

**EMGS  
SECOND  
QUARTER  
2021.**

# Highlights in the Second Quarter.

## Operational highlights

- Completed fully prefunded multi-client survey in Mexico
- Completed mobilisation to Southeast Asia for a proprietary survey

## Financial highlights

- Revenues of USD 9.4 million
- EBITDA of USD 7.0 million
- Adjusted EBITDA of USD 4.6 million

## Key financial figures

Amounts in USD million (except per share data)	Q2 2021	Q2 2020	First half year	First half year	2020	Q1 2021
	Unaudited	Unaudited	YTD 2021 Unaudited	YTD 2020 Unaudited	Audited	Unaudited
Contract sales	0.1	1.2	0.2	10.8	11.5	0.1
Multi-client sales	8.0	4.9	8.1	5.2	7.8	0.1
Other revenue	1.3	1.4	2.7	2.9	5.6	1.4
<b>Total revenues</b>	<b>9.4</b>	<b>7.5</b>	<b>11.0</b>	<b>18.8</b>	<b>24.9</b>	<b>1.6</b>
Operating profit/ (loss)	3.6	-5.2	1.1	-13.7	-17.7	-2.5
Income/ (loss) before income taxes	2.6	-6.6	-0.9	-16.2	-22.7	-3.5
Net income/ (loss)	2.6	-6.6	-1.0	-16.2	-23.4	-3.6
Earnings/ (loss) per share	0.02	-0.05	-0.01	-0.12	-0.18	-0.03
Average number of shares outstanding (in thousands)	130,970	130,970	130,970	130,970	130,970	130,970
<b>EBITDA</b>	<b>7.0</b>	<b>1.6</b>	<b>7.0</b>	<b>4.7</b>	<b>6.1</b>	<b>-0.1</b>
Multi-client investments	0.5	0.6	0.5	0.6	0.6	0.0
Vessel and office lease	2.0	3.0	3.4	6.9	8.8	1.4
<b>Adjusted EBITDA</b>	<b>4.6</b>	<b>-2.0</b>	<b>3.1</b>	<b>-2.8</b>	<b>-3.3</b>	<b>-1.5</b>

EBITDA = Operating profit/(loss) + Depreciation and ordinary amortisation + Multi-client amortisation + Impairment of long-term assets

# Financial Review.

## Revenues and operating expenses

EMGS recorded revenues of USD 9.4 million in the second quarter of 2021, up from USD 7.5 million reported for the corresponding quarter of 2020. Contract and other sales totalled USD 1.4 million, while multi-client sales amounted to USD 8.0 million. For the second quarter of 2020, contract and other sales totalled USD 2.6 million, while multi-client sales amounted to USD 4.9 million.

Revenues for the first half of 2021 amounted to USD 11.0 million, compared with USD 18.8 million for the first half of 2020.

Charter hire, fuel and crew expense, excluding vessel lease expenses and multi-client expenses, amounted to USD 0.9 million in the second quarter this year, compared with USD 0.4 million in the second quarter of 2020. The Company capitalised USD 0.5 million of the charter hire, fuel and crew expenses as multi-client expenses in the quarter, while USD 0.6 million was capitalised in the second quarter of 2020. When adding back the vessel lease expenses and the capitalised multi-client expenses, the charter hire, fuel and crew expenses have decreased from USD 3.8 million in the second quarter of 2020 to USD 3.2 million in same period this year.

For the first half of 2021, charter hire, fuel and crew expenses totalled USD 0.9 million, down from USD 4.3 million in 2020.

Employee expenses amounted to USD 0.7 million in the second quarter of 2021, down from USD 4.8 million in the same quarter in 2020.

Employee expenses for the first half of 2021 were USD 1.5 million, compared with USD 8.0 million in 2020.

Other operating expenses totalled USD 0.8 million in the second quarter this year, compared to USD 0.8 million in the second quarter of 2020.

