CORE LABORATORIES N.V.

ANNUAL REPORT AND ACCOUNTS

31 December 2021

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This copy of the 2021 Annual Report of Core Laboratories N.V. is not in the European single electronic reporting format (ESEF) as specified in the RTS on ESEF (Regulation (EU) 2019/815). The ESEF version of the 2021 Annual Report and Accounts is available at *https://www.corelab.com/investors/financial-report*.

MANAGEMENT'S REPORT

OVERVIEW

Our Company

Core Laboratories N.V. ("Core Laboratories", "Core Lab", the "Company", "we", "our" or "us") 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 producing 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 31 December 2021, we have over 70 offices in more than 50 countries and have approximately 3,700 employees.

At Core Laboratories we take our commitment to our employees, clients, shareholders, suppliers and the communities in which we operate very seriously. With our global presence and impact, we are committed and accountable for promoting a culture focused on the health and safety of people and the environment, and we take pro-active approaches in identifying and managing risks through recognition, evaluation and education. Our continued success depends on maintaining a high level of integrity, ethical and safety standards which is the foundation of our reputation in getting the right results the right way. Our Company culture and mission also drive our commitment to our Environmental, Social and Governance ("ESG") sustainability efforts.

Our Business Model and Strategies

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

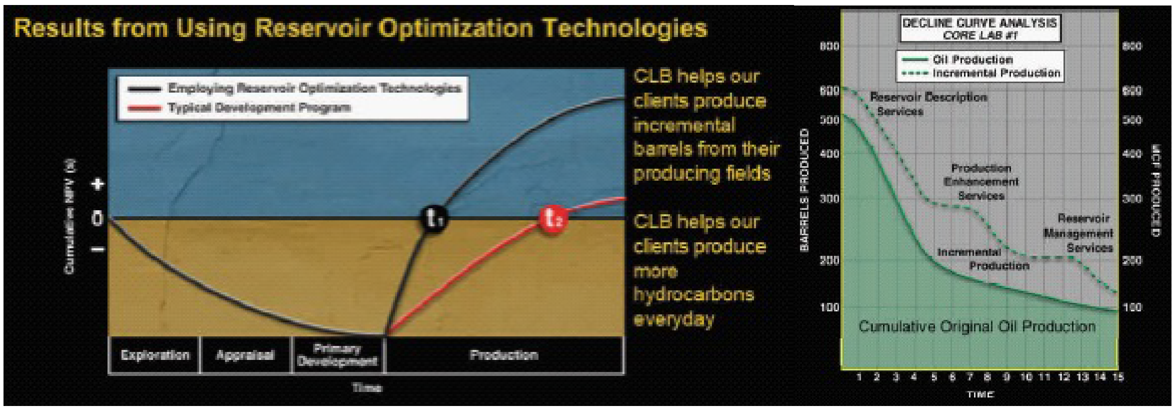
As COVID-19 concerns continued into 2021, we remained vigilant in our efforts to ensure a healthy and safe work environment by maintaining many of the risk mitigation and communication efforts put in place in the previous year, while servicing both our clients and stakeholders.

We have continued to operate as an essential business with timely delivery of products and services to our clients during the COVID-19 pandemic. We have also implemented a continuity plan across our global organization to protect the health of employees while servicing our clients. Business disruptions caused by new or continuing government mandated shut-downs, travel restrictions, quarantine protocols and site closures in various international regions associated with the ongoing global COVID-19 pandemic have halted or restricted operational workflows. The global supply chain challenges have also resulted in certain disruptions to both our clients' and our workflows, however, our operations have managed to minimize the impact for 2021. Currently, we do not anticipate disruptions in our supply chain to have a material adverse impact in 2022. 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 and major named storms in the Gulf of Mexico in August and September 2021. Due to increasing inflation that is affecting the U.S. and most other countries globally, we anticipate our cost of services and cost of product sales will increase moderately in 2022.

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. More recently, we have expanded our laboratory capabilities in Qatar, Saudi Arabia and Brazil. 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.

Our Services and Products

Every day that an oilfield produces, the dynamics of the reservoir changes. We use patented and proprietary technology and decades of expertise to support and work with our clients in an effort to improve reservoir performance and increase the recovery of oil and gas from newly developed and mature producing fields around the world. Core Lab scientists use precise physically measured data and proprietary scientifically derived data from reservoir rock, fluid and gas samples through analyses performed in our laboratories. Application of our patented and proprietary technologies enables alteration of the production decline curve to help our clients optimize or maximize daily production of incremental barrels and ultimate hydrocarbon recovery. Improving production and lessening the decline rate of a reservoir by just a few percentage points can generate a significant economic difference over the lifetime of the reservoir by improving its cash flow, net present asset value and value to the client's shareholders.



We derive our revenue from services and product sales to clients primarily in the oil and gas industry, including the world's major international, national and independent oil companies, and operate our business in two reporting segments.

***Reservoir Description*:** Encompasses the characterization of petroleum reservoir rock and reservoir fluid 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.

Our Operations

Human Capital

Core Laboratories' services and products are created by our workforce using the intellectual property they preserve and develop on behalf of our Company and its clients. Our workforce includes employees who are highly skilled professionals, including engineers and geologists, and other technical personnel, in addition to our administrative employees. We do not have any material collective bargaining agreements and consider relations with our employees to be good. See *Our Stakeholders and Value Creation* section for further discussion.

Intellectual Property

Research and Development

The market for our services and products is characterized by changing technology and frequent product introduction. As a result, our success is dependent upon our ability to acquire or develop new services and products on a cost-effective basis and to introduce them into the marketplace in a timely manner. Over the years, we have made a number of technological advances, including the development of key technologies utilized in our operations. Many of our business acquisitions have allowed us to obtain the benefits of the acquired company's research and development projects without the significant costs that would have been incurred if we had attempted to develop the services and products ourselves. Substantially all of the new technologies have resulted from requests, guidance and funding from our clients, particularly international oil companies. We incur nominal costs as part of internal research and development and these costs are charged to expense as incurred and reflected in the operational results of the associated reportable segments.

Patents and Trademarks

We believe our patents, trademarks, technology, trade secrets and other intellectual property rights are an important factor in maintaining our technological advantage, although no single one of these is considered essential to our success. Typically, we will seek to protect our intellectual property in all jurisdictions where we believe the cost of such protection is warranted. While we have patented some of our key technologies, we do not patent all of our proprietary technology even where regarded as patentable. We protect our intellectual property, including through the use of appropriate confidentiality agreements, legal enforcement proceedings and by other means.

Suppliers

In addition, we have service providers and suppliers which supply both services and materials. Our primary services providers provide professionals, specialists, consultants and laboratory technicians and services; transportation and lodging support for business travel; software application services and information technology support; and organizations which assist the company with the acquisition of human capital including temporary and contract labor. Our primary materials suppliers provide us with raw materials, parts and freight and transportation services used in production and delivery of products.

Marketing and Sales

We market and sell our services and products through a combination of sales representatives, technical seminars, trade shows and print advertising. Direct sales and marketing are carried out by our sales force, technical experts and operating managers, as well as by sales representatives and distributors in various markets where we do not have offices. Our Business Development group manages a Large Account Management Program to better serve our largest and most active clients by meeting with key personnel within their organizations to ensure the quality of our services and products are meeting their expectations and we are addressing any issues or needs in a timely manner.

Competition

Demand for our services and products is dependent upon the condition of the global oil and gas industry. The oil and gas industry is highly cyclical and has been subject to significant economic downturns at various times as a result of numerous factors affecting the supply of and demand for oil and natural gas, including the level of capital expenditures of the oil and gas industry, the level of drilling activity, the level of production activity, market prices of oil and gas, economic conditions existing in the world, interest rates and the cost of capital, environmental regulations, tax policies, political requirements of national governments, coordination by the Organization of Petroleum Exporting Countries ("OPEC"), cost of producing oil and natural gas, and technological advances.

Our services and products are generally in higher demand when our clients are investing capital in their field development programs that are designed to increase productivity from existing fields or when exploring for new fields. Our clients' investment in capital expenditure programs tends to correlate over the longer term to oil and natural gas commodity prices. During periods of higher, stable prices, our clients generally invest more in capital expenditures and, during periods of lower or volatile commodity prices, they tend to invest less.

Due to these fluctuations in demand for our services and products in our industry, the businesses in which we engage are competitive. Some of our competitors are divisions or subsidiaries of companies that are larger and have greater financial and other resources than we have. While no one company competes with us in all of our service and product lines, we face competition in these lines, primarily from independent regional companies and internal divisions of major integrated oil and gas companies. We compete in different service and product lines to various degrees on the basis of price, technical performance, availability, quality and technical support. Our ability to compete successfully depends on elements both within and outside of our control, including successful and timely development of new services and products, performance and quality, client service, pricing, industry trends and general economic trends.

We believe we have a competitive advantage through our concentration on core services and products, numerous and advanced technologies, and our global presence.

Core Services, Products and Technologies

Reservoir Description

Commercial oil and gas fields consist of porous and permeable reservoir rocks that contain crude oil, natural gas and formation water. Due to the density differences of the fluids, natural gas typically caps the field and overlies an oil layer, which overlies the water. We provide services that characterize the porous reservoir rock, all three reservoir fluids and their derived products. Services relating to these fluids include determining the quality and measuring the quantity of the reservoir fluids and their derived products. This includes determining the value of different crude oil and natural gases by analyzing the individual components of complex hydrocarbons. We measure reservoir hydrocarbons at reservoir conditions to determine the changes in their physical properties with changing pressure and temperature. The number of pressure-volume-temperature ("PVT") related projects has been increasing for the last several years, and reservoir fluid analyses now contribute approximately 65% to 70% of Reservoir Description revenue.

We analyze samples of reservoir rocks for their porosity, which determines reservoir storage capacity, and for their permeability, which defines the ability of the fluids to flow through the rock. These measurements are used to determine how much oil and gas are present in a reservoir and the rates at which the oil and gas can be produced. We also use our proprietary services and technologies to correlate the reservoir description data to wireline logs and other subsurface data.

The combined use of both the reservoir rock and fluid data are invaluable to oil companies to determine the most efficient method by which to recover, process and refine these hydrocarbons to produce the maximum value added to crude oil and natural gas fields. Early evaluations and key decisions about well performance and viability are important for optimizing a reservoir. This is accomplished by using proprietary and patented laboratory methods, including both traditional physical measurements and more recently introduced new technologies, such as Core Lab's Non-Invasive Technologies for Reservoir Optimization℠ ("NITRO℠") services. NITRO℠ services includes Dual Energy Computed Tomography ("DECT"), Micro Computed Tomography, high and low frequency nuclear magnetic resonance, high-resolution gamma logging and continuous high energy x-ray fluorescence, along with other Core Lab proprietary technologies.

Core Lab's proprietary DECT scanner-based deliverables generate millimeter-scale three dimensional images and accompanying high-resolution petrophysical logs on cored intervals by calibrating DECT information to the vast library of physical measurements in Core Lab's proprietary database. The DECT deliverables from Core Lab are more detailed than down-hole logs and provide better bed resolution as well as accurate information on rock properties such as lithology, porosity, density, rock strength and acoustic velocities.

DECT, when combined with Continuous Dual Gamma and Scanning X-ray Fluorescence ("CS-XRF"), allows Core Lab to assess continuous high-resolution elemental composition of the cored intervals. A proprietary formation-specific "inversion" technique can be used to convert the detailed elemental composition to a continuous mineral log enabling us to generate detailed lithologic descriptions of the reservoir and to perform a comprehensive reservoir characterization.

Core Lab conducts a wide variety of physical laboratory measurements to measure and evaluate fluid flow through the rock, often at in-situ reservoir temperatures and pressures. These are most commonly applied to conventional reservoirs. We have also developed unique analytical processes to understand the flow characteristics and saturation profiles of unconventional reservoir systems including (1) High Frequency Nuclear Magnetic Resonance measurements to gain insights into movable vs. non-movable fluid saturations of these complex systems; and (2) Enhanced Oil Recovery of shale reservoirs by evaluating the effectiveness of gas cycling in nano-pore structures to significantly increase long-term production rates and volumes.

Core Lab has been at the forefront of digital transformation technologies for more than two decades. Core Lab's extensive, proprietary databases and analog technologies, coupled with artificial intelligence ("AI") and machine learning, help our clients improve efficiencies and lower operating costs throughout the upstream value chain. The analysis and integration, of these critical datasets is enhanced because of Core Lab's proprietary RAPID™ database. Core Lab's proprietary World Wide Rock Catalog™ provides a database and analog reference set for predicting properties when physical measurements are unavailable.

Core's proprietary legacy portfolio of geological studies and rock and fluid property datasets on conventional reservoirs and seals, accessible through Core's database platform, RAPID™, are being leveraged in energy transition projects as well, and are proving invaluable to operators evaluating potential Carbon Capture and Storage ("CCS") sites in onshore and offshore Miocene and Oligocene reservoirs along the U.S. Gulf Coast. These legacy studies, originally conducted to evaluate hydrocarbon reservoirs, provide critical data for reconnaissance, benchmarking, and risk reduction ahead of new coring projects for CCS site assessment.

Core Lab's Digital Innovation Group integrates results and interpretations into a comprehensive, web-enabled platform, RAPID™, for client access. This allows our clients to gain insight into their core intervals at an accelerated pace, for both non-invasive technologies as well as time-honored physical laboratory measurements. Through this integrated visually interactive platform, key reservoir performance indicators are presented, evaluated and shared within client workgroups.

Core Lab's Digital Innovation Group works collaboratively with multiple international and national oil companies on projects that utilize several of Core Lab's proprietary digital technologies and services. Core Lab's proprietary Advanced Rock Typing technology combines Core Lab's vast, comprehensive database of physical measurements, and World Wide Rock Catalog™ with its proprietary image acquisition technology and innovative AI image recognition. These technologies provide clients with analog data sets in situations where acquisition of new conventional core may not be possible. High-resolution images of wellbore cuttings and sidewall cores are quickly and efficiently matched with analogs from Core Lab's proprietary database of samples from around the world. Physically measured data sets from the matching analogs are delivered to our clients in time to make appraisal and development decisions.

Core Lab also applies its rock fluid and data analytical capabilities to CO2 and other gas and liquid projects. These projects may be for enhanced oil recovery in mature fields, or for CO2-CCS projects.

Core Lab holds various patents, trade secrets, and proprietary designs for laboratory equipment required to analyze reservoir rocks as well as the properties and phase behavior of reservoir fluids and derived products. We manufacture a wide range of ambient and reservoir condition rock and fluid analysis laboratory equipment for our own use throughout our international laboratory network. Among these devices are complex, high-pressure, high temperature, reservoir condition, multi-phase flow systems and full visualization PVT cells, along with the ancillary equipment required to support these laboratory programs. We also sell equipment of this type to universities, government institutes, and client company research labs.

While recognizing the need to optimize the logistical chain of our clients, from producing well to retail sales of petroleum products, a state-of-the-art IT platform CONNECT: was launched to efficiently acquire our field data, laboratory analysis, optimize workflows and any other observations relevant to our client base. The system is designed for single data entry, and that data can be used for further analysis and, more importantly, be shared with our clients by process flow dashboards with key performance indicators. The system can also share real-time data on mobile devices, enabling our clients to make quick decisions. This methodology of sharing data has been embraced by an increasing number of clients, as it has not only saved them costs, but, more importantly, the data can be used for trend analysis in many ways, such as the ability to forecast bottlenecks, thus eliminating waste and increasing efficiency. Two experience centers have been set up, in the U.S. and Europe, where our clients can get acquainted with optimizing the flow of business as well as our advanced systems for data analysis. All initiatives are meant to increase efficiency and add value to our client base. All data is being made available through dashboard technology, which for internal purposes is being used to measure the efficiency of workflows throughout the organization.

During 2021, we added new modules to our suite of IT platforms that enhance the distribution chain of our customers, with similar structure of using dashboard technology, enabling the customer to monitor live progress as well as operational data.

We conduct numerous large-scale, multi-company reservoir management projects, applying proprietary and state-of-the-art techniques from the earliest phases of a field development program until the last economic barrel of oil is recovered. We initiate and deliver a group of international and U.S. based consortium studies to evaluate both conventional and unconventional reservoirs. These projects are of increasing importance to oil companies as the incremental barrel is often the lowest cost and most profitable barrel in the reservoir. Producing incremental barrels increases our clients' cash flows which we believe will result in additional capital expenditures by our clients, and ultimately further opportunities for us.

These industry consortium projects provide critical reservoir information to a broad spectrum of clients in a cost effective manner. These studies focus on regions of client interest across the globe and include both conventional and unconventional reservoir targets. Studies often run for several years and new studies are initiated in response of current or upcoming client activity in a region. Core Lab retains rights of ownership to complete joint industry projects studies, which can be resold at a later date. Many of them examine unconventional reservoirs, particularly in the US and Canada. For example, our Permian Basin study evaluates the petrophysical, geochemical, completion and production characteristics of this very active play in West Texas. Our clients use this information, not only to improve their drilling and production activities, but also to evaluate potential acquisition and divestiture opportunities.

Production Enhancement

Core Lab's Production Enhancement group provides products and diagnostic services to help optimize well completions, reservoir operations and field development strategies, in order to increase recoverable reserves in the most efficient way. These product offerings include perforating technologies to establish communication between the wellbore and the reservoir. Diagnostic services are used to assess well completions and field floods. Two commonly used production enhancement methods are (i) hydraulic fracturing of the reservoir rock to improve flow and (ii) flooding a reservoir with water, carbon dioxide, nitrogen or hydrocarbon gases to drive more oil and gas to the producing wellbores. Many oilfields today are hydraulically fractured and/or flooded to maximize oil and gas recovery. Although Core Lab is not a hydraulic fracturing company, Core Lab does provide services that are used by operators to develop and optimize hydraulic fracturing and field flood projects and to evaluate the success of those projects. These services, products and expertise play a key role in the success of both methodologies.

The hydraulic fracturing of a producing formation is achieved by pumping a fluid slurry containing a proppant material into the reservoir zone at extremely high pressures. This fractures the rock and the proppant material "props" or holds the fractures open after the pressure pumping is complete, so that reservoir fluids can flow through a highly conductive fracture into the production wellbore. Data on rock type and strength generated in the Reservoir Description segment are critical for determining the proper design of the hydraulic fracturing treatment. In addition, further testing indicates whether the fluid slurry is compatible with the reservoir rock so that damage does not occur that would otherwise restrict production. Core Lab also provides testing of various propping agents and software to help select the best propping agent based on net present value calculations of client investments. The proprietary and patented ZERO WASH® tracer technology is used to confirm optimum cluster efficiency, stage spacing, stimulated reservoir volume and increased ultimate recovery.

SPECTRACHEM®, a chemical frac water tracing service, is another proprietary and patented technology developed for optimizing hydraulic fracture performance. SPECTRACHEM® is used to aid operators in determining the efficiency of the fracturing fluids used. SPECTRACHEM® tracers enable operators to evaluate the quantity of fracturing fluid and reservoir fluid that returns to the wellbore after a hydraulic fracturing event. This technology also enables clients to evaluate load recovery, gas breakthrough, fluid leak-off and breaker efficiency, all of which are important factors for optimizing oil and/or natural gas production after the formation is hydraulically fractured.

The SPECTRACHEM® service is used for determining the effectiveness and efficiency of the hydraulic fracture stimulation of long, multi-stage horizontal wells in oil- and gas-shale plays in unconventional reservoirs. SPECTRACHEM® data sets are used to determine if and how effectively each frac stage is flowing. Frac stages with ineffective flows may warrant further stimulation or remedial actions, while guiding improvements in future frac designs and flowback procedures.

Core Lab's engineers developed and implemented new applications for our proprietary SPECTRACHEM ® service to determine whether horizontal wells are unobstructed and flowing through the entire length of a horizontal well. Leveraged by operators in the Permian, Eagle Ford, Wolfcamp, Bakken and Haynesville plays, this technology can identify wellbore obstructions, often caused by inter-well communication, wellbore fill, or dissolvable plug remnants. By applying this technology, our clients can identify and remediate well obstructions that can negatively impact well performance, reserve calculations and reserve-based lending.

Another unique completion monitoring system, COMPLETION PROFILER™, helps to determine flow rates from reservoir zones after they have been hydraulically fractured. This provides our clients with a baseline of early production information that can be compared to subsequent data later in the life of the well to see how hydrocarbon production from different reservoir layers or different quality rock varies over time.

The FLOWPROFILER™ service, a proprietary hydrocarbon-based tracer technology, which is a further development of the patented SPECTRACHEM® technology quantifies the hydrocarbon production from discrete segments in multi-stage horizontal well completions in unconventional tight-oil or gas plays. This service incorporates both liquid and solid and controlled-release, oil-soluble tracers for oil reservoirs which are different from gas tracers used for gas reservoirs. FLOWPROFILER™ technology and the analytical methodology for identifying the hydrocarbon-soluble tracers are the protected intellectual property of Core Lab.

The FLOWPROFILER™ technology employs unique hydrocarbon-soluble tracers and water-soluble tracers introduced into specific, physically isolated stages via the stimulation proppant stream. The hydrocarbon-soluble tracers partition into the crude oil and gas associated with each stage, while the water-soluble tracers remain in the stimulation fluid. When the well is flowed, oil, gas and water samples are collected and analyzed in the laboratory to identify and quantify oil or gas flows from each stage as well as the cleanup of the stimulation fluid. Stages not at optimum flow rates can be identified, precipitating remedial efforts to increase flow and recovery rates, and providing valuable insight for future wells. This service is used to monitor offset well interference by sampling offset well oil, gas and water production. The amount of tracer detected in offset wells is being used to help our clients optimize both horizontal and vertical well spacing and the optimum amount of fracturing fluids for each stage.

There has been a broadening acceptance of FLOWPROFILER™EDS, a proprietary technology, which is an engineered delivery system ("EDS"). The break-through EDS technology delivers time-released diagnostics for evaluating the crude-oil flow from each stage of a hydraulically fractured completion. This technology comprises proprietary 40/70 or 100 mesh particles, chemically engineered to bond specifically with our proprietary oil tracers. This allows for precise placement of tracers in the propped fracture, thus providing accurate identification of oil production by stage. Crude-oil production by stage is determined by using this Core Lab-developed technology that enables the diagnostic tracer to be absorbed and chemically bonded to durable, proppant-size particles that are injected with the frac sand. The tracer will release from the engineered particles once they contact the reservoir's crude oil, enabling Core Lab to assess which stages are contributing to crude-oil production.

Core Lab also conducts dynamic flow tests of the reservoir fluids through the reservoir rock, at actual reservoir pressure and temperature, to realistically simulate the flooding of a producing zone. Patented technologies, such as Saturation Monitoring by the Attenuation of X-rays ("SMAX™"), help in designing the enhanced recovery projects. After a field flood is initiated, Core Lab is often involved in monitoring the progress of the flood to ensure that the maximum amount of incremental production is achieved using the SPECTRAFLOOD™ technology, which was developed to optimize sweep efficiency during field floods.

Core Lab's patented PACKSCAN® technology is used to evaluate gravel pack effectiveness in unconsolidated reservoirs. PACKSCAN® measures density changes in the gravel pack annulus to verify the completeness of the gravel pack without requiring any additional rig time.

In addition to Core Lab's many patented reservoir diagnostic technologies, Production Enhancement has established itself as a global leader in the manufacturing and distribution of high-performance perforating products. Core Lab's unique understanding of complex reservoirs supports our ability to supply perforating systems engineered to maximize well productivity by reducing, eliminating and overcoming formation damage caused during the drilling and completion of oil and gas wells. This "systems" approach to the perforation of an oil or gas well has resulted in numerous patented products.

SuperHERO™ ("High Efficiency Reservoir Optimization") and HERO-HR™ (Hard Rock) are examples of the patented perforating systems. The SuperHERO™ charge evolved from the HERO™ charge technology and use a proprietary and patented design of powdered metal liners and explosives technology resulting in a deeper and cleaner perforating tunnel into the oil and gas reservoir. This allows greater flow of hydrocarbons to the wellbore and helps to maximize hydrocarbon recovery from the reservoir. The more recent charge development of the HERO-HR™ charges, resulted in Core Lab also having the deepest penetrating perforating charges on the market as certified by API testing.

HERO™PerFRAC leverages the HERO™ technology. In addition to the benefits of HERO™ technology, HERO™PerFRAC charges are designed specifically for optimizing fracture stimulation well completions by providing low standard deviation which minimizes tortuosity effects. This results in less required surface horsepower and less time which both translate into lower costs needed to complete the fracturing operation. In addition to optimizing stimulation operations with faster, lower cost programs, well production is also enhanced by not only the better well stimulations but the improved near debris free perforation tunnels as the well fluids come back into the casing from the rock. Core Lab's manufacturing operations in the United States and Canada continue to meet the global demand for our perforating systems through facility expansion in addition to gains in efficiency and productivity.

Consistent with the HERO™PerFRAC uniform hole size option, the ReFRAC product line was also introduced and has experienced increasing client acceptance. The ReFRAC technology is utilized in mechanically isolated re-stimulation programs where the internal string is used to isolate older, depleted stages in previously under-stimulated wells. The ReFRAC technology creates a uniform hole size through two strings of casing. This re-completion method is gaining popularity because it allows operators to perforate, pump and stimulate new rock between the original stages of the well, increasing hydrocarbon recovery without the expense of drilling and completing a new well. Operators using Core Lab’s ReFRAC technology have reported they can now complete twice as many stages per day compared to conventional perforating systems, reducing their operating costs and improving cash flow.

The HERO™ line of perforating charges, HERO™PerFRAC, SuperHERO™, HERO-HR™ and ReFRAC charges can eliminate the ineffective perforations that would otherwise limit daily oil and natural gas production and hinder the optimal fracture stimulation programs needed for prolific production from the Permian Basin, Bakken, Eagle Ford, Marcellus, Niobrara and similar oil- and gas-shale formations.

Core Lab’s proprietary downhole energetic solutions and instrumentation are designed to systemize, simplify, automate, and de-risk the deployment of perforating systems, which are utilized by oil and gas operators for well completions. The Ballistics Delivery System (“BDS™”) provides a unique range of perforating tools and equipment, which have been developed to provide a number of advantages over existing technology. The BDS™ tools facilitate perforation accuracy while addressing wellbore assurance concerns and optimizing safety, thus alleviating some of the challenges encountered when perforating. It also assists with issues incurred with high underbalanced perforating, running heavy/long assemblies, oriented perforating, depth control, reduction in fishing risk, and acquiring wellbore pressure data as guns fire. Core Lab’s BDS™ and the GoFire Addressable Switch are key differentiators of Core Lab’s preassembled GoGun™ Adaptive Perforating System. The GoGun™ Adaptive Perforating System provides an open architecture design. This allows for optimal utilization of perforating energetics and, importantly, the onsite flexibility of altering completion designs for greater wellsite efficiency and improved Stimulated Reservoir Volume.

Core Lab's next generation, HERO™PerFRAC energetic technology, is available in combination with the new, patent pending Oriented GoGun™. This new offering provides our clients with a technological solution for achieving: 1) extreme limited entry perforating capability, 2) precisely aligned perforations, and 3) minimized connections and completion string length. Casing erosion around perforations can occur when stimulating unconventional reservoirs. Larger perforating holes preferentially increase in size and take more frac fluid, robbing stimulation from smaller perforating holes, which results in inconsistent breakdown of the formation. The consistent-sized holes generated by the latest HERO™PerFRAC charges reduce this problem. Core Lab partnered with major U.S. operators to design custom, consistent-hole-size charges that can be aligned in a specific orientation in order to achieve uniform breakdown across each stage. By eliminating the need for reusable orientation subassemblies, the Oriented GoGun™ minimizes the number of connections and saves time at the wellsite by not having to recapture and redress the orienting subs.

Core Lab's Production Enhancement segment commissioned a cutting-edge, Reservoir Optimized Completions Lab ("ROC Lab™") in Godley, Texas. The ROC Lab™ is designed to determine the best energetic solutions for a specific rock type, to maximize productivity of an operator's reservoir. The ROC Lab™ features an industry-leading, Ultra High Pressure/High Temperature perforation test vessel. The test vessel is paired with a proprietary flow system that uses highly specialized, internally developed and manufactured pumps and flow controllers. Combined, these technologies create a proprietary flow loop capable of dynamically displacing oil, brine and gas through rock samples that have been perforated with preselected energetics. Core Lab leverages its multi-decade expertise in conducting multi-phase fluid flow tests through porous medium to optimize this technological investment.

Core Lab's proprietary Plug and Abandonment Perforating System ("PAC™") is utilized to optimize a slow recovery process through a lean casing recovery program. PAC™ allows for reduced rig time and efficient recovery of the interior casing, while eliminating risks and creating opportunities for production from untapped reservoir sections.

Core Lab's Production Enhancement team has experienced technical services personnel to support clients through our global network of offices for the everyday use of our perforating systems and the rapid introduction of new products. Our personnel are capable of providing client training and on-site services in the completion of oil and gas wells. The patented X-SPAN® and GTX-SPAN® casing patches are supported by our technical services personnel. Market applications in Canada's steam-assisted gravity drainage environment have resulted in an upgrade in temperature ratings to as much as 600°F. These systems are capable of performing in high temperature as well as high pressure oil and gas environments and are used to seal non-productive reservoir zones from the producing wellbore.

Global Presence

We operate facilities in more than 50 countries. Our non-U.S. operations accounted for 68% and 67% of our revenue from operations during the years ended 31 December 2021 and 2020, respectively. We attribute service revenue to the country in which the service was performed rather than where the reservoir or project is located, while we attribute product sales revenue to the country where the product was shipped as we feel this gives a clearer view of our operations. We do, however, have significant levels of service revenue performed and recorded in the U.S. that are sourced from projects on non-U.S. oilfields.

Our Growth Strategies

We continue to keep our operational focus on crude-oil field development projects, with a growing emphasis on delivering technology-driven data and results to our clients to assist them in maximizing their returns on conventional and unconventional developments, whether onshore or offshore.

The following three strategies have been essential ingredients to our growth for more than two decades.

Develop New Reservoir-Optimizing Technologies

Core Laboratories' technologies and services are essential to successful evaluation and production of oil and natural gas fields around the world. The knowledge of the reservoir we deliver makes it possible to optimize reservoir performance throughout the life of the field and to maximize the production of incremental barrels, the most economical production in the field.

Application of our patented and proprietary technologies enables alteration of the production decline curve to help our clients optimize or maximize:

- daily production
- ultimate hydrocarbon recovery
- cash flow
- net present asset value
- shareholder value

Leverage our International Office Network

Core Laboratories has over 70 offices in more than 50 countries and is located in every major oil-producing province in the world. Core Laboratories provides its services to the world's major, national, and independent oil companies.

Acquire Complementary and Strategically Positioned Technologies

We continually review potential acquisitions to add key services and technologies, enhance market presence or complement existing businesses.

We will, however, continue to invest and fund the consolidation of certain facilities to gain operational efficiencies, the purchase of instrumentation, tools and equipment along with expenditures to repair or replace worn-out instrumentation, tools and equipment to and to increase our presence where requested by our clients.

Our Financial Strategies

Core Lab continues to follow the three financial tenets that have led to our industry-leading total shareholder returns over the long term.

Maximize Free Cash Flow ("FCF") through Fiscal Discipline

Core Lab follows a strict discipline for allocating capital for investment in growing our business, which is focused on generating high returns and positive free cash flow ("FCF"). FCF is defined as net cash provided by operating activities less cash paid for capital expenditures. The quality of a company's earnings is typically supported with cash flow from operations, and value is created with the ability to generate cash flow in excess of what is required for capital investments to maintain and grow the business.

We believe measuring the ratio of FCF generated from revenue is an important metric for shareholders when comparing companies' financial results, particularly for those shareholders who utilize discounted cash flow models to assess valuations. This discipline towards capital investments produced a conversion rate of almost 5% of our Revenue into FCF in 2021. Core Lab will continue to demonstrate strict fiscal discipline in 2022 and beyond.

Maximize Return on Invested Capital

Core Lab strives to have the industry leading Return On Invested Capital ("ROIC") through capital discipline and continued execution of our three Growth Strategies. Core Lab's Supervisory Board has initiated an incentive compensation program for the executive and senior management teams based on the Company achieving a leading relative ROIC performance compared with the oilfield service companies listed as the Company's Peer Group by Bloomberg Financial.

We believe that our commitment to this approach will result in superior long-term performance of Core Lab's share price compared to the peer group compiled and reported by Bloomberg. The Company has established an internal performance metric of demonstrating superior ROIC performance relative to the group. And, Core Lab has maintained the highest ROIC in 11 out of 12 years in the peer group reported by Bloomberg.

Return Excess Capital to Shareholders

Since October 2002, Core Laboratories has returned our excess capital to our shareholders in the form of share repurchases, warrant settlements, dividends, and special dividends, totaling $2.7 billion. During 2021 and for the near term, the Company focused excess free cash towards reducing long-term debt.

As the energy markets continue to mend, and the Company reduces its debt leverage ratio, it will revert back to its long-standing practice of returning excess capital to our shareholders via share repurchases and dividends, depending on the stability of the industry recovery.

Our Stakeholders and Value Creation

Our stakeholders consist of five groups: clients, employees, shareholders, suppliers and the communities we operate in around the globe.

Clients

Core Laboratories provides services and products to the world's major international, national and independent oil companies.

Core Laboratories is a leading provider of proprietary and patented Reservoir Description and Production Enhancement services and products. Core Laboratories is dedicated to providing the technology our clients need to enhance their production; maximizing the return of our shareholder's investment in our company; and investing in our most valuable assets, our employees, by providing a safe business environment free of harassment and discrimination while being environmentally and socially responsible.

Core Laboratories has taken extensive measures to ensure the services, products and data provided by all of our worldwide locations are of the highest quality and integrity. Our commitment to applying and developing new technologies to optimize reservoir performance is unsurpassed in the oilfield service industry. This commitment to technology which is aimed at assisting clients to improve their well performance and increase their return on investment is what makes Core Laboratories, The Reservoir Optimization Company™.

Employees

Core Laboratories has a global workforce on six continents in over 50 countries providing technology to enhance our client's production in major oil-producing provinces around the world.

Core Lab values its employees and is committed to providing resources that engage employees, enhance their work experience, and develop them for the future. Our Core Values are the framework that unite us on the path toward achieving our goals and propelling Core Lab forward. These values represent and establish the foundation by which we treat each other, conduct our business and simply define "how we do things around here". By embedding our Core Values into our operating strategies, we ensure that our company culture and mission also drive our ESG sustainability efforts. We engage our employees on our progress and core values that define us as a company. We keep our employees informed of major business developments through CoreConnect, a communication initiative to drive connection and engagement between employees and executive leadership cascaded via extended leadership teams, periodic emails, quarterly newsletters, quarterly reports, and annual events.

To assist in this pledge, Core Lab has created its talent management strategy based on the employee life cycle. To ensure we have a diverse employee population reflective of our communities and client base, we've implemented recruiting practices that support and encourage the hiring and retention of diverse talent. Our total rewards approach is aligned to our business strategy and country-specific market influences. We offer competitive compensation and benefit programs in each country where we operate. Our approach not only encompasses competitive compensation and benefits, but also personal and professional growth opportunities within a global performance culture.

We develop our employees through performance management processes, competency-based development plans and training both in leadership and functional areas while also offering educational assistance programs. In 2021, we expanded our talent assessment process to identify emerging technical and leadership talent across the Company. Our annual performance management cycle is an ongoing process that enables managers and employees to collaborate throughout the year to set performance goals and development objectives that align to business objectives. This process is designed to help employees understand where they add value to the organization, provide focus on and discussion around career aspirations, and reward employees for high performance.

We aspire to attract a diverse group of employees and create an inclusive work culture where differences are valued. We recognize the unique perspectives and thoughts that all people bring to our environment stimulates innovation and generates out-of-the-box solutions that benefit our employees, clients and industry. We promote a culture-centric focus on the health and safety of our employees and the environment with a pro-active approach towards identifying and managing risks through recognition, evaluation, and education. We empower our employees by fostering a sense of responsibility for managing their own work environment through open communication, and a management-supported "zero accident" culture.

Suppliers

Core Laboratories is supported by a network of various types of service providers and suppliers of material and products the Company has developed over the years. Our close coordination and long-term and mutual business partnership with our service providers and suppliers are key to our success.

Shareholders

Core Laboratories shareholders include independent investors, employees and directors. The insider ownership of Core Laboratories stock continues to be at a very high level for publicly traded oilfield service companies. Core Laboratories' management continues the highest standards of transparency in disclosing information about the Company and is closely aligned with independent shareholders, driving management and investment decisions that maximize shareholder value.

Communities

Core Laboratories supports local communities in the jurisdictions in which we operate through our contributions of resources and the involvement of our employees, particularly when we can leverage our technical capabilities to provide a higher level outcome for those that we are supporting. We prefer to support efforts aimed at improving education in science, technology and business. It is our way of giving back to the community, which we feel is very important, in order to improve career and social opportunities for young adults around the globe. Core Laboratories does not contribute or donate cash or any of its resources to any political parties or political candidates.

Long-Term Value Creation

Stakeholders	Inputs	Strategy	Outputs	Sustained Value	Measurements
Clients	Financial Resources	Growth Strategy - Develop new reservoir optimizing technologies - Leverage our international office network - Acquire complementary and strategically-positioned technologies Marketing Strategy - Global network - Large account management program	Provide Our Services and Products and Proprietary Technology to Support Our Clients' Projects	Long-term Business Partnership Sustainable Growth and Profitability Long-term Financing Strategy Return Excess Capital Program	Revenue Growth Sustainable Margin ROIC Financial Covenant Ratios Long-term Share Price Performance
Suppliers	Raw Materials, Services, and Utilities Resources		Support Suppliers' Operations for Performing Company's Operations		
Shareholders /Creditors	Capital and Infrastructure Resources	Financial Strategy - Maximize free cash flow - Maximize return on invested capital - Return excess capital to shareholders Strong Corporate Governance	Stock Price Performance Dividends, Interest Repurchase of Shares Identification and Mitigation of Risks		
Employees	Human Capital	Empowering People Strategy - Performance Management - Total Rewards Approach - Talent Management - Health and Safety	Employee Engagement Competitive Compensation and Benefit Retain/Enhance Skillsets Zero Accident Goal	Diversity and Inclusion Competitive Compensation Long-term Incentive Plans Employee Development Program	Total Reward Statements Performance Management Global Safety Reporting Employee Retention
Communities	Intellectual Capital Social Capital	Corporate Social Responsibility and Sustainability Strategies - ESG initiatives and goals - Global diversity and inclusion	Social, Environmental and Community Contributions	Community Service and Initiatives	Community Awards GHGs Emission Target

Core Values and Code of Business Ethics

Materiality Matrix and Risk Management Matrix

Business Continuity, Strong Financial and Corporate Citizenship

Company Profitability, Free Cash Flow

FINANCIAL PERFORMANCE

Results of Operations

Oil and Gas Industry Rig Counts and Prices

The following table summarizes the annual average and year-end worldwide and U.S. rig counts for the years ended 31 December 2021, 2020 and 2019, as well as the annual average and year-end spot price of a barrel of WTI crude, Brent crude and an MMBtu of natural gas:

	2021	2020	2019
Baker Hughes Worldwide Average Rig Count (1)	1,362	1,351	2,177
Baker Hughes U.S. Average Rig Count (1)	475	436	944
Baker Hughes Worldwide Year-End Rig Count (2)	1,563	1,095	2,043
Baker Hughes U.S. Year-End Rig Count (2)	579	339	804
Average Crude Oil Price per Barrel WTI (3)	$ 68.14	$ 39.17	$ 56.98
Average Crude Oil Price per Barrel Brent (4)	$ 70.86	$ 41.96	$ 64.28
Average Natural Gas Price per MMBtu (5)	$ 3.89	$ 2.02	$ 2.56
Year-end Crude Oil Price per Barrel WTI (3)	$ 75.33	$ 48.35	$ 61.14
Year-end Crude Oil Price per Barrel Brent (4)	$ 77.24	$ 51.22	$ 67.77
Year-end Natural Gas Price per MMBtu (5)	$ 3.82	$ 2.36	$ 2.09

(1) Twelve month average rig count as reported by Baker Hughes - Worldwide Rig Count.
(2) Year-end rig count as reported by Baker Hughes - Worldwide Rig Count.
(3) Average daily and year-end West Texas Intermediate crude spot price as reported by the U.S. Energy Information Administration ("EIA").
(4) Average daily and year-end Europe Brent crude spot price as reported by the EIA.
(5) Average daily and year-end Henry Hub natural gas spot price as reported by the EIA.

The COVID-19 pandemic and associated government mandated shut-downs around the world, home sheltering and social distancing policies caused a significant decline in the demand for crude oil and associated products, which resulted in a significant and sharp decrease in the price of crude oil. The prices for both WTI and Brent crude oil decreased significantly at the end of the first quarter of 2020 from 2019, and the prices remained low throughout most of 2020. The average crude-oil price in 2020 was 33% lower than the average price of 2019. Crude-oil prices subsequently recovered in 2021 with more significant improvement during the second half of 2021, and the average price was 71% higher than in 2020, but this is mostly attributable to the growth in production not keeping pace with the resurgence in consumer demand.

In general, activities associated with the exploration of oil and gas in the U.S. onshore market are more sensitive to changes in the crude-oil commodity prices, as opposed to larger international and offshore projects which take multiple years to plan and develop, and once announced and started, will continue through completion, despite changes in the current price of crude oil. Activity levels in the U.S. onshore market also responded immediately to the changes in demand, decreasing significantly to historically low levels in 2020, which bottomed in the summer of 2020, and subsequently began to recover in the second half of 2020. Crude-oil commodity prices have continued to rise as the demand continued to grow during 2021. However, the growth in production has not kept pace with the resurgence in demand for energy produced from oil and gas, coupled with an adverse impact from global supply-chain challenges especially during the latter part of 2021. Information published by the EIA, shows that the inventory of wells drilled but uncompleted (a “DUC” well) was 8,462 as of 31 December 2019, and declined to 7,737 and 4,616 at end of 2020 and 2021, respectively. This data indicates that during the period of higher activity in 2019, operators were drilling wells but not completing them as the DUC inventory grew. However, as activity levels began a sharper decline in 2020 and continued throughout 2021, primarily due to the impact of COVID-19, operators began to drill fewer new wells, and were completing some of the wells that had been previously drilled.

In the U.S., the average land-based rig count decreased approximately 54% from 2019 to 2020 due to the impact of COVID-19. Activities on development projects and producing fields in the U.S. unconventional reservoirs showed a decline when the commodity price weakened, and demand for both services and product sales to this market responded accordingly. U.S. average land-based rig count increased approximately 10% in 2021 as global demand for crude-oil products partially and progressively recovered. Demand for product sales increased in tandem with the increase in the rig count, however, the demand for services was slower in recovery.

Outside of the U.S., activities associated with the exploration for and production of oil also declined in 2020 and 2021 primarily due to the global pandemic. This decline in activities is reflected by the average number of active rigs outside the United States decreasing 26% and 3% during 2020 and 2021, respectively. Long-term international and offshore projects which are commonly announced through Final Investment Decisions and subsequently initiated are not as susceptible or at-risk to delay or suspension due to short-term volatility in crude-oil commodity price.

In response to market conditions in 2020, the Company implemented cost reduction initiatives, which included (i) corporate and operating cost reductions; (ii) reduction in annual capital expenditures, 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. These initiatives continued in 2021. Following increased activity levels in 2021, the Company partially reinstated certain employee costs into the Company's cost structure.

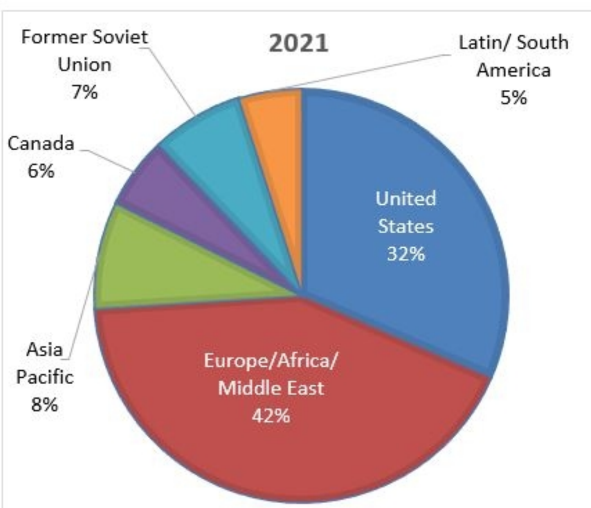
International Operations

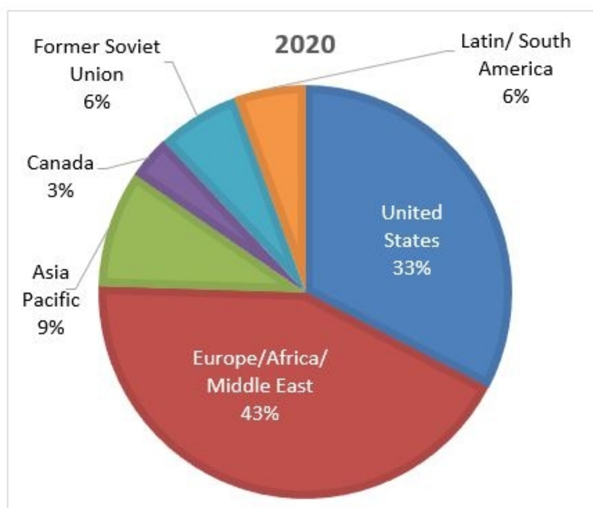
Net revenue for the years ended 31 December 2021 and 2020 were $470.3 million and $487.3 million, respectively. We offer our services worldwide through our global network of offices. Services accounted for 73% and 77% of our revenue from operations for the years ended 31 December 2021 and 2020, respectively.

We manufacture products primarily in five facilities for distribution on a global basis. Product sales, generated principally in our Production Enhancement segment, accounted for 27% and 23% of our revenue from operations for the years ended 31 December 2021 and 2020, respectively.

