Q1 2022

10 May 2022

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Summary

Operational highlights	• Seasonally lower activity, with Gulf of Mexico project heavily impacted by weather • Successfully mobilized a second crew and commenced a project in the Gulf of Mexico • Acquired node-on-a-rope handling systems further consolidating the market
Financial highlights	• Revenue of USD 75.2 million in Q1 and gross margin of 11% • EBITDA of USD 3.1m (4%) • Operating cashflow generation in Q1 of USD -3.6 million
Backlog	• Total backlog of USD 257 million, of which ~USD 164 million for delivery in 2022 • New backlog secured at improving margins with the positive market outlook • Forecasting the OBN market approaching USD 1 billion in 2023

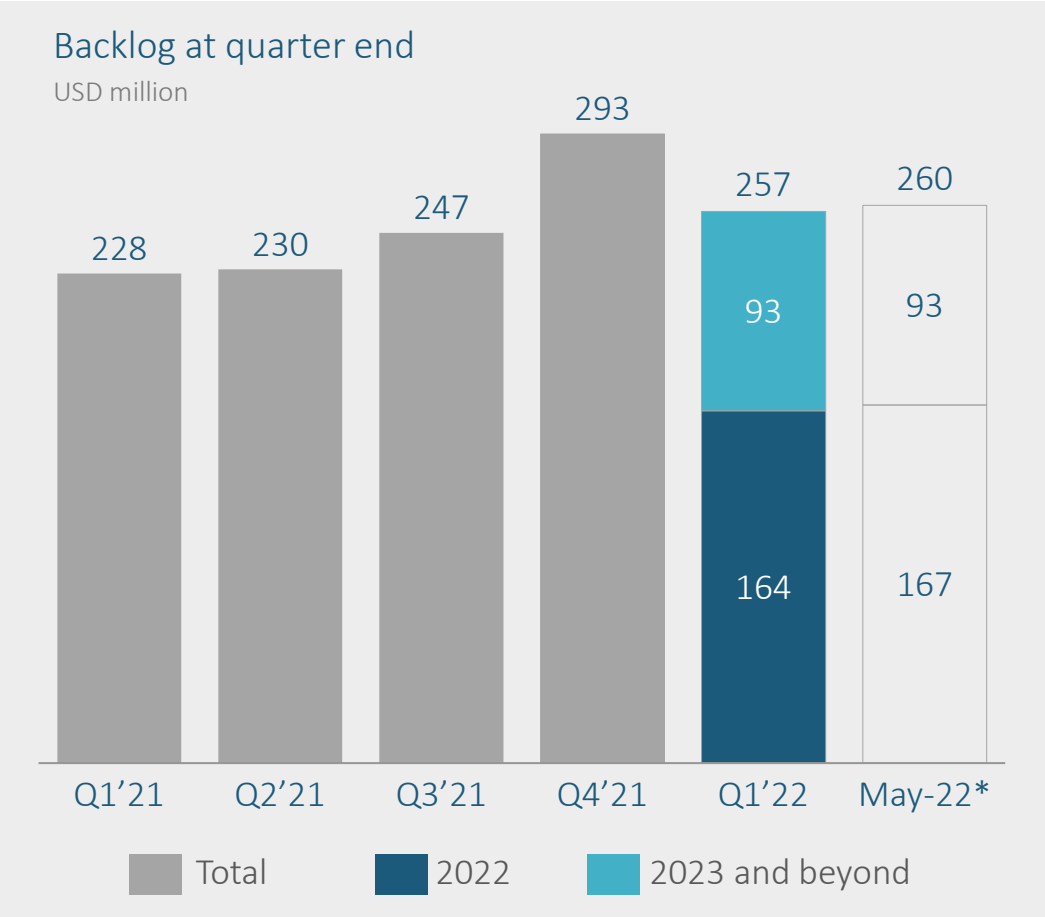
Operations

Operational performance highlights

- **ZXPLR1 crew:** Continued work in the Gulf of Mexico, with performance impacted by poor weather and environmental conditions
- **ZXPLR2 crew:** Commenced Gulf of Mexico project for a repeat customer
- **Z700 crew:** Continued work on the India project
- **MASS crew:** Transiting to the Mediterranean to start a new project in Q2
- **Reservoir Monitoring/Source crews:** Maintenance phase in preparation for spring season projects in Q2, in the North Sea

Good backlog at improving margins

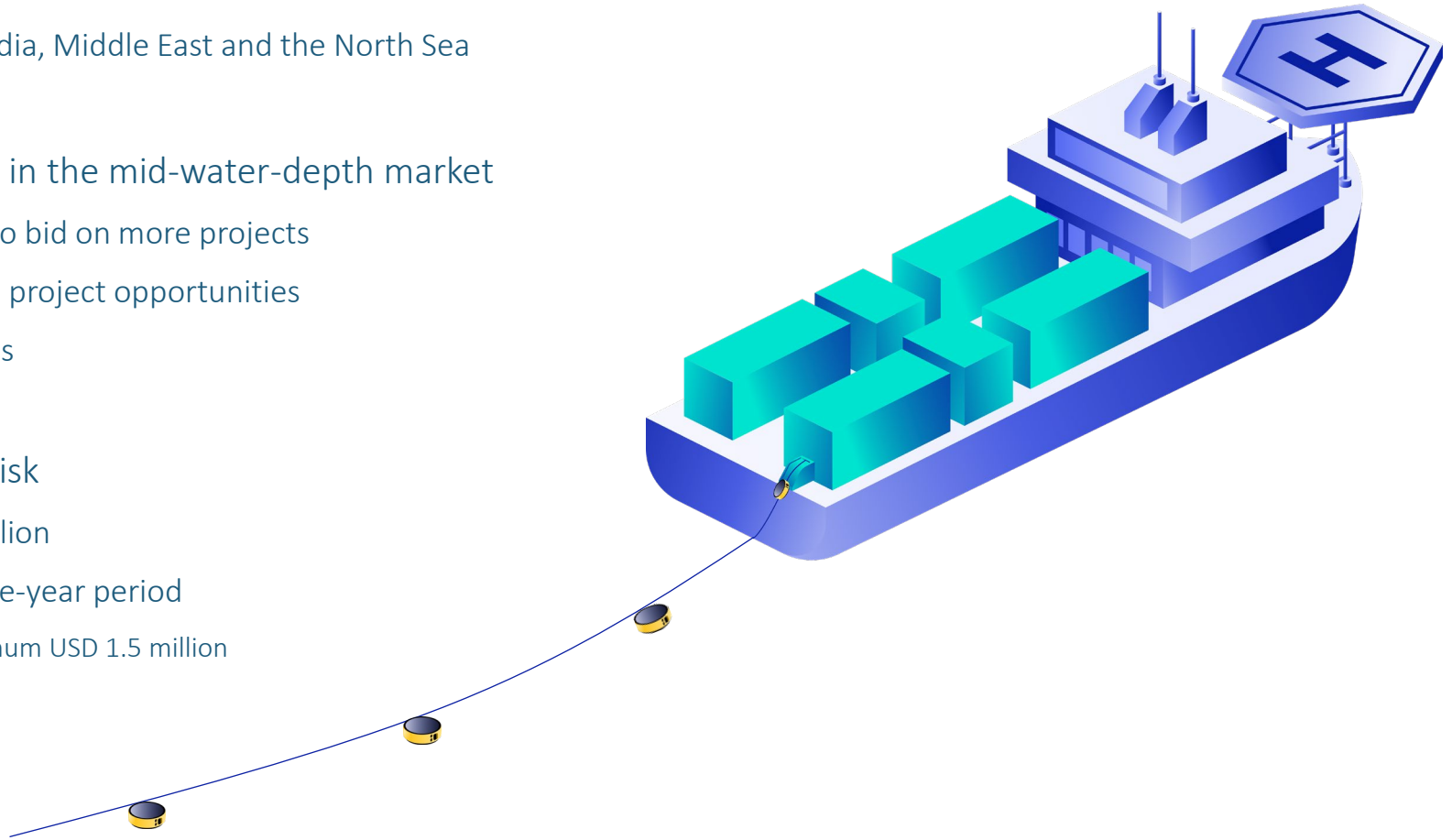
- Backlog of USD 257m, three contracts awarded in Q1
- New backlog secured at higher margins as the market continues to improve
  - Two conditional awards converted into signed contracts. Commencing Q2 by the Z700 crew for a total of three months
  - A repeat customer has exercised an option for an additional project, commencing in late Q2 for two months using ZXPLR technology
- Contracts awarded in Q2 2022
  - A repeat customer exercised an option to award an additional project for several weeks in the GoM using ZXPLR technology