For the first half of 2021, other operating expenses amounted to USD 1.6 million, down from USD 1.9 million in the same period last year.

## Depreciation, amortisation and impairment

Depreciation and ordinary amortisation totalled USD 1.9 million in the second quarter of 2021 down from USD 3.3 million in the second quarter of 2020.

Impairment of long-term assets totalled USD 1.6 million in the second quarter of 2020, while no impairment of long-term assets was made in the second quarter of 2021.

Depreciation and ordinary amortisation decreased from USD 8.1 million in the first half of 2020 to USD 3.9 million in 2021.

Multi-client amortisation amounted to USD 1.5 million this quarter, compared to USD 1.9 million in the second quarter of 2020. The Company uses straight-line amortisation for its completed multi-client projects, assigned over the useful lifetime of 4 years.

Multi-client amortisation totalled USD 2.0 million for the first half of 2021, down from USD 2.9 million in 2020.

## Net financial items

Net financial items ended at negative USD 0.9 million in the second quarter of 2021, compared with negative USD 1.4 million in the corresponding quarter last year. In the second quarter of 2021, the Group recorded an interest expense of

USD 0.9 million compared with an interest expense of USD 1.3 million in the second quarter of 2020. In the second quarter of 2021, the Company recorded a net currency loss of USD 27,000, compared with a currency loss of USD 62,000 in the second quarter of 2020.

In the first half of 2021, net financial items were negative USD 2.0 million, down from a negative USD 2.5 million in the first half of 2020.

### Income/(loss) before income taxes

Profit before income taxes amounted to USD 2.7 million in the second quarter 2021, compared with a loss before income taxes of USD 6.6 million in the corresponding quarter in 2020.

Loss before income taxes for the first half of 2021 amounted to USD 0.9 million, compared with a loss before income taxes of USD 16.2 million in the same period last year.

### Income tax expenses

Income tax expenses of USD 10,000 were recorded in the second quarter of 2021, compared with an income tax expense of USD 3,000 in the second quarter of 2020.

Income tax expenses for the first half of 2021 were USD 83,000, compared with USD 6,000 in the same period in 2020.

### Net income for the period

Profit for the second quarter of 2021 amounted to USD 2.6 million, up from a loss of USD 6.6 million in the same period last year.

Losses for the first half of 2021 were USD 1.0 million, down from a loss of USD 16.2 million in the same period last year.

### Cash flow and balance sheet

In the second quarter 2021, net cash flow from operating activities was positive USD 4.6 million, compared with negative net cash flow of USD 1.7 million in the second quarter of 2020. The cash flow from operating activities this quarter was mainly affected by a positive EBITDA of USD 7.0 million.

In the first half of 2021, net cash flow from operating activities was positive USD 14.9 million, compared with a negative USD 0.7 million in the same period last year.

EMGS applied USD 0.9 million in investing activities in the second quarter this year, compared with USD 1.1 million in the second quarter of last year. The Company invested USD 21 thousand in equipment and USD 0.9 million in the multi-client library in the second quarter 2021.

Cash flow from investing activities in the first half of this year amounted to a negative USD 1.2 million, compared with a negative USD 1.6 million in the same period last year. The Company invested USD 42 thousand in equipment and USD 1.1 million in the multi-client library in the first half of 2021.

The carrying value of the multi-client library was USD 1.4 million at 30 June 2021, down from USD 2.2 million at 31 December 2020 and USD 3.4 million at 30 June 2020.

Cash flow from financial activities was negative USD 2.6 million in the second quarter of 2021, compared with a negative cash flow of USD 3.3 million in the same quarter last year.

Cash flow from financial activities for the first half of 2021 amounted to negative USD 4.7 million, compared with a negative USD 7.6 million in the same period of 2020.

The Company had a net increase in cash, excluding restricted cash, of USD 1.1 million during the second quarter of 2021. At 30 June 2021, cash and cash equivalents totalled USD 13.2 million.

