

# Q3 2020 RESULTS

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Spot the difference.

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### Q3 2020

#### **Operational highlights**

- Atlantic Guardian cold stacked for the entire quarter
- Continue transition towards low-cost set-up

#### **Financial highlights**

- Revenues of USD 2.1 million
- EBITDA of negative USD 0.2 million
- Adjusted EBITDA of negative USD 1.2 million

#### Subsequent events

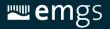
- Multi-client sales of USD 1.2 million
- OFG and EMGS enter into cooperation agreement

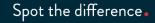


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## **Operations, Market and Outlook**

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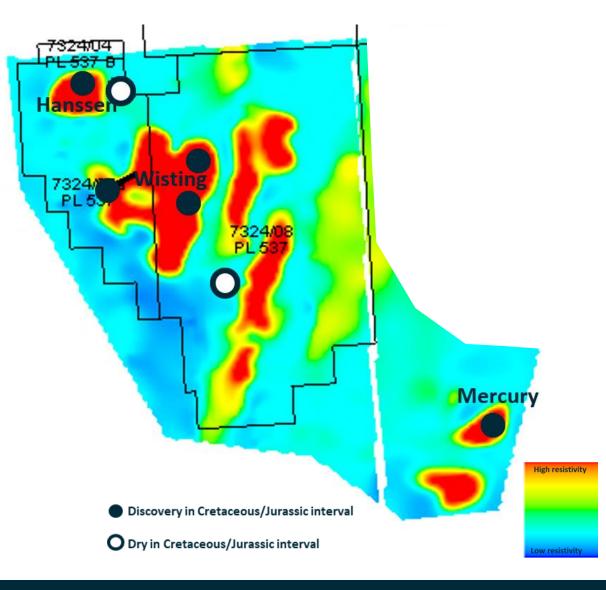
### Market outlook and industry collaborations

- CSEM market expected to remain challenging
- Transition to low-cost setup on schedule
- EMGS working towards restarting data acquisition in 2021
- EMGS signed a collaboration with Ocean Floor Geophysics (OFG) to collaborate on CSEM opportunities worldwide
- Collaboration with Time Lapse Geo (TLG) on reservoir monitoring
- Cooperation with TGS in the Hoop area of the Barents Sea



### Norwegian Multi-Client library and 25<sup>th</sup> License Round

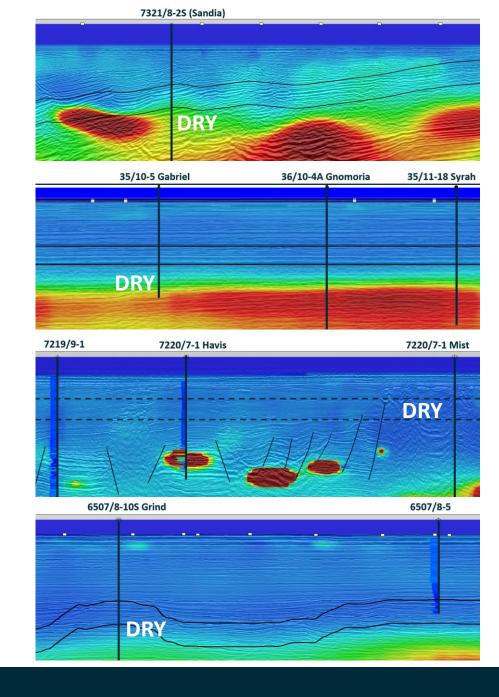
- Proposed areas for the 25<sup>th</sup> round includes 9 areas and a total of 136 blocks, of which 125 are in the Barents Sea and 11 in the Norwegian Sea
- EMGS expects that the round will generate both late sale and new acquisition opportunities
- EMGS, in collaboration with TGS, has extensive CSEM data coverage in the Hoop area north of the Wisting field



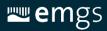
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### Wells drilled this year