*Backlog end of Q1-22 adjusted for new contracts in April and May, and changes in phasing of contracts

Consolidating the mid-water-depth market and expanding capacity

- Acquired handling systems from Carbon Transition
  - Previously used for surveys in India, Middle East and the North Sea
- Strengthens delivery capability in the mid-water-depth market
  - Improved competitive position to bid on more projects
  - Short time-to-market to capture project opportunities
  - Used with our Z and MASS nodes
- Deal structure limits financial risk
  - Initial investment of USD 0.5 million
  - Profit-sharing model over a three-year period
    - Maximum USD 12.0 million, minimum USD 1.5 million



Renewables Strategy Execution

Fundamental Research

Center for Geophysical forecasting

- Participating in research projects
- In discussions to execute a test in 2022 to validate the research using our node-drop technology

Consortiums / Alliances

Greensand project in Denmark

- Greensand CCS project progressing as planned
- Engineering ongoing
- Acquisition project scheduled for Q4 2022

Pilot Projects

Pilot projects in North Sea

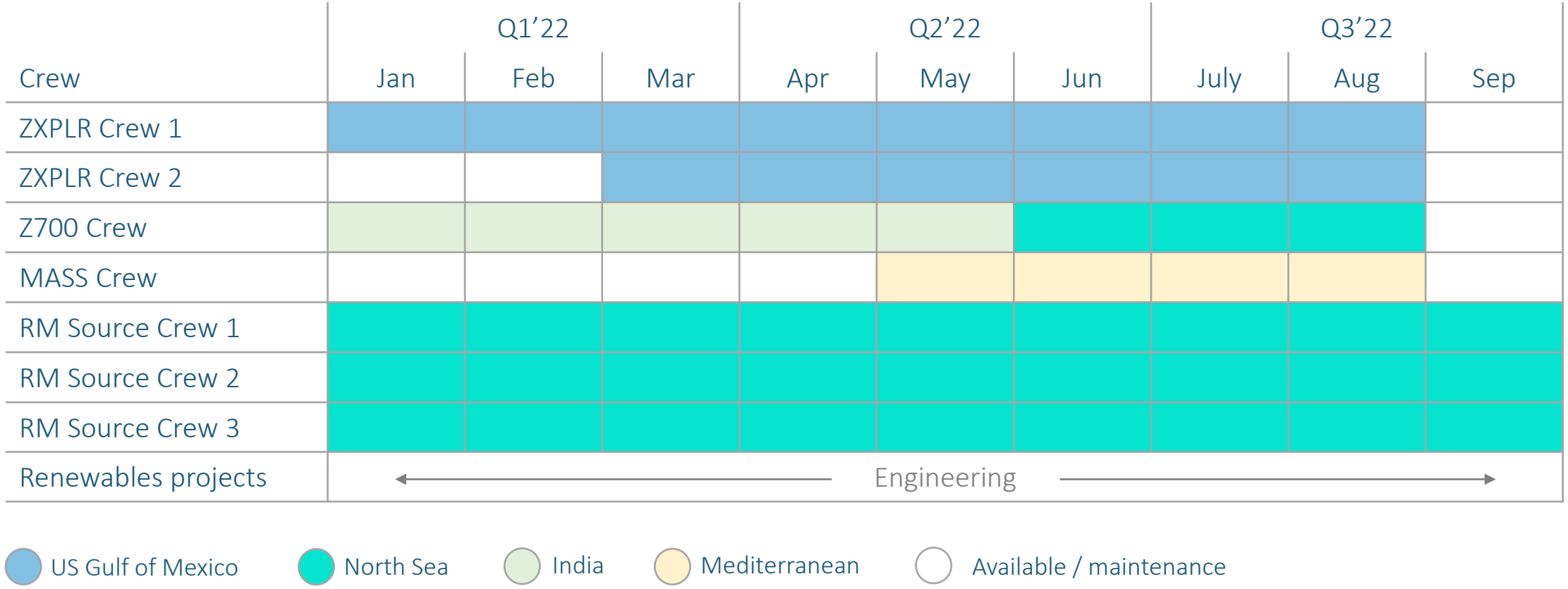
- Wind farm pilot data acquisition completed in 2021
- Reviewing CCS pilot plans for acquisition in 2022

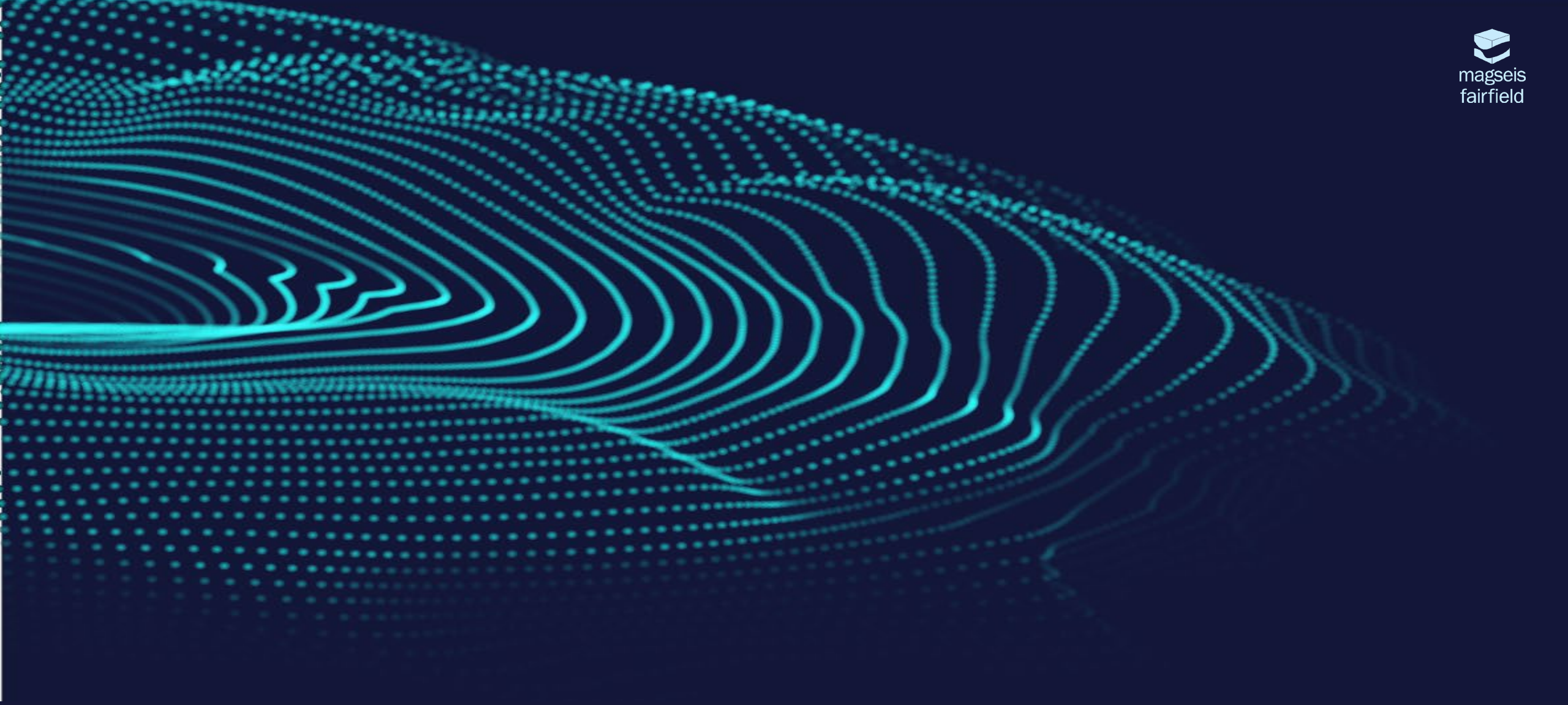
Tendering

Renewables focus areas

- Opportunities being pursued in the US, Europe and Asia for Offshore Wind Farm and Carbon Capture and Storage projects

