# CORE LABORATORIES N.V.

## CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IAS 34, "INTERIM FINANCIAL REPORTING"

**Semi-Annual Report for 30 June 2021**

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**1181LE Amstelveen**
**The Netherlands**

**CORE LABORATORIES N.V.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**
**SEMI-ANNUAL REPORT FOR 30 JUNE 2021**

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Currency - United States Dollars ("USD", "$")

## Business review

Core Laboratories N.V. is a limited liability company incorporated in the Netherlands and publicly traded in the United States on the New York Stock Exchange ("NYSE") and in the Netherlands on the Euronext Amsterdam Stock Exchange ("Euronext Amsterdam"). We were established in 1936 and are one of the world's leading providers of proprietary and patented reservoir description and production enhancement services and products to the oil and gas industry. These services and products can enable our clients to improve reservoir performance and increase oil and gas recovery from their new and existing fields. We continue to develop new technologies that complement our existing services and products, and we disseminate these technologies throughout our global network. As of 30 June 2021, we have over 70 offices in more than 50 countries and have approximately 3,700 employees.

References to "Core Laboratories", "Core Lab", "we", "our", "us", the "Company" and similar phrases are used throughout this Semi-Annual Report and relate collectively to Core Laboratories N.V. and its consolidated affiliates.

We operate our business in two reportable segments: Reservoir Description and Production Enhancement. These complementary segments provide different services and products and utilize different technologies for improving reservoir performance and increasing oil and gas recovery from new and existing fields.

- ***Reservoir Description:*** Encompasses the characterization of petroleum reservoir rock and reservoir fluid samples to increase production and improve recovery of oil and gas from our clients' reservoirs. We provide laboratory based analytical and field services to characterize properties of crude oil and crude oil derived products to the oil and gas industry. We also provide proprietary and joint industry studies based on these types of analysis and manufacture associated laboratory equipment.
- ***Production Enhancement:*** Includes services and manufactured products relating to reservoir well completions, perforations, stimulations and production. We provide integrated diagnostic services to evaluate and monitor the effectiveness of well completions and to develop solutions aimed at increasing the effectiveness of enhanced oil recovery projects.

## Industry and the Coronavirus Disease 2019 ("COVID-19")

2020 and first six months of 2021 year have proved to be a challenging time for people around the globe, and particularly for those in the oil and gas sector. Both the industry downturn and COVID-19 have created unprecedented and protracted disruption to businesses and most societies. Understanding our responsibility to our shareholders, employees and the communities in which we operate, we developed and have adhered to the following goals throughout this period:

1. Met the current challenges head-on, while acting expeditiously to ensure disruptions to operations were minimized and fulfill our obligations as a Cybersecurity and Infrastructure Security Agency ("CISA") Energy Sector, Critical Infrastructure Workforce.
2. Employed strategies to keep the Company best positioned for success when the market stabilizes.
3. Achieved these essential objectives with as little impact to our existing employees as possible.

We remained committed to maintaining our zero-incident environment, making safety a top priority in all our facilities. To achieve this, we undertook numerous safety precautions to maintain a safe environment for our employees, clients, vendors, and anyone visiting our facilities. These included:

1. Creating a Pandemic Update SharePoint site containing a COVID-19 Dashboard to track cases, responses at our facilities, and report the latest information provided by the World Health Organization ("WHO"), Centers for Disease Control and Prevention ("CDC"), and Core Lab.

2. Updating our pandemic preparedness policy.
3. Creating a COVID-19 Symptomatic and Positive Response Plan.
4. Practicing work from home when possible, and in accordance with local health advisories.
5. Increasing the cleaning and sanitation practices at facilities and requiring mask, social distancing and hygiene protocols are followed by all employees.

To keep everyone informed, we created a global communication plan that included: email distributions, FAQ documents, CoreConnect Articles, Flyers and Notices outlining Core Lab's health and safety expectations and guidelines.

We continued focusing on our corporate responsibility efforts, participating in several initiatives to assist our employees and communities through the hardships created by COVID-19. When many were suffering from job losses, pay cuts and health concerns, our employees rallied and implemented food drives, blood drives and monetary fund-raisers to help ease the burden felt in our communities.

## Financial Review

***Revenue***

*Services Revenue*

Services revenue is primarily tied to activities associated with the exploration and production of oil, gas and derived products outside the U.S. The negative impact on the industry caused by the COVID-19 pandemic began in March of 2020 and continued throughout the remainder of 2020 and in the first half of 2021. Global government mandated shut-downs, home sheltering and social distancing policies have caused a significant decline in the demand for crude oil and associated products, which has also resulted in decreased spending and disrupted activity by our clients. Activity levels outside the U.S. continue to remain depressed for the first half of 2021 and continue to experience workflow disruptions and delays. For the six months ended 30 June 2021, services revenue of $170.2 million decreased 15% year-over-year from $201.0 million for the six months ended 30 June 2020. Year-over-year, lower levels of activity have impacted services revenue in both the U.S. and international markets.

We continue to focus on large-scale core analyses and reservoir fluids characterization studies in the Eagle Ford, the Permian Basin and the Gulf of Mexico, along with Guyana, Suriname, Malaysia and other international locations such as offshore South America, Australia, and the Middle East, including Kuwait and the United Arab Emirates. Analysis of crude oil derived products also occurs in every major producing region of the world.

*Product Sales Revenue*

Product sales revenue is tied more to the completion of wells in North America and international markets. For the six months ended 30 June 2021, product sales revenue of $56.9 million decreased 15% year-over-year from $67.2 million in the six months ended 30 June 2020. Rig count is one indicator of activity levels associated with the exploration and production of oil and gas. The average rig count for North America and internationally decreased from the six months ended 30 June 2020 to the six months ended 30 June 2021 by approximately 24% and 25%, respectively.

***Operating expenses***

*Cost of Services*

Cost of services expressed as a percentage of services revenue increased to 81% compared to 76% for the six months ended 30 June 2021 and 2020, respectively. Although significant cost reduction initiatives were implemented beginning in April of 2020, the cost reductions were not able to completely offset the significant decrease in revenue. The decrease in cost of services to $137.8 million for the six months ended 30 June 2021, from $153.3 million for the six months ended 30 June 2020, was primarily due to lower activity levels and cost reduction initiatives.

*Cost of Product Sales*

Cost of product sales expressed as a percentage of product sales revenue was 83% for the six months ended 30 June 2021, compared to 89% for the same period in 2020. Lower cost of product sales during the six months ended 30 June 2020 was primarily due to the continued decrease in activity levels from the COVID-19 pandemic, and the benefit derived from cost reduction initiatives fully implemented in the second half of 2020 and through the first half of 2021.

***Operating margin***

Operating margins for the six-month period ended 30 June 2021 were 12%, compared to 2% for the same period of 2020. The lower operating margin in 2020 is primarily due to a charge of \$8.2 million for impairment of certain intangible assets, and a charge of \$9.9 million for inventory obsolescence and valuation write-down recorded in the six months ended 30 June 2020 associated with Production Enhancement segment.

***Cash Flow***

The following table summarizes cash flows (in thousands of USD):

| | For the Six Months Ended 30 June | | | |
|---|---|---|---|---|
| | **2021** | **2020** | **Variance** | **% Change** |
| Cash provided by (used in): | | | | |
| Operating activities | $ 25,671 | $ 57,965 | $ (32,294) | (55.7)% |
| Investing activities | (3,378) | (7,156) | 3,778 | (52.8)% |
| Financing activities | (2,482) | (40,943) | 38,461 | 93.9% |
| Net change in cash and cash equivalents | $ 19,811 | $ 9,866 | $ 9,945 | (100.8)% |

Cash flows provided by operating activities for the six months ended 30 June 2021 compared to the same period in 2020 decreased by \$30.8 million primarily due to changes in working capital. For the six months ended 30 June 2020, working capital decreased \$23.2 million as operating activity levels declined during the global pandemic that began in March 2020, while working capital required an investment of \$12.5 million for the same period in 2021 as operating levels began to recover. The effect of changes in working capital was partially offset by higher net income for the six months ended 30 June 2021 compared to the same period in 2020.

The decrease in cash flows used in investing activities during the six months ended 30 June 2021 compared to the same period in 2020 was primarily due to: 1) lower capital expenditures of \$5.7 million in 2021, a reduction of \$0.8 million, 2) net cash proceeds received of \$1.6 million in 2021 from company owned life insurance policies used to fund our deferred compensation program, and 3) net proceeds of \$0.8 million from the sale of assets and a business in 2021.

Cash flows used in financing activities for the six months ended 30 June 2021 decreased compared to the same period in 2020. Financing activities for the six months ended 30 June 2021 reflect the lower dividend payments of \$0.9 million compared to \$11.6 million in 2020. Additionally, financing activities in 2021 included \$59.1 million of cash raised by issuing shares through the ATM program and \$58.9 million net cash raised through the issuance of the 2021 Senior Notes. Proceeds from both the ATM program and the 2021 Senior Notes were used to repay the \$119.0 million of outstanding borrowings under the Company's Credit Facility.

***Equity***

During the six months ended 30 June 2021, we repurchased 33,863 of our common shares for \$1.0 million, which includes those shares that were surrendered to us pursuant to the terms of a stock-based compensation plan in consideration of the participants' tax burdens that may result from the issuance of common shares under that plan. Such common shares, unless canceled, may be reissued for a variety of purposes such as future acquisitions, non-employee director stock awards or employee stock awards. We distributed 128,580 treasury shares upon vesting of stock-based awards during the six months ended 30 June 2021.

In February and May 2021, we paid a quarterly dividend of \$0.01 per share of common stock.

