

**EMGS
FIRST
QUARTER
2024.**

Highlights in the First Quarter.

Operational highlights

- Completed the acquisition of the fully prefunded multi-client survey in the North Sea
- Started transit toward fully prefunded multi-client project in Brazil for Petrobras

Financial highlights for the quarter

- Revenues of USD 239 thousand in the quarter
- EBITDA of negative USD 2.0 million and adjusted EBITDA of negative USD 3.8 million
- Quarter end free cash balance of USD 8.7 million
- USD 1.2 million in multi-client expense capitalised in the first quarter

Subsequent events

- USD 2.7 million in revenue from the Equinor multi-client project will be recognised in the second quarter in accordance with IFRS 15
- The Atlantic Guardian has cleared customs and has started acquisition on the Petrobras project in Brazil

Key financial figures

	Q1 2024	Q1 2023	2023	Q4 2023
Amounts in USD million (except per share data)	Unaudited	Unaudited	Audited	Unaudited
Contract sales	0.2	0.2	0.8	0.4
Multi-client pre-funding	0.0	0.0	0.0	0.0
Multi-client late sales	0.0	4.8	7.2	0.8
Other revenue	0.0	0.0	0.0	0.0
Withholding Tax	0.0	0.0	0.0	0.0
Total revenues	0.2	5.0	8.0	1.1
Operating profit/ (loss)	-3.3	0.9	-6.1	-3.0
Income/ (loss) before income taxes	-3.8	0.5	-8.2	-3.7
Income/ (loss) for the period	-3.8	0.5	-8.2	-3.7
Earnings/ (loss) per share	-0.03	0.00	-0.06	-0.03
Average number of shares outstanding (in thousands)	130,970	130,970	130,970	130,970
EBITDA	-2.0	3.1	1.0	-1.0
Multiclient investment	1.1	0.0	0.0	0.0
Vessel and office lease	0.7	0.6	2.8	0.7
Adjusted EBITDA	-3.8	2.4	-1.8	-1.7

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

Financial Review.

Revenues and operating expenses

EMGS recorded revenues of USD 0.2 million in the first quarter of 2024 down from USD 5.0 million reported for the corresponding quarter of 2023. Contract and other sales totalled USD 0.2 million, while no multi-client sales were recorded. For the first quarter of 2023, contract and other revenue totalled USD 0.2 million, while multi-client sales amounted to USD 4.8 million.

Charter hire, fuel and crew expenses totalled USD 0.7 million in the first quarter this year, compared with USD 0.4 million in the first quarter of 2023. The Company capitalised USD 1.1 million in multi-client expenses in the first quarter of 2024. In the first quarter of 2023 the Company did not capitalise any multi-client expenses. When adding back vessel lease expenses to each quarter, charter hire, fuel and crew expenses totalled USD 1.3 million in the first quarter of 2024 compared with USD 0.9 million in the first quarter of 2023.

Employee expenses totalled USD 0.9 million in the first quarter of 2024, compared with USD 0.9 million in the first quarter of 2023.

Other operating expenses, including office lease expenses, remained unchanged at USD 0.7 million in the first quarter of 2024, compared with the first quarter of 2023.

Depreciation, amortisation and impairment

For the first quarter of 2024, other depreciation and amortisation totalled USD 0.9 million, compared with USD 0.8 million in the first quarter of 2023. Depreciation of right-of-use assets, vessel leases and office leases totalled USD 0.3 million in the first quarter of 2024, compared with USD 1.3 million in the first quarter of 2023.

Multi-client amortisation amounted to USD 0.1 million in the first quarter of 2024, compared with USD 0.1 million in the first quarter of 2023. 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 0.5 million in the first quarter of 2024, compared with negative USD 0.4 million in the corresponding quarter last year. In the first quarter of 2024, the Group recorded a net currency gain of USD 65 thousand, compared with a currency gain of USD 137 thousand in the first quarter of 2023. In the first quarter of 2024, the Group recorded an interest expense of USD 0.8 million compared with an interest expense of USD 0.8 million in the first quarter of 2023.

Income/(loss) before income taxes

Loss before income taxes amounted to USD 3.8 million in the first quarter 2024, compared with profit before income taxes of USD 0.5 million in the corresponding quarter in 2023.

