

**EMGS
FOURTH
QUARTER
2020.**

Highlights in the Fourth Quarter.

Operational highlights

- Atlantic Guardian cold stacked for the quarter
- Contract for multi-client survey in the Gulf of Mexico

Financial highlights

- Revenues of USD 4.0 million
- EBITDA of USD 1.5 million
- Adjusted EBITDA of USD 0.6 million

Subsequent events

- APA awards with firm EM commitment
- USD 7.3 million pledge account released¹
- USD 3.9 million of USD 5.0 million significantly past due receivables received

Key financial figures

| | Q4 2020 | Q4 2019 | 2020 | 2019 | Q3 2020 |
|---|------------|-------------|-------------|-------------|-------------|
| Amounts in USD million (except per share data) | Unaudited | Unaudited | Unaudited | Audited | Unaudited |
| Contract sales | 0.4 | 21.6 | 11.7 | 54.4 | 0.6 |
| Multi-client sales | 2.3 | 9.0 | 7.6 | 26.1 | 0.1 |
| Other revenue | 1.4 | 6.6 | 5.6 | 8.8 | 1.4 |
| Total revenues | 4.0 | 37.2 | 24.9 | 89.4 | 2.1 |
| Operating profit/ (loss) | -1.4 | 18.6 | -17.8 | 22.5 | -2.6 |
| Income/ (loss) before income taxes | -2.5 | 18.5 | -22.8 | 16.7 | -4.2 |
| Net income/ (loss) | -3.1 | 17.9 | -23.5 | 15.0 | -4.2 |
| Earnings/ (loss) per share | -0.02 | 0.14 | -0.18 | 0.11 | -0.03 |
| Average number of shares outstanding (in thousands) | 130,970 | 130,970 | 130,970 | 130,970 | 130,970 |
| | | | | | |
| EBITDA | 1.5 | 24.8 | 6.0 | 49.9 | -0.2 |
| Multi-client investments | 0.0 | 0.0 | 0.6 | 0.8 | 0.0 |
| Vessel and office lease | 0.9 | 3.9 | 8.8 | 15.7 | 1.0 |
| Adjusted EBITDA | 0.6 | 20.9 | -3.4 | 33.3 | -1.2 |

EBITDA = Operating profit /(loss) + Depreciation and ordinary amortisation + Multi-client amortisation + Impairment of long-term assets
Adjusted EBITDA = EBITDA (see above) less multi-client investment (capitalisation) and less the cost of vessel and office lease.

¹ A portion of which may be used to secure additional guarantees associated with existing contracts

Financial Review.

Revenues and operating expenses

EMGS recorded revenues of USD 4.0 million in the fourth quarter of 2020, down from USD 37.2 million reported for the corresponding quarter of 2019. Contract sales and other revenue totalled USD 1.7 million, of which USD 1.4 million is related to revenue recognition of DeepBlue partner contribution with no cash effect, while multi-client sales amounted to USD 2.3 million. For the fourth quarter of 2019, contract sales and other revenue totalled USD 28.2 million, while multi-client sales amounted to USD 9.0 million.

Revenues for the full year 2020 amounted to USD 24.9 million, compared with USD 89.4 million for the full year 2019.

Charter hire, fuel and crew expenses totalled USD 1.3 million in the fourth quarter this year, compared with USD 4.8 million in the fourth quarter of 2019. The Company did not capitalise any of the charter hire, fuel and crew expenses as multi-client expenses in the quarter or in the fourth quarter of 2019. The charter hire, fuel and crew expenses have decreased from USD 8.5 million in the fourth quarter of 2019 to USD 2.0 million in same period this year when adding back the vessel lease expenses and the capitalised multi-client expenses. This is a result of decreased activity level in the fourth quarter of 2020 compared to 2019.

For the full year 2020, the Company has recorded charter hire, fuel and crew expenses of USD 5.9 million, down from USD 14.6 million in 2019.

Employee expenses amounted to USD 0.4 million in the fourth quarter of 2020, down from USD 5.8 million in the same quarter in 2019. Employee expenses for the full year were USD 9.9 million in 2020, compared with USD 19.7 million in 2019.

Other operating expenses totalled USD 0.7 million in the fourth quarter this year. For the full year 2020, other operating expenses amounted to USD 3.1 million, down from USD 5.2 million in the same period last year.