Magseis Fairfield crew activity backlog





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Financials

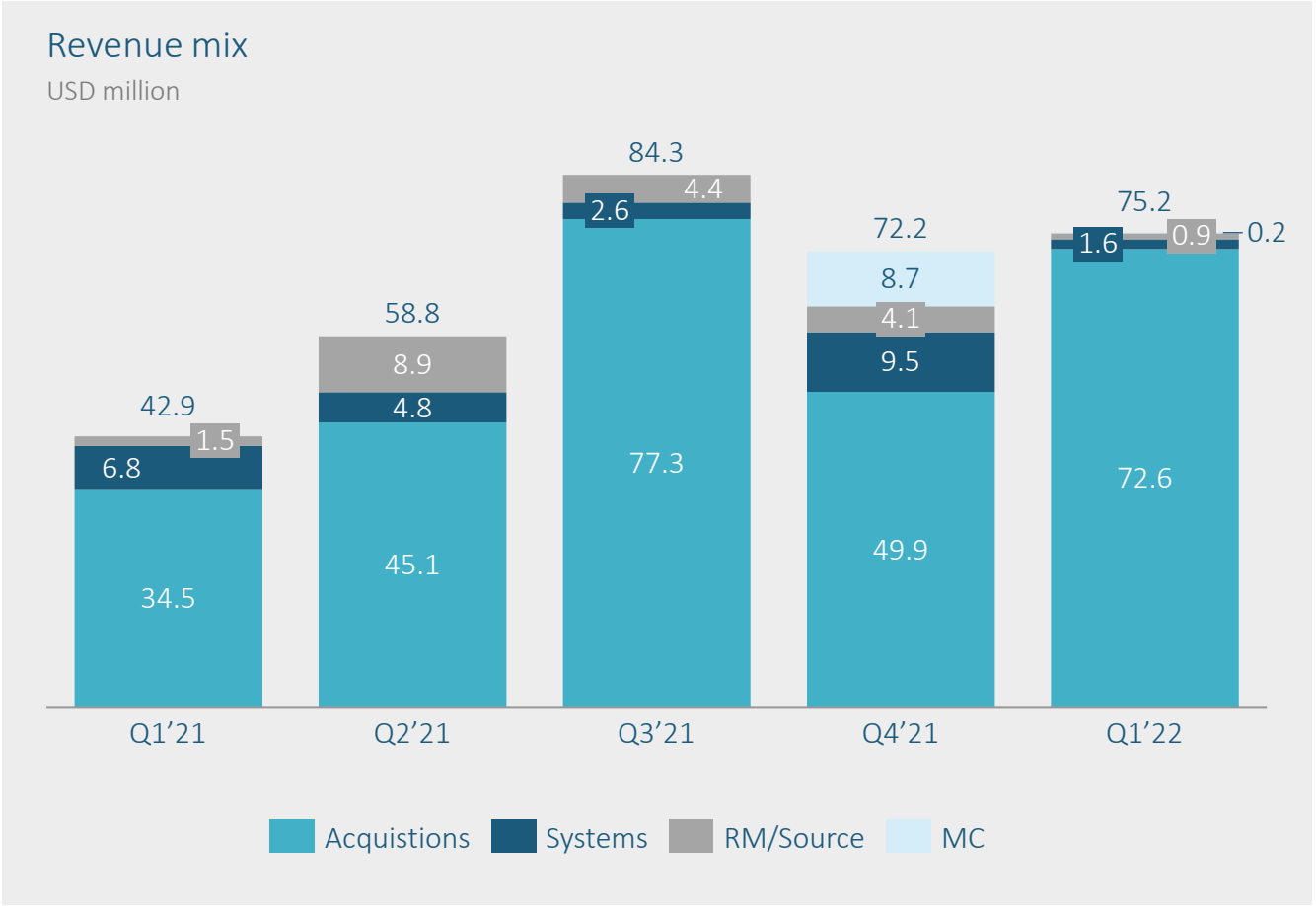
Financial highlights

	Q1 2022	Q1 2021
Revenue	USD 75.2 million	USD 42.9 million
Gross margin	11%	19%
EBITDA	USD 3.1 million	USD 0.6 million
Operating cash flow	USD -3.6 million	USD -4.7 million

Financial position	• Equity ratio of 49% and in compliance with all loan covenants
	• Cash holding of USD 15.7 million
	  • Temporarily increase of RCF in May by USD 15 million to end of third quarter to support high activity and mobilization of all crews in second quarter
	  • RCF of USD 30 million extended with one year to December 2024	

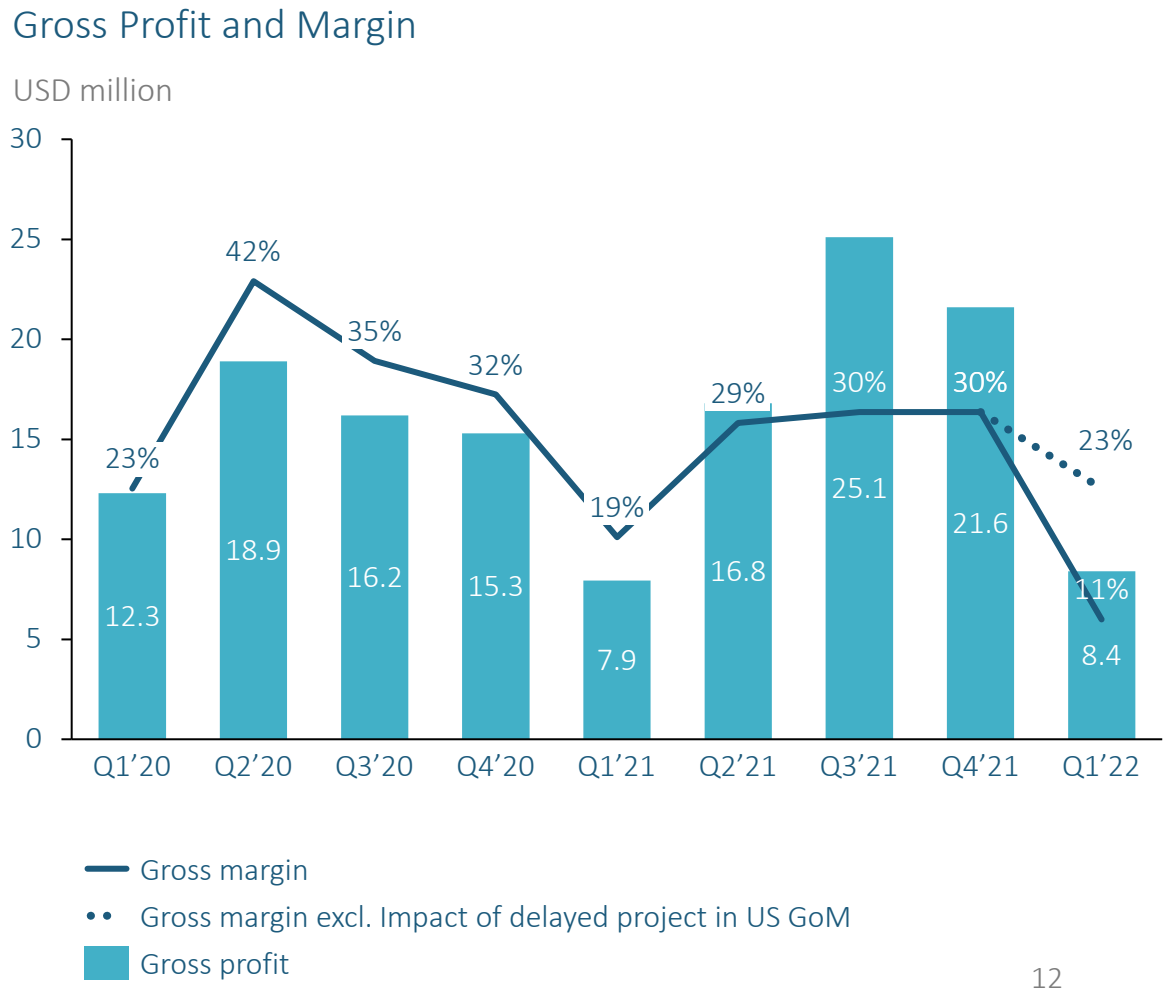
Strong revenues despite low seasonal utilization

