

Q3 2023 RESULTS

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Q3 2023

Operational summary

- Atlantic Guardian warm-stacked for the entire quarter

Financial summary

- Revenues of USD 1.6 million
- EBITDA of USD 41 thousand
- Adjusted EBITDA of negative USD 0.7 million

Subsequent events

- EMGS entered in to its first acquisition contract related to renewable energy infrastructure. The contact has a value of up to approximately USD 2 million, however there is no minimum scope of work



Operations and Market

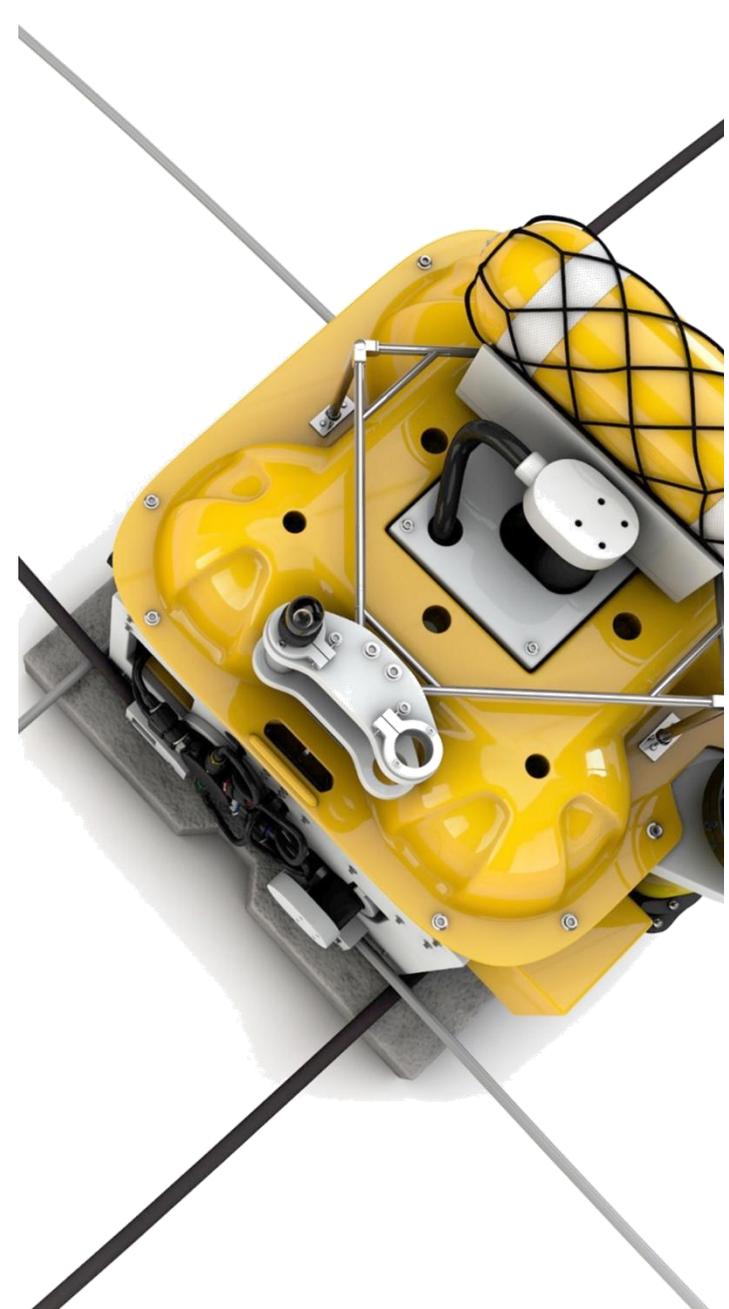
Market update

- Securing backlog, while being a top priority for EMGS, has proven to take significantly longer than expected
- Positive outlook on the Norwegian EM
 - Several companies have applied in the 2023 APA around with EM in the work program
 - Expansion of the APA round area in the Western Barents Sea and an increased focus on gas exploration from the authorities
 - Ongoing discussions about potential 2024 NCS projects
- Significant interest in EM outside Norway, but the length of the sales cycle has increased relative to pre-Covid
- Increased interest in using EM for non-hydrocarbon applications including CCS, marine minerals, geothermal, geotechnical, MT for deep crustal and mantle imaging etc.