## Financing

Total borrowings were USD 32.0 million at 30 June 2021, up from USD 31.8 million at 31 December 2020 and up from USD 31.5 million at 30 June 2020. This includes the Company's bond loan, which had a carrying value of USD 32.0 million recorded as non-current borrowings and USD 1.9 million recorded as equity in accordance with IFRS.

The convertible bond loan contains a financial covenant requiring free cash and cash equivalents of at least USD 2.5 million. In addition, the convertible bond agreement has restrictions regarding the Company's ability to sell or otherwise dispose of the multi-client library, declare or make dividend payments, incur additional indebtedness, change its business or enter into speculative financial derivative agreements. As of 30 June 2021, the free cash and cash equivalents totalled USD 13.2 million.

# Operational Review.

	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Proprietary work	0%	0%	0%	0%	0%
Multi-client projects	31%	6%	0%	0%	23%
<b>Total utilisation</b>	<b>31%</b>	<b>6%</b>	<b>0%</b>	<b>0%</b>	<b>23%</b>

## Vessel utilisation and fleet allocation

The vessel utilisation for the second quarter of 2021 was 31% compared with 23% in the corresponding quarter of 2020. For the first half of this year, the vessel utilisation was 19% compared with 24% for the same period last year.

In the second quarter of 2021, the Company's vessel was allocated 31% to multi-client projects and no time was spent on proprietary work. In the comparable quarter of 2020, the vessels were allocated 23% to multi-client projects and no time was spent on proprietary work.

EMGS recorded 2.9 vessel months in the quarter. In the second quarter 2020, the Company recorded 5.0 vessel months in the quarter.

## Vessel activity in the second quarter

	Utilisation Q2 2021	Status Q2 2021	Firm charter period	Remaining option periods
Atlantic Guardian	31%	In operation	20 October 2022	4 x 12 months

### Atlantic Guardian

The Atlantic Guardian completed the fully funded multi-client survey in Mexico and completed transit to Southeast Asia for the next survey. Subsequent to the end of the second quarter, the Atlantic Guardian has completed the survey in Southeast Asia and has begun to transit back to Norway for a fully prefunded multi-client survey.

## Backlog

As of 30 June 2021, EMGS' backlog was USD 11.9 million, compared with a backlog of USD 39.6 million at the end of the second quarter 2020.

## Events during the first half of 2021

### Pledged Depot deposit (New Facility)

In February 2021, USD 7.3 million held in the Pledge Depot was released due to the expiry of the guarantee it provided security for. Upon release, available cash increased by USD 7.3 million.

### Contract Awarded

In March 2021, Electromagnetic Geoservices ASA was awarded a 3D CSEM contract in Southeast Asia.

### Change to the board of directors

At the annual general meeting (the "AGM") held on 21 May, 2021, Silje Augustson was elected the new chairman of the board. Petteri Soinenen, Mimi Berdal and Jørgen Westad (in addition to Ms Augustson, the Chairman) were elected as new directors at the AGM.

### New framework contract for multi-client data

In June 2021, Electromagnetic Geoservices ASA entered into a framework contact with an existing customer for licensing of multi-client data from the existing library.

### Secured multi-client and late sale contracts

In June 2021, USD 1.2 million in prefunding for the upcoming Utsira High North Sea multi-client survey was secured, in addition to USD 0.8 million in late sales related to the North Sea multi-client library. The late sale was recognised in the second quarter of 2021, while it is expected that the prefunding revenue will be recognised in the fourth quarter of 2021.

## Subsequent events

### Completion of partial bond buy-back

In July 2021, Electromagnetic Geoservices ASA completed a buy-back of outstanding bonds with an aggregate principal amount of approximately USD 4.0 million. The bonds were purchased at 75 per cent of par value.

### Secured multi-client late sales

In July 2021, Electromagnetic Geoservices ASA entered into data licensing agreements related to its existing 3D CSEM multi-client data library. The agreements represent combined revenues of approximately USD 1.1 million.

