabilities	21	0	568
Total non-current liabilities		**198,233**	**192,620**
Current liabilities			
Trade payables		11,272	28,364
Payable group companies	15	67,114	43,710
Current tax liabilities	10	1,704	1,952
Public taxes and duties payable	22	2,593	2,339
Other short term liabilities	23	9,150	24,682
Current leasing liabilities	21	568	1,127
Total current liabilities		**92,401**	**102,172**
Total liabilities		**290,635**	**294,793**
Total equity and liabilities		**313,819**	**300,267**

Oslo, 17 April 2024

Board of Directors and CEO of Electromagnetic Geoservices ASA

Sign.

Cash Flow Statement.

1 January - 31 December

	Note	2023	2022
A) Cash flow from operating activities			
Funds sourced from operations *)		73,605	156,181
Changes in inventories, accounts receivable and accounts payables		17,813	-69,613
Other changes in working capital		-11,787	1,985
Net cash flow from operating activities		**79,632**	**88,553**
B) Cash flow from investing activities			
Purchase of property, plant and equipment	7	-9,136	-3,119
Investment in multi-client library	7	0	-8,964
Investment in subsidiaries	12	-48,000	49,369
Net cash flow from investing activities		**-57,136**	**37,286**
C) Cash flow from financial activities			
Proceeds from issuance of ordinary shares			
Repayment/settlement of loan	21	0	-42,449
Payment of interests on loans	9	-24,050	-18,512
Financial lease payments		-1,127	-897
Net cash flow from financial activities		**-25,177**	**-61,859**
A+B+C) Net change in cash and cash equivalents		-2,680	63,980
Cash and cash equivalents as 01.01		101,213	37,233
Cash and cash equivalents as 31.12		**98,532**	**101,213**
Calculation of cash and cash equivalents			
Cash and cash equivalents		96,788	99,492
Restricted cash	17	1,744	1,720
Cash and cash equivalents 31.12		**98,532**	**101,213**
***) Calculation of funds sourced from operations**			
Income/(loss) before income tax		17,694	100,938
Depreciation and amortisation	7	30,615	42,025
Income tax expense	10	0	-57
Amortisation of interest		25,296	19,900
Financial gain on repayment of bond		0	-6,625
		73,605	**156,181**

Notes.

Accounting Principles

The financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

Use of estimates

The management has used estimates and assumptions that have had an impact on assets, liabilities, income, expenses and information on potential liabilities in accordance with generally accepted accounting principles in Norway.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value. Acquisition costs incurred are expensed and included in other operating expenses.
When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Revenue recognition

Revenue from contracts with customers is recognised when control of the goods and services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Revenue is recognised as follows:

a) Proprietary contract sales
EMGS performs EM services under contract for a specific customer, whereby the EM data is owned by the customer. The Company recognises contract revenues (whether priced as Lump Sum, Day Rate or Unit Price) over time. Progress is measured in a manner generally consistent with the physical progress on the project.

Mobilisation Fees
Revenues for mobilisation are usually contracted with the customer and should cover the vessel's transit to the actual area. Revenues and costs related to mobilisation are deferred and recognised over the acquisition period (which is the time from the first receiver is dropped to the last retrieval) of the contract, using the percentage of completion method. The deferral of mobilisation costs can only begin after an agreement has been signed between EMGS and the client. Until a contract is signed, costs are expensed as incurred.

b) Sales of multi-client library data
Pre-funding agreements
Sales made prior to commencement of acquisition for a project and sales while the projects are in progress, are presented as pre-funding revenues. The advantages for pre-funding customers are generally the possibility to influence the project specifications, early access to acquired data, and discounted prices.

The Company recognises pre-funded revenue at the point in time when data is made accessible to the customer.

Late sales
Customers are granted a license from the Company 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 recognised when a valid licensing agreement is signed, and the multi-client library data is made accessible to the customer.

Uplift
Uplift revenues can arise if a customer that has already bought a license for EM data, is awarded acreage covered by the data bought. Uplift revenue is recognised when the customer is awarded the acreage.

Contract balances:

Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables
A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or series to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

Balance sheet classification

Current assets and short term liabilities consist of receivables and payables due within one year, and items related to the inventory cycle. Other balance sheet items are classified as fixed assets / long term liabilities.

Current assets are valued at the lower of cost and fair value. Short term liabilities are recognised at nominal value.

Fixed assets are valued at cost, less depreciation and impairment losses. Long term liabilities are recognised at nominal value.