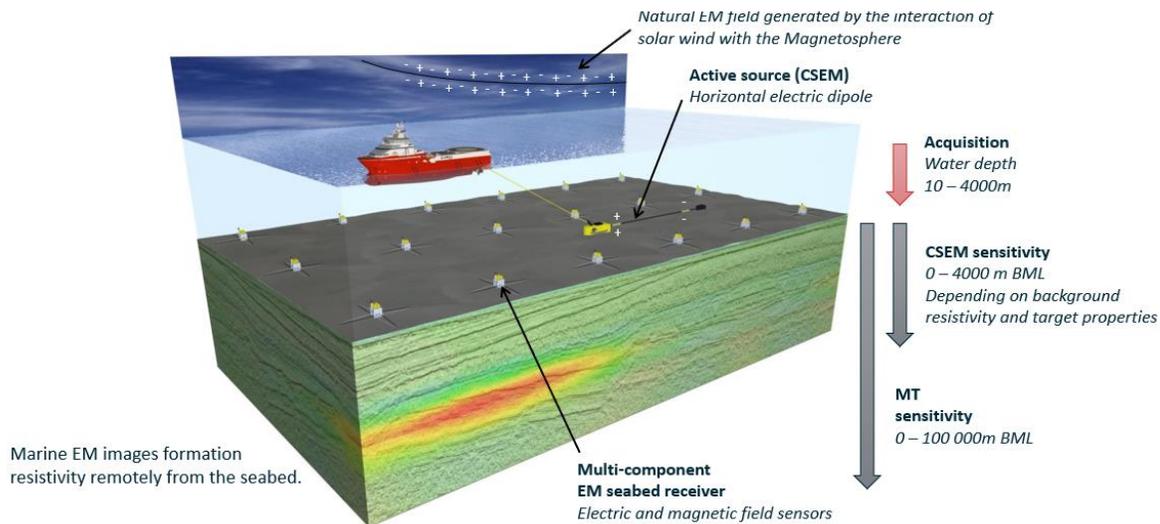
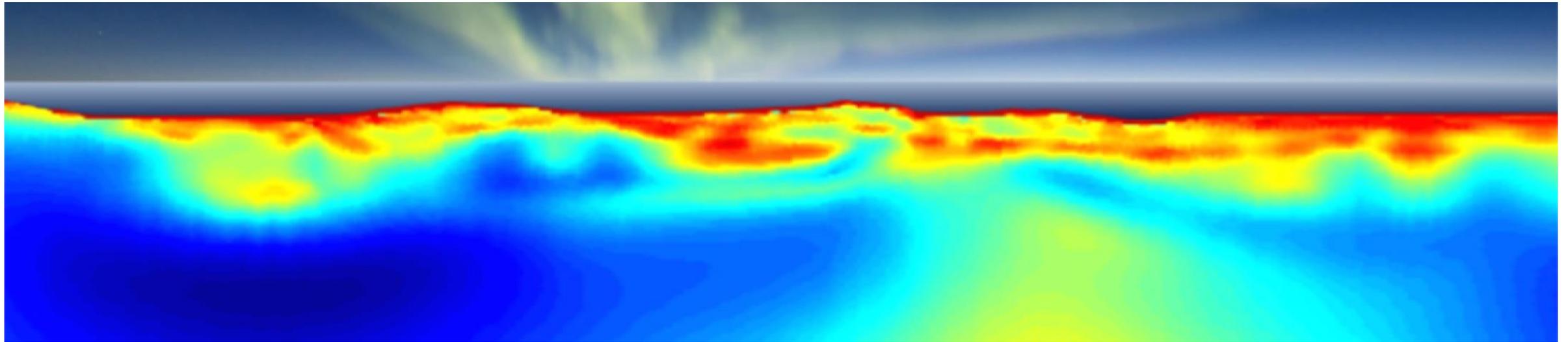