- Q1’22 revenue of USD 75.2 million
  - Significant revenue generation from the project in India
  - Only two crews in full utilization throughout the quarter
- Q2’22 revenues expected to increase from Q1’22
  - All crews in operation in second quarter, utilizing our full node inventory as well as performing source operations with all the RMS crews
  - Cornerstone multi-client project phase 2 on schedule to be completed by end of Q2’22
  - Low expectations for significant system sales and Multi-Client sales in Q2



Gross Margin negatively impacted by project delays

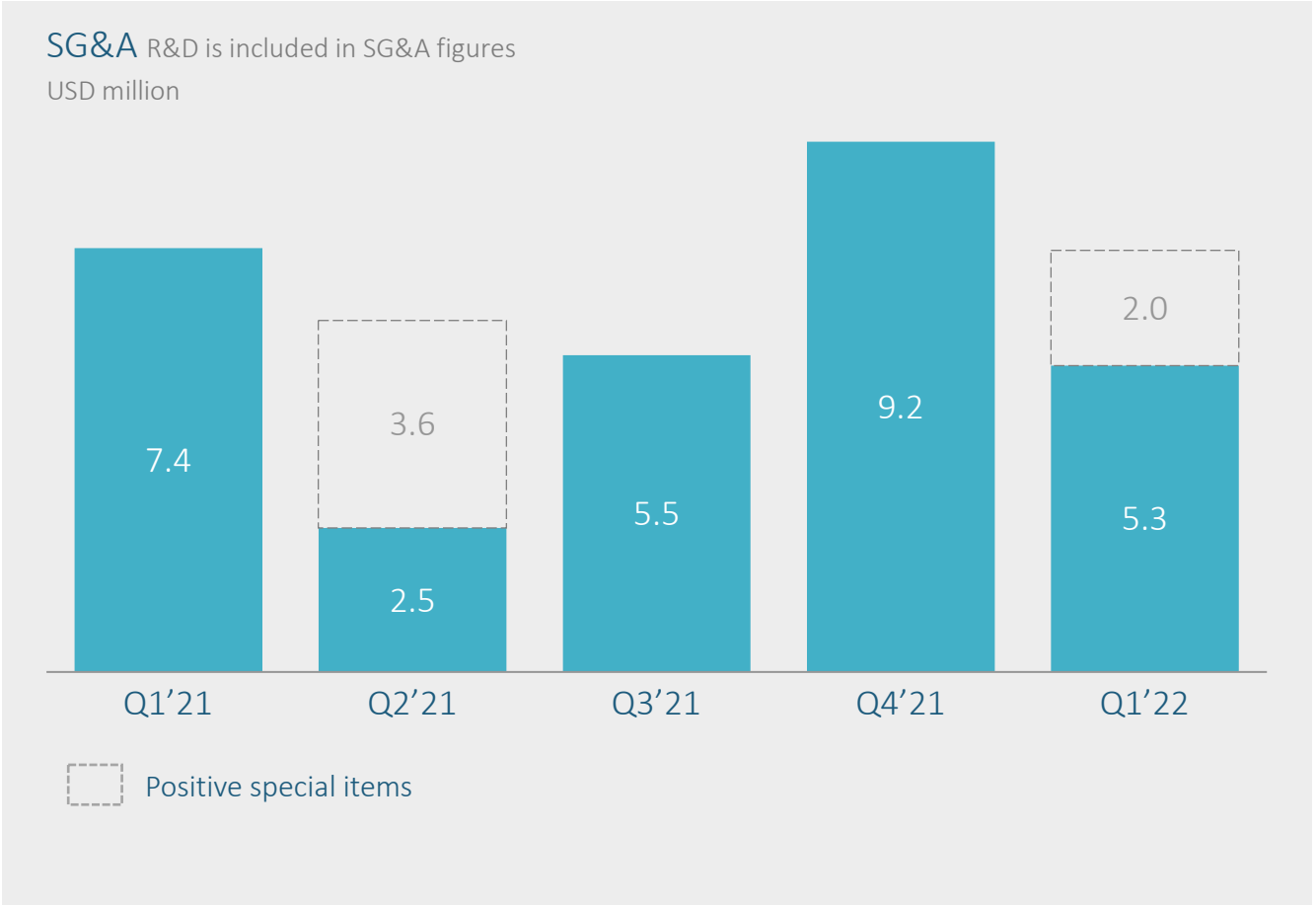
- Direct Gross profit of USD 8.4 million and reported gross margin of 11% impacted by delayed project in US GoM
  - Excluding delays related to the ZXPLR 1 project in the GoM the Direct Gross profit margin would have been 23%
  - Continuously working on T&C's to ensure we don't assume weather risk