Depreciation, amortisation and impairment

Depreciation and ordinary amortisation totalled USD 1.2 million in the fourth quarter of 2020, down from USD 1.4 million in the fourth quarter of 2019. Depreciation right-of-use assets, vessel leases and office leases totalled USD 1.2 million in the fourth quarter of 2020 compared to USD 3.6 million in fourth quarter of 2019.

Depreciation and ordinary amortisation decreased from USD 6.2 million for the full year 2019 to USD 4.4 million in 2020. Depreciation right-of-use assets, vessel leases and office leases for the full year 2020 were USD 7.9 million compared to USD 13.2 million for the full year 2019. The Company capitalised USD 0.5 million of the depreciation of the right-of-use asset as multi-client expenses in both 2020 and 2019.

Multi-client amortisation amounted to USD 0.5 million this quarter, compared with USD 1.1 million in the fourth quarter of 2019. The Company uses straight-line amortisation for its completed multi-client projects, assigned over the useful lifetime of four (4) years.

Multi-client amortisation totalled USD 4.1 million for the full year 2020, down from USD 7.8 million in 2019.

The Company impaired long-term assets in the amount of USD 46 thousand in the fourth quarter 2020. The USD 46 thousand impairment of long-term assets was comprised of an impairment of intangible assets in the amount of USD 540 thousand in fourth quarter of 2020 and a reversal of an impairment of right-of-use-asset in the amount of USD 494 thousand. The Company impaired long-term assets in the fourth quarter 2019 in the amount of USD 152 thousand.

Net financial items

Net financial items ended at negative USD 1.0 million in the fourth quarter of 2020, compared with a negative USD 0.1 million in the corresponding quarter of 2019. In the fourth quarter of 2020, the Group recorded an interest expense of USD 1.0 million compared with an interest expense of USD 1.8 million in the fourth quarter of 2019. In the fourth quarter of 2020, the Company recorded a net currency loss of USD 129 thousand, compared with a currency loss of USD 17 thousand in the fourth quarter of 2019.

Interest income amounted to USD 0.1 million in this quarter compared to USD 1.7 million in the corresponding quarter in 2019. The interest income in the fourth quarter of 2019 was higher due to the Brazilian Municipal Services Tax (ISS) verdict announced 28 October 2019.

For the full year 2020, net financial items were negative USD 5.0 million, compared to negative USD 5.8 million in 2019.

Income/(loss) before income taxes

Loss before income taxes amounted to USD 2.5 million in the fourth quarter 2020, compared with income before income taxes of USD 18.5 million in the corresponding quarter in 2019.

Loss before income taxes for the full year 2020 amounted to USD 22.8 million, compared with income before income taxes of USD 16.7 million in the same period last year.

Income tax expenses

Income tax expenses of USD 0.7 million were recorded in the fourth quarter of 2020, compared with an income tax expense of USD 0.5 million in the fourth quarter of 2019.

Income tax expenses for the full year 2020 were USD 0.7 million, compared with USD 1.7 million in the same period in 2019.

Net income for the period

Loss for the fourth quarter of 2020 amounted to USD 3.1 million, down from a profit of USD 17.9 million in the same period last year.

Loss for the full year 2020 was USD 23.5 million, down from a profit of USD 15.0 million in the same period last year.

Cash flow and balance sheet

In the fourth quarter 2020, net cash flow from operating activities was USD 1.6 million, compared with net cash flow of USD 20.7 million in the fourth quarter of 2019.

For the full year 2020, net cash flow from operating activities was negative USD 2.3 million, compared with USD 31.0 million in the same period last year.

EMGS applied USD 0.1 million in investing activities in the fourth quarter this year, compared with USD 0.4 million in the fourth quarter of last year. The Company invested USD 0.1 million in equipment in the fourth quarter 2020.

Cash flow from investing activities for the full year 2020 amounted to a negative USD 1.7 million, compared with a negative USD 3.2 million in the same period last year. The Company invested USD 0.6 million in equipment and USD 1.1 million in the multi-client library in 2020.

The carrying value of the multi-client library was USD 2.2 million at 31 December 2020, down from USD 2.7 million at 30 September 2020 and USD 6.0 million at 31 December 2019.

Cash flow from financial activities was negative USD 1.6 million in the fourth quarter of 2020, compared with a negative cash flow of USD 4.3 million in the same quarter last year.