New EM applications and revenue streams

- Increasing interest in using EM for non-hydrocarbon applications
 - Carbon Capture and Storage – considerable interest in understanding how CSEM can play a role in monitoring injected CO2. We are about to undertake the first paid feasibility study for CCS
 - Marine minerals exploration – In addition to the upcoming concession round within the Norwegian Exclusive Economic Zone (EEZ) there are several licenses in the Atlantic and Indian Ocean where the use of EM is being discussed. The challenge is the limited size of these projects
 - Geothermal – Onshore MT is being used to identify temperature anomalies in the subsurface that can be exploited as geothermal energy. We are in early discussions with several institutions that are evaluating marine geothermal projects
 - Geotechnical and renewable energy infrastructure – We recently announced our first project within the renewable energy infrastructure sphere
- New low-cost business models
 - Use of smaller local vessels equipped with EMGS equipment and crew
 - MT receivers
 - The deep towed streamer
 - Conventional source / ShelfXpress source



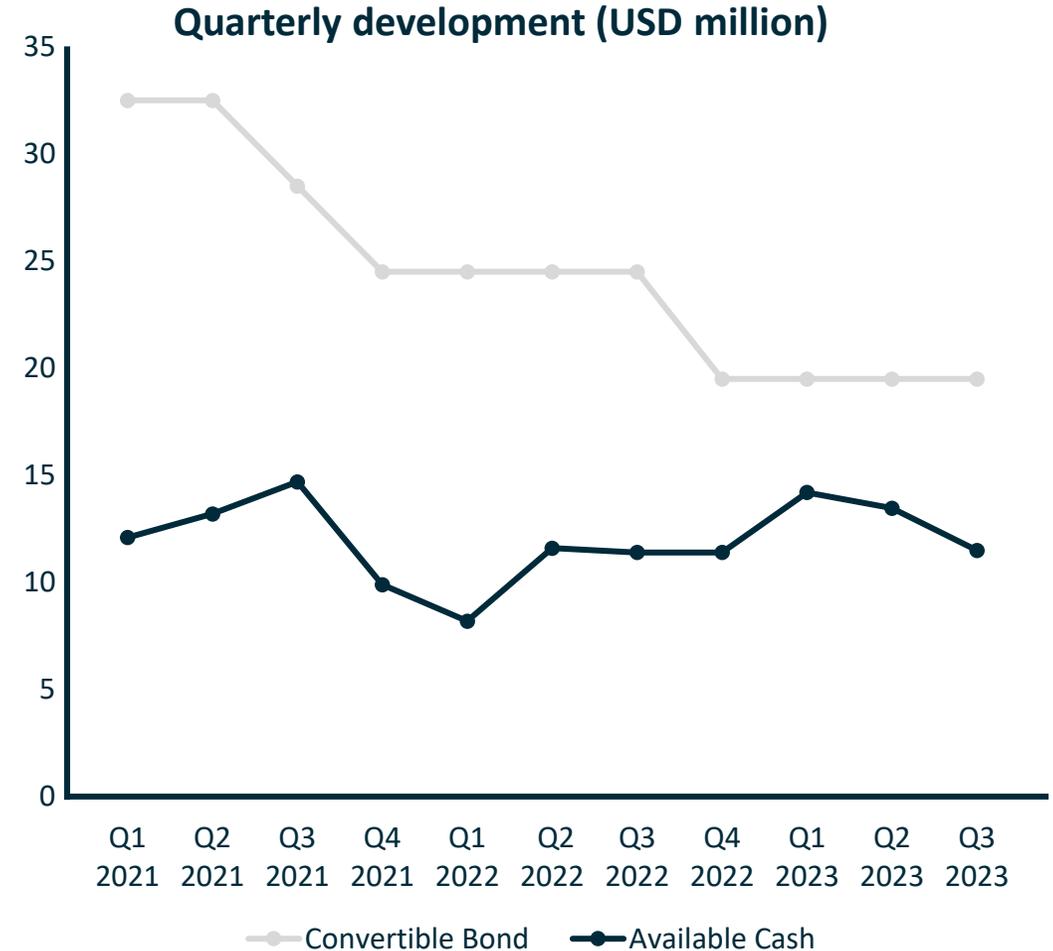
Renewable energy infrastructure acquisition contract