Gross profit in accordance with IFRS 16 – Long-term leasing costs excluded

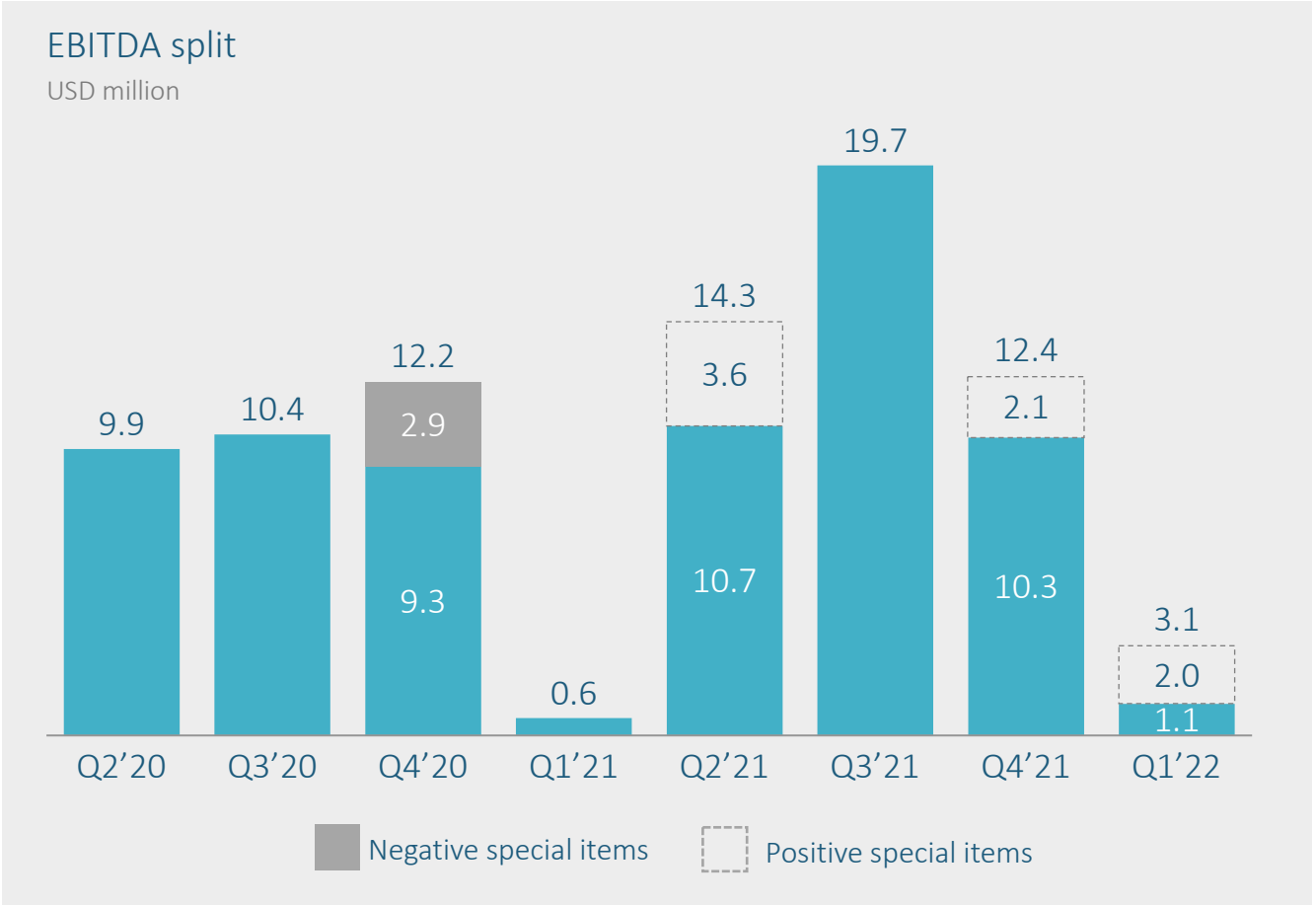
SG&A remains at guided run rate

- Reported SG&A of USD 5.3 million in Q1’22
  - Excluding loan forgiveness (US Paycheck Protection Program) of USD 2.0 million, underlying SG&A was USD 7.3 million
- SG&A cost level for the full year 2022 expected to be USD 25-30 million



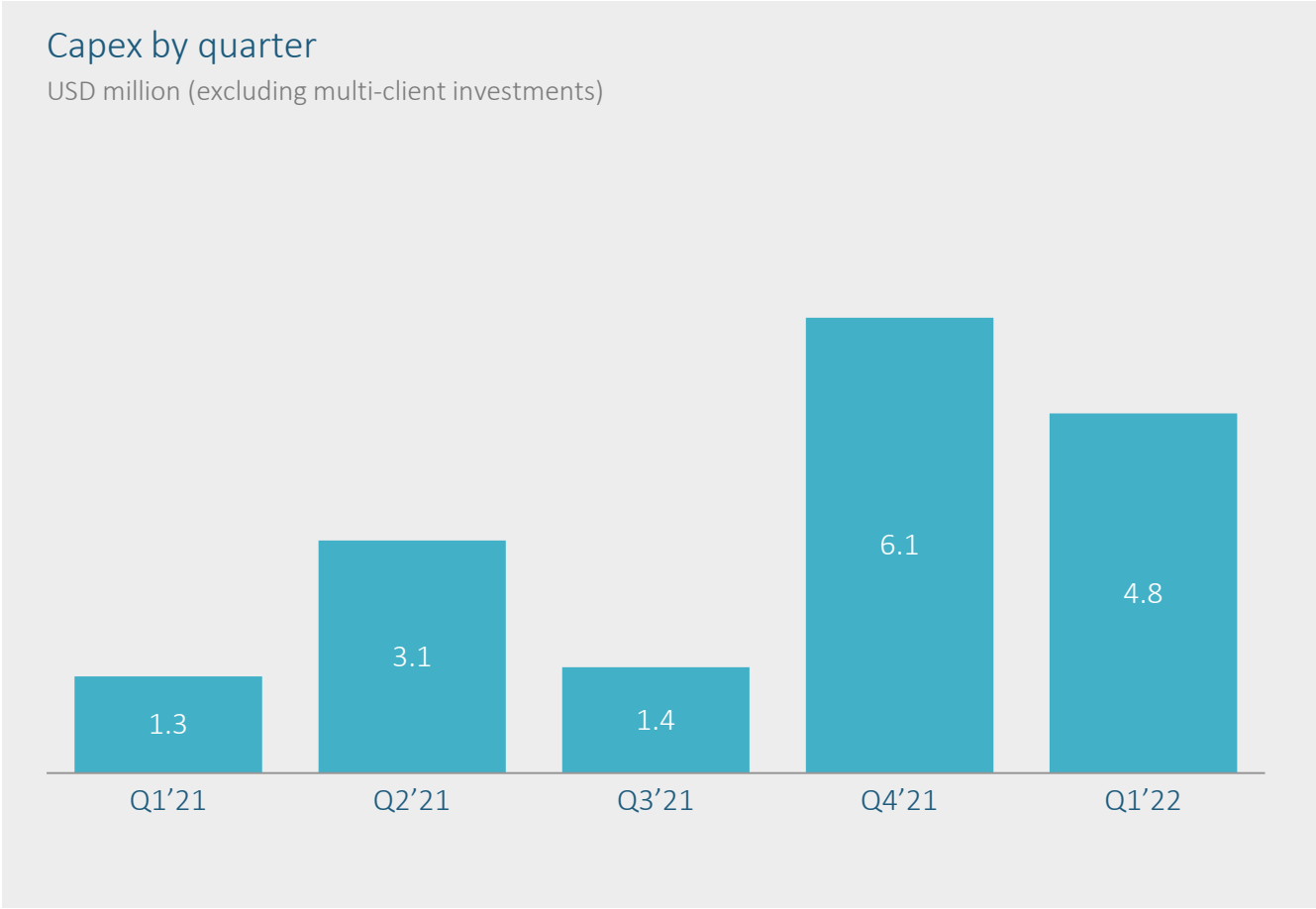
Quarterly EBITDA development

- Reported EBITDA of USD 3.1m in Q1’22, negatively impacted by the GoM ZXPLR 1 project
- Combined effect of:
  - Lower crew utilization
  - Project delays following mentioned weather issues
  - Positive special items impacting the result by USD 2.0m related to loan forgiveness
  - Continued tight cost control



Capex according to guidance

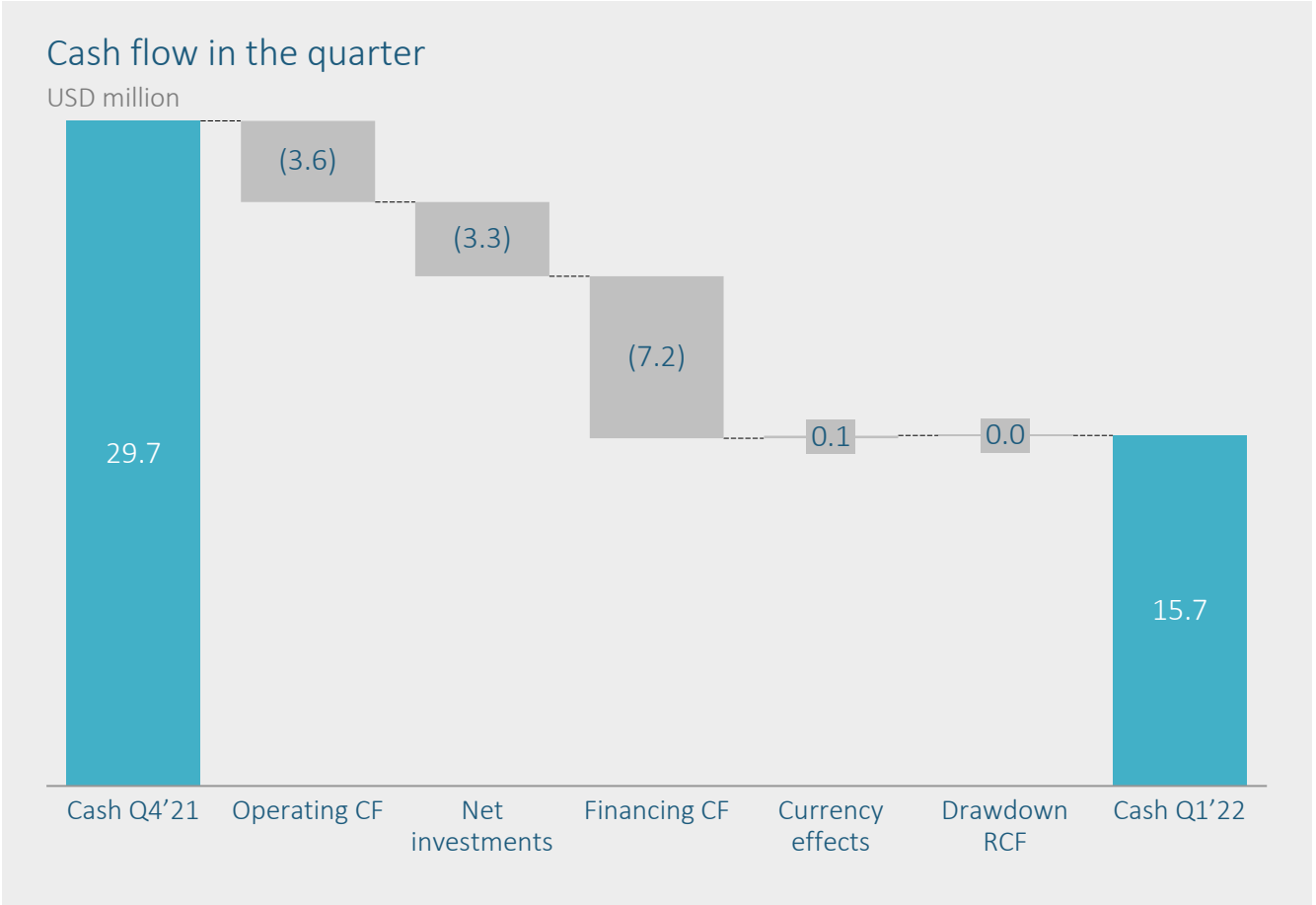
- USD 4.8m in capex in the first quarter
  - Investment reflect equipment acquisitions and investment in R&D (intangibles)
    - USD 2.0 million related to NOAR equipment acquisition
- Capex for 2022 expected at USD 15 million, depending on activity level and market opportunities



