

**EMGS
THIRD
QUARTER
2020.**

Highlights in the Third Quarter.

Operational highlights

- Atlantic Guardian cold stacked for the entire quarter
- Continued 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
- Continued payment delay for completed Pemex project

Subsequent events

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

Key financial figures

Amounts in USD million (except per share data)	Q3 2020	Q3 2019	YTD 2020	YTD 2019	2019	Q2 2020
	Unaudited	Unaudited	Unaudited	Unaudited	Audited	Unaudited
Contract sales	0.6	20.5	11.1	32.9	54.4	1.2
Multi-client sales	0.1	5.7	5.5	17.1	26.1	4.9
Other revenue	1.4	0.8	4.3	2.2	8.8	1.4
Total revenues	2.1	26.9	20.9	52.2	89.4	7.5
Operating profit/ (loss)	-2.6	7.5	-16.4	3.9	22.5	-5.2
Income/ (loss) before income taxes	-4.2	5.8	-20.3	-1.7	16.7	-6.6
Net income/ (loss)	-4.2	5.1	-20.4	-2.9	15.0	-6.6
Earnings/ (loss) per share	-0.03	0.04	-0.16	-0.02	0.11	-0.05
Average number of shares outstanding (in thousands)	130,970	130,970	130,970	130,970	130,970	130,970
EBITDA	-0.2	15.7	4.5	25.1	49.9	1.6
Multi-client investments	0.0	0.0	0.6	0.8	0.8	0.6
Vessel and office lease	1.0	4.1	7.9	11.8	15.7	3.0
Adjusted EBITDA	-1.2	11.6	-4.0	12.5	33.3	-2.0

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.

Financial Review.

Revenues and operating expenses

EMGS recorded revenues of USD 2.1 million in the third quarter of 2020, down from USD 26.9 million reported for the corresponding quarter of 2019. Contract sales and other sales totalled USD 2.0 million, while multi-client sales amounted to USD 0.1 million. For the third quarter of 2019, contract sales and other sales totalled USD 21.2 million, while multi-client sales amounted to USD 5.7 million.

Revenues for the first nine months of 2020 amounted to USD 20.9 million, compared with USD 52.2 million in the corresponding period in 2019.

Charter hire, fuel and crew expenses totalled USD 0.3 million in the third quarter this year, compared with USD 5.0 million in the third 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 the corresponding period in 2019. The charter hire, fuel and crew expenses have decreased from USD 8.7 million in the third quarter of 2019 to USD 1.0 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 and less vessels in the third quarter of 2020 compared to 2019.

So far this year, the Company has recorded charter hire, fuel and crew expenses of USD 4.6 million, down from USD 9.8 million in 2019. USD 1.1 million was capitalised as multi-client expenses in the first nine months of 2020, compared with USD 1.4 million capitalised as multi-client expenses during the same period last year.

Employee expenses amounted to USD 1.5 million in the third quarter of 2020, down from USD 5.2 million in the same quarter in 2019. Employee expenses for the first nine months were USD 9.5 million in 2020, compared with USD 13.9 million in 2019.

Other operating expenses totalled USD 0.5 million in the third quarter this year.

Depreciation, amortisation and impairment

Depreciation and ordinary amortisation totalled USD 0.6 million in the third quarter of 2020, down from USD 1.6 million in the third quarter of 2019. Depreciation right-of-use assets, vessel leases and office leases totalled USD 1.1 million in the third quarter of 2020, compared with USD 3.4 million in the third quarter of 2019.

Depreciation and ordinary amortisation decreased from USD 4.9 million in the first nine months of 2019 to USD 3.2 million in 2020. Depreciation right-of-use assets, vessel leases and office leases for the first nine months were USD 6.6 million, compared to USD 9.6 million in the corresponding period in 2019. The Company capitalised USD 0.5 million of the depreciation right-of-use asset as multi-client expenses in the first nine months of 2020, as compared to USD 0.5 million 2019.

Multi-client amortisation amounted to USD 0.7 million this quarter, compared with USD 3.0 million in the third quarter of 2019. The Company uses straight-line amortisation for its completed multi-client projects, assigned over the useful lifetime of 4 years.