Income tax expenses

No income tax expense was recorded in the first quarter of 2024, nor was any income tax expense recorded in the first quarter of 2023.

Net income for the period

Loss for the first quarter of 2024 amounted to USD 3.8 million, compared with a profit of USD 0.5 million in the same period

in 2023.

Cash flow and balance sheet

In the first quarter 2024, net cash flow from operating activities was USD 1.0 million, compared with a net cash flow of USD 4.2 million in the first quarter of 2023.

EMGS applied USD 1.3 million in investing activities in the first quarter of this year, compared with USD 152 thousand in the first quarter of last year.

The carrying value of the multi-client library was USD 2.0 million as of 31 March 2024, up from USD 1.0 million as of 31 December 2023 and up from USD 1.4 million as of 31 March 2023. EMGS capitalised USD 1.2 million in multi-client expenses in the first quarter of 2024.

Cash flow related to financial activities was negative USD 1.3 million in the first quarter of 2024, compared with negative USD 1.3 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 2024. As of 31 March 2024, cash and cash equivalents totalled USD 8.7 million.

Financing

Total borrowings were USD 19.6 million as of 31 March 2024, compared with USD 19.6 million as of 31 December 2023 and USD 19.5 million as of 31 March 2023. This includes the Company's convertible bond, which has a carrying value of USD 19.5 million recorded as non-current borrowings and USD 1.9 million recorded as equity in accordance with IFRS. The bond has a maturity date of May 2025.

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 2024, the free cash and cash equivalents totalled USD 8.7 million.

Operational Review.

	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Proprietary work	0%	0%	0%	0%	0%
Multi-client projects	27%	0%	0%	0%	0%
Total utilisation	27%	0%	0%	0%	0%

Vessel utilisation and fleet allocation

The vessel utilisation for the first quarter 2024 was 27% compared with 0% in the corresponding quarter in 2023.

In the first quarter of 2024, the Company's vessel was allocated 27% to multi-client projects and no time was spent on proprietary work. In the comparable quarter of 2023, the vessel was warm-stacked.

EMGS had one vessel on charter and recorded 3.0 vessel months in the quarter. In the first quarter 2023, the Company had one vessel on charter and recorded 3.0 vessel months.

Vessel activity in the first quarter

	Utilisation Q1 2024	Status Q1 2024	Firm charter period	Remaining option periods
Atlantic Guardian	27%	In operation	20 October 2024	2 x 12 months

Atlantic Guardian

The Atlantic Guardian started the quarter warm-stacked but began mobilisation for a fully prefunded multi-client survey in the North Sea on 19 February 2024. The vessel completed acquisition of the fully prefunded multi-client survey in the North Sea and commenced transit towards the acquisition project in Brazil.

Backlog

As of 31 March 2024, EMGS' backlog was USD 15.6 million compared with a backlog of approximately USD 0.7 million at the end of the first quarter 2023. Of the USD 15.6 million in backlog at 31 March 2024, USD 2.1 million is conditional upon receiving certain notice to proceed orders from the customer.

Events during the first quarter of 2024

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. Due to certain contract conditions, the total value of the contract has increased to USD 2.7 million.

Share information

EMGS was listed at the Oslo Stock Exchange in March 2007. During the first quarter of 2024, the EMGS share was traded between NOK 2.18 and NOK 2.78 per share. The last closing price before 31 March 2024 was NOK 2.26.

As of 31 March 2024, 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. As EM surveys are considered a niche product to many E&P companies, demand can be volatile, unpredictable and is subject to upward and downward pressure from economic, environmental, political, and other factors. Changes in E&P companies' focus, and priorities will also typically impact the demand for EM services. For example, reduced investments in frontier exploration have historically resulted in lower demand for EM services.

The Company's convertible bond loan due in May 2025 contains a financial covenant requiring free cash and cash equivalents of at least USD 2.5 million. As of 31 March 2024, the free cash and cash equivalents totalled USD 8.7 million.

Historically, lack of long-term visibility has led to unpredictable and sometimes volatile revenue generation. EMGS has partially addressed the risk of unpredictable revenue generation with a more flexible business model and with a lower fixed cost base.