- A 4<sup>th</sup> well (Mist) has been drilled where EMGS has multiclient coverage
- It did not have a CSEM anomaly and was announced as dry
- All 4 wells were targeting prospects without any CSEM anomalies, and all came in unsuccessful (dry)
  - Grind (6507/8-10S) Dry
  - Gabriel (35/10-5) Dry
  - Sandia 7321/8-2S Dry
  - Mist 7220/7-1 Dry





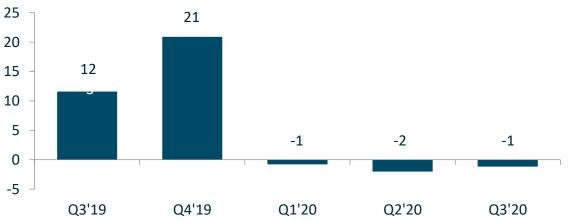


### Third quarter 2020 performance

**Key financial metrics** 

### Development in revenues and EBITDA

#### **Revenues** 40 37 27 30 20 11 2 8 10 0 Q3'19 Q4'19 Q1'20 Q2'20 Q3'20 Multi-client revenues Contact sales **Adjusted EBITDA** 25 21 20 12 15

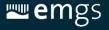


#### Quarterly development (USD million)

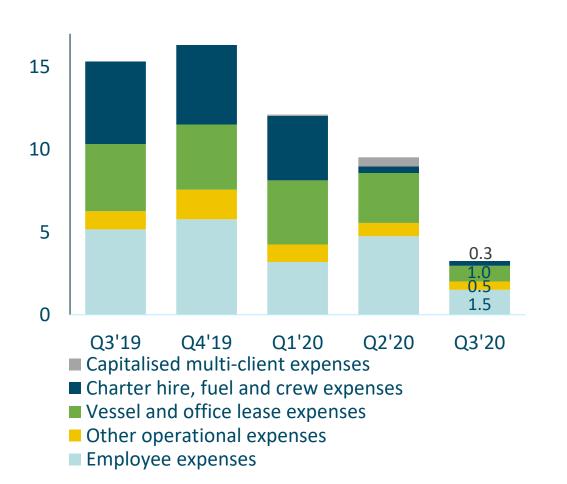
- Revenues
  - USD 2.1 million total revenue
  - USD 0.6 million contract sales
  - USD 0.1 million late sales
- Vessel utilisation of 0%
  - Atlantic Guardian stacked for the entire quarter
- EBITDA
  - USD negative 0.2 million
  - Adjusted EBITDA\* of negative USD 1.2 million

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

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### **Operational costs**



#### **Quarterly operational cost base\* development (USD million)**

#### Comments

- Operational costs base in Q3 20 of USD 3.3 million
  - USD 6.3 million lower than Q2 20
    - Atlantic Guardian cold stacked the entire quarter at reduced rate

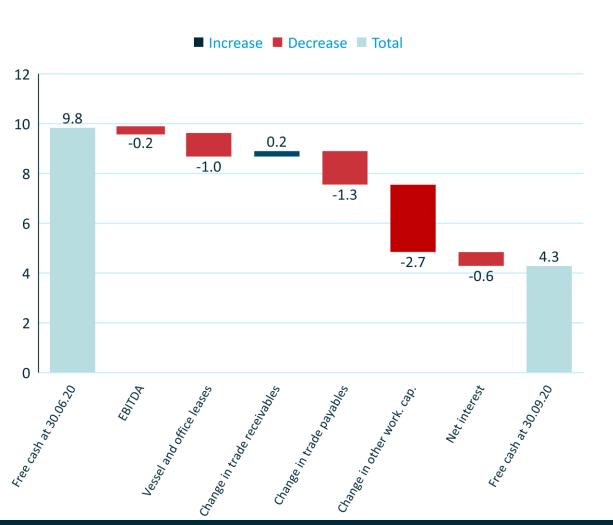
Q4 operational cost base expected to be under USD 3.0 million target