## Share information

EMGS was listed at the Oslo Stock Exchange in March 2007. During the second quarter 2021, the EMGS share was traded between NOK 1.39 and NOK 1.99 per share. The last closing price on 30 June 2021 was NOK 1.55.

As of 30 June 2021, the Company had a total of 130,969,690 shares outstanding.

## Risks and uncertainty factors

The most important risk factor for EMGS is the demand for EM services. Historically, the demand for EM services has been correlated to the oil price, which can be volatile, unpredictable and is subject to upward and downward pressure from economic, environmental, political, and other factors. The Company expects that this correlation will remain going forward. As EM surveys are still considered a niche product to many E&P companies, demand can quickly change as a response to declining oil price.

The Company's convertible bond loan due in 2023 contains a financial covenant requiring free cash and cash equivalents of at least USD 2.5 million. As of 30 June 2021, the free cash and cash equivalents totalled USD 13.2 million.

2020 was a challenging year for the Company with focus on, and main risks related to, successful cost cutting and liquidity preservation. In 2021, the focus has been on increasing backlog and project execution. The first project in Mexico, subsequent to mobilising the vessel from cold-stack, was successfully completed ahead of schedule prior to the end of April 2021. The second major survey in 2021, located in Southeast Asia, has been completed subsequent to the end of the second quarter.

Reference is made to the 2020 Annual Report for a further description of other relevant risk factors.

## Outlook

Although the market outlook for oil services is improving and the oil price has traded above USD 60 during 2021, the exploration market, and therefore the demand for CSEM services, remains soft. We expect that the demand for CSEM services will slowly improve as the world continues to move towards pre-covid activity levels and oil and gas exploration picks up.

In 2021, the Company is dependent upon keeping the Atlantic Guardian in operation on a series of already secured projects and contracts, as well as securing additional late sales and/or acquisition projects. The Company expects to temporarily cold-stack the Atlantic Guardian for a portion of Q4 should it fail to secure sufficient backlog for Q4 2021 and Q1 2022.

The Company continues its financial discipline and focus on keeping operational costs as low as possible. The significantly reduced cost base and more flexible business model has already improved the financial situation and cash position of the company. Additionally, the Board has instigated initiatives towards reducing debt and interest costs, as well as repair the negative equity situation.

In the longer term, the Company believes that its unique EM technology could play an important role in the exploration for

marine minerals offshore Norway and internationally. EM technology can be used to detect the presence of marine mineral deposits (primarily Seabed Massive Sulphides) and EMGS believes that the technology can also be used to estimate the mineral content of such deposits. The Company is undertaking early-stage initiatives to position itself in this future market.

The Company maintains its cutting-edge technological position in the EM market and is well-positioned to be able to capitalise on the expected upturn in the market with a more streamlined and efficient organisation.

### Statement of responsibility

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 30 June 2021, which has been prepared in accordance with IAS 34 – Interim Financial Reporting, gives a true and fair view of Electromagnetic Geoservices ASA's consolidated assets, liabilities, financial position and results of operations.