We recorded operating income of $50.0 million and $40.1 million for the years ended 31 December 2021 and 2020, respectively.

The following graphs and table summarize our reported revenue by geographic region for the years ended 31 December 2021 and 2020 (in thousands of USD):





	United States	Europe/Africa/ Middle East	Asia Pacific	Canada	Former Soviet Union	Latin/ South America	Consolidated
2021	$ 148,183	$ 199,798	$ 39,308	$ 26,167	$ 33,804	$ 22,992	$ 470,252
2020	$ 158,937	$ 208,862	$ 44,440	$ 16,616	$ 31,498	$ 26,914	$ 487,267

While we are subject to fluctuations and changes in currency exchange rates relating to our international operations, we attempt to limit our exposure to foreign currency fluctuations by limiting the amount in which our foreign contracts are denominated in a currency other than the U.S. dollar to an amount substantially equal to the expenses expected to be incurred in such foreign currency. However, the ultimate decision as to the proportion of the foreign currency component within a contract usually resides with our clients. We have not historically engaged in and are not currently engaged in any significant currency hedging or trading transactions designed to compensate for adverse currency fluctuations.

Results for our business segments are presented below and is 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 these segment results to our consolidated financial statements which are prepared using IFRS accounting policies.

Segment Revenue

	For the Years Ended 31 December		
(in thousands of USD)	**2021**	**% Change**	**2020**
Reservoir Description	$ 313,609	(11.7)%	$ 355,041
Production Enhancement	156,643	18.5%	$ 132,226
Total Revenue	$ 470,252	(3.5)%	$ 487,267

Segment Operating Income

	For the Years Ended 31 December		
(in thousands of USD)	**2021**	**% Change**	**2020**
Reservoir Description	$ 28,958	(47.4)%	$ 55,044
Production Enhancement	15,163	NM	(133,449)
Corporate and other (1)	1,141	(28.7)%	1,600
Adjustments from US GAAP to IFRS(2)	4,758	NM	116,869
Operating Income	$ 50,020	24.9%	$ 40,064

(1) "Corporate and other" represents those items that are not directly relating to a particular segment.
(2) Adjustment for difference in accounting treatments from U.S. GAAP to IFRS for stock compensation expense, post-employment benefits, leases and one time impairment charges for goodwill. See Note 35 - Segment Reporting and Other Disaggregated information for further details
"NM" means not meaningful.

Reservoir Description

Reservoir Description's operations are heavily exposed to international and offshore project activity levels, with approximately 80% of its revenue sourced outside the U.S. The COVID-19 global pandemic, which began in early 2020, continues to adversely impact project activity from our oil and gas clients, causing delays and workflow disruptions, slowing the progress on longer-term international and offshore projects. As a result, revenue for our Reservoir Description segment decreased to $313.6 million in 2021 compared to $355.0 million in 2020. In addition, various weather events, such as the North America mid-continent winter storm and major named storms in the Gulf of Mexico caused a significant disruption to crude oil production and supply activities during 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 income of $29.0 million in 2021 significantly decreased compared to $55.0 million in 2020. Operating margins, before adjustment for differences in accounting treatment from U.S. GAAP to IFRS decreased to 9.2% in 2021 compared to 15.5% in 2020. The decrease in operating income and operating margin from 2020 to 2021 correlates to the decrease in revenue and reflects additional costs associated with disruptions and damage to facilities caused by the weather events discussed above. In addition, the Company began to progressively restore certain temporary cost reduction initiatives in the second half of 2021, which resulted in an increase in overall costs.

Production Enhancement

Production Enhancement's 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 in the U.S. onshore market began to significantly decrease starting in March of 2020 due to the global pandemic and bottomed out at a historically low level in May of 2020. Activity levels in the U.S. onshore market began to recover in the second half of 2020, and activity levels for both the U.S. onshore and international markets continued to strengthen in 2021.

Revenue for our Production Enhancement segment of $156.6 million in 2021 increased compared to $132.2 million in 2020. Revenue increased approximately 18.5% in 2021 compared to 2020 primarily driven by a significant increase in the drilling and completion of wells in the U.S. onshore market and some recovery in the international markets. The U.S. average land-based rig count increased approximately 10% in 2021 compared to 2020.

Operating income of $15.2 million in 2021, compared to an operating loss of $133.4 million in 2020. We recorded non-cash charges of $132.6 million for impairment of goodwill, intangible assets and inventory write-down and other charges in 2020. See Note 29 – *Impairments and Other Charges*, and Note 14 – *Inventories* of the Notes to the Consolidated Financial Statements for additional information. This was partially offset by the benefit of cost reduction initiatives implemented during 2020 and reversal of previously recognized stock compensation expense associated with certain employees' long-term stock-based performance awards of $3.6 million that were recorded and allocated to this segment. See Note 21 – *Stock-Based Compensation* of the Notes to the Consolidated Financial Statements. Operating income (loss) in 2020, after excluding these net non-cash charges was a loss of $0.8 million. The increase in operating income in 2021 compared to 2020, was primarily driven by increased activity levels in the drilling and completion of wells as discussed above.

Operating margin, before adjustment for differences in accounting treatment from U.S. GAAP to IFRS, was 9.7% in 2021, compared to a negative margin of 100.9% in 2020. The increased operating margin in 2021 compared to 2020 was primarily driven by the effect of non-cash charges recorded in 2020, as well as some improvement associated with increased activity levels in the drilling and completion of wells, as discussed above. The operating margin for 2020 was breakeven, when excluding the non-cash charges associated with the goodwill impairment, intangible assets and inventory write down.

Corporate and Other

Operating (income) expenses for Corporate and Other are (income) expenses not directly related to a particular segment but pertain to the operation of all of the segments as a combined group.

Liquidity and Capital Resources

We have historically financed our activities through cash on hand, cash flows from operations, bank credit facilities, equity financing and the issuance of debt. Cash flows from operating activities provide the primary source of funds to finance operating needs, capital expenditures and our dividend and share repurchase programs. We believe our future cash flows from operations, supplemented by our borrowing capacity under our Credit Facility and the ability to issue additional equity and debt, should be sufficient to fund our debt requirements, capital expenditures, working capital, dividend payments and future acquisitions. In 2021, the Company continued to generate free cash flow and coupled with the new proceeds from the sales of its shares of $59.1 million, the Company successfully reduced its total net debt by approximately $75 million as of 31 December 2021. In accordance with the terms of the Credit Facility, our leverage ratio is 2.08 as of 31 December 2021, compared to the permitted leverage ratio of 2.5. Our available borrowing capacity under the Credit Facility was $159.6 million. The Company will continue to monitor and evaluate the availability of debt and equity markets.

As we are a holding company incorporated in the Netherlands, we conduct substantially all of our operations through subsidiaries. Our cash availability is largely dependent upon the ability of our subsidiaries to pay cash dividends or otherwise distribute or advance funds to us. There are no restrictions preventing any of our subsidiaries from repatriating earnings, and there are no restrictions or income taxes associated with distributing cash to the parent company through loans or advances. As of 31 December 2021, $5.6 million of our $17.7 million of cash was held by our foreign subsidiaries, including the U.S.

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

	For the Years Ended December 31,	
	2021	2020
Cash provided by (used in):		
Operating activities	$ 52,946	$ 75,272
Investing activities	(10,223)	7,851
Financing activities	(38,826)	(80,409)
Net change in cash and cash equivalents	$ 3,897	$ 2,714

The decreases in cash provided by operating activities in 2021 compared to 2020 was primarily attributable to increased working capital requirements of $22.3 million in 2021 as market conditions and activity levels improved in the second half of 2021.

Cash used by investing activities was $10.2 million in 2021 compared to cash provided by investing activities of $7.9 million in 2020. The variance was primarily due to higher capital expenditures of $13.5 million in 2021 compared to $11.9 million in 2020 and additional proceeds received from company-owned life insurance policies of $20.4 million in 2020.

Cash used in financing activities in 2021 decreased $41.6 million compared to 2020 as a result of; 1) a reduction of $10.6 million in dividends paid, 2) net proceeds of $59.1 million raised in 2021 by issuing common shares through the ATM program, and 3) $71.0 million of proceeds used towards the net reduction in long-term debt during 2021 compared to $46.0 million in 2020. These decreases in cash used were offset by the repurchase of our common shares of $8.3 million in 2021 compared to $2.8 million in 2020.

During 2021, we repurchased 300,568 shares of our common stock for an aggregate amount of $8.3 million, or an average price of $27.47 per share. The repurchase of shares in the open market is at the discretion of management pursuant to shareholder authorization. We regard these treasury shares as a temporary investment which may be used to fund long-term employee stock-based compensation plans or to finance future acquisitions. Under Dutch law and subject to certain Dutch statutory provisions and shareholder approval, we can hold a maximum of 50% of our issued shares in treasury. We currently have shareholder approval to hold 10% of our issued share capital in treasury. On 19 May 2021 at our annual shareholders meeting, our shareholders authorized the extension of our share repurchase program until 19 November 2022 to purchase up to 10% of our issued share capital. We believe this share repurchase program has been beneficial to our shareholders. Our share price has increased from $4.03 per share in 2002, when we began to repurchase shares, to $22.31 per share on 31 December 2021, an increase of 454%.

We expect our investment in capital expenditures to track client demand for our services and products. Given the uncertain trend in industry activity levels, we have not determined, at this time, the level of investment that will be made in 2022. We will, however, continue to invest to fund the purchase of instrumentation, tools and equipment along with expenditures to replace obsolete or worn-out instrumentation, tools and equipment, to consolidate certain facilities to gain operational efficiencies, and to increase our presence where requested by our clients.

Our ability to maintain and increase our operating income and cash flows is largely dependent upon continued investing activities. Substantially all of our operations are conducted through subsidiaries. Consequently, our cash flow depends upon the ability of our subsidiaries to pay cash dividends or otherwise distribute or advance funds to us. We believe our future cash flows from operating activities, supplemented 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.

During 2020 and a substantial portion of 2021, inflationary pressure remained low, therefore the impact of inflation on our results of operations was insignificant. Due to supply chain challenges arising in late 2021 and continuing in 2022, the effect of higher inflation is expected to moderately increase the cost of certain of our raw materials.

As of 31 December 2021, following the retirement in September 2021 of $75 million Series A Senior Notes issued in 2011, we have three series of senior notes outstanding with an aggregate principal amount of $135 million that were issued through private placement transactions. In 2011, we issued senior notes that included Series B Senior Notes which consists of $75 million in aggregate principal amount of notes and bear interest at a fixed rate of 4.11% and are due in full on 30 September 2023 ("2011 Senior Notes"). Interest on Series B of the 2011 Senior Notes is payable semi-annually on March 30 and September 30.

In January 2021, we issued 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"). 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 12 January 2026. Series B of the 2021 Senior Notes consists of $15 million in aggregate principal amount and bear interest at a fixed rate of 4.38% and are due in full on 12 January 2028. Interest on each series of the 2021 Senior Notes is payable semi-annually on 30 June and 30 December.

On 22 June 2020, we entered into the Amendment to 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
30 June 2020 up to and including 30 June 2021	3.00
30 September 2021	2.75
31 December 2021 and thereafter	2.50

Moreover, under the Amendment, the London Interbank Offered Rate ("LIBOR") plus 1.500% to LIBOR plus 2.875% is applied to outstanding borrowings under the Credit Facility, with a 0.500% floor on LIBOR. Interest payment terms are variable depending upon the specific type of borrowing under the Credit Facility. 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. 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 $10.4 million at 31 December 2021, resulting in an available borrowing capacity under the Credit Facility of $159.6 million.

Subsequent Events

See Note 37 – *Subsequent Events* of the Notes to the Consolidated Financial Statements included in this Annual Report for events occurring after the balance sheet date.

Expected Developments

Crude-oil commodity prices have continued to rise during 2021 and early 2022, as growth in production has not kept pace with the resurgence in demand for energy produced from oil and gas. The activities associated with the production of oil and gas are expected to improve in both the U.S. and internationally in 2022. As a result, it is anticipated that crude-oil commodity prices for the near-term will remain supported by increasing demand with only moderate growth in production activities. If crude-oil commodity prices remain at current levels or increase, our clients' activities associated with the energy markets are also expected to increase in 2022 depending on global recovery from the COVID-19 pandemic.

The global supply chain challenges have resulted in certain disruptions to our workflow, however, our operations have managed to minimize the impact for 2021. Currently, we do not anticipate disruptions in our supply chain to have a material adverse impact in 2022. In addition, due to recent high inflation that is affecting the U.S. and most other countries globally, we anticipate our cost of services and cost product sales will increase moderately in 2022.

Our major clients continue to focus on capital management, return on invested capital ("ROIC"), 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 free cash flow and maintain their focus on improving and maintaining a stronger balance sheet, which could constrain future growth in activities associated with the production of oil and gas.

Core Laboratories expects that 2022 capital and operating budgets of oil and gas operators will expand over 2021 levels but also include a higher allocation of capital towards energy transition activities. Some of our major clients have begun investing and developing other renewable sources of energy and focusing on emission reduction initiatives. Core Laboratories is participating in some of these initiatives, which include deployment of technologies and new projects associated with hydrogen or lithium-based batteries, and carbon capture and sequestration. In 2021, there has been moderate improvement in international activity levels, as the international rig count increased to 980 as we exited the year and is up approximately 30% from end of 2020. 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.

On 24 February 2022, a conflict between Russia and Ukraine erupted, which has resulted in disruptions to many industries, including the oil and gas industry and our business. In response to the conflict, the U.S, the European Union and many other countries have imposed sanctions towards Russia. The current sanctions have restricted business activities with Russia and Russian entities and may change and or expand, which could further restrict Core Lab's ability to do business in Russia or with certain Russian entities. Additionally, the Company has suspended local Ukrainian laboratory operations to minimize risk to its employees, and completion product sales delivered through Core's Production Enhancement segment into Ukraine have also been suspended. The current effects from the Russia/Ukraine conflict, as described above, have, thus far, not resulted in a material adverse impact to the Company's financial condition or results of operations.

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. Core Lab believes continued assessment of market conditions, will allow Core Lab, as it has for over 85 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.

RISK MANAGEMENT

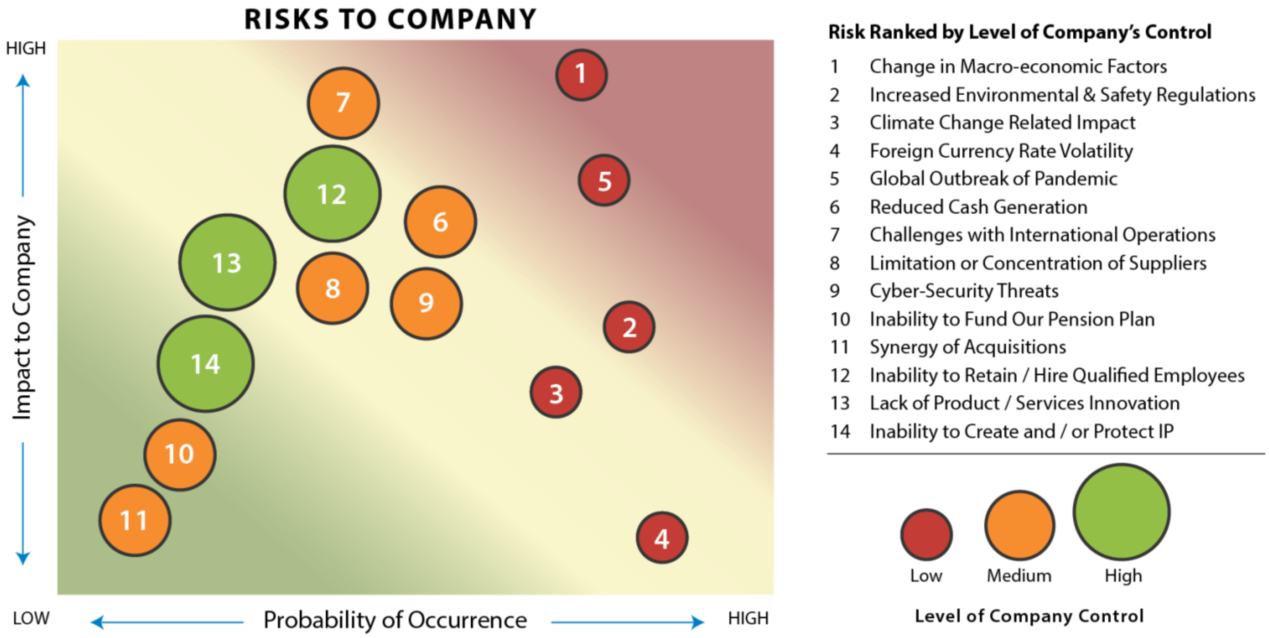
Our forward-looking statements are based on assumptions that we believe to be reasonable but that may not prove to be accurate. All of our forward-looking information is, therefore, subject to risks and uncertainties that could cause actual results to differ materially from the results expected. All known, material risks and uncertainties are discussed below.

Risk Management Approach

Within the Company, risk management forms an integral part of business management. The Company's risk and control policy is designed to provide reasonable assurance that strategic objectives are met by creating focus, by integrating management control over the Company's operations, by ensuring compliance with legal requirements and by safeguarding the reliability of the financial reporting and its disclosures. The Company's risk management approach is embedded in the periodic business planning and review cycle. On the basis of risk assessments, operating division and business management determines the risks related to the achievement of business objectives and appropriate risk responses in relation to business processes and objectives. With respect to financial reporting, a structured self-assessment and monitoring process is used company-wide to assess, document, review and monitor compliance with internal control over financial reporting.

Our Management Board is responsible for the management of the risks that the Company is facing. Our Management Board has implemented a risk management and control system that is designed to ensure that significant risks are identified and to monitor the realization of operational and financial objectives of the Company. Furthermore, the system is designed to ensure compliance with relevant laws and regulations. The Company has designed its internal control system in accordance with the recommendations of the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), which recommendations are aimed at providing a reasonable level of assurance.

We perform a structured self-assessment and cost/benefit analyses, and based on these rankings, we prioritize and allocate more resources on the oversight of and the number of controls for those risks that rank higher on the chart. The Management Board reports on and accounts for internal risk management and control systems to the Supervisory Board and its Audit Committee. The Supervisory Board, through the Audit Committee, has performed oversight in the assessment of significant risks, internal controls and the effectiveness of disclosure controls and procedures of the Company and identified and ranked our risks as follows:



Significant Business Risk Factors

Risk factors associated with the industry in which we operate

Events beyond Core Lab's control, including a global or domestic health crisis, have resulted and may continue to result in unexpected adverse operating and financial results.

The COVID-19 pandemic has significantly reduced demand for our services, and has had, and is likely to continue to have, a material adverse effect on our financial condition, results of operations and cash flows. The effects of the COVID-19 pandemic have resulted in a significant and swift reduction in international and U.S. economic activity. The reduced demand for oil caused by this unprecedented global health and economic crisis, coupled with an oversupply of oil, led to a decrease of oil prices. Government reaction to the pandemic and restrictions and limitations applied by governments, continued widespread growth in infections, travel restrictions, quarantines, or site closures as a result of the virus could, among other things, impact the ability of Core Lab's employees and contractors to perform their duties, cause increased technology and security risk due to extended and company-wide telecommuting, lead to disruptions in Core Lab's logistics and negatively affect customer relationships as a result. All of these factors may impact the timing of the recognition of revenue and results of operations for a particular quarter.

The extent to which our operating and financial results will continue to be affected by COVID-19 will depend on various factors and consequences beyond our control, which will depend on numerous evolving factors and future developments that it is not able to predict, including, but not limited to, the following:

- the length of time that the pandemic continues;
- its effect on the demand for oil and natural gas;
- the response of the overall economy and the financial markets;

- the effect of governmental actions taken in response to the pandemic; and
- the speed and effectiveness of responses to combat the virus, including vaccine development and distribution.

Any of those outcomes could have a material adverse effect on Core Lab's business, financial condition, results of operations and cash flows and could perhaps amplify risk factors described in this Annual Report.

Any cost reduction initiatives that Core Lab undertakes may not deliver the results it expects, and these actions may adversely affect its business.

In response to the financial risks presented by COVID-19, Core Lab implemented a variety of cost-cutting measures which began in March 2020, continued in 2021, and may need to implement additional cost-cutting measures that may adversely affect its business. These cost-cutting measures have included reductions in the quarterly dividend, base salaries of senior executives and annual capital expenditures, employee furloughs, workforce reductions, among other reductions of corporate and operating costs.

In addition, these initiatives could result in disruptions to Core Lab's operations. Any cost-cutting measures could also negatively impact Core Lab's business by delaying the introduction of new products or technologies, interrupting service of additional products, or impacting employee retention. There can be no assurance that additional costs will not offset any such reductions of its operations. If Core Lab's operating costs are higher than expected, or if it does not maintain adequate control of its costs and expenses, Core Lab's results of operations will suffer. If Core Lab is unable to mitigate these or other potential risks related to its cost cutting initiatives, it may disrupt Core Lab's business or could have a material adverse effect on its financial condition and results of operations.

Downturns in the oil and gas industry, or in the oilfield services business, may have a material adverse effect on our financial condition or results of operations.

The oil and gas industry is highly cyclical and demand for the majority of our oilfield services and products is substantially dependent on the level of expenditures by the oil and gas industry for the exploration, development and production of crude oil and natural gas reserves, which are sensitive to oil and natural gas prices and generally dependent on the industry's view of future oil and gas prices. There are numerous factors affecting the supply of and demand for our services and products, which are summarized as:

- general and economic business conditions around the world, including market prices of oil and gas and expectations about future prices;
- the adoption of legal requirements or taxation;
- changes in existing laws, regulations or other governmental actions;
- cost of producing and the ability to deliver oil and natural gas;
- the level of drilling and production activity;
- financial condition of our client base and their ability to fund capital expenditures;
- coordination by the OPEC;
- civil unrest or political uncertainty in oil producing or consuming countries;
- level of consumption of oil, gas and petrochemicals by consumers;
- availability of services and materials for our clients to grow their capital expenditures and to deliver product to market; and
- availability of materials and equipment from key suppliers.

The oil and gas industry has historically experienced periodic downturns, which have been characterized by diminished demand for our oilfield services and products and downward pressure on the prices we charge. A significant downturn in the oil and gas industry could result in a reduction in demand for oilfield services and could adversely affect our operating results.

Changes in macro-economic factors impacting the oil and gas industry may negatively affect our ability to accurately predict client demand, which could cause us to hold excess or obsolete inventory and experience a reduction in gross margins and financial results.

We cannot accurately predict which or what level of our services and products our clients will need in the future. Orders are placed with our suppliers based on forecasts of client demand and, in some instances, we may establish buffer inventories to accommodate anticipated demand. Our forecasts of client demand are based on multiple assumptions, each of which may introduce errors into the estimates. In addition, many of our suppliers require a longer lead time to provide products than our clients' demand for delivery of our finished products. If we overestimate client demand, we may allocate resources to the purchase of materials or manufactured products that we may not be able to sell when we expect to, if at all. As a result, we could hold excess or obsolete inventory, which would reduce gross margin and adversely affect financial results. Conversely, if we underestimate client demand or if insufficient manufacturing capacity is available, we could miss revenue opportunities and potentially lose market share and damage our client relationships. In addition, any future significant cancellations or deferrals of service contracts or product orders could materially and adversely affect profit margins, increase product obsolescence and restrict our ability to fund our operations.

We are subject to the physical effects of climate change, which may adversely affect our business and results of operations.

Core Laboratories operates from locations around the globe and provides services in coastal regions and coastal cities and services related to marine shipping activities of our clients. These locations and activities are susceptible to the physical effects of climate change, such as increased frequency or severity of tropical storm systems, hurricanes, droughts, floods, extreme winter weather, or geologic/geophysical conditions that may result in:

- decreased or lost production capacity;
- loss of or reduced supply chain availability;
- temporary closure of locations due to electricity outages, damages or disruptions caused by extreme weather events;
- displacement of employees; and
- increase in premium for or reduced ability to obtain insurance for property, business interruption and liability.

Risk factors associated with our international presence

We depend on the results of our international operations, which expose us to risks inherent in doing business abroad.

We conduct our business in over 50 countries. Our operations, and those of our clients, are subject to the various laws, regulations and other legal requirements of those respective countries as well as various risks peculiar to each country, which may include, but are not limited to:

- global economic conditions;
- political actions and requirements of national governments including trade restrictions, embargoes, seizure, detention, nationalization and expropriations of assets;
- interpretation of tax statutes and requirements of taxing authorities worldwide, including the United States, routine examination by taxing authorities and assessment of additional taxes, penalties and/or interest;
- trade and economic sanctions, tariffs or other restrictions imposed by the European Union, the United States or other countries;
- civil unrest;
- acts of terrorism;
- fluctuations and changes in currency exchange rates (see section below);
- the impact of inflation;

- difficulty in repatriating foreign currency received in excess of the local currency requirements;
- current conditions in oil producing countries such as Venezuela, Nigeria, Libya, Iran and Iraq considering their potential impact on the world markets; and
- geopolitical conflicts in the countries or regions we operate in, such as the recent Russia-Ukraine conflict.

Historically, economic downturns and political events have resulted in lower demand for our services and products in certain markets. The continuing instability in the Middle East, North Africa, and Ukraine, and the potential for activity from terrorist groups that the U.S. government has cautioned against have further heightened our exposure to international risks. The global economy is highly influenced by public confidence in the geopolitical environment and the situation in the Middle East, North Africa and Ukraine continues to be highly fluid; therefore, we expect to experience heightened international risks, which may include suspension of local operations and delivery of products into the impacted countries.

From time to time, certain geopolitical conflicts may lead to imposition of economic sanctions and associated export controls by the U.S. government. These sanctions may be imposed against certain countries, companies and individuals that may restrict or prohibit transactions involving the countries, companies and individuals identified, which may also restrict or prohibit us in conducting sales and business operation in any of these jurisdictions. The recent geopolitical conflict between Russia and Ukraine has resulted in the U.S. government, European Union and other countries imposing extensive sanctions directed towards Russia. These sanctions may change and be expanded, which could further hinder Core Lab's ability to do business in Russia or with certain Russian entities, which could have a material adverse impact on the Company's financial condition and results of operations.

Our results of operations may be significantly affected by foreign currency exchange rate risk.

We are exposed to risks due to fluctuations in currency exchange rates. By the nature of our business, we derive a substantial amount of our revenue from our international operations, subjecting us to risks relating to fluctuations in currency exchange rates.

Our results of operations may be adversely affected because our efforts to comply with applicable anti-corruption laws such as the United States' Foreign Corrupt Practices Act (the "FCPA") and the United Kingdom's Anti-Bribery Act (the "ABA") could restrict our ability to do business in foreign markets relative to our competitors who are not subject to these laws.

We operate in many parts of the world that have experienced governmental corruption to some degree and, in certain circumstances, strict compliance with anti-bribery laws may conflict with local customs and practices. We may be subject to competitive disadvantages to the extent that our competitors are able to secure business, licenses or other preferential treatment by making payments to government officials and others in positions of influence or through other methods that we are prohibited from using.

We are subject to the regulations imposed by the FCPA and the ABA, which generally prohibits us and our intermediaries from making improper payments to foreign officials for the purpose of obtaining or keeping business. In particular, we may be held liable for actions taken by our strategic or local partners even though our partners are not subject to these laws. Any such violations could result in substantial civil and/or criminal penalties and might adversely affect our business, results of operations or financial condition. In addition, our ability to continue to work in these parts of the world discussed above could be adversely affected if we were found to have violated certain laws, including the FCPA and the ABA.

Because we are a Netherlands company, it may be difficult for you to take legal action against our supervisory directors or us and it may not be possible to obtain or enforce judgments against us.

Although we are a Netherlands company, our assets are located in a variety of countries. In addition, not all members of our supervisory board of directors are residents of the same countries as other supervisory directors. As a result, it may not be possible for you to effect service of process within certain countries upon our supervisory directors, or to enforce against our supervisory directors or use judgments of courts of certain countries predicated upon civil liabilities under a country's federal securities laws. Because there is no treaty between certain countries and the Netherlands providing for the reciprocal recognition and enforcement of judgments, some countries' judgments are not automatically enforceable in the Netherlands or in the United States, where the principal market for our shares is located. In addition, there is doubt as to whether a court in one country would impose civil liability on us or on the members of our supervisory board of directors in an original action brought against us or our supervisory directors in a court of competent jurisdiction in another country and predicated solely upon the federal securities laws of that other country.

Risk factors associated with technology advancement

If we are not able to develop or acquire new products or our products become technologically obsolete, our results of operations may be adversely affected.

The market for our services and products is characterized by changing technology and product introduction. As a result, our success is dependent upon our ability to develop or acquire new services and products on a cost-effective basis and to introduce them into the marketplace in a timely manner. While we intend to continue committing substantial financial resources and effort to the development of new services and products, we may not be able to successfully differentiate our services and products from those of our competitors. Our clients may not consider our proposed services and products to be of value to them; or if the proposed services and products are of a competitive nature, our clients may not view them as superior to our competitors' services and products. In addition, we may not be able to adapt to evolving markets and technologies, develop new products, or achieve and maintain technological advantages.

If we are unable to continue developing competitive products in a timely manner in response to changes in technology, our businesses and operating results may be materially and adversely affected. In addition, continuing development of new products inherently carries the risk of inventory obsolescence with respect to our older products.

If we are unable to obtain patents, licenses and other intellectual property rights covering our services and products, our operating results may be adversely affected.

Our success depends, in part, on our ability to obtain patents, licenses and other intellectual property rights covering our services and products. To that end, we have obtained certain patents and intend to continue to seek patents on some of our inventions, services and products. While we have patented some of our key technologies, we do not patent all of our proprietary technology, even when regarded as patentable. The process of seeking patent protection can be long and expensive. There can be no assurance that patents will be issued from currently pending or future applications or that, if patents are issued, they will be of sufficient scope or strength to provide meaningful protection or any commercial advantage to us. In addition, effective copyright and trade secret protection may be unavailable or limited in certain countries. Litigation, which could demand significant financial and management resources, may be necessary to enforce our patents or other intellectual property rights. Also, there can be no assurance that we can obtain licenses or other rights to necessary intellectual property on acceptable terms.

Our operations are subject to the risk of cyber-attacks that could have a material adverse effect on our consolidated results of operations and consolidated financial condition.

Our information technology systems are subject to possible breaches and other threats that could cause us harm. Although we devote significant resources to protect our systems, there can be no assurance that our systems will prevent or limit the effects of cyber-attacks or will be sufficient to prevent or detect, or to avoid a material adverse impact on our systems when such attacks do occur. If our systems for protecting against cyber-attacks prove not to be sufficient, we could be adversely affected by loss or damage of intellectual property, proprietary information, client data, our reputation, interruption of business operations, or additional costs to prevent, respond to, or mitigate cyber-attacks. These risks could have a material adverse effect on our business, results of operations, and financial condition.

Risk factors associated with our supply chain, resources, liquidity and capital management

We are subject to the risk of supplier concentration.

Certain of our product lines depend on a limited number of third party suppliers and vendors available in the marketplace. As a result of this concentration in some of our supply chains, our business and operations could be negatively affected if our key suppliers were to experience significant disruptions affecting the price, quality, availability or timely delivery of their products. For example, we have a limited number of vendors for our manufactured product lines. The partial or complete loss of any one of our key suppliers, or a significant adverse change in the relationship with any of these suppliers, through consolidation or otherwise, would limit our ability to manufacture and sell certain of our products.

There are risks relating to our acquisition strategy. If we are unable to successfully integrate and manage businesses that we have acquired and any businesses acquired in the future, our results of operations and financial condition could be adversely affected.

One of our key business strategies is to acquire technologies, operations and assets that are complementary to our existing businesses. There are financial, operational and legal risks inherent in any acquisition strategy, including:

- increased financial leverage;
- ability to obtain additional financing;
- increased interest expense; and
- difficulties involved in combining disparate company cultures and facilities.

The success of any completed acquisition will depend on our ability to effectively integrate the acquired business into our existing operations. The process of integrating acquired businesses may involve unforeseen difficulties and may require a disproportionate amount of our managerial and financial resources. In addition, possible future acquisitions may be larger and for purchase prices significantly higher than those paid for earlier acquisitions. No assurance can be given that we will be able to continue to identify additional suitable acquisition opportunities, negotiate acceptable terms, obtain financing for acquisitions on acceptable terms or successfully acquire identified targets. Our failure to achieve consolidation savings, to incorporate the acquired businesses and assets into our existing operations successfully or to minimize any unforeseen operational difficulties could have a material adverse effect on our financial condition and results of operation.

We may be unable to attract and retain skilled and technically knowledgeable employees, which could adversely affect our business.

Our success depends upon attracting and retaining highly skilled professionals and other technical personnel. A number of our employees are highly skilled engineers, geologists and highly trained technicians, and our failure to continue to attract and retain such individuals could adversely affect our ability to compete in the oilfield services industry. In periods of high utilization, there may be a shortage of skilled and technical personnel available in the market, potentially compounding the difficulty of attracting and retaining these employees. As a result, our business, results of operations and financial condition may be materially adversely affected.

We require a significant amount of cash to service our indebtedness, make capital expenditures, fund our working capital requirements and pay our dividend, and our ability to generate cash may depend on factors beyond our control.

Our ability to make payments on and to refinance our indebtedness, to fund planned capital expenditures, and pay our dividend depends, in part, on our ability to generate cash in the future. This ability is, to a certain extent, subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

No assurance can be given that we will generate sufficient cash flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to service and repay our indebtedness or to fund our other liquidity needs. If we are unable to satisfy our debt obligations, we may have to undertake alternative financing plans, such as refinancing or restructuring our indebtedness, selling assets, reducing or delaying capital investments or seeking to raise additional capital. We cannot assure that any refinancing or debt restructuring would be possible or, if possible, would be completed on favorable or acceptable terms, that any assets could be sold or that, if sold, the timing of the sales and the amount of proceeds realized from those sales would be favorable to us or that additional financing could be obtained on acceptable terms. Despite the longer term uncertainty, we expect to be in compliance with our financial covenants within the next twelve months. See Note 3 – *Critical Accounting Estimates and Assumptions* of the Notes to the Consolidated Financial Statements included in this Annual Report for further details.

Disruptions in the capital and credit markets could adversely affect our ability to refinance our indebtedness, including our ability to borrow under our existing revolving credit facility ("Credit Facility"). Banks that are party to our existing Credit Facility may not be able to meet their funding commitments to us if they experience shortages of capital and liquidity or if they experience excessive volumes of borrowing requests from us and other borrowers within a short period of time.

Risk factors associated with the health, safety and environment

We are subject to a variety of environmental and occupational safety and health laws and regulations, which may result in increased costs and significant liability to our business.

We are subject to a variety of stringent governmental laws and regulations, both in the United States and foreign countries relating to protection of the environment, and occupational health and safety. Certain of these laws and regulations may impose joint and several, strict liability for environmental liabilities, such as the remediation of historical contamination or recent spills, and failure to comply with such laws and regulations could result in the assessment of damages, fines and penalties, the imposition of remedial or corrective action obligations, the occurrence of delays or cancellations in permitting or development of projects, or the suspension or cessation of some or all of our operations. These stringent laws and regulations could require us to acquire permits or other authorizations to conduct regulated activities, install and maintain costly equipment and pollution control technologies, impose specific safety and health standards addressing work protection, or to incur costs or liabilities to mitigate or remediate pollution conditions caused by our operations or attributable to former owners or operators.

Additionally, our clients are also subject to most, if not all, of the same laws and regulations relating to environmental protection and occupational safety and health in the United States and in foreign countries where we operate. To the extent existing environmental laws and regulations or any new or more stringently enforced environmental legal requirements significantly increase our clients' compliance costs, pollution mitigation costs or remedial costs, our clients could elect to delay, restrict or cancel drilling, exploration or production programs, which could reduce demand for our products and services and have a material adverse effect on our business, financial condition, results of operations, or cash flows. For example, hydraulic fracturing continues to attract considerable public and governmental attention, both in the United States and in foreign countries, resulting in various controls applied to fracturing activities or locations where such activities may be performed.

Hydraulic fracturing is a process used by oil and gas exploration and production operators in the completion of certain oil and gas wells whereby water, sand or other proppants and chemical additives are injected under pressure into subsurface formations to stimulate gas and, to a lesser extent, oil production. Some countries outside the United States, such as Bulgaria, the Czech Republic and France, currently have imposed moratoria on hydraulic fracturing while other countries, such as Canada, allow fracturing activities but those activities are not as widely pursued as they are in the United States. In the United States, the fracturing process is typically regulated by state oil and gas commissions, but several federal agencies have asserted regulatory authority over certain aspects of the process.

Additionally, a growing number of states have adopted, and other states are considering adopting, legal requirements that could impose more stringent disclosure, permitting and/or well construction requirements on hydraulic fracturing operations, and local governments may also seek to adopt ordinances within their jurisdictions regulating the time, place and manner of hydraulic fracturing activities.

If new or more stringent U.S. or foreign federal, regional, state or local legal restrictions related to the hydraulic fracturing process are adopted in areas where our exploration and production clients operate, those clients could incur potentially significant added costs to comply with such requirements and experience delays, curtailment or cancellation in the pursuit of exploration, development or production activities, which could reduce demand for our products and services.

We are subject to compliance with governmental regulations associated with climate change, energy conservation measures, or initiatives that stimulate demand for alternative forms of energy that could result in increased costs, limit

the areas in which our clients' oil and natural gas production may occur and reduced demand for our services, which may adversely affect our business and results of operations.

Climate change continues to attract considerable public, political and scientific attention in the United States and in foreign countries. In the European Union ("EU"), regulations associated with ESG and sustainability have been, and are being implemented and we anticipate that these regulatory requirements will continue to expand in the EU, the United States and globally. As a result, numerous regulatory initiatives have been made, and are likely to continue to be made, at the international, national, regional and state levels of government to monitor and limit existing emissions of GHGs or implement laws, policies or regulatory initiatives that may contribute to energy conservation measures, stimulate demand for alternative forms of energy or limit areas where fossil fuel production may occur, which may translate into reduced demand for our services.

Investor and societal expectations regarding voluntary ESG disclosures, and consumer demand for alternative forms of energy may result in increased costs, reduced demand for our services, reduced profits, increased risks of governmental investigations and private party litigation, and negative impacts on our stock price and access to capital markets. Our managerial ESG Steering Team is the primary group for overseeing and managing our ESG initiatives. Team members review the implementation and effectiveness of our ESG programs and policies and report on these matters to the Board of Directors. While we have sought voluntary aspirational goals for GHG emission reductions from base year 2018, we note that even with our governance oversight in place, we may not be able to adequately identify or manage ESG-related risks and opportunities, which may include failing to achieve ESG-related aspirational goals. We have published voluntary disclosures regarding ESG matters under an annual Sustainability Report and the Global Reporting Initiative, an international independent standards organization. However, we note that from time to time, statements in those voluntary disclosures may be based on hypothetical expectations and assumptions that may or may not be representative of current or actual risks or events or forecasts of expected risks or events, including the costs associated therewith. Such expectations and assumptions may be prone to error or subject to misinterpretation given the lack of an established single approach to identifying, measuring and reporting on many ESG matters.

Quantitative and Qualitative Disclosures about Financial Risks

See Note 4 – *Financial Risks and Risk Management* of the Notes to the Consolidated Financial Statements included in this Annual Report.

COMMITMENT TO SUSTAINABILITY

Overview

For over 80 years, we have provided advanced innovative technology to enhance our client's crude oil production. We have stayed committed to delivering on our three financial strategies: maximizing free cash flow, maximizing return on invested capital, and returning excess capital to our shareholders. Our business success is powered by our people and their commitment to achieving top results each and every day for Core's clients. As a leading technology service and product provider with a global presence and impact, together we strive to respect the communities and environments in which we do business. We continue to focus on optimizing our business which led to a simplification of our structure, representing our business into two reporting segments. We remained focused on generating maximum amounts of Free Cash Flow, which resulted in the highest revenue to free cash flow conversion ratio among comparable companies. We describe many of the actions we are taking and policies we have adopted in our voluntary 2020 Annual Sustainability Report which has been prepared under the Organization for Economic Co-operation and Development Guidelines and available on our website under the "Corporate Responsibility" link at *http://www.corelab.com/cr/*. The 2021 Annual Sustainability Report is expected to be available and published in August 2022.

Our Commitment and Effects of the COVID-19 Pandemic

As a socially responsible organization dedicated to the health, welfare and sustainability of the communities and people around us, Core Lab committed to the following actions to help alleviate concerns and challenges associated with the spread of COVID-19.

Environment, Health & Safety

We remain committed to maintaining our zero-accident environment, making health and safety a top priority in all of our facilities. To accomplish this, we adopted several health and safety precautions to ensure that our employees, clients, suppliers, and anyone visiting our facilities felt safe. Safety measures included:

1. Increasing the cleaning and sanitation practices at all of our facilities around the world.
2. Requiring facial covering, social distancing and hygiene protocols be followed by anyone entering our facilities.
3. Practicing work from home when possible, and in accordance with local health advisories.
4. Creating a Pandemic Update SharePoint site containing a COVID-19 Dashboard to track cases and response at our facilities, and also to keep our employees up-to-date with the latest information and guidance provided by the WHO, CDC and Core Lab internal policy, process and expectations.

Social and Community

We also took part in several initiatives to assist our 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.

Additionally, we felt that it was important to help our employees find balance between fulfilling their work obligations and taking care of needs in their home environment. Understanding these challenges, we utilized the established process of our Reasonable Accommodation Program under the Americans with Disabilities Act to create our "Global COVID-19 Reasonable Accommodation Program" to assist in supporting our employees' needs and requests for alternative arrangements while dealing with the challenges associated with the pandemic.

Governance

To ensure we are continually operating within governmental mandates and current regulations, we reviewed and updated our global pandemic preparedness policy and created a COVID-19 Symptomatic and Positive Response Plan.

To keep everyone informed with the latest information, we created a global communication plan that included: email blasts, FAQ documents, CoreConnect Articles, flyers and notices outlining Core Lab's health and safety expectations and guidelines.

Integrity

The principles of integrity and ethical conduct are paramount in everything we do and we take this responsibility very seriously. Our continued success depends on a culture of high integrity, ethical and safety standards to get results the right way.

Sustainable Recognition

At Core Lab, we are committed to advancing our environmental, social and governance performance. To demonstrate our continued focus, we have been recognized for the following:

ENVIRONMENT AND WORKPLACE SAFETY

ADVANCING WOMEN'S LEADERSHIP GLOBALLY

SOCIAL RESPONSIBILITY IN SECTOR

These are just a few of the ways in which we demonstrate our commitment to driving transparent and sustainable value. Core Laboratories will continue to maintain transparency with our stakeholders while remaining true to the strategies that have sustained us.

We describe many of the actions we are taking and policies we have adopted on our website, and specifically in our 2020 Annual Sustainability Report, under the "Corporate Responsibility" link at *http://www.corelab.com/cr/*.

United Nations Sustainable Development Goals

In 2019, Core Laboratories undertook an exercise to map our material sustainability topics and relevant metrics to the United Nations Sustainable Development Goals, adopted by the global community in 2014, in order to assess our alignment with the priorities of policymakers and other stakeholders. We continued with this adoption in 2021.

European Taxonomy Regulation for Sustainable Activities

The European Taxonomy Regulation (EU 2020/852) *("EU Taxonomy")* was finalized and published on 12 July 2021, which became effective for as of 31 December 2021 together with the delegated acts adopted subsequently. The EU Taxonomy is intended to serve as a standardized classification system to companies, investors and policy makers, by determining which economic activities can be considered 'environmentally sustainable' in the EU. The results of this classification shall be reported annually on a company-specific basis. As this taxonomy will be developed into a comprehensive and detailed framework in coming years, there is still a level of uncertainty in its application during this initial implementation phase.

Article 9 of the Taxonomy-Regulation identifies the following six environmental objectives:

a) Climate change mitigation;
b) Climate change adaption;
c) the sustainable use and protection of water and marine resources;
d) the transition to a circular economy;
e) pollution prevention and control;
f) the protection and restoration of biodiversity and ecosystems.

The EU has currently published a catalog of sustainable activities in the manner of the EU Taxonomy for two environmental objectives (climate change mitigation and climate change adaptation). By the Delegated Regulations, it is generally determined which economic activities can be considered.

Regarding activities classified as 'environmentally sustainable' in terms of the EU Taxonomy, a distinction between Taxonomy-Eligibility and Taxonomy-Alignment is required. In the first step it is necessary to examine whether an activity is described in the Delegated Regulations, since only those activities can be Taxonomy-eligible. Activities can be considered 'environmentally sustainable' or Taxonomy-aligned if certain criteria are fulfilled. In a second step, an additional evaluation has to be executed to identify if the specified technical screening criteria in the Delegated Regulation are met.

For the initial reporting year, 2021, the EU Taxonomy disclosure requirements were reduced, whereby only the portion of Taxonomy-eligible and Taxonomy-non-eligible economic activities associated with consolidated turnover (revenue), capital expenditures and operating expenditures are disclosed under the environmental objectives of climate change mitigation and climate change adaption.

For the year ended 31 December 2021, the Company's business activities were analyzed and mapped to the activities stated in the EU Taxonomy, under Delegated Act (EU) 2021/2178. We determined, with the assistance from our consultant, that none of our revenue-generating activities or operating expenses are eligible under the taxonomy. Revenue was based on "Total Revenue" in our consolidated statement of profit or loss. Certain of our facilities consume renewable energy as a source of power, however, the EU Taxonomy and the delegated acts implemented currently do not consider operational expenses associated with the use of renewable energy a taxonomy-eligible activity. Total operational expenditures are determined based on non-capitalized costs that associated with research and development, building renovation, short-term lease, maintenance and repair, and any other direct expenditures relating to property, plant and equipment.