\*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

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### Decrease in free cash in Q3 2020

**Quarterly free cash development (USD million)** 

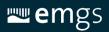


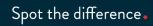
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#### Comments

- Net decrease in free cash of USD 5.5 million to USD 4.3 million
  - Trade receivables decreased by USD 0.2 million to USD 6.3 million
    - Continued payment delays under the completed Pemex contract
  - Adjusted EBITDA of negative USD 1.2 million







# Summary

- Cost reduction program on schedule and on target
- The prediction strength of the CSEM method further documented with the Mist well
- Significant multi-client data coverage in the Hoop area of the Barents Sea (proposed included in Norway's 25<sup>th</sup> licensing round)

#### Seeing Through the Mist Equinor's Gabriel Well Won't Blow Any Lodve Berry Horns Equinor and partners Var E Published on July 8, 2020 prospect in the Barents Sea Tubåen formation, with top Lodve Berre According to the environm and scientist, open-minded and outgoing, strong 5 articles V Following Experienced manag EMGS has legacy CSEM d Blue light for the Grind prospect? covering several wells in th Today, the 29th of Apr in addition to the Mist pros prospect in the North ! Published on April 21, 2020 shown in Figure 1. The interpretation made in this is made by EMGS based or EMGS has legacy CSI available in the public dom covering the prospect, Spirit Chasing Ghosts of Hydrocarbons calibration present at t The conclusion of our anal discovery wells 36/10 Past? Neptune's 6507/ that we are looking at the f (Gnomoria) and 35/11 consecutive disappointing the Grind prospe as shown in Figure 1. Published on June 3, 202 drilled on a CSEM negativ the 21st of Marci discoveries are howev year, after Grind, Gabriel a Lodve Berre say that it's gaine Jurassic, and neither w 5 articles V Following Sandia all came in dry. In Experienced manager and scientist, open-minded and outgoing, strong encountered hydrocarl attention, with C cases the drilling partners l Rogaland Group. The used CSEM in their license having predicted Moday 1st of June, Spirit Energy Norway and partners spudded the high profile 7321/8-2S interpretation made in the well based up well on the Sandia prospect, a tilted fault block target which they are hoping could be the While CSEM may not have is made by EMGS bas data. EMGS also CSEM negative could not a available in the public play-opener for the Realgrunnen play in the Fingerdjupet area. This is not the first time the multiclient data i notential for minor discover play has been tested in this license, with the nearby wells 7321/8-1 and 7321/9must be stressed well prediction from early. encountering good, but water bearing reservoir sands with weak hydrocarbon shows in the The conclusion of our potential for significant hyd does not have thi same interval back 1987 and 1989. Both wells also encountered water bearing sands in the CSEM negative, and t Triassio the drilling decis detailed quantitative a Let us first start by looking volumes above P50. V on CSEM. The in calibration line A-A'-A'' co EMGS has legacy CSEM data still be commercial in this article is mad the dry 7219/9-1 well, the covering both the legacy wells and 1 Havis discovery well and based on data ava the Sandia prospect, as shown in 7219/9-3 Mist. Figure 2 shows a Figure 1. The receiver density is conceptual geological model The conclusion of 3.0x3.0 km. It must, however, be above the imaged survey data with outcome is a disc stressed that CSEM has not been a seismic overlay. Note that there part of the common license is a bit of uncertainty in our model here, as the seismic we had database. The interpretation made in this article is made by EMGS available is severely corrupted by based on data available in the what appears to be shallow gas clouds, which can also be public domain. observed between 7210/0-1 and Figure 2: Calibration to dry well 7219/9-1 and doa eptual geological model. Battom: CSEM results 7220/7-2. However, we cannot The conclusion of our analysis is that we are looking at yet another disappointing well drilled on a CSEM negative, and that the best possible outcome is a very EMGS well predictions on LinkedIn