Subsidiaries

Subsidiaries are valued at cost in the Company's accounts. The investments are valued at the cost of acquiring shares in the subsidiary or joint venture, provided that no write down is required. A write down to fair value will be carried out if the reduction in value is caused by circumstances which may not be regarded as incidental and deemed necessary by generally accepted accounting principles. Write downs will be reversed when the cause of the initial write down is no longer present.

Foreign currency translation

Transactions in foreign currency are translated at the rate applicable on the transaction date. Monetary items in a foreign currency are translated into NOK using the exchange rate applicable on the balance sheet date. Non-monetary items that are measured at their historical price expressed in a foreign currency are translated into NOK using the exchange rate applicable on the transaction date. Non-monetary items that are measured at their fair value expressed in a foreign currency are translated at the exchange rate applicable on the balance sheet date. Changes to exchange rates are recognised in the income statement as they occur during the accounting period.

Property, plant and equipment

Property, plant and equipment are capitalised and depreciated linearly over the estimated useful life. Significant fixed assets which consist of substantial components with dissimilar economic life have been unbundled; depreciation of each component is based on the economic life of the component. Costs for maintenance are expensed as incurred, whereas costs for improving and upgrading property, plant and equipment are added to the acquisition cost and depreciated with the related asset. If carrying value of a non-current asset exceeds the estimated recoverable amount, the asset is written down to the recoverable amount. The recoverable amount is the greater of the net realisable value and value in use. In assessing value in use, the discounted estimated future cash flows from the asset are used.

Research and development

Development costs are capitalised provided that a future economic benefit associated with development of the intangible asset can be established and costs can be measured reliably. Otherwise, the costs are expensed as incurred. Capitalised development costs are amortised linearly over its useful life.

Research costs are expensed as they are incurred.

Multi-client library

The multi-client library consists of surveys of electromagnetic data. The surveys can be licensed to customers on a non-exclusive basis. Directly attributable costs associated with the production and development of multi-client projects such as acquisition costs, processing costs, and direct project costs are capitalised.

A multi-client project is considered complete when all components or processes associated with the acquisition and processing of the data are finished, and all components of the data have been properly stored and made ready for delivery to customers.

After a project is completed, a straight-line amortisation is applied. The straight-line amortisation is assigned over the useful life, which is set at four years. The straight-line amortisation is distributed evenly through the financial year independently of sales during the quarters.

Leased assets

Leases that provide EMGS with substantially all the rights and obligations of ownership are accounted for as finance leases. Such leases are valued at the present value of minimum lease payment and recorded as assets under tangible assets. The assets are subsequently depreciated, and the related liabilities are reduced by the amount of the lease payments less the effective interest expense. Other leases are accounted for as operating leases with lease payments recognised as an expense over the lease term.

Inventories

Inventories are valued at the lower of cost or net selling price. The selling price is the estimated selling price in the case of ordinary operations minus the estimated completion, marketing and distribution costs. The cost is arrived at using the FIFO method and includes the costs incurred in acquiring the goods and the costs of bringing the goods to their current state and location.

Trade and other receivables

Trade receivables and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful accounts. Provisions for doubtful accounts are based on an individual assessment of the different receivables.

Income tax

Tax expenses in the profit and loss accounts comprise of both tax payable for the accounting period and changes in deferred tax. Deferred tax/tax assets are calculated on all differences between the book value and tax value of assets and liabilities.

Deferred tax is calculated at 22 percent on the basis of existing temporary differences and the tax effect of tax losses carried forward. Temporary differences, both positive and negative, that will reverse within the same period, are recorded net. Deferred tax assets are recorded in the balance sheet when it is more likely than not that the tax assets will be utilised.

Taxes payable and deferred taxes are recognised directly in equity to the extent that they relate to equity transactions.

Share based payments

Options for employees are valued at the fair value of the option at the time the option plan is adopted. The Black - Scholes model is used for valuation of options. The cost of the options is allocated over the period during which the employees earn the right to receive such options. This arrangement is presented as other paid-in capital in the balance sheet. Provisions are made for the social security taxes related to the share option plan, which are related to the difference between the issue price and the market price of the share at year-end, on the basis of the vesting period of the program.

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, where 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. Provisions for loss on contracts are recognised when it is clear that the contract will result in a loss. The calculation is made by comparing the contracted revenues to the expected direct operating costs for the contract period.

Cash flow statement

The cash flow statement is presented using the indirect method. Cash and cash equivalents include cash and bank deposits.