## Segment Analysis

We operate our business in two reportable segments: Reservoir Description and Production Enhancement. These complementary segments provide different services and products and utilize different technologies for improving reservoir performance and increasing oil and gas recovery from new and existing fields.

Results for these business segments are presented below and are consistent with the information which is reviewed by the Chief Operating Decision Maker. We use U.S. GAAP accounting policies to prepare our business segment results and adjustments are provided to reconcile segment results to our Consolidated Financial Statements which are prepared using IFRS accounting policies. We evaluate performance based on profit or loss from continuing operations before income tax, interest and other non-operating income (expense).

The following table summarizes our results by segment (in thousands of USD):

| | For the Six Months Ended 30 June | | | |
|---|---|---|---|---|
| | **2021** | **2020** | **Variance** | **% Change** |
| **Revenue:** | | | | |
| Reservoir Description | $ 154,738 | $ 191,144 | $ (36,406) | (19.0)% |
| Production Enhancement | 72,390 | 76,992 | (4,602) | (6.0)% |
| Total revenue | $ 227,128 | $ 268,136 | $ (41,008) | (15.3)% |
| **Operating profit:** | | | | |
| Reservoir Description | $ 17,317 | $ 24,596 | $ (7,279) | (29.6)% |
| Production Enhancement | 5,391 | (137,623) | 143,014 | NM |
| Corporate and Other (1) | 1,714 | 1,487 | 227 | 15.3% |
| Adjustments from US GAAP to IFRS | 2,652 | 115,622 | (112,970) | (97.7)% |
| Operating profit: | $ 27,074 | $ 4,082 | $ 22,992 | 563.3% |

*(1) "Corporate and Other" represents those items that are not directly related to a particular segment*
*"NM" means not meaningful*

### *Reservoir Description*

Revenue from the Reservoir Description segment of $154.7 million for the six months ended 30 June 2021 decreased 19% from $191.1 million for the six months ended 30 June 2020. Reservoir Description operations rely heavily on international and offshore activity levels, including existing producing fields across the globe, with approximately 80% of its revenue sourced from producing fields and development projects outside the U.S. In March of 2020, when the COVID-19 global pandemic began, there were significant decreases in the price of crude oil which resulted in reduced project activity from our oil and gas clients in 2020 and, thus also reduced our spending and activity planned for 2021. The COVID-19 global pandemic also continues to delay and disrupt progress on longer-term international and offshore projects. The results for the six-month period ended 30 June 2021 were also negatively impacted by the North American mid-continent winter storm in February 2021. We continue to focus on large-scale core analysis and reservoir fluids characterization studies in the Asia-Pacific region, offshore Europe and Africa, offshore South America, North America, and the Middle East. We are also engaged on both newly developed fields and brownfield extensions in offshore areas such as Australia, Brazil, Guyana, the Gulf of Mexico, the Middle East and the North Sea. Analysis of crude oil derived products also occurs in every major producing region of the world. In particular, we anticipate increased demand for our proprietary laboratory technological services in the Middle East as a result of several factors, including Core Lab's completion of a comprehensive reservoir fluid laboratory in Doha, Qatar, resumption of production from the Wafra oilfield located within the onshore Partitioned Neutral Zone in the southern part of Kuwait, as well as expansion of the North Gas Field in Qatar.

Operating profit for the six months ended 30 June 2021 of $17.3 million decreased 30% compared to $24.6 million for the six months ended 30 June 2020. The decrease in operating income year-over-year correlates to the decrease in revenue discussed above and reflects additional costs associated with disruptions and damage to facilities caused by the North American mid-continent winter storm in February 2021. There is no significant impairment of assets resulting from the damage caused by the winter-storm event. These negative impacts in the first half of 2021 results were partially offset by lower compensation expenses resulting from the cost reduction plans implemented in 2020. However, the Company began to progressively restore certain temporary cost reduction initiatives in the second quarter of 2021, which resulted in an increase in overall costs.

***Production Enhancement***

Revenue from the Production Enhancement segment was $72.4 million for the six months ended 30 June 2021, a decrease of 6% year-over-year from $77.0 million for the six months ended 30 June 2020. Production Enhancement operations are largely focused on complex completions in unconventional, tight-oil reservoirs in the U.S. as well as conventional projects across the globe. Drilling and completion activity levels began to significantly decrease starting in March 2020 due to the global pandemic and bottomed out at a historically low level in May 2020. Activity levels in the U.S. onshore market started to recover in the second half of 2020, and activity levels for both the U.S. onshore and international markets continued to strengthen in the first half of 2021. Our clients remain focused on using technological solutions for their projects to optimize and improve daily production and estimated ultimate recovery from their reservoirs. We continue to develop new technologies and benefit from our clients' acceptance of new services and products, led by HERO™ PerFRAC, GoGun™, FLOW**PROFILER** EDS™ and ReFRAC technologies.

Operating profit for the six months ended 30 June 2021 of $5.4 million compared to the operating loss of $137.6 million for the six months ended 30 June 2020, was primarily impacted by a charge of $122.2 million for the impairment of goodwill and intangible assets, and a charge of $9.9 million for inventory obsolescence and valuation write-down recorded in the six months ended 30 June 2020. As discussed in Note 23 – *Segment Reporting and Other Disaggregated Information*, the impairment of goodwill of $114.0 million was not recorded for IFRS reporting purposes, and this adjustment is reflected in the “Adjustments from US GAAP to IFRS” caption of the table.

## Outlook

The events associated with the COVID-19 pandemic and global government mandated shut-downs, home sheltering and social distancing policies caused a significant decline in the demand for crude oil and associated products during 2020 which has continued in 2021. U.S. land drilling and completion activities have experienced the most significant impact, as the rig count and completion of wells declined significantly during 2020, however, although well below pre-pandemic levels, have since partially recovered in 2021. U.S. land drilling and completion activities began to improve in the fourth quarter of 2020 and continued to show improvement during the first half of 2021. International activity was also impacted by disruption to our clients’ operations and lower crude-oil commodity prices. Crude-oil commodity prices have increased during the first half of 2021, and the outlook for the energy industry has become more positive but remains tempered in 2021. As a result, it is anticipated that crude-oil commodity prices will remain fairly stable for the remainder of 2021, however activity associated with the energy markets and our clients will moderately improve and could accelerate for the remainder of 2021 depending on global recovery from the COVID-19 pandemic.

While the full impact of COVID-19 and the long-term worldwide impact still remains uncertain, Core Laboratories has continued to operate as an essential business with timely delivery of products and services to our clients during the COVID-19 pandemic. Continued government restrictions, increasing infection rates in certain international locations and new variant strains of the COVID-19 virus, travel restrictions, quarantines, and site closures have led to business disruptions, which continued during the first half of 2021. These disruptions have primarily been associated with operational workflows stemming from travel, product delivery, as well as suspensions and delays in client projects. We have not experienced any significant disruptions in our supply chain, and currently do not anticipate significant disruption in our supply chain. We have also implemented a continuity plan across our global organization to protect the health of employees while servicing our clients. In addition, results during 2021 were impacted by costs associated with disruptions and damage to facilities caused by the North American mid-continent winter storm event in February 2021, which affected operations in the region.

Our major clients continue to focus on capital management, return on invested capital, free cash flow, and returning capital to their shareholders, as opposed to a focus on production growth. The companies adopting value versus volume metrics tend to be the more technologically sophisticated operators and form the foundation of Core Lab's worldwide client base. Considering a longer-term strategy, we expect to be well positioned as our clients continue their focus on employing higher technological solutions in their efforts to optimize production and estimated ultimate recovery in the most cost efficient and environmentally responsible manner. We believe oil and gas operators will continue to manage their capital spending within reduced budgets and maintain their focus on strengthening the balance sheet and generating free cash. This shift was apparent throughout 2020 and continued in the first half of 2021. Our primary customer base, oil and gas operators, made significant reductions to their 2020 and 2021 capital expenditures, which has resulted in significantly lower activity levels associated with global oil and gas exploration and production when compared to pre-pandemic levels. However, U.S. onshore average rig count for the three-month period ending June 30, 2021 was up year-over-year approximately 15%. We believe U.S. onshore activity in the remainder of 2021 will continue to improve moderately, though any improvement will continue to be constrained by those factors indicated above.

Core Laboratories expects that reduced operating budgets of oil and gas operators will continue to adversely impact international field development spending in 2021. However, more recently, there has been moderate improvement in international activity levels, which is expected to continue for the remainder of 2021. We continue to work with clients and discuss the progression of longer-term international projects. Additionally, the reservoir fluids analysis performed on projects associated with current producing fields continues to be critical and has been less affected by lower commodity prices for crude oil. The adverse impact from COVID-19 has resulted in increased uncertainty associated with the activity levels and revenue opportunities from these international and offshore projects, however most of the larger projects, especially projects that have been commissioned and are in development, are focused on a longer-term forecast rather than a short- to mid-term assessment of crude-oil commodity prices.

As part of our long-term growth strategy, we continue to expand our market presence by opening or expanding facilities in strategic areas and realizing synergies within our business lines consistent with client demand and market conditions. We believe our market presence in strategic areas provides us a unique opportunity to serve our clients who have global operations, whether they are international oil companies, national oil companies, or independent oil companies.