For the year ended 31 December 2021, we assessed our capital expenditure and identified relevant activities from the additions to property, plant and equipment, intangible assets and right-of-use assets during the year. See Note 7 – Property, Plant and Equipment, net; Note 8 – Lease Assets and Liabilities and Note 9 – Intangible Assets, net, of the Consolidated Financial Statements for the details of additions during the year. We determined that approximately $4.5 million or 19% is substantially associated with energy efficiency improvement measures on installation, maintenance and repair of energy efficiency equipment in our facilities and transport by passenger cars and light commercial vehicles under leasing arrangements, and are considered taxonomy-eligible capital expenditures.

We will continue to monitor the legislative developments, update our analysis and disclosures as required.

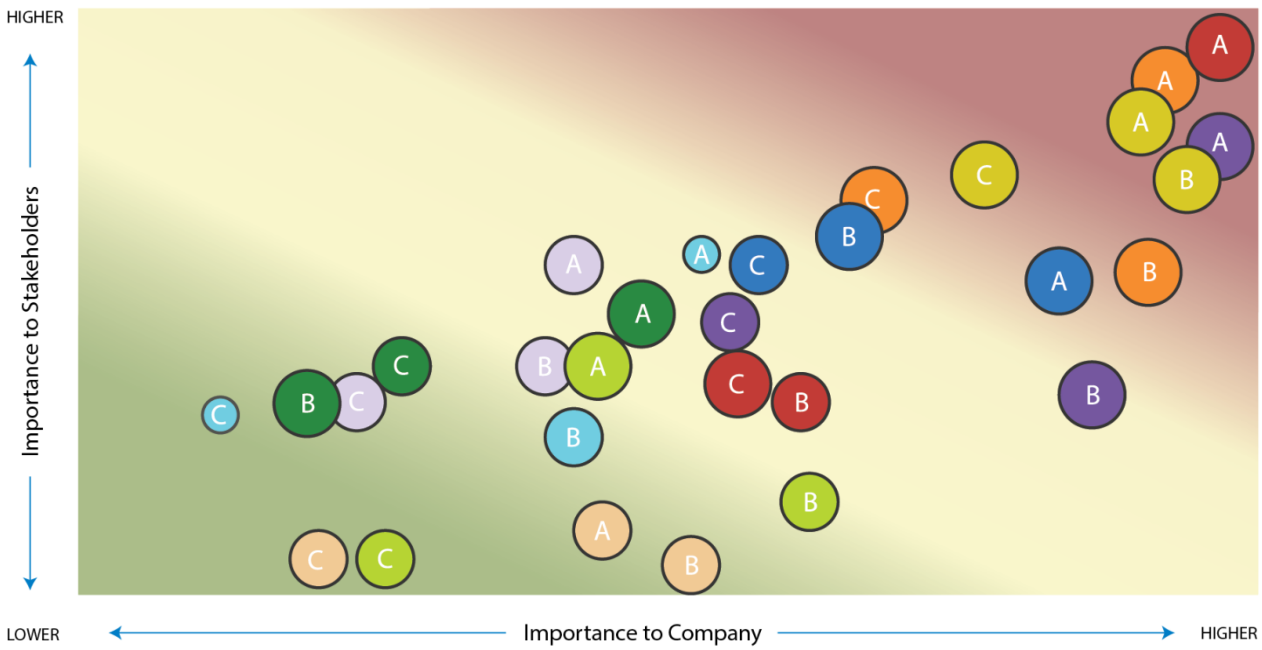
Materiality-Based Value Creation

Material Issues for Core Lab

We selected a list of themes of varying importance to the Company and its sustainability. Alongside traditional priorities such as social and economic aspects, our stakeholders are increasingly interested in environmental aspects and innovation. The list of themes below represents a wide range of topics of interest, and were used to survey the Company's management team and employees to measure:

- Importance to Stakeholders,
- Importance to the Company, and
- Degree of Control Maintained by the Company.

MATERIALITY MATRIX



HSE

A Health and Safety of Company Employees
B Company Security of its Property
C Workplace Violence

Financial

A Economic Performance
B Company Policy Compliance
C Investment Policy

Operations

A Customer Satisfaction
B Complaint Handling
C Risk Management

Governance

A Transparency
B Supervisory Board / Corporate
C Stakeholder Dialogue

Ethics

A Anti-Corruption
B Business Ethics
C Legislation and Regulation Compliance

Business Development

A Innovation of Products and Services
B Marketing and Communications
C Market Presence

Human Resources

A Workplace Discrimination
B Workplace Well-Being
C Workplace Balance

Community

A Financial Crisis
B Widely Available Education
C Political Instability

Suppliers

A Reliability of Supply
B Vendor Assessments
C Supply Chain Responsibility

Climate Change

A Energy Usage and CO2 Emissions From Operating Locations
B Energy Generation From Low Carbon Sources
C Climate Change Which Could Affect Business Locally and Globally

CORE VALUES AND BUSINESS ETHICS

To ensure that Core Lab and its employees operate at the highest level of ethical conduct and behavior; we have established:

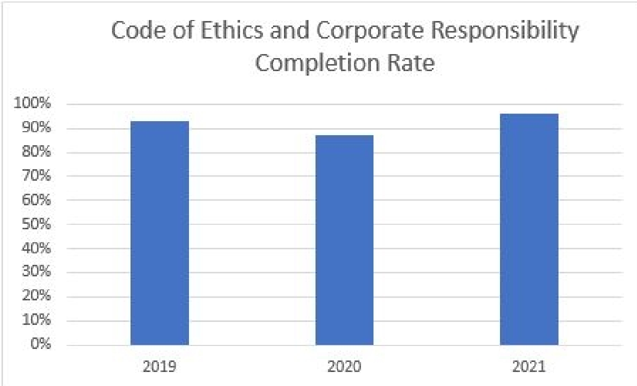
- Company-wide Ethics Program and Code of Ethics and Corporate Responsibility
- Designated Compliance Officer
- Full-time (24/7) Helpline to the Compliance Officer available for reporting any suspected wrongdoing or for obtaining answers on ethical, technical or other questions
- Annual training and certification of compliance with the Code of Ethics and Corporate Responsibility
- Enforcing Company policy against retaliation
- Posters at each office with our Code of Ethics and Corporate Responsibility and Helpline access information
- Zero tolerance on unethical conduct, including termination
- Annual reporting of conflicts of interest and reportable transactions
- Employee review of the Law Departments' Anti-Bribery and Export Control Presentation on an annual basis

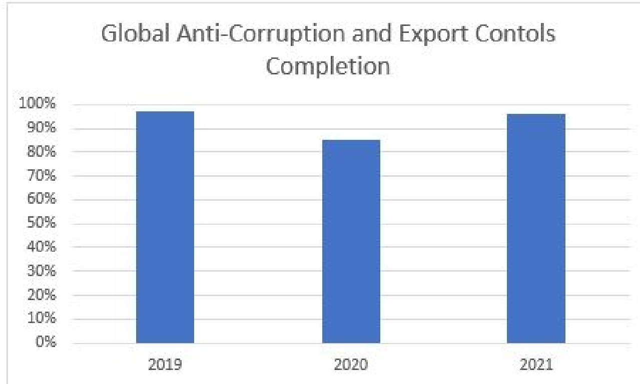
Core Compliance and Ethics

Our global Compliance and Ethics program is led by our Corporate Safety and Compliance Officer ("CCO") who reports to the General Counsel, Senior Vice President and Secretary. Our CCO provides regular updates to the audit committee of Core Laboratories' supervisory board of directors. The supervisory board of directors plays a critical and active role in overseeing the company's ethics and compliance program. Our compliance and ethics program is enforced by corporate management who send a clear message that misconduct is not tolerated. Our program is designed for maximum effectiveness in preventing and detecting wrongdoing. Our culture of ethics and integrity defines who we are as a company and how we treat each other, our clients, and our suppliers. Through effective, established policies and procedures, we have incorporated a culture of compliance into our day-to-day operations. We summarize our ethical principles in the company's Code of Ethics at *https://www.corelab.com/cr/business-ethics*.

Our global workforce is provided with resources to help them succeed and to promote and recognize ethical choices. We create awareness through annual and periodic training and communication. In addition to our annual training, we provide periodic presentations regarding the following topics:

- Anti-Corruption and Compliance
- Export Controls and Sanctions Compliance
- Code of Ethics and Corporate Responsibility





Employee Ethics Hotline

Core Lab has an efficient and trusted mechanism by which employees can anonymously or confidentially report allegations of a breach of the company's Code of Ethics, company policies, suspected or actual misconduct, fraud, or human rights violations. Our complaint handling process includes pro-active measures to create a workplace atmosphere without fear of retaliation, appropriate processes for the submission of complaints and processes to protect whistleblowers.

A hotline, email and mail are the primary means for employees to raise concerns. The CCO sorts, categorizes and routes complaints to proper personnel. All legal matters are reviewed and resolved by the Company's General Counsel. Face-to-face meetings with the company's General Counsel or CCO is also encouraged. Independent arbitration is also supported.

Investigation of Misconduct

Core Lab has processes in place to ensure company investigations of any allegations or suspicions of misconduct by the company or its employees, are properly scoped, independent, objective, appropriately conducted and properly documented. Applicable investigative findings are communicated to appropriate middle and senior management. The company's response to investigations is documented, including any disciplinary or remediation measures taken.

Code of Ethics

Core Laboratories maintains a corporate self-governance and compliance program that is specifically structured to ensure that the Company and its employees operate at the highest level of ethical conduct and behavior. Core Laboratories' Ethics Program has been recognized as a model for other private and regulatory organizations.

This Code of Ethics and Corporate Responsibility covers a wide range of ethical business practices and corporate social responsibility matters. It sets basic principles to guide all employees and all non-employee Management Board and Supervisory Directors.

Conduct Business in a Legal Manner

First and foremost, obey the law, both in letter and in spirit. This is the foundation on which the Company's ethical standards are built.

Respect for Others

Core Laboratories promotes a work environment that encourages trust, mutual respect, support, honesty, accountability and responsibility. This includes respecting all those we work with whether fellow employees, clients, vendors or the community.

Corporate Responsibility

Being a good corporate citizen extends beyond the walls of our workplace. Awareness of human rights, fair employment practices and protection of the environment are integrated into our business strategy and decision making.

People and Safety

We accept responsibility for the health and safety of our workforce. We are committed to conducting our business in compliance with all environmental and worker health and safety laws. Our goal is to drive an accident-free workplace through our various safety programs and initiatives. As a result of the coronavirus disease 2019 ("COVID-19") pandemic, the Company has implemented continuity plans across the global organization to protect the health of our employees while continuing to service our clients.

Conduct Business in an Ethical Manner

Through our exceptional technology offerings and hard-working talented employees, we strive to earn our clients' business through excellent service, products and fair dealing. This goes so far as to ensure that our suppliers and contractors also have policies and procedures in place that meet the Core Lab Standards.

Employee Reporting Process

To drive awareness and action to supporting the Code of Ethics and Corporate Responsibility within the company, all employees, no matter the level, are accountable for reporting any illegal or unethical behavior. Core Lab is committed to addressing and reporting any violations should they arise.

Safeguarding Information and Assets

Honesty and accuracy in data reporting is paramount in driving consistent record keeping. All employees are committed to protecting the company's assets including proprietary information and ensuring their efficient and proper use.

Fraud Prevention

Core Laboratories believes it promotes a positive workplace environment through the following:

- Background Investigations and Reference Checks - These investigations, which include verifying a candidate's education, employment history, criminal record, and professional references, are performed for all individuals being considered for employment.
- Delegation of Responsibility – Management has developed policies and procedures to ensure that employees to whom significant responsibility have been delegated have the necessary skills and experience.
- Effective Human Resources ("HR") – HR manages Company directives and related practices inclusive of training and regular performance evaluations.
- Management and Development – The Company has an HR department that promotes the management and development of effective human resources programs.

Presentations and training are provided throughout the Company during the year regarding the following topics: Anti-Bribery, Contract Governance, Export Controls, and Fraud Prevention.

Deterrence, Detection, & Remediation of Fraud

The Company's anti-fraud program and controls have been implemented throughout the Company and are considered an entity-level control which management relies upon to establish the Company's "tone at the top" relative to fraud and financial reporting.

The program and controls address each element of the *Internal Control-Integrated Framework (2013)* issued by the COSO framework. Accordingly, it is tested at Corporate, at Level 1 locations, and Level 2 locations selected for entity-wide testing and through the use of internal controls. Evaluation of the design effectiveness of the anti-fraud program has been performed through a detailed analysis of specific organizational policies and procedures. Discussions with management identify documentation critical to establishing the Company's "tone at the top" (e.g., Code of Conduct, ethics hotline policy, etc.) and each item is compiled and reviewed for appropriateness and availability to appropriate personnel.

Conflict Minerals

The term "conflict minerals" refers to certain minerals being tin, tantalum, tungsten and gold, the metal ores from which these minerals are extracted, or their derivatives. The "conflict minerals" term originates from the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Act") and associated rule issued by the U.S. Securities and Exchange Commission ("SEC"). The SEC rule and related parts of the Act were issued in response to violence and human rights violations in the mining of those minerals from the Democratic Republic of the Congo ("DRC") and adjoining countries (the "Conflict Region").

The SEC rule requires SEC registrants to disclose, on an annual basis, whether the products they manufacture or contract to manufacture contain conflict minerals that are "necessary to the functionality or production" of those products, and if so, certain information about the source of those conflict minerals.

In response to the Act, we formed a multi-disciplinary task force early in 2014 to examine all products that we either directly manufacture or contract with third parties to manufacture to determine which of our products, if any, contain conflict minerals. The review of our supply chain associated with these conflict minerals is now included in our yearly routine review of supplies and the supply chain management policy and process. During this process, we evaluate 100% of the parts and materials necessary to the functionality or production of products, manufactured by us or contracted to be manufactured for us. In the yearly reviews since 2014, we have concluded that, while some of our products contain conflict minerals, the information we obtained shows that all of those conflict minerals came from countries outside of the Conflict Region.

Alignment to Vision

The ethical sourcing of minerals is an important part of our mission to ensure safe and fair working conditions in our supply chain. We strive to use only conflict-free minerals in our products.

Discrimination and Harassment Policy

Policy against workplace discrimination and harassment

At Core Laboratories, each and every employee, supervisor, manager and executive is responsible for preventing harassment by:

- Treating others with courtesy and respect in all work relationships.
- Eliminating harassing conduct, including unwanted touching, or comments or behavior that is sexual, sexist, racially or religiously based, or otherwise discriminatory.
- Reporting harassment to the HR Manager or generalist for their Business Unit, the Director of Human Resources, or to the Law Department via the Ethics Hotline at Ethics@corelab.com.

Core Laboratories recognizes that ascertaining whether a particular action or incident is purely a person, social relationship without a discriminatory employment effect will require a factual determination based on all facts in the case. Therefore, Core Laboratories diligently investigates every alleged harassment claim and effectively remedies them when an allegation is determined to be valid.

Core Lab's Code of Ethics and Corporate Responsibility includes anti-discrimination policies against our stakeholders regarding respect for others and global human rights, in addition to our Equal Employment Opportunity Policy which states, in part:

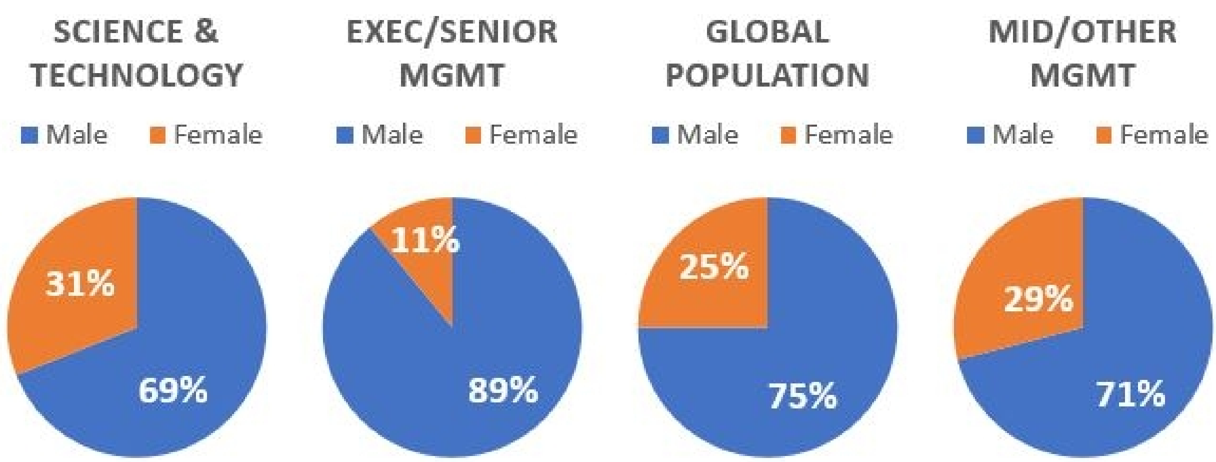
It is the policy of Core Lab to provide equal employment opportunity in conformance with all applicable laws and regulations to individuals who are qualified to perform job requirements.

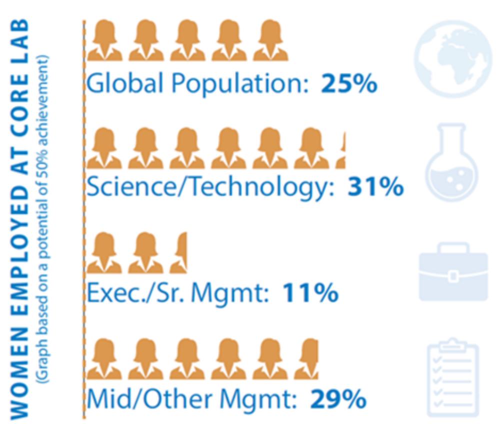
EMPOWERING PEOPLE

Our Global Workforce

Who We Are

Scientific innovation, industry leading technology, diversity of solutions – it is who we are. Our talented workforce is as diverse as our business presence. The Core Laboratories community is represented on six continents in more than 50 countries around the world. We have approximately 3,700 employees and speak over 30 languages. Each one of us is different; our talented people bring their own experiences, backgrounds and perspectives, which is paramount to our success.





Our Global Diversity & Inclusion Strategy

At Core Lab, we aspire to attract a diverse group of employees and create an inclusive work culture where differences are valued. We want our employees to feel supported and encouraged to collaborate, learn and grow because we recognize the unique perspectives and thoughts that all people bring to our environment stimulates innovation and generates out-of-the-box solutions that benefit our employees, clients, and industry.

We recognize that gender diversity is vital for driving more innovation and an openness to collaboration and we have taken a step forward greater outreach to women by participating in the following events and initiatives.

Events:

- Participated in the IPAA/PESA Extern Program providing shadow opportunities to female and minority high school students pursuing careers in the oil and gas industry
- Joined the Greater Houston Women's Chamber of Commerce ("GHWCC") Education Committee
- Pledged mentor support for the GHWCC "Love What You Do" mentor program for female college students
- Featured women's advancement articles in our CoreConnect Newsletter
- Targeted women's groups and organizations for future recruiting efforts
- Joined the PTSD Foundation of America in supporting their Camp Hope facility in Houston, Texas

Human Rights

Core Laboratories is committed to the optimum utilization of human resources. The Company is committed to providing positive, productive and supportive work environments throughout its global operations. The Company has established programs to attract, develop and retain a highly talented workforce that is representative of the regions in which it operates.

Our Approach

Core Lab is located and does business in various environments and diverse cultures. Wherever Core Lab operates, certain principles consistently apply to the Company's relationships with its employees and its expectations of conduct in the workplace.

Core Lab's Code of Ethics and Corporate Responsibility provides a worldwide framework for responsible operations and is consistent with the spirit and intent of the Fundamental Principles and Rights at Work of the 1998 International Labour Organization ("ILO") Declaration. The ILO Declaration sets an obligation on Member States to promote and realize the following principles:

- Freedom of Association and effective recognition of the right to collective bargaining
- Elimination of all forms of forced or compulsory labor
- Effective abolition of child labor
- Elimination of discrimination in respect of employment and occupation

Freedom of Association

Core Lab recognizes and respects its employees' right to join associations and choose representative organizations for the purpose of engaging in collective bargaining in a manner consistent with applicable laws, rules and regulations as well as local customs as appropriate.

As of 31 December 2021, less than 10% of our workforce had elected to be represented under collective bargaining agreements or similar-type labor arrangements, the majority of which are outside the United States.

Policy Against Compulsory Labor

Core Lab does not utilize forced or compulsory labor. Core Laboratories recruits its employees and provides working conditions and hours, including payment of wages and benefits that comply with applicable laws and regulations. Management will focus on reducing excessive overtime.

Policy Against Child Labor

Throughout Core Lab's worldwide operations, we prohibit the use of children in our workforce. All Core Laboratories employees are at or above the legal employment age in the country of their employment.

Corporate Citizenship

Global Support

Core Laboratories supports local communities all over the world through our contributions of resources and the involvement of our employees, particularly when we can leverage our technical capabilities to provide a higher level outcome for those that we are supporting.

Improving Worldwide Technology

We prefer to support efforts aimed at improving education in science, technology and business. It is our way of giving back to the community in order to improve career and social opportunities for young adults around the globe.

Helping Hands Program

The Helping Hands Program builds prosthetic hands that are donated to amputees who are victims of landmines.

A joint workshop was facilitated by Woodside Petroleum and 30 staff from Core Lab Malaysia. These volunteers helped build prosthetic hands while becoming more aware of how hand injuries can have a devastating effect on the livelihood of employees and their families.

SOS Children's Villages

SOS Children's Villages International is a global federation working to protect and care for children who have lost parental care, or who stand at risk of losing it. They work with communities, partners, and states to ensure that the rights of children, in every society, are fulfilled.

Core Lab supports SOS Children's Villages International to ensure those children most in need can have a brighter future and ultimately help their communities lift themselves out of poverty.

Jet-Net

Jet-Net, Youth and Technology Network Netherlands, is a joint venture between Dutch companies and pre-college schools in the Netherlands. Companies involved in this program help schools enhance the appeal of their science curriculum through a variety of activities.

In 2020, Core Lab participated virtually in the initiative by giving guest lectures and supporting a program enabling students to become acquainted with technical professions and gain a better understanding of their future career prospects in industry and technology.

Extern Program

Core Lab representatives from every business unit participate in hosting students interested in pursuing careers in the oil industry; this program provides insight and hands-on experience that will help them decide their future path.

Faces of Freedom

Freedom Service Dogs trains highly specialized service dogs for returning veterans in need. These dogs are trained to assist veterans with post-traumatic stress disorders, traumatic brain injuries, amputations, mobility constraints and other limitations, helping them find a new level of independence when transitioning back into society.

Since 2013, Core Lab has led the effort to raise over $3 million. Core Lab's monetary and fund-raising contributions and program commitment supported the training and placement of 5 service dogs with veterans in 2021. Each dog costs approximately $35,000 to raise and train and are given at no charge to veterans for life.

The 2021 Faces of Freedom event in Midland on 17 September hosted 350 participants and over 50 volunteers and raised $240,000.

PTSD Foundation of America – Camp Hope

The mission of the PTSD Foundation of America is to bring hope and healing to Combat Veterans and their families suffering from the effects of combat-related Post Traumatic Stress. Through their rehabilitation facility, Camp Hope, they are dedicated to decreasing the suicide rate of combat Veterans suffering from PTSD by providing onsite housing for Veterans while they work through an intense, peer-to-peer, six-month recovery program.

In 2020, Core Lab joined the PTSD Foundation of America in supporting their Camp Hope facility, located in Houston, Texas, through a fundraising effort that raised nearly $3,000, exceeding Core Lab’s contribution goal.

JAM – Joint Aid Management

Joint Aid Management (“JAM”) is a South African based non-profit organization working in Mozambique since 1984. The JAM program seeks to empower communities and school children with agricultural skills and at the same time building resilient communities in food security programs.

Core Laboratories partnered with JAM to design, facilitate and sponsor the rehabilitation of the school dwelling and desks for the Mapihe Primary School of which 126 children will attend.

Political Neutrality

Core Laboratories does not contribute or donate cash or any of its resources to any political parties or political candidates.

Building a Talented Workforce

Core Lab's talented workforce is as diverse as our business presence. We respect the diversity within our global employee base because we believe this is what makes us stronger and gives us a cutting edge. To maintain and foster more diversity, Core Lab strives to ensure an equal employment opportunity workplace free of harassment and discrimination while creating a harmonious environment where our employees are encouraged to learn and grow from the different perspectives around them. Our priority is to ensure we have the ability to attract and retain a talented workforce without regard to race, ethnicity, color, national origin, religion, creed, gender, sexual orientation, marital status, ancestry, disability, age, political affiliation, or any other legally protected status.

Organizational and Employee Development

At Core Lab, we make a commitment to support our workforce in multiple ways to be proactive toward their personal development and their career. To assist in ensuring the programs we develop for our employees are accessible and executed with the highest quality standards and objectives, we utilize a Talent Management System which provides our employees an online suite of integrated tools designed to support the “Employee Life Cycle” in five key areas of talent management: Recruitment, Performance Management, Succession Management, Learning Management and Total Rewards. By creating visibility in these areas, we are driving consistency and clear expectation towards the execution of business strategies, goals and objectives.

Leadership Competencies

At the heart of our Employee Life Cycle is our framework of leadership competencies which provide a foundation for driving excellence. Each of our five defined leadership levels (Executive Leader, Business Leader, Operational Leader, Frontline Leader, and Individual Contributor) has relevant competencies assigned to it. In addition, there are four Core Competencies for all our employees that communicate the core values we share as a whole.

These competencies help us identify and describe the behaviors, skills, knowledge, attitudes and abilities that we use to promote our development culture while strengthening Core Lab’s capability to meet future challenges and needs. We actively encourage competency development as essential towards professional and career development.

Performance Management and Career Development Planning

Core Lab's annual Performance Management cycle is an ongoing process that enables managers and employees to collaborate throughout the cycle to:

- Clarify expectations and set business goals and development objectives
- Track employee progress on goal completion, allowing managers to offer coaching and feedback along the way
- Conduct a final review of the employee's performance at the end of the year

This process is designed to help employees understand where they add value to the organization, provide focus on and discussion around career aspirations, and reward employees for high performance.

Employee Self Evaluations

During the Review portion of our performance cycle, employees had an opportunity to voluntarily complete a self-evaluation of their performance. This gave our employees a voice in the review of their accomplishments and completion of performance goals.

In 2020 over 75% of our employees completed their self-evaluation, a year-over-year increase in excess of 5%. This improvement reflects our sustained focus on the value performance management, SMART goals and employee engagement brings to our company. Moreover, it clearly illustrates our employees' commitment to their performance and the overall success of the organization.

Coaching and Feedback

Providing ongoing feedback and coaching is a prime driver for creating an environment where people have the clarity, engagement, and energy to deliver great results. At Core Lab, managers are actively encouraged to provide on-going coaching and feedback to their employees throughout the year to ensure a successful outcome for business and development goals. To help managers successfully implement and execute in this area, several training platforms are made available and are among our highest requested trainings.

Employee Development

Throughout the year, we actively encourage our employees to focus on their professional and career development needs. An on-line competency based development plan template is available and is designed to be an on-going plan that evolves with the employee as they continue their career with Core Lab. Employees and managers engage in discussions to create the plan, focusing not only on current development needs but also development needs for any possible future positions.

Succession Planning

Core Lab's commitment to building a strong pipeline of future leaders in our organization is stronger than ever. One way that we identify and develop the individuals capable of rising to higher levels is through our Succession Management Process.

The Process

The process begins following performance review, goal setting and development planning activities, enabling us to be proactive around strategic human capital planning and career development. We focus on assessing talent capabilities, identifying successors for critical positions, and ensuring candidate readiness in the organization. We currently have 1:1 coverage for 75% of our critical positions, meaning that a person identified as a successor for one role has not also been identified as a successor for another role. This allows us to focus the development of those individuals to the specific role he or she is in line to move into.

Talent Calibration Meetings are held throughout the organization to review key talent, agree on succession plans, and identify key talent, agree on succession plans, and identify key actions to prepare employees for their next positions. We make choices for successors based on consistent criteria, utilizing and linking to our competency model.

Targeted Development Plans

Targeted development plans are encouraged for all people included in the talent pool. The development plans tie to our Learning Management System where we can leverage the learning curriculum and assign training based on leadership level and needed development.

Learning and Development

Core Lab is committed to empowering our employees to continue their educational development in order to grow their career potential.

We believe our people are amongst the biggest assets contributing to the success of our organization. This hinges on the knowledge, skills and abilities these individuals bring into our organization as well as the knowledge, skills and abilities we help them develop over time. This is why Core Lab is committed to supporting and offering a wide range of technical and non-technical development opportunities to our employees.

Educational Assistance Program

This program provides employees with opportunities to earn a university degree that enhances their ability to perform in their current or future job responsibilities by reimbursing a portion of tuition costs. Due to the COVID-19 pandemic and our resulting cost reductions program, this program has been temporarily suspended. The program will be reinstated once the industry recovery becomes more stable.

Continuing Education Program

Much like the Educational Assistance Program, the Continuing Education Program is designed to assist employees in fulfilling their desire for continued growth and development. This program specifically focuses on technical competence and reimburses employees for the costs related to obtaining professional licensing and certifications. Due to the COVID-19 pandemic and our resulting cost reductions program, this program has been temporarily suspended. The program will be reinstated once the industry recovery becomes more stable.

Flagship Leadership Development Program

Core Leadership Essentials I

Introduces first time managers, supervisors, field and team leads to the essentials needed to build the foundation to manage and lead teams. Although we are continually revising material to ensure we are providing information to meet the needs of these new leaders, this 4-day program typically focuses on Behavioral Awareness, Communication, Delegation, Motivation, and Coaching.

Core Leadership Essentials II

The second installment in our Flagship Leadership Development Program is designed for mid-level managers. It focuses on the leadership skills needed to support their transformation from leading teams to leading managers and works to help build skills in the areas of Strategy, Change, Presentation Skills, and Adaptive Leadership.

Business Leadership Program

This program is reserved for our senior business leaders and is designed to build these leaders' capability to lead Core Laboratories into the future. Working in partnership with the University of Rotterdam Erasmus School of Management to deliver this program, we are able to provide information in the areas of Leadership, Strategy and Customer Focus, Financial Management and Change Management. The nineteen-day program is delivered over a nine-month period, providing the participants time to digest the information which will enable them to apply the newly learned skills in the work environment.

Learning Management System

Core Lab's Learning Management System allows our employees to manage their learning on-line through their personalized transcript. They are able to browse for relevant training opportunities, register for training, and complete course evaluations through the system.

Building on our 2019 efforts to enhance our learning offering through a partnership to offer online training, 2020 saw a focus on helping everyone in our organization embrace their own development and make best use of this valuable resource, as well as through the delivering of our "Development Planning and Resources" sessions resulting in a four-fold increase in utilization of the online learning environment.

In 2020, Core Lab relaunched its Technical Training and Functional Competency program with the aim of identifying the key skills required across the business, building our organizational capability and maximizing the development potential of key employees. The program starts with the identification and assessment of the key competencies required to perform the vital functions that support safe and efficient operations. The program allows us to develop career paths and build the required technical and leadership competence that underpins our company.

Engaging Employees

Why It's Important

We are a people-driven company and, as a result, our employees are our greatest asset. We are committed to engaging our employees on our progress and core values that define us as a company. We believe that the more our people feel engaged and aligned to our business and goals, the more likely they are to invest and contribute to our success. We would not be the company we are today without our talented network of employees, it is critical that we demonstrate to them the importance of their contributions and value.

myCORE Experience

To drive understanding of our employment culture, the Company connected with various employees and managers around the globe to understand the Core Lab experience from their perspective. The results created a snapshot of the employee experience. It defines who we are and is used within the Company and publicly to tell our story.

Core Lab LINKEDiN Page

Our vision is to attract, connect and engage in a meaningful way with clients, employees, the global community and future talent by sharing the Core Lab story through social media partnerships. We want to grow our following using social media as a medium to share all the great things we accomplish.

CoreConnect

A communication initiative to drive connection and engagement between employees and executive leadership has been established.

The initiative has been branded as "CoreConnect" and shares information in different forms with the goal of continuous engagement. For example, a CoreConnect newsletter goes out quarterly to the approximately 3,700 employees. In addition, a live event is held annually which allows employees to ask questions to the executives in person.

These communications – periodic emails, quarterly newsletters, quarterly reports, and annual live events – are well received by Core Lab employees and these communications greatly benefit the overall corporate culture.

Total Rewards

Core's Performance Management & Total Rewards Approach

Performance Management

As part of our workforce engagement strategies, Core Laboratories has established a Performance Management process. The objective of this process is to provide:

- Timely and planned feedback regarding performance in relation to the requirements of the position
- A management tool designed to ensure that organizational requirements are met by measuring, tracking and improving employee productivity and development
- A structured opportunity for management and the employee to discuss individual capabilities, career interests and development
- An objective basis for salary change recommendations related to the annual merit process or promotion considerations
- Tools for attracting, motivating and retaining a talented workforce that can achieve business results
- Our benefits programs are country-specific enabling our compensation programs to be designed to deliver competitive base salaries

Total Rewards

At Core Lab, we use a Total Rewards approach which is aligned to our business strategy and country-specific market influences. The basic foundation of our Total Compensation model is hinged on our three financial tenets, which have consistently driven our business results throughout our Company's history. We offer competitive compensation and benefit programs in each country where we operate. We set and review annually the pay ratio calculated between our Chief Executive Officer and the average annual total compensation of employees on full time employee basis. We compare the pay ratio with the changes in the employees' average annual total compensation and changes in the Company's revenue to evaluate these metrics relative to the pay ratio. The information is presented in our Remuneration Report that may be reviewed at our website at *www.corelab.com/investors/financial-report*.

Total Rewards at Core Lab not only encompasses competitive compensation and benefits, but also personal and professional growth opportunities within a global performance culture.

ENVIRONMENT PERFORMANCE

To protect the environment and its natural resources; it is the goal of Core Laboratories to be recognized by our clients, employees, and community as a responsible business committed to reducing impact on the environment in all business activities. We will:

- Comply with all applicable local, state, and federal environmental laws and regulations;
- Be responsible for protective environmental management;
- Focus on research and development of products that minimize impact on the environment; and
- Educate all employees on their roles and responsibilities for protecting the environment.

Minimizing Environmental Impact

We recognize the diversity of the communities and people where we operate. We commit that we will act responsibly and will obey all applicable laws, minimize the impact of our operations on the environment, protect the communities' safety and respect cultural backgrounds.

Environmental Performance

The United Nations (“UN”) Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption. By doing so, businesses, as a primary driver of globalization, can help ensure that markets, commerce, technology and finance advance in ways that benefit economies and societies everywhere. This ever-increasing understanding is reflected in the Global Compact's rapid growth. With over 8,700 corporate participants and other stakeholders from over 130 countries, it is the largest voluntary corporate responsibility initiative in the world. The Global Compact is global and local; private and public; voluntary yet accountable.

The Global Compact incorporates a transparency and accountability policy known as the Communication on Progress ("COP") which is mandatory to communicate to our stakeholders. Since 2002, certain operations within our Reservoir Description business segment joined the UN Global Compact. In February 2022, the Company and all its business segments accepted participation in the UN Global Compact, and we are committed to building a sustainable future.

Alternate Energy Sources

The Company may choose responsible alternative sources of electricity when there are options available, in contribution to our efforts to reduce greenhouse gas ("GHG") emissions. For example, we may have the option to use electricity from a renewable source in place of electricity generated from a non-renewable source, such as coal. A second alternative may be an option to select electricity sourced from natural gas (reduced GHG emissions) compared with electricity sourced from coal. As natural gas continues to be one of the most environmentally friendly and cost efficient fossil fuel sources of electricity, this reduces our environmental footprint.

In 2018, the total electricity sourced from renewable sources was approximately 9% whereas by 2020 it has increased to 17%. Total energy consumption in 2020 across all sites was 42,197 MW h. This has decreased approximately by 5% from the 2019 consumption of 43,695 MW h. The energy use across scope 1 and 2 is dominated by nonrenewable electricity use, which contributes to 57% of the total 2020 energy consumption. With the renewable electricity representing 9% of the total energy use in 2020, Core Lab continues to consider energy from renewable sources where available and determined to be reliable and competitively priced.

Environmental Training

Core Laboratories provides guidance to managers and employees regarding environmental issues. The Company provides employee training and conducts audits to ensure compliance. Each employee will be responsible for performing his/her job function with constant consideration of Core Laboratories' commitment to this policy.

Managing Environmental Impact

We recognize the diversity of the communities and people where we operate. We will act responsibly, obey all applicable laws, minimize the impact of our operations on the environment, protect the communities' health and safety, and respect cultural backgrounds.

Environmental Policy

Consistent with the requirements of Global Compact membership, it is the policy of Core Laboratories to conduct its business in a manner consistent with applicable environmental regulations.

In areas where environmental regulations do not exist, Core Laboratories will exercise practical care in its efforts to protect employees and preserve the environment. Country managers will manage their business in a manner consistent with established Company policies and applicable laws and regulations.

Biodiversity - Natural Lands

Our impact on biodiversity and the ecosystem where we operate is limited as we do not have locations that are in a natural, rural environment. Our biodiversity protection efforts are focused on ensuring we comply with good international industry practice ("GIIP") as well as local laws and regulations. In the event we do choose to add to our existing facilities or open new locations, our senior operating managers consider local biodiversity issues to ensure we exceed GIIP where possible. This biodiversity assessment is then reviewed by senior management before final approval is given for the new location.

Our Locations

Although operations outside of our offices are conducted on our clients' property, we continue to follow our corporate policies regarding health, safety and the environment as well as our Code of Ethics and Corporate Responsibility. Before opening a new location, impact to the environment and community are considered.

In the event we do leave a particular location, we ensure that the land and building are properly returned to their agreed condition. We also take steps to ensure that any potential environmental conditions have been dealt with as required by local regulation and standards.

Footprint – TRUCOST Report

Our Footprint

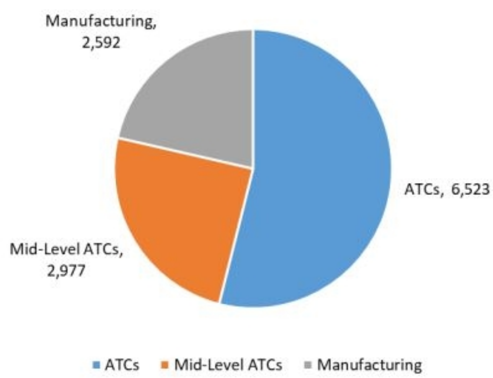
To better understand the Company impact, we engaged Trucost, a sustainability data company. With their expertise, we are able to assess Core Lab's operational and value chain GHG emissions in line with the World Resource Institute ("WRI")/World Business Council for Sustainable Development ("WBCSD") Corporate Standard (Scope 1 and 2) and Corporate Value Chain (Scope 3) Guidelines ("GHG Protocol").

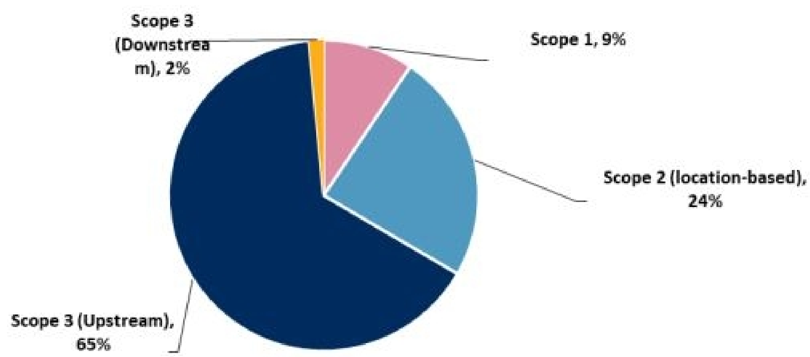
The assessment allows us to report Scope 1, 2 and 3 GHG emissions in annual accounts and in the Carbon Disclosure Project ("CDP") Climate Change Questionnaire. In 2018, our CDP score increased to B- from our initial score in 2014 of D.

We have already been reporting company-wide Scope 1 and 2 GHG emissions to the CDP since 2014. Engaging Trucost allows us to improve our operational (Scope 1 and 2) GHG emission quantification methodology by integrating primary data. Furthermore, Trucost quantified Scope 3 GHG emissions according to the fifteen Scope 3 categories outlined in the Guidelines to help understand and disclose our Scope 3 emissions from a deep dive into our suppliers. In 2017, Core Laboratories increased our data collection boundary from the six ATCs to 21 locations worldwide. This increased collection has allowed Core Lab to begin carbon pricing and better understand our carbon impact thus better understand risk and opportunities as well.

Finally, Trucost has helped us set science-based targets for our Scope 1 and 2 emissions. Science-based targets aim to help companies to work towards limiting the increase in global average temperatures to below 2°C, a limit agreed upon by leading climate scientists and governments to ensure long-term sustainability and profitability. The charts below present the results and findings of the Trucost assessment of operational and value chain GHG emissions for the financial year of 2020.

IMPACT	SCOPE	FY2018	FY2019	FY2020	CHANGE
Direct	Scope 1	4,541	4,795	3,420	-29%
Indirect	Scope 2 (location-based)	11,114	10,381	8,672	-16%
	Scope 2 (market-based)	12,693	11,904	10,563	-11%
Value Chain	Scope 3, upstream	33,174	30,798	23,546	-24%
	Scope 3, downstream	1,080	829	540	-35%
TOTAL (LOCATION-BASED)		**49,909**	**46,803**	**36,190**	**-23%**





Science Based Target

As of February 2019, the SBTi updated its recommendations regarding science-based target setting to update the previous recommendations to achieve 2°C limits in global climate change. It now encourages companies to set GHG emissions reduction targets consistent with the most ambitious aim of the Paris Agreement, to limit average global warming to 1.5°C. SBTi communicated the new targets submitted for validation will only be accepted if they are consistent with limiting warming to well-below 2°C (WB2C) or 1.5°C (1.5C) above pre-industrial levels. These are consistent with the context of strengthening global response to the threat of climate change. Core Laboratories has been tracking its GHG emissions for several years, expanding from six sites in 2015 to 21 sites in 2019. Based on the emissions profile of Core Laboratories wherein Scope 3 emissions account for the majority (over 40%) of the company-wide emissions Trucost has recommended the inclusion of Scope 3 emissions in the setting of a science-based target, in line with SBTi recommended practice. Core Lab has been impacted by recent crude oil market conditions, the COVID-19 pandemic and reduced demand as other businesses in our sector have. These changes have impacted just about every metric in our scope 1, 2 & 3 GHG emissions. We will consider WB2C and 1.5C reduction targets for five and seven years until markets stabilize and operations return to some normalcy.

ABSOLUTE BASED TARGET, 2023	Base year 2018	WB2C		1.5C	
		Target year 2023	Percentage reduction	Target year 2023	Percentage reduction
Scope 1 emissions (tCO2e)	4,541	3,973	12.5%	3,587	21%
Scope 2 emissions (tCO2e)	12,490	10,929	12.5%	9,867	21%
Scope 1 & 2 emissions (tCO2e)	17,031	14,902	12.5%	13,455	21%
Scope 3	33,717	29,502	12.5%	26,636	21%
Total	**50,748**	**44,405**	**12.5%**	**40,091**	**21%**

ABSOLUTE BASED TARGET, 2025	Base year 2018	WB2C		1.5C	
		Target year 2025	Percentage reduction	Target year 2025	Percentage reduction
Scope 1 emissions (tCO2e)	4,541	3,679	19%	3,322	27%
Scope 2 emissions (tCO2e)	12,490	10,119	19%	9,136	27%
Scope 1 & 2 emissions (tCO2e)	17,031	13,798	19%	12,458	27%
Scope 3	33,717	27,317	19%	24,458	27%
Total	**50,748**	**41,115**	**19%**	**37,121**	**27%**

IMPACT	SCOPE	SOURCE	FY2018	FY2019	GHG INTENSITY (TCO2E/MUSD)	GHG INTENSITY (TCO2E/FTE)
Direct	Scope 1	Natural gas heating (stationary energy)	1,677	1,357	5.22	0.67
		Vehicle fuel use (mobile transport)	1,605	1,520	5.85	0.75
		Refrigerants (fugitive emissions)	1,259	1,917	7.38	0.94
Indirect	Scope 2	Electricity (location-based)	11,114	10,381	39.95	5.10
		Electricity (market-based)	12,693	11,904	45.81	5.85
TOTAL OPERATIONAL FOOTPRINT (LOCATION-BASED)			**15,655**	**15,176**	**58.40**	**7.45**

Renewable Energy Procurement

The majority of operational GHG emissions stem from electricity consumption (scope 2 emissions), contributing 68% to the operational GHG emissions. In 2018, the total electricity sourced from renewable sources was approximately 9% whereas by 2020 it has increased to 17%. Scope 1 emissions contribute 29%, comprising 11% from vehicle fuel use, 4% from refrigerants (fugitive emissions) and remaining 14% from natural gas heating.

Value Chain GHG Emissions

In 2020, Core Lab's value chain (ATCs Scope 3) was responsible for approximately 22,966 metric tons of GHG emissions (tCO2e), about 63% of its total GHG inventory. The majority of its value chain emissions came from upstream sources.

The table below presents a detailed breakdown of Core Lab's full value chain GHG emissions per Scope 3 category, highlighting the most relevant categories for Core Lab. Most of the value chain emissions occur upstream from purchased goods and services, accounting for the largest share with 48% of scope 3 emissions and 32% of total emissions.