Cash flow from financial activities for the full year 2020 amounted to negative USD 11.5 million, compared with a negative USD 14.5 million in the same period of 2019.

The Company had a net decrease in cash, excluding restricted cash, of USD 113 thousand during the fourth quarter of 2020. At 31 December 2020, cash and cash equivalents totalled USD 4.2 million.

Financing

Total borrowings were USD 31.8 million at 31 December 2020, up from USD 31.7 million at 30 September 2020 and up from USD 31.2 million at 31 December 2019. This includes the Company's convertible bond loan, which has a carrying value of USD 31.2 million recorded as non-current borrowings and USD 1.9 million recorded as equity at the inception of the convertible bond loan in 2018, 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 31 December 2020, the free cash and cash equivalents totalled USD 4.2 million.

Operational Review.

| | Q4 2020 | Q3 2020 | Q2 2020 | Q1 2020 | Q4 2019 |
|--------------------------|-----------|-----------|------------|------------|------------|
| Proprietary work | 0% | 0% | 0% | 20% | 80% |
| Multi-client projects | 0% | 0% | 23% | 6% | 0% |
| Total utilisation | 0% | 0% | 23% | 26% | 80% |

Vessel utilisation and fleet allocation

The vessel utilisation for the fourth quarter 2020 was 0% compared with 80% in the corresponding quarter in 2019. For the full year 2020, the vessel utilisation was 12% compared with 59% for the same period last year.

In the fourth quarter of 2020, the Company's vessel remained cold stacked and no time was spent on proprietary work or multi-client projects. In the comparable quarter of 2019, the vessels were allocated 80% to proprietary work and no time was spent on multi-client projects.

EMGS had one vessel on charter and recorded 3.0 vessel months in the quarter. In the fourth quarter 2019, the Company also had two vessels on charter.

Vessel activity in the fourth quarter

| | Utilisation Q4 2020 | Status Q4 2020 | Firm charter period | Remaining option periods |
|-------------------|---------------------|----------------|---------------------|--------------------------|
| Atlantic Guardian | 0% | Cold Stacked | 20 October 2022 | 4 x 12 months |

Atlantic Guardian

The Atlantic Guardian remained cold stacked.

Backlog

As of 31 December 2020, EMGS' backlog was USD 8.6 million, compared with a backlog of USD 58.0 million at the end of the fourth quarter 2019.

Subsequent events

Market development

APA awards with firm EM commitment.

Accounts receivable

EMGS received payment in the amount of USD 3.9 million related to significantly past due receivables totalling USD 5.0 million. The remaining significantly past due receivables subsequent to payment is USD 1.1 million.

Release of pledge account

As of 2 February 2021, USD 7.3 million held in a pledge account has been released and is now moved from restricted cash to cash and cash equivalents. EMGS expects, upon reaching certain conditions, to issue a time-limited guarantee, secured by cash in a pledged account, in the amount of approximately USD 3.6 million.

Share information

EMGS was listed at the Oslo Stock Exchange in March 2007. During the fourth quarter 2020, the EMGS share was traded between NOK 0.58 and NOK 1.54 per share. The last closing price before 31 December 2020 was NOK 1.30.

As of 31 December 2020, the Company had a total of 130,969,690 shares outstanding.

Risks and uncertainty factors

EMGS is subject to a number of risk factors, of which the most important 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 is 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 31 December 2020, the free cash and cash equivalents totalled USD 4.2 million.

The liquidity is positively impacted by the release of the Pemex performance guarantee. The Company continues to work on collecting payment of the, as of 3 February 2021, USD 1.1 million overdue receivables related to the contract with Pemex.

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 will shift back towards sales and project execution, but with the added risks and complexity related to conducting operations during a pandemic.

Reference is made to the Annual Report of 2019 for a further description of other relevant risk factors.

Outlook

The market outlook for oil services is characterised by high uncertainty and the visibility remains low. While the oil price has recovered and stabilized above 50 USD per barrel, the continuation of the Covid-19 pandemic and heightened focus on the energy transition has introduced new uncertainty regarding the demand for exploration services.

The Company is preparing the Atlantic Guardian for an acquisition campaign starting with the announced Gulf of Mexico multi-client project. The expected start-up in Mexico is early 2nd quarter. Upon completion and return to Norway the Company expects to acquire multi-client data on the Norwegian Continental Shelf, starting with a prefunded multi-client project on the Utsira High.

The visibility for the 2nd half of the year remains low.