Multi-client amortisation totalled USD 3.6 million for the first nine months of 2020, down from USD 6.5 million in 2019.

No impairment of long-term assets was recorded in this quarter, compared to USD 0.2 million in the third quarter of 2019.

Net financial items

Net financial items ended at negative USD 1.5 million in the third quarter of 2020, compared with a negative USD 1.7 million in the corresponding quarter last year. In the third quarter of 2020, the Group recorded an interest expense of USD 1.2 million compared with an interest expense of USD 1.9 million in the third quarter of 2019. In the third quarter of 2020, the Company recorded a net currency loss of USD 0.3 million, compared with a currency gain of USD 0.2 million in the third quarter of 2019.

In the first nine months of 2020, net financial items were negative USD 4.0 million, up from a negative USD 5.7 million in 2019.

Income/(loss) before income taxes

Loss before income taxes amounted to USD 4.2 million in the third quarter 2020, compared with a profit before income taxes of USD 5.8 million in the corresponding quarter in 2019.

Loss before income taxes for the first nine months of 2020 amounted to USD 20.3 million, compared with a loss before income taxes of USD 1.8 million in the same period last year.

Income tax expenses

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

Income tax expenses for the first nine months of 2020 were USD ten thousand, compared with USD 1.2 million in the same period in 2019.

Net income for the period

Loss for the third quarter of 2020 amounted to USD 4.2 million, down from a profit of USD 5.1 million in the same period last year.

Losses for the first nine months of 2020 were USD 20.4 million, down from a loss of USD 2.9 million in the same period last year.

Cash flow and balance sheet

In the third quarter 2020, net cash flow from operating activities was negative USD 4.1 million, compared with a net cash flow of USD 2.8 million in the third quarter of 2019.

In the first nine months of 2020, net cash flow from operating activities was negative USD 4.7 million, compared with USD 12.9 million in the same period last year.

EMGS had no investing activities in the third quarter this year, compared with USD 0.2 million in the third quarter of last year.

Cash flow from investing activities in the first nine months of this year amounted to a negative USD 1.6 million, compared with a negative USD 2.7 million in the same period last year. The Company invested USD 0.5 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 2.7 million at 30 September 2020, down from USD 3.1 million at 30 June 2020 and USD 7.3 million at 30 September 2019.

Cash flow from financial activities was negative USD 1.5 million in the third quarter of 2020, compared with a negative cash flow of USD 4.6 million in the same quarter last year.

Cash flow from financial activities for the first nine months of 2020 amounted to negative USD 9.1 million, compared with a negative USD 12.9 million in the same period of 2019.

The Company had a net decrease in cash, excluding restricted cash, of USD 5.5 million during the third quarter of 2020. At 30 September 2020, cash and cash equivalents totalled USD 4.3 million.

Financing

Total borrowings were USD 31.7 million at 30 September 2020, up from USD 31.5 million at 30 June 2020 and up from USD 31.1 million at 30 September 2019. This includes the Company's convertible bond loan, which has a carrying value of USD 31.7 million recorded as non-current borrowings and USD 1.9 million recorded as equity 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 30 September 2020, the free cash and cash equivalents totalled USD 4.3 million.

Operational Review.

	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Proprietary work	0%	0%	20%	80%	73%
Multi-client projects	0%	23%	6%	0%	0%
Total utilisation	0%	23%	26%	80%	73%

Vessel utilisation and fleet allocation

The vessel utilisation for the third quarter 2020 was 0% compared with 73% in the corresponding quarter in 2019. For the first nine months of 2020, the vessel utilisation was 19% compared with 52% for the same period last year.

In the third quarter of 2020, the Company's vessel was cold stacked and no time was spent on proprietary work or multi-client projects. In the comparable quarter of 2019, the vessels were allocated 73% 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 third quarter 2019, the Company had two vessels on charter.

Vessel activity in the third quarter

	Utilisation Q3 2020	Status Q3 2020	Firm charter period	Remaining option periods
Atlantic Guardian	0%	Cold Stacked	20 October 2022	4 x 12 months

Atlantic Guardian

The Atlantic Guardian remains cold stacked.