Reference is made to the 2023 Annual Report for a further description of other relevant and important risk factors.

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 arrived in Brazil end April for the fully prefunded multi-client acquisition project for Petrobras in the Espirito Santos Basin offshore Brazil. This project is expected to be completed in 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, 8 May 2024
Board of Directors and CEO

Consolidated Income Statement.

Amounts in USD 1 000	Q1 2024 Unaudited	Q1 2023 Unaudited	2023 Audited
Operating revenues			
Contract sales	239	210	767
Multi-client pre-funding	0	0	0
Multi-client late sales	0	4,808	7,221
Other revenue	0	0	0
Total revenues	239	5,018	7,988
Operating expenses			
Charter hire, fuel and crew expenses	681	381	1,228
Employee expenses	896	876	2,950
Depreciation right-of-use assets	318	1,278	2,808
Multi-client amortisation	138	138	553
Other depreciation and amortisation	902	786	3,707
Other operating expenses	653	686	2,844
Total operating expenses	3,588	4,145	14,090
Operating profit/ (loss)	-3,348	872	-6,102
Financial income and expenses			
Interest income	209	299	1,251
Interest expense	-755	-760	-3,094
Interest expense lease liabilities	-64	-98	-310
Impairment financial assets	0	0	0
Gains on financial assets and liabilities	58	0	-1
Net foreign currency income/(loss)	65	137	58
Net financial items	-487	-422	-2,097
Income/ (loss) before income taxes	-3,835	451	-8,199
Income tax expense	0	0	-21
Income/ (loss) for the period	-3,835	451	-8,178

Consolidated Statement of Comprehensive Income.

Amounts in USD 1 000	Q1 2024 Unaudited	Q1 2023 Unaudited	2023 Audited
Income/ (loss) for the period	-3,835	451	-8,178
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations	0	0	-4
Other comprehensive income	0	0	-4
Total other comprehensive income/(loss) for the period	-3,835	451	-8,182

Consolidated Statement of Financial Position.

Amounts in USD 1 000	31 March 2024 Unaudited	31 March 2023 Unaudited	31 December 2023 Audited
ASSETS			
Non-current assets			
Multi-client library	2,034	1,365	951
Other intangible assets	10	54	12
Property, plant and equipment	5,718	8,671	6,584
Right-of-use assets	1,106	3,126	1,530
Other receivables and prepayments	2,942	2,792	2,929
Assets under construction	0	3	0
Total non-current assets	11,810	16,011	12,006
Current assets			
Spare parts, fuel, anchors and batteries	3,686	4,151	4,010
Trade receivables and accrued revenues	351	3,496	1,124
Other receivables and prepayments	518	946	179
Financial lease receivables	0	25	0
Cash and cash equivalents	8,684	14,242	10,255
Restricted cash	132	142	193
Total current assets	13,372	23,002	15,761
Total assets	25,181	39,013	27,767
EQUITY			
Capital and reserves attributable to equity holders			
Share capital, share premium and other paid-in equity	71,589	71,490	71,589
Other reserves	-1,579	-1,575	-1,579
Retained earnings	-73,242	-60,782	-69,407
Total equity	-3,234	9,131	601
LIABILITIES			
Non-current liabilities			
Provisions	0	0	0
Borrowings	19,561	19,512	19,584
Non-current leasing liabilities	109	51	139
Total non-current liabilities	19,670	19,563	19,722
Current liabilities			
Trade payables	1,847	706	1,135
Current tax liabilities	2,947	2,989	2,945
Other short term liabilities	2,399	2,314	1,169
Current leasing liabilities	1,552	4,309	2,194
Total current liabilities	8,745	10,319	7,443
Total liabilities	28,415	29,882	27,165
Total equity and liabilities	25,181	39,013	27,767

Consolidated Statement of Cash Flows.