Note 1 – Operating revenues

Amounts in NOK 1 000	2023	2022
Regions		
Norway	77,343	193,953
Europe, Middle East and Africa	118	389
North and South America	2,306	122,778
Asia and the Pacific Ocean	1,269	1,153
Total	**81,035**	**318,272**

None of the NOK 81 035 thousand in total operating revenues in 2023, was intercompany revenues (2022: NOK 3 408 thousand).

The Company consists of one business area only. EMGS operates globally.

Note 2 – Shared revenue

The Company has since 2013 entered several cooperation agreements regarding EM multi-client surveys in the Barents Sea and Brazil.

EMGS has received funding and/or seismic data against a revenue share on prefunding, late sales and uplift revenues. EMGS has provided the vessel, performed the data acquisition and finally provided the data processing services. The acquired data remains the property of EMGS.

When EMGS licenses data to customers in areas subject to revenue sharing, the Company invoices and collects payments from the customers for the entire sales amount. The related accounts receivable is presented gross, while the portion due to the partner upon collection from the customer, is presented as a short-term liability.

EMGS did not have any shared revenue from the sale of multi-client library with cooperation agreements in 2023 (2022: NOK 65 995 thousand).

	EMGS' revenue share
Multi-client survey	
Brazil 2013	95%
Barents Sea 2013	70%
Barents Sea 2014	50%
Barents Sea 2015	50%
Barents Sea 2016	50%
Barents Sea 2017	50%

Note 3 – On-going projects

Part of trade receivables that are recognised in 2023, but not invoiced per 31 December 2023 amounts to NOK 1 051 thousand (2022: NOK 6 133 thousand).

Deferred revenue as of 31 December 2023 amounts to NOK 87 thousand (2022: NOK 6 111 thousand).

The Company does not expect any loss on contracts in 2023 (2022: NOK 0).

Note 4 – Operating leases

Amounts in NOK 1 000	**2023**	**2022**
Operating leases recognised as expense in the period		
Charter hire	25,881	55,320
Office premises	3,063	3,755
Total	**28,944**	**59,075**

Note 5 – Pensions

The Company is required to have an occupational pension plan in accordance with the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon"). The Company's pension arrangements fulfill the requirements of the law.

In 2023, the pension plan involved a contribution level of 5 % of Base Salary from 0 to 7.1 G and 15 % of Base Salary from 7.1 up to 12 G, where G is the National Insurance basic amount (Folketrygdens grunnbeløp). G is equal to NOK 118 620 as of 31 December 2023.

The Company`s contribution to the Norwegian defined contribution plan for the year ended 31 December 2023 is NOK

2 057 thousand (2022: NOK 1 705 thousand).

As of 31 December 2023, there are 18 employees covered by the defined contribution pension plan (2022: 19).

Note 6 – Remuneration

The average number of employees during 2023 was 18.

Amounts in NOK 1 000	2023	2022
Employee expenses:		
Salaries and bonus	21,110	31,606
Payroll tax	5,669	3,543
Pension costs	2,038	1,640
Other benefits	1,249	1,493
Total	**30,066**	**38,282**

Executive Management remuneration

Amounts in NOK 1 000		Salaries	Bonus	Share options	Pension benefit	Other benefits**	Total remuneration
Executive Management							
Bjørn Petter Lindhom	2023	2,762	1,332	1	139	17	4,252
Knut Anders Eimstad, CFO	2023	1,827	705	1	137	16	2,686
Dag Helland-Hansen, Global EA / President EMEA	2023	2,441	777	1	144	17	3,380
Total		**7,030**	**2,815**	**4**	**421**	**50**	**10,318**

**Other benefits include electronic communication, group life insurance and health insurance.

Remuneration Policy

All members of the Executive Management Group have fixed salaries. In addition to the fixed salary, a bonus plan is in place. The bonus system is based on a combination of fulfillment of EMGS´s goals and individual goals.

The Executive Management Group is included in the Company´s ordinary pension plan.

There are no other variable elements included in the remuneration for the Executive Management Group.

Board of Directors remuneration

Amounts in NOK 1 000			Directors fee 2023
Board of Directors			
Fredrik W. Mohn	Chairman of the Board	01.01.-31.12.	0
Mimi Berdal	Board member	01.01.-31.12.	294
Beatriz Malo de Molina	Board member	01.01.-31.12.	401
Petteri Soininen	Board member	01.01.-21.06.	0
Jørgen Westad	Board member	01.01.-31.12.	0
			695

The amounts listed under Directors fee have been expensed and paid in 2023.