Backlog

As of 30 September 2020, EMGS' backlog was USD 39.6 million, compared with a backlog of USD 78.3 million at the end of the third quarter 2019. USD 37.7 million of the backlog as of 30 September 2020 is related to proprietary projects that are unlikely to materialise.

Subsequent events

Multi-client late-sales

EMGS entered into late-sales totalling USD 1.2 million.

EMGS enters into cooperation agreement

EMGS entered into a cooperation agreement with Ocean Floor Geophysics Inc. under which the two companies agree to work together on various projects to promote the use of marine CSEM technology.

Share information

EMGS was listed at the Oslo Stock Exchange in March 2007. During the third quarter 2020, the EMGS share was traded between NOK 0.54 and NOK 0.83 per share. The last closing price before 30 September 2020 was NOK 0.61.

As of 30 September 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 30 September 2020, the free cash and cash equivalents totalled USD 4.3 million. While EMGS' management follows the Company's liquidity risk closely, there remains material uncertainty related to the Company's ability to continue as a going concern.

EMGS has made significant progress in the transformation to a low-cost set-up, but is operating with limited liquidity and headroom to the free cash covenant and remains dependent upon certain other key events materialising in a timely fashion. This includes the payment of the remaining invoices related to the acquisition contract in the Americas (Pemex), securing additional late sales while the Atlantic Guardian is cold stacked and building an acquisition backlog for 2021. Should any of these events fail to materialise, or fail to materialise in a timely fashion, the Company may not be able to continue as a going concern.

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 at an acceptable level, the continuation of the Covid-19 pandemic and heightened focus on the energy transition has introduced new uncertainty with regard to the demand for exploration services.

The Company continues to focus on realising near term late sales from the existing multi-client library and the preservation of liquidity to continue operations until new acquisition projects can be secured. Subject to securing sufficient prefunding and/or client commitments, the Company plans to restart data acquisition during H1 2021.

In addition to securing sufficient backlog the Company is working towards collecting payment of the USD 5.9 million overdue receivables, as of 30 September 2020, related to the contract with Pemex.

2020 has been and will remain an uncertain and challenging year for the Company. However, the Company maintains its cutting-edge technological position in the EM market and is positioning itself to be able to capitalise on an upturn in the market with a more streamlined and efficient organisation.

Oslo, 4 November 2020
Board of Directors and CEO

Consolidated Income Statement.

Amounts in USD 1 000	Q3 2020 Unaudited	Q3 2019 Unaudited	Year to date 2020 Unaudited	Year to date 2019 Unaudited	2019 Audited
Operating revenues					
Contract sales	560	20,466	11,145	32,861	54,444
Multi-client pre-funding	0	4,608	3,229	4,608	4,608
Multi-client late sales	129	1,084	2,256	12,478	21,518
Other revenue	1,400	755	4,262	2,225	8,795
Total revenues	2,089	26,913	20,891	52,172	89,365
Operating expenses					
Charter hire, fuel and crew expenses	281	4,996	4,575	9,785	14,596
Employee expenses	1,517	5,171	9,481	13,885	19,662
Depreciation and ordinary amortisation	642	1,592	3,238	4,889	6,240
Depreciation right-of-use assets	1,099	3,385	6,647	9,572	13,189
Multi-client amortisation	675	3,024	3,565	6,526	7,785
Impairment of long-term assets	0	152	7,394	152	152
Other operating expenses	501	1,095	2,353	3,420	5,215
Total operating expenses	4,716	19,415	37,253	48,230	66,839
Operating profit/ (loss)	-2,626	7,498	-16,362	3,942	22,526
Financial income and expenses					
Interest income	0	24	78	160	1,830
Interest expense	-979	-1,476	-3,357	-4,107	-5,449
Interest expense lease liabilities	-248	-439	-853	-1,407	-1,827
Net gains/(losses) of financial assets and liabilities	0	2	0	2	13
Net foreign currency income/(loss)	-302	191	153	-328	-346
Net financial items	-1,529	-1,697	-3,979	-5,680	-5,779
Income/ (loss) before income taxes	-4,155	5,800	-20,341	-1,738	16,747
Income tax expense	3	741	10	1,172	1,708
Income/ (loss) for the period	-4,159	5,060	-20,350	-2,910	15,039

Consolidated Statement of Comprehensive Income.

