Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	994 547 852
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	MAGSEIS FAIRFIELD AS
Forretningsadresse:	Askekroken 11 0277 OSLO

Regnskapsår

Årsregnskapets periode:	01.01.2021 - 31.12.2021

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Forenklet IFRS
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Ioana Ciobanu
Dato for fastsettelse av årsregnskapet:	10.03.2022

Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert

År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 04.08.2023

Resultatregnskap

Beløp i: USD	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	3	26 916 000	14 354 000
Sum inntekter		**26 916 000**	**14 354 000**
Kostnader			
Varekostnad	4	11 078 000	8 289 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	9,10	9 399 000	10 657 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	11	6 233 000	288 000
Annen driftskostnad	5	15 851 000	15 365 000
Sum kostnader		**42 561 000**	**34 599 000**
Driftsresultat		**-15 645 000**	**-20 245 000**
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern	6	1 354 000	1 860 000
Annen renteinntekt	6		45 000
Annen finansinntekt	6	719 000	3 663 000
Sum finansinntekter		**2 073 000**	**5 568 000**
Nedskrivning av finansielle eiendeler	11	31 426 000	1 465 000
Annen rentekostnad	6		2 116 000
Annen finanskostnad	6	2 596 000	2 556 000
Sum finanskostnader		**34 022 000**	**6 137 000**
Netto finans		**-31 949 000**	**-569 000**
Ordinært resultat før skattekostnad		**-47 594 000**	**-20 814 000**
Skattekostnad på ordinært resultat	7	-150 000	
Ordinært resultat etter skattekostnad		**-47 444 000**	**-20 814 000**
Årsresultat		**-47 444 000**	**-20 814 000**
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		-47 444 000	20 814 000
Sum overføringer og disponeringer		**-47 444 000**	**20 814 000**

Resultatregnskap

Beløp i: USD	Note	2021	2020

Balanse

Beløp i: USD	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Forskning og utvikling	10,11	1 167 000	864 000
Sum immaterielle eiendeler		**1 167 000**	**864 000**
Varige driftsmidler			
Seismisk utstyr	9	17 176 000	29 938 000
Anlegg under utførelse	9	20 933 000	25 275 000
Bruksrett eiendeler (IFRS 16)	9	511 000	919 000
Diverse inventar	9	53 000	222 000
Sum varige driftsmidler		**38 673 000**	**56 354 000**
Finansielle anleggsmidler			
Investering i datterselskap	1,11	109 116 000	109 468 000
Lån til foretak i samme konsern	8	31 007 000	28 628 000
Sum finansielle anleggsmidler		**140 123 000**	**138 096 000**
Sum anleggsmidler		**179 963 000**	**195 314 000**
Omløpsmidler			
Varer			
Varer	14	944 000	2 412 000
Sum varer		**944 000**	**2 412 000**
Fordringer			
Accounts receivables	15	4 235 000	1 175 000
Andre fordringer	15,16	16 141 000	17 413 000
Derivatives	23,26	519 000	
Sum fordringer		**20 895 000**	**18 588 000**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	13	2 791 000	24 211 000
Sum bankinnskudd, kontanter og lignende		**2 791 000**	**24 211 000**
Sum omløpsmidler		**24 630 000**	**45 211 000**

Balanse

Beløp i: USD	Note	2021	2020
SUM EIENDELER		**204 593 000**	**240 525 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	2	1 584 000	1 578 000
Overkurs	2	151 021 000	407 662 000
Sum innskutt egenkapital		**152 605 000**	**409 240 000**
Opptjent egenkapital			
Udekket tap		3 970 000	214 579 000
Sum opptjent egenkapital		**-3 970 000**	**-214 579 000**
Sum egenkapital		**148 635 000**	**194 661 000**
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	17,18	29 429 000	29 325 000
Øvrig langsiktig gjeld	17,18	178 000	414 000
Lease liabilities	12,18	140 000	985 000
Sum annen langsiktig gjeld		**29 747 000**	**30 724 000**
Sum langsiktig gjeld		**29 747 000**	**30 724 000**
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner	17,18		0
Leverandørgjeld		1 561 000	896 000
Betalbar skatt	7		150 000
Kortsiktig konserngjeld		17 049 000	1 507 000
Annen kortsiktig gjeld	19	7 041 000	12 313 000
Current portion of lease liabilities	12,18	560 000	275 000
Sum kortsiktig gjeld		**26 211 000**	**15 141 000**
Sum gjeld		**55 958 000**	**45 865 000**

Balanse

Beløp i: USD	Note	2021	2020
SUM EGENKAPITAL OG GJELD		**204 593 000**	**240 526 000**
POSTER UTENOM BALANSEN			
Garantistillelser	17	60 000 000	67 000 000
Pantstillelser	17	154 908 000	107 000 000

Konsernets resultatregnskap

Beløp i: USD	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	5,6	258 129 000	193 391 000
Sum inntekter		**258 129 000**	**193 391 000**
Kostnader			
Varekostnad	7	186 645 000	130 616 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	13,14, 16	65 663 000	48 125 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	15	6 458 000	1 940 000
Annen driftskostnad	8	24 506 000	27 317 000
Sum kostnader		**283 272 000**	**207 998 000**
Driftsresultat		**-25 143 000**	**-14 607 000**
Finansinntekter og finanskostnader			
Annen renteinntekt	9	819 000	6 648 000
Sum finansinntekter		**819 000**	**6 648 000**
Annen finanskostnad	9	4 004 000	9 833 000
Sum finanskostnader		**4 004 000**	**9 833 000**
Netto finans		**-3 185 000**	**-3 185 000**
Ordinært resultat før skattekostnad		**-28 328 000**	**-17 792 000**
Skattekostnad på ordinært resultat	10	3 926 000	1 857 000
Ordinært resultat etter skattekostnad		**-32 254 000**	**-19 649 000**
Årsresultat		**-32 254 000**	**-19 649 000**

Konsernets balanse

Beløp i: USD	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter	14,15	49 840 000	57 689 000
Goodwill	14,15	22 526 000	20 906 000
Sum immaterielle eiendeler		**72 366 000**	**78 595 000**
Varige driftsmidler			
Bruksrett leide eiendeler	13,15	21 528 000	24 722 000
Seismisk utstyr	13,15	56 577 000	90 414 000
Anlegg under utførelse		37 558 000	34 286 000
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	13,15	189 000	653 000
Sum varige driftsmidler		**115 852 000**	**150 075 000**
Sum anleggsmidler		**188 218 000**	**228 670 000**
Omløpsmidler			
Varer			
Varer	18	6 182 000	7 711 000
Sum varer		**6 182 000**	**7 711 000**
Fordringer			
Kundefordringer	19	17 389 000	38 141 000
Andre fordringer	20	62 959 000	15 253 000
Derivatives	26	519 000	
Sum fordringer		**80 867 000**	**53 394 000**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	17	29 737 000	54 829 000
Sum bankinnskudd, kontanter og lignende		**29 737 000**	**54 829 000**
Sum omløpsmidler		**116 786 000**	**115 934 000**
SUM EIENDELER		**305 004 000**	**344 604 000**

Konsernets balanse

Beløp i: USD	Note	2021	2020
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	4	1 584 000	1 578 000
Overkurs	4	151 021 000	407 662 000
Annen innskutt egenkapital		8 909 000	
Sum innskutt egenkapital		**161 514 000**	**409 240 000**
Opptjent egenkapital			
Udekket tap			216 767 000
Sum opptjent egenkapital			**-216 767 000**
Sum egenkapital		**161 514 000**	**192 473 000**
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	21,22	29 429 000	30 624 000
Øvrig langsiktig gjeld	21,22	4 609 000	5 118 000
Lease liability	16,22	8 275 000	8 784 000
Sum annen langsiktig gjeld		**42 313 000**	**44 526 000**
Sum langsiktig gjeld		**42 313 000**	**44 526 000**
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner	21,22	2 000 000	2 293 000
Leverandørgjeld		20 901 000	17 179 000
Betalbar skatt	10	5 060 000	5 455 000
Annen kortsiktig gjeld	22,23	57 015 000	63 315 000
Short-term lease liabilities	21,22	16 201 000	19 361 000
Sum kortsiktig gjeld		**101 177 000**	**107 603 000**
Sum gjeld		**143 490 000**	**152 129 000**
SUM EGENKAPITAL OG GJELD		**305 004 000**	**344 602 000**

Konsernets balanse

Beløp i: USD	Note	2021	2020
POSTER UTENOM BALANSEN			
Garantistillelser	21	60 000 000	67 000 000

[redacted]

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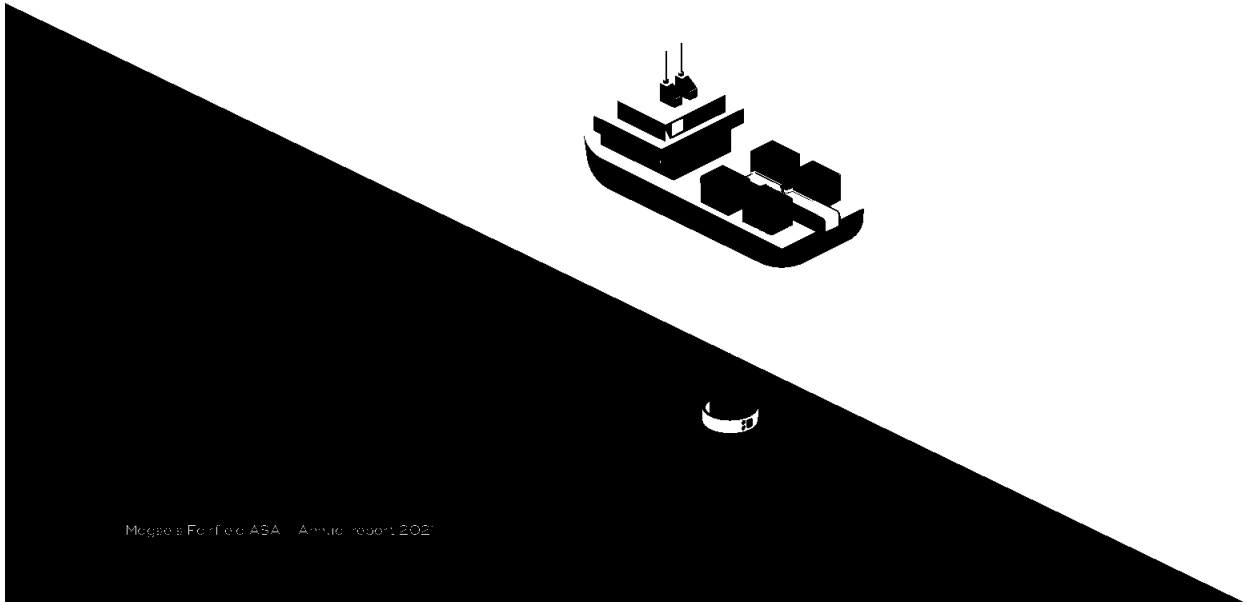
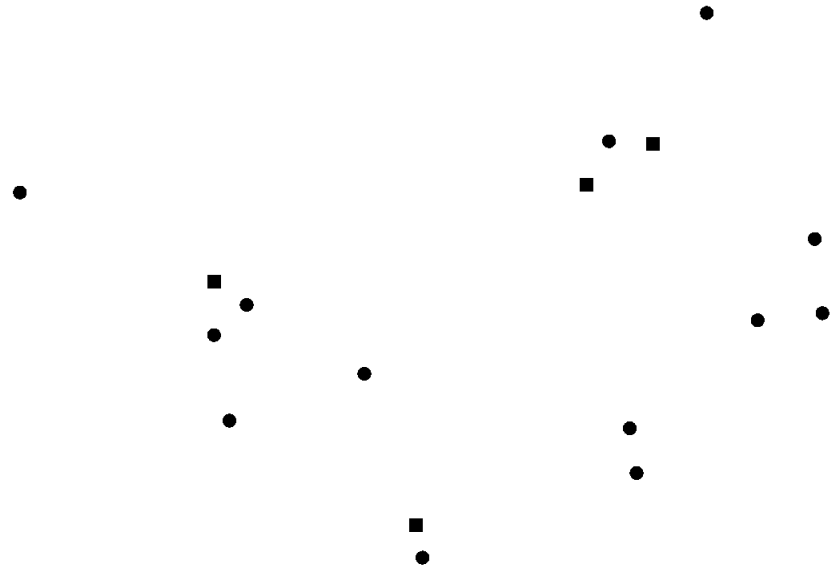
Magseis Fairfield

is the leader in providing Ocean Bottom Node seismic data acquisition to our energy customers, enabling them to make data driven field development decisions both in the oil and gas and renewables business. The company is headquartered in Lysaker outside Oslo, Norway.

The Group has offices in Houston (USA), Warminster (UK), Rio de Janeiro (Brazil) and in Singapore, and provides seismic services to customers globally.

The company's technology hubs in Oslo and Houston work closely with the organisation and clients to ensure best possible results from the deployment of Magseis Fairfield's proprietary technology and differentiated solutions.





■ Oslo, headquarter ■ Offices ● Operation

Ocean Bottom Node (OBN) acquisition technique includes collecting four-component (4C) seismic data using one hydrophone and three geophones and is widely recognized as delivering the highest quality seismic data commercially available.

The information from the seismic data is primarily used by energy companies for exploration and production of oil and gas, de-risking and monitoring CO_2 storage sites, de-risking offshore wind farm placement and in mapping deep-sea minerals.

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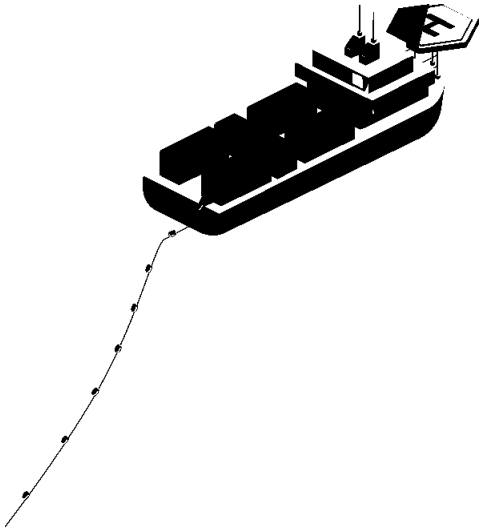
At a glance



Operations, Safety and Environment

- Acquired our 100th OBN survey
- Strong operational performance and project execution
- Strict COVID-19 protocols, with avoidance of offshore COVID-19 cases ensuring operational continuity
- Total recordable case frequency (TRCF) increased to 2.37 from 1.09 in 2020
- Completed the ISO certification audits by ABS QE. Received ISO 9001:2015 certification for all Magseis Fairfield sites and operations and certification for ISO 14001 and 45001 for our Warminster site in the UK
- Announced an ambition to become carbon neutral by 2040, or earlier
- Executed the first carbon neutral OBN project, in collaboration with a client in the Gulf of Mexico

Financial performance

- Revenue increased to USD 258.1 million due to an improving market
- Reported EBITDA increased to USD 47.0 million following higher activity
- Full year SG&A of USD 24.5 million and capital expenditure of USD 12 million, both in line with guidance
- Reported EBIT loss of USD 25.1 million
- Net loss after tax of USD 32.3 million
- Year-end cash position of USD 29.7 million

Asset-light and differentiated technology

- Offering differentiated modular and asset-light solutions
- Launched Echova™, the first OBN technology platform
- As part of the renewables strategy, became a member of the Center of Geophysical Forecasting in Norway and partner in the Greensand project consortium in Denmark

Positive market outlook

- Building on excellent client feedb operational, technological and C performance
- Increased backlog by 48 percen USD 293 million at the end of th
- New contracts are being secure increasing margins
- Strong recovery for greenfield d projects expected from 2022 (1 between 2022-2025)
- Based on awarded contracts an tender activity the company pre percent overall market growth in
- Renewables strategy being exec opportunities being pursued in U and Asia

Årsregnskap regnskapsåret 2021 for 994547852

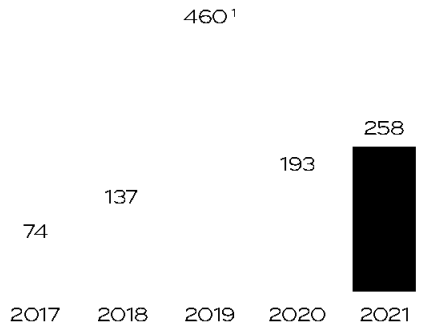
Key figures

All figures in USD million

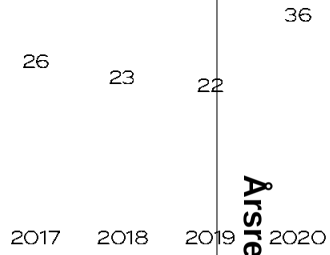
Profit and loss	2021	2020
Revenues	258.1	193.4
Gross profit	71.5	62.8
Gross margin	28%	32%
General and administrative costs	(24.5)	(27.3)
EBITDA	47.0	35.5
EBITDA excluding special items	41.3	38.4
EBITDA %	16%	20%
EBIT	(25.1)	(14.6)
Net profit/(loss)	(32.3)	(19.7)

Other key figures	2021	2020
Net cash from operating activities	6.8	20.5
Net cash used in investing activities	(12.9)	(25.2)
Net cash from investing activities	(18.7)	4.7
Total assets	305.0	344.6
Equity ratio	53%	56%
Cash and cash equivalents	29.7	54.8
Net interest-bearing debt/(cash)	1.7	(21.9)
Book value Multi-Client library	22.5	20.9
Backlog 31 December	293.0	198.0

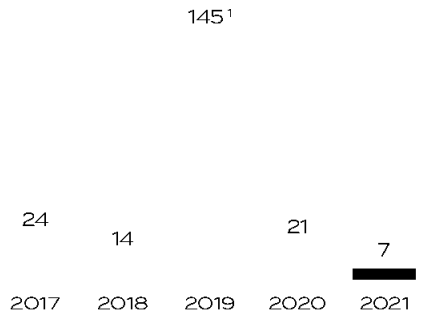
Revenues



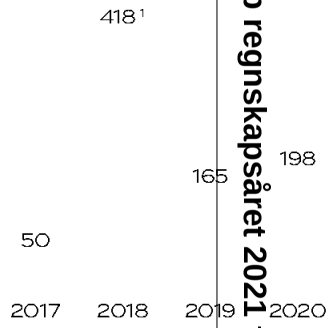
EBITDA



Cash flow from operations



Order backlog



[1] A significant part of the backlog in 2018 was related to a big node sale, which positively impacted revenue, EBITDA and cash flow in 2019.

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CEO MESSAGE

Extended our leadership position

2021 was a year in which we strengthened our position as the leader in OBN acquisition in a tough market impacted by COVID-19. The key to our success was a relentless focus on project execution, continued cost discipline, and a customer-centric focus to secure key projects.

We increased revenue by 34 percent to USD 258.1 million with a gross margin of 28 percent, and maintained SG&A spend at a low level of USD 24.5 million. Capital spending discipline was maintained at a low level of 12 million (13 million in 2020), enabling us to preserve our financial strength and flexibility through 2021. We increased our order backlog by 48 percent during the year and entered 2022 with a backlog of USD 293 million, of which ~190 million are for delivery in H1 2022. This puts us in a good position as the OBN market leader to fully benefit from the improving market we see going forward.

I want to recognize the whole Magseis Fairfield team for their excellent performance in 2021. We continued to operate well in our core areas of the Gulf of Mexico and the North Sea and successfully executed a project in West Africa and startup of a new project in Asia. We did this during a global pandemic, with lockdowns, severe travel restrictions, and serious logistical challenges. Well done to the whole team! This has truly been a One Team performance and is the kind of spirit and performance our customers will remember. This also puts us in the best possible position to secure new projects in 2022 and beyond.

Magseis Fairfield has long been committed to operate safely to protect the health and well-being of our employees, our customers, our stakeholders, the communities that we operate in, and the environment. For 2021, the Total Recordable Case Frequency (TRCF) was 2.37 and was the result of four recordable events (three medical treatment cases requiring a person to take prescription medication and one medical treatment where a person required stitches). This compares with a TRCF of 1.09 in 2020.. We continue to stress the importance of situational awareness, and contractor management to improve our performance. On a very positive note, we have had no COVID-19 cases offshore on our crews. This shows the benefits of our strict and effective COVID-19 protocols, including quarantine, testing regimes and vaccinations. This ensured operational continuity throughout the year. In 2021 we completed the ISO certification audits by ABS QE. The company received ISO 9001:2015 certification for all Magseis Fairfield sites and operations, and certification for ISO 14001 and 45001 for our Warminster site in the UK.

In 2021 we extended our environmental commitment to include an ambition to become carbon neutral by 2040, or earlier. Our strategy is focused on understanding and capturing the total Greenhouse Gas (GHG) inventory that results from our operations and taking on initiatives to reduce that inventory over time. This will be accomplished by implementing technology solutions, and by working with our suppliers and customers to improve efficiency and decrease the carbon footprint. Any final emissions which cannot be reduced can be offset. In 2021 we achieved an industry first by executing the first carbon neutral OBN survey in the Gulf of Mexico.

"With the best people, differentiated technology an asset light business m we will continue to delive value adding solutions to customers."

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In 2021 we installed software on all our vessels to accurately measure our fuel consumption and provide us with a baseline to reduce emissions. While the number of operating days increased 77 percent YoY, fuel consumption only increased 35 percent. Average CO_2 emissions per operating day declined by 36 percent year-on-year. The primary reason for this is that our vessels were working continuously in the same geographical area, which reduced transits.

In 2021 we acquired our 100th OBN survey. To put this in perspective, this highlights that we have acquired 50 percent more OBN surveys than all other players in the market combined. We are very proud of this achievement and the confidence and trust we have received from our customers to achieve this milestone. It further underscores the depth and breadth of our experience and knowledge in acquiring cost effective and high quality OBN data.

Delivering on our Strategy in both the oil & gas and Renewables

We continued to deliver on a strategy to strengthen our position in our core areas US Gulf of Mexico and North Sea while growing into new areas and new markets.

We delivered on this by successfully executing projects in the Gulf of Mexico with our two ZXPLR crews, and in the North Sea with our Z700, MASS and three Reservoir Monitoring and Source crews. In addition, we successfully mobilized our ZXPLR2 crew to execute a project in West Africa.

To grow into new areas and new markets, we are actively pursuing key alliance partners. We are delivering on this part of the strategy through our 50/50 partnership with CGG on the Cornerstone Multi-Client survey. This project moved into the late-sales phase for the main survey area in Q4. In addition, we won work in Asia together with a local partner and successfully started this project on schedule in Q4. In 2021 we also signed a hybrid-alliance with PGS to offer both node and streamer acquisition at the same time. This provides us with additional access to the towed streamer 4D market. Hybrid surveys provide a potential solution to shorten the exploration cycle for our customers by delivering better data, earlier. Last, but not least, we started to deliver on our renewables strategy by being selected to become part of the Greensand consortium for a CCS project in Denmark. We also executed a wind farm pilot project in Denmark, using TGS as our processing and interpretation partner.

Launched first OBN technology platform

Magseis Fairfield is known as a technology leader in the Ocean Bottom Node seismic industry, and our launch of Echova™ in 2021 is the world's first OBN technology platform integrating the OBN seismic value chain. While current OBN deliveries typically are limited to the acquisition phase, the Echova™ OBN platform integrates the planning, survey design, acquisition and data delivery phases of an OBN project, using our technology, workflows and expertise in collaboration with our customers. This brings value to our customers through faster data delivery and visualization which allows for better decision-making at reduced project cost.

Through the Echova™ OBN platform we not only continue to lead the OBN acquisition market but also expand the scope of our offering as we will enable project optimization from planning to data delivery. This reduces total project cost to the benefit of both our customers and Magseis Fairfield and enables us to grow existing markets and enter new ones. We are looking forward to rolling-out Echova™ over the coming years.

Improving market outlook

Oil and gas demand is returning to pre-COVID levels and is proving resilient even during the most recent Omicron outbreak, and the effects of years of under-investments are becoming evident in the energy market.

Energy demand is expected to continue to grow in a post-COVID new normal, with air travel recovering throughout 2022 and beyond. In this macro setting, our customers generate very healthy cashflows which could drive increased offshore upstream capex spend. Given the long investment cycle from exploration to production, short- to medium-term energy supply will need to come from already explored assets. With regards to longer-term investments, many oil and gas companies still seem to find it challenging to meet long-term return requirements given the changing global energy mix.

What we see is that the need for in
and gas supply in the short- to me
will translate into investments to in
recovery rates from already explor
This provides lower-carbon barrels
delivered quickly to the market wit
payback on investments. These inv
will naturally include OBN projects
the basis for our increasingly optin
for a market recovery for OBN ser
supports our view that we will see
market growth from 2022 onwards

2022 and beyond

Our market has permanently shifte
value and cash generation from al
explored fields, and grow in rene
part of the energy transition. As th
OBN acquisition we are therefore
ing our scope into the renewables
we are very well positioned to bene
market shift. With the best people,
ated technology and an asset light
model, we will continue to deliver v
solutions to our customers and tak
of this market opportunit

Carel Hooijkaas
CEO, Magseis Fairfield

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We believe

VISION AND VALUES

We believe that success for the Magseis Fairfield Group is attained through consistent and relentless focus on achievin our goals without ever compromising on our values. Our peop are our most valuable asset, so their safety and well-being a always our top priority.

When our people are safe and sound we can focus on the Group's mission, which is to bring value to our global energy partners and stakeholders by delivering leading edge, safe and sustainable solutions through technology differentiation and key alliances. This drives us toward our vision to be the leading and trusted partner in subsurface imaging solutions.

Having the most experienced people in the industry is a clear competitive advantage, but the real magic happens when you one to work together as ONE TEA TEAM culture not only extends to our customers, but also our sup partners; this open collaboration b involved in addressing challenge a and sharing ideas and experiences needed to continuously move bour safety, sustainability, efficiency, an subsurface data acquisition.

Årsregnskap regnskapsåret 2021 for 994547852

Business areas

Magseis Fairfield's business has its foundation in proprietary technology differentiation, with in-house developed proprietary ocean bottom nodes (OBN) and handling and deployment systems. These hold the potential to significantly improve subsurface imaging, allowing our customers to make data driven field development decisions, and deliver efficiency and reduce project cost. The combination of improved efficiency for OBN seismic and high data quality has made it an increasingly attractive option among the various seismic survey technologies, and puts Magseis Fairfield in a position to increase the addressable market.

The Group provides marine data acquisition services to energy companies, which are used from exploration to development, to production of oil and gas fields, de-risking and monitoring of CO_2 storage sites, selection of suitable placement of offshore wind farms and in mapping deep-sea minerals.

Magseis Fairfield's main revenue stream is from E&P companies, utilizing our services to extract more resources from existing fields, both proven and to be developed reserves as well as producing assets.

The company has an asset light operational model which means that we do not own any vessels. This asset-light setup minimize the potential financial impact of idle time and also enable the switching of vessels if there are better alternatives in terms of efficiency, emission footprint, contractual terms etc.

Magseis Fairfield had eight crews in operation in 2021. Four crews performed node operations, three performed source operations for reservoir monitoring and the last crew performed operations in our renewables business. The node crews currently operate two different technology stacks, MASS and Z-technology. The introduction of Echova™ will ensure all operations are conducted on one uniform platform.

As of end 2021, the company had
30 000 nodes available for opera

In 2021, Magseis Fairfield complet
offshore OBN acquisition survey, w
than all competitors combined. To
perspective, this highlights that th
has acquired 50 percent more OB
than all other players in the marke
We are very proud of this achieven
confidence and trust we have rece
our customers to achieve this miles
further underscores the depth and
our experience and knowledge in a
effective and high quality OBN dat

"We continued to deliver on a strategy to strength our core while growing in new areas and new mark

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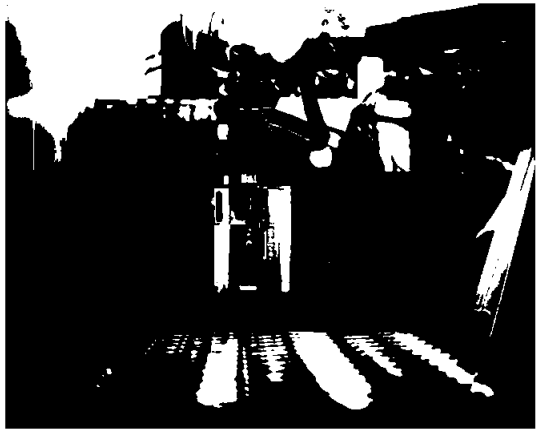
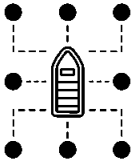
The Group's main business units



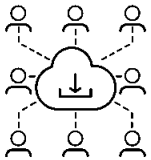


Acquisition

The Group acquires proprietary seismic data on behalf of customers who obtain full ownership of the data acquired. This business unit accounts for the majority of Magseis Fairfield sales and value creation. An acquisition contract typically require Magseis Fairfield to acquiring sufficient quality data covering a certain area usually in the range from 100-2000km². To acquire data the company deploys nodes on the seabed using chartered vessels and a combination of Magseis Fairfield and subcontracted crew.

Key strategies and priorities:

- Enable our customers to make timely data driven field development decisions
- Reduce cost of node operations through efficiency gains to increase the addressable market
- Further strengthen the company's position in core areas
- Grow outside core areas through strategic alliances



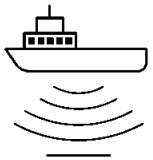
Multi-Client

The Group and its partners acquires seismic data an
or full ownership of the data. The acquired data can b
to any customer that has an interest in the area. The
acquisition is typically partly or wholly pre-funded by
The company prioritizes OBN Multi-Client (MC) data
over mature areas with different exploration licenses.
that the future sales potential is a combination of cu
are already active in the area as well as customers wh
sidering to acquire a new license or farm in to the are
are typically larger than proprietary surveys to attrac
from many customers. Multi-Client was added as a b
in 2019 and the first MC surveys was acquired in 202
cessing was completed in 2021 and the data is now a
late sales.

Key strategies and priorities:

- Continue to evaluate MC opportunities
- Prioritize new MC opportunities which can be executed in partnership with industry partners
- Prioritize well prefunded MC projects, by either customers or strategic partners

Årsregnskap regnskapsåret 2021 for 994547852

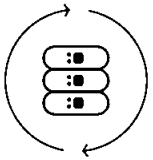


Reservoir Monitoring and Source

The Group provides services for monitoring production from existing fields. The customers permanently install the sensors on the seafloor and the company delivers the source acquisition. This is a steady business, as we operate under long term agreements (typically 3-5 years) with some of our key customers. Although the revenue from this business is low relative to our acquisition business, the associated risks are also lower. This business therefore delivers predictable revenues and margins. Our main region of operation is currently the North Sea, but this model can easily be applied in other regions.

Key strategies and priorities:

- Continue to deliver a steady service to the existing customers
- Explore synergies with Acquisition unit, where ocean bottom nodes can be added as supplement to the source acquisition
- Pursue additional opportunities in the North Sea and expand into other mature basins

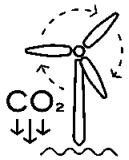


Equipment Lease & Sales

The Group either leases or sells nodes and node handling systems. Only a selected subset of the company's technology stack is available for lease and sales. Nodes are only being built on a per-order basis for this business. Requests to lease equipment are evaluated on a case-by-case basis.

Key strategies and priorities:

- Provide continued support and supplies to existing customers
- Evaluate new lease and sales opportunities



Renewables

The Group offers services tailored to the Offshore Wi
Offshore Minerals, and Carbon Capture and Storage
markets. This is a new business area for Magseis Fair
the year we became a partner in the Centre for Geop
Forecasting and entered into an MoU for Greensand
2 project, a CCS project in Denmark, which was awar
in December. We also executed a wind farm pilot proj
Denmark. These projects and partnerships will provid
experience to develop this startup business. The com
one crew dedicated to Renewables with a technology
flexible and can be tailored to the requirements for e

Key strategies and priorities:

- Collaborate on research and technology development together with customers, strategic partners and academia
- Grow the business through close relationships with customers and strategic partners

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Executive Management

Carel Hooijkaas
CEO

Carel Hooijkaas has over 25 years of experience in the oilfield services and equipment industry. Before joining Magseis Fairfield in 2019 he held various international leadership positions at Schlumberger. He holds a MSc in Measurement & Control from Delft University of Technology in the Netherlands.

Stig Hognestad
CFO

Stig Hognestad joined Magseis Fairfield as CFO on the 1st of December 2021. Stig has worked in the oilfield service industry for nearly 30 years, in various positions in Europe, North America and the Far East. Before joining Magseis Fairfield he held CFO and later CEO position in IKM Acona. Stig holds an MBA from Edinburgh Business School, Heriot Watt University and a BSc in Finance from Kansas State University.

Mark Zajac
CTO

Mark Zajac has more than 30 years of experience from the oilfield service and equipment industry, most of that time with WesternGeco/Schlumberger. Mark began his career on a Western Geophysical 3D marine seismic crew after obtaining a BSc in Oceanographic Technology from the Florida Institute of Technology. He also holds an MBA in Technology Management from the University of Phoenix.

Tom Scoulios
COO

Tom Scoulios has over 25 years of experience within the seismic and oil and gas industries. He holds a BSc in Marine Sciences from Texas A&M University. Tom held various roles at Schlumberger and Polarcus before joining Magseis Fairfield in 2017.

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Executive Management cont.

Simon Hayter
CSO

Simon Hayter has over 25 years of industry experience, serving in different regional operations, sales and management roles in South East Asia, Russia, Houston and London, mostly within WesternGeco & Schlumberger. Simon holds a BSc from University College London and MSc from Imperial College London.

Sharon Barclay
CHRO

Sharon Barclay has more than 25 years of experience in leading HR teams in international companies in the Oil & Gas, High Technology, Software and Manufacturing industries. She holds a Bachelor degree in Business Administration and a Masters' Degree in Human Resources Management from Texas A&M University in the USA.

Ivar Gimse
EVP Business Development

Ivar Gimse has more than 30 years of seismic industry experience and have held various senior management positions with Geco-Prakla, PGS and InSeis before founding Magseis AS. He holds a MSc in Geophysics from the University of Oslo.

Laila Myksvoll
Group General Counsel

Laila Myksvoll has more than 25 years of experience in legal management and advisory roles. Prior to joining Magseis Fairfield she served as general counsel and corporate secretary at media- and telecom operators Get AS and TDC AS (now Telia) and as a lawyer and partner at several Oslo based top tier law firms. She holds a Master of Laws from the University of Bergen, Norway.

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Board of Directors

Wenche Kjølås
Chair of the Board

Wenche Kjølås has more than 30 years' management experience. She has held the position as CEO and CFO of Grieg Maturitas AS, CFO of Grieg Logistics AS and Kavli Holding AS, CEO of O. Kavli AS, Manager and management consultant of Deloitte. Ms. Kjølås has 20 years board experience, and has served on board of directors and in audit committees in Grieg Seafood ASA, DOF ASA, PGS ASA, Cermaq ASA and Selvaag Bolig ASA. She was Chair of Flytoget, and today Chair in Keolis Norge AS. She holds an MBA degree from the Norwegian School of Economics and Business Administration (NHH) in Bergen.

Angela Durkin
Board member

Angela Durkin has more than 26 years of experience from the oil & gas service industry. She worked for almost 20 years at Baker Hughes in various international positions in drilling, operations, sales and HSE, before joining Maersk Drilling as Senior Vice President and Chief Operating Officer from 2015 to 2019. In 2020, Mrs. Durkin joined the board of KCA Deutag as Non-Executive Director and Chair of the Remuneration Committee. Mrs. Durkin holds a Master's degree in Electrical Engineering from the Technical University in Braunschweig, Germany.

Luis Antonio Gomes Araujo
Board member

Luis Antonio Gomes Araujo has more than 35 years' experience in the oil & gas and energy industry. He was CEO at Aker Solutions until 2020 and prior to that held senior positions at GE, Wellstream, ABB and FMC Technologies internationally. Mr. Araujo is currently Chairman of the board of Ocean Pact and Principle Power Inc. He is also independent board member in Akastor and DBO Energy. Mr. Araujo holds a Bachelor of Engineering in Mechanical Engineering from Gama Filho University in Brazil and Masters of Business Administration from the University of Edinburgh in Scotland.