Oslo, 19 August 2021

Silje Augustson  
*Chairman*

Mimi Berdal  
*Director*

Petteri Soininen  
*Director*

Jørgen Westad  
*Director*

Bjørn Petter Lindhom  
*Chief Executive Officer*



# Consolidated Income Statement.

Amounts in USD 1 000	Q2 2021 Unaudited	Q2 2020 Unaudited	First half year 2021 Unaudited	First half year 2020 Unaudited	2020 Audited
<b>Operating revenues</b>					
Contract sales	111	1,183	204	10,763	11,503
Multi-client pre-funding	7,200	3,050	7,200	3,050	3,229
Multi-client late sales	800	1,853	920	2,127	4,542
Other revenue	1,336	1,421	2,694	2,862	5,642
<b>Total revenues</b>	<b>9,447</b>	<b>7,507</b>	<b>11,018</b>	<b>18,802</b>	<b>24,916</b>
<b>Operating expenses</b>					
Charter hire, fuel and crew expenses	889	393	930	4,294	5,924
Employee expenses	734	4,754	1,487	7,964	9,818
Depreciation and ordinary amortisation	1,076	1,106	2,150	2,596	4,462
Depreciation right-of-use assets	833	2,239	1,725	5,548	7,856
Multi-client amortisation	1,526	1,857	1,980	2,889	4,077
Impairment of long-term assets	0	1,569	0	7,394	7,439
Other operating expenses	795	802	1,630	1,852	3,067
<b>Total operating expenses</b>	<b>5,852</b>	<b>12,719</b>	<b>9,901</b>	<b>32,537</b>	<b>42,644</b>
<b>Operating profit/ (loss)</b>	<b>3,596</b>	<b>-5,212</b>	<b>1,117</b>	<b>-13,735</b>	<b>-17,728</b>
<b>Financial income and expenses</b>					
Interest income	5	0	10	77	208
Interest expense	-720	-1,025	-1,510	-2,378	-4,105
Interest expense lease liabilities	-204	-285	-437	-605	-1,111
Net gains/(losses) of financial assets and liabilities	0	0	0	0	-3
Net foreign currency income/(loss)	-27	-62	-60	456	25
<b>Net financial items</b>	<b>-946</b>	<b>-1,372</b>	<b>-1,997</b>	<b>-2,450</b>	<b>-4,987</b>
<b>Income/ (loss) before income taxes</b>	<b>2,650</b>	<b>-6,584</b>	<b>-879</b>	<b>-16,185</b>	<b>-22,715</b>
Income tax expense	10	3	83	6	671
<b>Income/ (loss) for the period</b>	<b>2,640</b>	<b>-6,586</b>	<b>-962</b>	<b>-16,192</b>	<b>-23,385</b>

# Consolidated Statement of Comprehensive Income.

Amounts in USD 1 000	Q2 2021 Unaudited	Q2 2020 Unaudited	First half year 2021 Unaudited	First half year 2020 Unaudited	2020 Audited
<b>Income/ (loss) for the period</b>	<b>2,640</b>	<b>-6,586</b>	<b>-962</b>	<b>-16,192</b>	<b>-23,385</b>
<b>Other comprehensive income</b>					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of foreign operations	0	0	0	-1	-13
<b>Other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1</b>	<b>-13</b>
Actuarial gains/(losses) on defined benefit plans	0	0	0	0	0
<b>Other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1</b>	<b>-13</b>
<b>Total other comprehensive income/(loss) for the period</b>	<b>2,640</b>	<b>-6,586</b>	<b>-962</b>	<b>-16,193</b>	<b>-23,398</b>