Share base payment

The Company has an option program (more details about the program is presented in note 15 for the Group).

The Company uses Black Scholes model to estimate the value of the options.

Amounts in NOK 1 000	Number of options OB	Forfeited options	Granted options	Number of options CB	Weighted average excercise price B	Weighted average remaining contractual life
Executive Management						
Bjørn Petter Lindhom	9,375	0	0	9,375	2.17	1.10
Knut Anders Eimstad	9,375	0	0	9,375	2.17	1.10
Dag Helland-Hansen	9,375	0	0	9,375	2.17	1.10

B – average exercise price for number of options by 31 December 2023.

Loans and guarantees

No loans or loan guarantees have been granted to the Executive Management of the Board of Directors or other related parties.

Auditor expense

Amounts in NOK 1 000	2023	2022
Auditor expenses		
Statutory audit services (excl VAT)	907	799
Tax advisory services (excl VAT)	0	183
Further assurance services (excl VAT)	220	46
Total	**1,127**	**1,028**

Note 7 – Tangible and intangible assets

Amounts in NOK 1 000	Property, plant and	Patents	Software licenses etc.	Multi-client library	Total	Assets under construction
Acquisition cost at 1 January 2023	1,132,652	26,415	105,641	723,158	1,987,866	24,906
Adjustment of opening value	0	0	0	0	0	0
Transferred from assets under construction to intangible assets	0	0	0	0	0	0
Purchases	9,136	0	0	0	9,136	0
Disposals	0	0	0	0	0	0
Acquisition cost at 31 December 2023	**1,141,788**	**26,415**	**105,641**	**723,158**	**1,997,002**	**24,906**
Accumulated depreciation 1 January 2023 (Restated*)	1,069,716	26,415	104,694	710,161	1,910,986	24,906
Depreciation/amortisation for the year	24,993	0	836	4,785	30,614	0
Transferred from assets under construction to intangible assets	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Impairment	0	0	0	0	0	0
Accumulated depreciation 31 December 2023	**1,094,709**	**26,415**	**105,530**	**714,946**	**1,941,600**	**24,906**
Net carrying value	**47,077**	**0**	**111**	**8,213**	**55,402**	**0**
Depreciation rate (%)	13-33	7-10	33	25		

Depreciation/amortisation of fixed assets is calculated using the straight-line method.

The registered patents rights relate to electromagnetic surveys (EM).

The DeepBlue

EMGS has been working on a Joint Industry Project ("the DeepBlue"), supported by Shell and Equinor, for developing the Next Generation EM equipment. The benefit of using the DeepBlue equipment is deeper penetration and significantly improved imaging at increased burial depths. The improved imaging leads to improved confidence and enhanced interpretation possibilities. The project commenced 2012 and the prototype equipment was completed in 2017 with its first commercial survey summer 2017. The carrying value of the DeepBlue equipment as of 31 December

2023 was NOK 33 967 thousand (2022: NOK 54 348) (more details about the DeepBlue in presented in note 17 for the Group). The carrying value of the DeepBlue equipment as presented in note 17 for the Group is USD 5 294 thousand.

Assets under construction

Assets under construction are internal capital expenditure projects that are not completed. These projects are mainly development and production of acquisition equipment, but also interpretation and modelling software.

Finance leases

Finance leases are capitalised at the lease's commencement at the lower of the present value and cost.

The leasing contracts have a duration of 5 years and the asset will be depreciated over a 3-5-year period.

The term of the agreement is 3-month NIBOR + 1.11%

Amounts in NOK 1 000	2023	2022
Capitalised in the balance sheet 31 December	5,624	5,624
Accumulated depreciation	-5,245	-4,337
Net carrying value	**378**	**1,286**
Depreciation	908	1,884

Amounts in NOK 1 000	2023		2022	
	Nominal value	**Present value**	**Nominal value**	**Present value**
Leases due within 12 months	577	568	1 170	1 127
Leases due within the next 13-60 months	0	0	577	568
Remaining debt on leasing contracts 31 December	**577**	**568**	**1 747**	**1 695**

Note 8 – Other operating expenses

Amounts in NOK 1 000	2023	2022
Other operating expenses		
Rental and housing expenses	4,430	5,103
Consumables and maintenance	2,752	2,838
Consultancy fee	11,541	14,108
Travel expenses	1,786	988
Insurance	3,174	3,109
Marketing	616	426
Intercompany expenses	-23	0
Other operating expenses	1,270	1,637
Total	**25,548**	**28,209**