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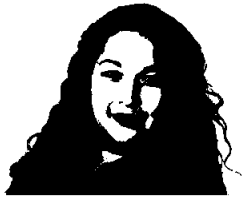
Board of Directors cont.

Anthony J. Dowd
Board member

Anthony J. Dowd is President and CEO of Fairfield-Maxwell LTD, a position he has held since January 2017, and serves on its Board of Directors. Mr. Dowd is also a Director of Metal Powder Products Inc., and Outworx, Inc., portfolio companies of Mill Point Capital. Prior to joining Fairfield, Mr. Dowd had more than 25 years' experience in private equity. He has served on the boards of directors of numerous private and public companies. During the Financial Crisis, he was the Chief of Staff for Paul Volcker, the Chairman of the President's Economic Recovery Advisory Board. He holds a Master of Business Administration degree from the Wharton School of the University of Pennsylvania.

Roar Bekker
Board member

Roar Bekker is a senior executive manager with over 30 years of international experience in senior and executive management positions worldwide. Mr. Bekker served as CEO of EMGS ASA. Prior to joining EMGS, Mr. Bekker spent 23 years working for Schlumberger. Other positions inter alia include vice president of SAP Norway Engineering Center of Excellence, chair and member of the board of Fedem Technology AS and serving as industry advisor to Investinor. Mr. Bekker holds a Master's degree in Geophysics from the University of Oslo.



Janie Garcia
Board member (employee elected)

Janie Garcia has been with the company for 15 years and is currently Manager of the Project Geophysical Services department. She joined the industry in the processing department and has participated in offshore 3D and 4D node surveys from West Africa, Brazil, Qatar, the North Sea, and Gulf of Mexico. Ms. Garcia holds a Master's degree in Geophysics from Rice University in Houston, Texas, U.S.A.

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Board of Directors report

Introduction

Introduction

Magseis Fairfield is a Norwegian technology company headquartered in Lysaker outside Oslo, Norway and performs ocean bottom seismic (OBS) operations. The Group has offices in Houston (USA),Warminster (UK), Rio de Janeiro (Brazil) and in Singapore, and provides services to customers globally.

Magseis Fairfield was created through Magseis ASA's purchase of Fairfield's seismic technologies business from Fairfield Industries Incorporated in December 2018. The purchase included the WGP Group which was previously acquired by Fairfield. Fairfield was founded in 1974 while Magseis was founded in 2009.

Our customers use seismic data in their exploration, development and production phases of their assets. As part of the energy transition, our customers focus on cash and value generation from already explored assets and on investments in renewables. Magseis Fairfield offers its services in both markets. The company's business model and segments are further described in the Business areas section of the annual report.

Focus for 2021

2021 was a year where the company strengthened its position as the leader in OBN acquisition in a tough market, impacted by COVID-19. Safe, reliable and efficient project execution remained at the center of our attention.

The company continued the focus on cost discipline. Despite a revenue increase of 34 percent in 2021, SG&A levels remained flat YoY, below USD 25 million, and capex spend remained below our target of USD 15 million.

Focusing on the customers to secure key projects remained a priority for the company. Backlog increased by 48 percent YoY with the 2022 backlog reaching USD 215 million at the end of 2021. The company backlog for 2022 was secured at increasing rates as the market continues to improve.

Multiple projects were successfully executed in the core areas of the Gulf of Mexico and the North Sea, as well as expanding into new geographical areas. In 2021, this included the successful execution of a project in West Africa and the successful mobilization and commencement of a large project in Asia. Moreover, the company entered the Renewables market and created a new Renewables entity. In 2021, the company became a partner in the Centre for Geophysical Forecasting and entered into an MoU for the Greensand phase 2 project, a CCS project in Denmark, which was awarded funding in December. The company also executed a wind farm pilot project offshore Denmark during the summer. These projects and partnerships will provide data and experience to develop this startup business.

In 2021 the company launched Echova™, the first OBN technology platform that integrates the OBN seismic value chain from planning to image. While current OBN services typically are limited to the acquisition phase, the Echova™ OBN platform integrates technology, workflows and expertise in collaboration with customers. The platform will bring value to customers through faster data delivery and visualization which allows for better decision-making at reduced project cost. The total project cost reduction puts Magseis Fairfield in a position to increase market opportunities while increasing value to our customers. With the launch of Echova™ and the continued investment in Technology development, the company strengthens its technology focus and leadership position in the market.

The company continues its focus o
ations to protect the health and w
its employees, customers, stakeho
communities that we operate in an
ronment. As part of this focus, the
acquired an industry first carbon n
in 2021 and committed to become
neutral by 2040, or earlier.

Operational review

QHSE and overall activity

For 2021, the Total Recordable Co
(TRCF) was 2.37 as the result of fo
able events (three medical treatme
requiring a person to take prescrip
tion and one medical treatment wh
required stitches). This compares w
of 1.09 in 2020.

Magseis Fairfield operates crews o
ferent node projects during 2021,
to the repeating Reservoir Monitor
programs in the North Sea and pe
equipment rental, sales and mainte
activities.

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Magseis Fairfield 2021 crew activity

	Q1 2021			Q2 2021			Q3 2021			Q4 2021		
Crew	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
ZXPLR Crew 1												
ZXPLR Crew 2												
Z700 Crew												
MASS Crew												
RM Source Crew 1												
RM Source Crew 2												
RM Source Crew 3												
Renewables projects												

○ Gulf of Mexico ○ North Sea ○ West Africa ○ India ○ Idle/maintenance

The ZXPLR 1 crew was nearly fully utilized throughout the year, with the only break in the operation's schedule being a short drydock and maintenance period in Q1. The crew began the year completing a deep-water project in the Mexican portion of the Gulf of Mexico. Upon completion, the crew transited north for drydocking and commencement of three back-to-back surveys in the US Gulf of Mexico, with the latest project being completed in Q1 2022.

The ZXPLR 2 crew moved to a project in West Africa following completion of a project in the US Gulf of Mexico. Following an idle period in Q4, the crew will remobilize in the US Gulf of Mexico for a project commencing in Q1 2022.

The Mass crew operated on three projects in the North Sea throughout the season with the latest being completed in November. Surveys included a node drop survey, as well as a node survey in conjunction with one of our Reservoir Monitoring /Source crews.

The Z700 Node on a Rope (NOAR) crew worked on three projects in 2021. In Q1 and Q2, the crew acquired a project in the North Sea for a repeat customer. In October, the crew completed a North Sea project for a customer and mobilized an additional NOAR handling vessel. Upon completion of the project, the fleet united both node handlers and transited to India. The mobilization and project start, in India, were completed on time. The India project is scheduled to be complete in Q2 2022 and the crew will transit back to the North Sea for it's next project.

The company's three Reservoir Monitoring/ Source crews completed permanent reservoir monitoring services and 4D seismic over four major oil fields in the North Sea. These crews are operating under long-term contracts for repeat customers.

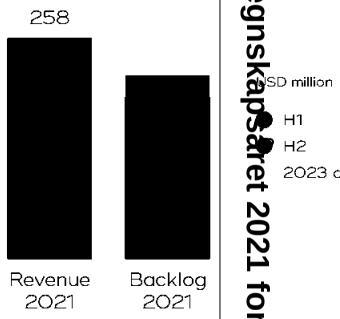
We also executed a wind farm pilot project offshore Denmark utilizing extended-high-resolution 3D seismic acquisition over an offshore wind farm with known seabed challenges to demonstrate our technology.

Order backlog

The order backlog was USD 293 m
end of 2021, representing an incre
percent from the end of 2020. US
of the backlog is scheduled for del
and USD 79 million in 2023 and b

In 2021, the backlog increased sec
every quarter, improving visibility, c
for efficient project planning and ex
2022, the current backlog is cente
of Mexico and the North Sea for re
ers, in Asia with continuation of a p
was started in 2021 and in the Med
for a repeat customer. The project
Mediterranean will be the company
region and is in line with the strateg
ening our geographical footprint.

Backlog



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Technology update

Technology organization

We continued to execute our strategy to globalize our Technology group to better leverage our talent pool. We completed the restructuring of the Engineering team and created three global technical domains. We closed the office in Sweden to consolidate the footprint of the Technology team and optimize our cost structure. With these changes in place, the organization gains efficiency in the product development, sustaining, and support processes.

Echova™

In September 2021, we launched Echova™, a platform integrating the entire OBN seismic value chain. Through the Echova™ OBN platform we further extend our lead in our OBN acquisition services, but we also expand the value of our offering by collaborating across the planning, survey design and data delivery phases of the acquisition projects. This integrated offering will enable project optimization from design to image, will reduce total project cost, and will enable us to grow existing markets and enter new ones. This will generate value for our customers, partners, shareholders and Magseis Fairfield.

We will be introducing the Echova™ technologies to the market in phases. The core capabilities, including a new node, recorder, and customer portal will come in 2022 and 2023, followed by additional capabilities and functionalities based on customer priorities.

Manufacturing

We continue our commitment to technology in both development and manufacturing and we delivered the latest batch of MASS III nodes in the second quarter of 2021. These nodes were immediately put to work in the North Sea for the summer 2021 programs. In the US, we completed the move of our node manufacturing to our manufacturing partner's facilities. They have completed the qualification process for component and product level manufacturing and will deliver the first group of nodes in Q1 2022 with an expected delivery of a second batch in Q4 2022. In Q4 2021, we committed to another build of MASS III nodes to complete a full deep water crew and we committed to a build of ZXPLR nodes that will supplement the node inventory on our existing crews.

The manufacturing supply chain has undergone significant tightening since the onset of the COVID-19 pandemic. The he subsequent increased component demand and associated global GDP growth has further complicated the supply chain. While further challenges are expected in 2022, the company is working closely with suppliers and customers to minimize supply chain risks on our operations. Through close collaboration with manufactures and suppliers, the company has authorized orders for items that have long lead times in advance of a build. The company has committed to build further MASS III nodes for delivery in 2023.

Renewables

Within our Renewables segment, we have established several strategic partnerships. The partnerships will help develop imaging solutions for the Wind Farm, Carbon Capture and Storage and Minerals markets. In 2021, we also became a partner with the Centre for Geophysical Forecasting (CGF), one of The Research Council of Norway's funded centers that is hosted by Norwegian University of Science and Technology (NTNU). We see this partnership as a good opportunity to collaborate with our customers and other partners to further develop solutions within the renewables space.

During the year we entered into a memorandum of understanding for participation in the Greensand phase 2 project in Denmark. Project Greensand aims to demonstrate that CO_2 can be injected into the Nini West reservoir offshore Denmark, and to validate cost-effective and environmentally safe monitoring technologies. The pilot project will not only be important for the Greensand project but also for maturing other CO_2 storage sites in Denmark and Europe.

A wind farm pilot project was executed offshore Denmark utilizing Extended-high-resolution 3D seismic acquisition over an offshore wind farm with known seabed challenges to demonstrate our technology.

Financial review

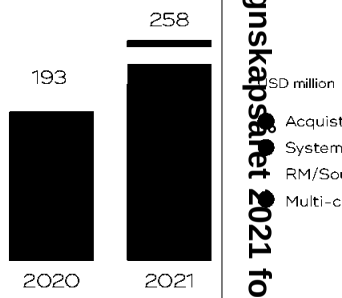
These consolidated financial state
prise Magseis Fairfield ASA (referre
"company" or "parent") and its sub
(referred to as "the Group").

The company and its subsidiaries h
tional currency and presentation c
United States Dollar (USD). The co
financial statements for the Group
sented in United States Dollars (US
otherwise stated, all financial infor
been rounded to the nearest thous
figures in brackets represent figure

Revenues

The Group's revenue for 2021 amo
USD 258.1 million, compared to US
million in 2020. The increase is pri

Revenue mix



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by higher revenues from data acquisition as a result of higher utilization of the crews.

80 (68) percent of Group revenue was from data acquisition contracts, 9 (22) percent from systems (sale, repair and lease of equipment) while 7 (10) percent was from Reservoir Monitoring/Source programs. Phase 1 of the large Cornerstone OBN Multi-Client survey,carried out in partnership with CGG, was finalized for delivery to customers towards the end of 2021. The remainder of the project is scheduled for delivery in first half of 2022. Prefunding for Cornerstone of USD 8.7 million was recognized as revenue in Q4 2021.

Operational costs

Group cost of sales amounted to USD 186.6 million in 2021 (130.6), mainly relating to vessel operation costs such as time charter, crew cost and fuel.

The gross profit was USD 71.5 million (62.8) and the gross margin 28 percent (32 percent). In the first half of 2021 the company executed lower margin contracts that were signed in a challenging market environment due to the outbreak of coronavirus. For the first half of 2021 the gross profit was 24 percent while this improved to 30 percent for the second half greatly supported by a successful project execution in West Africa. Despite lower activity in system sales, gross profit was healthy 80 percent from this activity.

Selling, general and administrative expenses (SG&A) amounted to USD 24.5 million in 2021, down from 27.3 in 2020. SG&A for the year was in line with the guided cost level of around USD 25 million. Based on the current activity outlook, the company expects SG&A to be between USD 25 and 30 million for 2022. It should be noted that the SG&A figures include expensed research and development costs.

EBITDA

The Group reported EBITDA of USD 47.0 million for 2021, compared to USD 35.5 million in 2020.

The 2021 EBITDA includes positive special items of USD 5.7 million, mainly related to USD 3.6 million for a U.S. loan program received in 2020 which was fully forgiven in 2021. This compares to USD 2.9 million of negative special items in 2020.

Adjusted EBITDA was hence USD 41.3 million (38.4).

Depreciation, amortization and impairment

Depreciation, amortization and impairments totaled USD 72.1 million (50.1).

Depreciation amounted to USD 51.5 million for the full year (39.4) The increase reflects that the company in 2020 acquired a Multi-Client survey where all costs related to that survey were capitalized, including depreciation.

Amortization amounted to USD 14.2 million (8.7). The increase from 2020 is due to USD 5.5 million of Multi-Client amortization.

An impairment of USD 6.5 million (
ognized in 2021 related to older ec
R&D projects with limited or no exp
use and value.

Operating result (EBIT)

The operating result (EBIT) for 20
loss of USD 25.1 million, compared
USD 14.6 million in 2020.

Net financial items

Total finance income amounted to
million in 2021 (6.6).

Total finance costs were USD 4.0
comprising both interest on debt a
financial leases under IFRS 16.

Net finance costs were hence USD
2021, in line with 2020.

Profit/loss

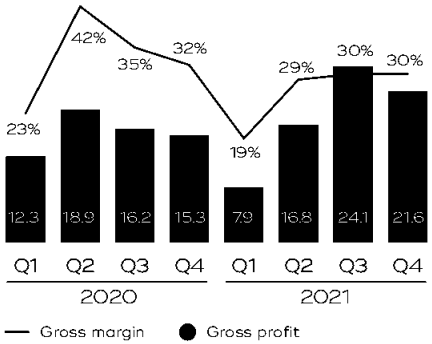
Net loss before tax was USD 28.3
2021, compared to a net loss befo
USD 17.8 million in 2020.

Income tax expense amounted to
USD 3.9 million (1.9), and net loss
USD 32.3 million (19.7). The increa
taxes is driven by the projects in W
and India.

The company currently does not re
tax loss carried forward as tax ass

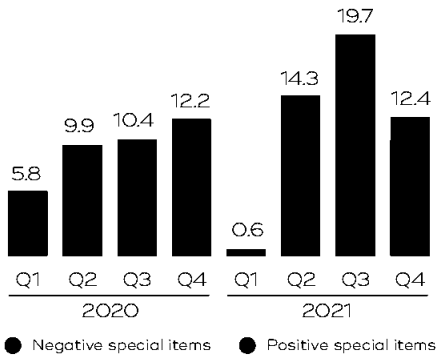
Gross Profit and Margin

USD million



EBITDA split

USD million



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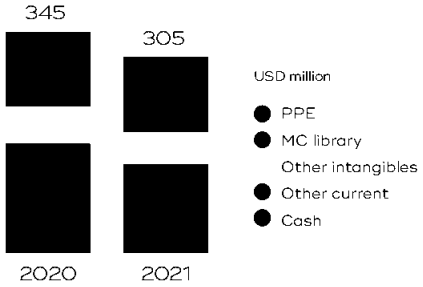
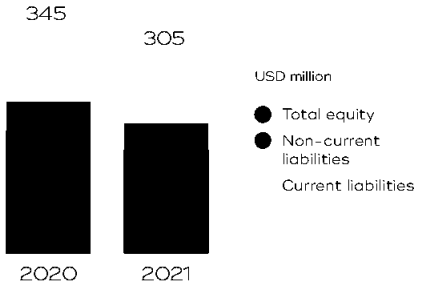
Assets



Equity and liabilities



Balance Sheet

Total assets for the Group were USD 305.0 million per the end of 2021 compared to USD 344.6 million at the end of 2020.

Property, plant, and equipment (PPE) amounted to USD 115.8 million, versus USD 150.1 million at the end of 2020. Reduction in net book values is expected to decrease at a slower pace going forward due to reassessment of useful life of seismic equipment.

The Multi-Client library is recognized as a non-current asset of USD 22.5 million up from USD 20.9 million at the end of last year. The investment in 2021 relates to data processing costs.

Other intangible assets were USD 49.8 million compared to USD 57.7 million at the end of 2020. The changes are mainly due to amortization and a USD 1.8 million impairment.

During the year, the company has performed impairment tests considering the shifts in market fundamentals due to COVID-19 and the impact to the E&P industry. No impairments were found to be required, with the exception of a USD 6.5 million impairment related to older equipment and R&D projects with limited or no expected future use and value.

Total non-current assets amounted to USD 188.2 million, compared to USD 228.7 million at the end of 2020.

Inventories decreased to USD 6.2 million from USD 7.7 million at the end of 2020, whereas trade receivables decreased to USD 17.4 million from USD 38.1 million at the end of 2020. Other current assets increased to USD 63.0 million from USD 15.3 at the end of 2020, mainly driven by start-up of the large project in India and related unbilled revenue.

Cash and cash equivalents amounted to USD 29.7 million at the end of 2021, compared to USD 54.8 million at year-end 2020.

Total current assets amounted to USD 116.8 million at the end of the year, compared to USD 115.9 million at the end of 2020.

The Group's equity amounted to USD 161.5 million at the end of 2021, down from USD 192.5 million at the end of 2020. This mainly reflects the losses in the period. The equity ratio is 53 percent, compared to 56 percent at the end of 2020. The equity ratio covenant was permanently reduced to 40 percent effective from Q4 2021.

Non-current liabilities amounted to USD 42.3 million at the end of 2021, compared to USD 44.5 million at the end of 2020.

The non-current liabilities comprised interest-bearing liabilities of USD 29.4 million (30.6), lease liabilities of USD 8.3 million (8.8), and noninterest-bearing liabilities of USD 4.6 million (5.1).

Current liabilities declined to USD
from USD 107.6 million at the end
trade payables increasing to USD
from USD 17.2 million at year-end
current liabilities declined to USD
from USD 90.4 million at the end
with the current portion of lease li
USD 16.2 million, current tax paya
million, and other current liabilities
million. The latter comprises projec
salary accruals, warranty accruals
revenue, and other operational acc
current portion of interest-bearing
USD 2.0 million.

Cash Flow and Investments

The Group had a positive operatin
USD 6.8 million in 2021, compared
million in 2020. The variance betw
operating cash flow of USD 6.8 mi
EBITDA of USD 47.0 million in 202
explained by negative working cap
ments of USD 28 million and other
elements in the EBITDA, such as U
loan forgiveness and provision rele
working capital at year-end was im
start-up of the large project in Ind
cash inflows will start in first quart

Cash outflow from investing activit
to USD 12.9 million for 2021, comp
USD 25.2 million in 2020. The dec
reflects the lower investment in Mu
project in 2021, where the data se
cessed in 2021 and acquired in 20

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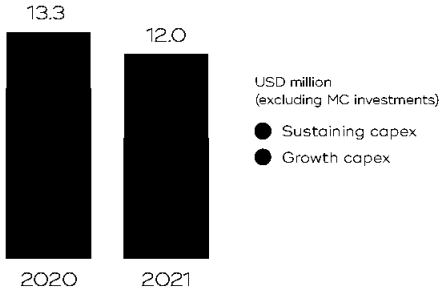
Capex



Capital expenditure (excluding Multi-Client investments) accounted for USD 11.9 million of the cash outflows from investing activities, coming in below the company's full-year financial guidance of USD 15 million. The company plans to maintain capital expenditure at or below USD 15 million also in 2022, although increased demand and potential new contract awards could trigger additional equipment investments.

The net cash flow from financing activities was an outflow of USD 18.7 million, compared to a cash inflow of USD 4.7 million in the same period last year. The net inflow in 2020 was due to private placement of USD 25.5 million. In 2021, cash outflow from financing activities mainly related to payment of finance lease liabilities and interests.

Funding

The company's cash position was USD 29.7 million at the end of 2021, compared to a cash position of USD 54.8 million at the end of 2020. As described above, the cash position at the end of the year was affected by working capital requirements mainly related to the large project in India.

In 2021, Magseis Fairfield reached an agreement with DNB to amend the covenant structure for the RCF and extend the maturity one year to December 2023. Under the new covenants, the required equity ratio has been reduced from 50 percent to 40 percent. This change allows for increased flexibility with regards to working capital requirements expected from higher operational activity.

Given the current activity level and financial forecasts, the company will have sufficient liquidity through 2022. The liquidity forecast is subject to certain risk factors, such as project execution, timely collections from customers or changes in phasing and scope of projects.

Magseis Fairfield remained in compliance with all financial covenants through 2021. Please see note 21 for further details.

Parent company

Magseis Fairfield ASA is the parent company of the Magseis Fairfield Group. In 2021, Magseis Fairfield ASA reported a loss after tax of USD 47.4 million, compared to a loss of USD 20.8 million in 2020.

At year-end 2021, Magseis Fairfield ASA had total assets of USD 204.6 million, compared to USD 240.5 million at the end of 2020.

Allocation of comprehensive loss

The Board of Directors proposes the following allocation of the reported comprehensive loss: Carried forward as uncovered loss of USD 47.4 million.

At year-end 2021, Magseis Fairfield ASA had a total equity of USD 148.6 million, compared to USD 194.7 million at the end of 2020.

Accounting principles

The consolidated financial statement for 2021 have been prepared and presented in accordance with the International Financial Reporting Standards (IFRS), as approved by the EU. The financial statements for the parent company have been prepared in accordance with the simplified application of IFRS and section 3-9 of the Norwegian Accounting Act.

Going concern

The financial results for the Group were characterized by continued financial and operational challenges in 2021, due to the COVID-19 pandemic and volatile market environment. The impact on the E&P industry has be
and Magseis Fairfield's clients hav
capex and cancelled or postponed
ment plans to preserve cash. Howe
Fairfield has maintained a strong f
and capital expenditures to preser
safeguard business continuity.

The Group's backlog for 2021 incr
the fourth quarter 2021 and the fi
of 2022, offering increasing suppo
2022 budget and forecasts. Mags
forecasts a market growth in 2022
percent and new contracts are bei
increasing margins. This backlog a
activity for 2022 provides a basis
although the company acknowledg
and uncertainties regarding future
development.

The company ended the year with
million in cash and cash equivalent
the current activity level and finan
casts, it is the Board of Directors'
company will have sufficient liquidi
2022. The liquidity forecast is sub
certain risk factors, such as projec
timely collections from customers
phasing and scope of projects.

Although there are uncertainties re
events or conditions that might im
future cash flows, the Board and M
are of the opinion that the going c
assumption is appropriate and the
prepared under this assumption.

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Working environment and personnel

At the end of 2021, the Group had a total of 401 FTEs, with 320 employees and 81 contractors. This was an increase from 370 at the end of 2020, split between 334 employees and 36 contractors. The increase mainly relates to offshore employees as a result of increased activity.

The Parent company had a total of 55 FTEs, of which 47 employed and 8 contractors. This compares to 58 FTE's at the end of 2020, with 51 employed and 7 contractors.

The employees in the Group represented 13 percent women, and 87 percent men. About 58 percent of the employees were based offshore (234) and 42 percent onshore (170).

Magseis Fairfield has adopted guidelines, policies and procedures relating to human rights, employee rights and social matters, prevention of corruption, harassment, and discrimination in the working environment and in our employment practices. A statement on Magseis Fairfield's corporate responsibilities involving people, planet and business practice is provided in a separate section later in this annual report.

The sick leave percentage for the group in 2021 was 0.43 percent for the offshore crew (1.94 percent in 2020) and 0.53 percent for the onshore personnel (1.66 percent in 2020). Sick leave for the parent company, onshore personnel only, was 1.6 percent in 2021 (2.26 percent in 2020).

For 2021, the Total Recordable Case Frequency (TRCF) was 2.37 and was the result of four recordable events (three medical treatment cases requiring a person to take prescription medication and one medical treatment where a person required stitches). This compares with a TRCF of 1.09 in 2020. Magseis Fairfield maintained its ISO 9001:2015 certification and its ISO 45001 certification in Health and Safety. The number of exposure hours amounted to 1.68 million, based on 12 hours daily exposure, compared to 1.84 million in 2020.

Risk factors

Magseis Fairfield is exposed to a variety of risk factors, including risk related to global economic growth and demand for and prices of oil and gas products. These factors affect the oil and gas companies' capital expenditure such as seismic services.

Revenue risk

Magseis Fairfield operates in competitive markets, and most of the Group's contracts are obtained through competitive bidding processes. Rapid technological changes may affect the Group's competitive position.

The Group's order book (or backlog) estimates are based on certain assumptions and may be subject to unexpected adjustments and cancellations. The backlog may thus not be timely converted to revenues or be indicative of the Group's actual operating results for any future period. Contracts for the provision of seismic services can be cancelled at the sole discretion of the client without payment of significant cancellation costs to the service provider. This indicates that there can be no assurance that such contracts will be wholly executed by the Group. Similarly, there can be no guarantee that the company will be able to meet customers' contractual terms and conditions in a timely manner, which may also have an adverse effect on the Group's operations and financial position.

Failure of the company to meet customers' contractual terms and conditions may have an adverse effect on the Group's operations and financial position. The Group can experience delays in certain contracts due to change of scope from the operator, and delayed contract signature. Furthermore, the company's mobile operations use multiple spot-chartered vessels and remotely operated underwater vehicle ("ROV") equipment and crews, and lack of performance according to plan may lead to significant delay of surveys.

Material breakdown, damage to or
of the company's short-term and l
chartered vessels may have a mat
effect on the Group's financial pros
company will from time to time incu
docking, upgrade and repair costs
the long-term chartered vessel or
systems, and non-available period
transit of vessel or modular systen
circumstances. This may have a ne
on revenues and earnings, which c
the Group's business.

The Group may invest significant a
acquisition and processing of seism
its Multi-Client data library. No gu
be given that the Group will be abl
expectations neither with respect t
seismic data it will be able to sell, r
price the seismic data will be sold i

Credit risk

Credit risk relates to the risk of no
of trade receivables or other receiv
may adversely impact financial res
liquidity.

The Group's customers are concer
within the energy industry and may
affected by changes in the industr
Many of the customers are large a
and gas companies, and the comp
consideration to the credit quality
new customers to minimize the risk
tract negotiations.

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The credit risk of the company is assessed to be limited.

Liquidity risk

Liquidity risk is the risk that Magseis Fairfield is not able to meet its payment obligations. The company is dependent on both access to long-term funding and timely payments of receivables from customers, and no assurance can be given with respect to the ability to secure new sources of funding in the event of a cash shortfall.

Generally, the Group's existing or future debt arrangements could limit the Group's liquidity and flexibility in obtaining additional financing in pursuing other business opportunities. If the Group's operating income is insufficient to service its current or future indebtedness, the Group will be forced to take action such as reducing or delaying its business activities, acquisitions, investments or capital expenditures, restructuring or refinancing its debt or seeking additional equity capital. The Group may not be able to affect any of these remedies on satisfactory terms.

At the end of 2021, the Group had cash and cash equivalents of USD 29.7 million. The Group has a revolving credit facility of USD 30 million, which was fully drawn at the end of 2021. Given the current activity level and financial forecasts, the company will have sufficient liquidity through 2022. The liquidity forecast is subject to certain risk factors, such as project execution, timely collections from customers or changes in phasing and scope of projects.

Foreign exchange risk

The Group's functional currency is USD. The Group operates globally and is hence exposed to foreign currency movements. The exposure to foreign exchange risk is mainly mitigated through use of USD nominated customer revenue contracts, and the company utilizes hedging arrangements against parts of its operational cost exposure in NOK and GBP.

The Group's expenses are primarily, and in order of exposure, in USD, NOK, GBP and EUR. Changes in currency may affect operational costs, e.g., salaries paid in local currency.

Changes in currency exchange rates relative to the USD may affect the USD value of the assets and thereby impact the total return on such assets.

Currency fluctuations of an investor's currency of reference relative to the USD may adversely affect the value of an investor's investments.

Commodity prices

The company is exposed to fluctuations in the price of certain key commodities such as oil prices, fuel and transportation costs. The company is assessing hedging arrangements to mitigate the possible adverse effects for fuel prices on a project-by-project basis.

Legal

The Group business is subject to laws and regulations in various jurisdictions, and the requirements of, changes in or violations of such laws or regulations may adversely affect the Group's business and profitability. The Group invests financial and managerial resources to maintain compliance with these laws and regulations, and failure to do so could result in fines or penalties, enforcement actions, claims for personal injury or property damages, or obligations to investigate and remediate contamination. The adoption of laws and regulations that directly or indirectly curtail exploration by oil and gas companies could also materially adversely affect the Group's operations by reducing the demand for the Group's geophysical products and services. The Group may also be affected by new environmental laws or regulations.

Claims may be asserted against the Group for the violations of Intellectual Property Rights (IPR) of third parties, and the allocation of resources to defend such claims as well as the outcome of such disputes may have material adverse effect on the operations, business and financial condition of the company. The company has developed a patent portfolio which is important to the company's operations and business, but it is still possible for third parties to claim that the patents (registered or pending) or activities of the company violate their intellectual property rights.

Since acquiring Fairfield in Decem
Company has been involved in a p
against Seabed Geosolutions for i
of four of the Group's U.S. patents
other lawsuits and disputes regard
infringement, may force the compa
substantial costs in defending itse
portfolio.

Magseis Fairfield continues to ass
patent infringement claims agains
Geosolutions and remains confide
igation position. The Group intend
forward with its lawsuit and dema
etary damages and a permanent i
2022.

The lawsuit was brought in the U.S
Court for the Southern District of
alleges that Seabed infringes four
Fairfield U.S. Patents (Nos. RE45
9 829 589 ('589), 8 228 761 ('76
8 879 362 ('362)). The Court has
stayed the suit pending final resol
three Inter Parties Review petition
patent validity which Seabed filed
Patent and Trademark Office, inclu
thereof. These appeals are expect
resolved in 2022, after which Mag
will seek to lift the litigation stay a
resume litigation in the district cou

The company has an ongoing proc
Fairfield Industries Inc. regarding
contractual claims between the pa
relates to a project in the Middle E

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project represented a major part of Fairfield Seismic Technologies' project backlog at the time of the transaction where Magseis ASA purchased all the shares in Fairfield Industries International Limited and all membership interests in Fairfield Seismic Technologies LLC from Fairfield Industries Inc. The transaction was completed on 18 December 2018. The first notification regarding a potential claim was sent by Magseis Fairfield to Fairfield Industries Inc. in March 2019. The company announced 18th of February 2022 that the mediation process was cancelled and that the dispute between the parties is thereby to be solved by arbitration in accordance with the parties' contract. Magseis Fairfield will provide further information about the arbitration process when relevant, including with respect to any material developments in such process. No certainty can be given to the outcome of the arbitration process nor the timing of any such outcome.

COVID-19 risk

The outbreak of COVID-19 highlighted the importance of continued risk assessments. The reduction in economic activity that followed, led to a sharp and significant reduction in oil demand and generated an oversupply situation with lower and more volatile oil prices. During 2021 the outbreak has affected the supply chains for most organizations and people, which is expected to continue in 2022.

While the pandemic persists, the risks and uncertainties regarding extraordinary measures and economic effects limit the visibility. During the pandemic, several oil and gas companies announced significant reductions in capital spending, including spending for exploration and development expenditures such as seismic services. While the outlook has since improved, the impact on the ocean seismic market has been significant.

The company's business continuity plans have ensured compliance with all regulations and recommendations from local authorities in all locations, with strict testing and sanitation standards for both offshore and onshore operations allowing for continued operations throughout the period.

Other business risk

Seismic acquisition operations may be exposed to extreme weather, hazardous conditions and activity in the work area. The Group's own insurance may not be adequate to cover potential losses.

Reliance upon a single source or specialist suppliers for certain electronic and other components leaves Magseis Fairfield vulnerable to delays, increased costs or possibly halt in production of nodes due to lack of availability of critical parts. Manufacturing and hence supply of equipment may significantly increase in cost, be delayed, or even stopped due to lack of availability of critical parts or components. In addition, the nodes contain many commodity electronic components which are bought on the world electronics market. Lack of replacement may lead to a time lag where the Group is not able to supply a certain electronic board for the nodes.

Cyber criminality risk is increasing globally as more and more is stored and handled digitally. This threat is relevant for all devices connected to internet. To protect Magseis Fairfield and its assets and IP, precautions and procedures are taken continuously, also in 2021. The most common attack vector is 'phishing emails'. Magseis Fairfield has taken steps to improve protection of email, improve capabilities to identify ongoing malicious activities and increase employee awareness of cyber threats.

Magseis Fairfield is dependent upon its ability to attract and retain personnel with required skill sets, and failure to do so may have a material adverse impact on the company's operations and technology development. The Group's employees are highly sought after in the industry and have been targeted by the Group's competitors for poaching at all levels in the organization. The company is thus required to meet or exceed industry expected levels.

Depending on the development of the war in Ukraine and the associated sanctions and travel restrictions there might be elevated risk related to the safety and security of our crew members and to the availability of the employees for Magseis Fairfield. The company may be impacted by other events affecting energy and commodity prices and the safety, security and availability of human resources. As per the end of 2021, around 3 percent of the company's employees were of Russian or Ukra
ality.

Climate risk

Climate-related risks might be divi
two major categories: (1) risks relat
transition to a lower-carbon econo
risks related to the physical impact
change. As part of the energy trans
seen a fundamental shift in the ma
customers focus on cash and value
from already explored assets. This
our customers are prioritizing inves
high-quality seismic data over and
ing assets, and specifically OBN se
make data driven field developmen
While this is a potential upside for t
there is a political risk if authorities
significantly reduce or completely s
tion of oil and gas in key markets.

Magseis Fairfield has entered the
business using our technology and
from the oil and gas industry. We a
wind farm pilot project in 2021 and
a carbon capture and storage pilo
2022. We see several opportunitie
and will continue our effort to expa
renewables part of our business.

We believe that the services Mags
offer is a part of the solution for th
into a lower-carbon economy. The
due to climate on our assets and t
assessed to be low.

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Physical risk resulting from climate change, in the form of costs caused by physical damage is considered low to moderate. Seismic acquisition operations may be exposed to extreme weather, hazardous conditions and activity in the work area. The Group's own insurance may not be adequate to cover potential losses.

Corporate governance

Magseis Fairfield seeks to comply with the Norwegian Code of Practice for Corporate Governance (NUES) of 14 October 2021. A statement on Magseis Fairfield's corporate governance principles and practices is provided in a separate section later in this annual report. Magseis Fairfield did not deviate from any sections of the Code of Practice as at year-end 2021.

Sustainability

As a global and leading operator in the Ocean Bottom Seismic market, Magseis Fairfield has an opportunity, but also a responsibility to commit to high standards relating to working environment and personnel welfare, environmental impact and business practices. An ESG report is provided in a separate section later in this annual report.

Other

An insurance policy is in place for members of the Board of Directors and the CEO for their potential liability towards the Company and third parties.