In response to market conditions, Core Lab's Board of Supervisory Directors (the "Supervisory Board") approved a plan to reduce the Company's future quarterly dividends to $0.01 per share beginning with the second quarter of 2020 and to focus excess free cash flow towards the reduction of debt. In March 2020, the Company enacted cost control plans and expanded these initiatives in June of 2020, which include: (i) corporate and operating cost reductions; (ii) annual capital expenditures reduced to $11.9 million for 2020 and anticipated to be similar to a slightly higher level for 2021, and (iii) eliminating all non-essential costs. These initiatives continued in the first half of 2021. Following increased activity levels during the second quarter of 2021, the Company is progressively reinstating certain employee costs into the Company's cost structure, which will increase overall compensation cost in 2021.

We believe our future cash flows from operating activities, supplemented, if necessary, by our borrowing capacity under existing facilities and our ability to issue additional equity should be sufficient to meet our contractual obligations, capital expenditures, working capital needs and to finance future acquisitions.

Core Lab believes these immediate actions, as well as continued assessment of market conditions, will allow Core Lab, as it has for over 83 years, to navigate through these challenging times. Core Lab remains focused on preserving the quality of service for its clients and producing returns for its shareholders.

## Cautionary Statement Regarding Forward-Looking Statements

This Semi-Annual Report contains forward-looking statements. In addition, from time to time, we may publish forward-looking statements relating to such matters as anticipated financial performance, business prospects, technological developments, new products, research and development activities and similar matters. Forward-looking statements can be identified by the use of forward-looking terminology such as "may", "will", "believe", "expect", "anticipate", "estimate", "continue", or other similar words, including statements as to the intent, belief, or current expectations of our directors, officers, and management with respect to our future operations, performance, or positions or which contain other forward-looking information. These forward-looking statements are based on our current expectations and beliefs concerning future developments and their potential effect on us. While management believes that these forward-looking statements are reasonable as and when made, no assurances can be given that the future results indicated, whether expressed or implied, will be achieved. While we believe that these statements are and will be accurate, our actual results and experience may differ materially from the anticipated results or other expectations expressed in our statements due to a variety of risks and uncertainties.

## Statement of Directors' Responsibilities

In accordance with the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht), section 5:25d, paragraph 2 sub c, we confirm that, to the best of our knowledge:

- the condensed interim consolidated financial statements for the six months ended 30 June 2021 have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as adopted by the European Union and give a true and fair view of the assets, the liabilities, the financial position and the profits or the loss of Core Laboratories N.V. and its consolidated companies; and

- the interim management report for the six months ended 30 June 2021 gives a true and fair view of the information required pursuant to section 5:25d, subsection 8 and, as far as applicable, subsection 9 of the Dutch Act on Financial Supervision.

Amsterdam, The Netherlands,
8 September 2021

/s/ Jacobus Schouten

Jacobus Schouten, on behalf of
Core Laboratories International B.V.,
Sole managing director of Core Laboratories N.V.

/s/ Christopher S. Hill

Christopher S. Hill
Senior Vice President and Chief Financial Officer

**CORE LABORATORIES N.V.**
**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
**(In thousands of USD)**

| | Ref. | 30 June 2021 (Unaudited) | 31 December 2020 |
|---|---|---|---|
| **ASSETS** | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment, net | | $ 112,398 | $ 115,293 |
| Right-of-use lease assets | 7 | 62,717 | 64,126 |
| Intangible assets, net | | 267,997 | 268,264 |
| Investment in associates | | 4,064 | 4,094 |
| Deferred tax assets, net | | 74,342 | 75,822 |
| Other financial assets | 8 | 31,549 | 31,201 |
| Other assets | | 4,937 | 4,954 |
| TOTAL NON-CURRENT ASSETS | | 558,004 | 563,754 |
| CURRENT ASSETS | | | |
| Inventories | 9 | 38,946 | 38,151 |
| Prepaid expenses and other current assets | | 44,127 | 46,733 |
| Income taxes receivable | | 16,951 | 9,675 |
| Accounts receivable, net | 10 | 93,217 | 83,192 |
| Cash and cash equivalents | | 33,617 | 13,806 |
| TOTAL CURRENT ASSETS | | 226,858 | 191,557 |
| **TOTAL ASSETS** | | $ 784,862 | $ 755,311 |
| **EQUITY** | | | |
| EQUITY ATTRIBUTABLE TO OWNERS OF CORE LABORATORIES N.V. | | $ 327,245 | $ 245,364 |
| NON-CONTROLLING INTEREST | | 4,319 | 4,060 |
| **TOTAL EQUITY** | 11 | 331,564 | 249,424 |
| **LIABILITIES** | | | |
| NON-CURRENT LIABILITIES | | | |
| Borrowings | 12 | 208,305 | 259,433 |
| Long-term lease liabilities | 7 | 55,121 | 56,108 |
| Income taxes payable | | 9,665 | 10,463 |
| Deferred tax liabilities, net | | 24,512 | 24,420 |
| Postemployment benefit plans | 13 | 54,817 | 55,740 |
| Derivative financial liabilities | 14 | 5,400 | 2,491 |
| Other long-term liabilities | 15 | 1,734 | 3,233 |
| TOTAL NON-CURRENT LIABILITIES | | 359,554 | 411,888 |
| CURRENT LIABILITIES | | | |
| Accounts payable | | 28,326 | 22,495 |
| Lease liabilities | 7 | 12,150 | 11,437 |
| Income taxes payable | | 12,626 | 13,580 |
| Other taxes payable | | 6,593 | 5,890 |
| Payroll and social security contributions | | 20,830 | 26,741 |
| Unearned revenue | 10 | 6,410 | 5,457 |
| Other accrued expenses | | 6,809 | 8,399 |
| TOTAL CURRENT LIABILITIES | | 93,744 | 93,999 |
| **TOTAL LIABILITIES** | | 453,298 | 505,887 |
| **TOTAL EQUITY AND LIABILITIES** | | $ 784,862 | $ 755,311 |

The accompanying notes are an integral part of these Interim Consolidated Financial Statements.

**CORE LABORATORIES N.V.**
**INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS**
**(In thousands of USD, except per share data)**

| | Ref. | For the Six Months Ended 30 June 2021 | 2020 |
|---|---|---|---|
| | | (Unaudited) | |
| REVENUE: | | | |
| Services | | $ 170,246 | $ 200,976 |
| Product sales | | 56,882 | 67,160 |
| TOTAL REVENUE | 23 | 227,128 | 268,136 |
| OPERATING EXPENSES: | | | |
| Cost of services | | 137,813 | 153,318 |
| Cost of product sales | | 47,161 | 59,876 |
| Total cost of services and product sales | | 184,974 | 213,194 |
| **GROSS PROFIT** | | **42,154** | **54,942** |
| General and administrative expenses | | 18,877 | 30,287 |
| Impairments and other charges | 17 | - | 8,224 |
| Inventory write-down | 18 | - | 9,932 |
| Other (income) expense, net | 19 | (3,797) | 2,417 |
| **OPERATING PROFIT** | | **27,074** | **4,082** |
| Finance costs | | 5,359 | 8,461 |
| Share of profit (loss) of associates | | (30) | 209 |
| **PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAX** | | **21,685** | **(4,170)** |
| Income tax expense (benefit) | 20 | 1,837 | (503) |
| PROFIT (LOSS) FROM CONTINUING OPERATIONS | | 19,848 | (3,667) |
| PROFIT (LOSS) FROM DISCONTINUED OPERATIONS, net of income taxes | 21 | - | - |
| **PROFIT (LOSS) FOR THE PERIOD** | | **$ 19,848** | **$ (3,667)** |
| **Attributable to:** | | | |
| Equity holders of Core Laboratories N.V. | | $ 19,589 | $ (3,791) |
| Non-controlling interest | | 259 | 124 |
| PROFIT (LOSS) FOR THE PERIOD | | $ 19,848 | $ (3,667) |
| **EARNINGS (LOSS) PER SHARE INFORMATION:** | | | |
| Basic earnings (loss) per share from continuing operations | | $ 0.43 | $ (0.08) |
| Basic earnings (loss) per share from discontinued operations | | $ - | $ - |
| Basic earnings (loss) per share attributable to Core Laboratories N.V. | | $ 0.43 | $ (0.09) |
| Diluted earnings (loss) per share from continuing operations | | $ 0.43 | $ (0.08) |
| Diluted earnings (loss) per share from discontinued operations | | $ - | $ - |
| Diluted earnings (loss) per share attributable to Core Laboratories N.V. | | $ 0.42 | $ (0.09) |
| **WEIGHTED AVERAGE COMMON SHARES OUTSTANDING (in thousands):** | | | |
| Basic | 22 | 45,751 | 44,459 |
| Assuming dilution | 22 | 46,514 | 44,459 |

The accompanying notes are an integral part of these Interim Consolidated Financial Statements.

**CORE LABORATORIES N.V.**

**INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME (LOSS)_**

**(In thousands of USD)**

| | Ref. | For the Six Months Ended 30 June 2021 | 2020 |
|---|---|---|---|
| | | (Unaudited) | |
| PROFIT (LOSS) FOR THE PERIOD | | $ 19,848 | $ (3,667) |
| Items that will not be reclassified to profit or loss: | | | |
| Remeasurement of postemployment benefit obligations, net of income tax expense (benefit) of $127 and $208 for 2021 and 2020, respectively | | 465 | (661) |
| Items that may be subsequently reclassified to profit or loss: | | | |
| Interest rate swaps | 14 | (3,549) | (2,567) |
| Income taxes on interest rate swaps | 14 | 611 | 539 |
| Profit (loss) recognized directly in equity | | (2,473) | (2,689) |
| **TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD** | | **$ 17,375** | **$ (6,356)** |
| **Attributable to:** | | | |
| Equity holders of Core Laboratories N.V. | | $ 17,116 | $ (6,480) |
| Non-controlling interest | | 259 | 124 |
| TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD | | $ 17,375 | $ (6,356) |

The accompanying notes are an integral part of these Interim Consolidated Financial Statements.