VALUE CHAIN (SCOPE 3) CATEGORY	GHG EMISSIONS (TCO2E)	SHARE %	RELEVANCE
1) Purchased goods and services	11,667	48%	Relevant, calculated
2) Capital goods	3,009	12%	Relevant, calculated
3) Fuel- and energy-related activities	2,064	9%	Relevant, calculated
4) Upstream transportation and distribution	4,364	18%	Relevant, calculated
5) Waste generated in operations	206	1%	Not relevant, calculated
6) Business travel	785	3%	Relevant, calculated
7) Employee commuting	1,262	5%	Relevant, calculated
8) Upstream leased assets	188	1%	Relevant, calculated
9) Downstream transportation and distribution	N/A		Not relevant, explanation provided
10) Processing of sold products	N/A		Not relevant, explanation provided
11) Use of sold products	10	Trace	Not relevant, calculated
12) End-of-life treatment of sold products	3	Trace	Not relevant, calculated
13) Downstream leased assets	540	2%	Relevant, calculated
14) Franchises	N/A		Not relevant, explanation provided
15) Investment	N/A		Not relevant, explanation provided
TOTAL	**22,966**		

Enterprise Carbon Pricing Risk Metrics

The following table uses three scenarios to show the estimated potential future financial impact to the Company if regulated prices applied to carbon emissions were to increase.

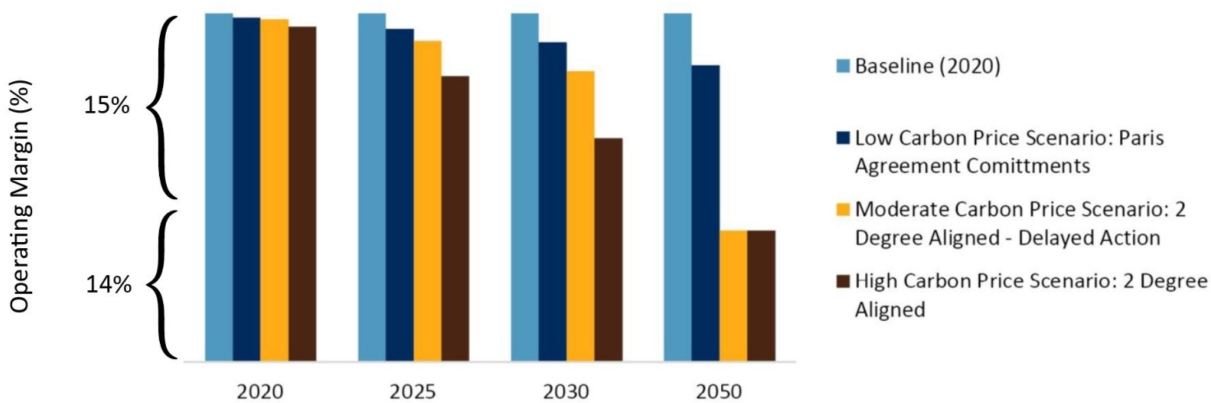
			2020			2025			2030	
Scenario		**Low**	**Moderate**	**High**	**Low**	**Moderate**	**High**	**Low**	**Moderate**	**High**
Total Carbon Pricing Cost Exposure	$US Million	$0.29	$0.48	$0.91	$1	$2	$3	$2	$3	$6
Total Carbon Pricing Risk	$US Million	$0.10	$0.17	$0.37	$0.42	$0.76	$2	$0.80	$2	$4
Forecast Operating Expenditure Multiplier	Ratio	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Forecast Change in Operating Margin	%	0%	0%	0%	0%	-1%	-2%	-1%	-2%	-3%

Business Model Stress Test

The Business Model Stress Test Tool models the impact of an increase in regulated carbon prices on operating expense and operating margins. Revenue and expenditures are forecast using the assumptions applied by the enterprise.

Business Model Stress Test

How could future carbon prices affect operating margins?



Carbon Pricing Risk Profile

Which emissions scope could contribute most to carbon pricing risk in 2030?

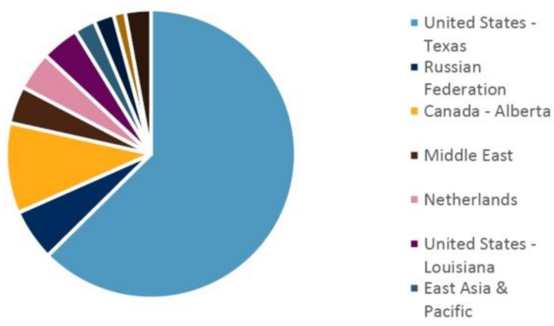
Scenario: Moderate Scope: 1, 2 & 3

Benchmark Internal Carbon Price

Benchmark internal carbon price designed to account for future potential increases in carbon pricing regulation across operating geographies

Scenario	Low	Moderate		High	
2020	$2	$4	-	$8	$/Tonne CO2e
2030	$18	$35	-	$76	$/Tonne CO2e
2040	$27	$58	-	$117	$/Tonne CO2e

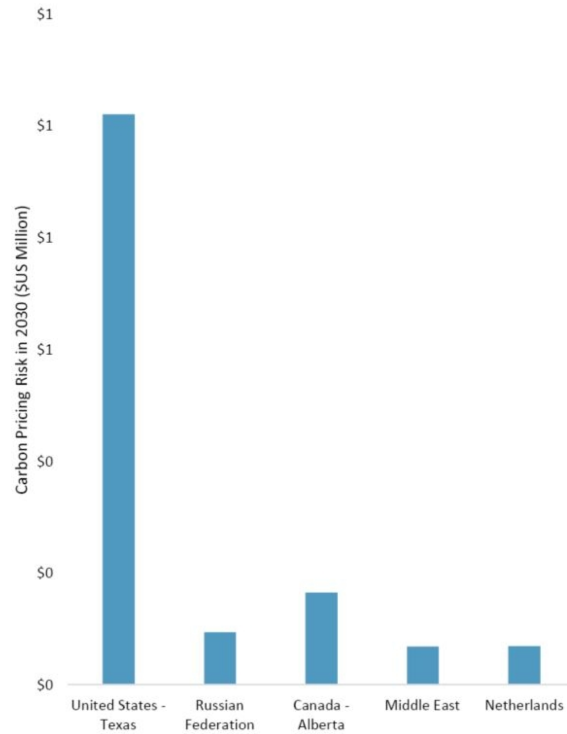
Which emissions geographies could contribute most to carbon pricing risk in 2030?



Scenario: Moderate Scope: Scope 1, 2 & 3

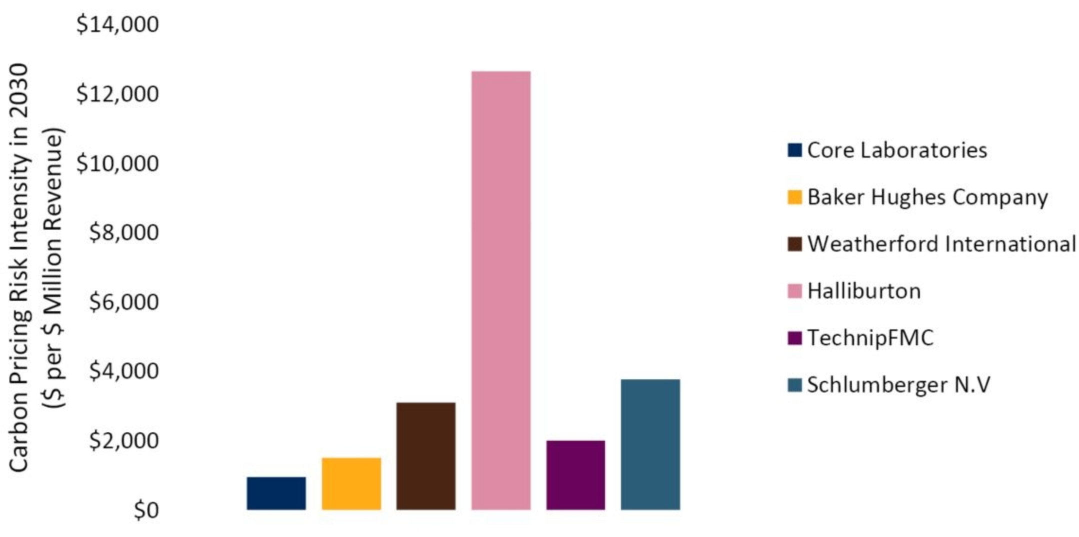
Top 5 Operating Geographies at Risk in 2030

Which operating geographies are at greatest potential risk due to rising carbon prices?



Competitor Analysis

How does my 2030 carbon pricing risk compare to my competitors?



Scenario: Moderate Scope: Scope 1 & 2

Our Changing Climate

Climate Change – Data Center Operation

Core Laboratories partners with Switch to operate our data platform 100% green. In 2019, Switch retired 179 Solar Renewable Energy Credits. Since 1 January 2016, Switch data centers have run on 100% renewable energy.

These Renewable Energy Credits comply with Greenpeace's principles of locality, additionality, and sustainability, and were generated by Nevada solar farms in 2019.

Carbon Capture

Core Laboratories provides services and technologies directed to assist clients as they evaluate projects to capture and store CO2 in underground reservoirs in an effort to reduce carbon emissions. Core Lab also offers high-technology services that provide scientific data used when designing projects involving the injection of CO2 into oil fields in an effort to enhance the recovery of the hydrocarbons from the reservoir. In our laboratories, we study how CO2 interacts with other fluids in the reservoir as well as how the CO2 mobilizes residual oil within the reservoir. These types of projects provide two primary benefits in an effort to mitigate climate change by reducing carbon emissions: First, CO2 that might normally be released into the atmosphere is captured from industrial complexes or other sources and injected into either a producing oil field, abandoned oilfield or naturally occurring underground reservoir, effectively sequestering the CO2 underground and reducing the amount of CO2 emitted into the atmosphere. Second, if the CO2, is used in an enhanced oil recovery program on a producing reservoir, it may improve the ultimate recovery rate of hydrocarbons from the reservoir, and improve the efficiency of the reservoir by producing an incremental mount of hydrocarbons . Thus, the positive impact to the environment is not only the reduction of CO2 in the atmosphere, but also more hydrocarbons recovered from existing reservoirs through an energy-efficient and more environmentally friendly manner. The Company recently announced two new initiatives associated with carbon capture and sequestration in March of 2022; a joint-industry project and a strategic alliance with Talos Energy.

Environmental Impact Disclosure

Core Lab discloses its environmental impact through CDP, a global non-profit that runs the world's leading environmental disclosure platform. CDP drives companies and governments to reduce their greenhouse gas emissions, safeguard water resources and protect forests. Over 9.600 companies with over 50% of global market capitalization disclosed environmental data through CDP in 2020. This is in addition to the over 920 cities, states and regions who disclosed in 2019, making CDP's platform one of the richest sources of information globally on how companies and governments are driving environmental change.

SAFETY PERFORMANCE

To protect the health, lives and security of our employees, and those around us, we carefully assess and mitigate the risks of our business to make sure everyone is aware of the environment in which they operate. We will:

- Take a behavior based approach to Health and Safety
- Engineer better solutions and improvements on our existing services and products
- Empower employees to make smart decisions

To provide a safe work environment for all, safety does not just happen; it requires commitment by everyone from management to our field teams. Safety starts with a strong leadership team that is committed and accountable. It is our management's responsibility to set the tone and be the example. Core Laboratories' goal is to eliminate injuries from the work environment. We will:

- Continually provide training and education
- Achieve a zero accident culture
- Systematically identify risks, addressing them and follow up to closure

Executive Safety Summary

Safety Performance

Core Laboratories is committed and accountable for promoting a culture centric on the health and safety of our employees and the environment. We are pro-active towards identifying and managing risks through recognition, evaluation and education. We empower our employees by fostering a sense of responsibility for managing their own work environment through open communication and a management supported "zero accident" culture.

Core Laboratories is a leading service provider to oil and gas operations with a global presence and impact; we strive to respect the communities and environments in which we do business. We are committed and strive for a zero accident environment, which makes safety first in all of our locations and those of our clients.

In 2021, Core Lab recorded a total recordable incident rate ("TRIR") of 0.48 and lost time incident rate ("LTIR") of 0.20, compared to prior year of 0.28 and 0.05, respectively. Despite this increase, on a three-year rolling average basis, we maintained one of our best safety records over the past decade.

Most Importantly

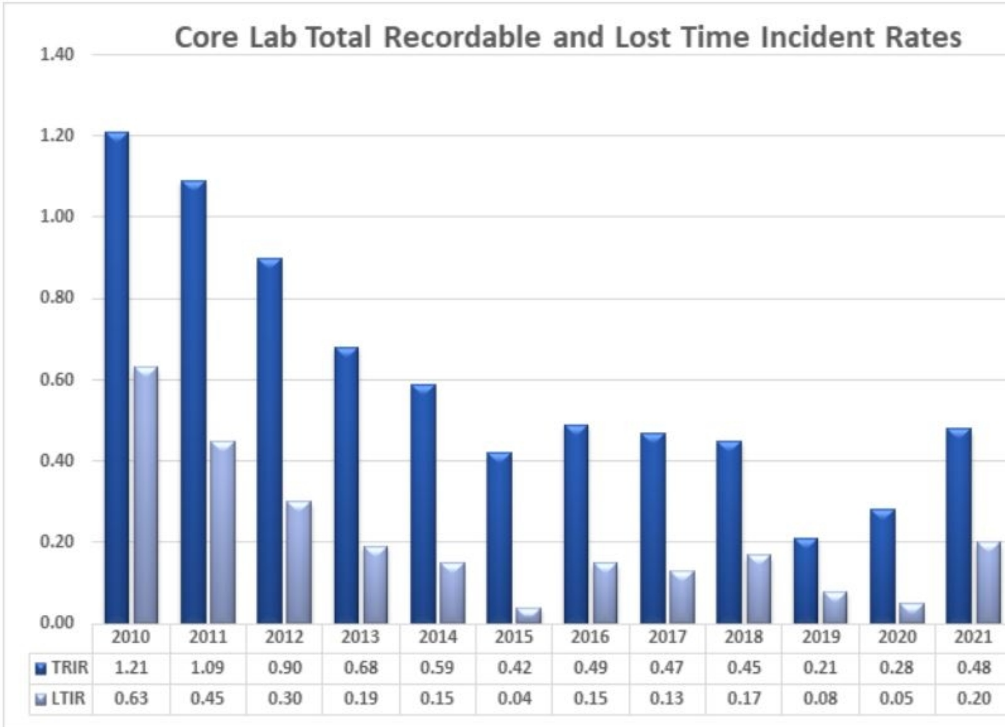
Core Lab recorded another year without a fatality. The number one goal of Core Laboratories is to prevent all incidents, but especially those with significant impact to the environment, our employees and their families.

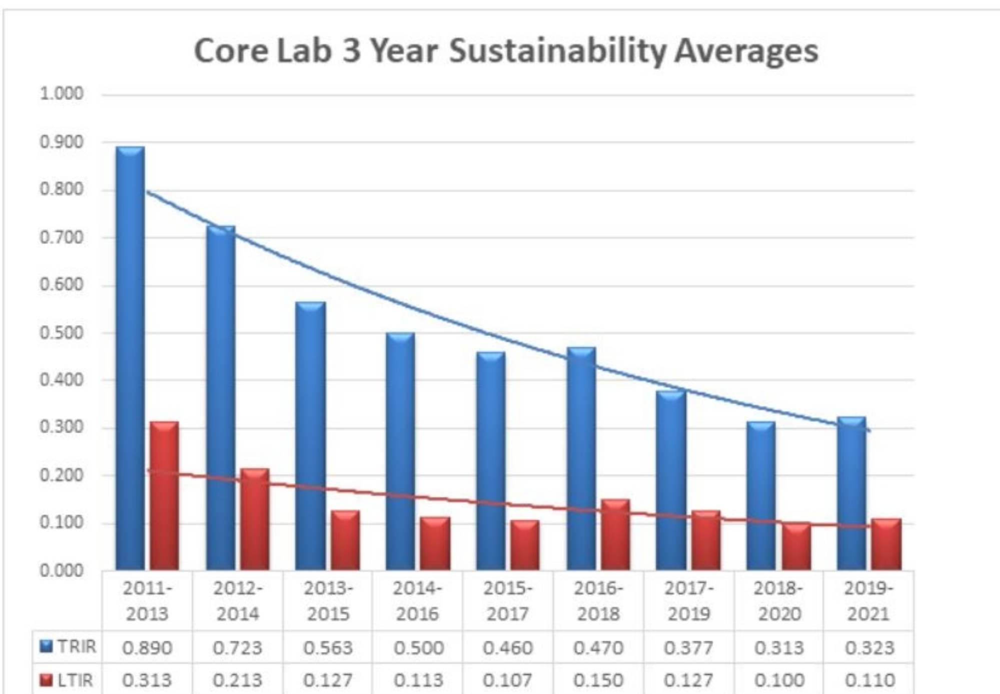
Safety Goals

Path to Zero

Core Laboratories will establish goals and targets based on 3-year averages. It is our view that sustainability of our safety program must be measured over longer periods of time and that high-performance safety cultures display solid downward trends over time.

Trends for both LTIR and TRIR have showed movement towards growing sustainable safety cultures within all business units. Core Lab firmly believes trending of 3-year averages best shows the sustainability of the safety program over time by removing the short-term peaks and valleys. This provides a more stable and measurable TRIR or LTIR, avoiding safety expectations on performance based on just one good or bad year. Core Lab goals are set with the expectation of driving down these averages in 2022.





Other Safety Performance

For additional information concerning safety performance, please see Core Lab's 2020 Annual Sustainability Report at *https//corelab.com/cr/cms/docs/Core_Lab_Annual_Sustainability_Report_2020.pdf* and safety reporting available on the Company website.

Environmental and Occupation Safety and Health Regulations

We are subject to stringent governmental laws and regulations, both in the United States and other countries, pertaining to protection of the environment and occupational safety and health. Compliance with environmental legal requirements in the United States at the federal, state or local levels may require acquiring permits to conduct regulated activities, incurring capital expenditures to limit or prevent emissions, discharges and any unauthorized releases, and complying with stringent practices to handle, recycle and dispose of certain wastes. Additionally, our operations in the United Sates are subject to stringent occupational safety and health laws and regulations, which are intended to protect worker health and safety. Foreign countries in which we conduct operations may also have analogous controls that regulate our environmental and worker safety-related activities, which controls may impose additional or more stringent requirements. Consistent with our quality assurance and control principles, we have established proactive environmental and worker safety policies in the United States and foreign countries for the management, handling, recycling or disposal of chemicals and gases and other materials and wastes resulting from our operations. Failure to comply with these laws and regulations may result in the assessment of administrative, civil and criminal penalties, the imposition of remedial or corrective obligations, the occurrence of delays or cancellations in the permitting or performance of projects and the issuance of injunctive relief in affected areas. Historically, our environmental and worker safety compliance costs have not had a material adverse effect on our results of operations; however, there can be no assurance that such costs will not be material in the future or that such future compliance will not have a material adverse effect on our business or results of operations.

New, modified or stricter enforcement of environmental laws and regulations could be adopted or implemented that significantly increase our compliance costs, pollution mitigation costs, or the cost of any remediation of environmental contamination that may become necessary, and these costs could be material. Our clients are also subject to most, if not all, of the same laws and regulations relating to environmental protection and occupational safety and health in the United States and in foreign countries where we operate. Consequently, to the extent these environmental compliance costs, pollution mitigation costs or remedial costs are incurred by our clients, those clients could elect to delay, restrict or cancel drilling, exploration or production programs, which could reduce demand for our products and services and, as a result, have a material adverse effect on our business, financial condition, results of operations, or cash flows.

Our and our clients' compliance with such existing, or any new or amended legal requirements that are placed into effect and applicable in areas where we or our clients conduct operations, could result in our or our clients incurring significant additional expense and operating restrictions. Our costs may not be fully recoverable from our clients and, thus, could reduce net income. To the extent any such existing or future legal requirements result in increased costs or restrictions or cancellation in the operation of our clients, to whom we provide our services, such developments could reduce demand for our products and services and have an indirect material adverse effect on our business.

Additionally, our analytical and manufacturing processes involve the handling and use of numerous chemicals and gases as well as the generation of wastes. Spills or other unauthorized releases of these chemicals, gases, and wastes at our facilities, whether by us or prior owners or operators, or at offsite locations where we transport them for recycling or disposal, could subject us to environmental liability, either from the applicable government agency or private landowners or other third parties. Such liabilities could be strict, joint and several, as is applicable in the United States under such laws as the federal Comprehensive Environmental Response, Compensation and Liability Act and the federal Resource Conservation and Recovery Act. This could also include costs of cleaning up chemicals and wastes released into the environment and for damages to persons, properties or natural resources. As a result of such actions, we could be required to remove previously disposed wastes (including wastes disposed of or released by prior owners or operators), remediate environmental contamination (including contaminated groundwater), and undertake measures to prevent future contamination. We may not be able to recover some or any of these remedial or corrective costs from insurance.

REPORTING

Global Reporting Initiative

What We Report

Core Laboratories strives to provide transparent and meaningful information to shareholders, employees, clients and suppliers that reflect our continuing effort to decrease our use of limited resources while at the same time improving our productivity and sustainability.

We provide this information through the use of the latest Global Reporting Initiative format G4 Sustainability Reporting Guidelines. We also utilize internal resources to provide similar information to various Socially Responsible Investment ("SRI") rating firms located in the principal marketplaces around the globe. We report the information to the executive management and the Supervisory Board on a quarterly basis.

Our Approach

Given our smaller size compared to most other international service companies but with a significant number of locations in more than 50 countries, the effort to accumulate, distill, and report all of the requested SRI information can be a daunting task. Our approach is to report the most meaningful information that can be reliably determined from our locations that are of any significant size. While we have locations in 50 countries, we operate through six ATCs which make up the majority of our environmental footprint. Because our ATCs are representative of the Company as a whole, we have compiled their Environmental, Social and Governance data to be the basis for our reporting.

The Environmental Protection Agency

The Environmental Protection Agency ("EPA") has certain annual reporting requirements related to the quantities of petroleum fuels and blend stocks imported into or exported out of regulated areas. The EPA's regulation provides specific instructions regarding methods that can be used to determine quantities for imported and exported shipments. Core Laboratories will assist clients with these measurements used for their annual reporting.

Reporting requires petroleum product suppliers to use an appropriate method developed by a consensus-based standards organization, when such a standard exists, or industry standard practices to measure the shipment quantities.

In addition, suppliers of petroleum products must also ensure that equipment used to measure quantities of imported and exported fuel is calibrated and periodically re-calibrated according to the manufacturer's recommended procedures or by using an appropriate consensus-based industry standard method for calibration. Core Laboratories provides these approved measurement practices to ensure the proper reporting of greenhouse gases.

Non-Financial Performance Data

Performance Metric	Units	2021	2020	2019
LEADING INDICATORS				
HEALTH & SAFETY				
Total Observations	#	1,490	1,464	1,673
Total Stop Works	#	185	204	235
Stop Work Significant Events	%	24	19	24
Near Accident Total	#	101	113	168
Near Accident: Recordable Incident Ratio	Ratio	5.32	9.42	16.80
Near Accident per Employee (NM/HC)	%	0.26	0.03	0.04
OHSAS 18001:2007 – Certified	#	3	3	3
ISO 17020 – Certified	#	9	9	9
ISA 17025 – Certified	#	44	44	44
ISO 9001:2015 – Certified	#	99	101	101
ISO 45001:2018 - Certified	#	25	25	25
ENVIRONMENTAL				
ISO 14001:2015 – Certified Sites	#	7	7	7
LAGGING INDICATORS				
HEALTH & SAFETY**				
Fatalities – Employees	#	0	0	0
Lost Time (LTIR)	Rate	0.20	0.05	0.08
Total Recordable (TRIR)	Rate	0.48	0.28	0.21
Days Away from Work Rate (DAFWCR)	Rate	0.35	0.19	0.19
Days Away from Work Cases	#	8	2	4
Restricted Duty/Days Cases	#	6	6	5
Medical Treatment Cases	#	5	4	1
Non-Recordable Cases	#	63	54	90
TRANSPORTATION				
Motor Vehicle Accident (MVA) Improved Reporting YOY	Count	39	46	74
ENVIRONMENTAL				
Spills				
Total Vol. of Spills – Oil and Chemicals	Barrels	None	None	None
Total No. of Spills – Oil and Chemicals	#	None	None	None
No. of Spills > 1 barrel (42G) (outside containment)	#	None	None	None
Volume of Spills > 1 barrel (42G) (outside containment)	Barrels	None	None	None
GHG Emissions				
Scope 1	Metric Ton CO2e	CDP June 2022	3,420	4,795
Scope 2	Metric Ton CO2e	CDP June 2022	8,672	10,381
Scope 3	Metric Ton CO2e	CDP June 2022	24,086	30,798
SOCIAL				
# of Employees at Year End				
% Women in Executive & Senior Management	%	CSR August 2022	11	17
% Women in Science & Technology	%	CSR August 2022	31	39
% Women in Middle/Other Management	%	CSR August 2022	29	19
% Women in Global Population	%	CSR August 2022	25	23
Local Content				
% Employees in US	%	CSR August 2022	31	32
% Employees International	%	CSR August 2022	69	68
Training				

Ethics and Compliance				
Global Anti-Corruption and Export Controls	%	CSR August 2022	85	97
Global Ethics Training Completion	%	CSR August 2022	87	93
Cyber Security Training	%	CSR August 2022	90	NA
Anti-Harassment Training	%	CSR August 2022	84	NA
Equal Opportunity Training (US only)	%	CSR August 2022	74	NA
Reportable Transactions & Conflicts of Interest	%	CSR August 2022	84	NA

CORPORATE GOVERNANCE

Our Board Structure

The Company follows the Dutch two-tier governance structure, having a management board and a supervisory board. These boards are primarily responsible for the management of the Company, complying with legislation, managing risks (including internal risk management and control systems) associated with the Company's activities, and financing of the Company.

Management Board

The Management Board must consist of at least one member under the Company's Articles of Association who is appointed and may be reappointed for a maximum term of four years at a time. Its duties include overseeing the management of the Company, consulting with the Supervisory Board on important matters and submitting certain important decisions to the Supervisory Board for its prior approval. The Management Board currently consists of one managing director, Core Laboratories International B.V. ("CLIBV"), an affiliate of the Company. CLIBV receives no remuneration for serving as the Company's Managing Director.

Supervisory Board

The Supervisory Board must consist of at least one member under the Company's Articles of Association. The Supervisory Board supervises and advises the Management Board and monitors the general course of affairs of the Corporation. In its role in the risk oversight of the Company, the Supervisory Board oversees our stockholders' interest in the long-term health and overall success of the Company and its financial strength. The Supervisory Board sets the highest standards to ensure policies and practices are well aligned with shareholder and stakeholder interests. The Supervisory Board oversees and guides the Company to oversee all areas of corporate governance, including environmental, social and governance factors, risk management, financial performance and corporate citizenship. The Supervisory Board has three standing committees, the Audit Committee, the Compensation Committee and the Nominating, Governance, Sustainability and Corporate Responsibility Committee ("NGSCR") discussed further below. Each of our Supervisory Board committees considers the risks within its areas of responsibilities. The Supervisory Board and each of our Supervisory Board committees regularly discuss the potential financial impact of risks and the steps we should take to manage them. Each year, as outlined in the NGSCR's Charter, a review is conducted of the performance of the Supervisory Board, its committees and management. The annual review process is conducted for the purpose of helping to improve the effectiveness of both the Supervisory Board and the committees. Detailed information about the Supervisory Board and its three committees may be found on our website at *https://www.corelab.com/cr/governance*.

The Supervisory Board currently consists of seven directors ("Supervisory Directors") and is divided into three classes, with each class subject to re-election every third year by the shareholders at the annual general meeting of shareholders ("Annual General Meeting"). Mr. Bruno currently serves as the Company's Chief Executive Officer and as Chairman of the Supervisory Board ("Chairman of the Board"). Given the size of the Company, we believe our stakeholders are well served by having Mr. Bruno hold the Chief Executive Officer role along with being Chairman of the Board and that this is the most effective leadership structure for us at the present time. We also note that within our industry, the common practice is for the same person to hold both positions. We believe this structure has served us well for many years.

Our current Supervisory Directors are as follows. Additional information regarding each director's background and expertise may be reviewed at the Company's website *https://www.corelab.com/cr/board-of-directors*:

Lawrence Bruno
American, 62, Male
Chairman of the Board, President and Chief Executive Officer
Supervisory Director since 2018
Current Term expires in 2024

Gregory Barnett
American, 59, Male
Member, Compensation Committee
Supervisory Director since 2019
Current Term expires 2022

Martha Z. Carnes
American, 61, Female
Lead Director
Chairman, Audit Committee
Supervisory Director since 2016
Current Term expires 2022

Monique van Dijken Eeuwijk
Dutch, 52, Female
Chairman, NGSCR Committee
Supervisory Director since 2020
Current Term expires 2023

Harvey Klingensmith
American, 69, Male
Member, NGSCR Committee and Audit Committee
Supervisory Director since 2020
Current Term expires 2023

Michael Straughen
British, 72, Male
Chairman, Compensation Committee
Member, Audit Committee
Supervisory Director since 2016
Current Term expires 2022

Kwaku Temeng
American, 67, Male
Member, Compensation Committee and NGSCR Committee
Supervisory Director since 2021
Current Term expires 2024

Independence

The NYSE and the Dutch Corporate Governance Code 2016, (the "Dutch Code") Best Practice Provisions 2.1.7 through 2.1.9 emphasize the importance of the independence of the Supervisory Board under a two-tier structure. Under the Dutch Code, the Supervisory Board is to be composed of members who are able to act critically and independently of each other and of the Management Board.

In connection with determining the independence of each Supervisory Director of the Company, the Supervisory Board inquires as to any transactions and relationships between each Supervisory Director and his or her immediate family and the Company and its affiliates, and reviews and discusses the results of such inquiry. The purpose of this review is to determine whether any such relationships or transactions are material and, therefore, inconsistent with a determination that a Supervisory Director is independent, under the standards set forth by the NYSE and, to the extent consistent therewith, the Dutch Code.

With regard to Messrs. Barnett, Straughen, Klingensmith, and Temeng, and Ms. Carnes and Ms. van Dijken Eeuwijk, none have ever held any position with the Company or any of its affiliates apart from their service on the Supervisory Board and its committees and all qualify as independent under the NYSE Listed Company Manual section 303A.02.

As a result of this review, and after finding no material transactions or relationships among the following Supervisory Directors and the Company, the Supervisory Board affirmatively determined that each of Messrs. Barnett, Straughen, Klingensmith and Temeng, as well as Ms. Carnes and Ms. van Dijken Eeuwijk, are independent under the applicable standards described above.

The Supervisory Board's three committees are composed solely of independent directors as discussed below.

The Lead Director

During sessions without the Chairman, Ms. Carnes conducts the meetings of directors in the role of our Lead Director. The Lead Director has leadership authority and responsibilities and sets the agenda for, and leads, all executive sessions of the non-executive directors discussed further below, providing consolidated feedback, as appropriate, from those meetings to the Chairman of the Board. Ms. Carnes has served as our Lead Director since 2020.

Meetings

Under our Corporate Governance Guidelines, Supervisory Directors are expected to diligently fulfill their fiduciary duties to the Company, including preparing for, attending and participating in meetings of the Supervisory Board and the committees of which the Supervisory Director is a member. The Supervisory Board held four meetings in 2021. All Supervisory Directors participated in 100% of the 2021 Supervisory Board meetings. All Supervisory Directors participated in 100% of the meetings in 2021 of all committees on which he or she serves, except Ms. van Kempen did not participate in one Compensation Committee meeting for personal reasons. In 2021, all Supervisory Directors participated in the 2021 Annual General Meeting of Shareholders ("AGM"), though due to COVID-19, the meeting could not be held with all directors and executives present in the Netherlands and was held by telephone conference. Mr. Temeng, who was a candidate for election on the Supervisory Board at the 2021 annual shareholder meeting participated in the conference call for the AGM. All current board members are expected to attend the 2022 annual meeting, with the exception of Mr. Barnett, who will not stand for re-election to the Supervisory Board and therefore is excused from the meeting. Additionally, one new board nominee, Ms. Katherine Murray, will attend the 2022 annual meeting. The details of how they will attend will depend on COVID-19 travel restrictions at the time of the 2022 AGM.

Our non-executive Supervisory Directors meet separately in executive sessions without any members of management present. The Lead Director is the presiding Supervisory Director at each such session. If any of our non-executive Supervisory Directors were to fail to meet the applicable criteria for independence, then our independent Supervisory Directors would meet separately at least once a year in accordance with the rules of the NYSE.

An overview of the attendance of Supervisory Directors per meeting is found in the following table.

Member	Supervisory Board Meeting	Audit Committee Meeting	Compensation Committee Meeting	NGSCR Committee Meeting
Lawrence Bruno	4/4			
Gregory Barnett	4/4		3/3	
Martha Carnes	4/4	5/5		
Monique van Dijken Eeuwijk	4/4			4/4
Margaret A. van Kempen (1)	2/4		0/3	2/4
Harvey Klingensmith	4/4	5/5		4/4
Michael Straughen	4/4	5/5	3/3	
Kwaku Temeng (2)	3/4		2/3	2/4

(1) Ms. van Kempen retired from the Supervisory Board in May 2021.
(2) Mr. Temeng was elected to the Supervisory Board at the 2021 AGM and became a member of the Compensation and NGSCR Committees.

The Company Secretary is also the secretary of the Supervisory Board and its sub-committees. The Management Board and the Company Secretary attended all meetings of the Supervisory Board.

Committees of the Supervisory Board

The Supervisory Board has three standing committees, the identities, memberships and functions of which are described below. Each Supervisory Director who is at the time "independent" and who has never served as a director of any affiliate of the Company may be considered for Committee assignment at any time during their term, as determined by the Supervisory Board. In accordance with the Dutch Code, any Supervisory Director who is at the time "independent", but who has previously served as a director of any affiliate of the Company, may be considered for Committee assignment, as determined by the Supervisory Board, at the earlier of: (a) five years after they last served as an affiliate director or (b) they are not classified as "non-independent" at the time of their nomination and election. The Committees report to the Supervisory Board during each of the board meetings.

Member	Audit Committee	Compensation Committee	NGSCR Committee
Gregory Barnett		✓	
Martha Carnes	Chairman		
Monique van Dijken Eeuwijk (1)			Chairman
Margaret A. van Kempen (2)		✓	Chairman
Harvey Klingensmith	✓		✓
Michael Straughen	✓	Chairman	
Kwaku Temeng (3)		✓	✓

(1) Ms. van Dijken Eeuwijk became Chairman of the NGSCR Committee from May 2021.
(2) Ms. van Kempen was a member of the Compensation Committee and Chairman of the NGSCR Committee till she retired from the Supervisory Board in May 2021.
(3) Mr. Temeng became a member of the Compensation and NGSCR Committee from May 2021.

Audit Committee

The current members of the Audit Committee are Ms. Martha Carnes (Chairman), Mr. Michael Straughen and Mr. Harvey Klingensmith.

Each member of the Audit Committee is independent, as defined by Section 10A of the United States' Exchange Act of 1934, as amended (the " U.S. Exchange Act") and by the corporate governance standards set forth by the NYSE and, to the extent consistent therewith, the Dutch Code. Ms. Carnes, the Chairman of the Audit Committee, is financially literate and qualifies as an audit committee financial expert under the rules promulgated pursuant to the U.S. Exchange Act.

The Audit Committee held five meetings in 2021, with a focus on among other things, overseeing the integrity and quality of our financial reporting and the effectiveness of the internal risk management and internal control systems.

The Audit Committee reviewed the Company's annual and interim financial statements, including non-financial information, the quarterly results and the accompanying press releases as well as the outcomes of the year-end US GAAP and IFRS audits.

The Audit Committee extensively discussed the effectiveness of the internal control framework in accordance with the U.S. Sarbanes-Oxley Act. This included monitoring the scoping, framework updates, control execution and control assessments. The Audit Committee discussed management's assessment of the results from the test of design and test of effectiveness of internal controls over financial reporting. The Internal Audit department's charter was reviewed and approved by the Audit Committee. The Audit Committee engaged an independent third party to perform quality assessment and effectiveness review of the function. The most recent review performed was completed in 2018 and concluded that the function is compliant with the Chartered Institute of Internal Auditors Standards in all material aspects.

Furthermore, the Audit Committee reviewed and approved the audit plans of the internal and external auditors, including scoping, materiality levels and the fees of the external auditor. The Audit Committee monitored the progress of the internal and external audit activities including review of observations identified as a result of the internal audit activities over each quarter, quarterly procedures performed by the external auditor, and the audits performed at year-end by the external auditor. The Audit Committee oversaw the follow-up by the Supervisory Board on the recommendations made in the internal and external management letters. The Audit Committee also evaluated the performance of the external auditor at the end of 2021, including a review of their independence.

The Audit Committee closely monitored risk management and the risk-management process, including the timely follow-up of high-priority actions based on quarterly progress updates.

After each in-person meeting, the Audit Committee held one-on-one meetings with the internal and external auditors. The internal auditor and the external auditor attended all Audit Committee meetings.

With respect to the external auditor's communication over the 2021 financial year, the Audit Committee confirms that the communication contained no significant items that need to be mentioned in this Annual Report.

A copy of the Audit Committee's written charter may be found on the Company's website at *http://www.corelab.com/cr/governance*.

Compensation Committee

The current members of the Compensation Committee are Mr. Michael Straughen (Chairman), Mr. Gregory Barnett, and Mr. Kwaku Temeng. Ms. Margaret van Kempen served as a member to the Compensation Committee prior to her retirement from the Supervisory Board in May 2021.

The Company complies with NYSE Rule 303A(5)(b)(i) which governs the composition of the Company's Compensation Committee and requires the committee have a charter that addresses certain topics.

The Supervisory Board has determined that each of the members of the Compensation Committee is (i) independent under the NYSE's rules governing Compensation Committee membership; (ii) a "non-executive director" under Rule 16b-3 of the U.S. Exchange Act.

The Compensation Committee's principal functions, which are discussed in detail in its charter, include a general review of our compensation and benefit plans to ensure that they are properly designed to meet corporate objectives. The Compensation Committee reviews and approves the compensation of our Chief Executive Officer and our senior executive officers, granting of awards under our benefit plans and adopting and changing major compensation policies and practices. In addition to establishing the compensation for the Chief Executive Officer, the Compensation Committee reports its recommendations to the Supervisory Board for approval to review and approve awards made pursuant to our LTIP. Pursuant to its charter, the Compensation Committee has the authority to delegate its responsibilities to other persons. The Compensation Committee held three meetings in 2021.

The Compensation Committee periodically retains a consultant to provide independent advice on executive compensation matters and to perform specific project-related work. The consultant reports directly to the committee, which pre-approves the scope of the work and the fees charged. The Compensation Committee communicates to the consultant the role that management has in the analysis of executive compensation, such as the verification of executive and Company information that the consultant requires.

A copy of the Compensation Committee charter may be found on the Company's website at *http://www.corelab.com/cr/governance*.

Nominating, Governance, Sustainability and Corporate Responsibilities Committee

The current members of the NGSCR Committee are Ms. van Dijken Eeuwijk (Chairman), Mr. Harvey Klingensmith, and Mr. Kwaku Temeng. Ms. Margaret van Kempen served as the Chairman to the NGSCR Committee prior to her retirement from the Supervisory Board in May 2021. Each member of the NGSCR Committee is independent as defined by the corporate governance standards of the NYSE.

The NGSCR Committee's principal functions include: (i) recommending candidates to the Supervisory Board for election as Supervisory Director, (ii) recommending candidates to the Supervisory Board for appointment to the Supervisory Board's committees, (iii) reviewing succession planning for the Chief Executive Officer and other senior executive management, (iv) reviewing the Company's sustainability strategies and evaluating policies, and (iv) leading the Supervisory Board in its annual review of the performance of the Supervisory Board, its committees and management. The NGSCR Committee held four meetings in 2021.

A copy of the NGSCR Committee Charter may be found on the Company's website at *http://www.corelab.com/cr/governance*.

Qualifications of Supervisory Directors

The NGSCR Committee has the responsibility to make recommendations to the Supervisory Board of candidates for the Supervisory Board that the NGSCR Committee believes will perform well in that role and maximize shareholder and stakeholder value. In considering suitable candidates for that position, the NGSCR Committee considers, among other factors, the person's reputation, integrity, independence, and time commitments to reflect and provide an example of our company's core values and business ethics; knowledge, experience, skills, expertise, business and governmental acumen to carry out our business strategy; as well as nationality, age and gender to be representative of our diverse stakeholders. In addition to considering these factors on an individual basis, the NGSCR Committee considers how these factors contribute to the overall variety and mix of attributes of our Supervisory Board as a whole so that the members of our Supervisory Board collectively possess the diverse knowledge and complementary attributes necessary to oversee our business. Supervisory Directors should be excellent representatives of the Company's stakeholders, its core values and business ethics and be able to provide a wide range of management and strategic advice and be someone that the Company can count on to devote the required time and attention needed from members of the Supervisory Board. In the case of current Supervisory Directors being considered for re-nomination, the NGSCR Committee will also take into account the Supervisory Director's tenure as a member of our Supervisory Board; the Supervisory Director's history of attendance at meetings of the Supervisory Board and committees thereof; the Supervisory Director's preparation for and participation in all meetings; and the Supervisory Director's contributions and performance as a member of the Supervisory Board.

Consistent with Dutch legislation that took effect on 1 January 2013, at the time of their election or re-election to the Supervisory Board, all members of the Supervisory Board will be serving on no more than five supervisory directorships in other “large companies” as defined under Dutch law, whereby a chairmanship in such company counts as two directorships.

Large Dutch companies such as Core Laboratories are expected to have a balanced gender distribution whereby at least 30% of the seats of the Board are held by men and at least 30% of the seats of the Board are held by women. The Company is required to take the above allocation of seats into account upon the appointment, re-appointment, recommendation or nomination of Board members. The Company’s Supervisory Board is currently not in compliance with this legislation but will again be in compliance after the annual meeting of shareholders to be held 19 May 2022, if the nominees for the Board of Supervisory Directors are duly elected by the shareholders.

The Company will continue to look for ways to nominate the best candidates available and to have a diverse, experienced and highly qualified Board. The NGSCR believes the current directors and candidates for election at this year's Annual General Meeting possess the characteristics outlined above and bring to the Supervisory Board valuable skills that enhance the Supervisory Board's ability to manage and guide the strategic affairs of the Company in the best interests of our shareholders and our other stakeholders.

Supervisory Director Nomination Process

The NGSCR Committee, the Chairman of the Board, the Chief Executive Officer, or a Supervisory Director identifies a need to add a new Supervisory Board member that meets specific criteria or to fill a vacancy on the Supervisory Board. The NGSCR Committee also reviews the candidacy of existing members of the Supervisory Board whose terms are expiring and who may be eligible for reelection to the Supervisory Board. The NGSCR Committee also considers recommendations for nominees for directorships submitted by shareholders as provided below:

- If a new Supervisory Board member is to be considered, the NGSCR Committee initiates a search by seeking input from other Supervisory Directors and senior management, and hiring a search firm, if necessary. An initial slate of candidates that will satisfy specific criteria and otherwise qualify for membership on the Supervisory Board are identified by or presented to the NGSCR Committee, which ranks the candidates. Members of the NGSCR Committee review the qualifications of prospective candidate(s), and the Chairman of the Board, the Chief Executive Officer, and all other Supervisory Board members have the opportunity to review the qualifications of prospective candidate(s);
- Shareholders seeking to recommend Supervisory Director candidates for consideration by the NGSCR Committee may do so by writing to the Company's Secretary in care of Core Laboratories LP, 6316 Windfern Road, Houston, TX 77040, giving the recommended candidate's name, biographical data and qualifications. The NGSCR Committee will consider all candidates submitted by shareholders no later than the 60th day before the date on which the 2022 Annual General Meeting will be held. At this point, the Company anticipates conducting the 2022 Annual General Meeting in May 2022;
- The NGSCR Committee recommends to the Supervisory Board the nominee(s) from among the candidate(s), including existing members of the Supervisory Board whose terms are expiring and who may be eligible for reelection to the Supervisory Board, and new candidates, if any, identified as described above; and
- The nominee(s) are nominated by the Supervisory Board.

Remuneration of Supervisory Directors

Regarding remuneration paid to the members of the Supervisory Board of the Company, a description of the types and amount of cash and non-cash remuneration paid to those directors is contained in the Company’s Schedule 14A filed with the SEC (“Proxy Statement”) as required by Item 402(g) of Regulation S-K of the U.S. securities laws, and presented in the Remuneration Report in accordance to the Directive of the European Union that may be reviewed at our website at *http://www.corelab.com/investors/financial-report.*

In addition, the Remuneration Report describes the objective of the Company’s remuneration program, as well as the principle components of the Company’s remuneration. Such objectives include remuneration in the form of cash base and retainer fees, and equity-based compensation of restricted share awards without any performance criteria, and with minimum stock ownership restrictions, so there is no incentive for a director to act in their own interest or take unwanted risks.

Amounts paid to our directors may also be found in Note 27 – *Remuneration of Key Management Personnel and Supervisory Directors* of the Notes to the Consolidated Financial Statements included in this Annual Report.

Related Person Transactions

Related person transactions have the potential to create actual or perceived conflicts of interest between the Company and its Supervisory Directors and key management personnel or their immediate family members. Under its charter, the Audit Committee is charged with the responsibility of reviewing with management and the independent registered public accountants (together and/or separately, as appropriate) insider and affiliated party transactions and potential conflicts of interest. The Audit Committee has delegated authority to review transactions involving employees, other than our key management personnel, to our general counsel. We identify such transactions by distributing questionnaires annually to each of our Supervisory Directors, officers and employees.

In deciding whether to approve a related person transaction, the following factors may be considered:

- information about the goods or services proposed to be or being provided by or to the related party or the nature of the transaction;

- the nature of the transaction and the costs to be incurred by the Company or payments made to the Company;
- an analysis of the costs and benefits associated with the transaction and a comparison of comparable or alternative goods or services that are available to the Company from unrelated parties;
- the business advantage the Company would gain by engaging in the transaction; and
- an analysis of the significance of the transaction to the Company and to the related person.

