

**EMGS  
FIRST  
QUARTER  
2022.**

# Highlights in the First Quarter.

## Operational highlights

- Atlantic Guardian warm-stacked for the entire quarter

## Financial highlights for the quarter

- Revenues of USD 6.2 million up from USD 1.6 million in 1Q 2021
- EBITDA of USD 4.5 million and adjusted EBITDA of USD 3.7 million. Up from negative USD 0.1 million and negative USD 1.5 million, respectively, in 1Q 2021 as a result of increased multi-client revenue
- Quarter end free cash balance of USD 8.2 million
- Senior Unsecured Convertible Bond (EMGS03) extended by 24 months to May 2025

## Subsequent events

- Approximately USD 2.8 million in prefunding secured for survey in Norway
- Atlantic Guardian has been mobilised and commenced acquisition of the fully pre-funded survey in the North Sea

## Key financial figures

	Q1 2022	Q1 2021	2021	Q4 2021
Amounts in USD million (except per share data)	Unaudited	Unaudited	Audited	Unaudited
Contract sales	0.1	0.1	7.6	0.0
Multi-client sales	4.9	0.1	15.9	3.8
Other revenue	1.3	1.4	5.3	1.3
<b>Total revenues</b>	<b>6.2</b>	<b>1.6</b>	<b>28.9</b>	<b>5.1</b>
Operating profit/ (loss)	2.2	-2.5	9.2	0.8
Income/ (loss) before income taxes	1.6	-3.5	5.3	0.9
Net income/ (loss)	1.6	-3.6	4.9	1.2
Earnings/ (loss) per share	0.01	-0.03	0.04	0.01
Average number of shares outstanding (in thousands)	130,970	130,970	130,970	130,970
EBITDA	4.5	-0.1	19.4	2.7
Multi-client investments	0.0	0.0	1.4	0.8
Vessel and office lease	0.8	1.4	6.9	1.5
<b>Adjusted EBITDA</b>	<b>3.7</b>	<b>-1.5</b>	<b>11.0</b>	<b>0.4</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 6.2 million in the first quarter of 2022 up from USD 1.6 million reported for the corresponding quarter of 2021. Contract and other sales totalled USD 1.3 million, while multi-client sales amounted to USD 4.9 million. For the first quarter of 2021, contract and other revenue totalled USD 1.5 million, while multi-client sales amounted to USD 0.1 million.

Charter hire, fuel and crew expenses totalled USD 0.2 million in the first quarter this year, compared with USD 41 thousand in the first quarter of 2021. The Company did not capitalise any multi-client expenses in the first quarter of 2022 or in the first quarter of 2021. When adding back vessel lease expenses to each quarter, charter hire, fuel and crew expenses totalled USD 0.9 million in the first quarter of 2022 compared with USD 1.3 million in the first quarter of 2021, a decrease of 31% as a result of lower activity level.

Employee expenses remained unchanged at USD 0.8 million in the first quarter of 2022 compared to the first quarter of 2021.

Other operating expenses, including office lease expenses, totalled USD 0.8 million in the first quarter this year, down from USD 1.0 million in the same quarter of 2021.

## Depreciation, amortisation and impairment

Depreciation and ordinary amortisation were the same in the first quarter of 2022 and 2021 and totalled USD 1.1 million. Depreciation of right-of-use assets, vessel leases and office leases were also unchanged in both quarters, at USD 0.9 million.

Multi-client amortisation amounted to USD 0.2 million this quarter, compared with USD 0.5 million in the first quarter of 2021. The decrease is a result of some of the multi-client projects with a carrying value in the first quarter last year being fully amortised this year. The Group uses straight-line amortisation for its completed multi-client projects, assigned over the useful lifetime of four years.

## Net financial items

Net financial items ended at negative USD 0.6 million in the first quarter of 2022, compared with negative USD 1.1 million in the corresponding quarter last year. In the first quarter of 2022, the Group recorded a net currency gain of USD 90 thousand, compared with a currency loss of USD 33 thousand in the first quarter of 2021. In the first quarter of 2022, the Group recorded an interest expense of USD 0.7 million compared with an interest expense of USD 1.0 million in the first quarter of 2021.