*Excluding multi-client investments

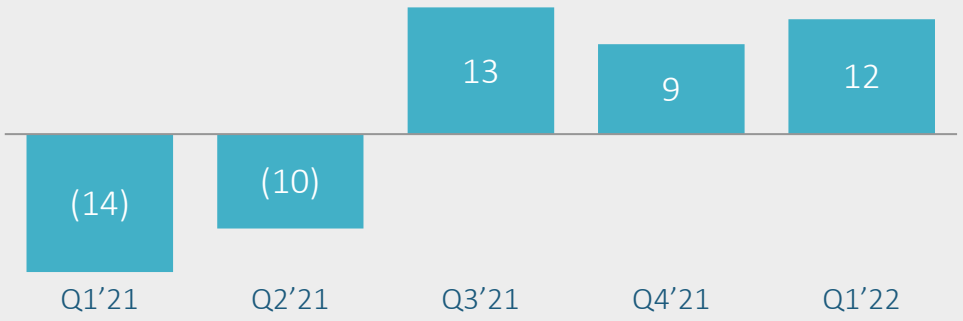
Cash flow in the quarter

- CF from Operating activities of USD -3.6 million
  - Large balance of unbilled revenues from prior quarter remained
  - Approximately USD 10 million of late payments from customers collected in April
  - Operating cash flow impacted due to ramp up for increased activity in second quarter
- CF from Investments of USD -3.3 million
- CF from Financing of USD -7.2 million
  - USD 6.4 million payment of lease liabilities
  - USD 0.8 million interest paid
- Cash holdings of USD 15.7 million
- Liquidity reserves improved following increase of RCF by USD 15 million in May



Net Working Capital increased slightly

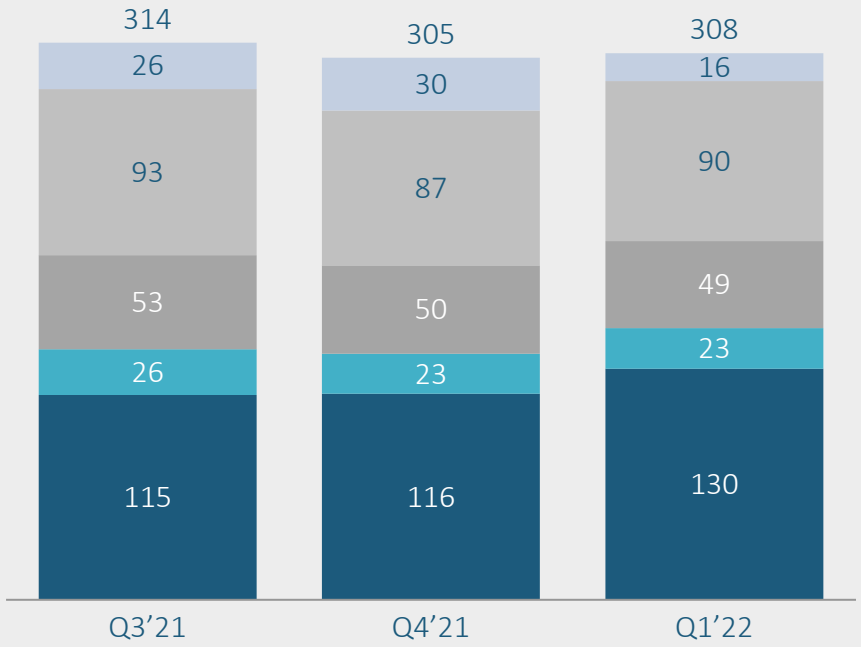
Net working capital
USD million



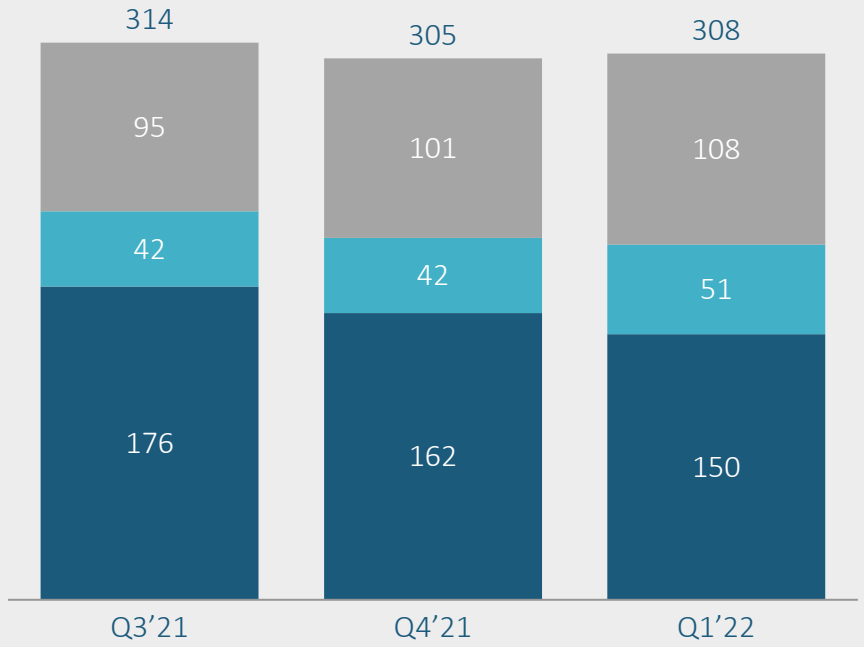
Net working capital change
USD million

Balance sheet

Assets
USD million



Equity and liabilities
USD million



Market and strategic development

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Market shifts due to renewed focus on energy security

Renewed geographical focus

- *The geographical focus is likely to be on core geographical areas*
- *Operators are likely to avoid projects and geographies with negative social impact*
- *National Oil companies are increasing spend*