To receive approval, the related person transaction must be on terms that are fair and reasonable to the Company, and which are on terms as favorable to the Company as would be available from non-related entities in comparable transactions. The Audit Committee requires that there is a Company business interest supporting the transaction and the transaction meets the same Company standards that apply to comparable transactions with non-related entities. The Audit Committee has adopted a written policy that governs the approval of related person transactions.

There were no transactions that occurred during fiscal year 2021 in which, to our knowledge, the Company was or is a party, in which the amount involved exceeded $120,000, and in which any director, director nominee, key management personnel, holder of more than 5% of our common shares or any member of the immediate family of any of the foregoing persons had or will have a direct or indirect material interest.

Compensation Committee Interlocks and Insider Participation

During 2021, no executive officer served as:

- a member of the compensation committee (or other Supervisory Board committee performing equivalent functions or, in the absence of any such committee, the entire Supervisory Board of Directors) of another entity, one of whose named executive officers served on our Compensation Committee;
- a member of the compensation committee (or other Supervisory Board committee performing equivalent functions or, in the absence of any such committee, the entire Supervisory Board of Directors) of another entity, one of whose named executive officers served as one of our Supervisory Directors; or
- a director of another entity, one of whose named executive officers served on our Compensation Committee or the board of directors of one of our subsidiaries.

Communications with Directors; Website Access to Our Corporate Documents

Shareholders or other interested parties can contact any Supervisory Director or committee of the Supervisory Board by directing correspondence to them in care of Mark Tattoli, Company Secretary, in care of Core Laboratories LP, 6316 Windfern Road, Houston, Texas 77040. Comments or complaints relating to the Company's accounting, internal controls or auditing matters will be referred to members of the Audit Committee.

Our Internet address is *www.corelab.com*. Our Corporate Governance Guidelines, Code of Ethics and Corporate Responsibility and the charters of our Supervisory Board committees are available on our website at *http://www.corelab.com/cr/governance*. We will also furnish printed copies of such information free of charge upon written request to our Investor Relations department at investor.relations@corelab.com.

Compliance with Corporate Governance Guidance

Core Laboratories' policies and practices reflect corporate governance initiatives that are designed to comply with SEC rules, the listing requirements of the NYSE and the Euronext Amsterdam, the corporate governance requirements of the Sarbanes-Oxley Act of 2002 and to the extent not inconsistent therewith, the Dutch Code, including:

- All non-executive Supervisory Board members are deemed independent under the NYSE rules;
- All members of the Audit Committee, Compensation Committee and NGSCR Committee are non-executive Supervisory Board members and are independent;
- The charters of the Supervisory Board committees clearly establish their respective roles and responsibilities;
- The Supervisory Directors have adopted corporate governance policies; and
- Core Laboratories has a code of ethics and corporate responsibility that applies to all employees, managing Directors and Supervisory Directors

As a listed company on the NYSE, we are required to certify to the NYSE whether or not the Company is or has been acting in violation of NYSE Corporate Governance listing standards. In addition, listed Dutch N.V. companies are required to disclose in their annual report and accounts how they intend to incorporate the principles and best practices provisions of the Dutch Code or, where relevant, to explain why they do not.

In view of the Company's U.S. listing, the Company has to comply with all the relevant requirements relating to corporate governance and disclosure under U.S. securities laws and NYSE rules. As a consequence, the Company's obligations under those rules and regulations may differ from a substantive point of view with some of the best practices of the Dutch Code where the U.S. securities laws or the NYSE rules provide for or prescribe a different approach. To the extent such difference exists, the Company's requirements under U.S. securities law or NYSE rules will prevail for efficiency considerations and to prevent double compliance burdens. The Management Board and the Supervisory Board regularly monitor the developments in corporate governance and shall take such steps as they consider appropriate to further implement the principles and best practice provisions of the Dutch Code. For the full text of the Dutch Code, see *http://www.mccg.nl*.

The Dutch Code emphasizes the principles of long-term value creation, effective management and supervision, remuneration and the general meeting and provides best practices provisions for each principle. The Company applies the major part of the principles and provisions, in so far as they are applicable, with the exceptions listed hereafter.

The corporate governance of the Company is not explained in a separate chapter of this Annual Report for 31 December 2021. However, information about our corporate governance can be found in prior chapters of this Annual Report for 31 December 2021. The corporate governance of the Company is also explained in the Corporate Governance Guidelines which the Company adopted pursuant to the Rule 303A.09 of the NYSE, available on the Company's website at *http://www.corelab.com/cr/governance*, and which are described in the Company's publicly available Proxy Statement available at *http://www.corelab.com/investors/sec-filings* or *https://www.corelab.com/investors/cms/docs/proxy/2021_proxy_document.pdf*.

Best practice provision 1.4.3

The Company's risk management and internal control system is designed to determine risks in relation to the achievement of operational and financial business objectives and appropriate risk responses. The Management Board believes that it is in compliance with the requirements of recommendations 1.4.3 of the Dutch Code, taking into account the recommendation of the Corporate Governance Code Monitoring Committee on the application thereof. See Risk Management section for further details.

Principles 1.6 and 1.7 and the relevant Best practice provisions

The Audit Committee is responsible for the supervision of the independence of the auditors and does conduct an assessment of the functioning of the external auditor. In addition, the Company complies with Section 10A(m)(6) of the U.S. Exchange Act which requires the Audit Committee, in its capacity as a committee of the members of the Supervisory Board, to be directly responsible for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged (including resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the listed issuer. The Company also complies with Rules 303A.06 and 303A.07 of the NYSE, which demands additional requirements regarding the composition and independence of the audit committee.

Best practice provision 1.7.6

The external auditor of the Company has a separate meeting with the audit committee shortly after or before the Supervisory Board meeting to approve the financial statements to discuss the reports of the U.S. auditor and the Dutch auditor. The Company does comply with Section 10A(m)(6) of the U.S. Exchange Act and the Dutch Civil Code.

Best practice provision 2.1.2

The information mentioned in this provision is provided in the Company's publicly available Proxy Statement. A copy of the Proxy Statement is also available on the Company's website at *http://www.corelab.com/investors/sec-filings* or *https://www.corelab.com/investors/cms/docs/proxy/2021_proxy_document.pdf*.

Best practice provision 2.1.5

Although we attempt to maintain a highly diverse group of Supervisory Directors through our diversity policy, our targets may not always be possible due to small size of the Supervisory Board.

Best practice provisions 2.1.7, 2.1.8 and 2.1.9

In 2021, seven out of the eight Supervisory Board members, including one of the board members retired during the year, met the criteria for independence as set forth in Best Practice provision 2.1.8 of the Dutch Code. The Supervisory Board member that is not considered independent under the standard set forth in Best Practice 2.1.8 of the Dutch Code and served on the Supervisory Board for at least a portion of 2021 is Lawrence Bruno, Chairman, President and CEO. Mr. Bruno has served on the Company's Supervisory Board of Directors since February 2018, and with the Company for more than 21 years and has been in the industry for more than 35 years. Given his experience and important contributions to the Company and its business, the Supervisory Board considers his service on the Supervisory Board to be valuable. The Supervisory Board will continue evaluating the structure to determine the most efficient Supervisory Board leadership structure for the Company. Furthermore, it is noted that all seven non-executive members of the Supervisory Board, including one retired during the year, meet the standard for independence as set forth by the NYSE. The Company publishes a statement on the independence (using the SEC's definition thereof) of its members of the Supervisory Board in the Proxy Statement provided annually to its shareholders. Therefore, the Company does not include a statement in relation thereto in the Dutch annual report.

Principle 2.2 and the relevant Best practice provisions

The sole member of the Management Board of the Company is CLIBV. The composition of the management board of the latter company changes from time to time. Certain members of the management board of CLIBV have been in office for a longer period than four years in order to have a continuing overview with respect to the ongoing corporate formalities.

Best practice provisions 2.2.2 and 2.2.4

In 2011, the non-executive members of the Supervisory Board who were serving at that point had served for an average of twelve years. In 2011, the Company instituted a Supervisory Board succession plan, which was completed in 2017, such that the average service term of the non-executive members on the Supervisory Board is now five and one-half years. In addition to bringing new members to the Supervisory Board, the succession plan brought increased diversity to the Board. The Company does not have a current retirement schedule for the Supervisory Board; however, the Supervisory Board consists of seven Supervisory Directors in three classes who serve three-year terms and the Company is committed to a more regular rotation of Supervisory Board members while maintaining the diversity it has achieved.

Best practice provision 2.2.5

The NGSCR Committee's principal functions, which are discussed in detail in its charter, include recommending candidates to the Supervisory Board for election or appointment as Supervisory Director and advising about, and recommending to the Supervisory Board, an appropriate set of corporate governance practices. Since CLIBV is the sole member of the Management Board in the Company's governance structure, the nominating and governance committee does not focus on drawing up selection criteria and appointment procedures for management board members or proposals for appointment or reappointment of such management board members. However, the nominating and governance committee does focus on the Company's policy regarding selection criteria and appointment procedures for the CEO and, together with the CEO, the other senior executive officers. A full overview of the NGSCR Committee's duties is laid down in the committee's charter, which is available on the Company's website at *http://www.corelab.com/cr/governance*.

Best practice provision 2.3.1

The division of duties within the Supervisory Board and the rules of procedure of the Supervisory Board are not laid down in a separate set of Supervisory Board regulations, but instead are described in detail in the Company's Proxy Statement and the Remuneration Report.

Best practice provision 2.3.5

The Company publishes a report of each of the Supervisory Board committees in the Proxy Statement provided annually to its shareholders, and the Remuneration Report on the Company's official website annually. Both reports included as a reference in its Dutch annual report.

Best practice provisions 2.3.6 and 2.3.7

As described in the Company's Corporate Governance Guidelines and Articles of Association, the Company does comply with this provision except for the duty of the Supervisory Board to elect a vice-chairman. We do, however, elect a Lead Director, whose function is the same as the vice-chairman. A copy of the Corporate Governance Guidelines is available on the Company's website at *http://www.corelab.com/cr/governance.*

Best practice provision 2.4.4

Under the Company's Corporate Governance Guidelines, Supervisory Board members are expected to diligently fulfill their fiduciary duties to shareholders, including preparing for, attending and participating in meetings of the Supervisory Board and the committees of which the Supervisory Director is a member. Attendance at the Supervisory Board meetings and committee meetings shall be considered by the NGSCR committee in assessing each Supervisory Board member's performance. The absenteeism rate from the Supervisory Board and committee meetings of each Supervisory Board member is not disclosed by the Company. The Company requires its members of the Supervisory Board to attend Annual General Meetings of shareholders. As required by Item 7(h)(3) of Schedule 14A of the U.S. Exchange Act, the Company discloses its Supervisory Board members' Annual General Meeting attendance policy in its Remuneration Report.

Best practice provision 2.7.1

The Company does comply with this provision except where gifts are concerned; the Company's policy requires disclosure to the Company's compliance officer and to the General Counsel of the receipt of any substantial gift. The gift is then reviewed to determine if it compromises the decision making of the executive and if deemed to do so, the gift must be refused.

Best practice provision 2.7.2

The Company's Supervisory Board has drawn up policies concerning ownership of and transactions in Company securities by members of the Supervisory Board, but does not have a policy regarding ownership and transactions in securities issued by third party companies. To the extent that investments do constitute a conflict of interest, both the NYSE rules and Company policy provide that the director should disclose the conflict and should not take any actions that are inconsistent with their fiduciary duties.

Best practice provision 2.7.3

The Company does have a general policy regarding conflicts of interest. The Company's policy is described in its *Code of Ethics and Corporate Responsibility* and *Code of Ethical Conduct for Senior Financial Officers and Managers Adopted by the Board of Supervisory Directors* pursuant to NYSE Rule 303A(10). A copy of these codes of business conduct and ethics is available on the Company's website at *http://www.corelab.com/cr/governance.*

Best practice provisions 2.8.1 and 2.8.2

The decisions mentioned in these best practice provisions will normally be submitted to the Supervisory Board by officers of the Company.

Best practice provision 3.3.2

As is customary in the industry in which we compete, the Company does grant annual equity compensation to the members of the Supervisory Board. The Company believes that widespread common share ownership by its directors is an effective way to align the interests of the members of the Supervisory Board with those of the Company and its shareholders. The Company also believes that directors with substantial equity positions are more aligned in their approach to oversight than those with little or no stake in the Company. As required by the rules of the NYSE, the Company has obtained shareholder approval of its equity compensation plans. In addition, all grants of equity compensation are disclosed in the Company's Proxy Statement as required by Item 402 of Regulation S-K and the Company's Remuneration Report, both of which may be reviewed at our website at *http://www.corelab.com/investors* under SEC Filings and Financial Reports, respectively.

Best practice provision 3.3.3

U.S. securities laws do not require directors to retain shares for a particular length of time. The Company grants time-based restricted stock that vest at the end of a one-year period to all non-executive Supervisory Directors. Non-executive Supervisory Directors are required to retain ownership of shares equal to no less than 5 times the annual base retainer for the previous year and will be allowed five years to achieve that minimum equity ownership.

Best practice provision 4.1.3

One of the Company's financial tenets is to return excess capital to shareholders through the dividend and share repurchase programs. The declaration and payment of future dividends will be at the discretion of the Supervisory Board of Directors and will depend upon, among other things, future earnings, general financial condition, liquidity, capital requirements, and general business conditions. In connection with our initial public offering in September 1995, our shareholders authorized our Management Board to repurchase up to 10% of our issued share capital, the maximum allowed under Dutch law at the time, for a period of 18 months. This authorization has been renewed at subsequent annual or special shareholder meetings.

Best practice provision 4.1.10

The Company does not publish a copy of the minutes of the shareholder meetings. However, it does file a form 8-K with the SEC and publish a press release with the Dutch regulator, the Autoriteit Financiële Markten ("AFM") following the date of such meeting stating in detail the actions taken at the shareholder meeting.

Best practice provision 4.2.2

The Company does have a general policy with regard to bilateral contacts with shareholders pursuant to NYSE Rule 17 CFR Part 243 Regulation FD (*Fair Disclosure*). The Company has posted on its website (see *http://www.corelab.com/cr/governance*), the Company's *Code of Ethics and Corporate Responsibility*, including policies on Insider Trading and Confidentiality as well as the Company's *Code of Ethical Conduct for Senior Financial Officers and Managers Adopted by the Board of Supervisory Directors*.

Best practice provision 4.2.3

The Company does convene meetings with analysts and investors periodically throughout the year and conducts these meetings in compliance with Regulation FD of the U.S. securities law, which prohibits the selective disclosure of any material non-public information.

Best practice provision 4.2.4

A proxy which contains all the facts and circumstances relevant for approvals to be granted by the General Meeting of Shareholders is annually made available to the Company's shareholders. If under U.S. law and/or Dutch law additional information should be provided, such information will be provided by additional mailing and/or on the Company's website as the case may be.

Best practice provision 4.2.6

The Company does not have specific existing or potential anti-takeover measures in place.

Best practice provision 4.3.2

Proxies for the Annual General Meeting of Shareholders can be given to Mark Tattoli, Jacobus Schouten, Jaap Stoop, Jules van de Winckel and any other lawyer with NautaDutilh N.V. with power of substitution, who may not be independent third parties but who will vote on these powers as directed by the shareholders.

Best practice provision 4.3.3

Pursuant to statutory obligations, current dismissals require a majority vote by the shareholders.

SHAREHOLDER INFORMATION

Share Capital

The authorized share capital of Core Lab is EUR 4.12 million, which 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.

There were no preferred shares issued or outstanding as of 31 December 2021.

The issued ordinary share capital of Core Laboratories N.V. amounts to $1.2 million, consists of 46,454,264 shares with par value of EUR 0.02, of which 46,349,397 ordinary shares are outstanding and 104,867 ordinary shares have been repurchased and are held by the Company as of 31 December 2021. All ordinary shares carry equal rights, including one vote per share and dividend rights, and are freely transferable (unless provided otherwise hereunder). The shares are listed on the NYSE (ticker symbol CLB US) and Euronext Amsterdam (ticker symbol CLB NA) as of 31 December 2021.

Our outstanding ordinary common shares are the only class of our capital stock entitled to notice of and to vote at the Annual General Meeting. In order to be able to vote at the Annual General Meeting, you will have to be a record holder of shares (or otherwise a person with voting rights with respect to shares) at the close of business Eastern Daylight Time on 21 April 2022. This date is considered to be the "day of registration" ("*dag van registratie*") as referred to in the Dutch Civil Code and only holders of shares (or other persons with voting rights with respect to shares) on such date are entitled to vote. Under Dutch law, this latter date must occur exactly twenty-eight (28) days before the date of the Annual General Meeting.

Ordinary shares repurchased by Core Laboratories N.V., also referred to as treasury stock, may be used for the share-based Restricted Share Award Program, the Restricted Share Award Program for Nonemployee Directors and the Performance Share Award Program awards discussed under "Share Compensation Plans" below or for any other purpose and do not carry any voting rights or dividend rights until redistributed.

Significant Share Holdings

Pursuant to the Financial Supervision Act (wet op het financieel toezicht) and the Decree on Disclosure of Major Holdings and Capital Interests in Issuing Institutions (Besluit melding zeggenschap en kapitaalbelang in uitgevende instellingen), the AFM has been notified about the following substantial shareholding regarding Core Laboratories N.V., as of 16 March 2022:

- Ariel Investment, LLC owns 7,804,307 shares, 16.86%;
- BlackRock, Inc. owns 5,362,893 shares, 11.59%;
- The Vanguard Group, Inc. owns 4,967,126 shares, 10.73%;
- Alger Associates, Inc. owns 4,019,235 shares, 8.68%;
- Earnest Partners LLC owns 3,433,430 shares, 7.42%;

Share Compensation Plans

We have granted restricted stock awards under two stock incentive plans: the 2020 Long-term Incentive Plan ("LTIP") and the 2014 Nonemployee Director Stock Incentive Plan (together the "Share Compensation Plans"). Awards under the following three compensation programs have been granted pursuant to both Share Compensation Plans: (1) the Performance Share Award Program ("PSAP"); (2) the Restricted Share Award Program ("RSAP") and (3) the Restricted Share Award Program for Nonemployee Directors.

We issue shares from treasury stock upon the lapsing of vesting restrictions on restricted stock or performance restricted stock awards. We do not use cash to settle equity instruments issued under share-based compensation awards.

As of 31 December 2021, 1,287,177 shares remained available for the grant of new awards under the Share Compensation Plans.

2020 Long-Term Incentive Plan

In 2020, the 2014 LTIP was amended, restated and renamed as the 2020 LTIP (the "Plan"). The primary changes effected by the 2020 amendment and restatement were to (a) extend the period during which awards may be granted under the Plan to 20 May 2025, and (b) increase the number of common shares subject to the Plan by 1,100,000 shares. The Plan, as amended, provides for a maximum of 13,000,000 common shares to be granted to eligible employees. At 31 December 2021, approximately 731,034 shares remained available for the grant of new awards under the Plan. Specifically, we encourage share ownership by awarding various long-term equity incentive awards under the Plan, consisting of the PSAP and RSAP. We believe that widespread common share ownership by key employees is an important means of encouraging superior performance and employee retention. Additionally, our equity-based compensation programs encourage performance and retention by providing additional incentives for executives to further our growth, development and financial success over a longer time horizon by personally benefiting through the ownership of our common shares and/or rights.

2014 Nonemployee Director Stock Incentive Plan

In 2014, the 2006 Nonemployee Director Stock Incentive Plan was amended, restated and renamed the 2014 Nonemployee Director Stock Incentive Plan (the "Director Plan"). The Director Plan provides common shares for grant to our eligible Supervisory Directors. As of 31 December 2021, 556,143 shares remained available for the grant of new awards under the Director Plan. Only non-executive Supervisory Directors are eligible for these equity-based awards under the Director Plan.

Employee Benefit Plans

In 1998, based on our review of post-retirement compensation provided by various companies in the oilfield services industry, we adopted a Supplemental Executive Retirement Plan, (“SERP”), for the benefit of certain key employees which was established to provide additional retirement income for certain of our named executive officers and/or death benefits to the officers’ designated beneficiaries as a reward for the named executive officer’s prior contributions and future efforts to our success and growth.

Through our subsidiary, Core Laboratories LP, we have adopted a non-qualified deferred compensation plan (“Deferred Compensation Plan”) that allows certain highly compensated employees, including all named executive officers, to elect to defer all or a part of their cash compensation (base salary, annual incentives and/or commissions) from us until the termination of their status as an employee. Participating employees are eligible to receive a matching deferral under the Deferred Compensation Plan that compensates them for contributions they could not receive from us under the 401(k) plan due to the various limits imposed on 401(k) plans by the Code. Employer contributions to the Deferred Compensation Plan vest ratably over a period of five years. Discretionary employer contributions may also be made on behalf of participants in the plan and are subject to discretionary vesting schedules determined at the time of such contributions. Contributions to the plan are invested in equity and other investment fund assets and carried on the Statement of Financial Position at fair value. Vesting in all employer contributions is accelerated upon the death of the participant or a change in control.

Change in Control

Change in Control is defined as a merger of the Company with another entity, a consolidation involving the Company, or the sale of all or substantially all of the assets of the Company if (i) the holder of equity securities of the Company immediately prior to the transaction do not beneficially own immediately after the transaction 50% or more of the common equity of the resulting entity, (ii) the holders of equity securities of the Company immediately prior to the transaction do not beneficially own immediately after the transaction 50% of the voting securities of the resulting entity, or (iii) the persons who were members of the Supervisory Board immediately prior to the transaction are not the majority of the board of the resulting entity immediately after the transaction. A Change in Control also occurs when (i) there is shareholder approval of a plan of dissolution or liquidation of the Company, (ii) any person or entity acquires or gains ownership of control of more than 30% of the combined voting power of outstanding securities of the Company or resulting entity, or (iii) a change in the composition of the Board of Directors the results of which are that fewer than a majority of the Supervisory Directors are incumbent directors.

The Employment Termination Agreements described in this Annual Report under sections Compensation Rights on Termination of Employment Agreements below and the Share Compensation Plans above have Change of Control provisions as described in the relevant section.

The Company is a party to a Seventh Amended and Restated Credit Agreement dated 19 June 2018 and Amendment No. 1 dated 20 June 2020. Article 8.01(k) in that Agreement provides that a Change of Control constitutes an Event of Default, triggering certain default remedies specified in the Agreement. The Company is also a party to a Master Note Purchase Agreement dated 30 September 2011 and a Master Note Purchase Agreement dated 16 October 2020, as stipulated under Sections 9.5 and 10.2 of these respective agreements, contain certain requirements regarding merger or consolidation of Core Lab or its subsidiaries that may impact compliance with the Agreement.

Compensation Rights on Termination of Employment Agreements

As part of our normal course of business, we engage in discussions with other companies about possible collaborations and/or other ways in which the companies may work together to further our respective long-term objectives. In addition, many larger, established companies consider companies at similar stages of development to ours as potential acquisition targets. In certain scenarios, the potential for merger or being acquired may be in the best interests of our shareholders. We have entered into certain agreements and maintain certain plans that will require us to provide compensation and/or benefits to our named executive officers in the event of a termination of employment following a change in control transaction ("the Employment Termination Agreements") to promote the ability of our senior executives to act in the best interests of our shareholders even though their employment could be terminated as a result of the transaction.

Each executive's employment agreement contains a standard confidentiality and nonsolicitation provision and requires that the executive not compete with the business conducted by the Company at any time during the period that he is employed by the Company and for the two-year period thereafter unless his employment with the Company is terminated by him for good reason, or by the Company for cause. Notwithstanding, the post-employment noncompetition and nonsolicitation restrictions terminate upon a change in control of the Company.

Upon a change of control, our named executive officers may be subject to certain excise taxes pursuant to Section 4999 of the U.S. IRS Code (which imposes a 20% excise tax on certain excess "parachute payments" as defined in Section 280G of the U.S. IRS Code). For Messrs. Bruno, Hill, Tattoli and Ms. Gresham in accordance with the terms of their respective employment agreements, the payments and benefits provided to that executive shall either be reduced to $1.00 below the amount that would subject the payments to excise taxes pursuant to Section 4999 of the U.S. IRS Code, or paid in full, whichever will result in the better net tax position for the executive.

Annual General Meeting of Shareholders

The functioning and the powers of the General Meeting of Shareholders are governed by the SEC and the AFM, since the Company's shares are listed on the NYSE and Euronext Amsterdam, as well as Article 2:107-128 of the Dutch Civil Code and the Company's articles of association.

Nomination and Election of Supervisory Board members

Candidates for the Supervisory Board are nominated by the Supervisory Board and elected by the shareholders at the Annual General Meeting. See section *Corporate Governance - Our Structure – Supervisory Board – Supervisory Director Nomination Process* included in this Annual Report for further information.

Amendment of the Articles of Association

The Articles of Association can be amended by resolution of the General Meeting of Shareholders with a two-thirds majority of the valid votes cast representing more than half of the issued share capital and further only on the proposal of the management board, which proposal must be approved by the Supervisory Board of Directors.

Acquisition of own shares

We are a Dutch limited liability company and under the Dutch Civil Code, a company and its subsidiaries can hold a maximum of 50% of their issued shares in treasury, if approved by its shareholders. On 29 October 2002, we began to repurchase our shares under a share repurchase program approved by shareholders in connection with our initial public offering in September 1995. We currently have shareholder approval to hold up to 10% of our issued share capital in treasury. At our 19 May 2021 Annual General Meeting, our shareholders authorized the extension of our share repurchase authorization of up to 10% of our issued share capital from time to time for an 18-month period until 19 November 2022. For the 2022 Annual General Meeting, scheduled for 19 May 2022, we included a similar agenda item. The repurchase of shares in the open market is at the discretion of management pursuant to shareholder authorization.

The Annual General Meeting of Shareholders shall have power, upon a proposal thereto by the Supervisory Board, to pass a resolution to reduce the issued share capital either by cancelling shares or by reducing the par value of the shares by means of an amendment to Core Lab's Articles of Association but only with due observance of the provisions in article 2:99 of the Dutch Civil Code.

Issue of shares and Preemptive Rights

On 19 May 2021, the Annual General Meeting of Shareholders also authorized the Supervisory Board of Directors (for a period of 18 months) to issue shares or grant rights to (including options to purchase) with respect to our common and preference shares and to limit or exclude the preemptive rights of the holders of our common shares up to a maximum of 10% of outstanding shares per annum until 19 November 2022. For the 2022 Annual General Meeting, scheduled for 19 May 2022, we included a similar agenda item.

Availability of Reports

We file Quarterly Reports on Form 10-Q, Annual Reports on Form 10-K and Current Reports on Form 8-K with the SEC and Semi-annual and Annual Financial Reports and Accounts with the Dutch Authority for the Financial Markets ("AFM"). These reports are available free of charge through the Company's website at *https://www.corelab.com/investors/* under SEC Filings and Financial Reports as soon as reasonably practicable after they are filed. We may also from time to time provide important disclosures to investors by posting them at the Company's website, as allowed by SEC rules.

Additional materials we file with the AFM are available on the Internet website of the AFM at *www.afm.nl*.

To support shareholder rights and ongoing engagement with our investor community, we have expanded our disclosure within our Sustainability Report and implemented enhancements in our Proxy Statement, Remuneration Report and in our Annual Report to clearly outline our efforts with communicating with our shareholders when they have questions or feedback regarding Core Lab.

In addition to our Annual General Meeting of Shareholders, Proxy Statement, Remuneration Report and Sustainability Report communication, the financial investment and shareholder communities can make inquiries at any time via our Company website. Our company communication page is made available to anyone seeking to ask a question regarding our two Business Segments, Corporate Responsibility, Investor Relations, Human Resources or general inquiries. We review all inquiries and make timely responses.

CONCLUSION

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate disclosure controls and procedures and internal control over financial reporting, as such terms are defined in Rules 13a-15(f) and 15d-15(f) of the U.S. Exchange Act. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in our reports filed or submitted is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and other accounting guidance and reporting requirements to which the Company is subject. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of inherent limitations, such as resource constraints and the benefits of controls must be considered relative to their costs, disclosure controls and procedures and internal control over financial reporting may not prevent or detect misstatements and no evaluation of these procedures and controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that procedures and controls may become inadequate because of changes in conditions, or that the degree of compliance with the procedures or controls may deteriorate.

Our management, under the supervision of and with the participation of our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of our disclosure controls and procedures and internal control over financial reporting for the financial year ended 31 December 2021. In making this assessment, management used the criteria set forth in *Internal Control − Integrated Framework* (2013) issued by COSO. Based on this assessment using these criteria, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures and internal control over financial reporting were effective for the financial year ended 31 December 2021.

Furthermore, there was no change in our disclosure controls and procedures and internal control over financial reporting during our fiscal year ended 31 December 2020 that has materially affected, or is reasonably likely to materially affect, our financial reporting.

Our 2021 Annual Report on Form 10-K included the required Section 302 certifications regarding the accuracy and completeness of the report and that adequate internal controls for public disclosure have been established and maintained.

Responsibility Statement

In accordance with the European Union ("EU") Transparency Directive, as incorporated in chapter 5.1A of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht) and the Dutch Code, the Board declares that, to the best of its knowledge:

- Our consolidated financial statements have been 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 ("Consolidated financial statements") on a going concern basis. The Consolidated financial statements, together with the stand-alone Company financial statements, give a true and fair view of the assets, liabilities, financial position and results of Core Laboratories N.V. as of 31 December 2021;
- The Annual Report gives a true and fair view of the position as per the statement of financial position date, the state of affairs during the 2021 financial year of Core Laboratories N.V. and its affiliated companies included in the Consolidated financial statements and
- The Annual Report describes the principal risks that Core Laboratories N.V. faces.

Approval of Financial Statements

The consolidated financial statements have been audited by the external auditors, KPMG. Their findings have been discussed with the Audit Committee and the Supervisory Board in the presence of the Management Board. The External Auditors have expressed an unqualified opinion on the consolidated financial statements.

The Supervisory Directors have signed the 2020 consolidated financial statements pursuant to their statutory obligations under article 2:101 (2) of the Dutch Civil Code.

The members of the Management Board have signed the 2020 consolidated financial statements pursuant to their statutory obligations under article 2:101 (2) of the Dutch Civil Code and article 5:25c (2) (c) of the Financial Market Supervision Act.

The Supervisory Board of Core Laboratories N.V. recommends that the Financial Statements for the year 2021 be adopted at the Annual General Meeting of Shareholders.

Amsterdam, The Netherlands,

5 April 2022

/s/ Lawrence Bruno
Lawrence Bruno
Chief Executive Officer, Chairman,
President and Supervisory Director

/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

/s/ Gregory B. Barnett
Gregory B. Barnett
Supervisory Director

/s/ Martha Z. Carnes
Martha Z. Carnes
Supervisory Director

/s/ Monique van Dijken Eeuwijk
Monique van Dijken Eeuwijk
Supervisory Director

/s/ Harvey Klingensmith
Harvey Klingensmith
Supervisory Director

/s/ Michael Straughen
Michael Straughen
Supervisory Director

/s/ Kwaku Temeng
Kwaku Temeng
Supervisory Director

CONSOLIDATED FINANCIAL STATEMENTS

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

	Ref.	As of 31 December 2021	2020
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment, net	7	$ 110,952	$ 115,293
Right-of-use lease assets	8	59,282	64,126
Intangible assets, net	9	267,820	268,264
Investment in associates	10	4,156	4,094
Deferred tax assets, net	11	73,663	75,822
Other financial assets	13	32,511	31,201
Other assets		4,746	4,954
TOTAL NON-CURRENT ASSETS		553,130	563,754
CURRENT ASSETS			
Inventories	14	45,443	38,151
Prepaid expenses and other current assets	15	46,486	46,733
Income taxes receivable	15	9,911	9,675
Accounts receivable, net	16	96,830	83,192
Cash and cash equivalents		17,703	13,806
TOTAL CURRENT ASSETS		216,373	191,557
TOTAL ASSETS		$ 769,503	$ 755,311
EQUITY			
EQUITY ATTRIBUTABLE TO OWNERS OF CORE LABORATORIES N.V.		$ 332,885	$ 245,364
NON-CONTROLLING INTEREST		4,552	4,060
TOTAL EQUITY	18	337,437	249,424
LIABILITIES			
NON-CURRENT LIABILITIES			
Borrowings, net	19	188,636	259,433
Long-term lease liabilities	8	49,286	56,108
Income taxes payable	20	8,861	10,463
Deferred tax liabilities, net	11	28,170	24,420
Post-employment benefit plans	22	54,399	55,740
Derivative financial liabilities	12	5,446	2,491
Other long-term liabilities	23	1,920	3,233
TOTAL NON-CURRENT LIABILITIES		336,718	411,888
CURRENT LIABILITIES			
Accounts payable	24	29,726	22,495
Lease liabilities	8	12,342	11,437
Income taxes payable	20	10,672	13,580
Other taxes payable	20	6,152	5,890
Payroll and social security contributions		21,008	26,741
Unearned revenues	17	7,765	5,457
Other accrued expenses	24	7,683	8,399
TOTAL CURRENT LIABILITIES		95,348	93,999
TOTAL LIABILITIES		432,066	505,887
TOTAL EQUITY AND LIABILITIES		$ 769,503	$ 755,311

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

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

		Year Ended 31 December	
	Ref.	**2021**	**2020**
REVENUE:			
Services		$ 344,342	$ 376,421
Product sales		125,910	110,846
TOTAL REVENUE	35	470,252	487,267
OPERATING EXPENSES:			
Cost of services	26	277,372	291,625
Cost of product sales	26	103,901	110,079
Total cost of services and product sales		381,273	401,704
GROSS PROFIT		**88,979**	**85,563**
General and administrative expenses	26,27,28	45,226	35,215
Impairments and other charges	29	-	8,224
Other (income) expense, net	30	(6,267)	2,060
OPERATING PROFIT		**50,020**	**40,064**
Finance costs, net	31	11,990	17,571
Share of profit (loss) of associates	10	62	126
PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAX		**38,092**	**22,619**
Income tax expense (benefit)	32	14,158	12,993
PROFIT (LOSS) FROM CONTINUING OPERATIONS		23,934	9,626
PROFIT (LOSS) FROM DISCONTINUED OPERATIONS, net of income taxes	33	-	(424)
PROFIT (LOSS) FOR THE PERIOD		**$ 23,934**	**$ 9,202**
Attributable to:			
Equity holders of Core Laboratories N.V.		$ 23,442	$ 9,062
Non-controlling interest		492	140
PROFIT (LOSS) FOR THE PERIOD		**$ 23,934**	$ 9,202
EARNINGS (LOSS) PER SHARE INFORMATION:			
Basic earnings (loss) per share from continuing operations		$ 0.52	$ 0.22
Basic earnings (loss) per share from discontinued operations		$ -	$ (0.01)
Basic earnings (loss) per share attributable to Core Laboratories N.V.		$ 0.51	$ 0.20
Diluted earnings (loss) per share from continuing operations		$ 0.51	$ 0.21
Diluted earnings (loss) per share from discontinued operations		$ -	$ (0.01)
Diluted earnings (loss) per share attributable to Core Laboratories N.V.		$ 0.50	$ 0.20
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING (in thousands):			
Basic	34	46,009	44,477
Assuming dilution	34	46,690	44,974

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

CORE LABORATORIES N.V.
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
(In thousands of USD)

	Ref.	Year Ended 31 December 2021	2020
PROFIT (LOSS) FOR THE PERIOD		$ 23,934	$ 9,202
Items that will not be reclassified to profit or loss:			
Remeasurement of post-employment benefit obligations, net of income tax expense (benefit) of $(31) and $231 for 2021 and 2020, respectively	22	(134)	390
Items that may be subsequently reclassified to profit or loss:			
Interest rate swaps	12	(3,436)	(1,437)
Income taxes on interest rate swaps	12	723	302
Other comprehensive income (loss) for the period		(2,847)	(745)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		**$ 21,087**	**$ 8,457**
Attributable to:			
Equity holders of Core Laboratories N.V.		$ 20,595	$ 8,317
Non-controlling interest		492	140
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		$ 21,087	$ 8,457

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

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

	Ref.	Year Ended 31 December 2021	2020
Common Shares			
Balance at Beginning of Period		$ 1,148	$ 1,148
New share issuance		40	-
Balance at End of Period		$ 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		(18,256)	(18,082)
Stock-based compensation		17,877	6,166
Reclassification from retained earnings		2,670	-
Balance at End of Period		$ 99,527	$ 38,137
Retained Earnings			
Balance at Beginning of Period		$ 236,269	$ 239,653
Dividends paid		(1,834)	(12,446)
Profit (loss) attributable to Core Laboratories N.V.		23,442	9,062
Reclassification to additional paid-in capital		(2,670)	-
Balance at End of Period		$ 255,207	$ 236,269
Accumulated Other Comprehensive Income (Loss)			
Balance at Beginning of Period		$ (16,115)	$ (15,370)
Remeasurement of post-employment benefit obligations		(134)	390
Interest rate swaps		(2,713)	(1,135)
Balance at End of Period		$ (18,962)	$ (16,115)
Treasury Shares			
Balance at Beginning of Period		$ (14,075)	$ (29,363)
Stock-based awards issued		18,256	18,082
Repurchase of common shares		(8,256)	(2,794)
Balance at End of Period		$ (4,075)	$ (14,075)
Non-Controlling Interest			
Balance at Beginning of Period		$ 4,060	$ 4,274
Non-controlling interest dividends		-	(354)
Profit attributable to non-controlling interest		492	140
Balance at End of Period		$ 4,552	$ 4,060
Total Equity			
Balance at Beginning of Period		$ 249,424	$ 250,395
New share issuance	18	59,139	-
Stock-based compensation	21	17,877	6,166
Repurchase of common shares	18	(8,256)	(2,794)
Dividends paid	18	(1,834)	(12,446)
Non-controlling interest dividends		-	(354)
Remeasurement of post-employment benefit obligations	22	(134)	390
Interest rate swaps	12	(2,713)	(1,135)
Profit (loss) for the period		23,934	9,202
Balance at End of Period		$ 337,437	$ 249,424
Cash Dividends per Share		**$ 0.04**	**$ 0.28**

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

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

	Ref.	Year Ended 31 December 2021	2020
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	18	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		419,152	208,168
Repurchase of common shares		(300,568)	(100,929)
Balance at End of Period	18	(104,867)	(223,451)
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		419,152	208,168
Repurchases of common shares		(300,568)	(100,929)
Balance at End of Period	18	46,349,397	44,572,801

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

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

	Ref.	Year Ended 31 December 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit (loss) for the period		$ 23,934	$ 9,202
(Profit) loss from discontinued operations, net of income tax	33	-	424
Adjustments to reconcile profit (loss) for the period to net cash provided by operating activities:			
Depreciation and amortization, including intangibles	7,9	18,516	20,867
Amortization of leases	8	14,794	14,980
Stock-based compensation	21	17,641	6,112
Net provision for credit losses	16	256	(1,618)
Impairments and other charges	29	-	8,224
Gain on sale of business		(1,012)	-
Fair value (gains) losses on other financial assets	13	(2,806)	(272)
Finance costs, including debt and leases	31	11,990	17,571
Deferred income taxes	32	6,093	(11,306)
Other non-cash items		(489)	727
Changes in assets and liabilities:			
Accounts receivable, net		(14,034)	48,387
Inventories		(7,292)	12,012
Other assets		(2,626)	(6,694)
Accounts payable		7,103	(14,522)
Other liabilities		421	4,172
Cash provided by operating activities		72,489	108,266
Interest paid		(10,477)	(11,669)
Income tax paid		(9,066)	(21,325)
Net cash provided by operating activities		52,946	75,272
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	7	(13,539)	(11,880)
Intangible assets	9	(318)	(498)
Proceeds from sale of assets		678	1,734
Proceeds from sale of business, net of cash sold		873	-
Proceeds (payment) from sale of discontinued operations	33	-	(225)
Proceeds from insurance recovery	30	726	-
Net distribution (premiums) on life insurance policies	13	1,357	18,720
Net cash provided by (used in) investing activities		(10,223)	7,851
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of borrowings	19	(226,000)	(102,000)
Proceeds from borrowings	19	155,000	56,000
Debt financing costs	19	-	(1,766)
Proceeds from issuance of common shares	18	60,000	-
Transaction costs related to issuance of common shares	18	(861)	-
Dividends paid	18	(1,834)	(12,446)
Repurchase of common shares	18	(8,256)	(2,794)
Payments of lease liabilities		(16,367)	(17,049)
Other financing activities		(508)	(354)
Net cash used in financing activities		(38,826)	(80,409)
NET CHANGE IN CASH AND CASH EQUIVALENTS		3,897	2,714
CASH AND CASH EQUIVALENTS, beginning of period		13,806	11,092
CASH AND CASH EQUIVALENTS, end of period		$ 17,703	$ 13,806
Supplemental disclosures of cash flow information:			
Non-cash investing and financing activities:			
Capital expenditures incurred but not paid for as of the end of the year		$ 1,361	$ 1,064

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 and our Netherlands Chamber of Commerce Trade Register Company Number is 33261158. 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 have approximately 3,700 employees. We are dual listed on the New York Stock Exchange and the Euronext Amsterdam Stock Exchange. These consolidated financial statements were authorized for issue by the Company's Supervisory Board of Directors on 5 April 2022 and will be submitted for adoption at the Annual General Meeting of Shareholders held on 19 May 2022.

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 evaluating and 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 35 – *Segment Reporting and Other Disaggregated Information*.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation

Our consolidated financial statements have been 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 on a going concern basis. The 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 year amounts in order to conform to the current year presentation. These reclassifications had no impact on the reported profit or loss, financial position or cash flows for any of these prior periods.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Core Laboratories N.V. and its subsidiaries (the "Group") for which we have a controlling voting interest and/or a controlling financial interest (including structured entities). The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to us. They are de-consolidated from the date that control ceases. Intercompany transactions, balances and unrealized gains on transactions between consolidated companies are eliminated in consolidation. Unrealized losses are also eliminated but may indicate an impairment of the asset transferred that requires recognition in the consolidated financial statements. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by us. We use the equity method of accounting for investments in which we have less than a majority interest and do not exercise control but do exert significant influence. We use the cost method to record certain other investments in which we own less than 20% of the outstanding equity and do not exercise control or exert significant influence.

Non-controlling interest have been recorded to reflect outside ownership attributable to consolidated subsidiaries that are less than 100% owned.

We use the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and any equity interests issued by us. The consideration transferred includes the fair value of any assets or liabilities resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, we recognize any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Foreign Currencies

Our functional and presentation currency is the U.S. Dollar ("USD") which is the currency of the primary economic environment in which we operate. All intercompany financing, transactions and cash flows of our subsidiaries are transacted in USD. Additionally, certain significant operations transact contractual business denominated in USD.

Revenue and expenses denominated in other currencies are measured into USD at the applicable month-end exchange rate which approximates the average exchange rate. We remeasure monetary assets and liabilities denominated in other currencies to USD at year-end exchange rates. Non-monetary items, depreciation, amortization and certain components of cost of sales are measured at historical rates. Remeasurement and settlement differences are recognized in other (income) expense, net in the consolidated statement of profit or loss.

Transactions with Non-controlling Interests

We treat transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When we cease to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if we had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Associates

Associates are all entities over which we have significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. Our share of the associates' post-acquisition profits or losses is recognized in the consolidated statement of profit or loss. When our share of losses in an associate equals or exceeds our investment in the associate, including any other unsecured receivables, we do not recognize further losses, unless we have incurred obligations or made payments on behalf of the associate. Accounting policies of associates have been changed where necessary to ensure consistency with our policies.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of any amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

Statement of Cash Flows

We have prepared the consolidated statement of cash flows using the indirect method whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows. Non-cash financing and investing activities, if any, are identified in a supplemental disclosure on the consolidated statement of cash flows.

Property, Plant and Equipment

Property, plant and equipment are carried at cost, and, except for land, less accumulated depreciation. Historical cost includes expenditures that are directly attributable to the acquisition of the items. Major renewals and improvements are capitalized while maintenance and repairs are charged to expense as incurred. Assets, other than land, are depreciated using the straight-line method over their individual estimated useful lives, except for leasehold improvements, which are depreciated over the remaining lease term, if shorter. We estimate the useful lives and salvage values of our assets based on historical data as follows:

Buildings and leasehold improvements	3 - 40 years
Machinery and equipment	3 - 10 years

Property, plant and equipment are evaluated for impairment annually or whenever events or changes in circumstances indicate that impairment is possible.

When long-lived assets are sold or retired, the remaining costs and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in profit or loss.

Lease Assets and Liabilities

We have rental arrangements primarily consisting of offices and lab space, machinery and equipment and vehicles. We determine if an arrangement is a lease at inception. Arrangements are considered to be a lease when all of the following apply:

- it conveys the right to control the use of an identified asset for a period of time in exchange for consideration;
- we have substantially all economic benefits from the use of the asset; and
- we can direct the use of the identified asset.

We recognize a right-of-use ("ROU") asset representing our right to use the leased underlying asset with an offsetting lease liability based on the present value of the future minimum lease payments over the lease term at the commencement date using the lease's implicit rate or our incremental borrowing rate ("IBR") where our leases do not provide an implicit rate.

The lease term comprises the non-cancellable period of lease contracts, plus periods covered by reasonably certain renewal options and period covered by a termination option, if we are reasonably certain not to exercise that option.

The IBR is the rate that a lessee would pay to attract required funding to purchase the asset over a similar term, with a similar security and in a similar economic environment.

The ROU asset also includes all lease payments made at or before the commencement date, plus initial direct costs incurred.

The ROU assets are subsequently amortized using the straight-line method, over the shorter of its estimated useful life and the lease term. ROU assets are subject to impairment and adjusted for remeasurements of lease liabilities.

The lease liability is subsequently measured at amortized cost using the effective interest method and is remeasured when there is a change in future lease payments arising, for example, from renegotiations of the lease contract, a change in an index, or if we change our assessment of whether we will exercise extension or termination options. A corresponding adjustment is made to the carrying amount of the right-of-use asset, and the excess over the carrying amount of the asset, if any, being recognized in the consolidated statement of profit or loss within other (income) expense, net.