## Income/(loss) before income taxes

Income before income taxes amounted to USD 1.6 million in the first quarter 2022, compared with a loss before income taxes of USD 3.5 million in the corresponding quarter in 2021.

## Income tax expenses

Income tax credit of USD 33 thousand was recorded in the first quarter of 2022, compared with an income tax expense of USD 73 thousand in the first quarter of 2021.

## Net income for the period

Income for the first quarter of 2022 amounted to USD 1.6 million, compared to a loss of USD 3.6 million in the same period in 2021.

## Cash flow and balance sheet

In the first quarter 2022, net cash flow from operating activities was negative USD 0.4 million, compared with a net cash flow of USD 10.3 million in the first quarter of 2021. The cash flow from operating activities in the first quarter of 2021 was positively affected by the release of USD 7.3 million held in a pledge depot as security for certain performance and warranty guarantees.

EMGS applied USD 44 thousand in investing activities in the first quarter of this year, compared with USD 0.2 million in the first quarter of last year. The Company invested USD 12 thousand in property, plant and equipment and USD 32 thousand in intangible assets in the first quarter of 2022.

The carrying value of the multi-client library was USD 2.2 million as of 31 March 2022, down from USD 2.4 million as of 31 December 2021 and up from USD 2.0 million as of 31 March 2021, given the opposing effects of acquisition of additional assets into the library, and the amortisation of these assets over their useful life of four years.

Cash flow from financial activities was negative USD 1.2 million in the first quarter of 2022, compared with negative USD 2.1 million in the same quarter last year.

The Company had a net decrease in cash, excluding restricted cash, of USD 1.6 million during the first quarter of 2022. As of 31 March 2022, cash and cash equivalents totalled USD 8.2 million.

## Financing

Total borrowings were USD 24.4 million as of 31 March 2022, compared to USD 24.3 million as of 31 December 2021 and USD 31.9 million as of 31 March 2021. This includes the Company's convertible bond, which has a carrying value of USD 24.4 million recorded as non-current borrowings and USD 1.9 million recorded as equity in accordance with IFRS.

The maturity date of the convertible bond (EMGS03) was extended by 24 months from May 2023 to May 2025. The interest margin of the convertible bond was increased by 100 bps from 5.5 to 6.5 per cent over the applicable reference rate.

The convertible bond 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 31 March 2022, the free cash and cash equivalents totalled USD 8.2 million.

# Operational Review.

	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Proprietary work	0%	0%	42%	0%	0%
Multi-client projects	0%	44%	6%	31%	6%
<b>Total utilisation</b>	<b>0%</b>	<b>44%</b>	<b>48%</b>	<b>31%</b>	<b>6%</b>

## Vessel utilisation and fleet allocation

The vessel utilisation for the first quarter 2022 was 0% compared with 6% in the corresponding quarter in 2021.

The vessel was warm-stacked for the entire first quarter in 2022. In the comparable quarter of 2021, the vessel was allocated 6% to multi-client projects.

EMGS had one vessel on charter and recorded 3.0 vessel months in the quarter. In the first quarter 2021, the Company had one vessel on charter and recorded 2.1 vessel months.

## Vessel activity in the first quarter

	Utilisation Q1 2022	Status Q1 2022	Firm charter period	Remaining option periods
Atlantic Guardian	0%	Warm-stacked	20 October 2022	4 x 12 months

### Atlantic Guardian

The Atlantic Guardian spent the entire first quarter of 2022 warm-stacked.

## Backlog

As of 31 March 2022, EMGS' backlog was USD 0.5 million compared with a backlog of approximately USD 14.3 million at the end of the first quarter 2021.

## Events during the first quarter of 2022

### Convertible bond extended

In February 2022, the maturity date of the convertible bond (EMGS03) was extended by 24 months from May 2023 to May 2025. The interest margin of the convertible bond was increased by 100 bps from 5.5 to 6.5 per cent over the applicable reference rate.