**CORE LABORATORIES N.V.**
**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
**(In thousands of USD, except share and per share data)**

| | Ref. | For the Six Months Ended 30 June 2021 | 2020 |
|---|---|---|---|
| | | (Unaudited) | |
| **Common Shares** | | | |
| Balance at Beginning of Period | | $ 1,148 | $ 1,148 |
| New share issuance | | 40 | - |
| Balance at End of Period | 11 | $ 1,188 | $ 1,148 |
| **Additional Paid-In Capital** | | | |
| Balance at Beginning of Period | | $ 38,137 | $ 50,053 |
| New share issuance | | 59,099 | - |
| Stock-based awards issued | | (10,114) | (4,366) |
| Stock-based compensation | | 7,566 | 12,828 |
| Balance at End of Period | 11 | $ 94,688 | $ 58,515 |
| **Retained Earnings** | | | |
| Balance at Beginning of Period | | $ 236,269 | $ 239,653 |
| Dividends paid | 11 | (909) | (11,556) |
| Profit (loss) attributable to Core Laboratories N.V. | | 19,589 | (3,791) |
| Balance at End of Period | | $ 254,949 | $ 224,306 |
| **Accumulated Other Comprehensive Income (Loss)** | | | |
| Balance at Beginning of Period | | $ (16,115) | $ (15,370) |
| Remeasurement of postemployment benefit obligations | | 465 | (661) |
| Interest rate swaps | 14 | (2,938) | (2,028) |
| Balance at End of Period | | $ (18,588) | $ (18,059) |
| **Treasury Stock** | | | |
| Balance at Beginning of Period | | $ (14,075) | $ (29,363) |
| Stock-based awards issued | | 10,114 | 4,366 |
| Repurchase of common shares | | (1,031) | (1,436) |
| Balance at End of Period | 11 | $ (4,992) | $ (26,433) |
| **Non-Controlling Interest** | | | |
| Balance at Beginning of Period | | $ 4,060 | $ 4,274 |
| Non-controlling interest dividends | | - | (354) |
| Profit attributable to non-controlling interest | | 259 | 124 |
| Balance at End of Period | | $ 4,319 | $ 4,044 |
| **Total Equity** | | | |
| Balance at Beginning of Period | | $ 249,424 | $ 250,395 |
| New share issuance | | 59,139 | - |
| Stock-based compensation | | 7,566 | 12,828 |
| Repurchase of common shares | | (1,031) | (1,436) |
| Dividends paid | | (909) | (11,556) |
| Non-controlling interest dividends | | - | (354) |
| Remeasurement of postemployment benefit obligations | | 465 | (661) |
| Interest rate swaps | | (2,938) | (2,028) |
| Profit (loss) for the period | | 19,848 | (3,667) |
| Balance at End of Period | | $ 331,564 | $ 243,521 |
| **Cash Dividends per Share** | 11 | **$ 0.02** | **$ 0.26** |

The accompanying notes are an integral part of these Interim Consolidated Financial Statements.

**CORE LABORATORIES N.V.**
**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)**
**(In thousands of USD, except share and per share data)**

| | Ref. | For the Six Months Ended 30 June 2021 | 2020 |
|---|---|---|---|
| | | (Unaudited) | |
| **Common Shares - Number of shares issued** | | | |
| Balance at Beginning of Period | | 44,796,252 | 44,796,252 |
| New share issuance | | 1,658,012 | - |
| Balance at End of Period | 11 | 46,454,264 | 44,796,252 |
| **Treasury Shares - Number of shares repurchased** | | | |
| Balance at Beginning of Period | | (223,451) | (330,690) |
| Stock-based awards issued | | 128,580 | 59,205 |
| Repurchase of common shares | | (33,863) | (47,500) |
| Balance at End of Period | 11 | (128,734) | (318,985) |
| **Common Shares - Number of shares outstanding** | | | |
| Balance at Beginning of Period | | 44,572,801 | 44,465,562 |
| New share issuance | | 1,658,012 | - |
| Stock-based awards issued | | 128,580 | 59,205 |
| Repurchases of common shares | | (33,863) | (47,500) |
| Balance at End of Period | 11 | 46,325,530 | 44,477,267 |

The accompanying notes are an integral part of these Interim Consolidated Financial Statements.

**CORE LABORATORIES N.V.**
**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**
**(In thousands of USD)**

| | Ref. | For the Six Months Ended 30 June 2021 | For the Six Months Ended 30 June 2020 |
|---|---|---|---|
| | | (Unaudited) | |
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | | |
| Profit (loss) for the period | | $ 19,848 | $ (3,667) |
| (Profit) loss from discontinued operations, net of income taxes | 21 | - | - |
| Adjustments to reconcile profit (loss) for the period to net cash provided by operating activities: | | | |
| Depreciation and amortization, including intangibles | | 9,622 | 10,866 |
| Amortization of leases | 7 | 7,146 | 7,586 |
| Stock-based compensation | | 7,566 | 12,608 |
| Finance costs, including debt and leases | | 5,359 | 8,461 |
| Gain on sale of business | | (1,012) | - |
| Fair value (gains) losses on other financial assets | | 1,806 | (2,102) |
| Deferred income taxes | | 1,392 | (7,081) |
| Impairments, inventory write-down and other charges | 17, 18 | - | 18,156 |
| Other non-cash items | | (1,545) | 197 |
| Changes in assets and liabilities: | | | |
| Accounts receivable, net | | (10,013) | 30,115 |
| Inventories | | 480 | (1,298) |
| Other assets | | (7,557) | 3,596 |
| Accounts payable | | 5,014 | (12,553) |
| Other liabilities | | (1,877) | 3,362 |
| Cash provided by operating activities | | 36,229 | 68,246 |
| Interest paid | | (5,489) | (5,911) |
| Income tax paid | | (5,069) | (4,370) |
| Net cash provided by operating activities | | 25,671 | 57,965 |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | | |
| Capital expenditures | | (5,657) | (6,406) |
| Intangible assets | | (146) | (272) |
| Proceeds from sale of assets | | 276 | 435 |
| Net distribution (premiums) on life insurance policies | | 1,636 | (913) |
| Proceeds from sale of business, net of cash sold | | 513 | - |
| Net cash used in investing activities | | (3,378) | (7,156) |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | | |
| Repayment of borrowings | 12 | (119,000) | (46,000) |
| Proceeds from borrowings | 12 | 68,000 | 27,000 |
| Proceeds from issuance of common shares | 11 | 60,000 | - |
| Transaction costs related to issuance of common shares | 11 | (861) | - |
| Dividends paid | 11 | (909) | (11,556) |
| Repurchase of common shares | 11 | (1,031) | (1,436) |
| Payments of lease liabilities | | (8,198) | (8,951) |
| Other financing costs | | (483) | - |
| Net cash used in financing activities | | (2,482) | (40,943) |
| **NET CHANGE IN CASH AND CASH EQUIVALENTS** | | 19,811 | 9,866 |
| **CASH AND CASH EQUIVALENTS, beginning of period** | | 13,806 | 11,092 |
| **CASH AND CASH EQUIVALENTS, end of period** | | $ 33,617 | $ 20,958 |

The accompanying notes are an integral part of these Interim Consolidated Financial Statements.

**CORE LABORATORIES N.V.**
**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**
**(PREPARED IN ACCORDANCE WITH IAS 34)**
**(UNAUDITED)**
**30 JUNE 2021**

## 1. DESCRIPTION OF BUSINESS

Core Laboratories N.V. ("Core Laboratories", “Core Lab”, the "Company", "we", "our" or "us") is a Netherlands limited liability company. The address of the registered office is Van Heuven Goedhartlaan 7 B, 1181LE Amstelveen, The Netherlands. We were established in 1936 and are one of the world's leading providers of proprietary and patented reservoir description and production enhancement services and products to the oil and gas industry. These services and products can enable our clients to improve reservoir performance and increase oil and gas recovery from their new and existing fields. We have over 70 offices in more than 50 countries and had approximately 3,700 and 3,800 employees at 30 June 2021 and 2020, respectively. We are dual listed on the New York Stock Exchange and the Euronext Amsterdam Stock Exchange.

We operate our business in two reportable segments: (1) Reservoir Description and (2) Production Enhancement. These complementary segments provide different services and products and utilize different technologies for improving reservoir performance and increasing oil and gas recovery from new and existing fields. For a description of products and types of services offered by these business segments, see Note 22 – *Segment Reporting and Other Disaggregated Information*.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies and methods of computation applied in the preparation of these condensed interim consolidated financial statements are discussed below. These policies were the same as those applied to the consolidated financial statements for the year ended 31 December 2020 and have been consistently applied to all the periods presented, unless otherwise stated.

### *Basis of Preparation*

Our condensed interim consolidated financial statements for the six months ended 30 June 2021 include the accounts of Core Laboratories N.V. and its subsidiaries for which we have a controlling voting interest and/or a controlling financial interest. These financial statements have not been audited and have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") on a going concern basis. Accordingly, these financial statements do not include all of the information and footnote disclosures required for annual financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and with Part 9 Book 2 of the Dutch Civil Code and should be read in conjunction with the annual financial statements for the year ended 31 December 2020. The condensed interim consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss unless otherwise stated.

Certain reclassifications were made to prior period amounts in order to conform to the current period presentation. These reclassifications had no impact on the reported profit or loss, financial position or cash flows for any of these prior periods.