At the end of the lease term or at early termination of the lease, the cost of the right-of-use asset, accumulated amortization, and outstanding lease liability, are written down with the difference, if any, recorded in the consolidated statement of profit or loss within other (income) expense, net.

The Company has elected to apply the exemption to all classes of underlying assets associated with short-term lease and leases of low value. Accordingly, no ROU asset or lease liability is recognized for leases with a term of twelve months or less or where lease payments are less than $100 per month, and these lease amounts are recognized in operating expenses on a straight-line basis over the lease term.

The Company has elected to apply the practical expedient for combining lease and non-lease components for vehicle leases and elected not to apply the practical expedient for combining lease and non-lease components to all other classes of underlying assets.

Intangible Assets

We record goodwill as the excess of the purchase price over the fair value of the net assets acquired in acquisitions accounted for under the purchase method of accounting, and it is carried at historical cost less any accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

We test goodwill for impairment annually or more frequently if circumstances indicate that a potential impairment has occurred. Impairment losses on goodwill are not reversed. Goodwill is recorded in the group of cash-generating units expected to benefit from the business combination in which the goodwill arose. Groups of cash-generating units, which are the same as our reportable segments, are used for the purpose of goodwill impairment testing. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell or value in use.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates and is tested for impairment as part of the overall investment balance.

Other intangible assets include trade secrets, patents, technology and agreements not to compete, and are carried at cost less accumulated amortization and any accumulated impairment losses. Other intangibles are amortized using the straight-line method over the estimated useful life of the intangible which range from two to twenty years.

Intangibles with indefinite lives, which consist of corporate trade names and trademarks are not amortized.

Other intangible assets and intangible assets with indefinite lives are evaluated for impairment annually or whenever events or changes in circumstances indicate that impairment is possible.

Research expenditures are recognized in the profit and loss account as incurred. These research costs are not material to our operations. Expenses incurred for development projects are capitalized as a component of manufacturing price if the projects in question are likely to be commercially and technically viable (i.e., it is likely that economic benefits will be realized and the expenses can be reliably estimated). Capitalized development expenses are amortized as soon as the commercial production process has commenced, with amortization being based on the estimated useful life of the asset. Development costs are not material. We have not capitalized any development costs during the years ended 31 December 2021 or 2020. All other development costs are charged to expense as incurred and are not material to our operations.

Income Taxes

The current income tax payable is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where we operate and generate taxable income. We periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establish provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. We recognize deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements or tax returns.

Deferred tax assets and liabilities are determined based on the difference between the financial statement and the tax basis of assets and liabilities using enacted or substantively enacted tax rates and laws in effect for the year in which the asset is expected to be recovered or the liability is expected to be settled. We include interest and penalties from tax judgments in income tax expense. Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Financial Assets and Liabilities

We classify our financial instruments as financial assets, based on the business model in which the financial instrument is managed and its contractual cash flow characteristics, or as financial liabilities when we become party to the contractual provisions of the instrument. Financial assets and liabilities are subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit and loss.

Derivative Financial Instruments and Hedging Activities

We initially recognize derivatives at fair value on the date a derivative contract is entered into and subsequently remeasure them at their fair value. Our only derivative financial assets and liabilities which involve recurring fair value measurements are associated with our interest rate swaps. We document at the inception of the transaction the relationship between hedging instruments and hedged items, as well as the risk management objectives and strategy for undertaking various hedging transactions. We also document our assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

We currently apply cash flow hedge accounting for our interest rate swaps. The effective portion of changes in the fair value of these derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. Amounts accumulated in equity relating to the effective portion of our interest rate swaps are reclassified to finance costs in the consolidated statement of profit or loss in the periods the underlying hedged transaction is recorded in finance costs. When a hedging instrument expires or no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the consolidated statement of profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated statement of profit or loss.

We do not enter into derivative transactions for speculative purposes.

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

Inventories

Inventories consist of manufactured goods, materials and supplies used for sales or services to clients. Inventories are stated at the lower of cost or net realizable value and are reflected net of valuation reserves. The cost of manufactured goods and work in progress comprises design costs, raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Inventory costs are recorded at standard cost, which approximates the first-in, first-out method. Inventory quantities on hand and record provisions for excess, slow-moving or obsolete inventory are reviewed periodically based on historical usage, estimated demand of the product and technological developments.

Accounts Receivable

Accounts receivable are recorded initially at their invoiced amount or transaction price, and subsequently at amortized cost. Amortized cost includes any expected credit losses or interest earned. We evaluate our expected credit losses monthly and provide for expected credit losses based on historical trends or whenever invoices are past due the payment terms of 30 days and there is objective evidence that we will not be able to collect all amounts due according to the original terms of the receivables or the invoice becomes greater than 180 days past due (or 365 days past due for international oil companies, national oil monopolies, government entities or Fortune 500 size companies or 5A Dun & Bradstreet rated company, all of which are not considered to be a high credit risk). Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account for estimated credit losses, and the amount of the loss is recognized in the consolidated statement of profit or loss. When an account receivable is considered uncollectible, generally, when there is no expectation of recovering any of the outstanding balance, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited in the consolidated statement of profit or loss. We do not recognize interest on our accounts receivable since they do not contain a significant financing component.

Contract Assets and Liabilities

Contract assets and liabilities arise from differences in timing of revenue recognition, billings and cash collections.

Contract assets include our right to payment for goods and services already transferred to a client when the right to payment is conditional on something other than the passage of time. For example, we have contracts where we recognize revenue over time but do not have a contractual right to payment until we complete the performance obligations.

Contract liabilities consist of advance payments received and billings in excess of revenue recognized. We generally receive up-front payments relating to our consortia studies. We recognize revenue over the life of the study as the testing and analysis results are made available to our consortia members. We record billings in excess of revenue recognized for contracts with a duration less than twelve months as unearned revenue. We classify contract liabilities for contracts with a duration greater than twelve months as current or non-current based on the timing of revenue recognition.

Cash and Cash Equivalents

Cash and cash equivalents include all short-term, highly liquid instruments purchased with an original maturity of three months or less. These items are carried at amortized cost, which approximates market value.

Share Capital

Ordinary shares are classified as equity. When we repurchase our own equity share capital (treasury shares), the consideration paid is deducted from equity attributable to our equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received is included in equity attributable to our equity holders. Incremental costs directly attributable to the issue of new shares or options or repurchase or reissuance of existing shares are shown in equity as a deduction, net of tax, from the proceeds received or consideration paid.

Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless we have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Stock-Based Compensation

We issue stock-based compensation as a form of compensation for certain employees. The total amount to be expensed is recognized over the vesting period and is determined by reference to the fair value of the shares granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Market vesting conditions are included in the estimation of the fair value of the shares, and non-market vesting conditions are included in assumptions about the number of shares that are expected to vest. At each reporting date, we revise our estimates of the number of shares that are expected to vest. We recognize the impact of the revision to original estimates, if any, in the consolidated statement of profit or loss, with a corresponding adjustment to the additional paid-in capital.

Post-employment and Other Long-term Employee Benefits

We provide a non-contributory defined benefit plan covering substantially all of our Dutch employees ("Dutch Plan") hired prior to 2000. We also have entered into deferred compensation contracts for certain key employees to provide additional retirement income to the participants ("SERP"). We recognize post-employment obligation costs associated with these plans in the consolidated statement of profit or loss. We recognize liabilities in the consolidated statement of financial position at the present value of the post-employment obligations at the reporting date less the fair value of plan assets in the case of the Dutch Plan. The fair value of the life insurance policies we have purchased to assist in meeting the SERP obligations is recognized in the consolidated statement of financial position as other financial assets. We recognize actuarial gains and losses during the period as a component of other comprehensive income. Past-service costs are recognized immediately in income.

We maintain defined contribution plans for the benefit of eligible employees We expense these contributions in the period the contributions are made. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Provisions

Provisions are recognized when there is a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognized for future operating losses. Provisions are measured at the present value of expenditures expected to be required to settle the obligation using a pre-tax rate, which reflects current market assessments of the time value of money and the risks specific to the obligation, if the amount or time is reasonably determinable.

Accounts Payable

Trade accounts payable are recorded at their invoiced amounts and do not bear interest. The carrying value of accounts payable is considered to be representative of its respective fair value.

Revenue

All of our revenue is derived from contracts with clients. Our contracts generally include standard commercial payment terms generally acceptable in each region, and do not include financing with extended payment terms. We have no significant obligations for refunds, warranties, or similar obligations. Our revenue does not include taxes collected from our clients. In certain circumstances we apply the guidance in IFRS 15, Revenue from Contracts with Customers ("IFRS 15") to a portfolio of contracts with similar characteristics. We use estimates and assumptions when accounting for a portfolio that reflect the size and composition of the portfolio of contracts.

A performance obligation is a promise in a contract to transfer a distinct service or good to a client. We have contracts with two general groups of performance obligations: those that require us to perform analysis and/or diagnostic tests in our laboratory or at the client's wellsite and those from the sale of tools, diagnostic and equipment products and related services. We recognize revenue at an amount that reflects the consideration expected to be received in exchange for such services or goods as described below by applying the five-step method to: (1) identify the contract(s) with clients; (2) identify the performance obligation(s) in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligation(s) in the contract; and (5) recognize revenue when (or as) we satisfy the performance obligation(s).

Services Revenue: We provide a variety of services to clients in the oil and gas industry. Where services are provided related to the testing and analysis of rock and fluids, we recognize revenue upon the provision of the test results or analysis to the client. For our design, field engineering and completion diagnostic services, we recognize revenue upon the delivery of those services at the well site or delivery of the diagnostic data. In the case of our consortia studies, we have multiple performance obligations, and revenue is recognized at the point in time when the testing and analysis results on each contributed core are made available to our consortia members. For arrangements that include multiple performance obligations, we allocate revenue to each performance obligation based on estimates of the price that we would charge the client for each promised service or product if it were sold on a standalone basis.

Product Sales Revenue: We manufacture equipment that we sell to our clients in the oil and gas industry. We recognize revenue when control of the promised product is transferred to the client. Control of the product usually passes to the client at the time shipment is made or picked up by the client at our facilities, as defined within the contract.

To a lesser extent in all of our business segments, we enter into other types of contracts including service arrangements and non-subscription software and licensing agreements. We recognize revenue for these arrangements over time or at a point in time depending on our evaluation of when the client obtains control of the promised services or products.

All advance payments are classified as unearned revenue until services are performed or product title is transferred.

Disaggregation of Revenue

We contract with clients for service revenue and/or product sales revenue. We present revenue disaggregated by services and product sales in our consolidated statement of profit or loss. For revenue disaggregation by reportable segment, see Note 35 – *Segment Reporting and Other Disaggregated Information*.

Finance Income and Costs

Finance income and costs are recognized when the income is earned or the expense is incurred.

Earnings Per Share

We compute basic earnings per share by dividing profit or loss attributable to equity holders of Core Laboratories N.V. by the number of weighted average common shares outstanding during the period. Diluted earnings per share includes the effect of contingently issuable shares from performance and restricted stock awards, as determined using the treasury stock method.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

IFRS Issued but Not Effective

In February 2021, the International Accounting Standards Board ("IASB") issued "Definition of Accounting Estimates (Amendments to IAS 8)" to clarify the difference between a change in accounting policy, which is applied retrospectively, and a change in accounting estimate, which is applied prospectively. The amendment replaces the definition of a change in accounting estimate with the definition of an accounting estimate, which is defined as monetary amounts in the financial statement that are subject to measurement uncertainty. The amendment also clarifies that a change in accounting estimate resulting from new information and new developments or a change in an input or measurement technique are changes in accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. The effects of the amendments on our financial statements may require increased disclosures provided by us.

In February 2021, the IASB issued "Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)" to require entities to disclose their material accounting policies rather than their significant accounting policies and provided guidance under a four-step materiality process to identify material accounting policies. An accounting policy may be material because of its nature even if related amounts are immaterial, or if users of the entity's financial statements would need it to understand other material information in the financial statements. The amendments are applied prospectively and are effective for annual reporting periods beginning on or after 1 January 2023. The effects of the amendments on our financial statements may require increased disclosures provided by us.

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management to make certain estimates and assumptions that affect the reported amounts 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. We evaluate our estimates on an ongoing basis and utilize our historical experience, as well as various other assumptions that we believe are reasonable under the circumstances. By nature, these judgments are subject to an inherent degree of uncertainty. Actual results could differ from our estimates as assumptions and conditions change.

We consider an accounting estimate to be critical if it is highly subjective and if changes in the estimate under different assumptions would result in a material impact on our financial condition and results of operations. The following are considered critical accounting estimates as of 31 December 2021.

For each of these critical estimates it is at least reasonably possible that changes in these estimates will occur in the short term which may impact our financial position or results of operations.

Going Concern

The preparation of financial statements require management to assess the Company's ability to continue as a going concern and identify any material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern for disclosure. Our evaluation is based on historical performance, budgeted and forecast results and cash flows based on current and anticipated economic conditions and our ability to maintain and obtain financing through credit facilities or the sale of common shares. It also requires us to make certain assumptions regarding our financial risks discussed in Note 4 – *Financial Risks and Risk Management*, all of which could be affected by COVID-19 pandemic mitigation factors as discussed in Note 5 – *Effects of COVID-19 Pandemic*. We considered our ability to obtain new financing as discussed in Note 18 – *Equity*, and Note 19 – *Borrowings, net*, and the improvement in the outlook for the global economies and the energy industry by various industry data, as well as the Company's stock price (average stock price of $31.59 for the year ended 31 December 2021, compared to average of $21.79 for the year ended 31 December 2020). In 2021, the Company continued to generate free cash flow, and coupled with the new proceeds from the sales of its shares of $59.1 million, the Company successfully reduced its total net debt by approximately $75 million as of 31 December 2021. In accordance with the terms of the Credit Facility, our leverage ratio is 2.08 as of 31 December 2021, compared to the permitted leverage ratio of 2.5. Our available borrowing capacity under the Credit Facility was $159.6 million. As such the Company has concluded it has the ability to continue as a going concern for at least 12 months from the date these financial statements were issued.

Post-employment Benefits

We provide a noncontributory defined benefit pension plan covering substantially all of our Dutch employees hired prior to 2000. We have also entered into deferred compensation contracts for certain key employees to provide additional retirement income to the participants. In addition, we provide severance compensation to certain current key employees if employment is terminated under certain circumstances, such as following a change in control or for any reason other than upon their death or disability, for "cause" or upon a material breach of a material provision of their employment agreement, as defined in their employment agreements. We recognize post-employment obligation costs associated with these arrangements in profit or loss and recognize the unfunded status of the arrangements, if any, as a long-term liability. In addition, we recognize as a component of other comprehensive income all remeasurement gains or losses. The projection of the post-employment obligations and fair value of plan assets requires the use of assumptions and estimates. Actual results could differ from those estimates. See Note 22 – *Post-employment and Other Long-term Employee Benefit Plans*.

Stock-Based Compensation

We have two stock-based compensation plans, as described in further detail in Note 21 – *Stock-Based Compensation*. We evaluate the probability that certain of our stock-based plans will meet targets established within the respective agreements and the vesting of awards. For new awards issued and awards modified, repurchased or canceled, the compensation expense is equal to the fair value of the award at the date with an estimated forfeiture rate of the grant and is recognized in the consolidated statements of profit or loss for those awards earned over the requisite service period of the award. The fair value is determined by calculating the share price on the date of grant less the discounted value of the expected dividends to be paid over the vesting period.

Income Taxes

Our income tax expense includes income taxes of the Netherlands and other foreign countries as well as local, state and provincial income taxes. We recognize deferred tax assets or liabilities for the differences between the financial statement carrying amount and tax basis of assets and liabilities using enacted tax rates in effect for the years in which the asset is expected to be recovered or the liability is expected to be settled. We estimate the likelihood of the recoverability of our deferred tax assets (particularly, net operating loss carryforwards) based on estimates and assumptions of taxable income into the future and a determination is made of the magnitude of deferred tax assets which are more likely than not to be realized. Deferred tax assets ("DTAs") are recorded to the extent utilization is determined to be more likely than not. If these estimates of utilization and related assumptions change in the future, we may record adjustments to reflect the reduction to tax benefits or additional tax benefits, which could impact our effective tax rate which could result in a material adverse effect on our financial position, results of operations and cash flows. We record a liability for unrecognized tax benefits resulting from uncertain tax positions taken or expected to be taken in our tax return. We also recognize interest and penalties, if any, related to unrecognized tax benefits in income tax expense.

Impairment

We are required to test our intangibles, goodwill and long-lived assets for impairment annually or whenever a triggering event occurs. Indicators of possible impairment may include significant declines in activity levels in regions where specific assets or groups of assets are located, extended periods of idle use, declining revenue or cash flow or overall changes in general market conditions. Management must use their discretion to identify if a triggering event has occurred. We record goodwill as the excess of the purchase price over the estimated fair value of the net assets acquired in acquisitions accounted for under the purchase method of accounting. Certain intangibles, primarily related to trade names, are assumed to have an indefinite life and are not amortized. These assets are specific trade names which have been determined will be used and provide future cash flows indefinitely. These intangibles are included in our impairment analyses.

For purposes of impairment testing, we have to determine what represents a cash generating unit ("CGU"), which we have identified as our reportable segments, and compare the estimated recoverable amount of each CGU to its net carrying value. The recoverable amount is determined by estimating the present value of projected future cash flows using our weighted average cost of capital as a basis for the discount rate. Our impairment analysis is quantitative; however, it includes subjective estimates based on assumptions regarding future revenue growth rates, discount rates and expected margins. If the carrying value of the CGU exceeds the recoverable amount determined, an impairment loss is recorded to the extent that the implied fair value of the goodwill of the CGU is less than its carrying value. See Note 29 – *Impairment and Other Charges*, for further details.

Right of use assets and lease liabilities

The value of right of use assets and lease liabilities requires significant judgment in determining the lease term and the incremental borrowing rate. The lease term is dependent on our assessment of whether we are reasonably certain to exercise extension or early termination options. The assumptions used in the determination of the incremental borrowing rate could impact the rate used in discounting future payments, which as a result could have an impact on the amount of lease liabilities recognized.

4. FINANCIAL RISKS AND RISK MANAGEMENT

Market Risk

We are exposed to market risk, which is the potential loss arising from adverse changes in currency, interest rate and price risk. We do not believe that our exposure to market risks, which are primarily related to interest rate changes, is material.

Currency Risks

We operate in a number of international areas which exposes us to foreign currency exchange rate risk. We do not currently hold or issue forward exchange contracts or other derivative instruments for hedging or speculative purposes. Foreign exchange gains and losses result from fluctuations in the USD against foreign currencies and are included in other (income) expense, net in the consolidated statement of profit or loss. We recognize foreign exchange losses in countries where the USD weakened against the local currency and we had net monetary liabilities denominated in the local currency, as well as in countries where the USD strengthened against the local currency and we had net monetary assets denominated in the local currency. We recognize foreign exchange gains in countries where the USD strengthened against the local currency and we had net monetary liabilities denominated in the local currency and in countries where the USD weakened against the local currency and we had net monetary assets denominated in the local currency. We manage our risk to foreign exchange fluctuations by minimizing our net monetary assets and liabilities denominated in currencies other than USD.

The following table summarizes the impact on our post-tax profit for the year if the USD exchange rate changed by 20% against the listed currencies with all other variables held constant (in thousands of USD):

	Year Ended 31 December 2021		Year Ended 31 December 2020	
	Increase 20%	**Decrease 20%**	**Increase 20%**	**Decrease 20%**
Euro	$ 281	$ (281)	$ 161	$ (161)
Australian Dollars	87	(87)	(342)	342
British Pounds	762	(762)	(259)	259
Canadian Dollars	208	(208)	306	(306)
Mexican Pesos	322	(322)	410	(410)
Russian Rubles	61	(61)	203	(203)
Turkish Lira	(177)	177	475	(475)
United Arab Emirates Dirham	619	(619)	571	(571)
Total	$ 2,163	$ (2,163)	$ 1,525	$ (1,525)

The above listed currencies represent 25% and 24% of our net monetary assets on 31 December 2021 and 2020, respectively, while our position in USD represents 55% and 45% of our net monetary assets on 31 December 2021 and 2020, respectively. The overall increase in our exposure to an increase or decrease in foreign exchange rates as of 31 December 2021 is primarily due to net monetary liabilities in 2021 compared to net monetary assets in 2020 in Australian dollars and British Pounds, and net monetary assets in 2021 compared to net monetary liabilities in 2020 in Turkish Lira.

Interest Rate Risks

We are exposed to interest rate risks on our fixed rate borrowings whose fair value will fluctuate based on changes in interest rates and market perception of our credit risk. We are exposed to interest rate risk on our variable rate borrowings whenever market interest rates increase. We analyze our interest rate exposure on a regular basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing.

We manage our interest rate risk by using floating-to-fixed and forward interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. See Note *12 – Derivative Financial Instruments and Hedging Activities*.

If LIBOR had changed by 20% with all other variables held constant, our interest expense for the year would have increased/decreased by $34 thousand.

As of 31 December 2021, we had fixed rate long-term debt aggregating $135 million and variable rate long-term debt aggregating $55 million, after the effect of the interest rate swaps.

Credit Risks

Our financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash and cash equivalents, accounts receivable and other financial assets.

Substantially all cash and cash equivalents and other financial assets are on deposit at commercial banks, insurance companies or investment firms with significant financial resources.

Our trade receivables are with a variety of domestic, international and national oil and gas companies. We consider our credit risk to be limited due to the creditworthiness and financial resources of our clients. We limit this risk through an established credit department that reviews and recommends credit terms for all new clients and clients we have not done work for during the past 12 months. They utilize a number of global reporting agencies such as Dun & Bradstreet, SkyMinder, Experian and Hoovers to establish the credit worthiness of our clients. In addition, they may use other credit reporting agencies, state and local records and SEC and other public filings. If there is no independent rating, our credit department assesses the credit quality of the client taking into account its financial position, past experience and other factors. In certain situations, we will require a letter of credit before completing the sale.

In addition, ongoing clients are periodically reviewed to ensure their financial position continues to warrant the extension of credit. The credit department monitors and evaluates the updated list and trend of bankruptcies filed and prepares trade receivable risk reports periodically. We evaluate our estimate of the provision for expected credit losses on an on-going basis throughout the year. Our exposure to credit risk is the total balance of financial instruments that are not impaired which is $91.7 million and $77.8 million as of 31 December 2021 and 2020, respectively. See Note 16 – *Accounts Receivable, net* for the details of these balances.

The aim is to maintain a client base where no one client will account for a significant portion of our business. We had no clients who provided more than 10% of our revenue for the years ended 31 December 2021 and 2020. Our top ten clients in 2021 and 2020 accounted for 26% and 26% of our total revenue, respectively.

Liquidity Risks

The management of liquidity risk entails maintaining sufficient cash and marketable securities along with the availability of funding through our revolving credit facility. Our financing policy is directed at establishing and maintaining an optimal financing structure that takes into account our current asset base and our investment program. From time to time, we seek access to the capital markets when external funding is required to the extent we need outside funding beyond our internally generated free cash flow in order to finance investments, potential acquisitions and repayment of debt. See Note 19 – *Borrowings, net*, Note 8 – *Lease Assets and Liabilities* and Note 12 – *Derivative Financial Instruments and Hedging Activities* for additional information regarding our contractual arrangements.

The following table summarizes our future contractual obligations under these arrangements into relevant maturity groupings based on the remaining period at the reporting date (in thousands of USD):

	As of 31 December 2021				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Contractual Obligations (in thousands of USD):					
Borrowings, including interest	$ 206,909	$ 5,581	$ 137,308	$ 48,308	$ 15,712
Lease liabilities	61,628	12,342	17,952	12,234	19,100
Derivative financial liabilities	5,446	—	5,446	—	—
Accounts payables	29,726	29,726	—	—	—
Other accrued expenses	7,683	7,683	—	—	—
Total contractual obligations	$ 311,392	$ 55,332	$ 160,706	$ 60,542	$ 34,812

Contractual Obligations (in thousands of USD):	As of 31 December 2020 Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Borrowing, including interest	$ 271,734	$ 80,339	$ 191,395	$ —	$ —
Lease liabilities	67,545	11,437	18,107	12,167	25,834
Derivative financial liabilities	2,491	—	—	2,491	—
Accounts payables	22,495	22,495	—	—	—
Other accrued expenses	8,399	8,399	—	—	—
Total contractual obligations	$ 372,664	$ 122,670	$ 209,502	$ 14,658	$ 25,834

We have no significant purchase commitments or similar obligations outstanding as of 31 December 2021. We fund our post-employment benefit plan obligations primarily with other financial assets.

We plan on funding these obligations through existing cash balances, operating cash flows and the unused portion of our revolving credit facility.

Capital Risk Management

Our objectives when managing capital are to safeguard our ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, we may adjust the amount of capital we return to shareholders through our share repurchase and dividend programs, issue new shares or convert assets to cash to reduce debt. Consistent with others in our industry, we monitor capital on the basis of the debt-to-earnings before interest, tax, depreciation and amortization ("EBITDA") ratio calculated as follows (in thousands of USD):

	Year Ended 31 December 2021	2020
Borrowings less cash	$ 170,933	$ 245,627
Profit for the period	23,934	9,202
Finance costs, net	11,990	17,571
Income tax expense (benefit)	14,158	12,993
Depreciation expense	17,754	19,727
Amortization of leases	14,794	14,980
Amortization of intangibles	762	1,140
EBITDA	$ 83,392	$ 75,613
Debt-to-EBITDA ratio	2.05	3.20
Debt-to-Adjusted EBITDA ratio (1)	2.08	2.82

(1) Debt to Adjusted EBITDA includes certain additional non-cash adjustments to EBITDA. Pursuant to the Company's revolving credit facility agreement, adjusted EBITDA is used in determining the calculation of the leverage ratio financial covenant.

The decrease in the debt-to-EBITDA ratio in 2021 was primarily due to the repayment of borrowings from the sale of additional ordinary shares. See Note 18 – *Equity*. Our ability to generate free cash flow remains strong, and we will continue to manage our capital structure to meet our goals.

5. 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. See Note 4 – *Financial Risks and Risk Management* and Note 3 – *Critical Accounting Estimates and Assumptions*, for additional discussions of the current and possible future impact. 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. See Note 29 – *Impairments and Other Charges*, for further details on the assumptions applied and sensitivity analysis.

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 over 150% as of 31 December 2020. As such, for our IFRS consolidated financial statements as of 31 December 2020, the Company determined there was no impairment to goodwill, and no impairment charge was recorded. We also determined there was no impairment to our property. plant and equipment. See Note 29 – *Impairments and Other Charges* regarding an impairment recorded for our intangible assets.

During the year ended 31 December 2021, there were no triggering events, and, based on our annual assessments, we determined there was no impairment for any of our cash generating units, operating segments, asset groups or long-lived assets.

Inventories

During the year ended 31 December 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 $10.4 million primarily in our Production Enhancement segment. There were no triggering events during the year ended 31 December 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 2021 and 2020. 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 2021 and 2020. See Note 13 – *Financial Assets and Liabilities and Fair Value*, and Note 16 – *Accounts Receivable, net*, for further details.

Borrowings and finance costs

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 debt consists of fixed rate senior notes with an aggregate principal amount of $135 million and the variable rate revolving credit facility with a maximum borrowing capacity up to $225 million and an election to increase the facility an additional $50 million subject to the satisfaction of certain conditions.

The revolving 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 19 – *Borrowings, net*. In accordance with the terms of the revolving credit facility, our leverage ratio is 2.08, and our interest coverage ratio is 9.06, each for the period ended 31 December 2021. We believe that we are in compliance with all covenants contained in our senior notes and revolving credit facility agreements.

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 2020, the Company implemented cost reduction initiatives, which included: (i) corporate and operating cost reductions; (ii) reduction in annual capital expenditures, 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. These initiatives continued in 2021. Following an improvement in activity levels during the second half of 2021 and a more positive outlook, the Company partially reinstated certain employee costs into the Company's cost structure. For the years ended 31 December 2021 and 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 included in other (income) expense, net in the consolidated statement of profit or loss.

6. ACQUISITIONS AND DIVESTITURES

We had no significant business acquisitions or divestitures during the years ended 31 December 2021 and 2020.

7. PROPERTY, PLANT AND EQUIPMENT, NET

The components of property, plant and equipment were as follows (in thousands of USD):

	Land	Buildings	Machinery and Equipment	Construction In Progress	Total
As of 1 January 2020					
Historical cost	$ 11,435	$ 116,045	$ 267,732	$ 10,480	$ 405,692
Accumulated depreciation	—	(63,014)	(219,172)	—	(282,186)
Net book value	11,435	53,031	48,560	10,480	123,506
Year Ended 31 December 2020					
Opening net book value	11,435	53,031	48,560	10,480	123,506
Additions	—	—	2,148	9,732	11,880
Disposals	(40)	(298)	(81)	(61)	(480)
Transfers	—	1,394	12,565	(13,959)	—
Other	—	(19)	133	—	114
Depreciation expense	—	(4,419)	(15,308)	—	(19,727)
Closing net book value	11,395	49,689	48,017	6,192	115,293
As of 31 December 2020					
Historical cost	11,395	116,311	275,370	6,192	409,268
Accumulated depreciation	—	(66,622)	(227,353)	—	(293,975)
Net book value	11,395	49,689	48,017	6,192	115,293
Year Ended 31 December 2021					
Opening net book value	11,395	49,689	48,017	6,192	115,293
Additions	—	569	2,883	10,087	13,539
Disposals	—	(23)	(178)	(50)	(251)
Transfers	—	1,228	7,257	(8,485)	—
Other	—	10	115	—	125
Depreciation expense	—	(3,910)	(13,844)	—	(17,754)
Closing net book value	11,395	47,563	44,250	7,744	110,952
As of 31 December 2021					
Historical cost	11,395	117,981	280,292	7,744	417,412
Accumulated depreciation	—	(70,418)	(236,042)	—	(306,460)
Net book value	$ 11,395	$ 47,563	$ 44,250	$ 7,744	$ 110,952

Machinery and equipment included in construction in progress was $5.6 million and $5.4 million for the years ended 31 December 2021 and 2020, respectively and buildings and improvements included in construction in progress was $2.1 million and $0.8 million for the years ended 31 December 2021 and 2020, respectively. We recorded no material impairment charges related to property, plant and equipment held for use during the years ended 31 December 2021 and 2020.

Depreciation expense recognized in the consolidated statement of profit or loss is as follows (in thousands of USD):

	Year Ended 31 December	
	2021	**2020**
Cost of services and product sales	$ 16,922	$ 18,827
General and administrative	832	900
Total depreciation expense	$ 17,754	$ 19,727

8. LEASE ASSETS AND LIABILITIES

Right-of-Use Lease Assets

Right -of-use lease assets 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
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	664	5,087	106	3,798	9,655
Amortization	(400)	(10,869)	(307)	(3,218)	(14,794)
Adjustments/(reductions)	38	63	219	(25)	295
As of 31 December 2021	$ 2,494	$ 50,013	$ 453	$ 6,322	$ 59,282

Lease Liabilities

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

	As of 31 December	
	2021	2020
Current	$ 12,342	$ 11,437
Non-current	49,286	56,108
Total lease liabilities	$ 61,628	$ 67,545

Amounts recognized in Profit or Loss

Amounts recognized in profit or loss related to leases consisted of the following (in thousands of USD):

	Year Ended 31 December	
	2021	2020
Amortization	$ 14,794	$ 14,980
Interest on lease liabilities	2,838	3,199
Lease abandonment	—	489
Expense relating to short-term leases	1,990	357
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	51	37

During the year ended 31 December 2020, the Company recorded a net loss on lease abandonment of $0.5 million, for certain properties that ceased in use and are expected to provide no future economic benefits. There is no lease abandonment cost recorded during the year ended 31 December 2021.

9. INTANGIBLE ASSETS, NET

The components of intangible assets, net, were as follows (in thousands of USD):

	Goodwill	Other Intangibles	Indefinite Life Trade Names and Trademarks	Total
As of 1 January 2020				
Cost	$ 259,520	$ 20,657	$ 4,641	$ 284,818
Accumulated amortization	-	(7,688)	-	(7,688)
Net book value	259,520	12,969	4,641	277,130
Year Ended 31 December 2020				
Opening net book value	259,520	12,969	4,641	277,130
Additions	-	392	-	392
Amortization charge	-	(1,140)	-	(1,140)
Impairment	-	(8,224)	-	(8,224)
Other	-	106	-	106
Closing net book value	259,520	4,103	4,641	268,264
As of 31 December 2020				
Cost	259,520	21,049	4,641	285,210
Accumulated amortization and impairment	-	(16,946)	-	(16,946)
Net book value	$ 259,520	$ 4,103	$ 4,641	$ 268,264
Year Ended 31 December 2021				
Opening net book value	$ 259,520	$ 4,103	$ 4,641	$ 268,264
Additions	-	335	-	335
Amortization charge	-	(762)	-	(762)
Disposal	-	-	(17)	(17)
Closing net book value	259,520	3,676	4,624	267,820
As of 31 December 2021				
Cost	259,520	21,329	4,624	285,473
Accumulated amortization and impairment	-	(17,653)	-	(17,653)
Net book value	$ 259,520	$ 3,676	$ 4,624	$ 267,820

Goodwill is recorded in our reportable segments as follows (in thousands of USD):

	As of 31 December	
	2021	**2020**
Reservoir Description	$ 117,819	$ 117,819
Production Enhancement	141,701	141,701
Total goodwill	$ 259,520	$ 259,520

The following table summarizes the gross carrying value and the related accumulated amortization and impairment of our intangibles (except for goodwill) by significant category (in thousands of USD):

		As of 31 December 2021		As of 31 December 2020	
	Useful life in years	**Gross Carrying Value**	**Accumulated Amortization and Impairment**	**Gross Carrying Value**	**Accumulated Amortization and Impairment**
Acquired trade secrets	2-20	$ 4,278	$ (3,334)	$ 4,278	$ (3,120)
Acquired patents and technology	4-15	15,902	(13,283)	15,932	(13,100)
Agreements not to compete	2-5	1,149	(1,036)	839	(726)
Acquired trade names	Indefinite	4,624	—	4,641	—
Total other intangibles and trade names		$ 25,953	$ (17,653)	$ 25,690	$ (16,946)

For the years ended 31 December 2021 and 2020, $0.8 million and $1.1 million, respectively, of amortization expense was recognized in general and administrative costs in the consolidated statement of profit or loss.

See Note 29 – *Impairments and Other Charges* for impairments recorded during the year ended 31 December 2020.

10. INVESTMENT IN ASSOCIATES

The investments in associates comprise the financial information of the following companies that perform the same activities as the Group:

Name	Legal Seat	Ownership Percentage
Saybolt Tunisie SarL	Tunis, Tunisia	49%
Saybolt Med SarL	Tunis, Tunisia	49%
Saybolt Saudi Arabia Co., Ltd	Jubail, Saudi Arabia	45%
Saybolt Maroc [(1)]	Rabat, Morocco	49%
Saybolt Madagascar [(2)]	Antananarivo, Madagascar	49%

(1) Our investment in Saybolt Maroc comes through our investment in Saybolt Tunisie SarL.
(2) Our investment in Saybolt Madagascar comes through our investment in Saybolt Med SarL.

These associates are not consolidated since we do not have a controlling voting interest and/or a controlling financial interest.

The aggregated summarized financial information of our non-consolidated associates is as follows (100% of the associate, in thousands of USD):

	Year Ended 31 December	
	2021	2020
Current assets (at end of period)	$ 6,698	$ 6,911
Non-current assets (at end of period)	827	698
Current liabilities (at end of period)	919	1,251
Non-current liabilities (at end of period)	95	61
Revenue	3,509	3,272
Profit for the period	258	229

The movement in the book value of our non-consolidated associates consisted of (in thousands of USD):

	Year Ended 31 December	
	2021	2020
Beginning of the year	$ 4,094	$ 3,968
Share of profit of associates	62	126
End of the year	$ 4,156	$ 4,094

11. DEFERRED INCOME TAXES

Deferred tax assets ("DTA") and deferred tax liabilities ("DTL") result from various temporary differences between the financial statement carrying amount and their tax basis. The movement in deferred income tax assets and liabilities during the year, and the set-off taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows (in thousands of USD):

Year Ended 31 December 2021	As of 31 December 2021

	As of 1 January 2021	Recognized in statement of profit or loss	Recognized in OCI and equity	Net	Deferred tax assets	Deferred tax liabilities
Tax losses	$ 10,272	$ (3,270)	$ -	$ 7,002	$ 7,002	$ -
Tax credits	2,996	1,662	-	4,658	4,658	-
Accruals for compensation	8,947	(1,294)	205	7,858	7,858	-
Accruals for inventory capitalization	3,445	(253)	-	3,192	3,192	-
Unrealized benefit plan loss	3,291	(392)	-	2,899	2,899	-
Unearned revenue	741	283	-	1,024	1,024	-
Unrealized foreign exchange - DTA	2,852	1	-	2,853	2,853	-
Unrealized benefit from corporate restructuring	53,501	(4,188)	-	49,313	49,313	-
UK tax rate change	-	905	-	905	905	-
Intangibles	830	(248)	-	582	582	-
Tangible fixed assets	(4,998)	859	-	(4,139)	-	(4,139)
Accrued withholding taxes	(26,756)	(628)	-	(27,384)	-	(27,384)
Unrealized foreign exchange - DTL	(610)	(460)	-	(1,070)	-	(1,070)
Other	(3,109)	265	644	(2,200)	-	(2,200)
Total	$ 51,402	$ (6,758)	$ 849	45,493	80,286	(34,793)
Jurisdictional set-off of tax				-	(6,623)	6,623
Net tax assets (liabilities)				$ 45,493	$ 73,663	$ (28,170)

		Year Ended 31 December 2020		As of 31 December 2020		
	As of 1 January 2020	Recognized in statement of profit or loss	Recognized in OCI and equity	Net	Deferred tax assets	Deferred tax liabilities
Tax losses	$ 3,589	$ 6,683	$ -	$ 10,272	$ 10,272	$ -
Tax credits	1,888	1,108	-	2,996	2,996	-
Accruals for compensation	9,127	(192)	12	8,947	8,947	-
Accruals for inventory capitalization	1,788	1,657	-	3,445	3,445	-
Unrealized benefit plan loss	4,665	(1,374)	-	3,291	3,291	-
Unearned revenue	1,849	(1,108)	-	741	741	-
Unrealized foreign exchange - DTA	3,842	(990)	-	2,852	2,852	-
Unrealized benefit from corporate restructuring	56,985	(3,484)	-	53,501	53,501	-
Intangibles	(6,263)	7,093	-	830	830	-
Tangible fixed assets	(3,546)	(1,452)	-	(4,998)	-	(4,998)
Accrued interest	(1,679)	1,679	-	-	-	-
Accrued withholding taxes	(26,558)	(198)	-	(26,756)	-	(26,756)
Unrealized foreign exchange - DTL	(2,653)	2,043	-	(610)	-	(610)
Other	(3,321)	(103)	315	(3,109)	-	(3,109)
Total	$ 39,713	$ 11,362	$ 327	51,402	86,875	(35,473)
Jurisdictional set-off of tax				-	(11,053)	11,053
Net tax assets (liabilities)				$ 51,402	$ 75,822	$ (24,420)

As of 31 December 2021, we had unused tax losses for income tax purposes in various tax jurisdictions of $36.1 million. Of those that are subject to expiration, they will expire, if unused, $0.1 million in 2022, $0.1 million in 2023, $0.5

million in 2024, none in 2025, $4.4 million in 2026 to 2027, and $3.7 million will expire beyond 2027. The remaining balance of $27.3 million is not subject to expiration.

12. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

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, and these interest rate swap agreements were terminated, dedesignated and settled. Gains and losses on these swaps continued to be recognized in accumulated other comprehensive income (loss), and approximately $0.2 million was reclassified to interest expense associated with the ineffective period of the hedging relationship, as it became probable that the drawdown of Credit Facility would not occur within the originally specified time period.

The outstanding balance on the Credit Facility was $55 million as of 31 December 2021. The hedging relationship is assessed to be highly effective, therefore the amount remaining in accumulated other comprehensive income (loss) will be reclassified into interest expense in accordance with the forecast transactions or the scheduled interest payments on the Credit Facility. Approximately $1.0 million of net losses included in accumulated other comprehensive income at 31 December 2021 is expected to be reclassified into earnings within the next 12 months as interest payments are made on the Company’s Credit Facility.

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 was 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 together with the settlement of the 2020 Variable-to-Fixed Swap resulted in a net gain of $1.4 million that was recognized directly in the consolidated statement of profit or 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. The forward interest rate swap would hedge the risk-free rate on forecast long-term debt for a maximum of 11 years. 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.

As of 31 December 2021, we had fixed rate long-term debt aggregating $135 million and variable rate long-term debt aggregating $55 million, after taking into account the effect of the swaps.

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

	Fair Value of Derivatives as of 31 December		
	2021	**2020**	**Statement of Financial Position 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	(5,446)	—	Derivative financial liabilities
	$ (5,446)	$ (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 or loss was as follows (in thousands of USD):

	Year Ended 31 December		
	2021	2020	Statement of Profit or Loss Classification
Derivatives designated as hedges:			
5 year interest rate swap	$ (740)	$ 191	Increase (decrease) to finance costs
10 year interest rate swap	658	478	Increase to finance costs
	$ (82)	$ 669	

13. FINANCIAL ASSETS AND LIABILITIES AND FAIR VALUE

The carrying value of cash and cash equivalents, trade receivables, net, and accounts payable are assumed to approximate their fair values because of the short-term nature of these instruments.

The fair value of total debt as of 31 December 2021 and 2020 approximated the carrying 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 date of maturity.

Our only financial assets and liabilities which are measured at fair value on a recurring basis relate to certain aspects of our post-employment benefit plans and derivative instruments. Other financial assets include life insurance policies purchased to assist in the funding of our supplemental executive retirement plan and deferred compensation plan. 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). Gains and losses related to the fair value changes in the other financial assets and liabilities related to the deferred compensation plan are recorded in general and administrative expense in the consolidated statement of profit or loss. Gains and losses related to the fair value of the other financial assets related to the supplemental executive retirement plan and interest rate swaps are recorded in other comprehensive income (loss).

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

		Fair Value Measurement as of 31 December 2021		
	Total	Level 1	Level 2	Level 3
Assets:				
Other financial assets	$ 32,511	$ -	$ 32,511	$ -
Liabilities:				
Deferred compensation plan liability	22,114	-	22,114	-
Derivative financial liabilities	5,446	-	5,446	-

		Fair Value Measurement as of 31 December 2020		
	Total	Level 1	Level 2	Level 3
Assets:				
Other financial assets	$ 31,201	$ -	$ 31,201	$ -
Liabilities:				
Deferred compensation plan liability	22,559	-	22,559	-
Derivative financial liabilities	2,491	-	2,491	-

14. INVENTORIES

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

	As of 31 December	
	2021	**2020**
Finished goods	$ 21,527	$ 16,461
Parts and materials	20,965	19,098
Work in progress	2,951	2,592
Inventories	$ 45,443	$ 38,151

The balances above are net of obsolescence reserves of $5.2 million and $9.8 million at 31 December 2021 and 2020, respectively.

The cost of inventories recognized as expense and included in cost of product sales was $47.0 million and $54.7 million for the years ended 31 December 2021 and 2020, respectively, and include freight costs incurred for shipping inventory to our clients. These amounts also include provision for inventory obsolescence of $(2.7) million and $8.9 million, for the years ended 31 December 2021 and 2020, respectively, and losses from the sale or disposal of obsolete inventory of $1.9 million and $2.2 million, for the years ended 31 December 2021 and 2020, respectively.

The provision for obsolete inventory was increased for the year ended 31 December 2020 primarily due to the significant reduction in drilling and completing oil and gas wells in the U.S. land market. This significant decrease in our client's activity was a result of the adverse impact that the COVID-19 pandemic had on the global economy.

15. PREPAID EXPENSES AND OTHER CURRENT ASSETS AND INCOME TAXES RECEIVABLE

Prepaid expenses and other current assets are comprised primarily of prepaid insurance, supplies, software licenses and value added taxes and rents.

Income tax receivable relates to estimated tax pre-payments made in excess of actual tax liabilities. These receivables are due back as refunds from the respective taxing authorities.

16. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consisted of the following (in thousands of USD):

	As of 31 December	
	2021	**2020**
Trade receivables	$ 94,876	$ 81,891
Less: Expected credit loss	3,225	4,068
Trade receivables, net	91,651	77,823
Other receivables	5,179	5,369
Accounts receivable, net	$ 96,830	$ 83,192

The aging analysis of our trade receivables and expected credit loss is as follows (in thousands of USD):

	Not Impaired		Impaired	
	As of 31 December		As of 31 December	
	2021	**2020**	**2021**	**2020**
Not past due	$ 60,307	$ 50,957	$ -	$ -
Up to 180 days past due	31,134	26,866	-	232
180 to 365 days past due	210	-	491	1,997
Over 365 days past due	-	-	2,734	1,839
Total	$ 91,651	$ 77,823	$ 3,225	$ 4,068

Movements in the provision for expected credit losses on trade receivables are as follows (in thousands of USD):

	Year Ended 31 December	
	2021	2020
As of 1 January	$ 4,068	$ 2,730
Provision for expected credit losses (recoveries)	(256)	1,618
Receivables written off as uncollectible	(588)	(650)
Other [1]	1	370
As of 31 December	$ 3,225	$ 4,068

(1) Comprised primarily of differences due to changes in exchange rate and adjustments associated with the discontinued operations.

The provision for expected credit losses (recoveries) has been included in the consolidated statement of profit or loss. Amount charged to the provision for expected credit losses are generally written off as uncollectible when there is no expectation of recovering any of the outstanding balance.

The other classes of receivables within trade and other receivables do not contain impaired assets, and we do not hold any collateral as security on receivables.