Strategy and outlook

Delivering on our Strategy

We continued to deliver on a strategy to strengthen our core business while growing into new areas and new markets in 2021. To strengthen the core business, we are working hard to further improve our service delivery to our key customers while expanding into new geographical areas and maintaining our position in the core areas. We succeeded in doing that in both the Gulf of Mexico and the North Sea last year. To grow into new areas and new markets, we are actively pursuing key alliance partners, within acquisition technology, Multi-Client services and new geographies, and within oil and gas and renewables markets. We succeeded in doing that with our Multi-Client partnership with CGG, a hybrid-alliance with PGS, local partnerships in new geographies and participation in the Greensand renewables project in Denmark.

Our entry into renewables is progressing as planned. Milestones in 2021 included the successful execution of a wind farm pilot project in Denmark, this was achieved in Q3. In 2022 we plan to acquire our first Carbon Capture and Storage (CCS) pilot project. The acquisition for the Greensand project in Denmark is scheduled for the fourth quarter 2022. The company is working on several renewables tenders for acquisition commencing in 2022.

Magseis Fairfield has long been committed to operate safely to protect the health and well-being of our employees, our customers, our stakeholders, the communities that we operate in, and the environment. In 2021 we extended this commitment to include an ambition to become carbon neutral by 2040, or earlier. Our strategy is focused on understanding and capturing the total GHG inventory that results from our operations and taking on initiatives to reduce that inventory over time. This will be accomplished by implementing technology solutions, and by working with our suppliers and customers to improve efficiency and decrease the carbon footprint. Any final emissions which cannot be reduced can be offset. In 2021 we achieved an industry first by executing a carbon neutral OBN survey in the Gulf of Mexico.

Moving forward, the company's business plans will continue to be driven by a financial strategy that can be summarized as follows:

- Ensuring profitable growth
- Maintaining a viable financial structure throughout the business cycle
- Improving return on capital employed

Within this financial framework, the
pursues a business strategy focus

- Technology leadership in 4D and
  acquisition
- Technology differentiation to gro
  markets and unlock new markets
- Diversified revenue streams, with
  services and Renewables adding
  existing business in Acquisition,
  Monitoring/Source, and Technol
  leases

New technology: Echova™ pla

Magseis Fairfield is known as a tec
leader in the Ocean Bottom Node
industry, and our launch of Echova
is the world's first OBN technology
integrating the OBN seismic value
current OBN deliveries typically ar
to the acquisition phase, the Echov
platform integrates planning, surve
acquisition, and data delivery, usin
nology, workflows, and expertise in
with our customers. This brings val
customers through faster data del
visualization which allows for bette
sion-making at reduced project co

Through the Echova™ OBN platfo
only continue to lead the OBN acq
market but also expand the scope
ing as we will enable project optimi
planning to data delivery. This redu
project cost to the benefit of both
ers and Magseis Fairfield and enab

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grow existing markets and enter new ones. We are looking forward to rolling-out Echova™ over the coming years.

The Echova™ platform addresses three key market and customer requirements:

- Reduced total project costs to increase the addressable market.
- Expanded offering, addressing changes in customers' in-house resource base.
- Faster delivery of data, addressing the need to make well-informed and efficient, data-driven field development decisions.

The rationale and thinking behind our new Echova™ platform fit well with important and fundamental changes we see in our market. Most of our customers have restructured their organization to adapt to changing energy markets, and smaller customer organizations responsible for geophysics have broadened their scope from oil and gas to also include renewable projects. Given the broader scope of the Echova™ platform, these changes provide an increasing business opportunity for Magseis Fairfield.

Magseis Fairfield is excited about the launch of the Echova™ OBN platform and the possibility to grow existing markets, open new markets, and improve profitability going forward.

Market fundamentals and outlook

Oil and gas demand is returning to pre-COVID levels and is proving resilient even during the most recent Omicron outbreak, and the effects of years of under-investments are becoming evident in the energy market.

Energy demand is expected to continue to grow in a post-COVID new normal, with air travel recovering throughout 2022 and beyond. Given the long investment cycle from exploration to production, short- to medium-term energy supply will need to come from already explored assets. With regards to longer-term investments, many oil and gas companies still seem to find it challenging to meet required long-term return requirements given the changing global energy mix.

The need for increased oil and gas supply in the short- to medium-term is expected to translate into investments to increase recovery rates from already explored assets. According to data from Rystad Energy, this view is supported by a significant increase in project sanctioning, and the forecasted sanctioned greenfield capex is expected to increase by 14 percent in 2022 and by a further 40 percent in 2023. These projects will provide lower-carbon barrels that can be delivered quickly to the market with attractive payback on investments and will naturally include OBN projects. This forms the basis for an increasingly optimistic outlook for a market recovery for OBN services, and the company's view that the OBN market will see double-digit growth from 2022 onwards.

The 2022 market opportunities continue to grow, and the company sees customer interest extending beyond the core areas in the Gulf of Mexico and North Sea to include also Latin America, Asia and Africa. Based on awarded contracts and forecasted tender activity the company predicts 25 percent overall market growth in 2022. The company maintained a close relationship with its customers throughout the year and increased the backlog by 48 percent to USD 293 million. The new contracts are being secured at increasing margins. This backlog and tendering activity for 2022 provides a basis for optimism, although the company acknowledges the risks and uncertainties regarding future market development.

We are dedicated to managing what we can control, and we have a strong and agile organization which responds to changing market conditions aided by differentiated technical solutions for our customers. This presents the company with a clear market advantage, unavailable to companies which offer commoditized solutions.

Well positioned for the future

The BoD would like to express its gratitude to the employees of Magseis Fairfield for their outstanding efforts and contributions during a challenging 2021. The team has responded very well to the challenges caused by COVID-19 and related travel restrictions, and logistical issues, while maintaining our service offering throughout the year.

Magseis Fairfield is well positioned
future, with a professional and eng
moving forward in developing new
markets in partnership with our cu
strategic partners.

Subsequent events

On 6 January 2022, Magseis Fair
announced the conditional award
Bottom Node (OBN) survey from
customer. Start-up is expected in
and the project will run for approxi
months. On 21 January, it was ann
this conditional award w convert
signed contract.

On 11 January 2022, Magseis Fair
disclosed an ongoing mediation pr
between Magseis Fairfield ASA an
Industries Inc. regarding certain co
claims between the parties. On 30
2018 Magseis ASA entered into a
agreement for the purchase of all
in Fairfield Industries International
all membership interests in Fairfiel
Technologies LLC from Fairfield In
The transaction was completed on
2018. The mediation process relat
project in the Middle East that rep
major part of Fairfield Seismic Tec
project backlog at the time of the

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On 21 January 2022, Magseis Fairfield announced that a customer exercised an optional project in US GoM, which is scheduled to start in Q2 2022 and run for approximately two months.

On 9 February 2022, Magseis Fairfield announced that preparatory discussions between Magseis Fairfield ASA and Fairfield Industries Inc, ahead of the final mediation meeting, have revealed that there is no common ground upon which to reach a mediated solution to the contractual claims between the parties. The final mediation hearing that was scheduled for March 2022 has been cancelled and the dispute between the parties is thereby to be solved by arbitration in accordance with the parties' contract.

On 3 March 2022, Magseis Fairfield announced its acquisition of the node-on-a-rope handling systems from Carbon Transition. This further consolidates the OBN market and gives the company further flexibility for future growth.

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Responsibility statement

Confirmation from the Board of Directors and Chief Executive Officer

The Board of Directors and the chief executive officer of Magseis Fairfield ASA have today considered and approved the annual report and financial statements for the 2021 calendar year ended on 31 December 2021.

We confirm, to the best of our knowledge, that:

- The 2021 financial statements for the group and parent company have been prepared in accordance with all applicable accounting standards
- The information provided gives a true and fair view of the group's and parent company's assets, liabilities, financial position and results
- The Board of Directors report provides a true and fair overview of the development, performance and financial position of Magseis Fairfield ASA and the Group together with a description of the principal risks and uncertainties that they face

Board of Directors and CEO of Magseis Fairfield ASA
Lysaker, 10 March 2022

Wenche Kjølås
Chair of the Board

Roar Bekker
Board member

Anthony J. Dowd
Board member

Luís Araujo
Board member

Angela Durkin
Board member

Janie Garcia
Board member
(employee elected)

Carel Hooijkaas
CEO

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Corporate governance

Magseis Fairfield ASA ("Magseis Fairfield" or the "Company" and when taken together with its consolidated subsidiaries the "Group") believes that good and sound corporate governance creates shareholder value and reduces risks by instilling trust and confidence in the Company. Thus, the Group has made a strong commitment to develop high standards of corporate governance.

To Magseis Fairfield, good corporate governance is characterized by clear role distribution between the Company's governing bodies. Furthermore, open and responsible communication and cooperation between the Company's shareholders, the Board of Directors (the Board) and executive management is imperative to secure ample control, but at the same time encourage innovation and entrepreneurship.

1. Implementation and reporting on corporate governance

Magseis Fairfield ASA is a Norwegian public limited company listed on the Oslo Stock Exchange and bases its corporate governance structure on Norwegian legislation and recommended guidelines. The company seeks to comply with the Norwegian Code of Practice for Corporate Governance (the code), last revised on 14 October 2021 which is available on the Norwegian Corporate Governance Committee's website at www.nues.no.

Application of the code is based on the "comply or explain" principle and any deviation from the code is explained under the relevant item. The principles and implementation of the code are subject to annual reviews by the Board and a statement is included in the Board of Directors section of the annual report in accordance with the requirements of the continuing obligations for listed companies from Oslo stock exchange as well as the Norwegian code.

2. The business

Magseis Fairfield's vision is to be the leading and trusted partner in subsurface imaging solutions. The mission is to bring value to our global energy partners and stakeholders by delivering leading edge, safe, sustainable solutions, through technology differentiation and key alliances. Key elements for success are to continue to reduce operational costs in a sustainable manner in order to increase the addressable market. The Company's operations comply with the business objective set forth in its articles of association article 3, which reads:

"The company's business activities include development of geophysical equipment and methods, generation, marketing and sale of exclusive and non-exclusive geophysical exploration and other activities related thereto activities, including investments in such activities".

The Board has defined clear goals, strategies, and risk profile for its operations within the scope of the definition of its business, to create value for its shareholders in a sustainable manner and to ensure that its resources are utilized in an efficient and responsible manner. When carrying out this work the Board will take financial-, social- and environmental considerations. The objectives, strategies and risk profile are subject to annual review by the Board. The company's objectives and strategies are further described in the annual report and on the company's website www.magseisfairfield.com.

Magseis Fairfield has adopted gui
procedures relating to human right
rights and social matters, the exte
ronment, environmental impact, wo
environment, equal treatment, non
tion, and prevention of corruption.
of these guidelines is to provide bu
tice guidance, and for such consid
integrated in the Company's value

3. Equity and dividends

Capital adequacy

As of 31 December 2021 the Grou
amounted to USD 162 million, whic
sponds to an equity ratio of 53 pe
total liabilities-to-equity ratio of C

During 2021, Magseis Fairfield has
ened its position as the OPEN acqui
in a tough market impacted by CO
operational performance has been
with focus on project execution, co
discipline and outward focus to wo
tomers to secure backlog and key

Dividends and dividend policy

Magseis Fairfield has successfully
the turn-around of the company. D
share purchase programs have no
the agenda during 2021. Any futur
buy back shares or to pay dividend

Brønnøysundregistrene

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on the company's financial position, operating profit, and capital requirements.

Authorizations to the Board

At the annual general meeting (AGM) on 7 April 2021, three authorizations were granted to the Board:

- Authorization to increase the Company's share capital by a total of up to 10 percent of the registered share capital in connection with the Company's share incentive program for its employees. As of 31 December 2021, this authorization has been used to issue shares to employees under the Company's share incentive program. The authorization will be further used in the period January – March 2022 to issue shares to employees under the same program.
- Authorization to increase the share capital by up to 20 percent of the registered share capital to provide the Company with financial flexibility, including investments and acquisitions. As of 31 December 2021, this authorization has not been used.
- Authorization to increase the share capital by a total of up to 1 percent of the registered share capital in connection with grant of RSUs to board members as remuneration. As of 31 December 2021, this authorization has not been used. However, the authorization is planned to be used in March 2022 by issuing shares to board members as remuneration for serving on the Board in the period from AGM 2021 to AGM 2022.

All authorizations are valid until Magseis Fairfield's AGM in 2022, and no later than 30 June 2022. There was a separate vote on all three authorizations. For supplementary information, reference is made to the minutes of the AGM. As at 31. December 2021, the Board has not been granted any authorization to acquire treasury shares.

4. Equal treatment of shareholders

According to the Norwegian Public Companies Act, the Company's shareholders have pre-emption rights in share offerings against cash contribution. Such pre-emption rights may be set aside, either by the general meeting or by the Board based on an authorization to the Board. Any resolution to set aside pre-emption rights will be justified by the common interests of the Company and the shareholders, and such justification will be publicly disclosed through a stock exchange notice from the Company. In connection with the issuance of shares for employees and board members in 2021 as mentioned above, the pre-emption rights for shareholders were set aside.

Any transactions in own shares, i.e. a share buy-back program, will be carried out either through Oslo stock exchange or otherwise at stock exchange prevailing prices. If there is limited liquidity in the Company's shares, the Company will consider other ways to ensure equal treatment of all shareholders. There were no transactions in own shares during 2021.

5. Shares and negotiability

Magseis Fairfield has one class of shares, and all shares carry equal voting rights. The Company's shares are freely transferable on the Oslo stock exchange. There are no restrictions on owning, trading, or voting for shares pursuant to the Company's articles of association.

6. General Meetings

The general meeting is the Company's highest authority. All shareholders are entitled to submit items to the agenda, attend, speak and vote at general meetings, but only if the shareholder is registered with the Norwegian Central Securities Depository (VPS) five business days prior to the general meeting (record date). The Annual General Meeting (AGM) is held each year before the end of June. Extraordinary General Meetings (EGM) may be called by the Board at any time.

The Board will ensure that the notice, resolutions and supporting information distributed are sufficiently detailed and comprehensive to allow shareholders to form a view on all matters to be considered at the meeting, and that any deadline for shareholders to give notice of their intention to attend shall not be earlier than two days before the meeting. Notice, appendices, and minutes of meetings will be available from the Company's website www.magseisfairfield.com.

The Chair, the CEO and the CFO will attend the general meetings. The auditor and the nomination committee will attend the AGM and any EGM to the extent required by the agenda items or other relevant circumstances. T
ensures an independent chair for t
meeting.

Shareholders can vote on each inc
matter, including on each individu
nominated for election. Sharehold
are unable to attend the meeting i
are encouraged to participate by p
Company will prepare a proxy form
separate votes for each item up fo
tion by the general meeting.

In 2021, Magseis Fairfield held its
7 April with 46.01 percent of the s
represented. In addition, an EGM w
on 10 May 2021 with 44.42 percen
share capital represented. The EGM
in connection with proposed chang
composition of the Board and the
Committee. For details see EGM pr
stock exchange releases from 10 M

7. Nomination committee

The nomination committee is gove
articles of association section 9. T
tion committee shall consist of two
members elected by the general m
The members of the nomination co
shall consider the interests of shar
general. The nomination committe
include any executive personnel or
the Board. The nomination commit
own chair, and the members are el
period of up to two years.

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Roar Bekker was elected Chair of the nomination committee at the AGM in April 2021. Anders Farestveit and Chris Sugahara were elected members of the nomination committee at the same meeting. In May 2021 an extraordinary general meeting was held where Roar Bekker was elected as a new board member. In the same meeting, Ryan Schedler was elected as a new member of the nomination committee as a replacement for Roar Bekker. Anders Farestveit resigned from the nomination committee in June 2021.

As of 31 December 2021, Magseis Fairfield's nomination committee comprises of Chris Sugahara and Ryan Schedler. Christopher Sugahara is the CEO of Fairfield Geotechnologies and CIO of Fairfield-Maxwell Ltd. which is the largest shareholder in the Company. Ryan Schedler is the managing partner of Condire Investors LLC, a Dallas, TX based investment firm focused on natural resources. Condire Investors LLC is the second largest shareholder in the Company. The members are elected until the AGM in 2022.

The nomination committee gives its recommendation to the general meeting regarding the election and remuneration of members of the Board, in addition to the election and remuneration of members of the nomination committee. The nomination committee's recommendations are justified on an individual basis. The nomination committee is expected to have contact with the shareholders and to hold individual discussions with members of the Board and the CEO as part of proposing new candidates for the Board.

8. Board of Directors: Composition and independence

Pursuant to the Company's articles of association, the Board may consist of up to ten directors, whereof up to three directors can be elected by the employees. The members of the Board, including its Chair, are elected by the general meeting for a period of up to two years and may be re-elected.

The composition of the Board is based on the Company's needs for expertise, capacity and balanced decision making, togethe
aim of ensuring that the Board car
independently of any special intere
the Board can function effectively
body. A summary of the competen
background of each individual boa
is available in the annual report an
company's website www.magseisfa

All board members are regarded a
ent in relation to the Company's ex
management and material busines
Four of the five current board mem
elected by the shareholders are co
independent of the company's mai
ers, please refer to the table below

Name	Role	Considered independent of main shareholders	Served since	Term expires	Participation Board Meetings 2021[1]	Shares in M as of 31
Wenche Kjølås	Chair of the Board	Yes	22.05.2019[2]	AGM 2023	100%	
Jan Gateman	Board member	No	04.09.2009	AGM 2021	100%	
Roar Bekker	Board member	Yes	10.05.2021	AGM 2023	100%	
Angela Durkin	Board member	Yes	22.05.2019	AGM 2023	100%	
Luis A. Gomes Araujo	Board member	Yes	22.05.2019	AGM 2023	100%	
Anthony Dowd	Board member	No[4]	23.04.2020	AGM 2022	100%	
Janie Garcia	Employee elected Board member	Yes	Apr-20	Apr-22	100%	
Jonathan Cudmore	Employee elected Board member	Yes	Sep-20	Resigned August 2021	90%	
Johan Jungholm	Employee elected Board member	Yes	Aug-21	Resigned September 2021	100%	
Ciaran Moore	Employee elected deputy Board member	Yes	Apr-20	Apr-22	0%	

[1] Participation in Board meetings for the duration of the period of holding Directorship in 2021.
[2] Elected as board member at the AGM in 2019, and then as Chair at the EGM in 2019.
[3] Mrs. Kjølås holds 351 038 of her shares indirectly through Jawendel AS.
[4] Mr. Dowd is President and CEO of Fairfield-Maxwell Ltd., a company that owns 100% of the shares in Fairfield MS LLC, the largest shareholder in Magseis Fairfield ASA.

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Board members are encouraged to hold shares in the Company to promote a common financial interest between the Directors and the shareholders of the Company.

The Board continuously evaluates conflict of interest and its members independence in each resolution.

9. The work of the Board of Directors

Pursuant to the Norwegian Public Companies Act, the Board is responsible for the over-all management of the Company and shall supervise the Company's day-to-day management and its business activities in general.

In addition to legal requirements, the Board has adopted supplementary rules of procedures, which provides further regulation such as the responsibilities of the Board, administrative procedures, quorum requirements, disqualification issues, meeting procedures, the division of work between the Board and the CEO, and confidentiality.

The Board meets several times over the year. The meetings include reviews and discussions related to the Company's strategy, financial development, risk profile and other matters of extraordinary nature or of major importance to the Company. During 2021, the Board held 16 meetings. The working methods for the Board are subject to open discussion.

Between meetings, the Chair and CEO update the other board members on current matters.

Each Board meeting includes a briefing by the CEO followed by a Q&A session, and a session for board members only without management present. The Board has adopted an annual plan which focuses on the strategic goals of the Group. The Board has also established instructions for the CEO.

In cases where the Chair of the Board is or has been actively involved, another member of the Board will be asked to lead the discussions. This has not been the case in 2021.

The Board has adopted guidelines for notification by board members and executive management if they have any material direct or indirect interest in any transaction entered by the Company. This also includes that if one of the board members' interest in a matter does not disqualify him or her from considering the matter, the Company may need to take the individual's interest into consideration when considering the item.

The Board has adopted instructions on how the Board and executive management shall handle agreements with related parties, including whether an independent valuation must be obtained. The Board shall obtain an independent third-party valuation of all related party transaction above a threshold of USD 1 million.

For information regarding related party transactions in 2021, see Note 11 in the annual report.

Once per year, the Board conducts an assessment of its performance and expertise, which is presented to the nomination committee. The assessment includes the work of the board, the work of its committees and the contribution made by the various board members.

Board committees

Audit and risk committee

The Company's audit and risk committee is governed by the Norwegian Public Companies Act and a separate instruction adopted by the Board. The audit and risk committee shall consist of minimum two board members. Board members who are also members of the executive management cannot be members of the audit committee. As of 31 December 2021, the audit and risk committee consisted of board members Wenche Kjølås (Chair), Roar Bekker and Angela Durkin, all three considered independent of the executive management.

The main tasks of the audit and risk committee are to;

i. review management's risk assessment and internal control, as well as annual budget process
ii. oversee corporate reporting, and act as a preparatory organ for the Board on interim and annual financial reporting processes
iii. review the external audit process, hereunder maintain ongoing contact with the Company's auditor regarding the audit of the annual accounts and ensure the company has an adequate internal control and risk management, as well a monitor the auditor's independe potential conflicts of interests
iv. prepare audit committee report Board after each meeting and circumstances with material im company's financial and/or ope situation. The committee is also for reviewing and updating its i and evaluate the individual and the committee.

The audit committee shall have a five meetings each year, coordinat Company's financial reporting sch audit and risk committee held seve in 2021.

Compensation and tale commit

The Company's compensation and mittee is governed by a separate i adopted by the Board. The membe committee are appointed by and a members of the Board and shall be of the Company's executive manag of 31 December 2021, the compen talent committee consisted of Ant (Chair), Luis Araujo and Wenche Kj

The primary purpose of the compe talent committee is to assist and f decision-making of the Board in m to remuneration of the executive m review recruitment policies, career sion planning and management de plans, and prepare matters relatin

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material employment issues with respect to the executive management. The compensation and talent committee held two meetings in 2021.

10. Risk management and internal control

The Board, together with the executive management, evaluates the risks related to the Group's operations on a continuous basis. Key risk factors relate to current 2021 operations as well as construction of the Group's proprietary system, obtaining contractual counterparties, retaining key staff and general financial risks. In addition, risks inherent in the business plan are monitored: commodity prices, exchange rates, competition, the political and regulatory environment, counter-party performance, and the potential growth of the business and the application of new technology.

Each year, as a minimum, the Board will conduct a thorough assessment of the Company's most important areas of exposure to risk. The annual review is carried out together with the Board's review of the annual accounts, and the Company's auditor is expected to attend this meeting.

The Board, through its work with the financial department and the annual audit process, ensures that the Group has reliable internal controls and systems for risk management. The Company's Code of Conduct sets the standard for the behavior which can be expected internally and externally by anyone employed by or associated with Magseis Fairfield and includes guidance on how to report any concerns related to illegal or unethical conduct.

Magseis Fairfield prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), which are intended to give a true and fair view of the company's and the group's assets, liabilities, financial position and results of operations. The Board is presented with and approves the annual budget/forecast at the end of the preceding financial year or in the beginning of the commencing financial year. Thereafter, the Board is presented with regular updates and reports identifying material variations from the approved budget/forecast. Explanations are obtained for material variances. The Board also approves interim financial statements on a quarterly basis, based on a review together with the executive management.

11. Remuneration of the Board of Directors

The remuneration of the Board is decided by the general meeting, based on a recommendation from the nomination committee. The proposal from the nomination committee is submitted to the Company's shareholders together with the notice for the AGM.

The remuneration of the Board reflects the responsibility and competence of the Directors, as well as the time spent and complexity of the business of the Group. Board members who participate in Board committees receive additional compensation for this. The remuneration is not linked to the Company's performance and does not contain any share options. However, for 2021 the remuneration is to be paid partly in cash and partly in RSUs. Detailed information on the remuneration of the Board members is specified in note 31 to the annual report and in the 2021 Remuneration report.

Board members and/or companies with which they are associated should not take on other assignments than the directorship for the Company, in order to maintain independent. However, if they do, this shall be disclosed to the full board and remuneration for such additional duties will be approved by the Board.

12. Salary and other remuneration for leading personnel

The Board has prepared guidelines on salary and other remuneration for leading personnel. The guidelines shall contribute to the Company's commercial strategy, long-term interests and financial viability and ensure that leading personnel and shareholders have convergent interest.

The components of the remuneration of senior executives includes a base salary, an annual Performance Cash Incentive or "STIP", a long-term equity-based performance incentive, or "LTIP", as well as participation in share programs and pension schemes. The total remuneration shall ensure that Magseis Fairfield attracts, motivates, retains and rewards leading personnel with desired skills and ex
Performance related remuneration
to an absolute limit.

The Board's guidelines for salary a
remuneration to leading personnel
Fairfield was presented to and ado
AGM in 2021. The guidelines are av
Company's website (www.magseisf

Detailed information on the salary
remuneration for leading personne
ified in note 31 to the annual repor
2021 Remuneration report.

13. Information and communic

Communication with shareholders,
and analysts is a high priority for M
Fairfield. The Company believes th
and timely information to the mark
requisite for a fair valuation of the
turn, the generation of shareholde

The Board has adopted an investo
policy, to clarify roles and responsi
related to financial reporting and r
contact with shareholders and the
market. The policy is based on ope
considers equal treatment of all m
ipants. The CEO and the CFO are
for investor and shareholder relatio
general meetings. As a rule, no suc
nication shall be conducted within
period prior to the disclosure of th
reporting. In addition, the Board ha
instructions pertaining to the hand

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information, in which the company's obligations and procedures as a stock exchange listed company are explained. The instructions for handling of inside information have been updated to reflect the Market Abuse Regulation (MAR) which came into force in Norway on 1 March 2021.

Interim reports are provided on a quarterly basis, in accordance with the Oslo stock exchange's recommendation. Magseis Fairfield provides presentations in connection with the company's interim reports, to provide an overview of the operational and financial developments, market outlook and the company's prospects. All information distributed to the Company's shareholders will be provided in English and published on the Company's webpage (www.magseisfairfield.com) at the same time as it is sent to the shareholders.

14. Take-overs

Magseis Fairfield's articles of association do not contain any restrictions, limitations or defense mechanisms against take-over bids, nor have other measures been implemented to hinder the acquisition of shares in the Company.

In accordance with the Securities Trading Act and the Code, the Board has adopted guidelines for how it shall act in the event of a takeover bid. In the event of an offer, the Board shall ensure that the company's shareholders are treated equally, and that the company's activities are not unnecessarily interrupted. Furthermore, the Board will not seek to hinder or obstruct takeover bids for Magseis' activities or shares. Any agreement with the bidder that acts to limit the Company's ability to arrange other bids for the Company's shares will only be entered into where the Board believes it is in the common interest of the Company and its shareholders. Any transaction that is in effect a disposal of the Company's activities should be decided by the general meeting.

Information about agreements entered into between the Company and the bidder that are material to the market's evaluation of the bid will be publicly disclosed no later than at the same time as the announcement that the bid will be made is published.

If an offer is made for the shares of Magseis Fairfield, the Board will make a recommendation on whether the shareholders should accept the offer or not. The Board may arrange for a valuation from an independent expert.

15. Auditor

The Company's statutory auditor is Deloitte AS. The auditor is appointed by the general meeting and is regarded as independent of the Company. The Board will from time to time evaluate the audit arrangement for the Company.

The Board requires that the auditor participates in meetings of the audit and risk committee and in meetings of the Board that deal with the annual accounts. The auditor shall present to the Board a report outlining the audit activities in the previous fiscal year and highlight the areas that caused the most attention or discussions with management, together with a plan for the work related to the Group's audit. In connection with the annual audit, the Board also requires the auditor to review the Company's internal control procedure, including weaknesses identified and proposals for improvement. At least once per year, the Board meets with the Company's auditor without any members of the executive management present.

The Board has established guidelines for the use of the auditor by the executive management for services other than the audit, in order to prevent any potential conflicts of interest and not put the auditor's integrity and independence at risk.

The remuneration of the auditor is approved by the AGM. The Board will inform the general meeting about the fees paid to the auditor for services other than the annual audit and the details are given in notes to the annual report. For more information about remuneration to the auditor, see note 8 in the 2021 financial statements.

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SUSTAINABILITY REPORT

Governance and Commitment

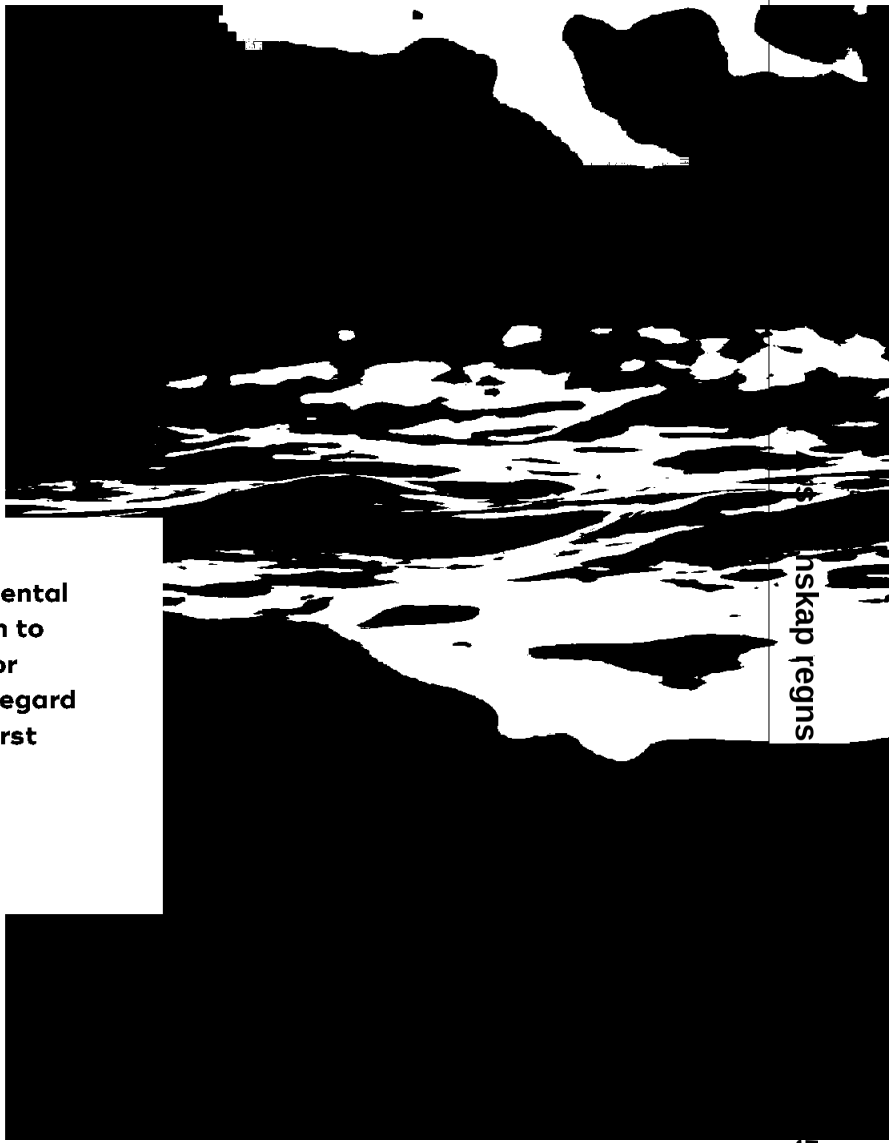
As a global leader in the Ocean Bottom Seismic market, Magseis Fairfield has an opportunity, but also a responsibility, to commit to high standards relating to the working environment and personnel welfare, environmental impact and business practices.

Magseis Fairfield aspires to be an honest, ethical and trustworthy company as its reputation depends upon understanding and implementing the principles of corporate responsibility, and continuously demonstrating integrity and honesty in daily business conduct. That is why the core values are so important for the company, as they guide how business is conducted: Safety, Trust, Innovation, Excellence and Sustainability.

The company has adopted policies, procedures and guidelines relating to human rights, employee rights and social matters, anti-corruption, harassment and discrimination in the working environment and in employment practices.

In 2021 we extended our environmental commitment to include an ambition to become carbon neutral by 2040, or earlier. A definite highlight in this regard was the execution of an industry first carbon neutral OBN survey."

– Carel Hooijkaas, CEO



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Magseis Fairfield has a Corporate Social Responsibility (CSR) policy, committing the company to responsible business practices in accordance with UN Global Compact. Three focus areas are highlighted: People, Planet, Business practice.

People

UN Global Compact
Labor principles
3, 4, 5, 6

UN Global Compact
Human Rights principles
1, 2

Employees and labor

- Vision, Mission, Values
- Code of conduct
- H&S policy
- H&S manual
- H&S hazard
- Register(s)
- Employee handbook
- HR procedures in the MS

People at large (community)

- Vision
- Mission
- Values
- Code of conduct
- Project planning and execution procedures

The planet

UN Global Compact
Environment principles
7, 8, 9

Environment

- Vision, Mission, Values
- Code of conduct
- Environmental policy
- Environmental manual
- Environmental aspects and impacts register
- Environmental procedures in the MS

Business practice

UN Global Compact Anti-corruption principle 10

Internal control

- Vision, Mission, Values
- Code of conduct
- Board and management instructions in the MS

Corporate governance

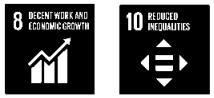
- Vision, Mission, Values
- Code of conduct
- Board and management instructions in the MS

Business ethics and compliance

- Vision, Mission, V
- Code of conduc
- Anti-corruption

This figure is from our Corporate Responsibility procedure in our Management System (MS) to visualize the alignment with United Nations Global Compact

The company are committed to contribute to the UN Sustainable Development Goals. Following an assessment of the company's operations and activities, we have selected eight of the UN Sustainability goals that we can impact the most.



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People

Magseis Fairfield's employees are our most valuable assets, so the health, safety and wellbeing of our employees and others participating in the company's activities are considered the utmost priority. It is an area of continuous focus for the company and its importance was further emphasized by the continued COVID-19 pandemic throughout 2021.

Safe operations

There were zero fatalities associated with the company's operations in 2021. The Total Recordable Case Frequency (TRCF) was 2.37, driven by four recordable events (four medical treatment cases), of which two were Magseis Fairfield employees and two were subcontractors. This compares with TRCF of 1.09 in 2020. The company reports figures based on 12-hour exposure per day for offshore personnel.

Proactively, the employees submitted a total of 15 328 reports into the company's InSite safety reporting system. This represented an average of nearly 38 reports per user, against a target of 10. Magseis Fairfield uses a Health & Safety Input Factor (HSIF)[4] as a primary leading indicator for operations. The company has seen a positive development with an approximately 30 percent decrease in the HSIF factor since adoption in 2018.

In 2021, the organization focused on continuing to improve overall HSE performance. Internally, Magseis Fairfield revitalized its "Work Smart – Work Safe" program, fully implemented the One Team program, formally adopted the International Association of Oil & Gas Producers (IOGP) "Life Saving Rules" and further developed individual safety leadership skills through an enhance training program.

Key performance figures

	Ambition	2021	2020
Health and safety			
Exposure hours (millions)		**1.68**	1.84
Fatalities	–	**-**	-
Total Recordable Case Frequency (TRCF)[1]	1.51[3]	**2.37**	1.09
Health and Safety Input Factor (HSIF)[4]	< 26	**19**	< 26
Sick leave onshore[5]	< 3%	**0.53%**	1.66%
Sick leave offshore	< 3%	**0.43%**	1.94%

[1] A 12-month rolling average total recordable case frequency per 1 million manhours. Manhours are based on working day or actual hours worked if recorded.
[2] Magseis Fairfield converted the exposure hour factor to 12 hr/day (offshore crew) vs. 24 hr./day/dyear. Th with the IOGP/IAGC metrics.
[3] Represents a 20 percent decrease from the 2019 industry average of 1.89.
[4] HSIF is a leading indicator that represents the number of hours divided by the number of health & safety in meetings, observation cards, audits, hazard hunts). The lower the number the better.
[5] Day to day sick absence is not tracked for US employees, so this statistic represents all onshore employees

People and working environment

Magseis Fairfield strives to maintain and progress a fair and equitable working environment for all employees free of discrimination and one that supports the diversity of thought and expression of innovation among employees. This goal is reflected in our global terms and conditions of employment, Health & Safety policies, and our Code of Conduct, which states that the Company shall provide equal employment opportunity for all applicants and ees. Magseis Fairfield adheres to a federal, state and local employmen regulations.