Note 9 – Financial items

Amounts in NOK 1 000	2023	2022
Financial income:		
Group contribution	0	0
Interest income subsidiaries	0	0
Interest income on short term bank deposits	12,533	3,740
Foreign exchange gains	34,445	1,079
Gain on bond buy back	0	6,625
Net gains of financial assets	48,000	0
Total	**94,978**	**11,444**
Financial expenses:		
Interest expense subsidiaries	0	4,055
Interest expense	32,714	24,131
Net foreign exchange loss	0	0
Net loss on financial assets and liabilities	0	0
Financial expenses repayment of bond loan	0	0
Other financial expenses	0	0
Total financial	**32,714**	**28,186**
Net financial items	**62,264**	**-16,742**

The increase in net gains of financial assests in 2023 is the result of a reversal of a previous impairment of EMGS ASA's investments in EMGS Surveys AS and EMGS Multi-client AS. See note 12 for more detail.

Note 10 – Income taxes

Amounts in NOK 1 000	2023	2022
Tax base specification		
Profit before tax	17,694	100,938
Permanent differences	-74,772	29,796
Changes in temporary differences	-1,249	-7,492
Recieved group contribution	0	0
Tax expense abroad, paid	0	0
Taxable profit (this year tax base)	**-58,327**	**123,241**
Tax losses carried forward	58,327	-123,241
Taxable profit (this year tax base)	**0**	**0**
Income tax expenses:		
Non-creditable foreign income taxes	0	57
Total income tax expense	**0**	**57**
Temporary differences		
Fixed assets	-48,734	-49,995
Accounts receivable	0	0
Inventory	0	0
Provisions tax liability abroad	11,497	11,509
Other accruals	-40,559	-40,559
Tax losses carried forward	-1,463,511	-1,405,184
Total temporary differences	**-1,541,306**	**-1,484,228**
Non-recognised deferred tax asset	**-339,087**	**-326,530**

Non-recognised deferred tax asset

Amounts in NOK 1 000	Tax base	22% tax
Explanation why the tax is not 22% of income before tax		
22% tax of income before tax	17,694	3,893
Permanent difference	- 74,772	- 16,450
Change in deferred tax assets, not recognised	57,078	12,557
Correction of errors in previous years	-	-
Reversed group contribution previous years	-	-
Effect of tax on group contribution	-	-
Calculated tax	**-**	**0**
Effective tax rate in %		**0%**

Current tax liabilities are related to operations abroad. Accrued year end is NOK 1 704 thousand (2022 NOK 1 952 thousand)

Note 11 – Collaterals

There are no long-term liabilities due in more than five years from 31 December 2023 or 31 December 2022.

Amounts in NOK 1 000	2023	2022
Pledged assets:		
Trade receivables	400	370
Assets held under finance leases	378	1,286
Total carrying value of pledged assets	**778**	**1,657**

Note 12 – Investment in subsidiaries

Amounts in NOK 1 000	Share ownership/ Voting rights	Net carrying value shares in subsidiaries	Profit/Loss 2023	Equity 31 December 2023	Location
Sea Bed Logging - Data Storage Company AS	100%	0	-20	125	Trondheim, Norway
EMGS Americas 1 AS	100%	0	-1,121	339	Trondheim, Norway
CSEM Production AS	100%	118	-16	102	Trondheim, Norway
EM Multi-client AS	100%	11,000	281	17,457	Trondheim, Norway
EMGS Global AS	100%	217	390	7,408	Trondheim, Norway
EMGS Surveys AS	100%	37,000	37,618	38,294	Trondheim, Norway
EMGS Shipping Mexico S. de R.L de C.V.	99%	0	426	6,042	Col. Del Valle, Mexico
EMGS Sea Bed Logging Mexico S.A. de C.V.	100%	0	3,237	7,727	Col. Del Valle, Mexico
Servicos Geologicos Electromagneticos Do Brazil LTDA	99%	0	7	-516,504	Rio de Janeiro, Brazil
Electromagnetic Geoservices Malaysia Sdn Bhd	1%	0	-5,017	3,392	Kuala Lumpur, Malaysia
emgs Asia Pacific Sdn Bhd	100%	856	3,237	7,727	Kuala Lumpur, Malaysia
Total		**49,191**	**39,022**	**-427,892**	

Note 13 – Spare parts, fuel, anchors and batteries

Amounts in NOK 1 000	2023	2022
Inventory type		
Equipment, components and parts	14,150	15,411
Anchors and batteries	2,756	2,857
Fuel	8,203	8,341
Total	**25,109**	**26,608**

Note 14 – Receivables

The Company has no accounts receivables with due dates later than 12 months.