Less carbon intense

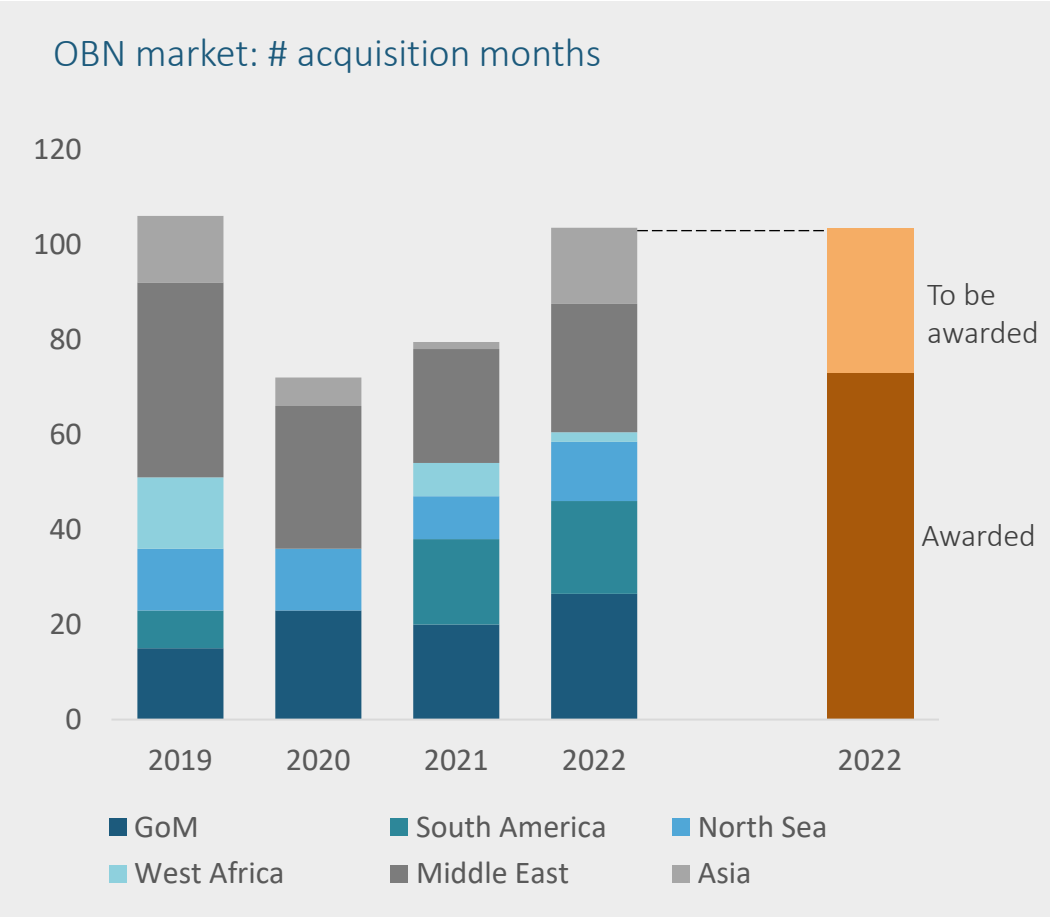
- *Operators are likely to continue or accelerate the energy transition*
- *Prioritize projects with lower carbon intensity and emissions*
- *Channel investments to increase gas production and share of renewable*

More competitive assets

- *Clients have been prioritizing short-cycle prospects with quicker payback*
- *This has relatively increased the share of ILX exploration*

25% market growth YoY, approaching USD 1 billion in 2023

- ~70% of visible projects for execution in 2022 have been awarded
  - Key opportunities remain in Europe, Americas and Asia
- Permitting and market capacity constraints or project tendering delays may slide projects into 2023
- With the early visibility on 2023 opportunities, we see already today that 2023 is at the same size as 2022, with many more opportunities expected to be added
- Forecast the total OBN market to approach USD 1 billion in 2023



Positive outlook - changing revenue mix

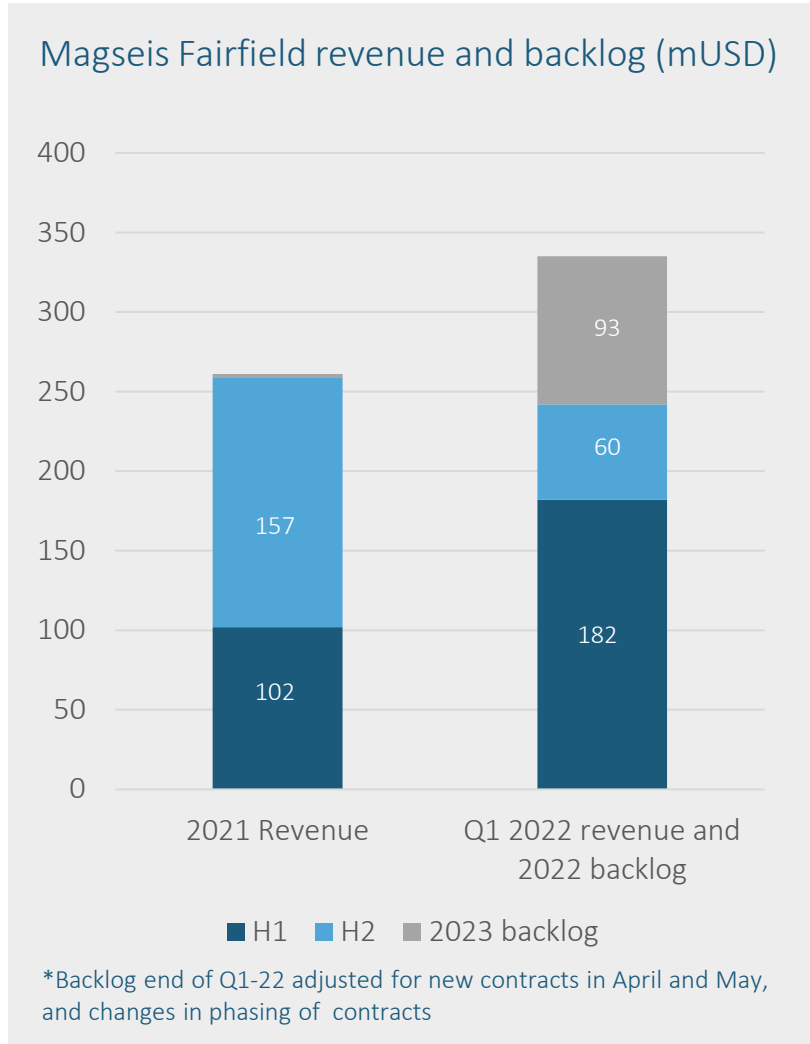
Data acquisition (proprietary):
Increasing pricing in a growth market

Reservoir monitoring / Source:
Long term contracts with stable revenues and good margins

Technology lease and sales:
Supply chain delays pushing majority of new deliveries into 2023

Multi-Client:
Late sales expected for 2022, but very binary

Renewables:
Startup business focused on project execution in 2022 and backlog growth in 2023



*Backlog end of Q1-22 adjusted for new contracts in April and May, and changes in phasing of contracts

Summary and Outlook

Use our large node inventory, track record, experience and technology differentiation to capture 2022 market opportunities

- Well positioned for 2022 - robust backlog for H1 and upside potential for H2
- Focus on safe, efficient and reliable execution of project backlog
- Securing new contracts for H2 2022 and beyond remains a key priority
- Robust OBN market outlook for 2023, approaching USD 1 billion

Capital Markets Update 2022
6th of September, Norway

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Q & A

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Appendix

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Key Figures (unaudited)