### *Critical Accounting Estimates and Assumptions*

The preparation of financial statements in accordance with IAS 34 and IFRS requires management to make certain estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The significant judgments made by management in applying our accounting policies and the critical accounting estimates and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2020, with the exception of changes in estimates that are required in determining the provision for income taxes.

**Current and Deferred Income Taxes**

Income tax expense is recognized based on management's estimate of the weighted average annual income tax rate expected for the full financial year. See Note 19 – *Income Taxes*.

**3. EFFECTS OF COVID-19 PANDEMIC**

The coronavirus disease 2019 (“COVID-19”) pandemic has caused significant business disruptions to the global economy. Efforts to minimize the spread of COVID-19 have included global government mandated shut-downs, travel restrictions, quarantines, home sheltering and social distancing policies and resulted in a significant decline in the demand for crude oil and associated products, and a high degree of uncertainty about future demand and the future price for crude oil. Core Laboratories has continued to operate as an essential business. Although these disruptions have caused our clients to delay some of their projects and have affected our operational workflows related to travel and product delivery, we have not experienced any significant disruptions in our supply chain, and we continue to deliver our products and services to our clients timely. We have implemented a continuity plan across our global organization to service our clients while protecting the health of our employees. The full impact of COVID-19 remains unknown and there is an associated elevated level of financial risks. The following is a summary of the financial accounts we believe have been most affected by COVID-19.

***Property, plant and equipment, Intangibles and Goodwill***

The potential adverse impacts associated with these events, triggered an impairment review of the Company’s property, plant and equipment, goodwill, and intangible assets and we performed the appropriate impairment assessments in March 2020. For our U.S. Generally Accepted Accounting Principles (“U.S. GAAP”) financial statements for the quarter ended 31 March 2020, we recorded an impairment charge of $114.0 million for goodwill, which was associated with our Production Enhancement segment. However, after 31 March 2020, the outlook for the global economies and the energy industry improved and the value of the Company’s share price increased approximately 100% as of 30 June 2020.  As such, for our IFRS consolidated financial statements for the six months ended 30 June 2020, the Company determined there was no impairment to goodwill as of 30 June 2020 and no impairment charge was recorded. We also determined there was no impairment to our property. plant and equipment. See Note 17 – *Impairments and Other Charges* regarding an impairment recorded for our intangible assets.

***Inventories***

During the six months ended 30 June 2020, as a result of the continuing adverse impact of COVID-19 and significant reduction in rig count and completions that affect the current consumption and anticipated demand for certain of our products, we recorded an additional inventory obsolescence and write-down of $9.9 million primarily in our Production Enhancement segment. We recorded further inventory obsolescence of $0.5 million during our annual assessment for the year ended 31 December 2020. There have been no triggering events through 30 June 2021.

***Deferred tax assets***

As the result of the impairments, inventory write-down and other charges described above, we have performed an assessment on the impact to the deferred tax assets as of 31 December 2020 and 30 June 2021. We determined that there is no significant impact to our deferred tax assets balance.

*Trade receivables and other financial assets*

We have performed updates to the fair value and expected credit losses on our trade receivables and other financial assets. We determined that there is no significant impact to these assets as of 31 December 2020 and 30 June 2021.

***Borrowings and interest expense***

We have performed an updated assessment for our credit risk, liquidity and projections of our future operational performance for the next 12 months, and our projections support the Company's ability to successfully manage the outstanding debt facilities within the required financial covenant limits for the next twelve months. Our long-term debts consist of four series of fixed rate senior notes with an aggregate principal amount of $210 million and the revolving credit facility ("Credit Facility") with variable interest rate and maximum borrowing capacity up to $225 million, under which we may elect to increase the facility an additional $50 million, subject to the satisfaction of certain conditions. The Credit Facility has the more restrictive covenants with minimum interest coverage ratio of 3.0 to 1.0 and permits a maximum leverage ratio as described in Note 12 – *Borrowings.* In accordance with the terms of the Credit Facility, our leverage ratio is 2.18, and our interest coverage ratio is 7.04, each for the six months ended 30 June 2021. We believe that we are in compliance with all covenants contained in our Credit Facility and Senior Notes.

***Operating profit and cash flow***

In response to market conditions, Core Lab's Supervisory Board approved a plan to reduce the Company's quarterly dividends to $0.01 per share beginning with the second quarter of 2020 and to focus excess free cash flows towards the reduction of debt. In March 2020, the Company implemented cost control plans and expanded these initiatives in June 2020, which included: (i) corporate and operating cost reductions; (ii) annual capital expenditures reduced to approximately $12 million in 2020 and are anticipated to be similar or a slightly higher level for 2021, and (iii) eliminating all non-essential costs. The corporate and operating cost reductions included reductions in workforce and reduction of senior executive and employee compensation. Specifically, the Company reduced senior executives' annual base salary by 20%. Although activities declined and remained low in the second half of 2020 due to the factors discussed above, this decline was partially offset by the effectiveness of the Company's cost control initiatives. There has been substantial improvement during the six months ended 30 June 2021 and we have begun to reverse some of the cost reductions. For the six months ended 30 June 2021 and the year ended 31 December 2020, the Company received no significant government subsidies and the minimal subsidies received are considered immaterial to the Company's financial results. The subsidies received were recorded in other expense, net of the consolidated statement of profit or loss.

## 4. FINANCIAL RISKS AND RISK MANAGEMENT

The condensed interim consolidated financial statements do not include all financial risks and risk management information and disclosures required in the annual financial statements, and they should be read in conjunction with our annual financial statements for the year ended 31 December 2020.

## 5. SEASONALITY OF OPERATIONS

Our operations are only slightly impacted by seasonality effects from period to period.

## 6. ACQUISITIONS AND DIVESTITURES

We had no significant business acquisitions or divestitures during the six months ended 30 June 2021.

## 7. LEASE ASSETS AND LIABILITIES

***Right of Use Assets***

Right-of-use lease assets activity consisted of the following (in thousands of USD):

| | Land | Building | Equipment | Vehicles | Total |
|---|---|---|---|---|---|
| As of 1 January 2020 | $ 2,024 | $ 65,340 | $ 674 | $ 6,593 | $ 74,631 |
| Additions | 320 | 6,235 | 136 | 2,533 | 9,224 |
| Accumulated amortization | (360) | (10,986) | (309) | (3,325) | (14,980) |
| Adjustments/(reductions) | 208 | (4,857) | (66) | (34) | (4,749) |
| As of 31 December 2020 | 2,192 | 55,732 | 435 | 5,767 | 64,126 |
| Additions | 624 | 2,583 | 59 | 1,645 | 4,911 |
| Accumulated amortization | (191) | (5,227) | (137) | (1,591) | (7,146) |
| Adjustments/(reductions) | 83 | 306 | 75 | 362 | 826 |
| As of 30 June 2021 | $ 2,708 | $ 53,394 | $ 432 | $ 6,183 | $ 62,717 |

***Lease Liabilities***

Lease liabilities consisted of the following (in thousands of USD):

| | 30 June 2021 | 31 December 2020 |
|---|---|---|
| Current | $ 12,150 | $ 11,437 |
| Non-current | 55,121 | 56,108 |
| Total lease liabilities | $ 67,271 | $ 67,545 |

***Amounts recognized in profit or loss***

Amounts recognized in the statement of profit or loss related to our leases are as follows (in thousands of USD):

| | For the Six Months Ended 30 June | |
|---|---|---|
| | 2021 | 2020 |
| Amortization | $ 7,146 | $ 7,586 |
| Interest on lease liabilities | 1,467 | 1,681 |
| Lease abandonment | — | 613 |
| Expense relating to short-term leases | 119 | 183 |
| Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets | 16 | 18 |

During the six months ended 30 June 2020, the Company recorded a loss on lease abandonment of $0.6 million for certain properties that ceased in use and expected to provide no future economic benefits.

**8. FINANCIAL ASSETS AND LIABILITIES AND FAIR VALUE**

The Company's only financial assets and liabilities which are measured at fair value on a recurring basis relate to certain aspects of the Company's postemployment benefit plans and our derivative instruments.

We use the market approach to determine the fair value of these assets and liabilities using significant other observable inputs (Level 2) with the assistance of a third party specialist. We do not have any assets or liabilities measured at fair value on a recurring basis using quoted prices in an active market (Level 1) or significant unobservable inputs (Level 3).

The following table summarizes the fair value balances (in thousands of USD):

| | Total | Fair Value Measurement as of 30 June 2021 Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| **Assets:** | | | | |
| Other financial assets | $ 31,549 | $ - | $ 31,549 | $ - |
| **Liabilities:** | | | | |
| Postemployment benefit plans | 23,829 | - | 23,829 | - |
| Derivative financial liabilities | 5,400 | - | 5,400 | - |

| | Total | Fair Value Measurement as of 31 December 2020 Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| **Assets:** | | | | |
| Other financial assets | $ 31,201 | $ - | $ 31,201 | $ - |
| **Liabilities:** | | | | |
| Postemployment benefit plans | 22,559 | - | 22,559 | - |
| Derivative financial liabilities | 2,491 | - | 2,491 | - |

## 9. INVENTORIES

Inventories consisted of the following (in thousands of USD):

| | 30 June 2021 | 31 December 2020 |
|---|---|---|
| Finished goods | $ 18,009 | $ 16,461 |
| Parts and materials | 17,337 | 19,098 |
| Work in progress | 3,600 | 2,592 |
| Inventories | $ 38,946 | $ 38,151 |

The balances above are net of valuation reserves of $7.9 million and $9.8 million at 30 June 2021 and 31 December 2020, respectively. See Note 18 – *Inventory Write-down*.