There has not been made any provision for loss on external receivables per 31 December 2023 (2022: NOK 0).

Note 15 – Related parties

Sales and purchases of services, receivable and liabilities: receivables and liabilities are show on a net basis.

	2023				2022			
Amounts in NOK 1 000	Liabilities	Receivables	Purchase	Sales	Liabilities	Receivables	Purchase	Sales
Related parties								
Sea Bed Logging - Data Storage Company AS	0	0	0	0	0	0	0	0
emgs Americas 1 AS	-42	-42	0	0	32	0	0	0
CSEM Production AS	0	0	0	0	0	0	0	0
EM Multi-client AS	13,263	0	0	0	12,885	0	0	0
emgs Global AS	0	-10,839	0	0	10,478	0	0	0
emgs Americas 1 AS Mexican Branch	0	0	0	0	0	0	0	0
emgs Americas Inc	-11,033	-11,033	0	0	0	0	0	0
EMGS Shipping Mexico S. de R.L de C.V.	14,289	9,531	0	0	4,880	0	0	0
EMGS Sea Bed Logging Mexico S.A. de C.V.	11,217	26,329	0	0	-1,183	0	0	0
EMGS Sevices Mexico S.A de C.V	0	304	0	0	0	0	0	0
Electromagnetic Geoservices Canada Inc	30	5,871	0	0	-10,221	0	0	-3,408
Servicos Geologicos Electromag. Do Brazil LTDA	-1,532	43,235	0	0	-17,986	0	0	0
EMGS Surveys AS	0	0	0	0	-35	0	0	0
EMGS UK Ltd	37,772	0	0	0	34,783	0	0	0
Electromagnetic Geoservices Malaysia Sdn Bhd	1,332	0	0	0	1,297	0	0	0
emgs Asia Pacific Sdn Bhd	1,817	-6,893	0	0	8,688	0	0	0
emgs Labuan Ltd	0	0	0	0	94	0	0	0
EMGS AP Labuan Ltd	0	0	0	0	0	0	0	0
	67,114	**56,462**	**0**	**0**	**43,710**	**0**	**0**	**-3,408**

In 2023, the Company reversed a portion of previous years accrued losses on group company receivables with NOK 26 440 thousand (2022 accrued loss on group company receivables: NOK 29 742 thousand)

Note 16 – Other receivables and prepayments

Amounts in NOK 1 000	2023	2022
Other receivables		
Prepaid expenses	4,168	2,620
VAT	379	455
Withholding tax	13,201	13,461
Other	0	0
Total	**17,747**	**16,536**

Note 17 – Bank deposits

Restricted cash as of 31 December 2023:

Amounts in NOK 1 000	2023	2022
Restricted cash		
Guarantees	400	370
Employee tax	1,345	1,350
Total	**1,744**	**1,720**

Note 18 – Share capital and Shareholder information

The total authorised number of ordinary shares is 161 092 719 as of 31 December 2023 (2022: 161 092 719) with a par value of NOK 1 per share. All issued shares are denominated in NOK and fully paid.

The largest shareholders as of 31 December 2023:

	Number of ordinary shares	Percentage
Siem Investments S.À.R.L.	43,327,467	33.08%
PERESTROIKA AS	38,652,795	29.51%
RAGE, PER EGIL	2,340,500	1.79%
NORDNET LIVSFORSIKRING AS	1,722,137	1.31%
METIZ CATCHLOG AS	1,008,150	0.77%
SPORTSMAGASINET AS	1,000,000	0.76%
HEGGELUND, JAN	915,240	0.70%
JAGLAND, ERIK SMITH	900,000	0.69%
Nordnet Bank AB	806,653	0.62%
KEMP, KRISTIAN NEIL	750,000	0.57%
NÆRINGSENTREPRENØREN AS	603,000	0.46%
SKOGMO, OLE JØRGEN	601,000	0.46%
STAVSETH AS	600,000	0.46%
SOUTHGARDEN AS	591,110	0.45%
KONGSRUD, RUNE JACOB	507,837	0.39%
RYGG, JAN WIGGO	505,000	0.39%
EIKANGER INVEST AS	500,000	0.38%
ØVERLAND, JARLE	457,039	0.35%
SLENESET BYGG AS	447,983	0.34%
The Bank of New York Mellon	443,761	0.34%
Other	34,290,018	26.18%
Total	**130,969,690**	**100%**