A supplier pre-qualification, monit management system follows up on conditions at the Company's supp our philosophy extends to those w do business

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Key performance figures

	Ambition	2021	2020
Employees and working environment			
Number of employees		**404**	370
Percentage of employees offshore/onshore		**58%**	43%
Percentage of women/ men – total		**13.10%**	15%
Percentage of women/ men – management	25%	**25%**	16.67%
Percentage of women/men – middle management	25%	**20.90%**	17.15%
Percentage of women/ men – Board of Directors	>= 40%	**40%**	40%

Magseis Fairfield adheres to the UN Global Compact Principles under Human Rights – Principles 1 and 2, and Labor – Principles 3 to 6, which are derived from the Universal Declaration of Human Rights and the International Labor Organization's Declaration of Fundamental Principles and Rights at Work.

On a wider scale, the impact on individuals and communities affected by Company operations is managed through project planning and execution, hand in hand with the Code of Conduct.

UN Global Compact Principles:

- Human Rights - Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights
- Human Rights - Principle 2: make sure that they are not complicit in human rights abuses.
- Labor - Principle 3: Businesses s
  the freedom of association and
  recognition of the right to collect
- Labor - Principle 4: the eliminati
  forms of forced and compulsory
- Labor - Principle 5: the effective
  child labor
- Labor - Principle 6: the eliminati
  crimination in respect of employ
  occupation.

The United Nations Global Compa
through to 6 are derived from:

- The Universal Declaration of Hu
- The International Labor Organiz
  Declaration on Fundamental Pri
  Rights at Work

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The company went through a restructuring in late 2019 to reduce the cost and streamline the organization. These changes were implemented top-down, and therefore affected the entire organization. Further cuts were made during 2020 to adapt the organization to further decline in forecasted activity level. The project activity in 2021 was higher than in 2020, which resulted in an increase in the number of offshore employees.

Initiatives and programs

a) Equal opportunities

Magseis Fairfield employs more than 400 people worldwide, including full time employees and contractors working on vessels offshore. The organization primarily has employees across three major regions – the US, UK and Norway. The employee base is diversified and represents many nationalities.

During 2021, Magseis Fairfield has worked rigorously to ensure visibility to talent in the organization through special projects, succession planning and career development discussions. In 2022, Magseis Fairfield will continue its Succession Planning and Talent Management efforts to identify key talent in the organization, regardless of gender or race. This proactively provides visibility and opportunities within the organization, through project assignments, development, training and promotion opportunities.

Magseis Fairfield is committed to promoting equal opportunity for all staff and job applicants. We aim to create a working environment in which all individuals are able to make best use of their skills, free from discrimination or harassment, and in which all decisions are based on merit. This includes hiring, development opportunities, training, transfers and promotions.

Findings and results from the work for equality and non-discrimination

- The Offshore Industry is heavily male dominated
- High average age in the company

Measures and goals:

- Every year, we conduct an employee engagement survey where we ask questions about gender equality and the risk of discrimination
- In 2021 we conducted an "outliers" project - equal pay for equal work with considers under equal if it is equal skills, equal effort and equal responsibility is performed under equal working conditions.

Further plans for the work with equality and non-discrimination

- In the past year, we have especially succeeded in providing visibility to talent in the organization through special projects, succession planning and career development discussions.

Criteria	Actions/Policy
Gender	Seismic is historically a male dominated industry. As su actively seek a pool of eligible candidates that include representation of women, as well as men, to ensure tha if fair and equitable from a gender standpoint.
Pregnancy, leave on due to birth or adoption care tasks	According to local law and regulations, we have policie paternity and maternity leave, or "family leave".
Ethnicity, religion and outlook on life	It is an optional question in the recruitment process, no to be announced.
Disability	Anti-discrimination disability policies in place globally accordance with country-specific regulations.
Sexual Orientation, gender identity and gender expression	We do not ask about sexual orientation or gender iden recruitment process and is not considered in any of our
Age	All ages considered regardless of experience
Work life balance	MSFF facilitate flexible workspace for employees. The employees can, within some limits and in alignment with choose for themselves where they want to carry out th
Stereotyping	Unconscious bias training for managers
Harassment and gender – based violence	Hot line, Zero Tolerance policy regarding harassment

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Women's salary as a % of men's salary

Org level	Position	Women's salary in % of men's salary
1	C-level and SVP	81.7%
2	VP	96.3%
3	Director, General Manager Sr. Manager	96.3%
4	Managers w/Direct reports Principle-Expert Level Professionals	84.5%
5	Functional Managers without Direct Reports	84.5%
6	Party Chiefs Sr. Staff Level Professionals/Ind Contributors	67.8%
7	Supervisors Chiefs	67.8%
8	Professionals Level Individual Contributors "II"	76.7%
9	All Entry Level Professional Individual Contributors "I" Paraprofessionals Vessel Crew (non-management/supervisory)	119.4%

- In the future, we will continue our focus on equal opportunity and promoting opportunities for qualified females and minorities in our organization through robust recruiting activities that seek candidates from candidate pools that are well represented by each.
- The employee engagement survey gives the impression that most employees believe that everyone has equal opportunities in the company, regardless of gender, nationality, age, physical health, personal background or other grounds for discrimination. The same applies to the fact that most employees feel that they can be themselves at work. This is very positive from the company's point of view. However, there is potential for further improvements, and this will be followed up in the individual environments when actions are taken as part of the follow-up process.

b) Compensation and benefits

Magseis Fairfield seeks to offer competitive remuneration to all employees, reflecting their education, related experience, professional qualifications and performance/merit. The company is further committed to equitable pay for the same work and performance regardless of gender.

Magseis Fairfield will continue to employ sound Performance Management and market-based global salary data to make remuneration decisions for employees.

Globally, Magseis Fairfield has implemented centralized titles and position levels and has a market-based pay range associated with each level of position in the organization. The company does not employ salary bands, but rather a position-by-position market benchmark analysis.

In 2021, Magseis Fairfield implemented a global GDPR compliant human capital management system (HCM) to further support talent management efforts, including clarity on any pay inequity situations for the same work/position to identify and close potential wage gaps that may be due to gender or other aspects. This system will launch on February 1, 2022.

Magseis Fairfield uses a valid Performance Management system to set goals and objectives for all employees and methods for conducting performance evaluations on an annual basis. The result of the performance evaluation serves as a key factor i
merit and salary review process, as
the calculation for any bonus payr
Company performance.

Independent market surveys are u
annual basis for pay evaluation an
tion for any merit based or market
pay increases for employees. An a
is conducted by Human Resources
to ensure that all employees have
for their level of experience and pe
regardless of gender or race.

c) Community outreach

While 2021 was in some cases an
to limitation imposed by COVID-19
Fairfield has been very active in its
munities, particularly with program
children and educational pursuits.

Outreach efforts include holiday
for the underprivileged, as well as
Operation Backpack drive with the
US to provide school supplies, bac
associated funds to at risk childre
munity.

It is the company's goal post-COV
outreach in the community to inclu
teer support for programs such as
Humanity, Junior Achievement, Ho
Bank and organizations of similar
our global locations.

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In some countries where we work, it is customary for the company to buy a Christmas gift for its employees. The company however decided to make donations to the following charities instead:

- In Norway: Barnekreftforeningen
- In the UK: Great Ormand Street Hospital Children's Charity
- In the US: St. Jude Children's Research Hospital

d) Responding to the pandemic

The COVID-19 pandemic continued to impact the company's working environment and operating processes throughout 2021. At the start of the pandemic, Magseis Fairfield implemented a focused and proactive risk management strategy to mitigate any potential business interruption from the virus outbreak.

A task force comprised on the CEO, COO, CTO, CHRO, VP Ops, and the SVP Ops Support & QHSE met at least bi-weekly to assess the status of the outbreak and to review the risk management plan and assess any required adjustments to address the dynamically changing global conditions.

Frequent communications were sent to all employees to update them on the status of the virus relative to the business and to advise of any changes to protocols.

A communication and contact system was established for employees in quarantine (either preventative or precautionary) to track their status and wellbeing during the quarantine period.

Magseis Fairfield also implemented a mental health support and awareness campaign for all employees to address potential challenges presented by the pandemic and remote working conditions.

Based on the proactive measures implemented to protect people and operations, Magseis Fairfield successfully maintained fully operational crews throughout 2021. These measures included quarantine and testing protocols for all offshore employees before joining their crews. Offices were closed or access was restricted to "critical task" use only, according to authorities local guidelines, to minimize exposure for infection in onshore environments.

The organization adapted well to the remote working conditions and travel restrictions and maintained good collaboration internally and with external stakeholders, like contractors, authorities and customers to continue operations uninterrupted by the virus and execute projects as scheduled through 2021.

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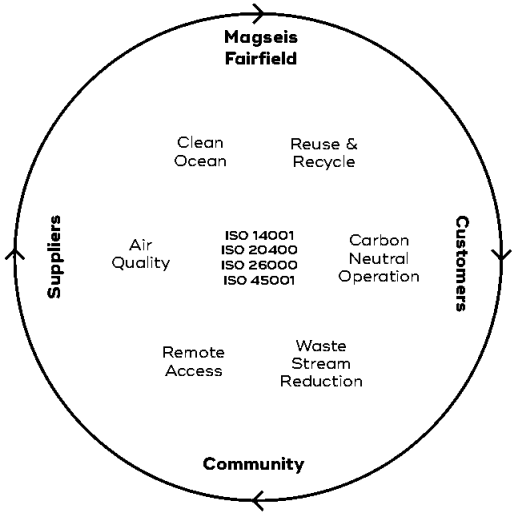
The planet

Magseis Fairfield recognizes that all our activities have an impact on the environment via the use of raw materials, emissions to air and water, waste generation, and interaction with marine life and habitat. Magseis Fairfield is committed to minimizing this impact for both offshore and land-based activities. This is done by maintaining a program of continual improvement in environmental performance incorporating suitable measurement and monitoring.

The company has developed an Environmental Sustainability Strategy (ESS) to contribute to the UN Sustainable Development Goals.

Our ESS is based on the UN Sustainable Development Goals 7 (affordable and clean energy), 8 (decent work and economic growth), 12 (responsible consumption and production), 13 (climate action) and 14 (life below water). These are mapped against the pillars of our ESS as highlighted below, which also includes the respective target timeline.



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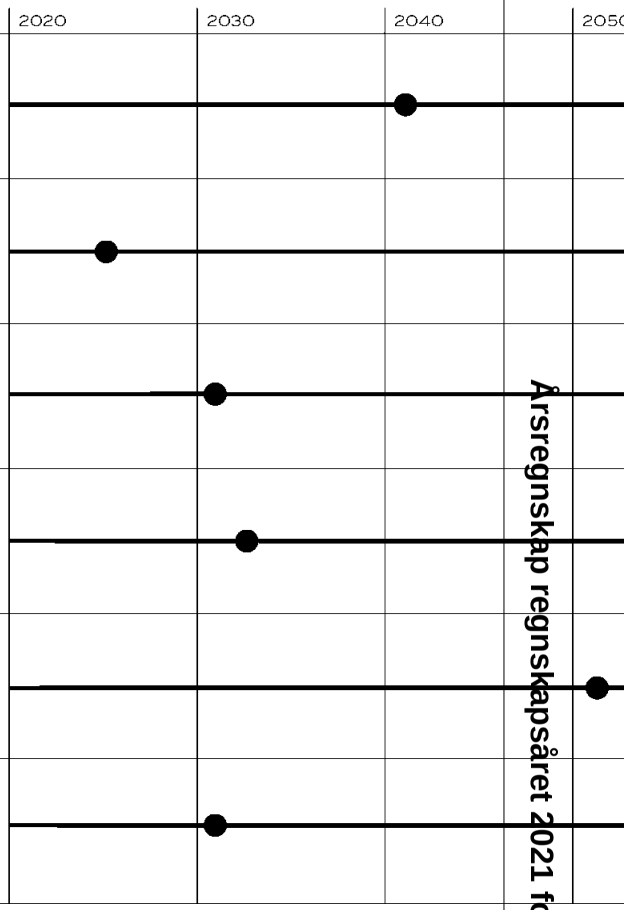
Focus area	Key elements	Target timeline
Carbon neutral operation	• Reduced & Cleaner Operation/Vessel Emissions • Advanced Technology Application (Scope 1&2) • Reduced Footprint (facilities, etc.) • Carbon Credit/Resource Conservation Programs	
Waste stream reduction	• Eliminate Single Use Products • Technology Consolidation / Common Platforms • Waste Management Plans • Process Optimization (LEAN 6-sigma)	
Remote access	• Advanced Communication Technology • Remote Operations (PAM/ROV/OBP/QC) • Reduced offshore headcount	
Air quality	• Reduced & Cleaner Operation/Vessel Emissions • Advanced Technology Application (Scope 1&2) • Reduced Commute Days	
Clean ocean	• Advanced Electrification Systems (reduce/eliminate LOPC's) • Preventative Maintenance Programs / Biodegradable Prods Ghost Net Initiative	
Reuse & recycle	• High Density Battery Systems / Rechargeable • Fuel Cells • NAS (Network Attached Storage) & Seismic Tapes (3592's)	



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Key performance figures

	Ambition	2021	2020	2019
Environmental impact				
Nodes recovered	100%	**>99%**	>99%	
Average fuel/vessel/day (mT)	Reduce	**8.6**	12.7	
Vessel Emissions[1]	*Reduce*			
MGO consumption (mT)		**25 572**	18 926	na
CO_2 (mT)		**73 637**	60 911	na
NOx (kg)		**1 244 781**	853 278	na
SOx (kg)		**16 380**	19 205	na

[1] "Fuel Consumed / Vessel / Day" is being used as a metric that the Company will work with over time going forward. A reduction in this metric will produce lower emissions overall.

The increase in emission numbers for 2021 compared to 2020 is related to a 77 percent increase in vessel operating days compared to 2020. However, there was only a 35 percent increase in overall fuel consumed.

Average Fuel/Vessel/Day was tracked from 2020 through 2021. An overall reduction of 32.3 percent was realized year over year. Part of the reduction was due to adding the support vessels to the fleet mix in 2021. Removal of these vessels demonstrates an overall reduction of 17.3 percent for the Node Handling and Source Vessel fleet.

Initiatives and projects

a) Minimizing footprint

In 2020, Magseis Fairfield started tracking vessel emissions. By ensuring compliance with the IMO 2020 fuel standards, using only low-sulfur MGO for vessel operations, the company realized a net reduction in sulfur oxide (Sox) emissions.

Magseis Fairfield has implemented the use of the Maress System onboard our node handling and source vessels. This provides direct feedback from the vessels machinery systems through an online portal, which allows for better planning and management of vessel operational modes, with a focus on reduction. Further tracking measures are being developed to capture the total company emission footprint, as a key element of mapping further emission reduction potential.

A carbon reduction strategy and roadmap have been launched, with clear ambition to be carbon neutral by 2040, or earlier. In 2021 the company conducted the first ever carbon neutral OBN project in the GOM, retiring 8 348 VCU's, (Verified Carbon Unit) which represents a reduction or removal of one ton of CO_2 equivalent.

The company has implemented recycling programs both offshore and in onshore offices, including a campaign focused on the elimination of single-use plastics in our offshore operations.

b) Responsible node lifecycle

Magseis Fairfield practices environmentally responsible recycling of node components once they have reached their life expectancy.

In over 15 years of global OBN operations, Magseis Fairfield have deployed nodes at more than 915 000 unique locations with a near 100 percent recovery rate after completion of operations.

c) Protecting life below water

Magseis Fairfield implements mitigation measures to reduce any real threats to marine species. These measures are based on the best available science, and consistent with existing practices that are proven to be effective and operationally feasible.

Magseis Fairfield is a governing member of the EnerGeo Alliance (formerly IAGC) and is committed to the association's values of conducting its operations in an environmentally responsible manner, utilizing mitigation measures, such as exclusion zones, soft-starts, Passi
Monitoring (PAM) and protected sp
observers to further reduce any po
impact to marine life.

More than five decades of extensiv
wide seismic survey activities and
research indicate that the risk of d
injury from soundwaves to marine
extremely low. Additionally, there is
evidence demonstrating biological
negative impacts on marine mamm
tions.

Since 2006, a group of internatio
gas companies, in partnership with
physical industry, have funded a re
program to advance the understan
the interaction between sound fro
gas operations and marine life. Un
auspices of the International Asso
Oil & Gas Producers (IOGP), the "E
& Production Sound and Marine Li
Industry Program" (JIP) has becom
non-governmental research progra
field.

Lost fishing gear or 'ghost gear' is
greatest killers in our oceans, trap
killing fish, crustaceans, marine mo
sea turtles and even seabirds, som
are endangered species. This ghos
also cause damage to underwater
and coral reefs, as well as causing
to marine vessels. Magseis Fairfiel
participates in EnerGeo Alliance's

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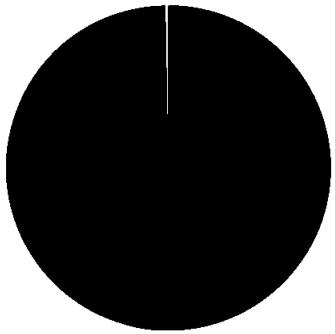
Initiative aimed at removing fishing and marine debris encountered during operations. In 2021, the operations team made recovery of abandoned fishing buoys, fishing rope and line, and other marine debris on 46 separate occasions, which was subsequently reported and properly disposed.

Recovery types

Fishing net	348.0 kg
Other	291.7 kg
Plastic packing bands	0.4 kg



Risk Management

Magseis Fairfield introduced a new integrated Management System in 2020 for the enterprise, replacing the individual management systems operated by each legacy business. As a result, the existing ISO certifications for the individual businesses expired.

In 2021, Magseis Fairfield completed the enterprise-wide certification process for ISO 9001:2015 and certified its Warminster UK facility for ISO 45001 and 14001, with the target of certifying the entire company against these standards in 2022-23.

The Environmental policy is made actionable through the Environmental Manual, procedures and instructions which together constitute the Magseis Fairfield Environmental Management System.

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Responsible business practice

Magseis Fairfield operates with strict focus on fair and ethical business practices. This is embedded in one of the three Magseis Fairfield-values, Trust, and is reflected in the related principle statement: *'We conduct our business with honesty and integrity'*. The company has guidelines and processes in place to ensure this value is met and continuously upheld.

Key performance figures

	Ambition	2021	2020	2019
Responsible business conduct				
Breach of company policies	0	0	2	
Reported corruption or bribery issues/concerns	0	0	0	

These are operationalized through the Code of Conduct, the Anti-Corruption Compliance Standard, the Corporate Responsibility Procedure, and a series of related operating instructions published on the Magseis Fairfield Management System.

Code of Conduct

The Code of Conduct is the cornerstone of the Company's Management System. It lays down five key principles:

- Conduct business with honesty and integrity
- Follow the letter and spirit of the law
- Treat each other fairly
- Act in the best interests of Magseis Fairfield and avoid conflicts of interest
- Protect the company's assets and reputation

The Code of Conduct covers the whole spectrum of business ethics, from compliance with laws and regulations (including anti-trust, international sanctions, export control restrictions, money laundering, insider trading etc.) to the strict prohibition of any form of bribery, to the respect of human rights and furtherance of equality and non-discrimination.

All employees and other representatives of Magseis Fairfield are expected to abide by both the letter and the spirit of the Code of Conduct. Together with all associated procedures and manuals, the Code of Conduct is c
cated to new employees and contr
are required to sign a certificate d
understanding of their respective c
commitment to comply with those.

Corporate Social Responsibili

The CSR procedure complements
Conduct and further explores the c
responsibility related themes. It is
Ten Principles of the UN Global Co
is derived from:

- The Universal Declaration of Hu
- The International Labo Organiz Declaration on Fundamental Pri Rights at Work
- The Rio Declaration on Environm Development
- The United Nations Convention Corruption.

The Corporate Responsibility Proc
designed to further emphasize tha
Fairfield aspires to conduct busine
honesty and integrity, in line with in
human rights, whilst valuing the he
safety of employees, customers, c
suppliers and minimizing impact on
ment. It basically embodies the key
the Company's moral conscience w
to respecting people and the envir

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applying honesty and integrity in business practice.

All the aforementioned high-level principles and commitments permeate the Magseis Fairfield Management System processes and operating instructions and are regularly reiterated through Training (see below) to ensure that they do not stay in a hypothetical sphere, but instead are actioned and implemented on a daily basis.

Anti-corruption

The Anti-Corruption Compliance Standard and related documentation describe the various tools implemented by the Company to keep any form of corruption or bribery firmly at bay. The Compliance Officer oversees their implementation as and when required and is the primary point of contact for any queries relating to those matters.

Magseis Fairfield has zero tolerance for corruption, bribery and any other unfair or unethical dealings, and seeks to ensure that the tenuous line between legitimate gifts/ business courtesies and bribery/ facilitation payments is never crossed.

The Company recognizes the peculiar risks associated with having third party agents and commercial representatives acting on its behalf in certain jurisdictions due to local content requirements.

All international agent contracts contain strict anti-corruption clauses as well as annual certification requirements and the obligation to comply with training requirements (see also the Training section below).

The Magseis Fairfield legal team's small size allows it to be agile and very involved with all commercial and operational departments, ensuring that any new contracts and commercial relationships are canvassed, that adequate pre-emptive measures are taken and appropriate contractual safeguards imposed.

All employees are expected to exercise proper judgement in their work, in line with the Manual's instructions, and to continuously monitor the conduct of their business partners and associates.

Employees, contractors, and agents are encouraged to report suspected wrongdoings confidentially through line management, directly to the Compliance Officer, or via the Company's dedicated whistleblower hotline, without fear of retribution, as further explained below.

Whistleblowing

The Company has established stringent whistleblower procedures: one outlines reporting mechanisms for employees or external stakeholders wanting to denounce any past or ongoing violation of the Magseis Fairfield Policies, Manuals or Procedures; the other sets out actions required to be taken by the Company's management in order to efficiently address any reported issue. Those procedures are published on the Magseis Fairfield Management System.

The Company's whistleblower reporting mechanisms were improved in late 2020 with the addition of a 24-7 international telephone hotline provided by expert supplier ComplianceLine, who specializes in compliance management, hotline and sanction screening solutions, in order to facilitate reporting worldwide whilst further preserving the potential desired anonymity of a reporter. The ComplianceLine subscription also offers the possibility of confidentially reporting issues online through a dedicated portal. A training session describing the ComplianceLine functionalities was rolled out in early 2021, and this was further reiterated in the 2021 Anti-Corruption & Whistleblowing online course. Employees are regularly reminded of the availability of such reporting recourses via training sessions and regular communications from the HR department. The new global intranet site, including without limitation the HR and Legal & Compliance SharePoint pages, prominently showcases links to relevant procedures, as well as all international toll-free numbers and access to the reporting portal, in order to maximize visibility and user-friendliness.

As previously stated, the Company supports any reporting by employees and will not tolerate any retaliation or unfair treatment as a result of a report having been made.

ICT security and data privacy

The Personal Data Protection Mar
tains information on, and establish
for, the processing of personal dat
Company and all its subsidiaries. T
of the Manual is to ensure that all
of personal data by Magseis Fairfi
with the General Data Protection F
(EU 2016/679) and any applicable
implementing laws, regulations and
legislation, and that best practice
implemented in order to protect pe
privacy in the daily conduct of the
business.

The Manual also sets out, inter alia
rity and organizational measures i
by the Company, the process for re
data breaches, the rights of data s
respect to their personal informati
explanation as to how personal da
abroad and amongst group compa
handled.

During 2021, several cyber securit
ment programs were initiated and
focus on increasing security and c
ality of data (whether personal or
proprietary), device and user prote
view to strengthening the overall c
posture of the Company. Cybersec
data privacy remain a high priority
Fairfield going forward.

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The importance of Training

Magseis Fairfield has developed a detailed interactive training program that comprises the following sessions:

- Corporate Responsibility
- GDPR refresher - key rules and guidelines
- Cyber Security
- Anti-Corruption & Whistleblowing
- Global Export Control
- Insider Trading
- General contractual liability – the importance of risk shifting through contracts

Any new international agents and commercial representatives are required to complete the Corporate Responsibility and Anti-Corruption & Whistleblowing courses as part of their onboarding process, as well as other training sessions, to the extent deemed necessary. They must also review and formally confirm their understanding and acceptance of the Company's Code of Conduct and other key Standards and Manuals regarding such topics.

In 2022, the Company will further strengthen onboarding processes and routines for international agents and commercial representatives.

The Company will review, improve and re-issue the above-mentioned training sessions to all employees, contractors and agents in 2022.

The Company also plans on preparing and issuing training sessions on anti-trust, global corporate compliance, and key insurance principles - as well as an in-depth interactive anti-corruption training program for the Board of Directors, the management team and other senior managers. Such training will be constructed with the assistance of an external subject-matter expert, and will also be rolled out to relevant international agents and commercial representatives locally, as and when required.

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Independent auditor's report

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Consolidated financial statements

Consolidated statement of comprehensive income

USD thousands	Note	31 Dec 2021	31 Dec 2020
Revenues and other income			
Revenues and other income	5, 6	**258 129**	193 391
Operating expenses			
Cost of sales	7	**(186 645)**	(130 616)
General and administrative costs	8	**(24 506)**	(27 317)
Depreciation	13, 16	**(51 507)**	(39 406)
Amortization	14	**(14 156)**	(8 719)
Impairment	15	**(6 458)**	(1 940)
Total operating expenses		**(283 272)**	(207 998)
Operating profit/(loss)		**(25 143)**	(14 607)
Finance income and costs			
Finance income		**819**	6 647
Finance costs		**(4 004)**	(9 833)
Net finance income/(costs)	9	**(3 185)**	(3 185)
Net profit/(loss) before tax		**(28 328)**	(17 793)
Income tax expense	10	**(3 926)**	(1 857)
Net profit/(loss) and total comprehensive income		**(32 254)**	(19 650)
Earnings per share			
Basic (USD)	12	**(0.12)**	(0.08)
Diluted (USD)	12	**(0.12)**	(0.08)

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Consolidated statement of financial position

USD thousands	Note	31 Dec 2021	31 Dec 2020
Non-current assets			
Property, Plant and Equipment	13, 15	**115 852**	150 075
Multi-client library	14	**22 526**	20 906
Other intangible assets	14, 15	**49 840**	57 689
Total non-current assets		**188 217**	228 669
Current assets			
Cash and cash equivalents	17	**29 737**	54 829
Trade receivables	19	**17 389**	38 141
Inventories	18	**6 182**	7 711
Derivatives	26	**519**	-
Other current assets	20	**62 959**	15 253
Total current assets		**116 787**	115 933
Total assets		**305 004**	344 602

USD thousands	Note	31 Dec 2021
Equity		
Share capital	4	**1 584**
Share premium	4	**151 021**
Other equity		**8 909**
Total shareholders' equity		**161 514**
Non-current liabilities		
Interest bearing liabilities	21, 22	**29 429**
Lease liabilities	16, 21, 22	**8 275**
Non-interest-bearing liabilities	22	**4 609**
Total non-current liabilities		**42 313**
Current liabilities		
Trade payables	24, 27	**20 901**
Current tax payable	10	**5 060**
Current portion of interest-bearing liabilities	21, 22	**2 000**
Current portion of lease liabilties	16, 21, 22	**16 201**
Other current liabilities	23	**57 015**
Total current liabilities		**101 177**
Total liabilities		**143 490**
Total equity and liabilities		**305 004**

Board of Directors and CEO of Magseis Fairfield ASA
Lysaker, 10 March 2022

Wenche Kjølås	Roar Bekker	Anthony J. Dowd	Luis Araujo	Angela Durkin	Janie Garcia	Carel Hooijkaas
Chair of the Board	Board member	Board member	Board member	Board member	Board member (employee elected)	CEO

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Consolidated statement of changes in equity

For the year ended 31 December 2021

USD thousands	Share capital	Share premium reserve	Share based payments reserve	Other equity	**Total**
Balance 1 January 2021	1 578	407 662	7 496	(224 262)	**192 473**
Share based payments	6	–	1 413	–	**1 419**
Other changes	–	–	–	(125)	**(125)**
Allocation of retained deficit	–	(256 641)	–	256 641	**-**
Profit/(Loss) for the period	–	–	–	(32 254)	**(32 254)**
Balance 31 December 2021	1 584	151 021	8 909	–	**161 514**

For the year ended 31 December 2020

USD thousands	Share capital	Share premium reserve	Share based payments reserve	Other equity	**Total**
Balance 1 January 2020	1 167	382 148	5 784	(204 505)	**184 594**
Share issuance tranche 1	199	13 301	–	–	**13 500**
Expenses related to tranche 1	–	(683)	–	–	**(683)**
Share issuance tranche 2	213	14 249	–	–	**14 462**
Expenses related to tranche 2	–	(1 354)	–	–	**(1 354)**
Share based payments	–	–	1 712	–	**1 712**
Other changes	–	–	–	(107)	**(107)**
Profit/(Loss) for the period	–	–	–	(19 650)	**(19 650)**
Balance 31 December 2020	1 578	407 662	7 496	(224 262)	**192 473**

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Consolidated statement of cash flow

USD thousands	Note	2021	2020
Cash flows from operating activities			
Profit / (loss) before tax		**(28 328)**	(17 793)
Income tax paid	10	**(4 322)**	(2 803)
Depreciation, amortization and impairment	13, 14, 15, 16	**72 122**	50 066
Share-based payments expense	30	**1 413**	1 712
Finance expense	9	**4 004**	9 833
Finance income	9	**(819)**	(6 647)
Net book value sold and disposed assets	13	**7 594**	-
Other non-cash		**(7 094)**	-
(Increase)/decrease in current assets		**(28 980)**	17 116
Increase/(decrease) in current liabilities		**(8 796)**	(31 001)
Net cash from operating activities		**6 794**	20 481

USD thousands	Note	2021
Cash flows from investing activities		
Interest received	9	**-**
Investment in Multi-Client library	14	**(881)**
Investment in other intangibles	14	**(1 538)**
Acquisition of equipment	13	**(10 454)**
Net cash used in investing activities		**(12 874)**
Cash flows from financing activities		
Down payments of interest-bearing liabilities	21, 22	**-**
Net proceeds from new loans	21, 22	**2 000**
Payment of finance lease liabilities	16, 21, 22	**(18 044)**
Net proceeds from issue of share capital	4	**6**
Interest paid	9	**(2 631)**
Net cash from financing activities		**(18 669)**
Net change in cash and cash equivalents		**(24 748)**
Currency effects on cash		**(345)**
Cash and cash equivalents at period start	17	**24 829**
Cash and cash equivalents at period end	17	**29 737**

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Notes to the consolidated financial statements

1. Company information

Magseis Fairfield provides 3D, 4D, near field and sparse node ocean bottom node (OBN) technology, mainly to exploration and production companies within the oil and gas industry.

Magseis Fairfield (the Group) consists of Magseis Fairfield ASA and its subsidiaries. Magseis Fairfield ASA is a public limited company incorporated in Norway. The Company's registered office is at Strandveien 50, Lysaker, Norway. The consolidated financial statements of Magseis Fairfield ASA (referred to as the Company or Parent) incorporate the financial statements of the company and its subsidiaries collectively referred to as "the Group".

2. Basis of preparation

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union, their interpretations adopted by the International Accounting Standards Board (IASB) and the additional requirements of the Norwegian Accounting Act as of 31 December 2021.

The consolidated financial statements were authorized for issuance by the Board of Directors and the Chief Executive Officer (CEO) on 10 March 2022. The consolidated financial statements will be presented for approval at the Annual General Meeting on 7 April 2022. Until this date the Board of Directors have the authority to amend the financial statements.

2.2 Financial reporting principles

The relevant financial reporting principles are described in each note to the consolidated financial statements. Magseis Fairfield focuses on describing the reporting within the IFRS framework rather than repeating the actual text of the standard.

2.3 Basis of measurement

The consolidated balance sheet has
pared on the historical cost basis ex
certain financial liabilities as present
measured at fair value on each repo
financial information presented in Ur
Dollars (USD) has been rounded to t
thousand (USD thousand) therefore
and totals in some tables may not ec
the amounts shown. Certain compar
have been adjusted to conform to th
adopted in the current ye

2.4 Going Concern

The financial results for the Group w
terized by continued financial and op
challenges in 2021, due to the COVI
demic and a volatile market environm
impact on the E&P industry has bee
and Magseis Fairfield's clients have
and cancelled or postponed their inv
to preserve cash. However, Magseis
maintained a strong focus on cost a
expenditures to preserve cash and s
business continuity.

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Brønnøysundregistrene

The Group's backlog for 2021 increased during the fourth quarter 2021 and the first months of 2022, offering increasing support for the 2022 budget and forecast. Magseis Fairfield forecast a market growth in 2022 of 25 percent and new contracts are being secured at increasing margins. This backlog and tendering activity for 2022 provides a basis for optimism, although the company acknowledges the risks and uncertainties regarding future market development.

The company ended the year with USD 29.7 million in cash and cash equivalents. Given the current activity level and financial forecasts, it is the Board of Directors' view that the company will have sufficient liquidity through 2022. The liquidity forecast is subject to certain risk factors, such as project execution, timely collections from customers or changes in phasing and scope of projects.

Although there are uncertainties related to events or conditions that might impact the future cash flows, the Board and management are of the opinion that the going concern assumption is appropriate and the accounts are prepared under this assumption.

2.5 Consolidation

The consolidated financial statements comprise the parent company Magseis Fairfield ASA and its subsidiaries. Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.6 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in USD which is Magseis Fairfield ASA' and all other Group entities functional currency and the Group's presentation currency.

2.7 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within financial items. All other foreign exchange gains and losses are presented within operating profit.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

2.8 Statement of cash flows

The statement of cash flows is presented according to the indirect method. Cash and cash equivalents include cash and other short-term cash convertible investments.

2.9 Significant judgements and critical estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions each reporting period that affect the income statement and balance sheet. The accounting estimates will seldom precisely match actual results, and changes in assumptions may have a significant impact on the consolidated financial statements in the period the assumptions changed. Management believes the underlying assumptions are appropriate.

The main areas where significant judgements and critical estimates have been made are described in each of the following notes:

- Note 6 Revenue from customer contracts
- Note 10 Income Tax
- Note 13 Property, Plant and Equip
- Note 14 Intangibles
- Note 15 Impairment of non-curren
- Note 16 Leases
- Note 18 Inventories
- Note 23 Other current liabilities

2.10 New Financial Reporting St

There has not been any new or amer standards effective from 2021 with r impact to the group accounts.

2.11 Other

Figures in brackets reflect figures fo sponding period in the previous year.

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3. Group structure and business combinations

3.1 Financial Reporting Principles

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- Fair values of the assets transferred
- Liabilities incurred to the former owners of the acquired business
- Equity interests issued by the Group
- Fair value of any asset or liability resulting from a contingent consideration arrangement
- Fair value of any pre-existing equity interest in the subsidiary

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred. Goodwill is recognized as the excess of the consideration transferred and the acquisition-date less the fair value of the net identifiable assets acquired is recorded. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability.

Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the target is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in profit or loss.

3.2 Business combinations

There have been no business combinations in 2021 or 2020.

3.3 Group structure

The following subsidiaries are included in the consolidated financial statements:

Company	Country of incorporation	Main opera
Magseis Operations AS	Norway	Geophys
Magseis Renewables AS	Norway	Geophys
Magseis FF AS	Norway	Geophys
Magseis FF LLC	USA	Geophys
Magseis Malaysia Sdn. Bhd.	Malaysia	Geophys
Magseis Singapore Services Pte. Ltd.	Singapore	Crewing s
Magseis Do Brazil Ltda.	Brazil	Geophys
Magseis Fairfield Industries International Ltd	UK	Geophys
Magseis WGP Group Ltd	UK	Geophys
Magseis Technology AB	Sweden	Dormant

The company holds 100 percent of all shares and all voting rights for its subsidiaries.