## 10. CONTRACT ASSETS AND CONTRACT LIABILITIES

The balance of contract assets and contract liabilities consisted of the following (in thousands of USD):

| | 30 June 2021 | 31 December 2020 |
|---|---|---|
| Contract assets | | |
| Current | $ 2,015 | $ 1,238 |
| Non-current | — | — |
| | $ 2,015 | $ 1,238 |
| Contract liabilities | | |
| Current | $ 1,167 | $ 953 |
| Non-current | 511 | 293 |
| | $ 1,678 | $ 1,246 |

| | 30 June 2021 |
|---|---|
| Estimate of when contract liabilities will be recognized | |
| within 12 months | $ 1,167 |
| within 12 to 24 months | 511 |
| greater than 24 months | — |

The current portion of contract assets is included in accounts receivable, net. The current portion of contract liabilities is included in unearned revenue and the non-current portion of contract liabilities is included in other long-term liabilities.

We did not recognize any impairment losses on our receivables or contract assets for the six months ended 30 June 2021 and 2020.

## 11. EQUITY

### *Share Capital*

The authorized share capital of the Company at 30 June 2021 amounts to EUR 4.12 million and consists of 200,000,000 ordinary shares with a par value of EUR 0.02 each and 6,000,000 preferred shares with a par value of EUR 0.02 each.

As of both 30 June 2021 and 31 December 2020, no preferred shares were issued or outstanding

On 17 December 2020, we entered into an Equity Distribution Agreement with Wells Fargo Securities, LLC (the "Equity Distribution Agreement") for the issuance and sale of up to $60.0 million of our ordinary shares. Under the terms of the Equity Distribution Agreement, sales of our ordinary shares were made by any method deemed to be an "at-the-market offering" as defined in Rule 415 under the Securities Act of 1933. The Company elected when to issue a placement notice which may, among other sales parameters, specify the number of shares to be sold, the minimum price per share to be accepted, the daily volume of shares that may be sold and the range of dates when shares may be sold. We completed the program and sold 1,658,012 ordinary shares during the first quarter of 2021, which generated aggregate proceeds of $59.1 million, net of commissions and other associated costs. Proceeds were used to reduce outstanding debt on the Company's Credit Facility during the first quarter of 2021.

As of 31 December 2020, we had incurred $0.2 million of issuance costs associated with the Equity Distribution Agreement. These costs were deferred and were included in prepaid expenses and other current assets on the consolidated statement of financial position. The costs were subsequently charged to additional paid-in capital upon completion of the sale of all the ordinary shares under the agreement along with other commission and issuance costs of $0.7 million incurred during the six months ended 30 June 2021.

As of 30 June 2021, the issued and paid in share capital is $95.9 million and consists of 46,454,264 issued ordinary shares with a par value of EUR 0.02 each. Repurchased ordinary shares amounts to $5.0 million and consists of 128,734 ordinary shares with a par value of EUR 0.02 each.

### *Treasury Shares*

During the six months ended 30 June 2021, we repurchased 33,863 of our ordinary shares for $1.0 million, which were surrendered to us pursuant to the terms of a stock-based compensation plan in consideration of the participants' tax burdens that may result from the issuance of ordinary shares under that plan. Such ordinary shares, unless canceled, may be reissued for a variety of purposes such as future acquisitions, non-employee director stock awards or employee stock awards. We distributed 128,580 treasury shares upon vesting of stock-based awards during the six months ended 30 June 2021.

### *Dividends*

In February and May 2021, we paid a quarterly dividend of $0.01 per share of common share. In addition, on 28 July 2021 we declared a quarterly dividend of $0.01 per common share for shareholders of record on 9 August 2021 and paid on 24 August 2021.

### *Other Reserves*

Other reserves is comprised of adjustments directly to other comprehensive income. The balance of AOCI and its activity is as follows (in thousands of USD):

| | Postemployment benefit plans | Interest Rate Swaps | Currency Translation | Total |
|---|---|---|---|---|
| As of 1 January 2020 | $ (14,085) | $ (691) | $ (594) | $ (15,370) |
| Postemployment benefit plans remeasurement | 390 | — | — | 390 |
| Interest rate swaps | — | (1,135) | — | (1,135) |
| As of 31 December 2020 | $ (13,695) | $ (1,826) | $ (594) | (16,115) |
| Postemployment benefit plans remeasurement | 465 | — | — | 465 |
| Interest rate swaps | — | (2,938) | — | (2,938) |
| As of 30 June 2021 | $ (13,230) | $ (4,764) | $ (594) | $ (18,588) |

**12. BORROWINGS**

Debt is summarized in the following table (in thousands of USD):

| | 2011 Senior Notes | 2021 Senior Notes | Credit Facility | Deferred Debt Acquisition Costs | Total |
|---|---|---|---|---|---|
| As of 31 December 2020 | $ 150,000 | $ - | $ 111,000 | $ (1,567) | $ 259,433 |
| Repayment of borrowings | - | - | (119,000) | - | (119,000) |
| Proceeds from borrowings | - | 60,000 | 8,000 | - | 68,000 |
| Amortization/addition of deferred debt acquisition costs | - | - | - | (128) | (128) |
| As of 30 June 2021 | $ 150,000 | $ 60,000 | $ - | $ (1,695) | $ 208,305 |

We have four series of senior notes outstanding with an aggregate principal amount of $210 million issued in private placement transactions. Two series of the notes were issued in 2011 ("2011 Senior Notes"). Series A of the 2011 Senior Notes consists of $75 million in aggregate principal amount of notes that bear interest at a fixed rate of 4.01% and are due in full on 30 September 2021. Because we intend to draw on our Credit Facility (as defined below) as needed to retire Series A of the 2011 Senior Notes and our Credit Facility is classified as long-term debt, we have continued to classify the 2011 Senior Notes as long-term. Series B of the 2011 Senior Notes consists of $75 million in aggregate principal amount of notes that bear interest at a fixed rate of 4.11% and are due in full on 30 September 2023. Interest on each series of the 2011 Senior Notes is payable semi-annually on 31 March and 30 September.

On October 16, 2020, we, along with our wholly owned subsidiary Core Laboratories (U.S.) Interests Holdings, Inc. as issuer, entered into two new series of senior notes with aggregate principal amount of $60 million in a private placement transaction ("2021 Senior Notes" and together with the 2011 Senior Notes, the "Senior Notes"). The 2021 Senior Notes were issued and funded on January 12, 2021. Series A of the 2021 Senior Notes consists of $45 million in aggregate principal amount that bear interest at a fixed rate of 4.09% and are due in full on January 12, 2026. Series B of the 2021 Senior Notes consists of $15 million in aggregate principal amount that bear interest at a fixed rate of 4.38% and are due in full on January 12, 2028. Interest on each series of the 2021 Senior Notes is payable semi-annually on June 30 and December 30, commencing on 30 June 2021.

On 22 June 2020, we entered into Amendment No. 1 (the "Amendment") to the Seventh Amended and Restated Credit Agreement, dated 19 June 2018 (as amended, the "Credit Facility"). The Amendment increases the maximum leverage ratio permitted under the Credit Facility for certain periods. Pursuant to the terms of the Amendment, the maximum leverage ratio permitted under the Credit Facility is as follows:

| Quarter ending | Maximum leverage ratio permitted |
|---|---|
| June 30, 2020 up to and including June 30, 2021 | 3.00 |
| September 30, 2021 | 2.75 |
| December 31, 2021 and thereafter | 2.50 |

Moreover, the Amendment modified the range of variable interest rates that the Credit Facility may bear to be a range from LIBOR plus 1.500% to LIBOR plus 2.875% and included the addition of a LIBOR floor of 0.500%. The Amendment also reduced the aggregate borrowing commitment under the Credit Facility to $225 million and the amount by which we may elect to increase the facility size, known as the "accordion" feature, to $50 million, subject to the satisfaction of certain conditions.

Interest payment terms are variable depending upon the specific type of borrowing under the Credit Facility. Any outstanding balance under the Credit Facility is due on maturity on 19 June 2023. Our available capacity at any point in time is reduced by outstanding borrowings and outstanding letters of credit which totaled $10.6 million at 30 June 2021, resulting in an available borrowing capacity under the Credit Facility of $214.4 million. In addition to indebtedness under the Credit Facility, we had $6.3 million of outstanding letters of credit and performance guarantees and bonds from other sources as of 30 June 2021.

The Credit Facility remains unsecured, and contains customary representations, warranties, terms and conditions for similar types of facilities. The terms of the Credit Facility and Senior Notes require us to meet certain covenants, including, but not limited to, an interest coverage ratio (calculated as consolidated EBITDA divided by interest expense) and a leverage ratio (calculated as consolidated net indebtedness divided by consolidated EBITDA), where consolidated EBITDA (as defined in each agreement) and interest expense are calculated using the most recent four fiscal quarters. The Credit Facility and Senior Notes include a cross-default provision, whereby a default under one agreement may trigger a default in the other agreement. The Credit Facility agreement has more restrictive covenants with a minimum interest coverage ratio of 3.0 to 1.0 and permits a maximum leverage ratio as described above. The Credit Facility agreement allows non-cash charges such as impairment of assets, stock compensation and other non-cash charges to be added back in the calculation of consolidated EBITDA. The terms of our Credit Facility also allow us to negotiate in good faith to amend any ratio or requirement to preserve the original intent of the agreement if any change in accounting principles would affect the computation of any financial ratio or covenant of the Credit Facility. In accordance with the terms of the Credit Facility, our leverage ratio is 2.18, and our interest coverage ratio is 7.04, each for the period ended 30 June 2021. We believe that we are in compliance with all covenants contained in our Credit Facility. Certain of our material, wholly-owned subsidiaries are guarantors or co-borrowers under the Credit Facility.