The Company maintains its cutting-edge technological position in the EM market and has positioned itself to be able to capitalise on an upturn in the market with a lean, project-based organisation.

Oslo, 3 February 2021
Board of Directors and CEO

Consolidated Income Statement.

| Amounts in USD 1 000 | Q4 2020 Unaudited | Q4 2019 Unaudited | 2020 Unaudited | 2019 Audited |
|--|----------------------|----------------------|-------------------|-----------------|
| Operating revenues | | | | |
| Contract sales | 359 | 21,583 | 11,503 | 54,444 |
| Multi-client pre-funding | 0 | 0 | 3,229 | 4,608 |
| Multi-client late sales | 2,286 | 9,040 | 4,542 | 21,518 |
| Other revenue | 1,380 | 6,571 | 5,642 | 8,795 |
| Total revenues | 4,024 | 37,194 | 24,916 | 89,365 |
| Operating expenses | | | | |
| Charter hire, fuel and crew expenses | 1,349 | 4,811 | 5,924 | 14,596 |
| Employee expenses | 419 | 5,777 | 9,901 | 19,662 |
| Depreciation and ordinary amortisation | 1,197 | 1,351 | 4,435 | 6,240 |
| Depreciation right-of-use assets | 1,236 | 3,618 | 7,883 | 13,189 |
| Multi-client amortisation | 513 | 1,107 | 4,077 | 7,785 |
| Impairment of long-term assets | 46 | 152 | 7,439 | 152 |
| Other operating expenses | 713 | 1,795 | 3,067 | 5,215 |
| Total operating expenses | 5,473 | 18,610 | 42,726 | 66,839 |
| Operating profit/ (loss) | -1,449 | 18,584 | -17,811 | 22,526 |
| Financial income and expenses | | | | |
| Interest income | 130 | 1,670 | 208 | 1,830 |
| Interest expense | -748 | -1,342 | -4,105 | -5,449 |
| Interest expense lease liabilities | -258 | -420 | -1,111 | -1,827 |
| Net gains/(losses) of financial assets and liabilities | -3 | 0 | -3 | 13 |
| Net foreign currency income/(loss) | -129 | -17 | 25 | -346 |
| Net financial items | -1,008 | -110 | -4,987 | -5,779 |
| Income/ (loss) before income taxes | -2,457 | 18,474 | -22,798 | 16,747 |
| Income tax expense | 661 | 525 | 671 | 1,708 |
| Income/ (loss) for the period | -3,118 | 17,949 | -23,468 | 15,039 |

Consolidated Statement of Comprehensive Income.

| Amounts in USD 1 000 | Q4 2020 Unaudited | Q4 2019 Unaudited | 2020 Unaudited | 2019 Audited |
|---|----------------------|----------------------|-------------------|-----------------|
| Income/ (loss) for the period | -3,118 | 17,949 | -23,468 | 15,039 |
| Other comprehensive income | | | | |
| <i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i> | | | | |
| Exchange differences on translation of foreign operations | 0 | 53 | -13 | 52 |
| Other comprehensive income | 0 | 53 | -13 | 52 |
| Total other comprehensive income/(loss) for the period | -3,118 | 18,002 | -23,481 | 15,091 |

Consolidated Statement of Financial Position.

| Amounts in USD 1 000 | 31 December 2020 Unaudited | 31 December 2019 Audited |
|--|-------------------------------|-----------------------------|
| ASSETS | | |
| Non-current assets | | |
| Multi-client library | 2,209 | 5,996 |
| Other intangible assets | 939 | 1,621 |
| Property, plant and equipment | 16,374 | 24,624 |
| Right-of-use assets | 8,246 | 15,955 |
| Financial lease receivables | 141 | 0 |
| Assets under construction | 3 | 1,023 |
| Restricted cash | 0 | 0 |
| Total non-current assets | 27,911 | 49,219 |
| Current assets | | |
| Spare parts, fuel, anchors and batteries | 4,726 | 8,261 |
| Trade receivables | 6,246 | 23,503 |
| Other receivables | 3,150 | 4,213 |
| Financial lease receivables | 68 | 0 |
| Cash and cash equivalents | 4,179 | 19,731 |
| Restricted cash | 7,995 | 618 |
| Total current assets | 26,365 | 56,326 |
| Total assets | 54,277 | 105,545 |
| EQUITY | | |
| Capital and reserves attributable to equity holders | | |
| Share capital, share premium and other paid-in equity | 71,490 | 71,490 |
| Other reserves | -1,544 | -1,531 |
| Retained earnings | -77,444 | -53,986 |
| Total equity | -7,500 | 15,971 |
| LIABILITIES | | |
| Non-current liabilities | | |
| Provisions | 9,625 | 14,437 |
| Borrowings | 31,816 | 31,199 |
| Non-current leasing liabilities | 6,501 | 7,979 |
| Total non-current liabilities | 47,942 | 53,615 |
| Current liabilities | | |
| Trade payables | 1,461 | 8,254 |
| Current tax liabilities | 4,035 | 6,549 |
| Other short term liabilities | 2,865 | 10,807 |
| Current leasing liabilities | 5,474 | 10,349 |
| Total current liabilities | 13,835 | 35,959 |
| Total liabilities | 61,777 | 89,574 |
| Total equity and liabilities | 54,277 | 105,545 |