# Consolidated Statement of Financial Position.

Amounts in USD 1 000	30 June 2021 Unaudited	30 June 2020 Unaudited	31 December 2020 Audited
<b>ASSETS</b>			
<b>Non-current assets</b>			
Multi-client library	1,362	3,397	2,209
Other intangible assets	675	1,885	939
Property, plant and equipment	14,530	17,683	16,374
Right-of-use assets	6,466	10,593	8,246
Financial lease receivables	116	0	141
Assets under construction	3	32	3
Restricted cash	0	0	0
<b>Total non-current assets</b>	<b>23,151</b>	<b>33,591</b>	<b>27,911</b>
<b>Current assets</b>			
Spare parts, fuel, anchors and batteries	4,828	7,240	4,726
Trade receivables	3,933	6,533	6,246
Other receivables	2,714	5,840	3,142
Financial lease receivables	68	0	68
Cash and cash equivalents	13,193	9,835	4,179
Restricted cash	853	8,341	7,995
<b>Total current assets</b>	<b>25,589</b>	<b>37,789</b>	<b>26,357</b>
<b>Total assets</b>	<b>48,740</b>	<b>71,380</b>	<b>54,269</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders</b>			
Share capital, share premium and other paid-in equity	71,490	71,490	71,490
Other reserves	-1,544	-1,544	-1,544
Retained earnings	-78,320	-70,172	-77,361
<b>Total equity</b>	<b>-8,376</b>	<b>-228</b>	<b>-7,417</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Provisions	7,219	12,031	9,625
Borrowings	32,012	31,517	31,816
Non-current leasing liabilities	2,652	9,892	6,501
<b>Total non-current liabilities</b>	<b>41,884</b>	<b>53,440</b>	<b>47,942</b>
<b>Current liabilities</b>			
Trade payables	2,318	2,364	1,461
Current tax liabilities	3,733	6,096	4,035
Other short term liabilities	2,373	5,971	2,774
Current leasing liabilities	6,810	3,737	5,474
<b>Total current liabilities</b>	<b>15,233</b>	<b>18,168</b>	<b>13,744</b>
<b>Total liabilities</b>	<b>57,116</b>	<b>71,608</b>	<b>61,686</b>
<b>Total equity and liabilities</b>	<b>48,740</b>	<b>71,380</b>	<b>54,269</b>

# Consolidated Statement of Cash Flows.

Amounts in USD 1 000	Q2 2021 Unaudited	Q2 2020 Unaudited	First half year 2021 Unaudited	First half year 2020 Unaudited	2020 Audited
<b>Net cash flow from operating activities</b>					
Income/(loss) before income taxes	2,650	-6,584	-879	-16,185	-22,715
<b>Adjustments for:</b>					
Withholding tax expenses	0	0	0	8	0
Total taxes paid	-291	-463	-364	-460	-453
Depreciation and ordinary amortisation	1,076	1,106	2,150	2,597	4,462
Depreciation right-of-use assets	1,237	2,612	2,358	6,054	8,362
Multi-client amortisation	1,526	1,857	1,980	3,733	4,077
Impairment of other long term assets	0	1,569	0	6,550	7,439
Cost of share-based payment	2	-15	3	-5	10
Change in trade receivables	-1,520	7,699	2,313	16,970	17,257
Change in inventories	38	1,094	-102	1,021	3,536
Change in trade payables	56	-2,882	856	-5,890	-6,793
Change in other working capital	-1,027	-8,456	4,767	-16,594	-21,611
Finance Income	-5	0	-10	-77	-208
Finance Cost	905	764	1,858	1,613	4,787
<b>Net cash flow from operating activities</b>	<b>4,646</b>	<b>-1,699</b>	<b>14,931</b>	<b>-667</b>	<b>-1,850</b>
<b>Investing activities:</b>					
Purchase of property, plant and equipment	-21	-207	-42	-505	-620
Investment in multi-client library	-903	-929	-1,132	-1,134	-1,134
<b>Cash used in investing activities</b>	<b>-925</b>	<b>-1,136</b>	<b>-1,174</b>	<b>-1,639</b>	<b>-1,754</b>
<b>Financial activities:</b>					
Financial lease payments - principal	0	-34	0	-101	-
Financial lease liabilities	-1,839	-2,413	-3,091	-5,659	-8,043
Interest lease liabilities	-204	-285	-438	-604	-1,111
Net proceeds from new loan	0	0	0	0	0
Interest paid	-596	-614	-1,224	-1,302	-3,001
Interest received	5	0	10	77	208
<b>Cash used in/provided by financial activities</b>	<b>-2,634</b>	<b>-3,346</b>	<b>-4,743</b>	<b>-7,590</b>	<b>-11,947</b>
<b>Net change in cash</b>	<b>1,087</b>	<b>-6,182</b>	<b>9,014</b>	<b>-9,896</b>	<b>-15,552</b>
Cash balance beginning of period	12,106	16,017	4,179	19,731	19,731
Cash balance end of period	13,193	9,835	13,193	9,835	4,179
<b>Net change in cash</b>	<b>1,087</b>	<b>-6,182</b>	<b>9,014</b>	<b>-9,896</b>	<b>-15,552</b>