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4. Share information

Ordinary shares – Issued and fully paid	Number of shares	Share capital USD '000	Share premium USD '000
Balance 1 January 2020	185 170 592	1 167	382 148
Private placement 17 February 2020	37 034 118	199	12 618
Private placement 17 March 2020	44 565 882	213	12 895
Balance 31 December 2020	266 770 592	1 578	407 662
RSU settlements	951 750	6	–
Allocation of retained deficit			(256 641)
Balance 31 December 2021	267 722 342	1 584	151 021

Nominal value

The nominal value of the shares is NOK 0.05. The share capital is fully paid. Magseis Fairfield ASA has one class of shares, ordinary shares, with equal rights for all shares. The holders of ordinary shares are entitled to receive dividends and are entitled to one vote per share at general meetings.

Share based payments reserve

Share-based payments represent cost charged to income statement over the vesting period based on the fair value measured at grant date for equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

Shareholders

The 20 largest shareholders as of 31 December 2021:

	Number of shares
FAIRFIELD MS LLC	48 262 582
MORGAN STANLEY & CO. LLC	37 847 255
AS CLIPPER	11 283 402
WESTCON GROUP AS	8 156 291
BNP PARIBAS	7 520 000
CACEIS BANK	7 203 200
SEB CMU/SECFIN POOLED ACCOUNT	6 969 933
ANFAR INVEST AS	6 546 391
VERDIPAPIRFONDET KLP AKSJENORGE	6 4[illegible]6 448
SOBER AS	6 [illegible]9 205
SBAKKEJORD AS	4 7[illegible]0 000
MERRILL LYNCH PROFESSIONAL CLEARIN	3 9[illegible]0 000
GEO INNOVA AS	3 8[illegible]5 943
REDBACK AS	3 [illegible]8 289
J.P. MORGAN BANK LUXEMBOURG S.A.	3 [illegible]0 339
BARRUS CAPITAL AS	3 3[illegible]4 410
VERDIPAPIRFONDET PARETO INVESTMENT	3 [illegible]7 319
REKSNES	2 0[illegible]0 000
HERSETH AS	1 6[illegible]1 000
ØRNES AS	1 [illegible]3 635
Total largest shareholders	177 4[illegible]8 642
Other shareholders	90 3[illegible]700
Total outstanding shareholders	**267 7[illegible]2 342**

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5. Segment information

The Group's CEO (Chief Executive Officer) is the chief operating decision maker at Magseis Fairfield, and the whole Group is managed as one segment, being geophysical surveys with respect to products and services. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

For internal reporting purposes, payments for long-term lease contracts under IFRS 16 are recognized as operating cost and included in EBITDA to have consistent accounting treatment for payments of short and long-term leases. Under IFRS 16, long-term leases are capitalized, and the cost of the leases are shown as depreciation and interest expense.

Multi-client revenue is for internal reporting purposes recognized in accordance with industry practice prior to implementation of IFRS 15 where revenue is calculated using a percentage of completion method and the related amortization of Multi-Client library is based upon the ratio of aggregate capitalized survey costs to forecasted sales. Under IFRS 15, any prefunding amount collected from customers prior to completion of the project is recognized as contract liability and revenue is recognized at the point in time when the data access is transferred to the customer.

The below table reconciles internal (segment) and external (IFRS) reporting.

	Year ended 31 Dec 2021			Year ended 31 Dec 202	
USD thousands	**Segment**	**Adj.**	**As reported**	Segment	Adj.
Acquisition	**204 742**	**-**	**204 742**	131 531	-
Systems	**23 746**	**-**	**23 746**	43 328	-
Reservoir Monitoring/Source	**18 842**	**-**	**18 842**	18 532	-
Multi-client prefunding	**874**	**7 429**	**8 303**	12 353	(12 353)
Multi-client aftersales	**385**	**-**	**385**	-	-
Other revenues	**-**	**2 112**	**2 112**	-	-
Total revenues	**248 588**	**9 541**	**258 129**	205 744	(12 353)
Cost of sales	**(204 511)**	**17 866**[1]	**(186 645)**	(143 172)	12 556[1]
SG&A and R&D costs	**(25 150)**	**645**[2]	**(24 506)**	(30 175)	858[2]
EBITDA	**18 927**	**28 052**	**46 979**	32 397	13 061
Multi-client amortization	**(577)**	**(4 903)**	**(5 480)**	(8 153)	8 153
EBITDA after Multi-Client amortization	**18 350**	**23 149**	**41 499**	24 244	11 214
Depreciation and amortization	**(40 642)**	**(19 541)**[3]	**(60 184)**	(34 678)	(1 448)[3]
Impairments	**(6 458)**	**-**	**(6 458)**	(627)	(1 313)
EBIT	**(28 750)**	**3 607**	**(25 143)**	(11 061)	(3 547)

[1] Vessel lease payments
[2] Office lease payments
[3] Depreciation and impairment of right of use assets (IFRS 16)

A significant portion of the Group's revenue is generated from customer contracts with a limited number of key customers, where the top three customers g revenue of USD 44.5 million, USD 34.7 million, USD 23.7 million respectively for the full financial year 2021.

See note 6 Revenue from customer contracts for the split of revenue by geographical locations.

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6. Revenue from customer contracts

Revenue from contracts with customers
Revenue from contracts with customers arise primarily from the delivery of exclusive seismic services, granting of licenses to the Groups' Multi-Client survey data library, marine geophysical services and sales of nodes and other equipment.

Revenue is recognized at the amount that the Group expects to be entitled to and expects to collect under the customer contracts. If a customer contract consists of multiple performance obligations, the consideration is allocated among the performance obligations based on their estimated relative fair values. Amounts received from customers in advance of the Group satisfying its performance obligations are recognized as a contract liability. In the rare event the Group has satisfied a performance obligation and is otherwise entitled to compensation under the contract but there is a significant uncertainty as to ultimately collecting the compensation, revenue recognition is deferred until such uncertainty no longer exists. When the Group has satisfied its performance obligations and has a right to the agreed consideration, revenue is recognized.

The principles applied for each of the main types of contracts with customers are described in more detail below.

Proprietary acquisition projects/ Reservoir monitoring/Source
The Group performs ocean bottom seismic services in accordance with customer specifications, and where the customer retain ownership to the seismic data. These contracts are considered to contain one single performance obligation, and the performance obligation is satisfied over time since the Group performs the service at the customer specification, the resultant seismic data is retained by the customer and the Group has no alternative right to otherwise utilize or benefit from the data.

The revenue is measured at the transaction price agreed under the contract. In most cases, the consideration is normally due based on the contractually agreed payment plan when legal title to the seismic data has been transferred. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds 12 months. The transaction price is therefore not adjusted for the effects of a significant financing component. The project is measured based on the physical progression, and revenue is recognized based on the ratio of the project's progress to date (percentage of completion), provided that the performance obligation is satisfied. Revenue recognition can be based on various parameters, such as number of shots, square kilometers of acquired data or time progressed.

Multi-client surveys
The Multi-Client library consists of seismic data surveys which are licensed to customers on a non-exclusive basis. Revenues generated from Multi-Client surveys fall into two categories:

Pre-commitment arrangements – Comprise of contracts where the Group obtains pre-funding from customers before a seismic project is started, or during the project period. These pre-commitments cover specific areas or license blocks. In return for the commitment, the customer obtains early access to the data, favorable pricing compared to late sales and a degree of influence over the project scope. Any pre-funding amount collected from customers prior to completion of the project is recognized as contract liability as revenue is recognized at the point in time when the data access is transferred to the customer.

Late sales – Comprise of contracts where the Group grants a license entitling non-exclusive access to utilize a defined portion of the Multi-Client data library in exchange for a fixed payment. Revenue is recognized at the point in time when the customer has been granted access to the data.

For Multi-Client library projects, Magseis Fairfield may invest in the project with other parties and have cooperation agreements whereby revenues will be shared with other companies. These agreements are initiated and agreed as joint operations where both parties have rights to the assets and share in the liabilities. Magseis Fairfield recognizes its share of the investment in the Mu library, its share of revenues from the Multi-Client survey, related amortiza expenses. When a partner holds the and sell the project and invoices and the customer, Magseis Fairfield recog of revenues and related accounts rec

Revenue from sale of equipment
The Group provides the sale of nodes nal customers, where each sale is de customer contract. The sales contrac include one performance obligation w isfied upon the delivery of the agreed nodes in accordance with the agreec tions. Revenue is recognized at the p when the control of the goods is tran customer, which occurs when the pro been shipped to a contractual agree and the risks of obsolescence and los transferred to the customer. The reve ured at the transaction price as agre contract.

Other services revenue
Customer contracts for other marine services are similar in nature and ter proprietary contract sales. Revenue over time as the Group satisfies the obligation and is entitled to the com under the contract. Lease income is a straight-line basis over the lease p

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Significant judgements and critical estimates

The deliveries in the customer contracts are reviewed to identify distinct performance obligations, and this assessment may involve significant judgement. For most of the identified performance obligations for Proprietary acquisition projects, control has been assessed to be transferred to the customer over time as the performance obligation is satisfied. Revenue is recognized over time using either a cost-based progress method, or revenue is recognized as physical progress of the project represents the transfer of seismic data to the customer. These methods are assessed to best reflect the pattern of transfer of control of goods and services to the customer.

Disaggregation of revenue

In accordance with IFRS 15 management analyze the revenue contracts with customers and disaggregates the revenue into the following product categories, which depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors:

- Proprietary acquisition
- Reservoir Monitoring/Source
- Multi-client
- Revenue from sale of equipment
- Other service revenues

Revenue from customers is disaggregated in the table below by geographical location, by type of product, and by the timing of the revenue. For proprietary acquisition projects and Reservoir Monitoring/Source Acquisition the geographical specification is based upon location of performance. For sale and repair of nodes the geographical specification is based upon the location of the customer.

Disaggregation of revenue from contracts with customers:

2021

USD thousands	Proprietary acquisition	Multi-client	Sale, repair and lease of equipment	Reservoir Monitoring/Source
North Americas	105 853	-	2 434	-
Asia	22 181	-	16 099	-
Europe	32 135	8 687	-	18 842
Africa	44 573	-	-	-
Revenue from contracts with customers	204 742	8 687	18 532	18 842
At a point in time revenue recognition				
Revenue from sale of equipment	-	-	18 532	-
Multi-client revenue	-	8 687	-	-
Total at a point in time revenue recognition	-	8 687	18 532	-
Over time revenue recognition				
Proprietary acquisition projects	204 742	-	-	-
Reservoir monitoring/Source acquisition	-	-	-	18 842
Total over time revenue recognition	204 742	-	-	18 842
Total revenue from contracts with customers	204 742	8 687	18 532	18 842
Lease income	-	-	5 214	-
Other revenue	2 112	-	-	-
Total revenue and other income	206 854	8 687	23 746	18 842

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2020

USD thousands	Proprietary acquisition	Multi-client	Sale, repair and lease of equipment	Reservoir Monitoring/Source	Total
North Americas	131 725	–	1 536	–	**133 261**
Asia	–	–	27 750	–	**27 750**
Europe	250	–	–	19 297	**19 547**
Revenue from contracts with customers	131 975	–	29 287	19 297	**180 558**
					-
At a point in time revenue recognition					
Revenue from sale of equipment	–	–	29 287	–	**29 287**
Total at a point in time revenue recognition	–	–	29 287	–	**29 287**
Over time revenue recognition					
Proprietary acquisition projects	131 975	–	–	–	**131 975**
Reservoir monitoring/Source acquisition	–	–	–	19 297	**19 297**
Total over time revenue recognition	131 975	–	–	19 297	**151 272**
					-
Total revenue from contracts with customers	131 975	–	29 287	19 297	**180 559**
Lease income	–	–	12 833	–	**12 833**
Total revenue and other income	131 975	–	42 120	19 297	**193 391**

Assets and liabilities related to contracts with customers

Contract assets and contract liabilities from customers were USD 41.5 million (USD 4.9 million) and USD 4.9 million (USD 13.8 million) respectively.

Contract assets

Contract assets are recognized whenever a performance obligation is satisfied before the point in time where we have right of invoicing. This relates mainly to proprietary acquisition projects arrangements where the timing of invoicing is decided by the customer contract. The Group assesses a contract asset for impairment in accordance with IFRS 9 using the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the contract asset. An impairment of a contract asset is measured, presented and disclosed on the same basis as a financial asset that is within the scope of IFRS 9. As of 31 December 2021, no impairment charges are recognized.

Contract liabilities (Advance payments from customers)

Advance payments from customers are recognized if the Group receives consideration or if it has the unconditional right to receive consideration in advance of performance. A portion of the Group's customers pay in advance, and these prepayments are recognized as non-financial debt and will be settled in the Group's services.

Assets recognized from cost to fulfil a contract

In addition to the contract balances discussed above, the Group has also recognized an asset in relation to costs to fulfil some of the Group's long-term contracts for proprietary acquisition projects. Such costs are recognized as an asset if the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify, the costs generate or enhance resou entity that will be used in satisfying are expected to be recovered. These primarily to mobilization and relocati and is presented within other assets sheet. As of 31 December 2021, USD (USD 2.7 million) was the balance of nized from cost to fulfil a contract.

7. Cost of sales

Financial Reporting Principles

Other operating expenses are recognized in the period in which the associated goods and services are delivered to the Group. Personnel expenses include wages, salaries, social security contributions, sick leave, parental leave and other employee benefits. The benefits are recognized in the year in which the associated services are rendered by the employees.

Specification of cost of sales:

USD thousands	2021	2020
Charter hire and other vessel costs	112 786	91 384
Wages and contract labor	44 479	50 613
Other cost of sales	29 380	34 820
Capitalized to Multi-Client project	-	(46 201)
Total cost of sales	**186 645**	130 616

Specification of crew wages, other personnel costs and contract labor costs:

USD thousands	2021	2020
Salary and contract labor costs	40 802	46 454
Social security tax	2 600	2 376
Pensions	551	714
Other	526	1 070
Total wages and other personnel costs	**44 479**	50 613

8. General and administrative costs

Financial Reporting Principles

Other operating expenses are recognized in the period in which the associated goods and servic delivered to the Group. Personnel expenses include wages, salaries, social security contributions parental leave and other employee benefits. The benefits are recognized in the year in which the services are rendered by the employees.

Specification of other operating expenses:

USD thousands	2021
Wages and other personnel costs[1]	15 027
Professional services	4 528
Other	4 950
Total other operating expenses	24 506

[1] Includes payments to contracted personnel counted as Full Time Equivalents

Specification of wages, other personnel costs and contract labor costs:

USD thousands	2021
Salary	14 568
Social security tax	1 329
Pension costs	733
Share-based payment costs	1 833
Other personnel cost	132
PPP loan forgiveness[1]	(3 568)
Total salary and social expenses	15 027

[1] In April 2020, the Company received U.S. loan program (Paycheck Protection Program) of USD 3.6 million w forgiven in June 2021. The forgiveness was recognized as a reduction of salary expenses.

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The audit fee (exclusive of VAT) to Deloitte is specified in the table below:

USD thousands	2021	2020
Audit services		
Audit of annual financial statements (Deloitte)	**304**	261
Audit of annual financial statements (other than group auditor)	**28**	52
Other services		
Other assurance and tax services (Deloitte)	**16**	54
Total audit remuneration	**348**	366

9. Finance income and costs

Financial Reporting Principles

Interest income include effects from using the effective interest rate method where fees, interest action costs and other premiums are deferred and amortized over the life of the instrument. Net fair value gains or losses on financial assets at fair value through profit or loss, and adjustments ing amount of financial liabilities at amortized cost are recognized in other financial items.

Foreign exchange gains and losses arise upon settlement of monetary assets and liabilities that hedged. Foreign exchange gains and losses also include the effects from translating monetary c liabilities denominated in foreign currencies at the balance sheet date.

Finance income includes interest income from financial assets held for cash management purpo finance costs includes borrowing costs, interest expenses in respect of lease liabilities and exch ences arising from foreign currency borrowings.

USD thousands	2021
Finance income	
Foreign exchange gains	**360**
Revaluation of warrants	**-**
Interest income	**4**
Other financial items	**454**
Total finance income	**819**
Finance costs	
Foreign exchange losses	**(542)**
Interest expense loan facility	**(1 763)**
Interest expense leases	**(1 191)**
Other financial items	**(728)**
Revaluation of warrants	**221**
Capitalized lease interests (Multi-Client project)	**-**
Total finance costs	**(4 004)**
Net finance income/(costs)	**(3 185)**

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10. Income tax

Financial Reporting Principles

Income tax consists of current tax, effect of change in deferred tax positions and withholding tax. Income tax is recognized in the statement of profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date that will be paid during the next 12 months. Current tax also includes any adjustment of taxes from previous years.

Deferred tax is recognized for temporary differences between the carrying amounts of assets and liabilities for financial reporting and the amounts used for taxation purposes. Deferred tax is measured at the tax rates expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax is not recognized for goodwill identified in business combinations. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority. Deferred tax assets are recognized for unused tax losses, tax credits and deductible temporary differences. The deferred tax asset is only recognized to the extent it is considered probable that future taxable profits will be available to utilize the credits.

Withholding tax

Withholding tax and any related tax credits are generally recognized in the period they are incurred.

Significant judgements and critical estimates

The Group is operating in different parts of the world and is thus subject to income taxes in numerous jurisdictions with increasingly complex tax laws. Judgement may be involved when determining whether the Groups' operation constitute a permanent establishment, and consequently the taxable amounts pertaining to certain projects. Tax authorities in different jurisdictions may challenge calculation of taxes payable from prior periods, and the Group could potentially be liable for material amounts of income tax relating to prior reporting periods. Management judgment is required when assessing valuation of unused losses, tax credits and other deferred tax assets. The recoverability is assessed by estimating taxable profits in future years taking into consideration also expected changes in temporary differences.

One of the Group entities is currently undergoing a tax audit for prior years where certain claims deductibility have been challenged by local tax authorities. Based on management's assessmen laws and available information provided by local tax experts, a provision for the uncertain tax po recognized in fourth quarter 2019, reflecting management's best judgement and estimates. This is unchanged. However, the outcome of such proceedings will always be subject to uncertainties tax statement have been issued by the local tax authorities.

The Group has incurred several years of consecutive tax losses in the Norwegian and US tax jur including for 2021. Although management believes it will eventually attain a satisfactory level of sufficient and convincing evidence of such as required by International Accounting Standard 12 per the reporting date. Hence, no deferred tax asset has been recognized.

Income tax expense specification:

USD thousands	2021
Current tax:	
Tax payable	3 927
Deferred tax:	
Changes in recognized deferred tax	-
Tax expense	3 927

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A reconciliation of the effective rate of tax and the tax rate in parent's country of registration:

USD thousands	2021	2020
Net profit/ (loss) before tax	(28 328)	(17 793)
Income taxes calculated at 22% / 23%	(6 232)	(3 934)
Adjustment in respect of current income tax of previous years	-	325
Changes in unrecognized deferred tax asset	8 519	11 258
Adjustment previous years deferred tax	(1 475)	(8 418)
Non-deductible expenses	6 968	2 421
Exchange rate variance	(6 718)	(930)
Withholding tax paid	3 927	215
Effect of other tax rates in subsidiaries	536	57
Other	(1 598)	863
Tax expense	3 927	1 857

The deductible temporary difference and tax losses do not expire under current tax legislation. The net deferred tax asset for the Group has not been recognized on the basis that it does not meet the criteria for asset recognition as the Group currently cannot document that the future taxable income can be utilized against available tax losses. The Norwegian tax rate (attributable to the Parent) is 22 percent.

Deferred tax assets and liabilities, of which none were recognized:

USD thousands	2021	2020
Non-current assets	(18 163)	(14 361)
Current assets	(1 067)	(912)
Non-current liability	-	-
Current liabilities	(1 907)	(3 736)
Tax- losses carried forward	(20 528)	(14 061)
Tax credits carried forward	(821)	(897)
Total (assets)/liabilities	(42 486)	(33 967)
Not recognized deferred tax assets	42 486	33 967
Net recognized deferred (assets) liabilities	-	-

11. Related party transactions

Financial Reporting Principles

Related parties' relationships are defined to be entities outside the Group that are under contro
directly or indirectly), joint control or significant influence by the owners, Board of Directors or M
of Magseis Fairfield ASA. Related parties are in a position to enter into transactions with the co
would potentially not be undertaken between unrelated parties. The terms and conditions of the
with related parties are considered to be on an arm's length basis.

The aggregate value of transactions and outstanding trade payables with related parties were

USD thousands		Transaction value		Account
Name	Note	2021	2020	31 Dec 2021
Westcon Group (shareholder)	(I)	9 960	14 125	1 228
Fairfield Geotechnologies (shareholder)	(II)	1 162	969	79
J B Gateman (Geo Innova AS) (shareholder)	(III)	88	144	-
Total		11 210	15 238	1 307

(I) Time charter agreements for the vessels Artemis Athene, Artemis Angler and Artemis Arctic
Group also delivers Marine Management services as a part of the time charters.

(II) Sublease of office in Houston. The office lease agreement ends in October 2030 and the tot
liability is USD 3.2 million as of 31 December 2021.

(III) Jan Gateman was engaged as an independent consultant trough the company Geo Innova

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12. Earnings per share

Financial Reporting Principles

Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share include the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Options granted to management under the employee share purchase program and warrants issued are potential ordinary shares. They have been included in the determination of diluted earnings per share to the extent that they are dilutive. The options have not been included in the determination of basic earnings per share as the strike price for the options have been less than the average market price of ordinary shares during the reporting period.

Earnings per share:

USD	2021	2020
Basic earnings / (loss) per share on ordinary shares	**(0.12)**	(0.07)
Basic earnings / (loss) per share on weighted average number of shares	**(0.12)**	(0.08)
Diluted earnings / (loss) per share	**(0.12)**	(0.08)

Reconciliation of earnings used in calculating earnings / (loss) per share:

USD thousands	2021
Basic earnings/(loss) per share	
Profit/(loss) for the year	(32 254)
Number of ordinary shares outstanding (in thousands)	267 722
Profit/(loss) for the year	(32 254)
Weighted average number of ordinary shares outstanding (in thousands)	267 246
Diluted earnings/(loss) per share	
Profit/(loss) for the year	(32 254)
Weighted average number of ordinary shares outstanding used as the denominator in calculating basic earnings per share (in thousands)	267 246
Adjustments for calculation of diluted earnings per share	
Employee stock options (out of money) (in thousands)	-
Warrants outstanding (out of money) (in thousands)	18 250
Weighted average number of ordinary shares and potential ordinary shares that would have been used as the denominator in calculating diluted earnings per share if the warrants and options were in the money	285 496

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13. Property, plant and equipment

Financial Reporting Principles

Property, plant and equipment (PPE) are stated at cost less accumulated depreciation and impairment. Components of property, plant and equipment with different useful lives are accounted for separately. Assets are normally depreciated on a straight-line basis over their expected economic lives as follows:

- Seismic equipment 3 – 8 years
- Fixtures and fittings 3 years
- IT Equipment 3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Equipment under construction is classified as non-current assets and recognized at cost and is not depreciated until the asset is ready for use.

Borrowing costs are capitalized as part of the cost of the asset when significant. The cost of self-constructed assets includes the cost of materials, direct labor, production overheads and borrowing cost.

Impairment triggers are assessed quarterly, and impairment testing is performed when triggers have been identified. See note 15 for further information about impairment of non-current assets.

Significant judgements and critical estimates

Judgement is involved when determining the depreciation period and when assessing impairment or reversal of impairment. Impairment is assessed on an individual asset basis and for cash generating units. The impairment testing involves judgmental assumptions about future market development, cashflows, determination of weighted average cost of capital (WACC), growth rate and other assumptions that may change over time. See note 15 for further information about impairment of non-current assets. As per annual review of the useful life, we have reassessed the useful life of nodes and backdeck deployment systems from 5-8 years to 8 years.

USD thousands	Seismic equipment	Asset under construction	Office machines	Right-of-use assets (IFRS 16)
Accumulated Investment				
Balance 1 January 2020	176 093	56 444	5 672	43 392
Additions	1 304	10 950	50	18 974
Disposals/retirements	(51 189)	–	(3 844)	–
Reclass – asset under construction	31 638	(31 707)	69	–
Other changes	715	(294)	(127)	112
Balance 31 December 2020	158 561	35 393	1 821	62 478
Additions	286	10 124	43	17 624
Disposals/retirements	(13 553)	(337)		
Reclass – asset under construction	8 916	(8 916)	–	
Reclass – intangibles	–	(1 066)	–	
Inventory movements and other changes	377	3 696	(517)	(1 298)
Balance 31 December 2021	154 587	38 894	1 348	78 804
Accumulated depreciation and impairment				
Balance 1 January 2020	(85 206)	(1 806)	(4 558)	(7 939)
Depreciation for the year	(31 483)	–	(436)	(9 504)
Disposals/retirements	49 868	–	3 827	–
Impairments	(627)	–	–	(1 313)
Other movements	(1 806)	1 806	–	–
Balance 31 December 2020	(69 254)	–	(1 167)	(17 756)
Depreciation for the period	(31 632)	–	(334)	(9 541)
Disposals/retirements	6 300		(4)	
Impairments	(3 286)	(1 336)	–	
Other movements	(139)		346	22
Balance 31 December 2021	(98 011)	(1 336)	(1 159)	(27 276)
Net carrying amounts				
Balance 31 December 2020	89 307	35 393	654	44 722
Balance 31 December 2021	56 577	37 558	189	51 529

Commitments

The Group has entered contractual commitments for the acquisition of seismic equipment in 2021 amounting to USD 4 million as of 31 December 2021. Contractual commitments were USD 5 million per 31 December 2020.

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14. Intangible assets

Financial Reporting Principles
Multi-client library
The Multi-Client library consists of seismic data surveys which are licensed to customers on a non-exclusive basis. For Multi-Client projects, Magseis Fairfield may invest in the project with other parties and has cooperation agreements whereby revenues will be shared with other companies. These agreements are initiated and agreed as joint operations where both parties have rights to the assets and share in the liabilities. Magseis Fairfield recognizes its investment net of partner cost sharing as Multi-Client library and will recognize its 50 percent share of revenues generated by the library. Any pre-funding amount collected from customers prior to completion of the project is recognized as contract liability as revenue is recognized at the point in time when the data access is transferred to the customer.

The costs of seismic data acquisition and processing for Multi-Client surveys are being capitalized. Such costs include vessel charter hire, fuel, crew and operational support costs and depreciation of nodes. For vessels on long-term charter hire recognized according to IFRS 16, the depreciation of right of use asset and lease interests are capitalized rather than the charter hire payment.

A Multi-Client project remains in progress until all data has been fully acquired and processed. When the project has been completed; straight-line amortization is applied over the estimated useful life which is generally four years. In the event that sales on a completed survey are realized disproportionately sooner within the survey's 4-year useful life, an accelerated amortization is recognized.

Variances between the cash flow invested in a Multi-Client project and the value of capitalized Multi-Client library should be expected. This is due to non-cash capitalized costs (e.g., depreciation) and timing of cost sharing payments from partners.

Other intangibles
Research and development costs are expensed as incurred until a program has completed the concept phase. Development activities involve a plan or design to produce new or substantially improved products and processes. Development cost is only capitalized if the product or process is technically and commercially feasible and the business case shows a positive net present value. Capitalized development costs mainly include internal labor costs in addition to materials for the development program. Any third-party funding is presented as a reduction of the capitalized amount.

Other intangible assets also include customer relations, IT systems and technology development acquired through business combinations. The useful life of the acquired technology is 10 years. Capitalized development costs are normally amortized over three to six years on a straight-line basis.

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Such costs include vessel charter hi
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data has been fully acquired and pro
the project has been completed; stra
amortization is applied.

Variances between the cash flow inv
Multi-Client project and the value of
Multi-Client library should be expect
to non-cash capitalized costs (e.g., d
and timing of cost sharing payments

Other intangible assets are mainly re
technology acquired through busines
nations (Fairfield in 2018). The usefu
acquired technology is 10 years. Ma
have ongoing research and developm
and such costs are expensed as incu
program has completed the concept

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USD thousands	Other intangibles	Multi-client library
Accumulated investments		
Balance 1 January 2020	81 296	–
Additions	1 001	20 906
Balance 31 December 2020	82 297	20 906
Additions	1 538	7 100
Reclassification from PPE	1 066	–
Other changes	58	–
Balance 31 December 2021	84 960	28 006
Accumulated amortization and impairment		
Balance 1 January 2020	(15 889)	–
Amortization	(8 719)	–
Balance 1 January 2021	(24 608)	–
Amortization for the period	(8 677)	(5 480)
Impairment[1]	(1 836)	–
Balance 31 December 2021	(35 120)	(5 480)
Carrying amounts		
Balance at 31 December 2020	57 689	20 906
Balance at 31 December 2021	49 840	22 526

[1] Refer to note 15 for impairment details.

Commitments

The Group has entered contractual commitments for the processing of Multi-Client library data amounting to USD 7 million. Remaining cost to be recognized in 2022 is approximately USD 1 million.

15. Impairment of non-current assets

Impairment recognized

An impairment of USD 6.5 million was recognized in 2021 related to older equipment and R&D p
limited or no expected future use and value.

USD thousands	2021
Asset class	
Seismic equipment	4 622
Other Intangible assets	1 836
Right of use assets – Office leases (IFRS 16)	-
Total impairment of non-current assets	6 458

Impairment test of assets

Intangible assets that have an indefinite useful life are not subject to amortization and are tested
impairment, or more frequently if events or changes in circumstances indicate that they might be i
Other assets are tested for impairment whenever events or changes in circumstances indicate tha
amount may not be recoverable. An impairment loss is recognized for the amount by which the ass
amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair va
of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the
for which there are separately identifiable cash inflows which are largely independent of the cash i
other assets or groups of assets (cash-generating units). Non-financial assets other than goodwi
an impairment are reviewed for possible reversal of the impairment at the end of each reporting pe

Judgements and estimates applied in the impairment test

During 2021, several impairment indicators have been present; the outbreak and spreading of th
led to a reduction in the economic activity and a rapid and significant reduction in oil demand an
an oversupply situation with significantly lower and more volatile oil prices. The impact on the E&
has been profound and Magseis Fairfield's customers have cut their capex and cancelled or pos
investment plans to preserve cash. Consequently, management has initiated impairment tests fo
during the year.

The impairment test is based on a value-in use calculation in accordance with IAS 36, where ass
about future market development, cashflows, the weighted average cost of capital (WACC), grow
other factors are subject to management's judgement.

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Key assumptions when assessing the recoverable amounts as of 31 December 2021 were:

- Cash flow projections are based on continued growth into 2023 and beyond. We have applied an average revenue growth rate of 6-8 percent for the period 2023-2025, with an estimation of terminal value in subsequent periods.
- We have analyzed the historic and future OBS market and assessed our market share, which has been used as a benchmark for the revenue scenario applied in the cash flow projections
- Terminal value reflects long term steady state revenue and margin levels based on a combination of historic levels and judgements applied
- Capex levels are aligned with revenue assumptions
- Climate risk is assessed to be low and not significant, hence not reflected in the valuation model
- Weighted average cost of capital applied in the model is 11 percent

The test suggests no impairment required, but it must be emphasized that the model is sensitive to its assumptions, such as market growth and project margins.

Climate risk and stranded assets

Climate-related risks might be divided into two major categories: (1) risks related to the transition to a low-er-carbon economy and (2) risks related to the physical impacts of climate change. As part of the energy transition, we have seen a fundamental shift in the market where our customers focus on cash and value generation from already explored assets. This means that our customers are prioritizing investments in high-quality seismic data over and around existing assets, and specifically OBN seismic data to make data driven field development decisions. While this is a potential upside for the company, there is a political risk if authorities decide to significantly reduce or completely stop production of oil and gas in key markets.

Magseis Fairfield has entered the renewables business using our technology and knowledge from the oil and gas industry. We completed a wind farm pilot project in 2021 and will conduct a carbon capture and storage pilot project in 2022. We see several opportunities in 2022 and will continue our effort to expand the renewables part of our business.

We believe that the services Magseis Fairfield offer is a part of the solution for the transition int carbon economy. The valuation risk due to climate on our assets and technology are assessed t

Stranded assets are assets that may have reduced or no value as a result of risks associated w change. As of 31 December 2021, Magseis Fairfield has no stranded assets and consider the fu of stranded assets to be low. The need for increased oil and gas supply in the short- to medium- expected to translate into investments to increase recovery rates from already explored assets. to data from Rystad Energy, this view is supported by a significant increase in project sanctionir forecasted sanctioned greenfield capex is expected to increase by 14 percent in 2022 and by a percent in 2023. These projects will provide lower-carbon barrels that can be delivered quickly t with attractive payback on investments and will naturally include OBN projects. This forms the b increasingly optimistic outlook for a market recovery for OBN services, and the company's view market will see double-digit growth from 2022 onwards.

Physical risk resulting from climate change, in the form of costs caused by physical damage is c to moderate. Seismic acquisition operations may be exposed to extreme weather, hazardous cor activity in the work area. The Group's own insurance may not be adequate to cover potential los

Sensitivities in the impairment test

The impairment test is sensitive to changes in key assumptions, including changes in discount ra rates, gross margin and EBITDA assumptions. Sensitivity analysis have been performed on key a The table below show the changes in key assumptions that may occur before any impairment is

Sensitivities (break-even analysis)
Long-term revenue reduction
Long-term EBITDA margin reduction
Discount rate increase

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16. Leases

The Group's leasing activities and how these are accounted for

The Group leases various office buildings, a manufacturing site, warehouses, vessels and other equipment. Rental contracts are typically made for fixed periods of 6 months to 5 years but may have extension options as described below.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Financial Reporting Principles

The Group assesses whether a contract is, or contains, a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the Group under residual value guarantees
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used)
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at th date of the modification

The right-of-use assets comprise th urement of the corresponding lease payments made at or before the cor day, less any lease incentives receive initial direct costs. They are subsequ ured at cost less accumulated depre impairment losses.

Right-of-use assets are generally de over the shorter of the asset's usefu lease term on a straight-line basis. If reasonably certain to exercise a purc the right-of-use asset is depreciated underlying asset's useful life.

The Group applies IAS 36 to determ a right-of-use asset is impaired and for any identified impairment loss as note 15.

Lease payments are allocated betwe and finance cost. The finance cost is profit or loss over the lease period to constant periodic rate of interest on balance of the liability for each perio

Variable rents that do not depend on rate are not included in the measure liability and the right-of-use asset. T payments are recognised as an expe period in which the event or conditio

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those payments occurs and are included in the line "Other expenses" in profit or loss.

Payments associated with short-term leases (less than 12 months) and leases of low-value assets are recognized on a straight-line basis as an operating expense in profit or loss.

Significant judgements and critical estimates

The assessment to whether utilize extension and termination options are done by management on a contract-by-contract basis in line with operational requirements for each project. As of 31 December 2021, three vessels are on long-term contracts and are recognized as right of use asset and lease liability in the table below. Options to extend are reflected in the numbers when it is likely they will be used.

Right-of-use-assets

USD thousands	Vessels	Offices and warehouse	Total
Carrying value			
Balance 1 January 2020	14 797	10 656	**25 453**
Additions	18 974	–	**18 974**
Depreciation	(16 339)	(2 165)	**(18 504)**
Impairment	–	(1 313)	**(1 313)**
Other adjustments	–	113	**113**
Balance 31 December 2020	17 432	7 291	**24 722**
Additions	17 624	–	**17 624**
Depreciation	(17 940)	(1 601)	**(19 541)**
Other adjustments	(1 298)	21	**(1 277)**
Balance 31 December 2021	15 818	5 711	**21 529**

Lease liabilities

USD thousands	Non-current	Current	Total
Carrying value			
Balance 1 January 2020	10 707	16 195	**26 902**
Additions	–	18 974	**18 974**
Lease payments	–	(17 731)	**(17 731)**
Other adjustments	–	–	**-**
Reclassification to current	(1 923)	1 923	**-**
Balance 31 December 2020	8 784	19 361	**28 145**
Additions	4 143	13 481	**17 624**
Lease payments	–	(18 044)	**(18 044)**
Reclassification	(4 652)	4 652	**-**
Other adjustments		(3 250)	**(3 250)**
Balance 31 December 2021	8 275	16 201	**24 476**

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17. Cash and cash equivalents

Financial Reporting Principles

Cash and cash equivalents include cash on hand, demand deposits in banks and other short-term highly liquid deposits with original maturity of three months or less.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

While cash and cash equivalents are subject to the impairment requirements of IFRS 9, the expected credit losses are immaterial.