See Note 14 - *Derivative Instruments and Hedging Activities* for additional information regarding interest rate swap agreements we have entered to fix the underlying risk-free rate on our Credit Facility and Senior Notes.

The estimated fair value of total debt at 30 June 2021 and 31 December 2020 approximated the book value of total debt. The fair value was estimated using Level 2 inputs by calculating the sum of the discounted future interest and principal payments through the maturity date.

We do not have any exposure to sub-prime lending or collateralized debt obligations.

## 13. POSTEMPLOYMENT BENEFIT PLANS

The balance of postemployment benefits plans liability is as follows (in thousands of USD):

| | 30 June 2021 | 31 December 2020 |
|---|---|---|
| Postemployment benefits - Dutch Plan | $ 4,263 | $ 4,385 |
| Postemployment benefits - SERP | 17,847 | 18,720 |
| Postemployment benefits - Employee severance arrangements | 8,159 | 7,870 |
| Postemployment benefits - Deferred Compensation Plan | 24,548 | 24,765 |
| Postemployment benefits plan liability | $ 54,817 | $ 55,740 |

The components of postemployment obligation cost under the Dutch Plan, the SERP, and the employee severance arrangements recognized in the consolidated statement of profit or loss (in thousands of USD):

| | For the Six Months Ended 30 June | |
|---|---|---|
| | 2021 | 2020 |
| Service cost | $ 63 | $ - |
| Net interest cost | 375 | 336 |
| Administrative expenses | (21) | (308) |
| Postemployment obligation cost | $ 417 | $ 28 |

## 14. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

We are exposed to market risks relating to fluctuations in interest rates. To mitigate these risks, we utilize derivative instruments in the form of interest rate swaps. We do not enter into derivative transactions for speculative purposes.

Our Credit Facility bears interest at variable rates from LIBOR plus 1.500% to a maximum of LIBOR plus 2.875% and includes a LIBOR floor of 0.500%.

In August 2014, we entered into a swap agreement with a notional amount of $25 million ("2014 Variable-to-Fixed Swap"), and the LIBOR portion of the interest rate was fixed at 2.5% through 29 August 2024. In February 2020, we entered into a second swap agreement with a notional amount of $25 million ("2020 Variable-to-Fixed Swap"), and the LIBOR portion of the interest rate was fixed at 1.3% through 28 February 2025. At 31 March 2021, the outstanding balance on our Credit Facility had been reduced to zero, as such these interest rate swap agreements discussed above were terminated, dedesignated and settled.

In March 2020, we entered into two forward interest rate swap agreements for a total notional amount of $35 million to be effective beginning in September 2021. The purpose of these forward interest rate swap agreements were to fix the underlying risk-free rate that would be associated with the anticipated issuance of new long-term debt by the Company. These two forward interest rate swap agreements were terminated and settled in March 2021 and a gain of $1.4 million was recognized directly in the consolidated statement of profit and loss.

In March 2021, we entered into a new forward interest rate swap agreement for a notional amount of $60 million and carried the fair market value of the terminated 2014 and 2020 Variable-to-Fixed Swaps into the new agreement in a "blend and extend" structured transaction. The purpose of this forward interest rate swap agreement is to fix the underlying risk-free rate, that would be associated with the anticipated issuance of new long-term debt by the Company in future periods. Risk associated with future changes in the 10-year LIBOR interest rates have been fixed up to a notional amount of $60 million with this instrument. The interest rate swap qualifies as a cash flow hedging instrument. Upon issuing new long-term debt in future periods, this forward interest rate swap agreement will be recognized as an increase or decrease to interest expense in the period in which the related cash flows being hedged are recognized in expense

At 30 June 2020, we had fixed rate long-term debt aggregating $210 million and no variable rate long-term debt.

The fair values of outstanding derivative instruments are as follows (in thousands of USD):

| | Fair Value of Derivatives | | |
|---|---|---|---|
| | 30 June 2021 | 31 December 2020 | Balance Sheet Classification |
| **Derivatives designated as hedges:** | | | |
| 5 year interest rate swap | $ — | $ (368) | Derivative financial liabilities |
| 10 year interest rate swap | — | (2,123) | Derivative financial liabilities |
| 10 year forward interest rate swap | (5,400) | — | Derivative financial liabilities |
| | $ (5,400) | $ (2,491) | |

The fair value of all outstanding derivatives was determined using a model with inputs that are observable in the market or can be derived from or corroborated by observable data (Level 2).

The effect of the interest rate swaps on the consolidated statement of profit and loss was as follows (in thousands of USD):

| | For the Six Months Ended 30 June | | |
|---|---|---|---|
| | **2021** | **2020** | **Classification in Statement of Profit or Loss** |
| **Derivatives designated as hedges:** | | | |
| 5 year interest rate swap | $ (831) | $ 45 | Increase (decrease) to finance costs |
| 10 year interest rate swap | 490 | 178 | Increase to finance costs |
| | $ (341) | $ 223 | |

## 15. PROVISIONS

Provisions are included in other long-term liabilities and consist of accrued amounts related to claims from clients.

Claims from clients occur from disputes that may arise from the providing of services. These are investigated and resolved once a determination is made. The timing of any potential settlement varies for each claim.

The movement of provision is as follows (in thousands of USD):

| | |
|---|---|
| As of 31 December 2020 | $ 1,249 |
| Additional provisions charged (reversed) to the statement of profit or loss | (923) |
| As of 30 June 2021 | $ 326 |

## 16. COMMITMENTS AND CONTINGENCIES

We have been and may from time to time be named as a defendant in legal actions that arise in the ordinary course of business. These include, but are not limited to, employment-related claims and contractual disputes and claims for personal injury or property damage which occur in connection with the provision of our services and products. A liability is accrued when a loss is both probable and can be reasonably estimated. Management does not currently believe that any of our pending employment-related, contractual, personal injury or property damage claims and disputes will have a material effect on our future results of operations, financial position or cash flow.

We do not maintain any off-balance sheet debt or other similar financing arrangements, except for letters of credit and performance guarantees and bonds as discussed in Note 12 – *Borrowings*, nor have we formed any special purpose entities for the purpose of maintaining off-balance sheet debt.

## 17. IMPAIRMENTS AND OTHER CHARGES

The COVID-19 pandemic resulted in global government mandated shut-downs, travel restrictions, quarantines, home sheltering and social distancing policies to contain the virus and mitigate the incidence of infection. The COVID-19 mitigation policies globally resulted in a sharp decline in the consumption of crude-oil and associated products, which in turn led to a significant decrease in spot and forward commodity prices. These events resulted in substantial declines in the valuation of companies operating in the oil and gas services industry, including Core Laboratories in March 2020. However, after 31 March 2020, the outlook for the global economies and the energy industry improved and the value of the Company's share price increased approximately 100% as of 30 June 2020. As such, the Company determined there was no impairment to the goodwill as of 30 June 2020 and no impairment charge was recorded in these IFRS consolidated financial statements. The goodwill balances of our Production Enhancement segment amounted to $141.7 million in our IFRS consolidated financial statements as of 30 June 2020, 31 December 2020 and 30 June 2021.

The value of the Company's share prices continued to increase by almost 200% and 280%, as of 31 December 2020 and 30 June 2021, respectively, from end of March 2020. Based on our annual assessment for the year ended 31 December 2020, we determined that there was no impairment, and there have been no other triggering events through 30 June 2021.

We also identified a triggering event for one of the asset groups under the Production Enhancement reporting unit during our assessment as of 31 March 2020. The estimated fair value of these intangible assets, based on applying the income approach model, was determined to be below their carrying value, and we recorded a charge of $8.2 million to impair the intangible assets relating to the 2018 business acquisition of Guardian Technology in both the U.S. GAAP and IFRS consolidated financial statements. We determined that the impairment remained in our annual assessment for the year ended 31 December 2020. There have been no other triggering events through 30 June 2021, and these intangibles remain impaired as of 30 June 2021.

**18. INVENTORY WRITE-DOWN**

During the six months ended 30 June 2020 as a result of the continuing adverse impact of COVID-19 and significant reduction in rig count and completions that affect the current consumption and anticipated demand for certain of our products, we recorded an additional inventory obsolescence and write-down of $9.9 million primarily in our Production Enhancement segment. We recorded further inventory obsolescence of $0.5 million during our annual assessment for the year ended 31 December 2020. There have been no triggering events through 30 June 2021.

**19. OTHER (INCOME) EXPENSE, NET**

The components of other (income) expense, net, are as follows (in thousands):

| | For the Six Months Ended 30 June | |
|---|---|---|
| | **2021** | **2020** |
| Gain on sale of assets | $ (119) | $ (350) |
| Foreign exchange (gain) loss | (56) | (674) |
| Rents and royalties | (281) | (242) |
| Return on pension assets and other pension costs | (155) | (307) |
| Gain on sale of business | (1,012) | - |
| Curtailment | - | (1,034) |
| Loss on lease abandonment | - | 611 |
| Cost reduction and other charges | - | 3,943 |
| Insurance settlement | (750) | - |
| Other, net | (1,424) | 470 |
| Total other (income) expense, net | $ (3,797) | $ 2,417 |

**20. INCOME TAXES**

The Company recorded an income tax expense $1.8 million for the six months ended 30 June 2021 compared to an income tax benefit of $0.5 million for the six months ended 30 June 2020.