# Consolidated Statement of Changes in Equity.

Amounts in USD 1 000	Share capital share premium and other paid-in- capital	Foreign currency translation reserves	Retained earnings	Total equity
<b>Balance as of 31 December 2019 (Audited)</b>	<b>71,490</b>	<b>-1,531</b>	<b>-53,986</b>	<b>15,971</b>
Income/(loss) for the period	0	0	-9,605	-9,605
Other comprehensive income	0	-13	0	-13
<b>Total comprehensive income</b>	<b>0</b>	<b>-13</b>	<b>-9,605</b>	<b>-9,618</b>
Cost of share-based payments	0	0	10	10
<b>Balance as of 31 March 2020 (Unaudited)</b>	<b>71,490</b>	<b>-1,544</b>	<b>-63,581</b>	<b>6,363</b>
Income/(loss) for the period	0	0	-6,586	-6,586
Other comprehensive income	0	0	0	0
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>-6,586</b>	<b>-6,586</b>
Cost of share-based payments	0	0	-5	-5
<b>Balance as of 30 June 2020 (Unaudited)</b>	<b>71,490</b>	<b>-1,544</b>	<b>-70,172</b>	<b>-228</b>
Income/(loss) for the period	0	0	-4,159	-4,159
Other comprehensive income	0	0	0	0
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>-4,159</b>	<b>-4,159</b>
Cost of share-based payments	0	0	3	3
<b>Balance as of 30 September 2020 (Unaudited)</b>	<b>71,490</b>	<b>-1,544</b>	<b>-74,328</b>	<b>-4,384</b>
Income/(loss) for the period	0	0	-3,035	-3,035
Other comprehensive income	0	0	0	0
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>-3,035</b>	<b>-3,035</b>
Cost of share-based payments	0	0	2	2
<b>Balance as of 31 December 2020 (Unaudited)</b>	<b>71,490</b>	<b>-1,544</b>	<b>-77,361</b>	<b>-7,417</b>
Income/(loss) for the period	0	0	-3,602	-3,602
Other comprehensive income	0	0	0	0
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>-3,602</b>	<b>-3,602</b>
Cost of share-based payments	0	0	1	1
<b>Balance as of 31 March 2021 (Unaudited)</b>	<b>71,490</b>	<b>-1,544</b>	<b>-80,962</b>	<b>-11,018</b>
Income/(loss) for the period	0	0	2,640	2,640
Other comprehensive income	0	0	0	0
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>2,640</b>	<b>2,640</b>
Cost of share-based payments	0	0	2	2
<b>Balance as of 30 June 2021 (Unaudited)</b>	<b>71,490</b>	<b>-1,544</b>	<b>-78,320</b>	<b>-8,376</b>

# Notes.

## Accounting principles

These interim consolidated financial statements of the Group have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as of 31 December 2020, which is available on [www.emgs.com](http://www.emgs.com).

## Segment reporting

EMGS reports its sales revenue as one reportable segment. The sales revenues and related costs are incurred worldwide. The amounts below show sales revenues reported by geographic region.

Amounts in USD million	Q2 2021 Unaudited	Q2 2020 Unaudited	First half year 2021 Unaudited	First half year 2020 Unaudited	2020 Audited
Americas	7.3	0.4	7.3	8.2	8.3
Asia/Pacific	0.0	0.0	0.1	0.0	0.1
EAME	2.2	7.1	3.7	10.6	16.5
<b>Total</b>	<b>9.4</b>	<b>7.5</b>	<b>11.1</b>	<b>18.8</b>	<b>24.9</b>

## Multi-client library

The multi-client library consists of electromagnetic data acquired through multi-client surveys, i.e. EMGS owns the data. The EM data can be licensed to customers on a non-exclusive basis. Directly attributable costs associated with multi-client projects such as acquisition costs, processing costs, and other direct project costs are capitalised.