17. CONTRACT ASSETS AND LIABILITIES

All advance payments are classified as unearned revenue until services are performed or product title is transferred. As of 31 December 2021 and 2020, we had $7.8 million and $5.5 million of unearned services revenue, respectively.

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

	As of 31 December	
	2021	2020
Contract assets		
Current	$ 2,072	$ 1,238
	$ 2,072	$ 1,238
Contract liabilities		
Current	$ 1,300	$ 953
Non-current	435	293
	$ 1,735	$ 1,246

	As of 31 December 2021
Estimate of when contract liabilities will be recognized	
within 12 months	$ 1,300
within 12 to 24 months	411
greater than 24 months	24

The current portion of contract assets are included in our 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 contract assets for the year ended 31 December 2021 and 2020.

18. EQUITY

Share Capital

The authorized share capital of Core Lab as of 31 December 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.

As of 31 December 2021 and 2020, no preference shares were issued or outstanding.

As of 31 December 2021, issued and paid in share capital amounts to $98.0 million and consists of 46,454,264 issued and 46,349,397 outstanding ordinary shares with a par value of EUR 0.02 each. Repurchased ordinary shares or treasury shares amounts to $4.1 million and consists of 104,867 ordinary shares with a par value of EUR 0.02 each. Ordinary shares have voting and dividend rights but treasury shares do not.

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 terms of the Equity Distribution Agreement, the 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 revolving 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 included in prepaid expenses and other current assets on the consolidated statement of financial position. The costs along with other commission and issuance costs of $0.7 million incurred during the year ended 31 December 2021 were subsequently charged to additional paid-in capital upon completion of the sale of all the ordinary shares under the agreement.

For the year ended 31 December 2021, we recorded an adjustment associated with a change in the method used to value stock-based compensation expenses of our restricted share award program ("RSAP") which was considered to be understated in previous years. The change in valuation methodology was applied to applicable RSAP awards which were granted in previous years, and resulted in $ 2.67 million being reclassified from retained earnings to additional paid-in capital.

Treasury Shares

In connection with our initial public offering in September 1995, our shareholders authorized our Management Board to repurchase up to 10% of our issued share capital, the maximum allowed under Dutch law at the time, for a period of 18 months. This authorization was renewed at subsequent annual or special shareholder meetings. At our annual shareholders' meeting on 19 May 2021, our shareholders authorized an extension to repurchase up to 10% of our issued share capital through 19 November 2022. The repurchase of shares in the open market is at the discretion of management pursuant to this shareholder authorization. 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. From the activation of the share repurchase program on 29 October 2002 through 31 December 2021, pursuant to shareholder approvals, we have repurchased 40,091,496 shares for an aggregate purchase price of approximately $1.7 billion, or an average price of $41.43 per share and have canceled 33,475,406 shares with an historical cost of $1.2 billion. As of 31 December 2021, we held 104,867 shares in treasury with the authority to repurchase 4,540,559 additional shares under our stock repurchase program. Subsequent to year-end, we have repurchased 75,020 shares at a total cost of $1.9 million.

During the year ended 31 December 2021, we repurchased rights to 300,568 shares valued at $8.3 million. During the years ended 31 December 2021 and 2020, we repurchased rights to 95,568 shares valued at $2.6 million and 70,929 shares valued at $1.7 million, respectively, 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, nonemployee director stock awards or employee stock awards.

Dividends

Cash dividends of $0.01 per share were paid each quarter of 2021. Cash dividends of $0.25 per share were paid in the first quarter of 2020 and $0.01 per share in each remaining quarter of 2020.

The declaration and payment of future dividends will be at the discretion of the Supervisory Board of Directors and will depend upon, among other things, future earnings, general financial condition, liquidity, capital requirements, and general business conditions. Dividend distributions to be paid to shareholders are recognized as a liability in the Consolidated Statement of Financial Position in the period in which they are declared but not paid.

On 2 February 2022, the Company declared a cash dividend of $0.01 per ordinary share and paid on 7 March 2022 to shareholders of record on 14 February 2022.

Because we are a holding company that conducts substantially all of our operations through subsidiaries, our ability to pay cash dividends on the common shares is also dependent upon the ability of our subsidiaries to pay cash dividends or otherwise distribute or advance funds to us and on the terms and conditions of our existing and future credit arrangements.

Other Reserves

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

	Post-employment benefit Plans	Interest Rate Swaps	Total
As of 1 January 2020	$ (14,679)	$ (691)	$ (15,370)
Remeasurement of post-employment benefit obligations	390	-	390
Interest rate swaps	-	(1,135)	(1,135)
As of 31 December 2020	(14,289)	(1,826)	(16,115)
Remeasurement of post-employment benefit obligations	(134)	-	(134)
Interest rate swaps	-	(2,713)	(2,713)
As of 31 December 2021	$ (14,423)	$ (4,539)	$ (18,962)

19. BORROWINGS, NET

Borrowings, net are summarized in the following table (in thousands of USD):

	Interest Rate	Maturity Date	As of 31 December 2021	2020
2011 Senior Notes Series A (1)	4.01 %	30 September 2021	$ —	$ 75,000
2011 Senior Notes Series B (1)	4.11 %	30 September 2023	75,000	75,000
2021 Senior Notes Series A (2)	4.09 %	12 January 2026	45,000	—
2021 Senior Notes Series B (2)	4.38 %	12 January 2028	15,000	—
Credit Facility	Variable	19 June 2023	55,000	111,000
Total borrowings			190,000	261,000
Less: Debt issuance costs			(1,364)	(1,567)
Borrowings, net			$ 188,636	$ 259,433

(1) Interest is payable semi-annually on March 30 and September 30.
(2) Interest is payable semi-annually on June 30 and December 30.

On 16 October 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"). The 2021 Senior Notes were issued and funded on 12 January 2021. Interest on each series of the 2021 Senior Notes is payable semi-annually and commenced on 30 June 2021. On 30 September 2021, we retired Series A of the 2011 Senior Notes with aggregate principal amount of $75 million upon its maturity date.

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, under the Amendment, the LIBOR plus 1.500% to LIBOR plus 2.875% is applied to outstanding borrowings under the Credit Facility, with a 0.500% floor on LIBOR. Interest payment terms are variable depending upon the specific type of borrowing under this facility. 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. Any outstanding balance under the Credit Facility is due at 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 $10.4 million at 31 December 2021, resulting in an available borrowing capacity under the Credit Facility of $159.6 million. In addition to indebtedness under the Credit Facility, we had $6.5 million of outstanding letters of credit and performance guarantees and bonds from other sources as of 31 December 2021.

The Credit Facility is 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 each include a cross-default provision, whereby a default under one agreement may trigger a default in the other agreement. The Credit Facility 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 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 2.08, and our interest coverage ratio is 9.06, each for the period ended 31 December 2021. We are in compliance with all covenants contained in our Credit Facility and Senior Notes. Certain of our material, wholly-owned subsidiaries are guarantors or co-borrowers under the Credit Facility and Senior Notes.

See Note 12 – *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 as of 31 December 2021 and 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.

20. INCOME AND OTHER TAXES PAYABLE

Long-term income tax payable includes amounts expected to be paid to the tax authorities relating to tax positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation, including interest and penalties in various taxing jurisdictions. Short-term income tax payable are estimates of our current tax obligations in various tax jurisdictions.

Other taxes payable relates to various local non-income tax obligations such as value added tax, property taxes and sales and use tax.

21. STOCK-BASED COMPENSATION

Stock-Based Compensation Plan

In 2004, the Equity Awards Subcommittee of our Compensation Committee of our Supervisory Board of Directors approved a share award program. We have granted restricted share awards under two stock incentive plans: the 2020 Long-Term Incentive Plan (previously the 2014 Long-Term Incentive Plan, as amended, restated and renamed) and the 2014 Nonemployee Director Stock Incentive Plan. Awards under the following three compensation programs have been granted pursuant to both plans: (1) the Performance Restricted Share Award Program ("PSAP"), (2) the Restricted Share Award Program ("RSAP") and (3) the Restricted Share Award Program for Nonemployee Directors ("Directors' Program"). Specifically, we encourage share ownership by awarding various long-term equity incentive awards under the PSAP and RSAP programs. We believe that widespread common share ownership by key employees is an important means of encouraging superior performance and to attract and retain employees. Additionally, our equity-based compensation programs encourage performance and retention by providing additional incentives for executives to further our growth, development, and financial success over a longer time horizon by personally benefiting through the ownership of our common shares and/or rights. As of 31 December 2021, approximately 731,034 shares remained available for the grant of new awards under the 2020 Long-Term Incentive Plan, and approximately 556,143 shares remained available for issuance under the Directors' Program.

We issue shares from either treasury stock or authorized shares upon the lapsing of vesting restrictions on restricted shares. In 2021, we issued 419,152 treasury shares relating to the vesting of restricted shares valued at $18.3 million for an average price of $43.56 per share. During the year ended 31 December 2021, we repurchased 300,568 of our common shares for $8.3 million, including rights to 95,568 shares valued at $2.6 million surrendered to us pursuant to the terms of the RSAP program in consideration of the participants' tax burdens that may result from the issuance of ordinary shares under that plan. We do not use cash to settle equity instruments issued under stock-based compensation awards.

Compensation expense is recorded at the grant date fair value of the shares expected to vest. Grant date fair value for each vesting period is calculated as the closing price on the date of the grant adjusted down by the discounted value of the dividends expected to be paid on each vesting period. The shares expected to vest takes into account the expected forfeiture rate. PSAP shares vest on the effective date of a change in control or if we meet or exceed our business objectives or performance criteria at the end of the three-year performance period as defined in the program; RSAP shares vest on the service conditions with no performance accelerators for early vesting, and generally vest ratably over five or six years; and Directors' Program shares vest on the service conditions with no performance accelerators for early vesting, and the awards vest after one year.

We have not granted options since 2003 and we have no unexercised or unvested options as of 31 December 2021.

Nonvested restricted and performance share awards and changes during the year were as follows:

	Long-term Incentive Plan		Nonemployee Director Stock Incentive Plan	
	Number of Shares	**Weighted Average Grant Date Fair Value**	**Number of Shares**	**Weighted Average Grant Date Fair Value**
Nonvested as of 1 January 2020	659,812	$ 76.15	10,885	$ 63.47
Granted	660,590	23.21	87,042	12.90
Vested	(197,283)	94.47	(10,885)	63.47
Forfeited	(67,689)	64.71	-	-
Nonvested as of 31 December 2020	1,055,430	40.31	87,042	12.90
Granted	282,914	34.22	25,842	31.00
Vested	(272,325)	56.18	(87,042)	12.90
Forfeited	(56,190)	39.35	-	-
Nonvested as of 31 December 2021	1,009,829	34.38	25,842	31.00

The fair value of the nonvested restricted share awards as of 31 December 2021 was $18.7 million.

Stock-Based Compensation Expense

Stock-based compensation expense recognized in the consolidated statement of profit or loss is as follows (in thousands of USD):

	Year Ended 31 December	
	2021	**2020**
Cost of services and product sales	$ 5,195	$ 4,273
General and administrative	12,446	1,839
Total stock-based compensation expense	$ 17,641	$ 6,112

Stock-based compensation expense includes $7.3 million and $6.8 million for the years ended 31 December 2021 and 2020, respectively, for the acceleration of expense associated with the 2021 and 2020 PSAP awards for certain members of our executive management team who became retirement eligible during those years. The PSAP awards continue to remain unvested until the end of the performance period, and it can be determined whether the performance criteria have been achieved. The executive will not forfeit the right to vest in the awarded shares if they voluntarily retire from the Company after attaining the retirement age as defined in each agreement.

In 2020, due to the significant impact of the global pandemic, COVID-19, to the oil and gas industry, the awards were modified in consideration of one-time non-cash charges to determine normalized metrics. As a result, 110,248 shares vested (the target level) out of an aggregate amount of up to 162,772 (7,800 shares were previously forfeited). An adjustment of $11.9 million was recorded in the fourth quarter of 2020 to reverse previously recognized stock compensation expense for shares that were granted but did not vest, and to reflect the current fair value of the awards which did vest on 31 December 2020 as a result of the modification.

22. POST-EMPLOYMENT AND OTHER LONG-TERM EMPLOYEE BENEFIT PLANS

Dutch Defined Benefit Plan

Prior to January 2020, we provided a noncontributory defined benefit pension plan covering substantially all of our Dutch employees ("Dutch Plan") who were hired prior to 2000. This pension benefit was based on years of service and final pay depending on or career average pay, when the employee began participating. The benefits earned by the employees are immediately vested.

There was a curtailment of the Dutch Plan for our Dutch employees and these employees have been moved into the Dutch defined contribution plan. However, the unconditional indexation for this group of participants continues for so long as they remain in active service with the Company.

The post-employment obligations require the use of actuarial assumptions and estimates, which are calculated annually by independent actuaries using the projected unit credit method. The present value of the post-employment obligation of the Dutch Plan is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

We funded the future obligations of the Dutch Plan by purchasing an insurance contract from a large multi-national insurance company with a five-year maturity. Each year we made annual premium payments to the insurance company (1) to provide for the benefit obligation of the current year of service based on each employee's age, gender and current salary, and (2) for the changes in the benefit obligation for prior years of service due to changes in participants' salary. We determine the fair value of these plan assets with the assistance of an actuary using observable inputs (Level 2). Plan assets as of 31 December 2021 and 2020 have returns equal to the contractual rate, which are comparable with governmental debt securities and the fair value approximates the contract value of the investments. These assets are netted against the post-employment obligations included in post-employment benefit plans in the consolidated financial statement of position. Our expected long-term rate of return assumptions are based on the weighted-average contractual rates for each contract. Dutch law dictates the minimum requirements for pension funding. Our goal is to meet these minimum funding requirements, while our insurance carrier invests to minimize risks associated with future benefit payments.

In 2022, our minimum funding requirements are expected to be $0.2 million. Our estimate of future annual contributions is based on current funding and the unconditional indexation requirements, and we believe these contributions will be sufficient to fund the plan.

Sensitivity Analysis

The defined benefit obligation for the Dutch Plan as of 31 December 2021 was $63.1 million. The following table illustrates the sensitivity of the Dutch Plan's defined benefit obligation to the most significant actuarial assumptions (in thousands of USD):

	As of 31 December 2021						
	Change in assumption	Increase in assumption			Decrease in assumption		
Discount rate	+/- 0.50%	$	58,049	(8.0%)	$	68,882	9.1%
Salary growth rate	+/- 0.50%	$	63,129	0.0%	$	63,129	0.0%
Inflation rate	+/- 0.50%	$	63,129	0.0%	$	63,129	0.0%
Pension growth rate	+/- 0.50%	$	67,242	6.5%	$	62,518	(1.0)%
Life expectancy	+/- 1 year	$	60,718	(3.8%)	$	65,544	3.8%

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit obligation recognized within the consolidated statement of financial position.

Mortality rate

Assumptions regarding future mortality experience are set based on advice, published statistics and experience in the Netherlands. The average life expectancy in years of a pensioner retiring on the reporting date at age 67 for 2021 and 2020, respectively, is as follows:

	As of 31 December	
	2021	**2020**
Male	19.6	19.5
Female	21.6	21.5

The average life expectancy in years of a pensioner retiring 20 years after the reporting date at age 67 for 2021 and 2020, respectively, is as follows:

	As of 31 December	
	2021	**2020**
Male	21.5	21.4
Female	23.4	23.3

Supplemental Executive Retirement Plans ("SERP")

We have entered into deferred compensation contracts for certain key employees to provide additional retirement income to the participants. The benefit is determined by the contract for either a fixed amount or by a calculation using years of service or age at retirement along with the average of their base salary for the five years prior to retirement. The present value of the post-employment obligation of the SERP is determined by discounting the estimated future cash outflows using interest rates of U.S. Corporate 15-year bonds.

We are not required to fund this arrangement; however, we have purchased life insurance policies with cash surrender values to assist us in providing the benefits pursuant to these deferred compensation contracts with the actual benefit payments made by Core Laboratories. These financial assets are included in other financial assets on the consolidated statement of financial position. See Note 13 – *Financial Assets and Liabilities and Fair Value* for additional information. The most significant risks associated with the SERP are that investment returns fall short of expectations, discount rates decline and inflation exceeds expectations.

Employee Severance Arrangement

We provide severance compensation to certain current key employees if employment is terminated under certain circumstances, such as following a change in control or for any reason other than upon their death or disability, for “cause” or upon a material breach of a material provision of their employment agreement, as defined in their employment agreements. In addition, there are certain countries where we are legally required to make severance payments to employees when they leave our service. We have accrued for all of these severance payments, but they are not funded. The costs related to all severance liabilities are included in cost of services, cost of product sales or general and administrative expense in the consolidated statement of profit or loss. The most significant risks associated with the employee severance arrangements are that discount rates decline and inflation exceeds expectations resulting in an under-accrual of the liability and fluctuating expenses to Core Lab until the payment is made.

Defined Contribution Plans

We maintain defined contribution plans for the benefit of eligible employees primarily in Canada, the Netherlands, the United Kingdom, and the United States. In accordance with the terms of each plan, we and our participating employees contribute up to specified limits and under certain plans, we may make discretionary contributions in accordance with the defined contribution plans. We have no legal or constructive obligations to pay further contributions, and we expense these contributions in the period the contributions are made. We pay contributions to trusts that invest the employer’s and participants’ contributions as directed by the participants in the plan. For the years ended 31 December 2021 and 2020, we paid $2.3 million and $3.6 million, respectively, for our required contributions and our additional discretionary contributions to the defined contribution plans.

Vesting in all employer contributions is accelerated upon the death of the participant or a change in control. Employer contributions under the plans are forfeited upon a participant’s termination of employment to the extent they are not vested at that time.

Deferred Compensation Plan

We have also adopted a non-qualified deferred compensation plan (“Deferred Compensation Plan”) that allows certain highly compensated employees to defer a portion of their salary, commission and bonus, as well as the amount of any reductions in their deferrals under the Deferred Compensation Plan for employees in the United States, due to certain limitations imposed by the U.S. Internal Revenue Code of 1986, as amended. Contributions to the plan are invested in equity and other investment fund assets included in other financial assets on the consolidated statement of financial position at fair value. See Note 13 – *Financial Assets and Liabilities and Fair Value* for additional information. The benefits under these contracts are fully vested. Our primary obligation for the Deferred Compensation Plan is limited to our annual contributions. There were no employer contributions to the Deferred Compensation Plan for the years ended 31 December 2021 and 2020.

Vesting in all employer contributions is accelerated upon the death of the participant or a change in control. Employer contributions under the plans are forfeited upon a participant’s termination of employment to the extent they are not vested at that time.

Additional Financial Information about our Post-employment Benefit Plans

The following table summarizes the carrying values, charges (benefits) and remeasurement amounts of our plans (in thousands of USD):

	As of 31 December	
	2021	2020
Post-employment benefits - Dutch Plan	$ 4,104	$ 4,385
Post-employment benefits - SERP	17,954	18,720
Post-employment benefits - Employee severance arrangements	7,381	7,870
Post-employment benefits - Deferred Compensation Plan	24,960	24,765
Post-employment benefits plan liability	$ 54,399	$ 55,740

	Year Ended 31 December	
	2021	2020
Charge (benefit) to the statement of profit or loss for:		
Dutch Plan	$ 17	$ 44
Other post-employment benefits	289	1,030
	$ 306	$ 1,074
Remeasurement recognized in the statement of other comprehensive in the year	$ (134)	$ 390

The following table summarizes the change in the post-employment obligations and the fair value of plan assets for the Dutch Plan, the SERP, and the employee severance arrangements (in thousands of USD):

	Year Ended 31 December	
	2021	2020
Post-employment Obligation:		
At beginning of year	$ 101,258	$ 95,369
Current service cost	63	423
Past service cost	-	(1,049)
Interest cost	376	1,622
Benefits paid	(3,131)	(7,164)
Remeasurements:		
Effect of changes in financial assumptions	(5,272)	7,451
Effect of changes in demographic assumptions	-	(1,272)
Effect of experience adjustments	319	(184)
(Gain) loss on foreign exchange rates	(5,151)	6,062
At end of year	88,462	101,258
Fair Value of Plan Assets:		
At beginning of year	76,325	76,400
Interest income	448	1,122
Employer contributions	261	601
Benefits paid	(1,426)	(13,790)
Administrative expenses	(315)	(152)
Remeasurements:		
Return on plan assets (excluding interest income)	(5,134)	6,455
(Gain) loss on foreign exchange rates	(4,848)	5,689
At end of year (1)	65,311	76,325
Over (under) funded status of the obligation at end of the year (1)	$ (23,151)	$ (24,933)

(1) Includes cash surrender value of life insurance policies of $6.3 million and $6.0 million for 2021 and 2020, respectively, used to partially fund SERP and included in other financial assets on the consolidated statement of financial position.

The components of post-employment obligation costs for the Dutch Plan, the SERP, and the employee severance arrangements included in the consolidated statement of profit or loss is as follows (in thousands of USD):

	Year Ended 31 December	
	2021	2020
Service cost	$ 63	$ (626)
Net interest cost	(72)	500
Administrative expenses	315	152
Post-employment obligation cost	$ 306	$ 26

These post-employment obligation costs were recognized in cost of services, cost of product sales and general and administrative expense in the consolidated statement of profit or loss.

Expected benefit payments under the Dutch Plan, the SERP and employee severance arrangements for the next five years are as follows (in thousands of USD):

	As of 31 December 2021
2022	$ 3,724
2023	3,599
2024	3,518
2025	3,589
2026	3,713

The weighted average duration of these defined benefit obligation as of 31 December 2021 is 17.49 years.

The following actuarial assumptions were used to determine the actuarial present value of our post-employment obligations:

	Year Ended 31 December	
	2021	2020
Weighted average assumed discount rate - Dutch Plan	1.00%	0.45%
Weighted average assumed discount rate - SERP	3.19%	2.90%
Weighted average assumed discount rate - Employee severance arrangements	3.19%	2.90%
Weighted average rate of salary increases	1.90%	1.50%
Weighted average rate of price inflation	1.90%	1.50%
Rate of pension increases	1.90%	1.50%

The discount rate used to determine our projected post-employment obligation for our Dutch Plan was increased from 0.45% to 1.00% consistent with a general increase in interest rates in Europe for AAA-rated long-term Euro government bonds.

23. OTHER LONG-TERM LIABILITIES

Other long-term liabilities consisted of the following (in thousands of USD):

	As of 31 December	
	2021	2020
Other long-term payables	$ 1,049	$ 1,690
Contract liabilities	435	293
Provisions	436	1,250
Other long-term liabilities	$ 1,920	$ 3,233

Provisions represent 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 provisions is as follows (in thousands of USD):

	As of 31 December	
	2021	2020
As of 1 January	$ 1,250	$ 896
Additional provisions charged (reversed) to the statement of profit or loss	(734)	459
Used during the year	(80)	(105)
As of 31 December	$ 436	$ 1,250

24. ACCOUNTS PAYABLE AND OTHER ACCRUED EXPENSES

Accounts payable and other accrued expenses represent short term liabilities arising out of normal business activities which will be settled within twelve months.

25. 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 or 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.

We do not maintain any off-balance sheet debt or other similar financing arrangements nor have we formed any special purpose entities for the purpose of maintaining off-balance sheet debt.

See Note 19 – *Borrowings, net*, for amounts committed under letters of credit and performance guarantees and bonds.

26. EMPLOYEE BENEFIT EXPENSE

Employee benefit expense recognized in the consolidated statement of profit or loss is as follows (in thousands of USD):

	Year Ended 31 December	
	2021	**2020**
Wages and salaries	$ 166,304	$ 182,388
Stock based compensation	17,641	6,112
Social security costs	36,594	40,115
Total employee expense	$ 220,539	$ 228,615

Included in social security costs are the expenses related to our employee benefit plans as described in Note 22 – *Post-employment and Other Long-term Employee Benefit Plans.*

Stock-based compensation includes $7.3 million and $6.8 million for the years ended 31 December 2021 and 2020, respectively, for the acceleration of expense associated with the 2021 and 2020 PSAP awards for certain members of our executive management team who became retirement eligible. In 2020, due to the significant impact of the global pandemic, COVID-19, to the oil and gas industry, the awards were modified in consideration of one time non-cash charges to determine normalized metrics. An adjustment of $11.9 million was recorded in the fourth quarter of 2020 to reverse previously recognized stock compensation expense for shares that were granted but did not vest, and to reflect the current fair value of the 2018 PSAP awards, which did vest on 31 December 2020 as a result of the modification. See Note 22 – *Post-employment and Other Long-term Employee Benefit Plans* for additional information regarding amounts included in compensation expense.

Employee benefit expense was classified in the consolidated statement of profit or loss as follows (in thousands of USD):

	Year Ended 31 December	
	2021	**2020**
Cost of services and product sales	$ 193,292	$ 207,685
General and administrative	27,247	16,986
Other (income) expense, net	—	3,944
Total employee expense	$ 220,539	$ 228,615

We had approximately 3,700 employees in 2021 and 2020, of which 3,350 and 3,340, respectively, were employed outside the Netherlands.

27. REMUNERATION OF KEY MANAGEMENT PERSONNEL AND SUPERVISORY DIRECTORS

The following table summarizes, with respect to our Supervisory Directors, information relating to the compensation earned for services rendered in all capacities during the fiscal years ending 31 December 2021 and 2020. Further information on the employment terms and remuneration of the directors and non-executive directors can be found in the Annual Report of the Directors and the Remuneration Report that may be reviewed at our website at *www.corelab.com/investors/financial-report*.

Name and Principal Position	Year	Salary (1)	Stock Awards (2)	Non-Equity Incentive Plan Compensation (3)	All Other Compensation (4) (5)	Total
Lawrence Bruno (5)	2021	$ 820,000	$8,696,418	$ 459,889	$ 328,380	$ 10,304,687
President, Chief Executive Officer and Chairman of the Supervisory Board	2020	820,000	2,337,253	—	367,131	3,524,384
Christopher S. Hill	2021	430,000	1,553,869	180,871	91,782	2,256,522
Senior Vice President and Chief Financial Officer	2020	430,000	1,046,604	—	118,029	1,594,633
Gwendolyn Y. Gresham (6)	2021	370,000	459,273	134,882	74,162	1,038,317
Senior Vice President and Corporate Development & Investor Relations	2020	—	—	—	—	—
Mark D. Tattoli (6)	2021	350,000	149,761	73,796	35,106	608,663
Senior Vice President, Secretary and General Counsel	2020	—	—	—	—	—
David M. Demshur (5)	2021	—	—	—	—	—
Former Chief Executive Officer and Chairman of the Supervisory Board	2020	1,040,000	4,147,839	—	4,033,189	9,221,028
Gregory B. Barnett (7)	2021	—	129,469	—	64,875	194,344
Supervisory Director	2020	—	132,684	—	69,500	202,184
Martha Z. Carnes (7)	2021	—	129,469	—	118,875	248,344
Supervisory Director	2020	—	139,152	—	103,000	242,152
Monique van Dijken Eeuwijk (7)	2021	—	129,469	—	73,125	202,594
Supervisory Director	2020	—	104,504	—	34,750	139,254
Margaret Ann van Kempen (7)	2021	—	—	—	39,000	39,000
Supervisory Director	2020	—	139,152	—	86,000	225,152
Harvey Klingensmith (7)	2021	—	129,469	—	76,875	206,344
Supervisory Director	2020	—	104,504	—	38,750	143,254
Jan Willem Sodderland (8)	2021	—	—	—	—	—
Supervisory Director (retired)	2020	—	36,332	—	45,250	81,582
Michael Straughen (7)	2021	—	129,469	—	94,875	224,344
Supervisory Director	2020	—	139,152	—	97,500	236,652
Kwaku Temeng (7)	2021	—	153,846	—	40,125	193,971
Supervisory Director	2020	—	—	—	—	—

(1) The values in this column disclose the full amount of base salary earned with respect to the 2021 and 2020 year, which did not reflect the reductions in base salaries that occurred in the respective years for Messrs. Bruno, and Hill, Ms. Gresham and Mr. Tattoli.

(2) The amounts included in the "Stock Awards" column include the dollar amount of compensation expense we recognized for the fiscal years ended 31 December 2021 and 2020. The awards for which compensation expense was recognized consists of PSAP awards granted in 2019, 2020 and 2021 for our key management personnel, and RSAP awards granted in 2020 and 2021 for our non-executive Supervisory Directors. In 2020, due to the significant impact of the global pandemic, COVID-19, to the oil and gas industry, the 2018 PSAP award was modified in consideration of one-time non-cash charges to determine normalized metrics. An adjustment of $11.9 million was recorded to reverse previously recognized stock compensation expense, to reflect the current fair value of the awards which did vest on 31 December 2020. In 2021, the retirement age for our key management personnel changed from 64 to 62, which resulted an acceleration of stock compensation expense during the year. See Note 21 – *Stock-Based Compensation* for a description of the material features of these awards and other details. No

options were awarded to our key management personnel in 2021 and 2020. None of our non-executive Supervisory Directors had any option awards outstanding as of 31 December 2021.

(3) With respect to the 2021 year, the key management personnel earned the full cash incentive bonuses, but the Chairman of the Supervisory Board elected to award partial payment. In 2020, Messrs. Bruno and Hill declined such awards due to industry market conditions.

(4) Other Compensation includes Company matching contributions to the executive's 401(k) account, premiums we pay for life insurance coverage for our executives, which insurance payments will be used to assist us with providing death benefits under the deferred compensation plan. These discretionary contributions include payments for both 2020 and 2021 and will vest when the executive reaches 62 and 1/2 years of age. Amounts for non-executive Supervisory Directors consist of fees paid to outside directors for service on the Supervisory Board and related committees.

(5) Effective 20 May 2020, Mr. Bruno became our Chairman and Chief Executive Officer, in addition to his role as President and Chief Operating Officer. Mr. Bruno succeeded Mr. Demshur who subsequently retired from the Company on 29 May 2020.

(6) In 2021, Ms. Gresham and Mr. Tattoli became executive officers in February and August, respectively.

(7) Each of our non-executive Supervisory Directors who served any portion of 2021 had 4,307 of stock awards outstanding as of 31 December 2021. Ms. van Kempen retired from the Supervisory Board of Directors at the 2021 annual general meeting of shareholders and has no unvested stock awards.

(8) Mr. Sodderland retired from the Supervisory Board of Directors on 19 May 2020 and therefore, received no grant of stock during 2021.

The following table summarizes the Performance Share Award Plan ("PSAP") as it relates to our executive directors. Further information on the PSAP is contained in Note 21 – *Stock-based Compensation*.

	Bruno	**Hill**	**Gresham**	**Tattoli**
Nonvested Shares as of 1 January 2021	190,492	71,461	16,700	7,980
Granted during 2021	141,258	50,925	20,715	8,400
Vested during 2021	(46,233)	(23,529)	(4,700)	(1,640)
Nonvested Shares as of 31 December 2021	285,517	98,857	32,715	14,740

We have made no loans, advances or guarantees to any of our Supervisory Directors.

28. AUDIT FEES

In 2021 and 2020, the Audit Committee approved in advance 100% of the non-audit fees. Fees for work performed by our auditors during the reporting period consisted of (in thousands of USD):

	Year Ended 31 December	
	2021	**2020**
Audit of the financial statements	$ 2,835	$ 2,883
Tax fees (1)	55	63
All other non-audit fees	6	—
Total	$ 2,896	$ 2,946

(1) Tax fees include fees for international tax compliance and consulting.

29. IMPAIRMENTS AND OTHER CHARGES

In 2020, the COVID-19 global pandemic resulted in government mandated shut-downs, cross-border travel restrictions, home sheltering and social distancing policies to contain the virus and mitigate the incidence of infection. The COVID-19 mitigation efforts globally resulted in a sharp decline in the consumption of crude-oil and refined petroleum 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. As a result, we determined that it was more likely than not that the fair value of our CGUs was less than their carrying value, which triggered an updated impairment assessment by the Company as of March 31, 2020. We performed the appropriate impairment assessments as of 31 March 2020 in connection with the preparation of our U.S. GAAP consolidated financial statements filed with the U.S. Securities and Exchange Commission. We recorded an impairment charge of $114.0 million for goodwill associated with our Production Enhancement segment in our U.S. GAAP consolidated financial statements for the quarter ended 31 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 by approximately 150% as of 31 December 2020. As such, the Company determined there was no impairment to the goodwill as of 31 December 2020 and no impairment charge was recorded in these IFRS consolidated financial statements.

As of 31 December 2021, the outlook for the global economies and the energy industry showed continued improvement and the value of the Company's share price increased by approximately 115% from 31 March 2020. Our annual impairment test for the year ended 31 December 2021 indicated that, for each of our CGUs which are also our reportable segments, Reservoir Description and Production Enhancement, the recoverable amount exceeded their respective carrying value. As such, the Company has determined there is no impairment to goodwill as of 31 December 2021. The goodwill balances of our Reservoir Description and Production Enhancement segments amount to $117.8 million and $141.7 million, respectively, as of 31 December 2021 and 2020 in our IFRS consolidated financial statements. The recoverable amount of both CGUs was based on their value in use, determined by discounting the future cash flows generated from the continuing use of the CGUs.

The recoverable amount of both CGUs was based on their value in use, determined by discounting the future cash flows generated from the continuing use of the CGUs. The key assumptions used for the impairment calculation are as follows:

	Reservoir Description	Production Enhancement
As of 31 December 2021		
Projected revenue growth rate (1)	6.0% to 9.0%	12.0% to 18.3%
Terminal growth rate (2)	2.5%	2.5%
Discount rate - pre tax	13.4%	17.6%
As of 31 December 2020		
Projected revenue growth rate (1)	-3.0% to 11.5%	10.0% to 23.0%
Terminal growth rate (2)	3.0%	3.0%
Discount rate - pre tax	10.9%	16.9%

(1) The range of projected revenue growth rate used for each CGU for the next 5 years to extrapolate cash flows beyond the financial year.
(2) Average growth rate of EBITDA used to calculate a terminal value beyond 5 years, or from year ended 31 December 2027 onwards.

The weighted average projected revenue and terminal growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax, which were estimated based on industry and market participants average weighted-average cost of capital and estimated additional risk premium for each CGU.

We used cash flow projections based on past performance and expectations of market development as reflected in our financial budgets and projections approved by management covering a one-year period. Cash flows beyond the first year are extrapolated using the estimated profitability generated from the projected revenue growth rates stated above. These growth rates were estimated based upon management's evaluation of our market share of potential growth/decline in the industry. Based on our analysis, as of 31 December 2021 and 2020, the estimated recoverable amount of Reservoir Description and Production Enhancement exceeded their carrying value.

Based on the following sensitivity tests performed on both of our CGUs, there are no reasonable possible changes in the key assumptions that would result in their carrying value exceeding their recoverable amount:

(1) Changes in projected revenue growth rate that affect profit before tax and interest ("EBIT") – assuming all other assumptions and data applied in each of the respective discounted cash flow analyses were held constant, a decrease of 10% in the projected EBIT applied for each year, would not result in the carrying value of any of the CGUs exceeding the recoverable amount.

(2) Changes in terminal growth rate – assuming all other assumptions and data applied in each of the respective discounted cash flow analyses were held constant, a decrease in the terminal growth rate from 2.5% to 0%, would not result in the carrying value of any of the CGUs exceeding the recoverable amount.

(3) Changes in pre-tax discounted rate – assuming all other assumptions and data applied in each of the respective discounted cash flow analyses were held constant, an increase of 100 basis points in the pre-tax discount rate, would not result in the carrying value of any of the CGUs exceeding the recoverable amount.

Certain intangibles, primarily related to trade names, are assumed to have an indefinite life and are not amortized. These assets are specific trade names which have been determined will be used and provide future cash flows indefinitely. See Note 9 – *Intangible Assets, Net*. Certain of these intangibles, relating to the 2018 business acquisition of Guardian Technology and included in the Production Enhancement CGU, were included in the impairment analysis in March of 2020. The estimated fair value of these intangible assets, based on applying the income approach model, (Level 3), was determined to be below their carrying value. We recorded a charge of $8.2 million in both the U.S. GAAP and IFRS consolidated financial statements to impair the intangible assets.

There were no other triggering events during the years ended 31 December 2021 and 2020, and, based on our annual assessments, we determined there were no further impairments for any other cash generating units, operating segments, asset groups or long-lived assets.

30. OTHER (INCOME) EXPENSE, NET

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

	Year Ended 31 December	
	2021	**2020**
Gain on sale of assets	$ (427)	$ (1,254)
Foreign exchange (gain) loss	(228)	1,160
Rents and royalties	(571)	(466)
Return on pension assets and other pension costs	(306)	(1,502)
Gain on sale of business	(1,012)	-
Loss on lease abandonment	-	489
Cost reduction and other charges	-	3,943
Insurance and other settlements	(2,236)	-
Other, net	(1,487)	(310)
Total other (income) expense, net	$ (6,267)	$ 2,060

We incurred property and other losses in a fire incident that occurred in 2020 that we received full and final insurance settlement of $0.6 million in 2021. The North America mid-continent winter storm in February 2021 caused business interruptions and property losses to certain facilities, and we received partial insurance settlement of $1.6 million in 2021.

31. FINANCE COSTS, NET

The components of finance costs, net were as follows (in thousands of USD):

	Year Ended 31 December	
	2021	**2020**
Interest expense on Senior Notes	$ 7,900	$ 6,145
Interest expense on bank borrowings	2,477	5,504
Interest expense on interest rate swaps	(82)	669
Interest expense on pensions	326	678
Interest expense on leases	2,838	3,199
Interest expense (benefit) other	(1,469)	1,376
Total finance costs, net	$ 11,990	$ 17,571

Interest expense other for the year ended 31 December 2021 includes a gain of $1.4 million related to forward interest rate swap agreements that were terminated and settled in March 2021. See Note 12 – *Derivative Financial Instruments and Hedging Activities.* Interest expense other for the year ended 31 December 2020 includes $1.3 million in professional service fees and expenses associated with the evaluation of various corporate debt issuances and debt refinancing opportunities.

32. INCOME TAXES

The components of income tax expense (benefit) are as follows (in thousands of USD):

	Year Ended 31 December	
	2021	2020
Current tax	$ 7,400	$ 24,353
Deferred tax	6,758	(11,360)
Income tax expense (benefit)	$ 14,158	$ 12,993

The differences in income tax expense (benefit) computed using the Netherlands statutory income tax rate of 25.0% and our income tax expense (benefit) as reported in the accompanying consolidated statement of profit or loss are as follows (in thousands of USD):

	Year Ended 31 December	
	2021	2020
Profit (loss) from continuing operations before income tax	$ 38,092	$ 22,619
Tax at the Netherlands income tax rate	9,619	5,655
International earnings taxed at rates other than the Netherlands statutory rate	7,032	8,971
Non-deductible expenses and permanent differences, net	1,875	2,977
UK tax rate change	(905)	-
Netherlands audit settlement	1,522	-
Unrealized benefit from corporate restructuring	-	(1)
Tax credits	(7,992)	(5,975)
Unremitted earnings of subsidiaries	2,884	2,510
State and provincial taxes	462	(227)
Adjustments of prior year taxes	1,320	545
Adjustments of income tax reserves	(1,345)	(1,965)
Foreign exchange	(1,168)	226
Recognition of net operating losses	1,113	23
Other	(259)	254
Income tax expense (benefit)	$ 14,158	$ 12,993

Non-deductible expenses and permanent differences include the impact of various expenses disallowed under local tax law. In 2021, the 2015-2016 tax years were settled with the Netherlands tax authority resulting in a detriment of $1.5 million. The detriment for the Netherlands settlement was mostly offset by the release of an income tax reserve that was set up for these years resulting in an overall detriment of $130 thousand. A benefit was also recorded in 2021 related to the impact on the deferred tax assets for the UK statutory rate change to be effective in April of 2023.

In 2020, non-deductible expenses included the bulk of goodwill impairments booked in that year for which the benefit was limited.

Adjustments of income tax reserves is the current tax expense impact of the measurement of uncertain tax positions. A reserve is accounted for in case of a probable liability based on enacted or substantively enacted tax legislation. The benefit for 2021 is due to a combination of statute of limitation lapses and the release of Netherlands related reserves upon settlement of the 2015-2016 tax years.

33. DISCONTINUED OPERATIONS

In a continuing effort to streamline our business and align our business strategy for further integration of services and products, Core Lab 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.

On 7 June 2019, we entered into a definitive purchase agreement 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. We completed the divestment of this business in 2019.

In 2020, we concluded final adjustments to the purchase agreement of $0.4 million, which is net of the tax effect of $0.1 million, and we determined no additional proceeds based on the results of operations of the sold business in 2019 and

2020. There are no other activities recorded in the consolidated statements of profit and loss for the years ended 31 December 2021 and 2020 and no balances recorded in the consolidated statement of financial position for the discontinued operations as of 31 December 2021 and 2020.

34. EARNINGS PER SHARE

Weighted average common shares outstanding included in the computation of basic and diluted earnings per share are as follows:

	Year Ended 31 December	
	2021	**2020**
Profit for the period, attributable to equity holders of Core Laboratories N.V. (in thousands of USD)	$ 23,442	$ 9,062
Weighted average common shares outstanding - basic (in thousands)	46,009	44,477
Effect of dilutive securities:		
Performance shares	542	308
Restricted shares	139	189
Weighted average common shares outstanding - assuming dilution	46,690	44,974
In USD:		
Basic earnings per share	$ 0.51	$ 0.20
Diluted earnings per share	$ 0.50	$ 0.20

35. 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 evaluating and 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 is 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 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
Year Ended 31 December 2021						
Revenue from unaffiliated clients	$ 313,609	$ 156,643	$ -	$ 470,252	$ -	$ 470,252
Inter-segment revenue	346	299	(645)	-	-	-
Segment operating profit (loss)	28,958	15,163	1,141	45,262	4,758	50,020
Finance costs	-	-	9,152	9,152	2,838	11,990
Share of profit (loss) of associates	-	-	-	-	62	62
Total assets (at end of period)	305,256	142,310	133,287	580,853	188,650	769,503
Capital expenditures	9,572	2,281	1,686	13,539	-	13,539
Intangible asset expenditures	17	339	(38)	318	-	318
Depreciation and amortization	11,789	5,728	999	18,516	-	18,516
Year Ended 31 December 2020						
Revenue from unaffiliated clients	$ 355,041	$ 132,226	$ -	$ 487,267	$ -	$ 487,267
Inter-segment revenue	313	521	(834)	-	-	-
Segment operating profit (loss)	55,044	(133,449)	1,600	(76,805)	116,869	40,064
Finance costs	-	-	14,372	14,372	3,199	17,571
Share of profit (loss) of associates	-	-	-	-	126	126
Total assets (at end of period)	327,386	129,568	111,625	568,579	186,732	755,311
Capital expenditures	6,135	5,460	285	11,880	-	11,880
Intangible asset expenditures	47	327	124	498	-	498
Depreciation and amortization	13,612	6,203	1,052	20,867	-	20,867

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

For segment operating profit (loss), (1) we recognize stock-based 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) 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 was associated with our Production Enhancement segment, in our U.S. GAAP financial statements. Subsequently, the outlook for the global economies and the energy industry improved and the value of the Company's share price increased approximately 150% as of 31 December 2020. As such, the Company determined there was no impairment to the goodwill for IFRS reporting as of 31 December 2020. See Note 29 – *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 receivable, 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 expense for stock-based compensation and post-employment 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 costs of revenue.

Disaggregated Revenue

We derive our revenue from services and product 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):

	Year Ended 31 December	
	2021	**2020**
Reservoir Description services	$ 296,576	$ 332,085
Production Enhancement services	47,766	44,336
Total Revenue - Services	344,342	376,421
Reservoir Description product sales	17,033	22,956
Production Enhancement product sales	108,877	87,890
Total Revenue - Product sales	125,910	110,846
Total Revenue	$ 470,252	$ 487,267

Geographical Information

We attribute services revenue to the country in which the service was performed rather than where the reservoir or project is located while we attribute product sales revenue to the country where the product was shipped as we feel this gives a clearer view of our operations. We do, however, have significant levels of services revenue performed and recorded in the U.S. that are sourced from projects on non-U.S. oilfields.

The following table shows a summary of our U.S. and non-U.S. operations and fixed assets (in thousands of USD):

	United States	Canada	Europe	Other Countries (1) (2)	U.S. GAAP Consolidated	U.S. GAAP to IFRS Adjustments	IFRS Consolidated
Year Ended 31 December 2021							
Revenue	$ 148,183	$ 26,167	$ 147,378	$ 148,524	$ 470,252	$ -	$ 470,252
Operating profit (loss)	12,301	3,513	17,310	12,138	45,262	4,758	50,020
Property, plant and equipment, net (at end of period)	58,031	9,303	21,846	21,772	110,952	-	110,952
Total assets (at end of period)	270,192	35,233	170,198	105,230	580,853	188,650	769,503
Capital expenditures	5,678	272	4,093	3,496	13,539	-	13,539
Year Ended 31 December 2020							
Revenue	$ 158,937	$ 16,616	$ 150,293	$ 161,421	$ 487,267	$ -	$ 487,267
Operating profit (loss)	(66,264)	(16,232)	(23,190)	28,881	(76,805)	116,869	40,064
Property, plant and equipment, net (at end of period)	62,619	10,194	21,243	21,237	115,293	-	115,293
Total assets (at end of period)	265,829	38,377	158,344	106,029	568,579	186,732	755,311
Capital expenditures	6,832	672	1,997	2,379	11,880	-	11,880

(1) Revenue earned in other countries was not individually greater than 10% of our consolidated revenue in 2021 and 2020.
(2) Property, plant and equipment, net in other countries were not individually greater than 10% of our consolidated property, plant and equipment in 2021 and 2020.

We are domiciled in the Netherlands. The revenue from third-party clients in the Netherlands were $48.6 million and $48.0 million for the years ended 31 December 2021 and 2020, respectively, and are included with Europe in the table above. Operating income and total assets associated with our corporate operations have been included under the United States. Other countries consists of several countries which are individually insignificant.