USD million	Q1 2022	Q1 2021	Full Year 2021
As per IFRS			
Revenues	75.2	42.9	258.1
Gross profit	8.4	7.9	71.5
Gross margin	*11%*	*19%*	*28%*
EBITDA	3.1	0.6	47.0
%	*4%*	*1%*	*18%*
EBITDA excluding special items	1.1	0.6	41.3
%	*1%*	*1%*	*16%*
EBIT	(9.0)	(15.0)	(25.1)
Net profit/(loss)	(12.2)	(15.9)	(32.3)
Segment reporting			
Revenues	74.7	42.9	248.6
Gross profit	1.3	5.3	44.1
Gross margin	*2%*	*12%*	*18%*
EBITDA	(4.3)	(2.0)	18.9
%	*-6%*	-5%	*8%*
EBITDA excluding special items	(6.3)	(2.0)	15.4
%	*-8%*	*-5%*	*6%*
EBIT	(10.0)	(12.5)	(28.8)
Other key figures			
Net cash from operating activities	(3.6)	(4.7)	6.8
Net cash used in investing activities	(3.3)	(3.1)	(12.9)
Net cash from financing activities	(7.2)	(18.3)	(18.7)
Total assets	307.7	305.7	305.0
Equity ratio	49%	58%	53%
Cash and cash equivalents	15.7	28.9	29.7
Net interest-bearing debt/(cash)	13.9	(10.9)	1.7
Book value multi-client library IFRS	22.9	22.6	22.5
Book value multi-client library Segment	21.0	14.4	20.7
Backlog at end of reporting period	257.0	228.0	293.0

Income statement

USD thousands	Q1 2022 (unaudited)	Q1 2021 (unaudited)	Full year 2021 (audited)
Revenues and other income			
Revenues and other income	75 233	42 856	258 129
Operating expenses			
Cost of sales	(66 814)	(34 911)	(186 645)
General and administrative costs	(5 318)	(7 357)	(24 506)
Depreciation	(9 950)	(13 491)	(51 507)
Amortization	(2 148)	(2 145)	(14 156)
Impairment	(51)	-	(6 458)
Total operating expenses	(84 280)	(57 904)	(283 272)
Operating profit/(loss)	(9 047)	(15 048)	(25 143)
Finance income and costs			
Finance income	540	2 418	819
Finance costs	(1 330)	(3 250)	(4 004)
Net finance income/(costs)	(791)	(832)	(3 185)
Net profit/(loss) before tax	(9 838)	(15 880)	(28 328)
Income tax expense	(2 374)	-	(3 926)
Net profit/(loss) and total comprehensive income	(12 212)	(15 880)	(32 254)
Earnings per share			
Basic (USD)	(0.05)	(0.06)	(0.12)
Diluted (USD)	(0.04)	(0.06)	(0.12)

Balance sheet

USD thousands	31-Mar 2022 (unaudited)	31-Mar 2021 (unaudited)	31-Dec 2021 (audited)
Non-current assets			
Property, Plant and Equipment	129 972	137 389	115 852
Multi-client library	22 923	22 602	22 526
Other intangible assets	48 970	55 587	49 840
Total non-current assets	201 865	215 579	188 217
Current assets			
Cash and cash equivalents	15 659	28 947	29 737
Trade receivables	15 562	26 510	17 389
Inventories	5 737	10 101	6 182
Derivatives	487	-	519
Other current assets	68 364	24 610	62 959
Total current assets	105 810	90 168	116 787
Total assets	307 674	305 747	305 004
Equity			
Share capital	1 603	1 580	1 584
Share premium	138 831	407 662	151 021
Other equity	9 122	(232 345)	8 909
Total shareholders' equity	149 556	176 896	161 514
Non-current liabilities			
Interest bearing liabilities	29 534	6 937	29 429
Lease liabilities	14 996	14 953	8 275
Non-interest-bearing liabilities	5 987	5 228	4 609
Total non-current liabilities	50 517	27 118	42 313
Current liabilities			
Trade payables	23 222	10 742	20 901
Current tax payable	5 234	4 782	5 060
Current portion of interest-bearing liabilities	-	3 057	2 000
Current portion of lease liabilities	23 894	18 695	16 201
Other current liabilities	55 252	64 456	57 015
Total current liabilities	107 601	101 733	101 177
Total liabilities	158 118	128 851	143 490
Total equity and liabilities	307 674	305 747	305 004

Cash flow

USD thousands	Q1 2022 (unaudited)	Q1 2021 (unaudited)	Full year 2021 (audited)
Cash flows from operating activities			
Profit / (loss) before tax	(9 838)	(15 880)	(28 328)
Income tax paid	(2 200)	(1 875)	(4 322)
Depreciation, amortization and impairment	12 149	15 636	72 122
Share-based payments expense	213	540	1 413
Finance expense	1 330	3 250	4 004
Finance income	(540)	(2 418)	(819)
Net book value sold and disposed assets	-	-	7 594
Other non-cash items	(2 534)	-	(7 093)
(Increase)/decrease in current assets	(2 771)	(144)	(28 980)
Increase/(decrease) in current liabilities	557	(3 793)	(8 796)
Net cash from operating activities	(3 633)	(4 684)	6 794
Cash flows from investing activities			
Interest received	-	1	-
Investment in multi-client library	-	(1 725)	(881)
Investment in other intangibles	(1 278)	(44)	(1 538)
Acquisition of equipment	(2 042)	(1 299)	(10 454)
Net cash used in investing activities	(3 320)	(3 068)	(12 874)
Cash flows from financing activities			
Down payments of interest-bearing liabilities	-	(15 000)	-
Net proceeds from new loan	-	-	2 000
Payment of finance lease liabilities	(6 359)	(2 673)	(18 044)
Net proceeds from issue of share capital	19	2	6
Interest paid	(902)	(640)	(2 631)
Net cash from financing activities	(7 242)	(18 311)	(18 669)
Net change in cash and cash equivalents	(14 195)	(26 063)	(24 748)
Currency effects on cash	117	181	(345)
Cash and cash equivalents at period start	29 737	54 829	54 829
Cash and cash equivalents at period end	15 659	28 947	29 737

Covenant update

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Financial covenants

- Leverage: NIBD / Last Twelve Months (LTM) EBITDA pre IFRS 16 < 1.25x
  - If negative LTM EBITDA and NIBD, alternative cash buffer headroom calculation is applied
  - If negative LTM EBITDA and positive NIBD, leverage covenant is in breach
- Equity Ratio: Total Equity / Total Assets > 40%
- Clean down mechanism: 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 construction < 50%

Covenants overview

Debt covenants		Q1 2022	Conditions
Leverage	x	●	< 1.25x
Equity ratio	%	●	> 40%
Clean down	NIBD USDm	●	< 0
Equipment LTV	%	●	< 50%

Overview of largest owners

Rank	Investor	Number of shares	% of total	Type	Country
1	FAIRFIELD MS LLC	48,262,582	17.80%	COMP	USA
2	MORGAN STANLEY & CO. LLC	36,128,440	13.33%	NOM	USA
3	BNP PARIBAS	12,150,000	4.48%	NOM	IRL
4	AS CLIPPER	11,283,402	4.16%	COMP	NOR
5	WESTCON GROUP AS	8,156,291	3.01%	COMP	NOR
6	CACEIS BANK	7,203,200	2.66%	NOM	NLD
7	ANFAR INVEST AS	6,546,391	2.41%	COMP	NOR
8	STRAWBERRY CAPITAL AS	6,453,839	2.38%	COMP	NOR
9	SOBER AS	6,159,205	2.27%	COMP	NOR
10	SBAKKEJORD AS	4,700,000	1.73%	COMP	NOR
11	VERDIPAPIRFONDET KLP AKSJENORGE	4,446,448	1.64%	COMP	NOR
12	REDBACK AS	3,578,289	1.32%	COMP	NOR
13	J.P. MORGAN SE	3,530,339	1.30%	NOM	LUX
14	BARRUS CAPITAL AS	3,304,410	1.22%	COMP	NOR
15	MORGAN STANLEY & CO. LLC	2,659,708	0.98%	COMP	USA
16	BAKKEJORD SINDRE	2,500,000	0.92%	PRIV	NOR
17	VERDIPAPIRFONDET PARETO INVESTMENT	2,100,000	0.77%	COMP	NOR
18	CITIBANK, N.A.	1,817,715	0.67%	NOM	IRL
19	CITIBANK, N.A.	1,797,417	0.66%	NOM	IRL
20	SKORPEN HELGE	1,690,000	0.62%	PRIV	NOR
Total number owned by top 20		**174,467,676**	**64.36%**		
Total number of shares		**271,079,195**	**100.00%**		

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