Amounts in USD 1 000	Q1 2024 Unaudited	Q1 2023 Unaudited	2023 Audited
Net cash flow from operating activities			
Income/ (loss) before income taxes	-3,835	451	-8,199
Adjustments for:			
Total taxes paid	3	-17	-59
Depreciation right-of-use assets	424	1,278	2,808
Multi-client amortisation	138	138	553
Other depreciation and amortisation	902	786	3,707
Impairment of other long term assets	0	0	0
Cost of share-based payment	0	0	101
Change in trade receivables	773	4,402	6,775
Change in inventories	325	7	148
Change in trade payables	712	-2,222	-1,793
Change in other working capital	938	-1,270	-1,792
Finance Income	0	0	0
Finance Cost	646	678	2,705
Net cash flow from operating activities	1,025	4,230	4,952
Investing activities:			
Purchase of property, plant and equipment	-32	-152	-946
Investment in multi-client library	-1,222	0	0
Purchase of intangible assets	0	0	0
Cash used in investing activities	-1,254	-152	-946
Financial activities:			
Principal amount leases	-673	-619	-2,580
Interest lease liabilities	-64	-98	-310
Interest paid	-605	-552	-2,295
Cash used in/provided by financial activities	-1,342	-1,269	-5,185
Net change in cash	-1,570	2,809	-1,179
Cash balance beginning of period	10,255	11,434	11,434
Cash balance end of period	8,684	14,242	10,255
Net change in cash	-1,570	2,809	-1,179

Consolidated Statement of Changes in Equity.

Amounts in USD 1 000	Share capital share premium and other paid-in- capital	Other reserves	Retained earnings	Total equity
Balance as of 31 December 2022 (Audited)	71,490	-1,575	-61,233	8,681
Income/(loss) for the period	0	0	451	451
Other comprehensive income	0	0	0	0
Total comprehensive income	0	0	451	451
Cost of share-based payments	0	0	0	0
Balance as of 31 March 2023 (Unaudited)	71,490	-1,575	-60,782	9,131
Income/(loss) for the period	0	0	-3,165	-3,165
Other comprehensive income	0	-1	0	-1
Total comprehensive income	0	-1	-3,165	-3,166
Cost of share-based payments	-85	0	1	-85
Balance as of 30 June 2023 (Unaudited)	71,405	-1,576	-63,946	5,881
Income/(loss) for the period	0	0	-1,791	-1,791
Other comprehensive income	0	-1	0	-1
Total comprehensive income	0	-1	-1,791	-1,791
Cost of share-based payments	0	0	1	1
Balance as of 30 September 2023 (Unaudited)	71,405	-1,576	-65,735	4,091
Income/(loss) for the period	0	0	-3,673	-3,673
Other comprehensive income	0	-2	0	-2
Total comprehensive income	0	-2	-3,673	-3,676
Cost of share-based payments	184	0	1	186
Balance as of 31 December 2023 (Audited)	71,589	-1,579	-69,407	601
Income/(loss) for the period	0	0	-3,835	-3,835
Other comprehensive income	0	0	0	0
Total comprehensive income	0	0	-3,835	-3,835
Cost of share-based payments	0	0	0	0
Balance as of 31 March 2024 (Unaudited)	71,589	-1,579	-73,242	-3,234

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 2023, which is available on 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 2024 Unaudited	Q1 2023 Unaudited	2023 Audited
Americas	0.0	0.3	0.4
Asia/Pacific	0.1	0.0	0.1
EAME	0.1	4.8	7.4
Total	0.2	5.0	8.0

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 2024 Unaudited	Q1 2023 Unaudited	2023 Audited
Opening carrying value	1.0	1.5	1.5
Additions	1.2	0.0	0.0
Amortisation charge	-0.1	-0.1	-0.6
Impairment	0.0	0.0	0.0
Closing carrying value	2.0	1.4	1.0

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.

For further information, visit www.emgs.com, or contact:

ANDERS EIMSTAD

CFO

Email: aeimstad@emgs.com

Phone: +47 948 25 836

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 2024 Unaudited	Q1 2023 Unaudited	2023 Audited
Operating profit/ (loss)	-3,348	872	-6,102
Depreciation right-of-use assets	318	1,278	2,808
Multi-client amortisation	138	138	553
Other depreciation and amortisation	902	786	3,707
Impairment of long-term assets	0	0	0
EBITDA	-1,990	3,074	965

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.

EMGS Headquarters
Karenslyst Allè 4 , 4th Floor
N-0278 Oslo, Norway

emgs.com
emgs@emgs.com