### Multi-client sales and change of control event

In March 2021, Electromagnetic Geoservices ASA announced USD 2.8 million in revenue from late sales and a change of control event related to its existing multi-client library in Norway.

### Multi-client uplift

In March 2021, Electromagnetic Geoservices ASA announced net uplifts in the amount of approximately USD 2 million related to its existing multi-client library in Norway.

## Subsequent events

### Prefunding secured

In April 2022, EMGS announced that the Company secured USD 2.8 million in prefunding for two surveys in Norway.

### Share information

EMGS was listed at the Oslo Stock Exchange in March 2007. During the first quarter of 2022, the EMGS share was traded between NOK 1.02 and NOK 1.84 per share. The last closing price before 31 March 2022 was NOK1.75.

As of 31 March 2022, 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, 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 in response to changes in the oil price.

The Company's convertible bond loan due in 2025 contains a financial covenant requiring free cash and cash equivalents of at least USD 2.5 million. As of 31 March 2022, the free cash and cash equivalents totalled USD 8.2 million.

The vessel was warm-stacked during the first quarter of 2022 and until the end of April when the Atlantic Guardian commenced acquisition of the fully prefunded multi-client campaign in the North Sea.

Securing sufficient prefunding to warrant mobilisation of the Atlantic Guardian was a significant milestone, nevertheless, securing additional backlog for the remainder of 2022 represents the most significant uncertainty factor.

Reference is made to the 2021 Annual Report for a further description of other relevant and important risk factors.

### Outlook

EMGS worked to secure prefunding for a multi-client campaign in Norway for the second quarter of 2022 as well as additional acquisition projects later in the 2022. As of end April 2022, the Atlantic Guardian has been mobilised and commenced acquisition on a fully prefunded multi-client campaign. The Company is working to secure additional backlog for the remainder of 2022.

Multi-client late sales have been and will continue to be an important part of EMGS' revenue stream, generating cash in addition to acquisition contracts. Late sales in Q1 2022 resulted in Q1 2022 being profitable.

Capital discipline remains a top priority for the Company, and it is our aim that the equity of the Company will continue to gradually improve.

In the longer term, the Company believes that its unique EM technology could also play an important role in the exploration for marine minerals as well as development of the offshore wind market in Norway and internationally. The Company has initiated early-stage discussions with customers and stakeholders aimed at generating proof of concept surveys.

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

Oslo, 20 May 2022  
Board of Directors and CEO

# Consolidated Income Statement.

Amounts in USD 1 000	Q1 2022 Unaudited	Q1 2021 Unaudited	2021 Audited
<b>Operating revenues</b>			
Contract sales	64	93	7,634
Multi-client pre-funding	0	0	10,151
Multi-client late sales/uplift	4,889	120	5,785
Other revenue	1,273	1,358	5,304
<b>Total revenues</b>	<b>6,226</b>	<b>1,570</b>	<b>28,874</b>
<b>Operating expenses</b>			
Charter hire, fuel and crew expenses	222	41	3,502
Employee expenses	822	753	3,012
Depreciation and ordinary amortisation	1,126	1,074	4,207
Depreciation right-of-use assets	862	892	3,524
Multi-client amortisation	249	454	2,457
Impairment of long-term assets	0	0	0
Other operating expenses	701	835	2,964
<b>Total operating expenses</b>	<b>3,981</b>	<b>4,049</b>	<b>19,665</b>
<b>Operating profit/ (loss)</b>	<b>2,245</b>	<b>-2,479</b>	<b>9,209</b>
<b>Financial income and expenses</b>			
Interest income	7	5	28
Interest expense	-627	-790	-2,925
Interest expense lease liabilities	-111	-234	-762
Impairment financial assets	0	0	-1,920
Net gains/(losses) of financial assets and liabilities	0	0	2,000
Net foreign currency income/(loss)	90	-33	-290
<b>Net financial items</b>	<b>-641</b>	<b>-1,051</b>	<b>-3,869</b>
<b>Income/ (loss) before income taxes</b>	<b>1,604</b>	<b>-3,529</b>	<b>5,339</b>
Income tax expense	-33	73	417
<b>Income/ (loss) for the period</b>	<b>1,638</b>	<b>-3,602</b>	<b>4,922</b>