Amounts in USD 1 000	Q3 2020 Unaudited	Q3 2019 Unaudited	Year to date 2020 Unaudited	Year to date 2019 Unaudited	2019 Audited
Income/ (loss) for the period	-4,159	5,060	-20,350	-2,910	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	0	-13	-1	52
Other comprehensive income	0	0	-13	-1	52
Other comprehensive income	0	0	-13	-1	52
Total other comprehensive income/(loss) for the period	-4,159	5,060	-20,363	-2,911	15,091

Consolidated Statement of Financial Position.

Amounts in USD 1 000	30 September 2020	30 September 2019	31 December 2019
	Unaudited	Unaudited	Audited
ASSETS			
Non-current assets			
Multi-client library	2,722	7,255	5,996
Other intangible assets	1,682	1,803	1,621
Property, plant and equipment	17,254	26,541	24,624
Right-of-use assets	9,494	18,963	15,955
Assets under construction	26	572	1,023
Restricted cash	0	2,806	0
Total non-current assets	31,177	57,940	49,219
Current assets			
Spare parts, fuel, anchors and batteries	6,408	7,620	8,261
Trade receivables	6,310	19,963	23,503
Other receivables	5,398	5,303	4,213
Cash and cash equivalents	4,292	3,757	19,731
Restricted cash	7,963	340	618
Total current assets	30,371	36,983	56,326
Total assets	61,549	94,923	105,545
EQUITY			
Capital and reserves attributable to equity holders			
Share capital, share premium and other paid-in equity	71,490	71,490	71,490
Other reserves	-1,544	-1,584	-1,531
Retained earnings	-74,328	-71,934	-53,986
Total equity	-4,384	-2,030	15,971
LIABILITIES			
Non-current liabilities			
Provisions	10,828	18,052	14,437
Borrowings	31,734	31,075	31,199
Non-current leasing liabilities	8,339	11,332	7,979
Total non-current liabilities	50,901	60,459	53,615
Current liabilities			
Trade payables	1,015	8,826	8,254
Current tax liabilities	6,090	5,896	6,549
Other short term liabilities	3,389	10,998	10,807
Current leasing liabilities	4,539	10,774	10,349
Total current liabilities	15,032	36,494	35,959
Total liabilities	65,933	96,953	89,574
Total equity and liabilities	61,549	94,923	105,545

Consolidated Statement of Cash Flows.

Amounts in USD 1 000	Q3 2020 Unaudited	Q3 2019 Unaudited	Year to date 2020 Unaudited	Year to date 2019 Unaudited	2019 Audited
Net cash flow from operating activities					
Income/(loss) before income taxes	-4,155	5,801	-20,341	-1,738	16,747
Adjustments for:					
Withholding tax expenses		-18	8	0	0
Total taxes paid	0	-355	-460	-355	-239
Depreciation and ordinary amortisation	642	1,592	3,239	4,889	6,240
Depreciation right-of-use assets	1,099	3,385	7,153	10,096	13,189
Multi-client amortisation and impairment	675	3,024	4,408	6,526	7,785
Impairment of other long term assets	0	152	6,550	152	152
Cost of share-based payment	13	0	7	0	0
Change in trade receivables	223	-12,083	17,193	-15,329	-18,869
Change in inventories	832	-516	1,853	-395	-1,036
Change in trade payables	-1,349	4,903	-7,239	2,007	1,435
Change in other working capital	-2,965	-4,197	-19,559	3,823	4,209
Finance Income	0	-24	-78	-160	-1,830
Finance Cost	905	1,103	2,518	3,362	3,177
Net cash flow from operating activities	-4,082	2,768	-4,749	12,879	30,959
Investing activities:					
Purchase of property, plant and equipment	0	-190	-505	-1,391	-1,837
Investment in multi-client library	0	0	-1,134	-1,337	-1,337
Cash used in investing activities	0	-190	-1,639	-2,728	-3,174
Financial activities:					
Financial lease payments - principal	-44	-125	-145	273	183
Financial lease liabilities	-483	-3,060	-6,142	-8,825	-11,970
Interest lease liabilities	-248	-425	-853	-1,389	-1,796
Net proceeds from new loan	0	0	0	-18	-18
Interest paid	-685	-1,012	-1,988	-3,081	-2,770
Interest received	0	24	78	160	1,830
Cash used in/provided by financial activities	-1,461	-4,598	-9,050	-12,880	-14,541
Net change in cash	-5,543	-2,020	-15,439	-2,730	13,244
Cash balance beginning of period	9,835	5,777	19,731	6,487	6,487
Cash balance end of period	4,292	3,757	4,292	3,757	19,731
Net change in cash	-5,543	-2,020	-15,439	-2,730	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
Balance as of 1 January 2019 (Unaudited)	71,490	-1,584	-69,025	879
Income/(loss) for the period	0	0	-5,994	-5,994
Other comprehensive income	0	0	0	0
Total comprehensive income	0	0	-5,994	-5,994
Cost of share-based payments	0	0	0	0
Balance as of 31 March 2019 (Unaudited)	71,490	-1,584	-75,019	-5,115
Income/(loss) for the period	0	0	-1,976	-1,976
Other comprehensive income	0	-1	0	-1
Total comprehensive income	0	-1	-1,976	-1,977
Cost of share-based payments	0	0	0	0
Balance as of 30 June 2019 (Unaudited)	71,490	-1,584	-76,995	-7,091
Income/(loss) for the period	0	0	5,060	5,060
Other comprehensive income	0	0	0	0
Total comprehensive income	0	0	5,060	5,060
Cost of share-based payments	0	0	0	0
Balance as of 30 September 2019 (Unaudited)	71,490	-1,584	-71,935	-2,031
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