	Shares
Leading representatives of the Company as of 31 December 2023 hold the following shares:	
CEO	17,003
Business Unit President EMEA & Global Exploration Advisor	40,000
Chairman of the Board, Frederik Wilhelm Mohn (Perestroika AS)	38,652,795
Board member, Mimi Berdal (MKB Invest AS)	70,303
Total	**38,780,101**

Note 19 – Equity

Amounts in NOK 1 000	**Share capital**	**Share premium**	**Other paid-in capital**	**Available-for-sale reserve**	**Actuarial gains/(losses)**	**Other equity (uncovered loss)**	**Total**
At 31 December 2022	130,970	0	413,605	2,050	13,377	-554,527	5,474
Group contribution	0	0	0	0	0	0	0
At 1 January 2023	130,970	0	413,605	2,050	13,377	-554,527	**5,474**
Other transactions	0	0	16	0	0	0	16
Income for the year	0	0	0	0	0	17,694	17,694
At 31 December 2023	**130,970**	**0**	**413,621**	**2,050**	**13,377**	**-536,833**	**23,184**

Note 20 – Provisions

The Company has recorded no provision per 31 December 2023 (2022: 0 thousand).

Note 21 – Financial liabilities

USD 32.5 million convertible bond

On 9 May 2018, EMGS secured a USD 32.5 million convertible bond bearing an interest at 3 months LIBOR + 5.50% p.a. The loan can at any time be converted into common shares in EMGS at the conversion price of NOK 4.32 (USD 0.42677) until the maturity date on 9 May 2023. On 9 February 2022 the Unsecured Convertible Bond 2018/2023 was extended by 24 months, until 9 May 2025, and the interest margin was increased by 100 bps to LIBOR + 6.50% p.a. The updated terms have been assessed not to be substantially different from the original terms. Thus the original bond has not been derecognised, and the extension has instead been accounted for as a modification of the original bond. The modification did not lead to any significant adjustments to the amortised cost of the bond. On 26 June 2023, EMGS entered into an amendment agreement to switch the reference rate from 3 months LIBOR to the Compounded Daily SOFR. The interest margin remains unchanged at 6.5%, however, a credit adjustment spread of 0.26161 per cent per annum was added.

The USD 32.5 million convertible bond can be seen as a contract settled by an entity by delivering a fixed amount of its own equity instruments in exchange for a fixed amount of foreign currency. The economic components of this convertible bond are:

(a) A liability. On issuance of the convertible bond, the fair value of the liability component was determined using a market rate for an equivalent non-convertible bond; and classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.
(b) An equity component. The residual of the proceeds was allocated to the conversion option that was recognised in shareholders’ equity.

At inception, the value of the liability component was estimated to NOK 246.4 million, and amortised cost as of 31 December 2023 was NOK 198.2 million (2022: NOK 192.1 million). The equity component, the carrying amount of the conversion option, was estimated to NOK 15.8 million at inception and is not remeasured in subsequent periods.

One bond repurchase, at a 13.5 per cent discount, was completed in 2022 with a combined nominal value of NOK 49.0 million.

The convertible bond contains financial covenants requiring free cash and cash equivalents of at least USD 2.5 million on group level. In addition, the bond agreement has restrictions regarding the Company's ability to sell the multi-client library, declare or make dividend payments, incur additional indebtedness, change its business or enter into speculative financial derivative agreements. As of 31 December 2023, the free cash and cash equivalents of the Group totalled USD 10.3 million.

The convertible bond is unsecured.

Lease liabilities

The finance lease liabilities relate to certain property, plant and equipment and are capitalised leases for financial reporting purposes. The related leased property, plant and equipment serve as the collateral under such leases.