USD thousands	2021	2020
Unrestricted cash balances	**28 615**	53 564
Restricted cash balances		
Deposits	**674**	686
Employee tax withholding accounts	**447**	579
Total restricted cash balances	**1 121**	1 265
Total cash and cash equivalents	**29 737**	54 829

18. Inventories

Financial Reporting Principles

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the selling price in the ordinary course of business, less selling expenses and the estimated cost to c inventory. The cost of inventories is based on the weighted average cost.

Significant judgements and critical estimates

The assessment of obsolete and slow-moving inventory in order to determine inventory write-do to management judgment. The selling price in the market must be estimated, and there is a risk actual selling price may turn out to be different than the amount estimated by management.

Inventories:

USD thousands	2021
Raw materials equipment (work in progress)	2 119
Stock finished equipment for sale	3 702
Battery stock	360
Total inventories	6 182
Write-off other	-
Total write-offs	-

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19. Trade receivables and contract assets

Financial Reporting Principles

Trade and other receivables are recognized at the initial invoiced amount, less any impairment losses. The invoiced amount is approximately equal to the value derived if the amortized cost method would have been used.

Impairment of accounts receivable and contract assets (financial asset at amortized cost)

Impairment losses are measured at lifetime expected credit losses in accordance with IFRS 9.

The Group's impairment model for accounts receivable, contract assets and other current assets is a simplified approach based on lifetime expected credit losses (ECL). Impairment is based on an estimate of the probability of default for the financial assets reflecting an unbiased amount determined by evaluating a range of possible outcomes; the time value of money and reasonable available information related to past events, current conditions and forecasts of future economic conditions.

The Group uses an impairment model with the following characteristics: The receivables are organized in portfolios based on the credit risk of the customers. The primary portfolio is the receivables where invoicing is done to customers with a high credit rating, typical large listed or state-owned oil companies. This portfolio has a low risk of default and therefore no impairment loss is initially recognized based on the expectation of all the accounts being paid. Further, an individual assessment is performed on specific customer receivables, typically if a customer is in known financial distress or has declared bankruptcy.

USD thousands	2021
Trade receivables	17 389
Contract assets (accrued, not invoiced to customers)	41 422
Trade receivables and contract assets	58 811
Costs to fulfil a contract (mobilization cost)	9 200
Contract liabilities (prepayments from customers)	4 893

Overview of trade receivable aging:

USD thousands	31 Dec 2021 Carrying amount	31 Dec 2021 Loss allowance	31 Dec 2020 Carrying amount
Not overdue	10 888	(85)	28 775
Past due 0-30 days	2 554	-	7 521
Past due 31-120 days	3 637	-	1 853
Past due more than 120 days	395		85
Total	17 474	(85)	38 234

20. Prepaid expenses and other current assets

USD thousands	2021
Contract assets (unbilled revenue)	41 422
Costs to fulfil a contract (mobilization costs)	9 200
Prepayments	8 363
Other receivables	3 975
Total other current assets	62 959

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21. Borrowings

Financial Reporting Principles

Interest-bearing debt is recognized initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing debt is stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

USD thousands	2021	2020
Interest bearing liabilities (excl. Leases)		
Nominal value bank facility	**30 000**	30 000
Prepaid fees bank facility	**(571)**	(675)
Nominal value other loans	**2 000**	3 592
Total	**31 429**	32 917
Long term	**29 429**	30 624
Short term	**2 000**	2 293
Repayment profile at balance sheet date		
2021	**-**	2 293
2022	**2 000**	31 299
2023	**30 000**	-
Total	**32 000**	33 592

USD thousands	2021	2020
Lease liabilities (see note 16)		
Long-term	**8 275**	8 784
Short-term	**16 201**	19 361
Total	**24 476**	28 145

In 2020, the Company successfully refinanced the previous term loan by conversion to a Revolv
Facility (RCF) of USD 30 million. In 2021, Magseis Fairfield reached an agreement with DNB to e
RCF with one year to December 2023 and to amend the covenant structure. Under the new cov
required equity ratio has been reduced from 50 percent to 40 percent. This change will allow fo
flexibility with regards to working capital requirements resulting from higher operational activity.
est terms are LIBOR + margin of 4.25 percent. The arrangement cost is amortized over the term
facility.

In April 2020, the Company received U.S. loan program of USD 3.6 million which was fully forgiv
2021. An additional loan of USD 2 million was received in April 2021. The loan is payable over fiv
interest rate of 1 percent, with deferral of payments for the first ten months. The loan and accru
be fully or partially forgiven on certain conditions.

Financial covenants

Covenants as of 31 December 2021:

- Net interest-bearing debt (NIBD)/Last Twelve Months (LTM) EBITDA < 1.25x. LTM EBITDA ca
  excluding IFRS 16 impacts
  - If LTM EBITDA is negative and the net interest-bearing debt is negative (i.e., net cash posit
    tive cash buffer headroom calculation is applied
  - If LTM EBITDA is negative and the net interest-bearing debt is positive (i.e., net debt positi
    age ratio is breached
- Equity Ratio > 40 percent
- Clean Down mechanism:
  - 2021: NIBD shall be at or below USD 5 million for 5 successive business days in each quart
  - 2022: NIBD shall be at or below zero for 5 successive business days in each quarter
- Equipment loan to value: RCF debt / book value seismic equipment and assets under construc
  percent

Magseis Fairfield is in compliance with all financial covenants as of 31 December 202

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Securities

The following security has been provided to DNB Bank ASA, which secures both the loan agreement and any guarantee facility provided by DNB Bank ASA:

Magseis Fairfield ASA:

- Guarantee of USD 60 million plus interest and expenses
- Pledge over the shares in Magseis FF (UK) Ltd, Magseis FF AS, Magseis Operations AS and Magseis Renewables AS
- Assignment over any monetary claims under the Fairfield share purchase agreement.
- Floating charges over operating assets, inventory and trade receivables
- Pledge over Norwegian bank accounts

Magseis Renewables AS:

- Guarantee of USD 60 million plus interest and expenses
- Floating charges over operating assets, inventory and trade receivables
- Pledge over Norwegian bank accounts

Magseis Operations AS:

- Guarantee of USD 60 million plus interest and expenses
- Floating charges over operating assets, inventory and trade receivables
- Pledge over Norwegian bank accounts

Magseis FF AS:

- Guarantee of USD 60 million plus interest and expenses
- Pledge over the shares in Magseis FF LLC
- Floating charges over operating assets, inventory and trade receivables
- Pledge over Norwegian bank accounts

Magseis FF (UK) Ltd.:

- Guarantee of USD 60 million plus interest and expenses
- Security over all assets (general debenture)

Magseis FF LLC:

- Guarantee of USD 60 million plus interest and expenses
- Security over all or substantially all assets, including patents/IP and bank accounts

Guarantees

The company has provided guarantees mainly related to project performance of USD 7.7 million 31 December 2021.

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22. Cash flow information

Financial Reporting Principles

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash flows relating to leases are presented as follows:

(a) cash payments for the principal portion of the lease liabilities as cash flows from financing activities
(b) cash payments for the interest portion consistent with presentation of interest payments chosen by the Group, and
(c) short-term lease payments, payments for leases of low-value assets and variable lease payments that are not included in the measurement of the lease liabilities as cash flows from operating activities.

Non-cash transactions from financing activities are illustrated in the reconciliation of liabilities f transactions below:

USD thousands	Non-current liabilities	Current liabilities	Lease liabilities
Liabilities as 1 January 2020	20 087	16 667	26 902
Cash flows	–	(3 333)	(17 731)
Transactions without cash effect			
Refinancing of loan facility	13 334	(13 334)	–
New loan	1 274	2 293	–
Prepaid fees bank facility	26	–	–
New leases	–	–	8 974
Fair value changes	397	–	–
Other changes	624	–	–
Liabilities as 31 December 2020	35 742	2 293	18 145
Cash flows	–	–	(3 044)
Transactions without cash effect			
Loan forgiveness (US Paycheck Protection Program)	(1 274)	(2 293)	–
New loan (US Paycheck Protection Program)	–	2 000	–
Prepaid fees bank facility	104	–	–
New leases	–	–	7 624
Fair value changes	(220)	–	–
Other changes	(314)	–	(3 250)
Liabilities as 31 December 2021	34 038	2 000	24 476

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23. Other current liabilities

Financial Reporting Principles

Trade and other payables are recognized at the original invoiced amount. The invoiced amount is considered to be approximately equal to the value derived if the amortized cost method would have been used.

A provision is a liability with uncertain timing and amount. Provisions are recognized when cash outflow is considered probable, the amount can be reliably estimated, and the obligation is a result of a past event. All provisions are presented as short-term as they are part of the operating cycle.

A contingent liability is a possible obligation that arises from past events that typically depends on a future event outside of the company's control, for example a court decision. A provision is made when it is considered as probable that cash outflow will take place, and the obligation can be measured reliably.

Significant judgements and critical estimates

Onerous customer contracts

The provisions for onerous contracts are estimated based on a number of assumptions and are highly judgmental in nature as they relate to total estimated losses on customer contracts upon completion.

As of 31 December 2021, and 2020, no onerous customer contracts were identified.

Onerous lease contracts

In 2020, excess office space in US, UK, Norway and Sweden was made available for sublease. As a result, a total onerous lease liability of USD 0.8 million was recognized, in addition to USD 1.3 million recognized as impairment of right of use assets (IFRS 16) related to the long-term lease agreements.

As per assessment completed in 2021, no adjustments to onerous lease facilities have been identified. The Norway office space has been subleased in 2021.

USD thousands	2021	2020
Accrued expenses	**39 861**	33 379
Deferred revenue (contract liabilities)	**4 893**	13 790
Accrued warranties	**880**	5 477
Accrued salary	**6 986**	4 077
Other	**4 396**	6 592
Total other current liabilities	**57 015**	63 315

24. Financial risk management

Overview

The Group is exposed to a variety of financial risks; currency, interest rate, price, credit liquidity and capital risk. The objective of financial risk management is to manage and control financial risks exposure and thereby increase the predictability and minimize the potential adverse effects on the Group's financial performance. This also includes being able to meet the financial covenants related to the Group's borrowings.

Risk management

Financial risk management in the Group is maintained by a central Finance Function in accordance with the guidelines approved by the Board. The Group's Finance Function identifies, measures, mitigates and reports on financial risks in close cooperation with the various operating units. Risk management policies and procedures are reviewed regularly to consider changes in the market and the Group's activities.

Market risk

Market risk can be defined as the risk that the Group's income and expenses, future cash flows or fair value of financial instruments will vary as a result of changes in market prices. The market price includes three types of risks: exchange risks, interest risks and price risks. Market risk is monitored and managed continuously by the Group.

Foreign exchange risk

Magseis Fairfield is exposed to chan
exchange rates. The primary currenc
to sales and purchases that are den
a currency other than the respective
currency of the Group, United States
The currencies in which these transa
marily are denominated are Pound S
and Norwegian krone (NOK), but als
Singapore Dollars (SGD), and Swedis
Magseis predominantly sells product
in United States dollars, and to a lim
other currencies.

In respect of other monetary assets
ties denominated in foreign currenci
ensures that its net exposure is kept
able level.

As shown below, the Group is primari
changes in the USD/NOK exchange r
sitivity of profit or loss to changes in
rates arises mainly from the profit or
period in the Group's foreign subsidia

The exposure to foreign exchange ris
mitigated through use of USD nomin
tracts, and the company currently ut
arrangements against parts of its ex
NOK and GBP.

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USD thousands	Increase/ decrease in NOK/USD	Effect on EBITDA
2021	**+10%**	**2 246**
	10%	**(2 746)**
2020	+10%	1 915
	10%	(2 341)

USD thousands	Increase/ decrease in GBP/USD	Effect on EBITDA
2021	**+10%**	**939**
	10%	**(1 148)**
2020	+10%	940
	10%	(1 149)

Interest rate risk

The Group's interest rate risk is mainly related to loans where an element of interest rate is not fixed, where an increase in floating rates would lead to an increase in interest costs and reduce net income and cash flow.

The table below shows a sensitivity of exposure to interest rate risk at the reporting date. This analysis assumes that all other variables remain constant and ignores any impact of forecast transactions

USD thousands	2021	2020
Nominal value of interest-bearing debt excluding finance lease obligations	**32 000**	30 000
Effect on 1 percentage point increase in interest rate on profit before tax	**320**	300

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers. Lack of payments from customers may significantly and adversely impair the Group's liquidity. The concentration of the Group's customers in the oil and gas industry may impact the Group's overall exposure to credit risk as customers may be similarly affected by prolonged changes in economic and industry conditions. Further, laws in some jurisdictions in which the Group operates could make collection difficult or time consuming. The Group undertakes due consideration to the credit quality of its potential customers during contract ne minimize the risk of payment delinquency, but no assurance can be given that the Group will be avoid this risk.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial ins banks and financial institutions, only independently rated parties with minimum rating "A" are ac

Credit exposure[1] as of 31 December:

USD thousands	Amortised cost 31 Dec 2021
Financial assets	
Cash and cash equivalents	**29 737**
Trade receivables	**17 389**
Other current assets	**62 959**
Total	**110 085**

[1] See also note 19 Trade receivables for additional information related to the loss allowance and f the aging accounts receivable.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligatio associ financial liabilities that are settled by delivering cash or another financial asset. The G up's app managing liquidity is to ensure, as far as possible, that it will always have sufficient li dity to m ities when due, under both normal and stressed conditions, without incurring unacce ble losse damage to the Group's reputation. To ensure sufficient available cash at hand to mee xpected flows, the Group uses cash flow forecasts, to monitor cash flow requirements.

In 2020, the company completed a private placement of new shares raising NOK 27 million mately USD 30 million. In addition, the loan agreement was refinanced and converte o a Revo Facility (RCF) of USD 30 million with new covenants.

In 2021, Magseis Fairfield reached an agreement with DNB to extend the RCF with one year to 2023 and to amend the covenant structure. Under the new covenants, the required e ty ratio reduced from 50% to 40%. This change will allow for increased flexibility with regards working requirements resulting from higher operational activity.

See note 21 for further details.

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Financial liability maturity schedule

The following are the contractual maturities of the financial liabilities including interest payments at the end of the reporting period:

Year ended 31 December 2021

USD thousands	Carrying amount	Less than 3 months	3-12 months	1-2 years	>2 years
Non-current interest-bearing liabilities	29 429	-	-	30 000	-
Non-current non-interest-bearing liabilities	4 609	-	-	4 609	-
Current portion of interest-bearing liabilities	2 000	-	2 000	-	-
Lease liabilities	24 476	4 435	12 246	5 589	8 817
Trade payables	20 901	19 795	1 106	-	-
Total financial liabilities	81 415	24 230	15 352	40 198	8 817

Year ended 31 December 2020

USD thousands	Carrying amount	Less than 3 months	3-12 months	1-2 years	>2 years
Non-current interest-bearing liabilities	30 624	330	990	31 944	-
Non-current non-interest-bearing liabilities	5 118	-	-	5 118	-
Current portion of interest-bearing liabilities	2 293	-	2 293	-	-
Lease liabilities	28 145	4 571	16 876	2 550	9 193
Trade payables	17 179	17 179	-	-	-
Total financial liabilities	83 359	22 080	20 159	39 612	9 193

If the Group were to be unemployed for a longer period, it would need to manage its cost base and would, inter alia, seek to reduce costs or negotiate a grace period from some of its largest cost sources such as the time-chartered vessels. The Group's asset light operating model, reflecting a relatively high variable cost base, conversion to an RCF facility and close follow up of working capital requirements, lowers the liquidity risk to a satisfactory level.

Climate risk

Climate-related risks might be divided into two major categories: (1) risks related to the transition to a low-er-carbon economy and (2) risks related to the physical impacts of climate change. As part of the energy transition, we have seen a fundamental shift in the market where our customers focus on cash and value generation from already explored assets. This means that our customers are prioritizing investments in high-quality seismic data over and around existing assets, and specifically OBN seismic data to make data driven field development decisions. While this is a potential upside for the company, there is a political risk if authorities decide to significantly reduce or completely stop production of oil and gas in key markets.

Magseis Fairfield has entered the renewables business using our technology and knowledge fro gas industry. We completed a wind farm pilot project in 2021 and will conduct a carbon capture pilot project in 2022. We see several opportunities in 2022 and will continue our effort to expan bles part of our business.

We believe that the services Magseis Fairfield offer is a part of the solution for the transition int bon economy. The valuation risk due to climate on our assets and technology are assessed to b

Physical risk resulting from climate change, in the form of costs caused by physical damage is c to moderate. Seismic acquisition operations may be exposed to extreme weather, hazardous co activity in the work area. The Group's own insurance may not be adequate to cover potential los

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25. Capital management

The Group's objective for its capital management is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders, while maintaining an optimal capital structure to reduce the cost of capital. This includes being able to meet the financial covenants under the Group's credit facility.

The Board's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain the future development of the business. Based on the strong growth, resulting in working capital requirements and investment programs, the Group's financial strategy has been to maintain a solid equity ratio and sufficient and applicable debt financing to ensure necessary liquidity.

26. Fair value measurement

Financial Reporting Principles

The Groups' use of derivative contracts is limited and only entered into for economic hedging purposes to reduce cash flow risk and not as speculative investments. Derivatives are classified as FVTPL and initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value through profit and loss at the end of each reporting period. The fair values are based on observable market prices obtained from external parties and are based on mid-range marked interest rates and prices, excluding margins, at the reporting date. The derivatives are defined as Level 2 in the fair value hierarchy. The derivatives are classified as a non-current asset or liability if the maturity date is later than 12 months from the balance sheet date and there is no intention to close the position within 12 months from the balance sheet date. Changes in the fair value of any derivative instrument are recognized immediately in profit or loss and are included in finance income or finance expense if they are economic hedges for financing related risks. Derivatives that are economic hedges for operational cash flows are included in operating gains and losses in the profit or loss statement.

Fair value of the derivatives as of 31 December 2021 is USD 519 thousands. Derivatives are included in level 1 where the fair value is based on quoted markt prices.

The fair value of the warrants as of 31 December 2021 is USD 177 thousands. Warrants are included in level 2 where the fair values have been determined based on the Black-Scholes valuation model.

Please see Note 27 Financial assets and financial liabilities for further information.

Fair value estimates

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and short-term equity investments) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value of an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the signific
not based on observable market dat
ment is included in level 3. This is the
unlisted equity securities and contin
ation. Specific valuation techniques
financial instruments include:

- The use of quoted market prices o
quotes for similar instruments.
- The fair value of interest rate swa
lated as the present value of the e
future cash flows based on observ
curves.
- The fair value of forward foreign e
contracts is determined using forw
rates at the balance sheet date.
- The fair value of the remaining fin
ments is determined using discou
analysis.

Warrants are included in level 2 whe
values have been determined based
Scholes valuation model. Please see
Financial assets and financial liabilit
information.

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27. Financial assets and financial liabilities

Financial Reporting Principles

Financial assets and financial liabilities held by the Group consist of trade receivables, cash and cash equivalents, trade payables, borrowings, financial lease liabilities, derivatives and contingent consideration from the earn-out agreement relating to WGP Group and the Al Shaheen project.

Financial assets (excluding derivatives)

All financial asset, excluding derivatives, meet the SPPI (solely payments of principal and interest) criteria, and are managed in a business model of Hold to collect. These financial assets are in the measurement category amortized cost. The Group measures its trade receivables and cash and cash equivalents at amortized cost. Subsequent to initial recognition these assets are measured at amortized cost using the effective interest method. Income from these financial assets is calculated on an effective yield basis and is recognized in the income statement. Financial assets are classified as current assets, except for those where management has the intention to hold the investment for over 12 month or financial assets with maturities later than 12 months after the balance sheet date. These assets are classified as non-current assets.

Financial liabilities (excluding derivatives)

The Group's financial liabilities consist of trade payables, contingent consideration, lease liabilities and borrowings. The Group initially recognizes financial liabilities at fair value net of transaction costs. Trade payables and borrowings are subsequently measured at amortized cost using the effective interest method. Transaction costs related to borrowings are amortized using the effective interest method over the maturity of the loan. Contingent consideration is subsequently measured at its fair value. Lease liabilities are measured in accordance with IFRS 16, refer to note 16.

For assets and liabilities recognized at amortized cost, fair value is not disclosed as the carrying amount is a reasonable approximation of fair value.

As a part of the consideration for the acquisition of Fairfield's seismic technology business, the Company issued 18 250 000 warrants. Each warrant gives the right to one new share in the Company, nominal value NOK 0.05, at a subscription price of NOK 25.425. Since the functional currency of Magseis Fairfield ASA is USD, whereas the warrants are settled in NOK, the IFRS definition of an equity instrument has not been met. As a result, the warrants are classified as a liability. The warrants were valued according to Black and Scholes model (BS) to market value as of December 2021 at USD 0.2 million (USD 0.4 million in 2020). The warrants are adjusted to fair value at each reporting date with a corresponding charge to income statement.

As a part of the acquisition, an earn-out arrangement was recognized relating to the WGP Group. The earn-out relates to the purchase, by Fairfield Geotechnologies, of the business and the assets of WGP Group Ltd (BVI) and its subsidiaries from Thalassa Holdings Ltd on 1 January 2018, and is contingent on WGP Group Ltd (UK) and/or its subsidiaries, successfully entering into agreements with a client on two prospective projects. At the date of the acquisition of WGP Group Ltd (UK) by Magseis Fairfield ASA on 18 December 2018, an agreement had successfully been entered into on the first project. There was also an earn-out agreement related to project Al Shaheen. As of 31 December 2021, a total combined earn-out liability of USD 6 million is recognized.

Financial assets and financial liabilities:

	2021		2020
USD thousands	Measured at amortised cost	Measured at FVTPL	Measured at amortised cost
Financial assets			
Cash and cash equivalents	29 737	-	34 829
Derivatives	-	519	-
Trade receivables	17 389	-	38 141
Total	47 126	519	72 969
Financial liabilities			
Interest bearing liabilities	31 429	-	32 917
Long-term non-interest-bearing loan	4 432	-	4 000
Lease liabilities	24 476	-	28 145
Warrants[1]		177	-
Trade payables	20 901	-	7 179
Total	81 239	177	72 241

[1] Please see note 26 Financial instruments at fair value

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28. Pledged securities

Below is an overview of assets that are pledged as security for the loan facility with DNB.

USD thousands	2021	2020
Current		
Trade receivables	**17 389**	38 141
Inventories	**6 182**	7 711
Cash and cash equivalents	**28 615**	53 564
Total current assets pledged as security	**52 187**	99 415
Non-current		
Property, plant and equipment	**94 324**	125 354
Total non-current assets pledged as security	**94 324**	125 354
Total assets pledged as security	**146 511**	224 769

In addition, all shares in subsidiaries have been pledged as security for the loan facility.
For additional information please see note 21 Borrowings.

29. Commitments

The 2021 Group contractual commitments for the acquisition of seismic equipment amounted t
USD 4 million as of 31 December 2021. Contractual commitments were USD 5 million as of 31 D
2020.

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30. Share-based payments

Financial Reporting Principles

Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Group's estimate of the shares that will eventually vest, adjusted for the effect of non-market based vesting conditions.

For cash-settled share-based payments, a liability is recognized for outstanding remuneration and measured at fair value. Until settlement of the liability, the fair value of the liability is reassessed at each balance sheet date and settlement date and any changes in fair value are recognized through profit or loss.

The grant date for fair value of all share-based payments plan was calculated using the Black-Scholes-Merton option pricing model. Expected volatility is estimated by consider historic average share price volatility of comparable listed entities.

In 2012 the Group established a share option program that entitles key management personnel, senior employees and some members of the board to purchase shares in the Company. In accordance with this program options are exercisable at the market price of the shares at the end of the grant and all options are equity settled.

Overview of outstanding options	**# of instruments 2021**	**Weighted average strike price 2021(NOK)**	# of instruments 2020	Weighted average strike price 2020 (NOK)
Outstanding 1 January	**100 000**	**15.65**	350 000	14.26
Exercised during the period	**-**	**-**	-	-
Expired during the period	**(100 000)**	**16.65**	(250 000)	13.70
Granted during the period	**-**	**-**	-	-
Outstanding 31 December	**-**	**-**	100 000	-
Exercisable 31 December	**-**	**-**	100 000	-

No share options were granted to the employees in 2021 or 2020.

The share option program was replaced with a Restricted Share Unit (RSU)/Performance Share program in the Annual General meeting 2018.

Overview of outstanding RSU/PSU	# of RSU's	Average contractual life	# of PSU's
Outstanding at 1 January 2020	3 290 574		119 997
Released/terminated during the period	(385 199)		(93 332)
Adjusted during the period	35 000		-
Granted during the period	3 080 518		117 500
Oustanding at 31 December 2020	6 020 893	1.1	144 165
Released/terminated during the period	(1 674 057)		(96 415)
Adjusted during the period	-		(13 125)
Granted during the period	305 000		30 000
Oustanding at 31 December 2021	4 651 836	0.45	64 625

31. Management remuneration

Remuneration to the management in 2021

USD thousands			Variable remuneration					
Name	Position	Base salary	Earned STIP[1]	Earned LTIP[2]	Share incentive program	Severance[3]	Pension & Other benefits	Tot
Carel Hooijkaas	Chief Executive Officer	640	302	320	325	–	12	
Mark Ivin	Chief Financial Officer (until Nov 2021)	352	–	–	126	1 223	14	
Mark Zajac	Chief Technology Officer	320	78	80	9	–	14	
Thomas E Scoulios	Chief Operating Officer	325	81	83	99	–	12	
Simon Hayter	Chief Sales Officer	294	75	77	58	–	21	
Ivar Gimse	SVP Business development	239	63	64	7	–	12	
Sharon Barclay	Chief Human Resources Officer (from 1 Feb 2020)	235	60	63	50	–	13	
Laila Myksvoll	General Counsel	265	68	72	9	–	13	
Stig Hognestad	Chief Financial Officer (from Nov 2021)	42	–	–	3	–	2	
Total		2 712	726	759	686	1 223	13	

[1] Short Term Annual Incentive Plan. Maximum 50-125% of base salary
[2] Long Term Incentive Plan. Maximum 50-118% of base salary. Payment is in the form of RSUs/PSUs are vested and issued on a three-year tranche vesting schedule.
[3] Mark Ivin was employed under regulare employment conditions and base salary through February 2022. The following has been paid as severance in February 2022 (USD thousands):

12 months severance of base salary	352
Cash-out long-term incentive program	176
60% Bonus for 2021 and 2022 (pro rata)	247
RSU grants setteled in cash	307
Base salary Jan 2022 and Feb 2022	59
Holiday allowance	83
Total	1 223

Guidelines for remuneration to the CEO and senior executives

The main purpose of the senior executive remuneration programs is to encourage a strong and sustainable performance-based culture, which supports growth in shareholder value. The total remuneration to senior executives consists of base salary, annual "short-term" cash incentive bonus and long-term equity and cash-based incentives.

Since the 2021 AGM, the Board has followed the Guidelines for Remuneration for Key Employees then approved by the AGM with respect to remuneration of the CEO and the executive officers.

Bonus and variable pay

Bonus for 2020 was paid at 25 percent of target, reflecting a challenging year, paid in March 2021.

Share incentive program

Share incentive cost in the above table is related to options and Restricted Share Unit (RSU)/ Performance Share Unit (PSU) programs vested and allocated during the year.

The 2018 Annual General Meeting approved replacing the share option program with the RSU and PSU program.

The share option program has been fulfilled and no new grants will be awarded. As of 31 December 2020, the total number of outstanding options to Management was nil.

The shares in the RSU program shall vested at vesting date and shares in program shall become vested over th New hire RSUs 'cliff vest' and did the to Scoulios, Barclay and Hayter in D at the time of the Magseis acquisitio Geotechnologies. RSUs associated incentives and the LTIP program ves one year following award, 40 percen year and 20 percent the fifth year.

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Severance pay

- The Chief Executive Officer is entitled to a severance pay equivalent to 18 month's salary, commencing at the end of the notice period, when the resignation is at the request from the company.
- The Chief Financial Officer is entitled to a severance pay equivalent to 12 months' salary, commencing at the end of the notice period, when the resignation is at the request of the company.
- The Chief Operating Officer is entitled to a severance pay equivalent to 12 months' salary, commencing at the end of the notice period when the resignation is at the request from the company.
- The Chief Sales Officer is entitled to a severance pay equivalent to 6 months' salary, commencing at the end of the notice period when the resignation is at the request from the company.
- The Chief Technology Officer is entitled to a severance pay equivalent to 3 month's salary, commencing at the end of the notice period, when the resignation is at the request of the company.
- The Chief HR Officer is entitled to a severance pay equivalent to 6 months' salary commencing at the end of the notice period, when the resignation is at the request of the company.
- The General Counsel has a 6-month notice period.
- The EVP Business Development is entitled to a severance pay equivalent to 3 months' salary, when the resignation is at the request of the company.

Severance pay in table above is rela
severance pay for previous members
management team.

Magseis Fairfield has no outstanding
guarantees to any employees, mana
Directors.

Remuneration to the management in 2020

USD thousands			Variable remuneration					
Name	Position	Base salary	Earned STIP	Earned LTIP	Share incentive program	Severance	Pension & Other benefits	Tot
Carel Hooijkaas	Chief Executive Officer	584	191	–	313	–	11	
Mark Ivin	Chief Financial Officer	322	71	–	133	–	0	
Mark Zajac	Chief Technology Officer (from 1 Jun 2020)	170	25	–	5	–	3	
Thomas E Scoulios	Chief Operating Officer	315	51	–	93	–	0	
Simon Hayter	Chief Sales Officer	264	51	–	54	–	13	
Ivar Gimse	SVP Business development	212	34	–	15	–	12	
Sharon Barclay	Chief Human Resources Officer (from 1 Feb 2020)	211	39	–	43	–	9	
Laila Myksvoll	General Counsel	202	38	–	7	–	0	
Nils Halvor Heieren	Chief Technology Officer (1 Jan 2020-31 May 2020)	71	–	–	8	212	5	
Cathrin Bretzeg	SVP HR (1 Jan 2020-31 Jan 2020)	13	–	–	–	–	1	
Eivind Frømyr	Chief Geophysicist (1 Jan 2020-31 May 2020)	67	–	–	–	90	2	
Total		2 431	500	–	671	302	8	

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2021 Remuneration for Board and Committee Members

USD thousands

Name	Position	Board fees	Audit & Risk comm.	Comp. comm.	Sub-total	RSU value
Wenche Kjølås	Chair of the Board/Chair of ARC	81	17	6	105	22
Anthony Dowd	Board member/Chair of Comp. comm.	52	-	9	61	11
Luis Araujo	Board member	52	-	6	58	11
Angela Durkin	Board member	52	9	-	61	11
Roar Brekke	Board member/Chair of Nom. Comm. To May 2021	41	9	-	49	9
Jan B Gateman	Board member to Apr 2021	13	2	-	15	6
Jonathan Cudmore	Board member (employee elected) to Aug 2021	3	-	-	3	-
Janie Garcia	Board member (employee elected)	5	-	-	5	-
Johan Jungholm	Board member (employee elected) to Sep 2021	1	-	-	1	-
Nomination committee						
Chris Sugahara	Chair from Jun 2021	5	-	-	5	-
Ryan Schedler	Member	3	-	-	3	-
Anders Farestveit	Chair to Jun 2021	1	-	-	1	-
Total		308	37	19	366	0

2020 Remuneration for Board and Committee Members

USD thousands

Name	Position	Board fees	Audit & Risk comm.	Comp. comm.	Sub-total	RSU value
Wenche Kjølås	Chair of the Board	74	16	6	96	7
Jan B Gateman	Board member	50	6	-	56	5
Anthony Dowd	Board member from 23 Apr 2020	36	-	6	42	5
Luis Araujo	Board member	50	-	5	55	5
Angela Durkin	Board member	50	6	-	56	5
Roar Bekker	Nomination comm. / chairman	-	-	-	-	-
Anthony Dowd	Nomination comm.	-	-	-	-	-
Anders Farestveit	Nomination comm.	-	-	-	-	-
Jonathan Cudmore	Board member (employee elected) as from August 2020	3	-	-	3	-
Janie Garcia	Board member (employee elected) as from May 2020	4	-	-	4	-
Charles W. Davison Jr.	Board member until 23 Apr 2020	19	-	-	19	-
Bettina Bachmann	Board member until 23 Apr 2020	15	2	-	17	-
Edvin Endresen	Board member until 23 Apr 2020	15	2	-	17	-
Total		316	32	17	365	26

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Number of shares and share options held by the management and Board of Directors 2021

USD thousands

Name	Position	Comments	Shares	Options	RSUs
Board of Directors					
Wenche Kjølås[1]	Chair of the Board		426 038	–	50 000
Anthony Dowd	Board member		50 000	–	25 000
Luis A. Gomes Araujo	Board member		95 000	–	25 000
Angela Durkin	Board member		128 892	–	25 000
Roar Bekker	Board member		20 000	–	25 000
Jan Gateman[2]	Board member	To April 2021	3 875 943	–	–
Janie Garcia	Employee elected Board member		10 000	–	15 000
Jonathan Cudmore	Employee elected Board member	To August 2021	–	–	–
Johan Jungholm	Employee elected Board member	To September 2021	31 300	–	–
Ciaran Moore	Employee elected deputy Board member		–	–	–
Management					
Carel Hooijkaas[3]	Chief Executive Officer		355 058	–	782 958
Mark Ivin[4]	Chief Financial Officer	To November 2021	–	–	268 000
Stig Hognestad	Chief Financial Officer	From November 2021	25 000	–	125 000
Mark Zajac	Chief Technology Officer		–	–	125 000
Tom Scoulios	Chief Operating Officer		29 020	–	180 000
Simon Hayter	Chief Sales Officer		29 020	–	110 442
Ivar Gimse[5]	SVP Business development		965 864	–	22 500
Sharon Barclay	Chief Human Resources Officer		19 020	–	85 078
Laila Myksvoll	General Counsel		30 000	–	45 000
Total			6 090 155	–	1 910 458

[1] Mrs. Kjølås holds 351 038 of her shares indirectly through Jawendel AS.
[2] Mr. Gateman holds his shares in the Company indirectly through Geo Innova AS.
[3] If share price is above target on vesting date 1 October 2022, RSUs as per above will be allocated. If share price is below target, amount of USD 750 000 is due for payment.
[4] If share price is above target on vesting date 1 September 2022, RSUs as per above will be allocated. If share price is below target, minimum amount of USD 300 000 is due for payment. The RSU's was settled in cash as a part of severance
[5] Mr. Gimse also holds 930 380 shares indirectly through Gneis AS.

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Number of shares and share options held by the management and Board of Directors 2020

USD thousands

Name	Position	Shares	Options	RSUs
Board of Directors				
Wenche Kjølås[1]	Chair of the Board	351 038	–	75 000
Jan B Gateman[2]	Board member	5 814 852	–	50 000
Anthony Dowd	Board member	–	–	50 000
Luis A. Gomes Araujo	Board member	45 000	–	50 000
Angela Durkin	Board member	78 892	–	50 000
Jonathan Cudmore	Employee elected Board member	2 000	–	–
Janie Garcia	Employee elected Board member	–	–	58 314
Management				
Carel Hooijkaas[3]	Chief Executive Officer	296 038	–	713 928
Mark Ivin[4]	Chief Financial Officer	–	–	259 000
Mark Zajac	Chief Technology Officer	–	–	125 000
Tom Scoulios	Chief Operating Officer	–	–	196 500
Simon Hayter	Chief Sales Officer	–	–	126 842
Ivar Gimse[5]	SVP Business development	946 214	–	37 500
Sharon Barclay	Chief Human Resources Officer	–	–	91 878
Laila Myksvoll	General Counsel	–	–	75 000
Total		7 534 034	–	1 958 472

[1] Mrs. Kjølås holds 351 038 of her shares in the company indirectly through Jawendel AS.
[2] Mr. Gateman holds his shares in the Company indirectly through Geo Innova AS.
[3] If share price is above target on vesting date 1 October 2022, RSUs as per above will be allocated. If share price is below target, amount of USD 750 000 is due for payment.
[4] If share price is above target on vesting date 1 September 2022, RSUs as per above will be allocated. If share price is below target, minimum amount of USD 300 000 is due for payment.
[5] Mr. Gimse also holds shares in the company indirectly through Gneis AS.