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 highly limited liquidity. In the third quarter of 2020, the Group recorded a net negative change in cash position of USD 5.54 million. The cash position at the end of the quarter was USD 4.29 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, additional late sales in the fourth quarter 2020 and first quarter 2021 while the Atlantic Guardian is cold stacked, the timely collection of significantly past due invoices. Failure of any of the previously mentioned events to materialise will have a material detrimental effect on the Company's liquidity, and ability to continue as a going concern.

2020 has seen a drastic reduction in oil price due to amongst other things effects of the Covid-19 global pandemic. The reduction in oil price and resulting evaporation of the CSEM market have necessitated drastic cost reduction measures. The Company is making significant progress in the reduction of its operational cost base, and is on track to reach targets, however, successfully reaching targeted operational cost base could still prove to be insufficient in preserving sufficient liquidity.

The company is also dependent upon building a sufficient mix of proprietary and fully funded multi-client projects to allow the re-mobilisation and operation of the Atlantic Guardian in the first 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	Q3 2020 Unaudited	Q3 2019 Unaudited	YTD 2020 Unaudited	YTD 2019 Unaudited	2019 Audited
Americas	0.1	12.1	8.3	14.2	32.5
Asia/Pacific	0.1	8.1	0.1	18.2	23.9
EAME	1.9	6.7	12.5	19.8	32.9
Total	2.1	26.9	20.9	52.2	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	Q3 2020 Unaudited	Q3 2019 Unaudited	YTD 2020 Unaudited	YTD 2019 Unaudited	2019 Audited
Opening carrying value	3.4	10.4	6.0	12.6	12.6
Additions	0.0	0.0	1.1	1.3	1.3
Amortisation charge	-0.7	-3.0	-3.5	-6.6	-7.8
Impairment	0.0	-0.2	-0.9	0.0	-0.2
Closing carrying value	2.7	7.3	2.7	7.3	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 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	Q3 2020 Unaudited	Q3 2019 Unaudited	YTD 2020 Unaudited	YTD 2019 Unaudited	2019 Audited
Operating profit / (loss)	-2,626	7,498	-16,362	3,942	22,526
Depreciation and ord. amortisation	1,741	4,977	9,886	14,461	19,429
Multi-client amortisation	675	3,024	3,565	6,526	7,785
Impairment of long term assets	0	152	7,394	152	152
EBITDA	-210	15,651	4,482	25,081	49,893

Adjusted EBITDA

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

Backlog

Backlog is defined as the total nominal value of future revenue from signed customer contracts.