# Consolidated Statement of Comprehensive Income.

Amounts in USD 1 000	Q1 2022 Unaudited	Q1 2021 Unaudited	2021 Audited
<b>Income/ (loss) for the period</b>	<b>1,638</b>	<b>-3,602</b>	<b>4,922</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	-25
<b>Other comprehensive income/(loss)</b>	<b>0</b>	<b>0</b>	<b>-25</b>
<b>Total other comprehensive income/(loss) for the period</b>	<b>1,638</b>	<b>-3,602</b>	<b>4,897</b>



# Consolidated Statement of Financial Position.

Amounts in USD 1 000	31 March 2022 Unaudited	31 March 2021 Unaudited	31 December 2021 Audited
<b>ASSETS</b>			
<b>Non-current assets</b>			
Multi-client library	2,163	1,984	2,412
Other intangible assets	334	807	422
Property, plant and equipment	11,754	15,452	12,747
Right-of-use assets	2,459	7,703	4,465
Financial lease receivables	50	137	72
Assets under construction	3	3	3
Restricted cash	0	0	0
<b>Total non-current assets</b>	<b>16,763</b>	<b>26,086</b>	<b>20,121</b>
<b>Current assets</b>			
Spare parts, fuel, anchors and batteries	3,824	4,866	3,813
Trade receivables	4,451	2,413	1,267
Other receivables	4,247	4,101	3,759
Financial lease receivables	68	68	68
Cash and cash equivalents	8,212	12,106	9,855
Restricted cash	1,216	615	1,278
<b>Total current assets</b>	<b>22,017</b>	<b>24,169</b>	<b>20,041</b>
<b>Total assets</b>	<b>38,780</b>	<b>50,255</b>	<b>40,162</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	-1,569	-1,544	-1,570
Retained earnings	-70,794	-80,962	-72,433
<b>Total equity</b>	<b>-875</b>	<b>-11,018</b>	<b>-2,514</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Provisions	3,609	8,422	4,812
Borrowings	24,430	31,907	24,295
Non-current leasing liabilities	429	4,575	522
<b>Total non-current liabilities</b>	<b>28,469</b>	<b>44,904</b>	<b>29,629</b>
<b>Current liabilities</b>			
Trade payables	1,624	2,261	1,981
Current tax liabilities	3,365	4,033	3,376
Other short term liabilities	1,692	3,349	1,451
Current leasing liabilities	4,505	6,726	6,239
<b>Total current liabilities</b>	<b>11,186</b>	<b>16,369</b>	<b>13,048</b>
<b>Total liabilities</b>	<b>39,655</b>	<b>61,273</b>	<b>42,677</b>
<b>Total equity and liabilities</b>	<b>38,780</b>	<b>50,255</b>	<b>40,162</b>