The effective tax rate for the six months ended 30 June 2021 and 2020 was 8.5% and 12.1%, respectively. The tax benefit for the six months ended 30 June 2020 was primarily impacted by the impairment of intangible assets, inventory write-down and other charges recorded during the period which were largely not deductible for tax purposes. The tax benefit associated with the $18.2 million impairment, write-down and other charges was limited to $0.5 million.

**21. DISCONTINUED OPERATIONS**

In a continuing effort to streamline our business and align our business strategy for further integration of services and products, the Company committed to divest the business of our full range of permanent downhole monitoring systems and related services, which had been part of our Production Enhancement segment.

In 2019, we entered into a definitive purchase agreement to sell this business unit for cash consideration, subject to adjustments for working capital purposes. The purchase agreement also provided for additional proceeds based on the results of operations of the sold business in 2019 and 2020, none of which has been recognized. We completed the divestment of this business in 2019 and we concluded final adjustments to the purchase price in 2020. We determined there were no additional proceeds based on the results of operations of the sold business.

Any associated results of operations are separately reported as discontinued operations for all periods presented on the consolidated statements of operations.

There are no activities or net cash provided by operating activities or discontinued operations recorded for the six months ended 30 June 2021 and 2020. There are no balances recorded for the discontinued operations as of 30 June 2021 and 31 December 2020.

## 22. EARNINGS PER SHARE

We compute basic and diluted earnings per common share by dividing profit or loss available to common shareholders by the weighted average number of common shares outstanding during the period. The following table summarizes the calculation of weighted average common shares outstanding used in the computation of diluted earnings per share (in thousands):

| | **For the Six Months Ended 30 June** | |
|---|---|---|
| | **2021** | **2020** |
| Weighted average common shares outstanding - basic | 45,751 | 44,459 |
| Effect of dilutive securities: | | |
| Performance shares | 566 | — |
| Restricted shares | 197 | — |
| Weighted average common shares outstanding - assuming dilution | 46,514 | 44,459 |

For the six months ended 30 June 2020, the number of outstanding performance and restricted shares of Core Laboratories N.V. common shares that were excluded from the diluted earnings per share calculation as their impact would be antidilutive, were as follows (in thousands):

| | **For the Six Months Ended 30 June 2020** |
|---|---|
| Performance shares | 315 |
| Restricted shares | 60 |

## 23. SEGMENT REPORTING AND OTHER DISAGGREGATED INFORMATION

### *Segment Reporting*

We operate our business in two reportable segments. These complementary segments provide different services and products and utilize different technologies for improving reservoir performance and increasing oil and gas recovery from new and existing fields.

- *Reservoir Description:* Encompasses the characterization of petroleum reservoir rock and reservoir fluids samples to increase production and improve recovery of crude oil and natural gas from our clients' reservoirs. We provide laboratory based analytical and field services to characterize properties of crude oil and crude oil derived products to the oil and gas industry. We also provide proprietary and joint industry studies based on these types of analyses and manufacture associated laboratory equipment.

- *Production Enhancement:* Includes services and manufactured products relating to reservoir well completions, perforations, stimulations and production. We provide integrated diagnostic services to evaluate and monitor the effectiveness of well completions and to develop solutions aimed at increasing the effectiveness of enhanced oil recovery projects.

Results for these business segments are presented below and are consistent with the information which is reviewed by the Chief Operating Decision Maker. We use U.S. GAAP policies to prepare our business segment results and adjustments are provided to reconcile these segment results to our consolidated financial statements which are prepared using IFRS accounting policies. All interest and other non-operating income (expense) is attributable to Corporate & Other and is not allocated to specific segments.

We evaluate performance based on profit or loss from continuing operations before income tax, interest and other non-operating income (expense).

Summarized financial information concerning our segments is shown in the following table (in thousands of USD):

| | Reservoir Description | Production Enhancement | Corporate & Other (1) | U.S. GAAP Consolidated | U.S. GAAP to IFRS Adjustments | IFRS Consolidated |
|---|---|---|---|---|---|---|
| **For the Six Months Ended 30 June 2021** | | | | | | |
| Revenue from unaffiliated clients | $ 154,738 | $ 72,390 | $ - | $ 227,128 | $ - | $ 227,128 |
| Inter-segment revenue | 127 | 77 | (204) | - | - | - |
| Segment operating profit (loss) | 17,317 | 5,391 | 1,714 | 24,422 | 2,652 | 27,074 |
| Finance costs | - | - | 3,892 | 3,892 | 1,467 | 5,359 |
| Share of profit (loss) of associates | - | - | - | - | (30) | (30) |
| Total assets (at end of period) | 335,617 | 134,146 | 128,662 | 598,425 | 186,437 | 784,862 |
| Capital expenditures | 5,053 | 518 | 86 | 5,657 | - | 5,657 |
| Intangible asset expenditures | (2) | 194 | (46) | 146 | - | 146 |
| Depreciation and amortization | 6,187 | 2,891 | 544 | 9,622 | 7,146 | 16,768 |
| **For the Six Months Ended 30 June 2020** | | | | | | |
| Revenue from unaffiliated clients | $ 191,144 | $ 76,992 | $ - | $ 268,136 | $ - | $ 268,136 |
| Inter-segment revenue | 162 | 404 | (566) | - | - | - |
| Segment operating profit (loss) | 24,596 | (137,623) | 1,487 | (111,540) | 115,622 | 4,082 |
| Finance costs | - | - | 8,461 | 8,461 | - | 8,461 |
| Share of profit (loss) of associates | - | - | - | - | 209 | 209 |
| Total assets (at end of period) | 321,003 | 133,133 | 160,305 | 614,441 | 183,475 | 797,916 |
| Capital expenditures | 3,232 | 3,112 | 62 | 6,406 | - | 6,406 |
| Intangible asset expenditures | 9 | 155 | 108 | 272 | - | 272 |
| Depreciation and amortization | 6,974 | 3,347 | 545 | 10,866 | 7,586 | 18,452 |

*(1) "Corporate and other" represents those items that are not directly related to a particular segment and eliminations.*

For segment operating profit (loss): 1) for stock compensation expense, we recognize stock compensation expense on a more accelerated basis under IFRS as compared with U.S. GAAP, 2) for post-employment benefits, we recognize all actuarial gains and losses in other comprehensive income, which are not amortized to profit (loss) in the consolidated statement of profit or loss under IFRS, and 3) for leases, we classify leases under U.S. GAAP primarily as operating leases, and under IFRS as finance leases, resulting in a difference of total expense and the classification of those expenses under the two methods.

In March 2020, we recorded an impairment charge of $114.0 million for goodwill, which were associated with our Production Enhancement segment in our U.S. GAAP financial statements. However, after 31 March 2020, the outlook for the global economies and the energy industry improved and the value of the Company's share price increased approximately 100% as of 30 June 2020. As such, the Company determined there was no impairment to the goodwill as of 30 June 2020 and reversed the impairment charge in these IFRS consolidated financial statements. See Note 17 – *Impairments and Other Charges*.

Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

Segment total assets consist primarily of cash and cash equivalents, accounts receivables, net, inventories, property, plant and equipment, right-of-use lease assets and goodwill. Total assets in Corporate & Other are primarily comprised of tax related assets, other financial assets and intangible assets related to the corporate function. We recognized an adjustment to goodwill upon adoption of IFRS for prior acquisitions recorded under the pooling of interest method for U.S. GAAP. In addition, we recognize deferred tax assets related to timing differences for stock compensation and postemployment benefits, as noted above. Reclassification adjustments are also recorded between liabilities and assets to conform to IFRS presentation requirements.

Capital expenditures comprise cash paid for additions to property, plant and equipment.

Our general and administrative costs are allocated to the segments on a proportional basis relative to each segment's cost of revenue.

***Disaggregation of Revenue***

We derive our revenue from services and products sales contracts with clients primarily in the oil and gas industry. No single client accounted for 10% or more of revenue in any of the periods presented.

The following table shows the disaggregation of services and product sales by reportable segment (in thousands of USD):

| | For the Six Months Ended 30 June | |
|---|---|---|
| | **2021** | **2020** |
| Reservoir Description | $ 148,484 | $ 176,511 |
| Production Enhancement | 21,762 | 24,465 |
| **Total Revenue - Services** | 170,246 | 200,976 |
| | | |
| Reservoir Description | 6,254 | 14,633 |
| Production Enhancement | 50,628 | 52,527 |
| **Total Revenue - Product sales** | 56,882 | 67,160 |
| | | |
| **Total Revenue** | $ 227,128 | $ 268,136 |

## 24. RELATED PARTIES

For the six months ended 30 June 2021 and 2020, 33,863 shares valued at $1.0 million and 17,500 shares valued at $0.3 million, respectively, were surrendered to us pursuant to the terms of a stock-based compensation plan in consideration of the participants' tax burdens that may result from the issuance of ordinary shares under this arrangement. These shares were surrendered at the then current market price on the date of settlement. Such ordinary shares, unless canceled, may be reissued for a variety of purposes such as future acquisitions, non-employee director stock awards or employee stock awards.

We distributed 128,580 and 59,205 treasury shares upon vesting of stock-based awards during the six months ended 30 June 2021 and 2020, respectively.

In 2021 and 2020, we granted 4,307 and 14,507 shares of our common stock, respectively, to each of our non-employee Directors. These shares will vest without performance obligations on and 31 March 2022 and 2021, respectively.

We had no other significant related party transactions for the six months ended 30 June 2021 and 2020.

## 25. SUBSEQUENT EVENTS

For subsequent events to 30 June 2021, see Note 11 – *Equity*, regarding the declaration of dividends in July 2021.