Consolidated Statement of Cash Flows.

| Amounts in USD 1 000 | Q4 2020 Unaudited | Q4 2019 Unaudited | 2020 Unaudited | 2019 Audited |
|--|----------------------|----------------------|-------------------|-----------------|
| Net cash flow from operating activities | | | | |
| Income/(loss) before income taxes | -2,457 | 18,474 | -22,798 | 16,747 |
| Adjustments for: | | | | |
| Withholding tax expenses | 0 | 0 | 8 | 0 |
| Total taxes paid | -31 | 128 | -491 | -239 |
| Depreciation and ordinary amortisation | 1,197 | 1,532 | 4,436 | 6,240 |
| Depreciation right-of-use assets | 1,236 | 3,436 | 8,389 | 13,189 |
| Multi-client amortisation and impairment | 513 | 1,259 | 4,921 | 7,785 |
| Impairment of other long term assets | 46 | 0 | 6,596 | 152 |
| Cost of share-based payment | 2 | 0 | 10 | 0 |
| Change in trade receivables | 64 | -3,540 | 17,257 | -18,869 |
| Change in inventories | 1,683 | -641 | 3,536 | -1,036 |
| Change in trade payables | 446 | -572 | -6,793 | 1,435 |
| Change in other working capital | -1,971 | -142 | -21,530 | 4,209 |
| Finance Income | -135 | | -212 | -1,830 |
| Finance Cost | 999 | 785 | 4,369 | 3,177 |
| Net cash flow from operating activities | 1,593 | 20,719 | -2,302 | 30,959 |
| Investing activities: | | | | |
| Purchase of property, plant and equipment | -80 | -446 | -585 | -1,837 |
| Investment in multi-client library | 0 | 0 | -1,134 | -1,337 |
| Cash used in investing activities | -80 | -446 | -1,719 | -3,174 |
| Financial activities: | | | | |
| Financial lease payments - principal | 0 | -90 | 0.00 | 183 |
| Recognition of lease liabilities IFRS 16 | | | 0 | 0 |
| Financial lease liabilities | -855 | -3,145 | -7,995 | -11,970 |
| Interest lease liabilities | -258 | -406 | -1,110 | -1,796 |
| Net proceeds from new loan | 0 | 0 | 0 | -18 |
| Interest paid | -649 | -659 | -2,636 | -2,770 |
| Interest received | 135 | 0 | 212 | 1,830 |
| Cash used in/provided by financial activities | -1,626 | -4,300 | -11,530 | -14,541 |
| Net change in cash | -113 | 15,974 | -15,552 | 13,244 |
| Cash balance beginning of period | 4,292 | 3,757 | 19,731 | 6,487 |
| Cash balance end of period | 4,179 | 19,731 | 4,179 | 19,731 |
| Net change in cash | -113 | 15,974 | -15,552 | 13,244 |