- Awarded a contract with a value of up to USD 2 million
- Acquisition of resistivity data based on the magnetotelluric (MT) geophysical method offshore Southeast Asia for an undisclosed customer
- EMGS will not be using the Atlantic Guardian, but will charter a smaller local vessel
- EMGS will mobilize approximately 25 receivers and a small field crew for the project

Financial position remains strong

- Financial position remains strong despite a disappointing Q3
- Available cash at end of Q3 was USD 11.5 million
- Convertible bond loan remains at approximately USD 19.5 million
- Book value of the multi-client library is USD 1.1 million
- Equity at USD 4.1 million





Financial review

Third quarter 2023 performance

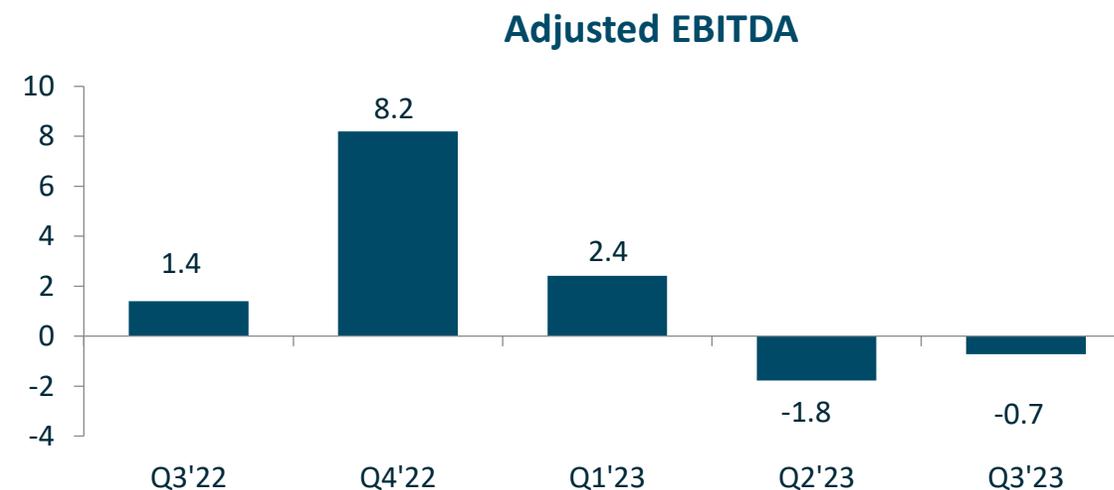
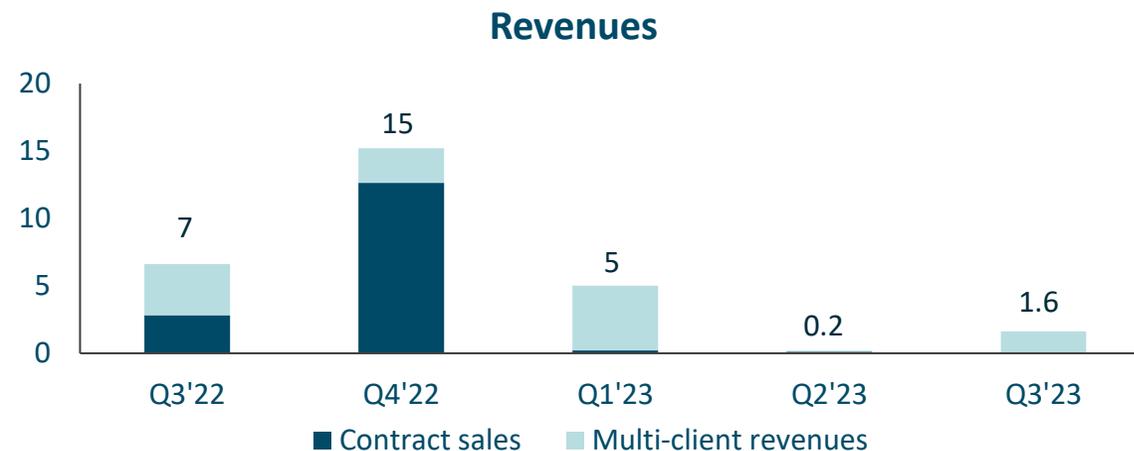
Key financial metrics