36. RELATED PARTIES AND SIGNIFICANT SUBSIDIARIES

In 2021 and 2020, 95,568 shares valued at $2.6 million and 70,929 shares valued at $1.7 million, respectively, were surrendered to Core Lab 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.

In 2021 and 2020, we granted a total of 25,842 and 87,042 shares of our common stock, respectively, to our non-employee Directors. These shares vest without performance obligations on 31 March 2022 and 2021, respectively. See Note 21 – *Stock-Based Compensation*.

See Note 27 – *Remuneration of Key Management Personnel and Supervisory Directors*, for details of all remuneration.

We had no other significant related party transactions for the years ended 31 December 2021 and 2020.

The following table lists significant subsidiaries of the parent company that are included in the consolidated group. For a complete listing of subsidiaries see Appendix A included in this Annual Report.

Name	Legal Seat	Ownership %
Core Laboratories Australia PTY LTD	Perth, Australia	100%
Core Laboratories Canada Ltd.	Alberta, Canada	100%
Core Laboratories International B.V.	Amsterdam, The Netherlands	100%
Core Laboratories LP	Delaware, United States	100%
Core Laboratories Malaysia SDN BHD	Kuala Lumpur, Malaysia	100%
Core Laboratories Sales B.V.	Rotterdam, The Netherlands	100%
Core Laboratories (U.K.) Limited	London, United Kingdom	100%
Owen Oil Tools LP	Delaware, United States	100%
Saybolt Nederland B.V.	Rotterdam, The Netherlands	100%
JSC Petroleum Analysts	Moscow, Russian Federation	100%

See Note 10 – *Investment in Associates*, for the details of associates of the parent company that are not consolidated in the Group.

37. SUBSEQUENT EVENTS

For subsequent events to 31 December 2021, see Note 18 – *Equity*, regarding the declaration of dividends in February 2022.

Subsequent to the year ended 31 December 2021, on 24 February 2022, a conflict between Russia and Ukraine erupted, which has resulted in disruptions to many industries, including the oil and gas industry and our business. In response to the conflict, the U.S, the European Union and many other countries have imposed sanctions towards Russia. The current sanctions have restricted business activities with Russia and Russian entities and may change and or expand, which could further restrict Core Lab's ability to do business in Russia or with certain Russian entities. Additionally, the Company has suspended local Ukrainian laboratory operations to minimize risk to its employees, and completion product sales delivered through Core's Production Enhancement segment into Ukraine have also been suspended. The current effects from the Russia/Ukraine conflict, as described above, have, thus far, not resulted in a material adverse impact to the Company's financial condition or results of operations.

COMPANY FINANCIAL STATEMENTS

CORE LABORATORIES N.V.
STATEMENT OF FINANCIAL POSITION
(In thousands of USD)
(After proposed appropriation of results)

	Ref.	As of 31 December 2021	2020
ASSETS			
NON-CURRENT ASSETS			
Investment in subsidiaries	3	$ 460,451	$ 396,391
Loans to subsidiaries	4	47,198	-
Right-of-use lease assets		474	635
Deferred tax assets, net	5	4,125	5,692
Other assets	6	2,546	2,113
TOTAL NON-CURRENT ASSETS		514,794	404,831
CURRENT ASSETS			
Prepaid expenses and other current assets		2,195	1,300
Receivables from subsidiaries	4	74,245	215,267
Cash and cash equivalents		2,191	612
TOTAL CURRENT ASSETS		78,631	217,179
TOTAL ASSETS		$ 593,425	$ 622,010
EQUITY	7	$ 332,885	$ 245,364
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term payables to subsidiaries	8	4,400	4,400
Borrowings, net	9	-	44,411
Long-term lease liabilities		412	581
Income taxes payable		28	715
Deferred tax liabilities, net	5	16,272	16,262
Post-employment benefit plans	10	12,141	13,124
TOTAL NON-CURRENT LIABILITIES		33,253	79,493
CURRENT LIABILITIES			
Payables to subsidiaries	8	223,375	285,300
Lease liabilities		166	120
Other accrued expenses		3,746	11,733
TOTAL CURRENT LIABILITIES		227,287	297,153
TOTAL LIABILITIES		260,540	376,646
TOTAL EQUITY AND LIABILITIES		$ 593,425	$ 622,010

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

CORE LABORATORIES N.V.
STATEMENT OF PROFIT OR LOSS
(In thousands of USD)

	Ref.	Year Ended 31 December 2021	2020
REVENUE:			
Services revenue with affiliated companies	13	$ 114,162	$ 116,423
OPERATING EXPENSES:			
Cost of services with affiliated companies	12, 13	102,395	103,265
GROSS PROFIT (LOSS)		**11,767**	**13,158**
General and administrative expenses	12	13,398	15,029
Other expense (income), net		4,267	5,679
OPERATING PROFIT (LOSS)		**(5,898)**	**(7,550)**
Finance income	13	4,772	10,839
Finance costs	13	(8,192)	(11,175)
Finance income (costs), net		(3,420)	(336)
Profit (loss) of subsidiaries	3	33,078	16,762
PROFIT (LOSS) BEFORE INCOME TAX		**23,760**	**8,876**
Income tax expense (benefit)		318	(186)
PROFIT (LOSS) FOR THE PERIOD		**$ 23,442**	**$ 9,062**

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

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS

See Note 1 – *Description of Business* of the Notes to the Consolidated Financial Statements included in this Annual Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The company financial statements of Core Laboratories N.V. ("Company") are stated in U.S. Dollars ("USD") and have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code and should be read in conjunction with the group consolidated financial statements included this Annual Report. In accordance with subarticle 8 of article 362, Book 2 of the Dutch Civil Code, the company financial statements are prepared based on the same accounting principles of recognition, measurement and determination of profit, as applied in the group consolidated financial statements. These principles also include the classification and presentation of financial instruments, being equity instruments or financial assets or liabilities. Shareholders' equity and results of operations in the company financial statements will remain equal to shareholders' equity and results of operations (less non-controlling interest) in the group consolidated financial statements.

In case no other policies are mentioned, refer to the accounting policies as described in the Notes to the Consolidated Financial Statements included in this Annual Report. For an appropriate interpretation, the Company financial statements of Core Laboratories N.V. should be read in conjunction with the group consolidated financial statements.

Investments in subsidiaries

Participating interests in group companies are accounted for in the company financial statements according to the equity method. The profit (loss) of subsidiaries consists of the Company's share in the results of these participating interests. Results on transactions involving the transfer of assets and liabilities between the Company and its participating interests and mutually between participating interest themselves, are eliminated to the extent that they can be considered as not realized.

When the Company's share of losses in an investment equals or exceeds its interest in the investment, (including separately presented goodwill or any other unsecured non-current receivables, being part of the net investment), the Company does not recognize any further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the investment. In such case the Company will recognize a liability which is reflected in the statement of financial position in payables to subsidiaries.

Loans to, receivables from and payables to subsidiaries

Amounts due from or to subsidiaries are stated initially at fair value and subsequently at amortized costs. Amortized costs is determined using the effective interest rate at the date of inception. There are no credit losses recognized for amounts due from subsidiaries because the Company may choose to convert such amounts to capital contributions or manage cash among its subsidiaries so subsidiaries owing these amounts may repay them.

3. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries activity consisted of the following (in thousands of USD):

	Year Ended 31 December	
	2021	2020
As of 1 January	$ 396,391	$ 408,153
Profit (loss) of subsidiaries	33,078	16,762
Equity from subsidiaries - accumulated other comprehensive income	(3,077)	(869)
Acquisitions	-	15,110
Capital contributions	72,364	37,833
Return of capital	(1,497)	(10)
Dividends received	(36,808)	(80,641)
Other	-	53
As of 31 December	$ 460,451	$ 396,391

For a listing of significant subsidiaries that are included in the financial fixed assets as investments in subsidiaries, see Note 36 – *Related Parties and Significant Subsidiaries* of the Notes to the Consolidated Financial Statements and a listing of all subsidiaries in Appendix A, both of which are included in this Annual Report.

4. LOANS TO AND RECEIVBLES FROM SUBSIDIARIES

Loans to and receivables from subsidiaries activity consisted of the following (in thousands of USD):

	Long-Term Loans to Subsidiaries	Receivables from subsidiaries
As of 31 December 2020	$ -	$ 215,267
Additions	-	356,987
Payments	-	(135,254)
Netting with payables to subsidiaries	(129,102)	(186,455)
Reclassification to long-term loans to subsidiaries	176,300	(176,300)
As of 31 December 2021	$ 47,198	$ 74,245

Loans to subsidiaries consist of a $290.0 million unsecured note, that as amended, bears interest at 6%. During the year ended 31 December 2020, $113.7 million of the outstanding principal of the note was net settled against payables with the subsidiary. During the year ended 31 December 2021, the loan, which was previously due 18 May 2021, was extended to 18 May 2026 and the unpaid balance of $176.3 million was reclassified to long-term loans to subsidiaries. An additional amount of $129.1 million was net settled against payables with the subsidiary. Interest on the loan is payable annually on the anniversary date of the loan but may be deferred for a period under our discretion. As of 31 December 2021, no interest has been paid on the loan.

During the year ended 31 December 2021 the Company loaned one of its subsidiaries $35.0 million that bears interest at the 1-month LIBOR plus 1.125% and is payable in full including all interest at maturity or 31 December 2022, as amended. This amount is included in current receivables from subsidiaries. Other receivables from subsidiaries consist of balances with various subsidiaries primarily due to the advance of cash from the Company to subsidiaries that is customary with the cash management programs of the consolidated group.

5. DEFERRED INCOME TAXES

Deferred tax assets, net consists primarily of tax losses. Deferred tax liabilities primarily consist of withholding tax on the earnings of subsidiaries no longer considered to be permanently reinvested.

For a reconciliation of the effective tax rate with the statutory rate, see Note 32 – *Income Taxes* of the Notes to the Consolidated Financial Statements included in this Annual Report.

Deferred tax assets and liabilities, net and their activity consist of the following (in thousands of USD):

	Deferred Tax Assets, net	Deferred Tax Liabilities, net	Other	Total
As of 31 December 2020	$ 5,692	$ (16,262)	$ 16	$ (10,554)
(Charged)/credited to statement of profit or loss	(1,567)	(10)	42	(1,535)
As of 31 December 2021	$ 4,125	$ (16,272)	$ 58	$ (12,089)

6. OTHER ASSETS

Other assets activity consisted of the following (in thousands of USD):

As of 31 December 2020	$ 2,113
Change in property, plant and equipment	(22)
Change in cash surrender value of life insurance policies	55
Deferred debt acquisition costs reclassified from borrowings, net	400
As of 31 December 2021	$ 2,546

Cash surrender value of life insurance policies have been purchased by us to assist in funding our SERP benefit plan. See Note 10 – *Post-employment and Other Long-term Employee Benefit Plans* for further detail. These financial assets are carried at fair value. The fair value is determined with the assistance of an actuary using observable inputs (Level 2) and approximates the contract value of the investments.

7. EQUITY

Share Capital

The authorized share capital of the Company as of 31 December 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. Ordinary shares have voting and dividend rights.

As of both 31 December 2021 and 2020, no preference shares were issued or outstanding.

The movements in the number of shares are as follows:

	Ordinary Shares Issued	Treasury Shares	Shares Outstanding
As of 1 January 2020	44,796,252	(330,690)	44,465,562
Stock-based awards issued	-	208,168	208,168
Repurchase of ordinary shares	-	(100,929)	(100,929)
As of 31 December 2020	44,796,252	(223,451)	44,572,801
New share issuance	1,658,012	-	1,658,012
Stock-based awards issued	-	419,152	419,152
Repurchase of ordinary shares	-	(300,568)	(300,568)
As of 31 December 2021	46,454,264	(104,867)	46,349,397

The movement in shareholders' equity is as follows (in thousands of USD):

	Ordinary Shares	Additional Paid-In Capital	Accumulated Earnings	Other Reserves	Treasury Shares	Total Equity
As of 1 January 2020	$ 1,004	$ 50,052	$ 239,653	$ (15,225)	$ (29,363)	$ 246,121
Repurchase of ordinary shares	-	-	-	-	(2,794)	(2,794)
Dividends paid	-	-	(12,446)	-	-	(12,446)
Remeasurement of post-employment benefit obligations	-	-	-	28	-	28
Share in other comprehensive income of subsidiaries	-	-	-	(773)	-	(773)
Stock-based compensation	-	6,166	-	-	-	6,166
Stock-based awards issued	-	(18,082)	-	-	18,082	-
Profit (loss) for the period	-	-	9,062	-	-	9,062
Currency translation adjustment (1)	90	-	-	(90)	-	-
As of 31 December 2020	1,094	38,136	236,269	(16,060)	(14,075)	245,364
New share issuance	40	59,099	-	-	-	59,139
Repurchase of ordinary shares	-	-	-	-	(8,256)	(8,256)
Dividends paid	-	-	(1,834)	-	-	(1,834)
Remeasurement of post-employment benefit obligations	-	-	-	230	-	230
Share in other comprehensive income of subsidiaries	-	-	-	(3,077)	-	(3,077)
Stock-based compensation	-	17,877	-	-	-	17,877
Stock-based awards issued	-	(18,256)	-	-	18,256	-
Profit (loss) for the period	-	-	23,442	-	-	23,442
Reclassifications	-	2,670	(2,670)	-	-	-
Currency translation adjustment (1)	(83)	-	-	83	-	-
As of 31 December 2021	$ 1,051	$ 99,526	$ 255,207	$ (18,824)	$ (4,075)	$ 332,885

(1) The par value of ordinary shares has been translated from Euros to U.S. dollars at the period end exchange rates of 1.1324 and 1.2218 USD per Euro, and the cumulative amount of currency translation loss included in Other Reserves is $137 thousand and $54 thousand as of 31 December 2021 and 2020, respectively.

See Note 18 – *Equity* of the Notes to the Consolidated Financial Statements included in this Annual Report regarding the issuance of shares under an Equity Distribution Agreement, and the reclassification from retained earnings to additional paid-in capital.

Treasury Shares, Dividends and Other Reserves

See Note 18 – *Equity* of the Notes to the Consolidated Financial Statements included in this Annual Report for a discussion of treasury shares, dividends and other reserves.

Proposed appropriation of results

The Supervisory Board proposes to increase retained earnings in the amount of $23.4 million from profit for the period. The Company expects to utilize available earnings generated by our operations for the development and growth of the business, to reduce our debts, to repurchase our shares under our share repurchase program and to pay dividends. The determination as to the payment of dividends will be made at the discretion of our Supervisory Board and will depend upon our operating results, financial condition, capital requirements, income tax treatment of payments, general business conditions and such other factors we may deem relevant. Because Core Laboratories N.V. is a holding company that conducts substantially all of its operations through subsidiaries, our ability to pay cash dividends on the ordinary shares is also dependent upon the ability of our subsidiaries to pay cash dividends or otherwise distribute or advance funds to us and on the terms and conditions of our existing and future credit arrangements.

8. PAYABLES TO SUBSIDIARIES

Payables to subsidiaries are stated initially at fair value and subsequently at amortized cost. Amortized cost is determined using the effective interest rate at the date of inception, as applicable. Payables to subsidiaries are as follows (in thousands of USD):

	Long-Term Payables to Subsidiaries	Payables to Subsidiaries
As of 31 December 2020	$ 4,400	$ 285,300
Additions	-	409,919
Payments	-	(156,287)
Netting with receivables from subsidiaries	-	(315,557)
As of 31 December 2021	$ 4,400	$ 223,375

Long-term payables to subsidiaries consist of a note that, as amended, allows for a borrowing limit of up to $35.0 million until its maturity in October 2028 and bears interest at LIBOR plus 1%. Interest is payable annually at the end of each year. Over the life of the note, only $4.4 million has been borrowed against the total available borrowing balance.

Current payables to subsidiaries consist of balances with various subsidiaries primarily due to the advance of cash from subsidiaries to the Company that is customary with the cash management programs of the consolidated group.

9. BORROWINGS

See Note 19 – *Borrowings, net* of the Notes to the Consolidated Financial Statements included in this Annual Report for a description of our Credit Facility. Borrowings consist of the following (in thousands of USD):

	As of 31 December	
	2021	2020
Credit Facility	$ -	$ 45,000
Less: Deferred debt acquisition costs	-	(589)
Borrowings	$ -	$ 44,411

The carrying amounts of our borrowings are denominated in US Dollars.

10. POST-EMPLOYMENT AND OTHER LONG-TERM EMPLOYEE BENEFIT PLANS

Dutch Defined Benefit Plan

See Note 22 – *Post-employment and Other Long-term Employee Benefit Plans* of the Notes to the Consolidated Financial Statements included in this Annual Report for a description and other information regarding our post-employment arrangements. Balances and transactions related to our benefit plans are as follows (in thousands of USD):

	As of 31 December	
	2021	2020
Post-employment benefits - Dutch Plan	$ 846	$ 892
Post-employment benefits - SERP	9,435	10,200
Post-employment benefits - Employee Severance	1,860	2,282
Total	12,141	13,374
Current obligation - included in other accrued expenses	-	(250)
Post-employment benefit plans	$ 12,141	$ 13,124

	Year Ended 31 December	
	2021	2020
Charge (benefit) to the statement of profit or loss for the period:		
Dutch Plan	$ 4	$ (125)
Other post-employment benefits	456	404
	$ 460	$ 279
Remeasurements recognized in the statement of other comprehensive income for the period	$ 230	$ 28

The following table summarizes the change in the post-employment obligations and the fair value of the plan assets attributable to the Company for the Dutch Plan, SERP and employee severance arrangements (in thousands of USD):

	Year Ended 31 December	
Post-employment Obligations:	2021	2020
Post-employment obligations at beginning of year	$ 21,112	$ 24,285
Service cost	-	54
Interest cost	412	387
Benefits paid	(1,208)	(5,307)
Remeasurements	(831)	955
(Gain) loss on foreign exchange rates	(636)	738
Post-employment obligations at end of year	18,849	21,112
Fair Value of Plan Assets:		
Fair value of plan assets at beginning of year	10,166	11,954
Interest income	74	211
Employer contributions	31	120
Benefits paid	(49)	(3,768)
Administrative expenses	(121)	(48)
Remeasurements	(584)	1,036
(Gain) loss on foreign exchange rates	(570)	661
Fair value of plan assets at end of year	8,947	10,166
Over (under) funded status of the plan at the end of the year (1)	$ (9,902)	$ (10,946)

(1) Includes $1,983 thousand and $1,928 thousand for 2021 and 2020, respectively, of cash surrender value life insurance policies used to partially fund SERP and included in other assets on the Core Laboratories N.V. statement of financial position.

Expected benefit payments under the post-employment benefit plans for the next five years are as follows (in thousands of USD):

	As of 31 December 2021
2022	1,160
2023	1,160
2024	910
2025	910
2026	910

Defined Contribution Plan

For the years ended 31 December 2021 and 2020, we paid $0.3 million for our required contributions and our additional discretionary contributions to the defined contribution plan.

11. COMMITMENTS AND CONTINGENCIES

We, along with certain of our material, wholly-owned subsidiaries, are guarantors or co-borrowers under the Credit Facility and Senior Notes. For a discussion of our Credit Facility and Senior Notes, see Note 19 – *Borrowings, net* of the Notes to the Consolidated Financial Statements included in this Annual Report.

The Company has issued continuing letters of support to certain subsidiaries.

Core Laboratories N.V. and one of its wholly owned Dutch subsidiaries constitute a tax fiscal unity. As a result of the fiscal unity, the Company and the Dutch subsidiary are jointly and severally liable for the income tax liabilities of the entire fiscal unity. Income taxes are allocated to the companies within the fiscal unity on the basis of their taxable income.

12. EMPLOYEE BENEFIT EXPENSE

Employee benefit expense recognized in the Core Laboratories N.V. statement of profit or loss is as follows (in thousands of USD):

	Year Ended 31 December	
	2021	**2020**
Wages and salaries	$ 3,416	$ 3,873
Stock based compensation	1,323	803
Social security costs	616	718
Total employee expense	$ 5,355	$ 5,394

Included in social security costs are the expenses related to our employee benefit plans as described in Note 22 – *Post-employment and Other Long-term Employee Benefits* of the Notes to the Consolidated Financial Statements included in this Annual Report.

Employee benefit expense was classified in the Core Laboratories N.V. statement of profit or loss as follows (in thousands of USD):

	Year Ended 31 December	
	2021	**2020**
Cost of services with affiliated companies	$ 1,937	$ 2,626
General and administrative expenses	3,418	2,768
Total employee benefit expense	$ 5,355	$ 5,394

We had approximately 23 and 30 employees in 2021 and 2020, respectively, of which none of the employees were employed outside the Netherlands.

13. RELATED PARTIES

No fee has been charged to the Company for the services provided by Core Laboratories International B.V. as Managing Director.

Core Laboratories N.V. services revenue with affiliated companies is associated with agreements with a subsidiary on certain customer revenue contracts for which the Company provides sales and marketing support services, strategic oversight, and financial and risk control management under the agreements. Cost of services with affiliated companies relates to services purchased from subsidiaries to complete the customer revenue contracts. In addition, the Company records services revenue with affiliated companies for accounting functions and other corporate services performed for its subsidiaries. Finance income and costs include interest related to loans payable to and loans receivable from subsidiaries and other balances under various affiliated company agreements.

For a discussion of Supervisory Director remuneration and additional related party transactions, see the Annual Report of the Directors and Note 36 – *Related Parties and Significant Subsidiaries* of the Notes to the Consolidated Financial Statements included in this Annual Report.

14. SUBSEQUENT EVENTS

See Note 37 – *Subsequent Events* of the Notes to the Consolidated Financial Statements included in this Annual Report.

Amsterdam, the Netherlands,
5 April 2022

/s/ Lawrence Bruno
Lawrence Bruno
Chief Executive Officer, Chairman,
President and Supervisory Director

/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

/s/ Gregory B. Barnett
Gregory B. Barnett
Supervisory Director

/s/ Martha Z. Carnes
Martha Z. Carnes
Supervisory Director

/s/ Monique van Dijken Eeuwijk
Monique van Dijken Eeuwijk
Supervisory Director

/s/ Harvey Klingensmith
Harvey Klingensmith
Supervisory Director

/s/ Michael Straughen
Michael Straughen
Supervisory Director

/s/ Kwaku Temeng
Kwaku Temeng
Supervisory Director

OTHER INFORMATION

1 Auditor's Report

The Auditor's report is included on page 144

2 Statutory Appropriation of Income

Article 25 (3) of the Articles of Incorporation of the Company provide that the results for the year are subject to the disposition of the shareholders decided upon at the Annual General Meeting of Shareholders. Income remaining after payment of any interim dividends is expected to be fully included in retained earnings.

3 Voting Rights

See Note 18 – *Equity* regarding the voting rights of ordinary shares repurchased.

4 Branches

The consolidated financial statements include the financial information for the following branch locations:

Name	Legal Seat
Core Laboratories International B.V. - Abu Dhabi Branch	Abu Dhabi, United Arab Emirates
Core Laboratories International B.V. - Colombia Branch	Bogota, Colombia
Core Laboratories International B.V. - Oman Branch	Muscat, Oman
Core Laboratories International B.V. - Libya Branch	Tripoli, Libya
Core Laboratories International B.V. - Qatar Branch	Doha, Qatar
Core Laboratories Corporate Holding B.V. - Pakistan Branch	Karachi, Pakistan
JSC Saybolt Analyt Holding B.V. Representation in Batumi	Batumi, Georgia
Saybolt LP - Puerto Rico Branch	Guayanilla, Puerto Rico
Saybolt LP - Virgin Islands Branch	St. Croix, U.S. Virgin Islands
Saybolt International B.V. - Bahrain Branch	Manama, Bahrain
Saybolt International B.V. - Yemen Branch	Aden, Yemen
Saybolt Analyt Holding B.V. - Turkmenistan Branch	Turkenbashi, Turkmenistan
Saybolt UAE - Fujairah Branch	Fujairah, United Arab Emirates
EW Saybolt & Co SA - Egypt Branch	Alexandria, Egypt
Core Laboratories Sales BV - Taiwan Branch	Taipei, Taiwan
Core Laboratories Sales BV - Kuwait Branch	Mangaf, Kuwait
Owen Oil Tools LP - Thailand Branch	Songkhla, Thailand
Core Laboratories Hungary Kft. - Malta Branch	Kalafrana, Malta

Independent auditor's report

To: the General Meeting of Shareholders and the Supervisory Board of Core Laboratories N.V.

Report on the audit of the financial statements 2021 included in the annual report and accounts ("annual report")

Our opinion

In our opinion:

— the accompanying consolidated financial statements give a true and fair view of the financial position of Core Laboratories N.V. as at 31 December 2021 and of its result and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

— the accompanying company financial statements give a true and fair view of the financial position of Core Laboratories N.V. as at 31 December 2021 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements 2021 of Core Laboratories N.V. ("the Company") based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements.

The consolidated financial statements comprise:

1 the consolidated statement of financial position as at 31 December 2021;

2 the following consolidated statements for the year ended at 31 December 2021: the profit or loss, other comprehensive income, changes in equity and cash flows; and

3 the notes to the consolidated financial statements comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1 the company statement of financial position as at 31 December 2021;

2 the company statement of profit or loss for the year ended at 31 December 2021; and

3 the notes to the company financial statements comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Core Laboratories N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit procedures were designed in the context of our audit of the financial statements as a whole. Our observations in respect of going concern, fraud and non-compliance with laws and regulations, climate change and the key audit matters should be viewed in that context and not as separate opinions or conclusions.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit approach

Summary

Materiality
— Materiality of USD 1.8 million (2020: USD 2.0 million)
— 4.7% of profit from continuing operations before income tax (2020 4.9%)

Group audit
— Audit coverage of 89% of total assets
— Audit coverage of 88% of revenue

Going concern, Fraud/Noclar and Climate change

- Going concern: no significant going concern risks identified.
- Fraud & Non-compliance with laws and regulations (Noclar): in our audit we incorporate the risk of management override of controls.
- Climate change: Management has performed its initial analysis of the impact of climate-related risks on the company's business and operations going forward and on its accounting in the financial statements. We have considered the impact of climate-related risks on our identification and assessment of risks of material misstatement in the financial statements.

Key audit matters

- US GAAP to IFRS conversion
- Accounting exposure from tax structure

Opinion

Unqualified

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at USD 1.8 million (2020: USD 2.0 million). The materiality is determined with reference to profit from continuing operations before income tax at 4.7% (2020: 4.9%). We consider profit from continuing operations before income tax as the most appropriate benchmark considering the nature of the business and the fact that the main stakeholders are primarily focused on profit before tax. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Audit Committee of the Supervisory Board that misstatements identified during our audit in excess of USD 90,000 would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Core Laboratories N.V. is the parent of a group of components. The financial information of this group is included in the financial statements of Core Laboratories N.V.

Our group audit mainly focused on significant components which are considered significant based on their size and risk profile. Based on the size and the risk profile of the components, we requested KPMG LLP in the United States (KPMG USA) to perform the majority of the audit procedures for both the USA and foreign locations. Additional audit procedures were performed by KPMG the Netherlands for the components in the Netherlands.

We have:

- — performed audit procedures ourselves at group level in respect of the conversion of the US GAAP financial statements to the EU-IFRS financial statements as the primary accounting records are maintained based on US GAAP;
- — performed audit procedures ourselves on specific account balances included in certain components in the Netherlands;
- — made use of the work of KPMG USA for central procedures.

Our involvement included preparing and sending instructions to KPMG USA describing the scope of the audit procedures to be performed, our risk assessment, materiality to be applied and reporting requirements, participating in discussions, virtual meetings to discuss the results of audit procedures at component level covering the significant audit areas, including the relevant risks of material misstatement, and set out the information required to be reported back to the group audit team. In view of COVID-19 restrictions on the movement of people across borders, we have requested KPMG USA to provide us with remote access to audit workpapers to perform these evaluations during the year. During these meetings and email conversations, the audit approach, findings and observations reported to the group audit team were discussed in more detail. Review of the audit file of KPMG USA to verify the audit work by performed by our participating firm has been carried out in accordance with our instructions. In March 2022 we were able to visit the participating firm in the United Stated and completed our file review procedures and held several discussions to finalize our audit.

For the residual population not in scope we performed analytical and other procedures in order to corroborate that our scoping remained appropriate throughout the audit.

By performing the procedures mentioned above at group components, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the financial statements.

The audit coverage as stated in the section summary can be further specified as follows:

KPMG

Total Assets

89%	11%
Full Scope Audit Procedures	Covered by additional procedures performed at group level

Revenue

88%	12%
Full Scope Audit Procedures	Covered by additional procedures performed at group level

Audit response to going concern – no significant going concern risks identified

Management has performed its going concern assessment and has not identified any significant going concern risks. To assess management's assessment, we have performed, inter alia, the following procedures:

— we considered whether management's assessment of the going concern risks includes all relevant information of which we are aware as a result of our audit;

— we analyzed the company's financial position as at year-end and compared it to the previous financial year in terms of indicators that could identify significant going concern risks;

— we considered whether the current developments in oil and gas prices and increase in number of rig counts indicate a significant going concern risk.

The outcome of our risk assessment procedures did not give reason to perform additional audit procedures on management's going concern assessment.

Audit response to the risk of fraud and non-compliance with laws and regulations

In chapters "Core Compliance and Ethics" and "Fraud Prevention" of the annual report, management describes its procedures in respect of the risk of fraud and non-compliance with laws and regulations.

As part of our audit, we have gained insights into the Company and its business environment, and assessed the design and implementation and, where considered appropriate, tested the operating effectiveness of the Company's risk management in relation to fraud and non-compliance. As part of our audit procedures, we:

- performed relevant inquiries with management, the Audit Committee of the Supervisory Board and other relevant functions, such as General Counsel and the Head of Internal Audit
- assessed the Company's Employee Ethics Hotline, Investigation of Misconduct, Code of Ethics and Fraud Prevention through the Company's anti-fraud program and controls.
- assessed other positions held by management and other employees and paid special attention to procedures and governance/compliance in view of possible conflicts of interest;
- evaluated investigation reports on indications of possible fraud and non-compliance;
- evaluated correspondence with supervisory authorities and regulators as well as legal confirmation letters;
- considered the outcome of our other audit procedures and evaluated whether any findings or misstatements were indicative of fraud or non-compliance.

In addition, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable to the Company and identified the following areas as those most likely to have a material effect on the financial statements:

- Export legislation (reflecting the Company's global customer base);
- Employment legislation (reflecting the Company's significant and geographically diverse work force);
- Environmental and occupational safety and health laws and regulations;
- US Foreign Corrupt act / UK Bribery act (and similar requirements in other countries where the Company is active).

The potential effect of non-compliance with the identified laws and regulations on the financial statements varies considerably. The Company is subject to many laws and regulations where the consequences of non-compliance could have an indirect material effect on amounts recognised or disclosures provided in the financial statements, or both, for instance through the imposition of fines or litigation.

We evaluated the fraud risk and non-compliance factors to consider whether those factors indicate a risk of material misstatement in the financial statements.

Based on the above and the auditing standards we identified a fraud risk with respect to management override of controls. Our response to this fraud risk is described in the 'Management override of controls (a presumed risk)' section of our report. We rebutted the presumed fraud risk on revenue recognition based on our risk assessment procedures as the Company's revenue transactions are non-complex, do not require judgement and are recognized at a point in time upon transferring title for product sales and over time upon rendering of services which are short term in nature.

Management override of controls (a presumed risk)

- Management is by definition in a unique position to perpetrate fraud because of management's ability to manipulate financial records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively, such as reporting fictitious journal entries. Although the level of risk of management override of controls may vary from entity to entity, the risk nevertheless is present at all entities. A fraud risk is by nature considered a significant audit risk.

Our response:

- We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls that mitigate fraud risks and non-compliance. In case of internal control deficiencies, where we considered there would be opportunity for fraud, we performed supplemental detailed risk-based testing.
- We performed data analysis of high-risk journal entries to identify instances of unexpected journal entries or other risks. Where applicable, we performed additional audit procedures to address each identified risk. These procedures also included testing of transactions back to source information.
- We incorporated elements of unpredictability in our audit such as selecting samples from different locations compared to previous years related to purchases and revenues and selecting both items with higher and lower values.

Audit response to climate change risks

Management is responsible for preparing the financial statements in accordance with the applicable financial reporting framework, including considering whether the implications from climate-related risks and commitments have been appropriately accounted for and disclosed.

Management has performed its initial analysis of the impact of climate-related risks on the company's business and operations going forward and on its accounting in the financial statements. This includes discussion of the company's strategy in relation to climate change as disclosed in chapter " Risk factors associated with the industry in which we operate" and " Risk factors associated with the health, safety and environment" of management's report with management and those charged with governance and inspecting minutes and external communications for significant climate related commitments, strategies and plans made by management.

The evaluation of the effectiveness of management's strategy against internal or external goals set is not in scope of our audit of the financial statements. As part of our audit we consider potential effects of climate-related risks on the accounts and disclosures, including estimates and judgements in the current year's financial statements to determine whether the financial statements are free from material misstatements. This includes discussion of the company's strategy in relation to climate change with management and those charged with governance and inspecting minutes and external communications for significant climate related commitments, strategies and plans made by management.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

Compared to last year the key audit matter with respect to "Evaluation of the goodwill impairment analysis associated with the Production Enhancement operating segment" is not included, as this specifically relates to the financial year 2020. The Company had been negatively impacted by the low oil prices caused by the combined effects of the COVID-19 pandemic in financial year 2020 and the oversupply of oil. The company performs goodwill impairment testing on an annual basis and whenever circumstances indicate that the carrying value of goodwill might exceed the recoverable amount of a group of cash generating units (CGU). During the year ended December 31, 2021, management did not identify triggering events indicating the carrying value of the Production Enhancement operating segment (which consist of a group of CGU's at which goodwill is monitored by management) might exceed its recoverable amount.

US GAAP to IFRS Conversion

Description

The company has its shares listed at the NYSE in New York and the Euronext Amsterdam and as such is required to comply with the requirements of both environments. The company's primary accounting records are maintained based on the United States Generally Accepted Accounting Principles (US GAAP). However, the consolidated financial statements of Core Laboratories N.V., to be filed in the Netherlands, have to be prepared in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code.

Therefore management prepared an analysis to convert the US GAAP consolidated financial statements to EU-IFRS consolidated financial statements. Due to the complexity and non-routine character, as EU-IFRS is not embedded in the primary accounting records, this conversion required significant attention during our audit.

Our response

We evaluated the completeness and accuracy of management's conversion of the US GAAP financial statements to the EU-IFRS financial statements by assessing the different GAAP accounting treatment for the financial statement captions. Furthermore, we held regular meetings with management and with our component audit team and reviewed the component audit file, in order to identify events or transactions that occurred, that could result in a material different accounting treatment under EU-IFRS compared to US GAAP. We recalculated the adjustments and reconciled them to underlying evidence as for example contracts and share based payment records.

Our observation

The results of our procedures on the conversion from US GAAP to the EU-IFRS financial statements were satisfactory.

Accounting exposure from tax structure

Description

The Company is domiciled in the Netherlands and has international operations requiring the evaluation of income taxes across many tax jurisdictions. The evaluation of the identification, interpretation and application of tax laws in the relevant jurisdictions, which can be complex and subject to change, and their impact on the Company's income tax position required a high degree of judgement. We therefore identified the evaluation of the impact of the Company's tax structure on its income tax position as a key audit matter.

Our response

The primary procedures we performed to address this key audit matter included the following:

- We tested certain internal controls over the Company's income tax process, including controls related to identification, interpretation and application of tax laws.
- We checked our understanding of the tax structure by inspecting the Company's legal entity organization chart to identify changes.
- We evaluated the effects of changes in tax law by reading the Company's correspondence and agreements with relevant tax authorities, intercompany documentation and advice and guidance from third parties.
- We identified significant transactions during the year involving the interpretation of tax law and evaluated the relevant accounting impact on the tax provision.
- We involved income tax professionals with specialized skills and knowledge who assisted in assessing the Company's application of tax laws, including statutes, regulations and case law, identifying changes in tax laws in relevant jurisdictions, and evaluating the impact on the tax provision of such transactions.
- Finally, we assessed the appropriateness of Notes 15, 20 and 32 of the consolidated financial statements.

Our observation

The results of our procedures regarding the impact of the Company's tax structure on its income tax position were satisfactory and we consider management's assumptions and judgments to be reasonable. Furthermore, the accounting for income tax is properly reflected in Notes 15, 20 and 32 of the consolidated financial statements.

Report on the other information included in the annual report and accounts

In addition to the financial statements and our auditor's report thereon, the annual report and accounts contain other information. Additionally, the other information includes the Remuneration Report, which is a separate report and incorporated by reference.

Based on the following procedures performed, we conclude that the other information:

— is consistent with the financial statements and does not contain material misstatements; and

— contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and other information.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Engagement

We were engaged by the General Meeting of Shareholders as auditor of Core Laboratories N.V. on 21 May 2015, as of the audit for the year 2016 and have operated as statutory auditor ever since that financial year.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audits of public-interest entities.

European Single Electronic Format (ESEF)

Core Laboratories N.V. has prepared its annual report and accounts in ESEF. The requirements for this format are set out in the Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (these requirements are hereinafter referred to as: the RTS on ESEF).

In our opinion, the annual report and accounts prepared in the XHTML format, including the partially tagged consolidated financial statements as included in the reporting package by Core Laboratories N.V., has been prepared in all material respects in accordance with the RTS on ESEF.

Management is responsible for preparing the annual report and accounts including the financial statements in accordance with the RTS on ESEF, whereby management combines the various components into a single reporting package. Our responsibility is to obtain reasonable assurance for our opinion whether the annual report and accounts in this reporting package, is in accordance with the RTS on ESEF.

Our procedures taking into consideration Alert 43 of NBA (the Netherlands Institute of Chartered Accountants), included amongst others:

— obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package;

— obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files have been prepared in accordance with the technical specifications as included in the RTS on ESEF;

— examining the information related to the consolidated financial statements in the reporting package to determine whether all required taggings have been applied and whether these are in accordance with the RTS on ESEF.

Description of responsibilities regarding the financial statements

Responsibilities of management and the Supervisory board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. In that respect, management, under supervision of the Supervisory Board, is responsible for the prevention and detection of fraud and non-compliance with laws and regulations, including determining measures to resolve the consequences of it and to prevent recurrence.

As part of the preparation of the financial statements, management is responsible for assessing the Core Laboratories N.V.'s ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding on the appropriateness of Management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we

are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;

- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are solely responsible for the opinion and therefore responsible to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. In this respect we are also responsible for directing, supervising and performing the group audit.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audits of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amstelveen, 5 April 2022

KPMG Accountants N.V.

E.J. Oomen RA

Appendix A

Name	Legal Seat	Ownership %
Abdullah Fouad Core Laboratory Company	Dammam, Saudi Arabia	51%
Beheersmaatschappij Het Scheur B.V.	Rotterdam, Netherlands	100%
Core Lab Operations S.A. de C.V.	Mexico City, Mexico	100%
Core Lab Petroleum Science and Technology (Beijing) Co. Ltd.	Beijing, China	100%
Core Laboratories (France) Holdings S.à.r.L	Frépillon, France	100%
Core Laboratories (Texas II LLC	Texas, United States	100%
Core Laboratories (Texas) LLC	Texas, United States	100%
Core Laboratories (U.K.) IP Co., Ltd.	London, United Kingdom	100%
Core Laboratories (U.K.) Limited	London, United Kingdom	100%
Core Laboratories (U.S.) Interests Holdings Inc	Texas, United States	100%
Core Laboratories Angola Limitada	Luanda, Angola	100%
Core Laboratories Argentina S.A.	Buenos Aires, Argentina	100%
Core Laboratories Asia Pacific SDN BHD	Kuala Lumpur, Malaysia	100%
Core Laboratories Australia PTY LTD	Perth, Australia	100%
Core Laboratories Canada Limited	Alberta, Canada	100%
Core Laboratories Coop B.V.	Amsterdam, Netherlands	100%
Core Laboratories Corporate Holding B.V.	Amsterdam, Netherlands	100%
Core Laboratories El Salvador S.A. de C.V.	San Salvador, El Salvador	100%
Core Laboratories Financing (Ireland) Limited	Dublin, Ireland	100%
Core Laboratories Holdings LLC	Delaware, United States	100%
Core Laboratories Hungary Kft.	Budapest, Hungary	100%
Core Laboratories India Private Limited	Mumbai, India	99%
Core Laboratories Interests One Limited	London, United Kingdom	100%
Core Laboratories Interests Two Limited	London, United Kingdom	100%
Core Laboratories International B.V.	Amsterdam, Netherlands	100%
Core Laboratories International Licensing N.V.	Curaçao, Kingdom of the Netherlands	100%
Core Laboratories LLC	Delaware, United States	100%
Core Laboratories LP	Delaware, United States	100%
Core Laboratories Luxembourg S.A.	Senningerberg, Luxembourg	100%
Core Laboratories Malaysia SDN BHD	Kuala Lumpur, Malaysia	100%
Core Laboratories Panama, S.A.	Panama City, Panama	100%
Core Laboratories Sales B.V.	Rotterdam, Netherlands	100%
Core Laboratories Sales N.V.	Curaçao, Kingdom of the Netherlands	100%
Core Laboratories Venezuela S.A.	Caracas, Venezuela	100%
Core Laboratories Brasil Óleo e Gás Produtos e Serviços Ltda.	Rio de Janeiro, Brazil	99.9%

Name	Legal Seat	Ownership %
Corelab Nigeria Limited	Lagos, Nigeria	100%
Coreton Limited	Croydon, United Kingdom	100%
CTC Pulsonic Nigeria Limited	Lagos, Nigeria	80%
E.W. Saybolt & Co. S.A.	Panama City, Panama	100%
Foreign Enterprise Saybolt–Ukraine	Odessa, Ukraine	100%
Guardian Holdings Ltd	Pyle, United Kingdom	100%
Guardian Global Technology Group Ltd	Pyle, United Kingdom	100%
Guardian Global Technologies Ltd	Pyle, United Kingdom	100%
GGT Guardian Texas LLC	Texas, United States	100%
JSC Petroleum Analysts	Moscow, Russian Federation	100%
Labton Limited	London, United Kingdom	100%
Owen Compliance Services, Inc.	Delaware, United States	100%
Owen de Mexico S.A. de C.V.	Mexico City, Mexico	100%
Owen Oil Tools (U.K.) Limited	Croydon, United Kingdom	100%
Owen Oil Tools de Mexico, S.A. de C.V.	Tabasco, Mexico	100%
Owen Oil Tools LP	Delaware, United States	100%
P.T. Perforindo Teknika Nusantara	Jakarta, Indonesia	100%
Production Enhancement Corporation	Delaware, United States	100%
PT Citra Wosaji Indonesia	Jakarta, Indonesia	100%
PT Corelab Indonesia	Jakarta, Indonesia	70%
Quantoil Ltd.	London, United Kingdom	100%
Sanchez Technologies SASU	Frépillon, France	100%
Saybolt - Bulgaria Ltd.	Bourgas, Bulgaria	100%
Saybolt (Portugal) Inspeccao de Produtos Petroliferos,Limitada	Lisbon, Portugal	100%
Saybolt Analyt Holding B.V.	Rotterdam, Netherlands	100%
Saybolt Analyt Holding BV - Moscow Rep Office	Moscow, Russian Federation	100%
Saybolt Aruba N.V.	San Nicolas, Aruba, Kingdom of the Netherlands	100%
Saybolt Azerbaijan	Baku, Azerbaijan	100%
Saybolt Bahamas Ltd.	Freeport, Bahamas	100%
Saybolt Belgium N.V.	Antwerp, Belgium	100%
Saybolt Bonaire N.V.	Bonaire, Netherlands	100%
Saybolt Caribbean N.V.	San Nicolas, Aruba, Kingdom of the Netherlands	100%
Saybolt Danmark A/S	Copenhagen, Denmark	100%
Saybolt de Colombia S.A.S.	Barranquilla, Colombia	95%
Saybolt de Costa Rica, S.A.	San Jose, Costa Rica	100%

Name	Legal Seat	Ownership %
Saybolt España S.A.	Madrid, Spain	100%
Saybolt Eesti AS	Tallinn, Estonia	100%
Saybolt Finland Oy	Hamina, Finland	100%
Saybolt Greece, Ltd.	Athens, Greece	100%
Saybolt Holding B.V.	Rotterdam, Netherlands	100%
Saybolt Inspection Romania S.R.L.	Constanta, Romania	100%
Saybolt Inspection Services India Private Limited	Mumbai, India	100%
Saybolt Inspection Services Kazakhstan LLP	Aktau, Kazakhstan	100%
Saybolt International B.V.	Rotterdam, Netherlands	100%
Saybolt Italia S.R.L.	Siracusa, Italy	100%
Saybolt Latin America B.V.	Rotterdam, Netherlands	100%
Saybolt Latvia	Ventspils, Latvia	100%
Saybolt LP	Delaware, United States	100%
Saybolt Malta Ltd.	Kalafran, Malta	100%
Saybolt Nederland B.V.	Rotterdam, Netherlands	100%
Saybolt Norway AS	Mongstad, Norway	100%
Saybolt Poland Sp.z.o.o.	Gdynia, Poland	100%
Saybolt South Africa PTY LTD	Cape Town, South Africa	74%
Saybolt St. Eustatius N.V.	St. Eustatius, Netherlands	100%
Saybolt Surveillance and Laboratory Services Joint Stock Corporation	Istanbul, Turkey	100%
Saybolt Sweden AB	Gothenburg, Sweden	100%
Saybolt United Kingdom Limited	Purfleet, United Kingdom	100%
Saybolt van Duyn GmbH	Essen, Germany	100%
SCI 216	Frépillon, France	100%
Stim-Lab, Inc.	Oklahoma, United States	100%
UAB Saybolt-Baltija	Klaipeda, Lithuania	100%