Amounts in NOK 1 000	Interest rate	Maturity	2023	2022
Non-current				
USD 32.5 million convertible bond	SOFR + 6.50%	5/9/2025	198,233	192,052
Lease liabilites			0	568
Total			**198,233**	**192,620**
Current				
Lease liabilites	3.6%-8.1%	Up to 1 year	568	1,127
Total			**568**	**1,127**
Total financial liabilities			**198,801**	**193,747**

Note 22 – Public taxes and duties payable

Amounts in NOK 1 000	2023	2022
Public taxes and duties payable		
Employee taxes withheld	1,330	1,335
Employment tax	1,263	1,004
Tax foreign employees	0	0
Other	0	0
Total	**2,593**	**2,339**

Note 23 – Other current liabilities

Amounts in NOK 1 000	2023	2022
Other current liabilities		
Provision for onerous contract	0	0
Accrued holiday pay	2,665	2,391
Accrued salaries	167	7,510
Deferred revenues	87	6,111
Accrued shared revenues	0	742
Accrued vessel expenses	2,799	2,606
Other liabilities	3,431	5,321
Total	**9,150**	**24,682**

Note 24 – Events after the reporting period

Fully prefunded multi-client survey in Brazil

In January 2024, EMGS secured a multi-client contract with Petrobras, with an approximate contract value of USD 11.7 million.

Fully prefunded multi-client survey in Norway

In February 2024, EMGS announced that the Company had entered into an agreement for a fully prefunded multi-client survey in the North Sea with a contract value of USD 2.0 million.

Auditor’s report.

2023

Building a better working world

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Electromagnetic Geoservices ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Electromagnetic Geoservices ASA (the Company) which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise the balance sheet as at 31 December 2023 and the income statement and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise the balance sheet as at 31 December 2023, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable legal requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023 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,
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee.

Basis for opinion

We conducted our audit in accordance with 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 requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities 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.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 22 years from the election by the general meeting of the shareholders on 2002 for the accounting year 2002.

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 2023. 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.

Impairment assessment of Deep Blue equipment

Basis for the key audit matter
A significant part of PP&E is related to a Joint Industry Project, referred to as "the Deep Blue", which is the Company's next generation EM equipment. The equipment accounts for 19 % (USD 5.3 million) of total assets of the Group and 11 % (NOK 34 million) of the Parent company at 31 December 2023. The Company performed an updated impairment assessment and determined the value in use per 31 December 2023. The value in use was estimated using cash flow projections related to the expected use of the Deep Blue equipment. Total revenue forecasts were based on budgets and assumptions about the market of EM equipment. Revenue forecasts require judgment from management about the market for this equipment, the number of survey days to expect per year, day rates and other factors that may affect future market conditions. Forecasts of costs are based on the costs using the Deep Blue equipment. Management concluded that no additional impairments were required based on the updated assessment. Impairment assessment of Deep Blue is a key audit matter due to the significant judgement involved in estimating future cash flows using the Deep Blue equipment.

Our audit response
We evaluated management's estimates related to revenue forecast and assumptions of related costs using the Deep Blue equipment. Our audit procedures included inquiries and assessment of management's assumptions regarding the current market situation and expected development. Through analysis we compared the current year's performance with management's estimate from previous year. We have tested management's assumptions for revenue forecasts against contracts and future vessel plans approved by the Board. Furthermore, we evaluated and tested the valuation methodology, costs related to the use of Deep Blue equipment and the discount rate applied and tested the mathematical accuracy of the value in use calculation. We refer to the Group's disclosures regarding assumptions disclosed in notes 4 – "Significant accounting estimates, judgements and assumptions" and 17 – "Property, plant and equipment and assets under construction" of the consolidated financial statements, and note 7 – "Tangible and intangible assets" for the Company.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and Chief Executive Officer) is 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 board of directors' report, the statement on corporate governance and the statement on corporate social responsibility contain the information required by applicable legal requirements and 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 the other information is materially inconsistent with the financial statements, there is a material misstatement in this other information or that the information required by applicable legal requirements is not included in the board of directors' report, the statement on corporate governance or the statement on corporate social responsibility, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility are consistent with the financial statements and contain the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway and of the consolidated financial statements of the Group 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 and the Group'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 the Group, 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 ISAs, we exercise professional judgment and maintain professional skepticism 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 and the Group'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 and the Group'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

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evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group 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 the board of directors 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 the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 the board of directors, 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 requirement

Report on compliance with regulation on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Electromagnetic Geoservices ASA we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name 5967007LIEEXZXI7OG55-2023-12-31-en.zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF Regulation.

Management's responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's responsibilities

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation. We conduct our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.

As part of our work, we perform procedures to obtain an understanding of the company's processes for preparing the financial statements in accordance with the ESEF Regulation. We test whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Trondheim, 17 April 2024
ERNST & YOUNG AS

The auditor's report is signed electronically

Christian Ronæss
State Authorised Public Accountant (Norway)

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