- Revenues
 - USD 1.6 million total revenue
- Vessel utilisation of 0%
 - Atlantic Guardian warm-stacked for the entire quarter
- EBITDA
 - USD 41 thousand
 - Adjusted EBITDA* of negative USD 0.7 million

*Adjusted EBITDA includes capitalised multi-client expenses and vessel and office lease expenses

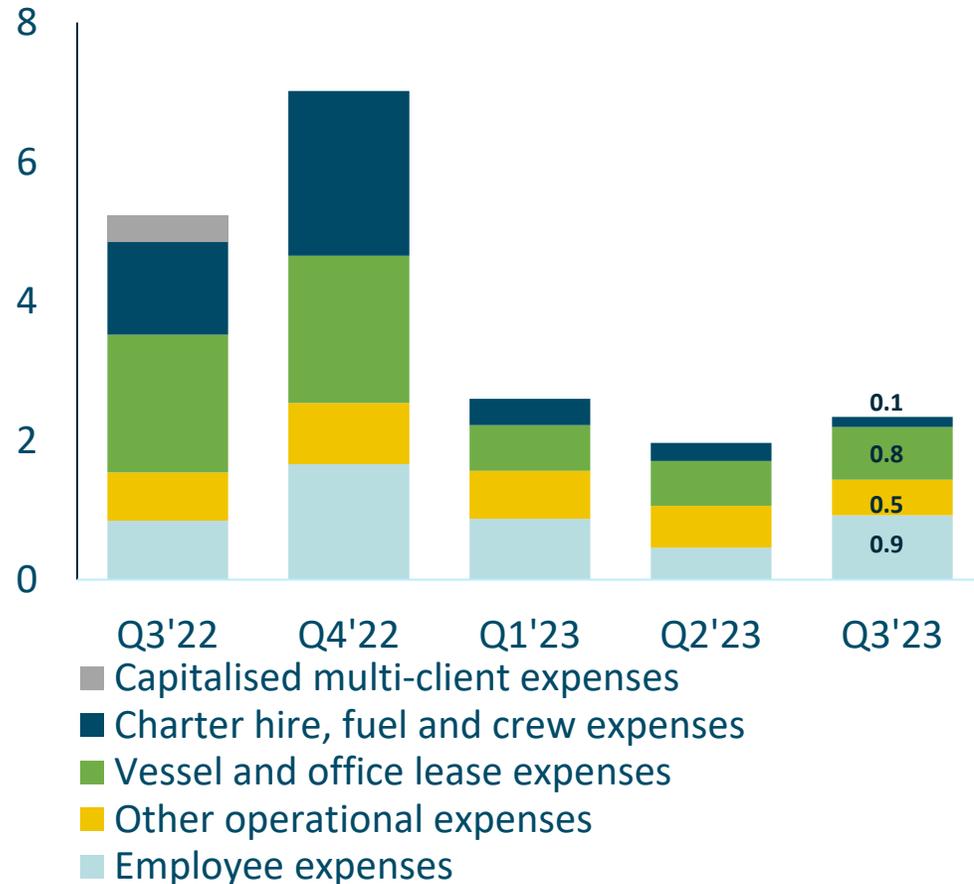
I Development in revenues and EBITDA

Quarterly development (USD million)



Operational costs

Quarterly operational cost base* development (USD million)