32. Legal claims

The company is involved in a patent lawsuit against Seabed Geosolutions for infringement of four of the Group's U.S. patents where the company demands compensation for monetary damages.

On the 11th of January 2022, Magseis Fairfield announced an ongoing mediation process between Magseis Fairfield ASA and Fairfield Industries Inc. Preparatory discussions between the parties, ahead of the final mediation meeting, have revealed that there is no common ground upon which to reach a mediated solution to the contractual claims between the parties.

The final mediation hearing that was scheduled for March 2022 has been cancelled and the dispute between the parties is thereby to be solved by arbitration in accordance with the parties' contract. Magseis Fairfield will provide further information about the arbitration process when relevant, including with respect to any material developments in such process.

Magseis Fairfield's claims relates to a project in the Middle East that represented a major part of Fairfield Seismic Technologies' project backlog at the time of the transaction.

33. IFRS issued but not yet effective

At the date of authorization of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- IFRS 17 Insurance Contracts I
- Amendments to IAS 1 Classification of Liabilities as Current or Non-current
- Amendments to IFRS 3 Reference to the Conceptual Framework
- Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use
- Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to IFRS Standards 2018-2020 Cycle
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies
- Amendment to IAS 8 regarding accounting estimates. The amendments are effective for annual periods beginning on or after 1 January 2023
- Amendments IAS 12 regarding deferred tax related to assets and liabilities arising from a sing
  The amendments are effective for annual reporting periods beginning on or after 1 January 2

It is not expected that the adoption of the Standards listed above will have a material impact or
statements of the Group in future periods.

34. Events occurring after the reporting date

On 6 January 2022, Magseis Fairfield announced the conditional award of an Ocean Bottom N
survey from a repeat customer. Start-up is expected in Q3 2022, and the project will run for app
two months. On 21 January, it was announced that this conditional award was converted into a
tract.

On 11 January 2022, Magseis Fairfield ASA disclosed an ongoing mediation process between M
Fairfield ASA and Fairfield Industries Inc. regarding certain contractual claims between the part
30 October 2018 Magseis ASA entered into a transaction agreement for the purchase of all the
Fairfield Industries International Limited and all membership interests in Fairfield Seismic Techno
from Fairfield Industries Inc. The transaction was completed on 18 December 2018. The mediati
relates to a project in the Middle East that represented a major part of Fairfield Seismic Techno
backlog at the time of the transaction.

On 21 January 2022, Magseis Fairfield announced that a customer exercised an optional projec
which is scheduled to start in Q2 2022 and run for approximately two months.

On 9 February 2022, Magseis Fairfield announced that preparatory discussions between Mags
ASA and Fairfield Industries Inc, ahead of the final mediation meeting, have revealed that there
ground upon which to reach a mediated solution to the contractual claims between the parties.
mediation hearing that was scheduled for March 2022 has been cancelled and the dispute betw
parties is thereby to be solved by arbitration in accordance with the parties' contract.

On 3 March 2022, Magseis Fairfield announced its acquisition of the node-on-a-rope handling
Carbon Transition. This further consolidates the OBN market and gives the company further fle
future growth.

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Parent company financial statements

Statement of comprehensive income

USD thousands	Note	2021	2020
Revenues and other income			
Revenues and other income	3	**26 916**	14 354
Operating expenses			
Cost of sales	4	**(11 078)**	(8 289)
General and administrative costs	5	**(15 850)**	(15 365)
Depreciation	9	**(9 362)**	(10 657)
Amortization	10	**(38)**	-
Impairment	11	**(6 233)**	(288)
Total operating expenses		**(42 560)**	(34 599)
Operating profit/(loss)		**(15 644)**	(20 246)
Finance income and costs			
Finance income	6	**2 073**	5 568
Finance expenses	6	**(2 596)**	(4 672)
Impairment of investments in subsidiaries	11	**(31 426)**	(1 465)
Net finance income/(expenses)		**(31 949)**	(569)
Net profit/(loss) before tax		**(47 594)**	(20 815)
Income tax expense	7	**150**	-
Net profit/(loss) and total comprehensive income		**(47 444)**	(20 815)

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Statement of financial position

USD thousands	Note	2021	2020
Non-current assets			
Other intangible assets	10, 11	1 167	864
Property, Plant and Equipment	9, 11	38 673	56 354
Intercompany loans	8	31 007	28 628
Investment in subsidiaries	1, 11	109 116	109 468
Total non-current assets		179 963	195 315
Current assets			
Cash and cash equivalents	13	2 791	24 211
Trade receivables	15	4 235	1 175
Inventories	14	944	2 412
Other current assets	16	7 797	704
Intercompany receivables	8, 16	8 344	16 709
Derivatives	23, 26	519	-
Total current assets		24 629	45 211
Total assets		204 593	240 525

USD thousands	Note	2021
Equity		
Share capital	2	1 584
Share premium	2	151 021
Other equity		(3 969)
Total shareholders' equity		148 635
Non-current liabilities		
Interest bearing liabilities	17, 18	29 429
Non-interest-bearing liabilities	18	177
Lease liabilities	12, 17, 18	140
Total non-current liabilities		29 747
Current liabilities		
Trade payables	23	1 561
Intercompany payables	8, 23	7 049
Current portion of lease liabilities	12, 18	560
Current tax payable	7	-
Other current liabilities	19	7 041
Total current liabilities		26 211
Total liabilities		55 958
Total equity and liabilities		204 593

Board of Directors and CEO of Magseis Fairfield ASA
Lysaker, 10 March 2022

Wenche Kjølås	Roar Bekker	Anthony J. Dowd	Luis Araujo	Angela Durkin	Janie Garcia	Carel Hooijkaas
Chair of the Board	Board member	Board member	Board member	Board member	Board member (employee elected)	CEO

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Statement of changes in equity

USD thousands	Share capital	Share premium reserve	Share based payments reserve	Other equity	**Total**
Balance 1 January 2020	1 167	382 149	5 784	(201 162)	**187 939**
Share issuance tranche 1	199	13 301	–	–	**13 500**
Expenses related to tranche 1	–	(683)	–	–	**(683)**
Share issuance tranche 2	212	14 249	–	–	**14 461**
Expenses related to tranche 2	–	(1 354)	–	–	**(1 354)**
Share based payments	–	–	1 712	–	**1 712**
Other changes	–	–	–	(98)	**(98)**
Profit/(Loss) for the period	–	–	–	(20 815)	**(20 815)**
Balance 31 December 2020	1 578	407 662	7 496	(222 074)	**194 660**
Balance 1 January 2021	1 578	407 662	7 496	(222 074)	**194 660**
Share based payments	6	–	1 413	–	**1 419**
Other changes	–	–	–	(1)	**(1)**
Allocation of retained deficit	–	(256 641)	–	256 641	**-**
Profit/(Loss) for the period	–	–	–	(47 444)	**(47 444)**
Balance 31 December 2021	1 584	151 621	8 909	(12 878)	**148 635**

Statement of cash flows

USD thousands	Note	2021	2020
Cash flows from operating activities			
Profit / (loss) before tax		**(47 594)**	(20 815)
Income tax paid and WHT paid	7	**-**	-
Depreciation, amortization and impairment	9, 10, 11	**15 633**	10 945
Share-based payments expense	26	**1 413**	1 712
Impairment of investment in subsidiaries	11	**31 426**	1 465
Finance expense	6	**2 596**	4 672
Finance income	6	**(2 073)**	(5 568)
NBV sold and disposed assets	9	**7 838**	-
(Increase)/decrease in current assets		**(32 868)**	60 064
Increase/(decrease) in current liabilities		**10 935**	(25 794)
Net cash from operating activities		**(12 693)**	26 682

USD thousands	Note	2021
Cash flows from investing activities		
Interest received	6	**-**
Acquisition of equipment	9	**(1 711)**
Investment in subsidiaries	1	**1 520**
Investments in intangibles	10	**(1 110)**
Loans to subsidiaries	8	**(5 415)**
Net cash used in investing activities		**(6 715)**
Cash flows from financing activities		
Down-payments of interest-bearing liabilities	17, 18	**-**
Payment of lease liabilities	12, 18	**(560)**
Proceeds from issue of shares	2	**6**
Interest paid	6	**(1 457)**
Net cash from financing activities		**(2 011)**
Net change in cash and cash equivalents	13	**(11 420)**
Cash and cash equivalents at period start	13	**24 211**
Cash and cash equivalents at period end		**12 791**

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Notes to the Parent company financial statements

1. General Information and basis of preparation

General Information

Magseis Fairfield ASA is a public limited company incorporated in Norway. The Company's registered office is at Strandveien 50, Lysaker, Norway.

Basis of preparation

Statement of compliance

The financial statements are prepared in accordance with the simplified application of International Financial Reporting Standards (Norwegian Forenklet IFRS) in accordance with the Norwegian accounting act § 3-9 and the related directive. The directive refers to the general recognition and measurement requirements in IFRS as endorsed by the European Union, but with certain exemptions.

The financial statements were authorized for issue by the Board of Directors and the chief executive officer (CEO) on 10 March 2022. The financial statements will be presented to the Annual General Meeting on 7 April 2022 for approval. Until this date the Board of Directors has the authority to amend the financial statements.

Financial reporting principles

Magseis Fairfield ASA prepared its financial statements for 2021 in accordance with IFRS.

The relevant exemption applicable to Magseis Fairfield relates to the recognition of Group contributions (Norwegian "konsernbidrag"). Group contributions and dividends under simplified IFRS may be recognized in accordance with Norwegian generally accepted accounting principles for the distributing and receiving entity. This means that the distributing entity may recognize a liability when the contribution or dividend is proposed, but before it has been approved. The receiving entity may also recognize the dividend or contribution receivable before it has been approved.

Disclosure requirements are in accordance with the directive, which refers to disclosure requirements in accordance with the Norwegian Accounting Act chapter 7 and Norwegian generally accepted accounting principles, with certain differences.

If not included in the notes below, the Company's significant accounting policies are disclosed in relevant sections in the consolidated financial statement. These principles have been applied consistently in all periods presented in the financial statements, unless stated otherwise.

Basis of measurement

The financial statements are prepared in accordance with the historical cost principle, with the exemption of derivatives which are measured at fair value.

Judgements and estimates

Preparation of financial statements in accordance with simplified IFRS requires the use of estimates. The application of Company's accounting principles further requires management to apply judgement.

The main areas where significant judgements and critical estimates have been made are described in each of the following notes:

- Note 3 Revenue from customer contracts
- Note 9 Property, Plant and Equipment
- Note 11 Impairment of non-current assets
- Note 12 Leases
- Note 19 Other current liabilities

New Financial Reporting Standards

Certain new or revised standards, amendments or interpretations of existing standards have been implemented, please see note 2.9 in the consolidated financial statement and note 12 Leases. For standards issued but not yet effectiv
note 32 in the consolidated financial

Going concern

The financial results for the Group w
terized by continued financial and op
challenges in 2021, due to the COVI
demic and a volatile market environm
from various stakeholders to focus o
energy. The impact on the E&P indus
profound and Magseis Fairfield's clie
cut their capex and cancelled or pos
investment plans to preserve cash. H
Magseis Fairfield has maintained a s
on cost and capital expenditures to p
and safeguard business continuity.

The Group's backlog for 2021 increa
fourth quarter 2021 and the first mo
offering increasing support for the 2
and forecasts. Magseis Fairfield fore
growth in 2022 of 25% and new con
being secured at increasing margins
and tendering activity for 2022 prov
for optimism, although the company
the risks and uncertainties regarding
development.

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The company ended the year with USD 29.7 million in cash and cash equivalents. Given the current activity level and financial forecasts, it is the Board of Directors' view that the company will have sufficient liquidity through 2022. The liquidity forecast is subject to certain risk factors, such as project execution, timely collections from customers or changes in phasing and scope of projects.

Although there are uncertainties related to events or conditions that might impact the future cash flows, the Board and management are of the opinion that the going concern assumption is appropriate and the accounts are prepared under this assumption.

Shares in subsidiaries

Year ended 31 December 2021

USD thousands	Incorporation	Total equity	Net income/ (loss) 2021	Carrying value
Magseis Operations AS	Norway	36 236	15 262	18 982
Magseis Singapore Services Pte. Ltd.	Singapore	(857)	(1 205)	(857)
Magseis Technology AB	Sweden	556	103	6
Magseis Malaysia Sdn. Bhd.	Malaysia	391	(86)	391
Magseis FF AS	Norway	72 277	(30 325)	72 284
Fairfield Industries International Ltd.	UK	11 926	610	11 316
Magseis Brasil Ltda.	Brazil	15	(193)	15
Magseis Renewables AS	Norway	6 983	(1)	6 980
Total		127 526	(15 834)	109 116

The Company holds 100 percent of all shares and all voting rights for its subsidiaries.

2. Share information

	Number of shares	Share capital USD '000
Balance 1 January 2020	185 170 592	1 167
17 February 2020: Private placement	37 034 118	199
Transaction costs		
17 March 2020: Private placement	44 565 882	213
Transaction costs		
Balance 31 December 2020	266 770 592	1 578
RSU settlements	951 750	6
Allocation of retained deficit		
Balance 31 December 2021	267 722 342	1 584

Nominal value

The nominal value of the shares is NOK 0.05. The share capital is fully paid. Magseis Fairfield A class of shares, ordinary shares, with equal rights for all shares. The holders of ordinary shares c receive dividends and are entitled to one vote per share at general meetings.

Share based payments reserve

Share-based payments represent a cost charged to the income statement over the vesting peri on the fair value measured at grant date for equity-settled share-based payments provided to including key management personnel, as part of their remuneration.

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The 20 largest shareholders as of 31 December 2021:

	Number of shares	Ownership interest
FAIRFIELD MS LLC	48 262 582	18.0%
MORGAN STANLEY & CO. LLC	37 847 255	14.1%
AS CLIPPER	11 283 402	4.2%
WESTCON GROUP AS	8 156 291	3.0%
BNP PARIBAS	7 520 000	2.8%
CACEIS BANK	7 203 200	2.7%
SEB CMU/SECFIN POOLED ACCOUNT	6 969 933	2.6%
ANFAR INVEST AS	6 546 391	2.4%
VERDIPAPIRFONDET KLP AKSJENORGE	6 446 448	2.4%
SOBER AS	6 159 205	2.3%
SBAKKEJORD AS	4 700 000	1.8%
MERRILL LYNCH PROFESSIONAL CLEARIN	3 900 000	1.5%
GEO INNOVA AS	3 875 943	1.4%
REDBACK AS	3 578 289	1.3%
J.P. MORGAN BANK LUXEMBOURG S.A.	3 530 339	1.3%
BARRUS CAPITAL AS	3 304 410	1.2%
VERDIPAPIRFONDET PARETO INVESTMENT	3 077 319	1.1%
REKSNES	2 002 000	0.7%
HERSETH AS	1 632 000	0.6%
ØRNES AS	1 413 635	0.5%
Total largest shareholders	177 408 642	66.3%
Other shareholders	90 313 700	33.7%
Total outstanding shareholders	**267 722 342**	**100.0%**

3. Revenue from customer contracts

Revenue from contracts with customers

Revenue from contracts with customers arise primarily from the delivery of exclusive seismic services, granting of licenses to the Company's Multi-Client survey data library, marine geophysical services and sales of nodes and other equipment.

Revenue is recognized at the amount that the Company expects to be entitled to and expects to collect under the customer contracts. If a customer contract consists of multiple performance obligations, the consideration is allocated among the performance obligations based on their estimated relative fair values. Amounts received from customers in advance of the Company satisfying its performance obligations are recognized as a contract liability. In the rare event the Company has satisfied a performance obligation and is otherwise entitled to compensation under the contract but there is a significant uncertainty as to ultimately collecting the compensation, revenue recognition is deferred until such uncertainty no longer exists. When the Company has satisfied its performance obligations and has a right to the agreed consideration, revenue is recognized.

The principles applied for each of the main types of contracts with customers are described in more detail below.

Proprietary acquisition projects/ Reservoir monitoring/Source

The Company performs ocean botto services in accordance with custome tions, and where the customer retain to the seismic data gathered. These are considered to contain one single obligation, and the performance obli isfied over time since the Company p service at the customer specificatio ant seismic data is retained by the c the Company has no alternative righ utilize or benefit from the data.

The revenue is measured at the tran price agreed under the contract. In n the consideration is normally due ba contractually agreed payment plan w title to the seismic data has been tra While deferred payment terms may b rare circumstances, the deferral neve 12 months. The transaction price is t adjusted for the effects of significa component. The project is measured physical progression, and revenue is based on the ratio of the project's pr date (percentage of completion), pro the performance obligation is satisfi recognition can be based on various such as length of cable deployed, nu square kilometers of acquired data c gressed.

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Multi-client surveys

The Multi-Client library consists of seismic data surveys which are licensed to customers on a non-exclusive basis. Revenues generated from Multi-Client surveys falls into two categories:

Pre-commitment arrangements – Comprise of contracts where the Company obtains pre-funding from customers before a seismic project is started, or during the project period. These pre-commitments cover specific areas or license blocks. In return for the commitment, the customer obtains early access to the data, favorable pricing compared to late sales and a degree of influence over the project scope. Any pre-funding amount collected from customers prior to completion of the project is recognized as contract liability as revenue is recognized at the point in time when the data access is transferred to the customer.

Late sales – Comprise of contracts where the Company grants a license entitling non-exclusive access to utilize a defined portion of the Multi-Client data library in exchange for a fixed payment. Revenue is recognized at the point in time when the customer has been granted access to the data.

For Multi-Client library projects, Magseis Fairfield may invest in the project with other parties and has cooperation agreements whereby revenues will be shared with other companies. These agreements are initiated and agreed as joint operations where both parties have rights to the assets and share in the liabilities. Magseis Fairfield recognizes its share of the investment in the Multi-Client library, its share of revenues from the sale of the Multi-Client survey, related amortization, and expenses. When a partner holds the right to market and sell the project and invoices and collects from the customer, Magseis Fairfield recognizes its share of related accounts receivables.

Revenue from sale of nodes

The Company provides the sale of nodes to external customers, where each sale is defined as a customer contract. The sales contracts normally include one performance obligation which is satisfied upon the delivery of an agreed number of nodes in accordance with the agreed specifications. Revenue is recognized at the point in time when the control of the goods is transferred to the customer, which occurs when the products have been shipped to a contractual agreed location, and the risks of obsolescence and loss have been transferred to the customer. The revenue is measured at the transaction price as agreed under the contract.

Other services revenue

Customer contracts for other marine geophysical services are similar in nature and terms to the proprietary contract sales. Revenue is recognized over time as the Company satisfies the performance obligation and is entitled to the compensation under the contract. Lease income is recognized on a straight-line basis over the lease period.

Significant judgements

The deliveries in the customer contracts are reviewed to identify distinct performance obligations, and this assessment may involve significant judgement. For most of the identified performance obligations for Proprietary acquisition projects, control has been assessed to be transferred to the customer over time as the performance obligation is satisfied. Revenue is recognized over time using either a cost-based progress method, or revenue is recognized as physical progress of the project represents the transfer of seismic data to the customer. These methods are assessed to best reflect the pattern of transfer of control of goods and services to the customer.

Disaggregation of revenue

In accordance with IFRS 15 management analyses the revenue contracts with customers and disaggregates the revenue into the following product categories, which depict how the nature, amount, timing and uncertainty of revenue ar
are affected by economic factors:

- Proprietary acquisition projects
- Multi-client surveys
- Revenue from sale of nodes
- Other service revenues

Revenue from customers is disaggre
table below by geographical location
product, and by the timing of the rev

Disaggregation of revenue from cont
customers:

2021

USD thousands	Multi-client surveys	Revenue from sale of nodes	Other services[1]	Intercompany revenue
Norway and Sweden	–		253	3 866
USA	–	–	–	3 973
UK			–	264
Asia	–	16 056	–	345
Revenue from contracts with customers	–	16 056	253	8 449
Point in time revenue recognition				
Revenue from sale of nodes	–	16 056	–	-
Point in time revenue recognition	–	16 056	–	-
Over time revenue recognition				
Other services revenues	–	–	253	8 449
Total over time revenue recognition	–	–	253	8 449
Lease income (intercompany)	–	–	–	-
Total revenue and income	–	16 056	253	8 449

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2020

USD thousands	Multi-client surveys	Revenue from sale of nodes	Other services[1]	Intercompany revenue	2020
Norway and Sweden	–	–	–	5 682	**5 682**
USA	–	–	–	3	**3**
UK				187	**187**
Asia	–	5 353	–	433	**5 786**
Revenue from contracts with customers	–	5 353	–	6 305	**11 658**
Point in time revenue recognition					
Multi-client surveys	–	–	–	–	**-**
Revenue from sale of nodes	–	5 353	–	–	**5 353**
Point in time revenue recognition	–	5 353	–	–	**5 353**
Over time revenue recognition					
Other services revenues	–	–	721	6 305	**7 026**
Total over time revenue recognition	–	–	721	6 305	**7 026**
Lease income (intercompany)	–	–	–	1 975	**1 975**
Total revenue and income	–	5 353	721	8 280	**14 354**

[1] Other services include revenue from seismic support services.

Assets and liabilities related to contracts with customers

Contract assets and contract liabilities from customers are disclosed below.

Contract assets

Contract assets are recognized whenever a performance obligation is satisfied before the point we have right of invoicing. This relates mainly to proprietary acquisition projects arrangements w timing of invoicing is decided by the customer contract.

Contract assets (unbilled revenue) of USD 7 million were recognized as of 31 December 2021. N assets recognized as of 31 December 2020.

Contract liabilities (Advance payments from customers)

Advance payments from customers is recognized if the Company receives consideration or if it h ditional right to receive consideration in advance of performance. A portion of the Company's cu pay fees in advance, and these prepayments are recognized as non-financial debt and will be se Company's services.

No contract liabilities were recognized as of 31 December 2021 or 2020.

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4. Costs of sales

USD thousands	2021	2020
Charter hire and other vessel costs	**314**	200
Wages and other personnel costs	**1 949**	4 266
Other cost of sales	**8 814**	3 822
Total cost of sales	**11 078**	8 289

The increase in cost of sales is driven by nodes sale in 2021.

5. Other operating expenses

Financial Reporting Principles

Other operating expenses are recognized in the period in which the associated goods and servic
ered to the Company. Personnel expenses include wages, salaries, social security contributions,
parental leave and other employee benefits. The benefits are recognized in the year in which the
services are rendered by the employees. At the end of 2021, the company had a total of 55 FTE
employees and 8 contractors.

For the Norwegian employees, the Company are obliged to provide an employment pension plan
Fairfield ASA has a defined contribution plan that meets this requirement. The expected contrib
paid in 2022 is in line with the contributions in 2021.

USD thousands	2021
Wages and other personnel costs	9 266
Professional services	1 898
Other expenses	4 687
Total other operating expenses	5 850
Salary and social expenses are specified as such	
Salary	5 968
Social security tax	846
Pension costs	334
Share-based payments	1 833
Other personnel cost	285
Total salary and social expenses	9 266

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The audit fee (exclusive of VAT) to Deloitte is specified in the table below:

USD thousands	2021	2020
Audit services		
Audit of annual financial statements	146	100
Other services		
Other assurance services	3	54
Total audit remuneration	149	154

Other assurance services in 2020 relates to tax services.

6. Financial income and expense

Interest income include effects from using the effective interest rate method where fees, interest action costs and other premiums are deferred and amortized over the life of the instrument. Net fair value gains or losses on financial assets at fair value through profit or loss, and adjustments ing amount of financial liabilities at amortized cost are recognized in other financial items.

Foreign exchange gains and losses arise upon settlement of monetary assets and liabilities that hedged. Foreign exchange gains and losses also include the effects from translating monetary a liabilities denominated in foreign currencies at the balance sheet date.

Financial income includes interest income from financial assets held for cash management purp financial costs includes borrowing costs, interest expenses in respect of lease liabilities and exch ences arising from foreign currency borrowings.

Financial income and expense:

USD thousands	2021
Revaluation of warrants	-
Interest income	1 356
Foreign exchange gains	(156)
Other financial items	873
Total finance income	2 073
Interest expense on loan facility	(1 787)
Interest expense on financial leases	(43)
Bank guarantees and other bank charges	(1)
Unrealised foreign exchange losses	5
Foreign exchange losses	(396)
Revaluation of warrants	221
Other financial expenses	(595)
Total finance costs	(2 596)
Net finance income/(expense) excl. impairment	(523)

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7. Income tax

Financial Reporting Principles

Income tax consists of current tax, effect of change in deferred tax positions and withholding tax. Income tax is recognized in the statement of profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date that will be paid during the next 12 months. Current tax also includes any adjustment of taxes from previous years.

Deferred tax is recognized for temporary differences between the carrying amounts of assets and liabilities for financial reporting and the amounts used for taxation purposes. Deferred tax is measured at the tax rates expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets are recognized for unused tax losses, tax credits and deductible temporary differences.

Income tax expense specification:

USD thousands	2021	2020
Current tax:		
Tax payable	-	-
Withholding taxes and Permanent Establishment taxes	(150)	-
Deferred tax:		
Changes in deferred tax	-	-
Tax expense	(150)	-

A reconciliation of the effective rate of tax and the tax rate in parent's country of regis

USD thousands	2021
Net profit/ (loss) before tax	(47 594)
Income taxes calculated at 22%	(10 471)
Changes in temporary differences	-
Changes in unrecognized deferred tax asset	3 933
Non-deductible expenses	7 498
Use of withholding tax	-
Withholding taxes paid	-
Other	(1 110)
Tax expense	(150)

The Company has unutilized tax losses of USD 55 million in 2021 available to be offse against t income. The deductible temporary difference and tax losses do not expire under curre tax legis net deferred tax asset for the Company has not been recognized on the basis that it oes not m teria for asset recognition as the Company currently cannot document that the future axable in utilized against available tax losses. The applicable Norwegian tax rate is 22 percent 22 percen

Deferred tax assets and liabilities, of which none were recognized:

USD thousands	2021
Non-current assets	(291)
Non-current liability	(41)
Provision	(799)
Current liabilities	-
Tax- losses carried forward	082)
Total (assets)/liabilities	3 213)
Not recognized deferred tax assets	3 213
Net recognized deferred (assets)/liabilities	-

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8. Related party and intercompany transactions

Financial Reporting Principles

Related parties' relationships are defined to be entities outside the Company that are under control (either directly or indirectly), joint control or significant influence by the owners, Board of Directors or Management Fairfield ASA. Related parties are in a position to enter into transactions with the Company that would potentially not be undertaken between unrelated parties. The terms and conditions of the transactions with rela are considered to be on an arm's length basis.

The aggregate value of transactions and outstanding receivables/payables with group companies were as follows:

2021 USD thousands	Income from lease of equipment and seismic services	Income for manage-ment fee	Interest income	Seismic equipment & services	Net receivable/ (liability)	Inter-company loans
Magseis Operations AS	–	3 299	112	567	(12 661)	–
Magseis Singapore Services Pte. Ltd	–	345	–	–	785	–
Magseis Malaysia SDN BHD	–	–	–	–		–
Magseis Technology AB	–	–	–	–	(43)	–
Magseis FF AS	–	–	579	–	–	6
Magseis Fairfield LLC	–	1 759	662	2 143	2 965	31 001
WGP Group Ltd		228	–	108	248	–
Total	–	5 631	1 354	2 818	(8 705)	31 007

2020 USD thousands	Income from lease of equipment and seismic services	Income for manage-ment fee	Interest income	Seismic equipment & services	N receivab (liabili
Magseis Operations AS	1 584	3 488	157	391	13 1
Magseis Singapore Services Pte. Ltd	–	235	–		5
Magseis Malaysia SDN BHD	–	198	–		1
Magseis Technology AB	–	219	–		
Magseis USA LLC	546	–	–		
Magseis FF AS	–	–	753		
Magseis Fairfield LLC	–	1 432	950		1 2
WGP Group Ltd	37	150	–		1
Total	2 167	5 722	1 860	39	15 3

The aggregate value of transactions and outstanding receivables/payables with related parties w

USD thousands		Transaction value 2021	Transaction value 2020	Trade 202
J B Gateman (Geo Innova AS) (shareholder)	(I)	**88**	144	-
Total		**88**	144	-

(I) J B Gateman was engaged as an independent consultant.

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9. Property, plant and equipment

Financial Reporting Principles

Property, plant and equipment (PPE) are stated at cost less accumulated depreciation and impairment losses. Components of property, plant and equipment with different useful lives are accounted for separately. Assets are normally depreciated on a straight-line basis over their expected economic lives as follows:

- Seismic equipment 3 – 7 years
- Fixtures and Fittings 3 years
- IT Equipment 3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Equipment under construction is classified as a non-current asset and recognized at the cost, it is not depreciated until the non-current asset is ready for use.

Borrowing costs are capitalized as part of the cost of the asset when significant. The cost of self-constructed assets includes the cost of materials, direct labor, production overheads and borrowing cost.

Impairment triggers are assessed quarterly, and impairment testing is performed when triggers have been identified.

Judgement and Estimates

Judgement is involved when determining the depreciation period and when assessing impairment or reversal of impairment. Impairment is assessed for individual assets and for cash generating units. The impairment testing involves judgmental assumptions about future market development, cashflows, determination of weighted average cost of capital (WACC), growth rate and other assumptions that may change over time.

As per annual review of the useful life, we have reassessed the useful life of nodes and backdeck deployment systems from 5-8 years to 8 years.

USD thousands	Seismic equipment	Asset under construction	Furniture fixtures etc.	Right-of-use assets
Accumulated cost				
Balance 1 January 2020	91 167	17 818	1 553	2 279
Additions	1 174	6 736	–	-
Disposals/retirement	(42 634)		(423)	
Other	344	(13)	(151)	
Balance 31 December 2020	50 052	24 542	979	2 279
Additions	–	1 711	–	-
Disposals/retirement	(13 623)	(328)	(67)	-
Reclass- asset under construction	7 324	(7 324)	–	-
Reclassification to intangibles	–	(1 066)	–	-
Inventory movements and other	203	2 929	–	-
Balance 31 December 2021	43 956	20 463	912	2 279
Accumulated Depreciation and Impairment				
Balance 1 January 2020	(51 502)	–	(997)	(536
Depreciation	(9 920)	–	(201)	(536
Disposals/retirements	42 084	–	406	-
Other	(1 806)	1 806	–	(7
Impairment	–	–	–	(288
Balance 31 December 2020	(21 144)	1 806	(793)	(1 367
Depreciation	(8 824)	–	(131)	(406
Disposals/retirements	6 117	–	63	-
Impairment	(3 060)	(1 336)	–	-
Other	132	–	–	7
Balance 31 December 2021	(26 780)	470	(861)	(1 767
Net carrying amounts				
Balance 31 December 2020	28 908	26 348	187	912
Balance 31 December 2021	17 176	20 933	52	512

Commitments

The Company has entered contractual commitments for the acquisition of seismic equipment in amounting to USD 1.5 million as of 31 December 2021.

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10. Other intangible assets

Financial Reporting Principles

Research and development costs are expensed as incurred until a program has completed the concept phase.

Development activities involve a plan or design to produce new or substantially improved products and processes. Development costs are only capitalized if the product or process is technically and commercially feasible and the business case shows a positive net present value. Capitalized development costs mainly include internal labor costs in addition to materials for the development program. Any third-party funding is presented as a reduction of the capitalized amount.

Capitalized development costs are amortized over three to six years on a straight-line basis.

Other intangible assets:

USD thousands	Other intangibles
Accumulated investments	
Balance 1 January 2021	8 237
Additions	1 110
Reclassification from PPE	1 066
Balance 31 December 2021	10 413
Accumulated amortization and impairment	
Balance 1 January 2021	(7 373)
Amortization for the period	(38)
Impairment for the period	(1 836)
Balance 31 December 2021	(9 246)
Carrying amounts	
Balance 1 January 2021	864
Balance 31 December 2021	1 167

11. Impairment of non-current assets

Impairment recognized

An impairment of USD 6.2 million was recognized in 2021 related to older equipment and R&D p
limited or no expected future use and value. In addition, investment in subsidiaries was impaired
million.

USD thousands	2021
Asset category	
Shares in subsidiaries	31 426
Other Intangible assets	1 836
Right of use asset - Leases	-
Property, plant and equipment	4 397
Total impairment of non-current assets	37 660

Impairment test of assets

Intangible assets that have an indefinite useful life are not subject to amortization and are teste
impairment, or more frequently if events or changes in circumstances indicate that they might b
Other assets are tested for impairment whenever events or changes in circumstances indicate t
rying amount may not be recoverable. An impairment loss is recognized for the amount by which
carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an as
less costs of disposal and value in use. For the purposes of assessing impairment, assets are gr
the lowest levels for which there are separately identifiable cash inflows which are largely indepe
cash inflows from other assets or groups of assets (cash-generating units). Non-financial asset
goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the
reporting period.

Judgements and estimates applied in the impairment test

During 2021, several impairment indicators have been present; the outbreak and spreading of th
rus have led to a reduction in the economic activity and a rapid and significant reduction in oil d
generated an oversupply situation with significantly lower and more volatile oil prices. The impac
industry has been profound and Magseis Fairfield's customers have cut their capex and cancelle
poned their investment plans to preserve cash. Consequently, management has initiated impairm
all quarters during the year.

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The impairment test is based on a value-in use calculation in accordance with IAS 36, where assumptions about future market development, cashflows, the weighted average cost of capital (WACC), growth rate and other factors are subject to management's judgement.

Key assumptions when assessing the recoverable amounts as of 31 December 2021 were:

- Cash flow projections are based on continued growth into 2023 and beyond. We have applied an average revenue growth rate of 6-8 percent for the period 2023-2025, with an estimation of terminal value in subsequent periods.
- We have analyzed the historic and future OBS market and assessed our market share, which has been used as a benchmark for the revenue scenario applied in the cash flow projections
- Terminal value reflects long term steady state revenue and margin levels based on a combination of historic levels and judgements applied
- Capex levels are aligned with revenue assumptions
- Climate risk is assessed to be low and not significant, hence not reflected in the valuation model
- Weighted average cost of capital applied in the model is 11 percent.

The test suggests no impairment required, but it must be emphasized that the model is sensitive to its assumptions, such as t market growth and project margins.

Climate risk and stranded assets

Climate-related risks might be divided into two major categories: (1) risks related to the transition to a lower-carbon economy and (2) risks related to the physical impacts of climate change. As part of the energy transition, we have seen a fundamental shift in the market where our customers focus on cash and value generation from already explored assets. This means that our customers are prioritizing investments in high-quality seismic data over and around existing assets, and specifically OBN seismic data to make data driven field development decisions. While this is a potential upside for the company, there is a political risk if authorities decide to significantly reduce or completely stop production of oil and gas in key markets.

Magseis Fairfield has entered the renewables business using our technology and knowledge from the oil and gas industry. We completed a wind farm pilot project in 2021 and will conduct a carbon capture and storage pilot project in 2022. We see several opportunities in 2022 and will continue our effort to expand the renewables part of our business.

We believe that the services Magseis Fairfield offer is a part of the solution for the transition into a lower-carbon economy. The valuation risk due to climate on our assets and technology are assessed to be low.