Amounts in USD million	Q2 2021 Unaudited	Q2 2020 Unaudited	First half year 2021 Unaudited	First half year 2020 Unaudited	2020 Audited
Opening carrying value	2.0	4.3	2.2	6.0	6.0
Additions	0.9	0.9	1.1	1.1	1.1
Amortisation charge	-1.5	-1.8	-2.0	-2.8	-4.1
Impairment	0.0	0.0	0.0	-0.9	-0.8
<b>Closing carrying value</b>	<b>1.4</b>	<b>3.4</b>	<b>1.4</b>	<b>3.4</b>	<b>2.2</b>

## Disclaimer for forward-looking statements

This quarterly report includes and is based, inter alia, on forward-looking information and statements that are subject to risks and uncertainties that could cause actual results to differ. Such forward-looking information and statements are based on current expectations, estimates and projections about global economic conditions, the economic conditions of the regions and industries that are major markets for EMGS ASA and its subsidiaries. These expectations, estimates and projections are generally identifiable by statements containing words such as “expects”, “believes”, “estimates” or similar expressions. Important factors that could cause actual results to differ materially from those expectations include, among others, economic and market conditions in the geographic areas and industries that are or will be major markets for EMGS’ businesses, oil prices, market acceptance of new products and services, changes in governmental regulations, interest rates, fluctuations in currency exchange rates and such other factors as may be discussed from time to time. Although EMGS ASA believes that its expectations and the information in this report were based upon reasonable assumptions at the time when they were made, it can give no assurance that those expectations will be achieved or that the actual results will be as set out in this report. EMGS ASA nor any other company within the EMGS Group is making any representation or warranty, expressed or implied, as to the accuracy, reliability or completeness of the information in the report, and neither EMGS ASA, any other company within the

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# Definitions – Alternative Performance Measures.

EMGS' financial information is prepared in accordance with IFRS. In addition, EMGS provides alternative performance measures to enhance the understanding of EMGS' performance. The alternative performance measures presented by EMGS may be determined or calculated differently by other companies.

## EBITDA

EBITDA means Earnings before interest, taxes, amortisation, depreciation and impairments. EMGS uses EBITDA because it is useful when evaluating operating profitability as it excludes amortisation, depreciation and impairments related to investments that occurred in the past. Also, the measure is useful when comparing the Company's performance to other companies.

Amounts in USD 1 000	Q2 2021 Unaudited	Q2 2020 Unaudited	First half year 2021 Unaudited	First half year 2020 Unaudited	2020 Audited
Operating profit / (loss)	3,596	-5,212	1,117	-13,735	-17,728
Depreciation and ord. amortisation	1,908	3,345	3,875	8,144	12,318
Multi-client amortisation	1,526	1,857	1,980	2,889	4,077
Impairment of long term assets	0	1,569	0	7,394	7,439
<b>EBITDA</b>	<b>7,030</b>	<b>1,559</b>	<b>6,972</b>	<b>4,692</b>	<b>6,107</b>

## Adjusted EBITDA

Adjusted EBITDA means EBITDA (see above) less multi-client investment (capitalisation) and less the cost of vessel and office lease. EMGS uses adjusted EBITDA because the Company believes this provides users of the financial reporting with a clearer picture when evaluating the operating profitability regardless if the Company is working on a multi-client or a proprietary survey. The adjusted EBITDA includes the gross cash costs of the Company. The adjusted EBITDA adds back cash items as capitalised multi-client expenses and vessel and office lease expenses to the costs included in the adjusted EBITDA.

## Backlog

Backlog is defined as the total nominal value of future revenue from signed customer contracts. EMGS believes that the backlog figure is a useful measure in that it provides an indication of the amount of committed activity in the coming periods.



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