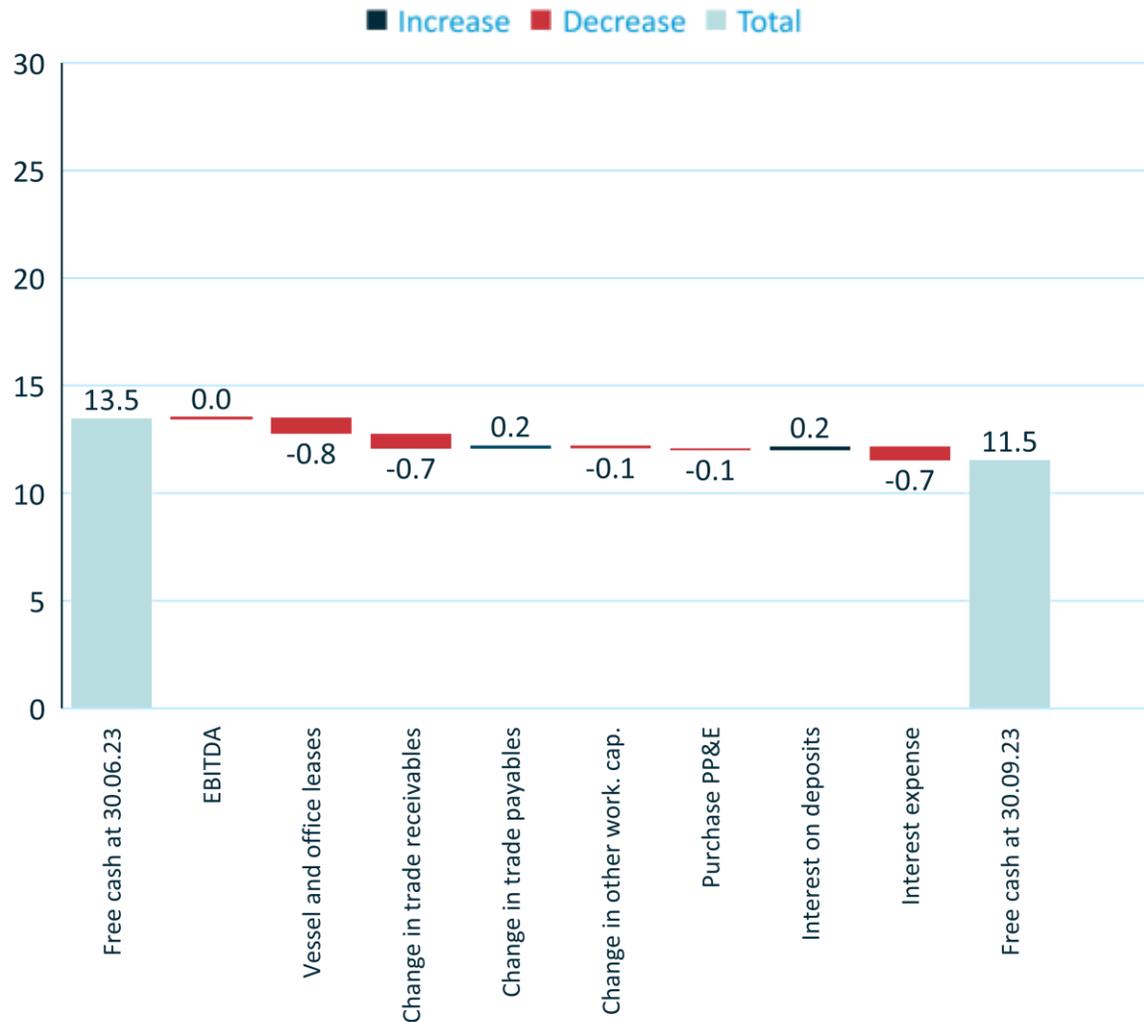
Comments

- Operational costs base in Q3 23 of USD 2.3 million
 - USD 0.4 million higher than Q2 23
 - The Atlantic Guardian was warm-stacked for the entire quarter
 - Continued low charter hire, fuel and crew expenses as a result of low vessel activity level
 - Vessel and office lease remains low as a result of lower charter rate for the Atlantic Guardian while the vessel is warm-stacked

*Cost base is defined as operational costs (charter hire etc, employee expenses, other operating expenses) plus MC investments and vessel and office lease payments presented as financial leases from 1 January 2019, restructuring charges and other extraordinary items

Decrease in free cash in Q3 2023

Quarterly free cash development (USD million)



Comments

- Net decrease in free cash of USD 1.9 million to USD 11.5 million
 - Negative Adjusted EBITDA of USD 0.7 million
 - Trade receivables increased by USD 0.7 million as compared to the previous quarter
 - Trade payables increased by USD 0.2 million
 - Vessel and office lease expense of USD 0.8 million
 - PP&E investment of USD 0.1 million



Q&A

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Please e-mail questions to: emgs@emgs.com