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 |
|--|---|---|-------------------|---------------|
| Income/(loss) for the period | 0 | 0 | 17,949 | 17,949 |
| Other comprehensive income | 0 | 53 | 0 | 53 |
| Total comprehensive income | 0 | 53 | 17,949 | 18,002 |
| Cost of share-based payments | 0 | 0 | 0 | 0 |
| Balance as of 31 December 2019 (Audited) | 71,490 | -1,531 | -53,986 | 15,971 |
| Income/(loss) for the period | 0 | 0 | -9,605 | -9,605 |
| Other comprehensive income | 0 | -13 | 0 | -13 |
| Total comprehensive income | 0 | -13 | -9,605 | -9,618 |
| Cost of share-based payments | 0 | 0 | 10 | 10 |
| Balance as of 31 March 2020 (Unaudited) | 71,490 | -1,544 | -63,581 | 6,363 |
| Income/(loss) for the period | 0 | 0 | -6,586 | -6,586 |
| Other comprehensive income | 0 | 0 | 0 | 0 |
| Total comprehensive income | 0 | 0 | -6,586 | -6,586 |
| Cost of share-based payments | 0 | 0 | -5 | -5 |
| Balance as of 30 June 2020 (Unaudited) | 71,490 | -1,544 | -70,172 | -228 |
| Income/(loss) for the period | 0 | 0 | -4,159 | -4,159 |
| Other comprehensive income | 0 | 0 | 0 | 0 |
| Total comprehensive income | 0 | 0 | -4,159 | -4,159 |
| Cost of share-based payments | 0 | 0 | 3 | 3 |
| Balance as of 30 September 2020 (Unaudited) | 71,490 | -1,544 | -74,328 | -4,384 |
| Income/(loss) for the period | 0 | 0 | -3,118 | -3,118 |
| Other comprehensive income | 0 | 0 | 0 | 0 |
| Total comprehensive income | 0 | 0 | -3,118 | -3,118 |
| Cost of share-based payments | 0 | 0 | 2 | 2 |
| Balance as of 31 December 2020 (Unaudited) | 71,490 | -1,544 | -77,444 | -7,500 |

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 2019, which is available on www.emgs.com.

Going concern

The interim consolidated financial statements for the Group have been prepared under a going concern assumption. However, this assumption is subject to material uncertainty.

The Group is operating with negative equity, and with limited liquidity. In the fourth quarter of 2020, the Group recorded a net negative change in cash position of USD 0.1 million. The cash position at the end of the quarter was USD 4.18 million. As further described under Risks and uncertainty factors, the Company's outstanding bond loan 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.

The going concern assumption is dependent on, amongst other things, the successful execution of the Gulf of Mexico multi-client project.

The company is also dependent upon building a sufficient mix of proprietary and fully funded multi-client projects subsequent to the Gulf of Mexico multi-client project in the second half of 2021 in order to secure revenue and enable the Company to weather future periods of low utilisation.

The elements described in the going concern assumption are not exhaustive and should all be viewed as necessary in order for the going concern assumption to be valid.

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 | Q4 2020 Unaudited | Q4 2019 Unaudited | YTD 2020 Unaudited | 2019 Audited |
|------------------------|----------------------|----------------------|-----------------------|-----------------|
| Americas | 0.0 | 18.2 | 8.3 | 32.5 |
| Asia/Pacific | 0.0 | 5.9 | 0.1 | 23.9 |
| EAME | 4.0 | 13.1 | 12.5 | 32.9 |
| Total | 4.0 | 37.2 | 20.9 | 89.4 |

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 | Q4 2020 Unaudited | Q4 2019 Unaudited | YTD 2020 Unaudited | 2019 Audited |
|-------------------------------|----------------------|----------------------|-----------------------|-----------------|
| Opening carrying value | 2.7 | 7.3 | 6.0 | 12.6 |
| Additions | 0.0 | 0.0 | 1.1 | 1.3 |
| Amortisation charge | -0.7 | -1.3 | -3.5 | -7.8 |
| Impairment | 0.0 | 0.0 | -0.9 | -0.2 |
| Closing carrying value | 2.1 | 6.0 | 2.7 | 6.0 |

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. 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 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. Also, the measure is useful when comparing the Company's performance to other companies.

| Amounts in USD 1 000 | Q4 2020 Unaudited | Q4 2019 Unaudited | YTD 2020 Unaudited | 2019 Audited |
|------------------------------------|----------------------|----------------------|-----------------------|-----------------|
| Operating profit / (loss) | -1,449 | 18,584 | -16,362 | 22,526 |
| Depreciation and ord. amortisation | 2,433 | 4,968 | 9,886 | 19,429 |
| Multi-client amortisation | 513 | 1,107 | 3,565 | 7,785 |
| Impairment of long term assets | 46 | 152 | 7,394 | 152 |
| EBITDA | 1,542 | 24,811 | 4,482 | 49,893 |

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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