Stranded assets are assets that may have reduced or no value as a result of risks associated w
change. As of 31 December 2021, Magseis Fairfield has no stranded assets and consider the fu
stranded assets to be low. The need for increased oil and gas supply in the short- to medium-te
to translate into investments to increase recovery rates from already explored assets. According
Rystad Energy, this view is supported by a significant increase in project sanctioning, and the fo
sanctioned greenfield capex is expected to increase by 14% in 2022 and by a further 40% in 20
projects will provide lower-carbon barrels that can be delivered quickly to the market with attrac
on investments and will naturally include OBN projects. This forms the basis for an increasingly
outlook for a market recovery for OBN services, and the company's view that the OBN market w
ble-digit growth from 2022 onwards.

Physical risk resulting from climate change, in the form of costs caused by physical damage is c
to moderate. Seismic acquisition operations may be exposed to extreme weather, hazardous co
activity in the work area. The Group's own insurance may not be adequate to cover potential los

Sensitivities in the impairment test

The impairment test is sensitive to changes in key assumptions, including changes in discount ra
rates, gross margin and EBITDA assumptions. Sensitivity analysis have been performed on key
The table below show the changes in key assumptions that may occur before any impairment is

Sensitivities (break-even analysis)
Long-term revenue reduction
Long-term EBITDA margin reduction
Discount rate increase

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12. Leases

Financial Reporting Principles

The Company adopted IFRS 16 Leases with effect from 1 January 2019. The lease in table below relates to office in Oslo, Norway. The lease contract ends 31 March 2023. The right of use assets is depreciated over the contract period on a straight-line basis.

Right-of-use-assets

USD thousands	Offices	**Total**
Carrying value		
Balance 1 January 2020	1 743	**1 743**
Additions	-	**-**
Depreciation	(581)	**(581)**
Impairment	(288)	**(288)**
Other adjustments	45	**45**
Balance 31 December 2020	919	**919**
Additions	-	**-**
Depreciation	(408)	**(408)**
Impairment	-	**-**
Other adjustments	-	**-**
Balance 31 December 2021	511	**511**

Lease liabilities

USD thousands	Non-current	Current
Carrying value		
Balance 1 January 2020	1 179	596
Additions	-	-
Reclassification to current	(194)	194
Lease payments	-	(515)
Other adjustments	-	-
Balance 31 December 2020	985	275
Additions	-	-
Reclassification to current	(845)	845
Lease payments	-	(560)
Other adjustments	-	-
Balance 31 December 2021	140	560

13. Cash and cash equivalents

Financial Reporting Principles

Cash and cash equivalents include cash on hand, demand deposits in banks and other short-term highly liquid deposits with original maturity of three months or less.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

While cash and cash equivalents are subject to the impairment requirements of IFRS 9, the expected credit losses are immaterial.

USD thousands	2021	2020
Unrestricted cash balances		
Unrestricted cash balances	**2 007**	23 287
Restricted cash balances		
Deposits	**425**	433
Employee tax withholding accounts	**359**	490
Total restricted cash balances	**784**	924
Total cash and cash equivalents	**2 791**	24 211

14. Inventories

Financial Reporting Principles

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the selling price in the ordinary course of business, less selling expenses and the estimated cost to c inventory. The cost of inventories is based on the weighted average cost.

Judgments and Estimates

The assessment of obsolete and slow-moving inventory in order to determine inventory write-do to management judgment. The selling price in the market must be estimated, and there is a risk actual selling price may turn out to be different than the amount estimated by management.

USD thousands	2021
Raw materials	**582**
Battery stock	**361**
Total inventories	**944**

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15. Trade receivables and contract assets

Financial Reporting Principles

Trade and other receivables are recognized at the initial invoiced amount, less any impairment losses. The invoiced amount is approximately equal to the value derived if the amortized cost method would have been used.

Impairment of accounts receivable and contract assets (financial asset at amortized cost)

Impairment losses are measured at lifetime expected credit losses in accordance with IFRS 9.

The Company's impairment model for accounts receivable, contract assets and other current assets is a simplified approach based on lifetime expected credit losses (ECL). Impairment is based on an estimate of the probability of default for the financial assets reflecting an unbiased amount determined by evaluating a range of possible outcomes; the time value of money and reasonable available information related to past events, current conditions and forecasts of future economic conditions.

The Company uses an impairment model with the following characteristics:

The receivables are organized in portfolios based on the credit risk of the customers. The primary portfolio is the receivables where invoicing is done to customers with a high credit rating, typical large listed or state-owned oil companies. This portfolio has a low risk of default and therefore no impairment loss is initially recognized based on the expectation of all of the accounts being paid. Further, an individual assessment is performed on specific customer receivables, typically if a customer is in known financial distress or has declared bankruptcy.

USD thousands	2021
Trade receivables	4 235
Contract assets	7 071
Trade receivables and contract assets	**11 305**

	31 Dec 2021		31 Dec 2
USD thousands	Carrying amount	Loss allowance	Carrying amount
Not overdue	454	(8)	201
Past due 0-30 days	723	-	65
Past due 31-120 days	3 065	-	881
Past due more than 120 days	-	-	28
Total	**4 242**	**(8)**	1 175

16. Other current assets

USD thousands	2021
Prepayments	463
Intercompany receivables	8 344
Other receivables	7 334
Total other current assets	16 141

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17. Borrowings

Financial Reporting Principles

Borrowings is recognized initially at fair value less transaction costs. Subsequent to initial recognition, borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

USD thousands	2021	2020
Interest bearing liabilities (excl. leases)		
Nominal value bank facility	**30 000**	30 000
Prepaid fees bank facility	**(571)**	(675)
Total	**29 429**	29 325
Long-term	**29 429**	29 325
Short-term	**-**	-
Repayment profile at balance sheet date		
2022	**-**	30 000
2023	**30 000**	-
Total	**30 000**	30 000
Lease liabilities (see note 12)		
Long-term	**140**	985
Short-term	**560**	275
Total	**700**	1 260

In 2020, the Company successfully refinanced the previous term loan by conversion to a Revolving Credit Facility (RCF) of USD 30 million. In 2021, Magseis Fairfield reached an agreement with DNB to extend the RCF with one year to December 2023 and to amend the covenant structure. Under the new covenants, the required equity ratio has been reduced from 50 percent to 40 percent. This change will allow for increased flexibility with regards to working capital requirements resulting from higher operational activity.

The interest terms are LIBOR + margin of 4.25 percent. The arrangement cost is amortized over the term of the loan facility.

Securities

The following security has been provided to DNB Bank ASA, which secures both the loan agreer guarantee facility provided by DNB Bank ASA:

Magseis Fairfield ASA:

- Guarantee of USD 60 million plus interest and expenses
- Pledge over the shares in Magseis FF (UK) Ltd, Magseis FF AS, Magseis Operations AS and M Renewables AS
- Assignment over any monetary claims under the Fairfield share purchase agreement.
- Floating charges over operating assets, inventory and trade receivables
- Pledge over Norwegian bank accounts

Magseis Operations AS:

- Guarantee of USD 60 million plus interest and expenses
- Floating charges over operating assets, inventory and trade receivables
- Pledge over Norwegian bank accounts

Magseis FF AS:

- Guarantee of USD 60 million plus interest and expenses
- Pledge over the shares in Magseis FF LLC
- Floating charges over operating assets, inventory and trade receivables
- Pledge over Norwegian bank accounts

Magseis FF (UK) Ltd.:

- Guarantee of USD 60 million plus interest and expenses
- Security over all assets (general debenture)

Magseis FF LLC:

- Guarantee of USD 60 million plus interest and expenses
- Security over all or substantially all assets, including patents/IP and bank accounts

Guarantees

The company has provided guarantees mainly related to project performance of USD 4 millior 31 December 2021.

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18. Cash flow information

Financial Reporting Principles

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash flows relating to leases are presented as follows:

(a) cash payments for the principal portion of the lease liabilities as cash flows from financing activities
(b) cash payments for the interest portion consistent with presentation of interest payments chosen by the Company, and
(c) short-term lease payments, payments for leases of low-value assets and variable lease payments that are not included in the measurement of the lease liabilities as cash flows from operating activities.

Non-cash transactions from financing activities are illustrated in the reconciliation of liabilities f transactions below:

	Liabilities arising from financing activities		
USD thousands	Non-current liabilities	Current liabilities	Lease liabilities
Liabilities 1 January 2020	16 087	16 667	1 775
Cash flows	-	(3 333)	(515)
Transactions without cash effect			
Refinancing of loan facility	13 334	(13 334)	-
Prepaid fees bank facility	26	-	-
Fair value changes	397	-	-
Other changes	(105)	-	-
Liabilities 31 December 2020	29 739	-	1 260
Cash flows	-	-	(560)
Transactions without cash effect			
Refinancing of loan facility	-	-	-
Prepaid fees bank facility	104	-	-
Fair value changes	(220)	-	-
Other changes	(16)	-	-
Liabilities 31 December 2021	29 607	-	700

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19. Other current liabilities

Financial Reporting Principles
Trade and other payables are recognized at the original invoiced amount. The invoiced amount is considered to be approximately equal to the value derived if the amortized cost method would have been used.

A provision is a liability with uncertain timing and amount. Provisions are recognized when cash outflow is considered probable, the amount can be reliably estimated, and the obligation is a result of a past event. All provisions are presented as short-term as they are part of the operating cycle.

A contingent liability is a possible obligation that arises from past events that typically depends on a future event outside of the company's control, for example a court decision. A provision is made when it is considered as probable that a cash outflow will take place, and the obligation can be measured reliably.

USD thousands	2021	2020
Accrued warranties	162	4 131
Accrued expenses	4 817	3 546
Provisions holiday pay	699	771
Other	1 362	3 866
Total other current liabilities	**7 041**	12 313

20. Financial risk management

The Company is exposed to a variety of financial risks; currency, interest rate, price, credit liquid
risk. The objective of financial risk management is to manage and control financial risks exposur
increase the predictability and minimize the potential adverse effects on the Company's financia
This also includes being able to meet the financial covenants related to the Company's borrowir
note 24 in the Group's consolidated financial statements for more details on how the various fin
are managed.

21. Capital management

The Company's objective for its capital management is to safeguard its ability to continue as a
in order to provide returns for shareholders and benefit for other stakeholders, while maintaining
capital structure to reduce the cost of capital. This includes being able to meet the financial cov
the Company's credit facility. Refer to note 25 in the Group's consolidated financial statements.

22. Fair value measurement

The entity's use of derivative contracts is limited and only entered into for economic hedging pu
reduce cash flow risk and not as speculative investments. For further information on fair value m
please refer to note 26 in the Group consolidated financial statements.

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23. Financial assets and financial liabilities

Financial Reporting Principles

Financial assets and financial liabilities held by the Company consist of trade receivables, cash and cash equivalents, trade payables, borrowings, financial lease liabilities, derivatives and contingent consideration from the earn-out agreement relating to WGP Group and the Al-Shaheen project.

Financial assets (excluding derivatives)

All financial asset, excluding derivatives, meet the SPPI (solely payments of principal and interest) criteria, and are managed in a business model of Hold to collect. These financial assets are in the measurement category amortized cost. The Company measures its trade receivables and cash and cash equivalents at amortized cost. Subsequent to initial recognition these assets are measured at amortized cost using the effective interest method. Income from these financial assets is calculated on an effective yield basis and is recognized in the income statement. Financial assets are classified as current assets, except for those where management has the intention to hold the investment for over 12 month or financial assets with maturities later than 12 months after the balance sheet date. These assets are classified as non-current assets.

Financial liabilities (excluding derivatives)

The Company's financial liabilities consist of trade payables, contingent consideration, lease liabilities and borrowings. The Company initially recognizes financial liabilities at fair value net of transaction costs. Trade payables and borrowings are subsequently measured at amortized cost using the effective interest method. Transaction costs related to borrowings are amortized using the effective interest method over the maturity of the loan. Contingent consideration is subsequently measured at its fair value. Lease liabilities are measured in accordance with IFRS 16, refer to note 12.

As a part of the consideration for the acquisition of Fairfield the Company issued 18 250 000 warrants. Each warrant shall give the right to one new share in the Company, nominal value NOK 0.05, at a subscription price of NOK 25.425. Since the functional currency of Magseis Fairfield ASA is USD whereas the warrants are settled in NOK, the IFRS definition of an equity instrument has not been met. As a result, the warrants are classified as a liability. The warrants were valued according to Black and Scholes model (BS) to market value as of December 2021 at USD 177 thousand (USD 397 thousand in 2020). The warrants are adjusted to fair value at each reporting date with a corresponding charge to income statement.

Financial assets and financial liabilities:

	2021		20
USD thousands	Measured at amortised cost	Measured at FVTPL	Measured at amortised cost
Financial assets			
Cash and cash equivalents	2 791	-	24 211
Trade receivables	4 235	-	1 175
Derivatives	-	519	-
Total	7 025	519	25 386
Financial liabilities			
Interest bearing liabilities	29 429	-	29 325
Long-term non-interest-bearing loan	-	-	-
Lease liabilities	700	-	1 260
Warrants[1]		177	-
Intercompany payables	17 049	-	1 507
Trade payables	1 561	-	896
Total	48 739	177	2 988

[1] Please see note 22 Fair value measurement.

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24. Pledged securities

Below is an overview of assets that are pledged as security for the loan facility with DNB.

USD thousands	2021	2020
Current		
Trade receivables	**4 235**	1 175
Inventories	**944**	2 412
Cash and cash equivalents	**2 007**	23 287
Total current assets pledged as security	**7 185**	26 874
Non-current		
Property, plant and equipment	**38 161**	55 443
Total non-current assets pledged as security	**38 161**	55 443
Total assets pledged as security	**45 346**	82 317

In addition, all shares in subsidiaries have been pledged as security for the loan facility. For additional information please see note 17 Borrowings.

25. Commitment

The Company has entered into contractual commitments for the acquisition of seismic equipme amounting to USD 1.5 million as of 31 December 2021, all due within one year.

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26. Share-based payments

Financial Reporting Principles

Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Group's estimate of the shares that will eventually vest, adjusted for the effect of non-market based vesting conditions.

For cash-settled share-based payments, a liability is recognized for outstanding remuneration and measured at fair value. Until settlement of the liability, the fair value of the liability is reassessed at each balance sheet date and settlement date and any changes in fair value are recognized through profit or loss.

The grant date for fair value of all share-based payments plan was calculated using the Black-Scholes-Merton option pricing model. Expected volatility is estimated by consider historic average share price volatility of comparable listed entities.

In 2012 the Company established a share option program that entitles key management personnel, senior employees and some members of the board to purchase shares in the Company. In accordance with this program options are exercisable at the market price of the shares at the end of the grant and all options are equity settled.

Overview of outstanding options:

	2021		20
Prices in USD	**Number of instruments**	**Weighted average strike price**	Number of instruments
Outstanding at 1 January	**100 000**	**15.65**	350 000
Forfeited during the period	**-**	**-**	-
Exercised during the period	**-**	**-**	-
Expired during the period	**(100 000)**	**15.65**	(250 000)
Granted during the period	**-**	**-**	-
Outstanding at 31 December	**-**	**-**	100 000
Exercisable 31 December	**-**	**-**	100 000

No share options were granted to the employees in 2020 and 2021. The share option program w
with a Right Share Unit (RSU)/Performance Share Unit program in the Annual General meeting 2

Prices in USD	Number of RSU's 2020	Average contractual life RSU's	Number of PSU's 2020
Outstanding at 1 January 2020	3 290 574		9 997
Released/terminated during the period	(385 199)		(3 332)
Adjusted during the period	35 000		-
Granted during the period	3 080 518		7 500
Oustanding at 31 December 2020	6 020 893	1.1	4 165
Released/terminated during the period	(1 674 057)		(6 415)
Adjusted during the period	-		(3 125)
Granted during the period	305 000		000
Oustanding at 31 December 2021	4 651 836	0.45	4 625

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27. Management remuneration

See note 31 Management Remuneration in the Group's consolidated financial statements for details of remuneration to the Board of Directors and the Group Management team.

28. IFRS issued but not yet effective

Please refer to note 33 in the Group's consolidated financial statements.

29. Events occurring after the reporting date

There are no events after the reporting date that significantly affect the financial statements for 2021.

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To the General Meeting of Magseis Fairfield ASA

Independent auditor's report

Opinion

We have audited the financial statements of Magseis Fairfield ASA, which comprise:

- The financial statements of the parent company Magseis Fairfield ASA (the Company), which comprise the statement of financial position as at 31 December 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Magseis Fairfield ASA and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and the Group as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited
services referred to in the Audit Regulation (537/201
have been provided.

We have been the auditor of the Company for five ye
election by the general meeting of the shareholders o
2017 for the accounting year 2017.

Key Audit Matters

Key audit matters are those matters that, in our prof
judgment, were of most significance in our audit of th
statements of the current period. These matters were
in the context of our audit of the financial statements
and in forming our opinion thereon, and we do not pro
rate opinion on these matters.

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Impairments

Key audit matter	How the matter was addressed in the audit
Property, Plant and Equipment, Multi-client library and Other intangible assets account for USD 188 million or approximately 62% of the total consolidated assets as of 31 December 2021. Reference is made to note 15 in the consolidated financial statements for description of Magseis Fairfield ASAs impairment process and key assessments. Management has considered the existence of impairment indicators such as the continued operating losses and sustained uncertainty in the seismic market and has performed an impairment testing to determine the recoverable amounts of the property, plant and equipment, Multi-Client library and other intangible assets as at 31 December 2021 by determining the value in use. Estimating the value in use requires the use of various assumptions such as estimates of future revenues, operating expenses, growth rates and capital expenditures and determining discount rate. Significant management judgment needs to be applied to develop these assumptions which are impacted by the overall exploration and production spending within the oil and gas industry and there is a high degree of estimation uncertainty. Management's impairment evaluation is a key audit matter due to the multiple variables and the significant management judgement involved in estimating future cash flows in the uncertain market conditions.	Our procedures included: • Assessing Magseis Fairfield ASAs impairment process and test of the design and implementation of internal controls established. • Evaluating management's assessment of identification of impairment indicators. • Assessments of management's key assumptions and underlying data by comparing them to budgets, external market information, and historical data, and analyzing sensitivities. • Testing mathematical accuracy of the impairment model, by involving an internal valuation expert. • Involving an internal valuation specialist in evaluating the components of the applied discount rate. • Assessing the disclosures regarding the assumptions and management judgement applied.

Going concern

Key audit matter	How the matter was addressed in the au
Reference is made to note 2.4 in the consolidated financial statements for Magseis Fairfield ASAs assessment of going concern. The financial results for the Group were characterized by continued financial and operational challenges in 2021, affected by the COVID-19 pandemic and a volatile market environment. In order to assess going concern management estimates future cash flows and develops assumptions about future revenues, operating expenses and capital expenditures. There is significant inherent uncertainty in forecasting future cash flows which is impacted by the overall exploration and production spending within the oil and gas industry. Management's going concern evaluation is a key audit matter due to the multiple variables and the significant management judgement involved in estimating future cash flows in the continued uncertain market conditions.	Our procedures included: • Assessing Magseis Fairfield ASAs pro forecasting liquidity and test of the de implementation of internal controls es • Obtaining management's cash flow pr for the 12-month period from the balc date and compared the key input ass underlying sources or historical inform relevant, or external sources where av • Evaluating the assumptions of manag jections with reference to current mar ongoing tendering activities by the gr other corroborating evidence. • Testing the arithmetic integrity of the forecast. • Considering the consistency of assum in the going concern assessment with the assessment of impairment. • Assessing the adequacy of the disclo the Financial Statements regarding g

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Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exerc
sional judgment and maintain professional scepticism
the audit. We also:

- identify and assess the risks of material misstatem
  financial statements, whether due to fraud or error.
  and perform audit procedures responsive to those
  obtain audit evidence that is sufficient and appropr
  provide a basis for our opinion. The risk of not dete
  material misstatement resulting from fraud is highe
  one resulting from error, as fraud may involve collus
  intentional omissions, misrepresentations, or the ov
  internal control.
- obtain an understanding of internal contr relevan
  in order to design audit procedures that are approp
  circumstances, but not for the purpose of expressin
  on the effectiveness of the Company's or the Group
  control.
- evaluate the appropriateness of accounting policie
  the reasonableness of accounting estimates and re
  sures made by management.
- conclude on the appropriateness of management's
  going concern basis of accounting, and, based on t
  evidence obtained, whether a material uncertainty
  to events or conditions that may cast significant d
  the Company and the Group's ability to continue as
  concern. If we conclude that a material uncertainty
  are required to draw attention in our auditor's repo
  related disclosures in the financial statements or, if
  closures are inadequate, to modify our opinion. Our
  are based on the audit evidence obtained up to the
  auditor's report. However, future events or conditio
  the Company and the Group to cease to continue a
  concern.

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- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee 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 Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. 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, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on compliance with Regulation on European Single Electronic Format (ESEF)

Opinion

We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name 5967007LIEEXZXIKS036-2021-12-31-en have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (Verdipapirhandelloven) and the accompanying Regulation on European Single Electronic Format (ESEF).

In our opinion, the financial statements have been prepared, in all material respects, in accordance with the requirements of ESEF.

Management's Responsibilities

Management is responsible for preparing and publishing the financial statements in the single electronic reporting format required in ESEF. This responsibility comprises an adequate process and the internal control procedures which management determines is necessary for the preparation and publication of the financial statements.

Auditor's Responsibilities

Our responsibility is to express an opinion on whether the financial statements have been prepared in accordance with ESEF. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance that the financial statements have been prepared in accordance with the European Single Electronic Format.

As part of our work, we performed procedures to obt
standing of the company's processes for preparing it
statements in the European Single Electronic Format
ated the completeness and accuracy of the iXBRL to
assessed management's use of judgement. Our work
reconciliation of the financial statements under the E
Single Electronic Format with the audited financial st
human-readable format. We believe that the evidenc
obtained is sufficient and appropriate to provide a ba
opinion.

Oslo, 10 March 2022

Deloitte AS

Sign.

Lars Atle Lauvsnes
State Authorised Public Accountant

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Alternative Performance Measures (APMs)

The Group reports its financial results in accordance with accounting principles (IFRS) as issued by the IASB and as endorsed by the EU. However, management believes that certain non-GAAP financial measures provide management and other users with additional meaningful financial information that should be considered when assessing the group's ongoing performance.

Management, the board of directors and the long-term lenders regularly uses supplemental non-GAAP financial measures to understand, manage and evaluate the business and its operations. These non-GAAP measures are among the factors used in planning for and forecasting future periods, including assessment of financial covenants compliance.

Profit measures

Gross profit, EBITDA and EBIT terms are presented as they are used by financial analysts and investors. Special items are excluded from gross profit, EBITDA and EBIT as alternative measures to provide enhanced insight into the financial development of the business operations and to improve comparability between different periods.

Gross profit is revenue less cost of sales.

EBITDA is a measure of earnings (operating profit/loss) before deducting interest expense, taxes, depreciation, amortization and impairment. See note 5 for further details.

Special items may not be indicative of the ongoing operating result or cash flows of the company. Profit measure excluding special items is presented as an alternative measure to improve comparability of the underlying business performance between the periods. Special items include restructuring costs.

Segment revenue is based on those reported but excluding the impact of IFRS 15, so accounted for based on the revenue recognition principles prevailing before the mandatory adoption of IFRS 15 on 1 January 2018. See note 5 for further details.

Segment gross profit is segment revenue less cost of sales. Payments for long-term lease contracts under IFRS 16 are recognized as operating cost. Revenues from Multi-Client prefunding are recognized based on industry practice prior to implementation of IFRS 15. See note 5 for further details.

Segment EBITDA is a measure of earnings (operating profit/loss) using segment revenue before deducting interest expense, taxes, depreciation, amortization and impairment. Payments for long-term lease contracts under IFRS 16 are recognized as operating cost. Revenues from Multi-Client prefunding are recognized based on industry practice prior to implementation of IFRS 15. See note 5 for further details.

EBIT is a measure of earnings (operating profit/loss) before deducting interest expense and taxes. See note 3 for further details.

Segment EBIT is a measure of earnings using segment revenue before deducting interest expense and taxes. See note 3 for further details.

Backlog represents remaining expected revenue from signed contracts. Backlog is a transparent indicator of the company's revenues and operations in the future.

Financing and investment me

Alternative financing and equity m
presented as they are indicators o
ny's ability to obtain financing and
debts.

Working capital is a measure of th
capital necessary to maintain oper
Working capital includes trade rec
inventory, other current assets, tra
and other current liabilities.

Net interest-bearing deb (cash) is
interest-bearing liabilities less cas

Equity ratio is calculated as total e
by total assets.

Capital Expenditures (co ex) mea
ments in property, plant and equip
intangible assets (exclu g Multi-
irrespective of the wheth the am
for in the period.

Book value Multi-Client ibrary seg
total Multi-Client investment less
using industry practice p r to imp
tion of IFRS 15. The amo tization is
with revenue recognition ing per
of completion and is bas upon t
aggregate capitalized su ey cost
forecasted sales.

Årsregnskap og regnskapsåret 2021 for 994547852

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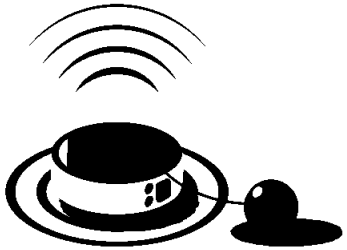
Financial calendar 2022

Annual General Meeting	7 April 2022
Q1 2022	10 May 2022
Q2 2022	30 August 2022
Q3 2022	1 November 2022



[redacted]

Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Torstein Kinden Helleland	11.02.2013	08.03.2013
Telefon	Deres referanse	Vår referanse
22078139	Mikkel Ektvedt	2013/107005

MAGSEIS AS
Gaustadalléen 21
0349 OSLO

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Magseis AS, org. nr. 994 547 852

Det vises til deres brev av 11. februar 2013 samt telefonsamtale i sakens anledning. Det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Magseis AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Magseis AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Bakgrunn
Magseis AS er et seismikk selskap som driver letevirksomhet internasjonalt. 10 % av selskapets aksjonærer er hjemmehørende utenfor Norge. Totalt er over 95 % av aksjonærene er profesjonelle investorer. Selskapet driver virksomhet i en internasjonal bransje der alle sentrale aktører og samarbeidspartnere behersker og benytter engelsk. Arbeidsspråket er engelsk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

Skattedirektoratets vurdering
Etter regnskapsloven § 3-4 tredje ledd skal "*årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk.*"

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

> *"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper*

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0134 Oslo
Besøksadresse:
Se www.skatteetaten.no
Org.nr: 996250318
Sentralbord
800 80 000
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22 17 08 60
For elektronisk henvendelse se www.skatteetaten.no

vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *"informative regnskaper for ulike grupper av regnskapsbrukere"*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at majoriteten av eierne er profesjonelle investorer. Selskapets arbeidsspråk er engelsk og all kommunikasjon skjer på engelsk. Videre er det vektlagt at selskapet driver virksomhet i en internasjonal bransje der alle aktører behersker og benytter engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

04.08.2023 kl 01:14

Responsibility statement

Confirmation from the Board of Directors and Chief Executive Officer

The Board of Directors and the chief executive officer of Magseis Fairfield ASA have today considered and approved the annual report and financial statements for the 2021 calendar year ended on 31 December 2021.

We confirm, to the best of our knowledge, that:

- The 2021 financial statements for the group and parent company have been prepared in accordance with all applicable accounting standards
- The information provided gives a true and fair view of the group's and parent company's assets, liabilities, financial position and results
- The Board of Directors report provides a true and fair overview of the development, performance and financial position of Magseis Fairfield ASA and the Group together with a description of the principal risks and uncertainties that they face

Board of Directors and CEO of Magseis Fairfield ASA
Lysaker, 10 March 2022

Wenche Kjølås
Chair of the Board

Roar Bekker
Board member

Anthony J. Dowd
Board member

Luis Araujo
Board member

Angela Durkin
Board member

Janie Garcia
Board member
(employee elected)

Carel Hooijkaas
CEO

Brønnøysundregistrene

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Årsregnskap regnskapsåret 2021 for 994547852

Consolidated statement of financial position

USD thousands	Note	31 Dec 2021	31 Dec 2020
Non-current assets			
Property, Plant and Equipment	13, 15	**115 852**	150 075
Multi-client library	14	**22 526**	20 906
Other intangible assets	14, 15	**49 840**	57 689
Total non-current assets		**188 217**	228 669
Current assets			
Cash and cash equivalents	17	**29 737**	54 829
Trade receivables	19	**17 389**	38 141
Inventories	18	**6 182**	7 711
Derivatives	26	**519**	-
Other current assets	20	**62 959**	15 253
Total current assets		**116 787**	115 933
Total assets		**305 004**	344 602

USD thousands	Note	31 Dec 2021
Equity		
Share capital	4	**1 584**
Share premium	4	**151 021**
Other equity		**8 909**
Total shareholders' equity		**161 514**
Non-current liabilities		
Interest bearing liabilities	21, 22	**29 429**
Lease liabilities	16, 21, 22	**8 275**
Non-interest-bearing liabilities	22	**4 609**
Total non-current liabilities		**42 313**
Current liabilities		
Trade payables	24, 27	**[illegible]0 901**
Current tax payable	10	**[illegible]5 060**
Current portion of interest-bearing liabilities	21, 22	**[illegible]0 000**
Current portion of lease liabilties	16, 21, 22	**[illegible]6 201**
Other current liabilities	23	**[illegible]7 015**
Total current liabilities		**[illegible]01 177**
Total liabilities		**[illegible]3 490**
Total equity and liabilities		**3[illegible]5 004**

Board of Directors and CEO of Magseis Fairfield ASA
Lysaker, 10 March 2022

Wenche Kjølås	Roar Bekker	Anthony J. Dowd	Luis Araujo	Angela Durkin	Janie Garcia	Carel Hooijkaas
Chair of the Board	Board member	Board member	Board member	Board member	Board member (employee elected)	CEO

04.08.2023 kl 01:14 Brønnøysundregistrene Side 139 av 145

Årsregnskap regnskapsåret 2021 for 994547852

Statement of financial position

USD thousands	Note	2021	2020
Non-current assets			
Other intangible assets	10, 11	1 167	864
Property, Plant and Equipment	9, 11	38 673	56 354
Intercompany loans	8	31 007	28 628
Investment in subsidiaries	1, 11	109 116	109 468
Total non-current assets		179 963	195 315
Current assets			
Cash and cash equivalents	13	2 791	24 211
Trade receivables	15	4 235	1 175
Inventories	14	944	2 412
Other current assets	16	7 797	704
Intercompany receivables	8, 16	8 344	16 709
Derivatives	23, 26	519	-
Total current assets		24 629	45 211
Total assets		204 593	240 525

USD thousands	Note	2021
Equity		
Share capital	2	1 584
Share premium	2	151 021
Other equity		(3 969)
Total shareholders' equity		148 635
Non-current liabilities		
Interest bearing liabilities	17, 18	29 429
Non-interest-bearing liabilities	18	177
Lease liabilities	12, 17, 18	140
Total non-current liabilities		29 747
Current liabilities		
Trade payables	23	1 561
Intercompany payables	8, 23	7 049
Current portion of lease liabilities	12, 18	560
Current tax payable	7	-
Other current liabilities	19	7 041
Total current liabilities		26 211
Total liabilities		55 958
Total equity and liabilities		204 593

Board of Directors and CEO of Magseis Fairfield ASA
Lysaker, 10 March 2022

Wenche Kjølås	Roar Bekker	Anthony J. Dowd	Luis Araujo	Angela Durkin	Janie Garcia	Carel Hooijkaas
Chair of the Board	Board member	Board member	Board member	Board member	Board member (employee elected)	CEO

04.08.2023 kl 01:14 Brønnøysundregistrene Side 140 av 145

Årsregnskap regnskapsåret 2021 for 994547852

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NO-0103 Oslo
Norway

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www.deloitte.no

To the General Meeting of Magseis Fairfield ASA

INDEPENDENT AUDITOR'S REPORT

Opinion
We have audited the financial statements of Magseis Fairfield ASA, which comprise:

- The financial statements of the parent company Magseis Fairfield ASA (the Company), which comprise the statement of financial position as at 31 December 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Magseis Fairfield ASA and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for five years from the election by the general meeting of the shareholders on 22 June 2017 for the accounting year 2017.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Organisasjonsnummer: 980 211 282

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Impairments

Key audit matter	How the matter was addressed in the audit
Property, Plant and Equipment, Multi-client library and Other intangible assets account for USD 188 million or approximately 62% of the total consolidated assets as of 31 December 2021. Reference is made to note 15 in the consolidated financial statements for description of Magseis Fairfield ASAs impairment process and key assessments. Management has considered the existence of impairment indicators such as the continued operating losses and sustained uncertainty in the seismic market and has performed an impairment testing to determine the recoverable amounts of the property, plant and equipment, multi-client library and other intangible assets as at 31 December 2021 by determining the value in use. Estimating the value in use requires the use of various assumptions such as estimates of future revenues, operating expenses, growth rates and capital expenditures and determining discount rate. Significant management judgment needs to be applied to develop these assumptions which are impacted by the overall exploration and production spending within the oil and gas industry and there is a high degree of estimation uncertainty. Management's impairment evaluation is a key audit matter due to the multiple variables and the significant management judgement involved in estimating future cash flows in the uncertain market conditions.	Our procedures included: • Assessing Magseis Fairfield ASAs impairment process and test of the design and implementation of internal controls established. • Evaluating management's assessment of identification of impairment indicators. • Assessments of management's key assumptions and underlying data by comparing them to budgets, external market information, and historical data, and analyzing sensitivities. • Testing mathematical accuracy of the impairment model, by involving an internal valuation expert. • Involving an internal valuation specialist in evaluating the components of the applied discount rate. • Assessing the disclosures regarding the assumptions and management judgement applied.

Going concern

Reference is made to note 2.4 in the consolidated financial statements for Magseis Fairfield ASAs assessment of going concern. The financial results for the Group were characterized by continued financial and operational challenges in 2021, affected by the Covid- 19 pandemic and a volatile market environment. In order to assess going concern management estimates future cash flows and develops assumptions about future revenues, operating expenses and capital expenditures. There is significant inherent uncertainty in forecasting future cash flows which is impacted by the overall exploration and production spending within the oil and gas industry. Management's going concern evaluation is a key audit matter due to the multiple variables and the significant management judgement involved in estimating future cash flows in the continued uncertain market conditions.	Our procedures included: • Assessing Magseis Fairfield ASAs process for forecasting liquidity and test of the design and implementation of internal controls established. • Obtaining management's cash flow projections for the 12-month period from the balance sheet date and compared the key input assumptions to underlying sources or historical information where relevant, or external sources where available. • Evaluating the assumptions in management's projections with reference to current market conditions, ongoing tendering activities by the group, and any other corroborating evidence. • Testing the arithmetic integrity of the liquidity forecast. • Considering the consistency of assumptions used in the going concern assessment with

Key audit matter	How the matter was addressed in the audit
	those used in the assessment of impairment. • Assessing the adequacy of the disclosures made in the Financial Statements regarding going concern.

Other Information
The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.
Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain 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 or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude 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 and the Group'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 the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee 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 Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. 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, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on compliance with Regulation on European Single Electronic Format (ESEF)

Opinion

We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name 5967007LIEEXZXIKSO36-2021-12-31-en have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (Verdipapirhandelloven) and the accompanying Regulation on European Single Electronic Format (ESEF).

In our opinion, the financial statements have been prepared, in all material respects, in accordance with the requirements of ESEF.

Management's Responsibilities

Management is responsible for preparing and publishing the financial statements in the single electronic reporting format required in ESEF. This responsibility comprises an adequate process and the internal control procedures which management determines is necessary for the preparation and publication of the financial statements.

Auditor's Responsibilities

Our responsibility is to express an opinion on whether the financial statements have been prepared in accordance with ESEF. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard

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requires us to plan and perform procedures to obtain reasonable assurance that the financial statements have been prepared in accordance with the European Single Electronic Format.

As part of our work, we performed procedures to obtain an understanding of the company's processes for preparing its financial statements in the European Single Electronic Format. We evaluated the completeness and accuracy of the iXBRL tagging and assessed management's use of judgement. Our work comprised reconciliation of the financial statements under the European Single Electronic Format with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 10 March 2022
Deloitte AS

Lars Atle Lauvsnes

Lars Atle Lauvsnes
State Authorised Public Accountant