# Consolidated Statement of Cash Flows.

Amounts in USD 1 000	Q1 2022 Unaudited	Q1 2021 Unaudited	2021 Audited
<b>Net cash flow from operating activities</b>			
Income/(loss) before income taxes	1,604	-3,529	5,339
<b>Adjustments for:</b>			
Total taxes paid	0	-73	-1,076
Depreciation and ordinary amortisation	1,126	1,074	4,207
Depreciation right-of-use assets	862	1,121	4,751
Multi-client amortisation	249	454	2,457
Impairment of other long term assets	0	0	0
Cost of share-based payment	0	1	6
Change in trade receivables	-3,184	3,833	4,979
Change in inventories	-11	-140	913
Change in trade payables	-357	800	520
Change in other working capital	-1,338	5,794	55
Finance Income	-7	-5	-2,028
Finance Cost	670	954	3,498
<b>Net cash flow from operating activities</b>	<b>-385</b>	<b>10,284</b>	<b>23,621</b>
<b>Investing activities:</b>			
Purchase of property, plant and equipment	-12	-20	-90
Investment in multi-client library	0	-229	-2,659
Purchase of intangible assets	-32	0	0
<b>Cash used in investing activities</b>	<b>-44</b>	<b>-249</b>	<b>-2,749</b>
<b>Financial activities:</b>			
Financial lease liabilities	-685	-1,252	-6,206
Interest lease liabilities	-111	-234	-762
Repayment/settlement of loan	0	0	-6,000
Interest paid	-423	-628	-2,257
Interest received	7	5	28
<b>Cash used in/provided by financial activities</b>	<b>-1,213</b>	<b>-2,109</b>	<b>-15,197</b>
<b>Net change in cash</b>	<b>-1,643</b>	<b>7,927</b>	<b>5,676</b>
Cash balance beginning of period	9,855	4,179	4,179
Cash balance end of period	8,212	12,106	9,855
<b>Net change in cash</b>	<b>-1,643</b>	<b>7,927</b>	<b>5,676</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 2020 (Audited)</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>
Income/(loss) for the period	0	0	4,663	4,663
Other comprehensive income	0	-23	0	-23
<b>Total comprehensive income</b>	<b>0</b>	<b>-23</b>	<b>4,663</b>	<b>4,640</b>
Cost of share-based payments	0	0	2	2
<b>Balance as of 30 September 2021 (Unaudited)</b>	<b>71,490</b>	<b>-1,567</b>	<b>-73,656</b>	<b>-3,735</b>
Income/(loss) for the period	0	0	1,221	1,221
Other comprehensive income	0	-2	0	-2
<b>Total comprehensive income</b>	<b>0</b>	<b>-2</b>	<b>1,221</b>	<b>1,219</b>
Cost of share-based payments	0	0	2	2
<b>Balance as of 31 December 2021 (Audited)</b>	<b>71,490</b>	<b>-1,570</b>	<b>-72,433</b>	<b>-2,514</b>
Income/(loss) for the period	0	0	1,638	1,638
Other comprehensive income	0	0	0	0
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>1,638</b>	<b>1,638</b>
Cost of share-based payments	0	0	1	1
<b>Balance as of 31 March 2022 (Unaudited)</b>	<b>71,490</b>	<b>-1,569</b>	<b>-70,794</b>	<b>-875</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 2021, 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	Q1 2022 Unaudited	Q1 2021 Unaudited	2021 Audited
Americas	0.0	0.0	10.2
Asia/Pacific	0.0	0.1	7.4
EAME	6.2	1.5	11.4
<b>Total</b>	<b>6.2</b>	<b>1.6</b>	<b>28.9</b>

## Multi-client library

The multi-client library consists of electromagnetic data acquired through multi-client surveys, i.e., EMGS owns the data. The electromagnetic 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	Q1 2022 Unaudited	Q1 2021 Unaudited	2021 Audited
Opening carrying value	2.4	2.2	2.2
Additions	0.0	0.2	2.7
Amortisation charge	-0.2	-0.5	-2.5
Impairment	0.0	0.0	0.0
<b>Closing carrying value</b>	<b>2.2</b>	<b>2.0</b>	<b>2.4</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 materially. 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 and potential clients 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 could 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 relevant 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. Neither 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 EMGS Group nor any of their directors, officers or employees will have any liability to you or any other persons resulting from your use of the information in the report.

EMGS ASA undertakes no obligation to publicly update or revise any forward-looking information or statements in the report.

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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 and are not cash-flow items. Also, the measure is useful when comparing the Company's performance to other companies.

Amounts in USD 1 000	Q1 2022 Unaudited	Q1 2021 Unaudited	2021 Audited
Operating profit / (loss)	2,245	-2,479	9,209
Depreciation and ord. amortisation	1,987	1,966	7,731
Multi-client amortisation	249	454	2,457
Impairment of long term assets	0	0	0
<b>EBITDA</b>	<b>4,481</b>	<b>-58</b>	<b>19,396</b>

## Adjusted EBITDA

Adjusted EBITDA means EBITDA (see above) less multi-client investment (capitalisation) and less the cost of vessel and office leases.

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 of whether the Company is working on a multi-client or a proprietary survey. The Adjusted EBITDA measure 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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