



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 998 167 000
Organisasjonsform: Aksjeselskap
Foretaksnavn: PGS TITANS AS
Forretningsadresse: Lilleakerveien 4C
0283 OSLO

Regnskapsår

Årsregnskapets periode: 01.01.2021 - 31.12.2021

Konsern

Morselskap i konsern: Nei

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Christopher Alvestad
Dato for fastsettelse av årsregnskapet: 29.04.2022

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, 17.05.2023



Resultatregnskap

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Operating revenues	6, 7	721 000 000	795 000 000
Sum inntekter		721 000 000	795 000 000
Kostnader			
Depreciation and amortisation expenses	8	303 000 000	298 000 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	8	44 000 000	2 000 000
Other operating expenses		1 000 000	1 000 000
Sum kostnader		348 000 000	302 000 000
Driftsresultat		373 000 000	493 000 000
Finansinntekter og finanskostnader			
Currency exchange gain (loss)		-81 000 000	10 000 000
Other financial income (expense)	6	-28 000 000	-14 000 000
Sum finansinntekter		-109 000 000	-4 000 000
Rentekostnad til foretak i samme konsern	6	10 000 000	9 000 000
Annen rentekostnad	11	85 000 000	91 000 000
Sum finanskostnader		95 000 000	99 000 000
Netto finans		-204 000 000	-104 000 000
Ordinært resultat før skattekostnad		169 000 000	399 000 000
Income tax expense	5		
Ordinært resultat etter skattekostnad		169 000 000	390 000 000
Årsresultat		169 000 000	390 000 000
Årsresultat etter minoritetsinteresser		169 000 000	390 000 000
Totalresultat		169 000 000	390 000 000
Overføringer og disponeringer			
Ordinært utbytte		350 000 000	650 000 000



Resultatregnskap

Beløp i: NOK	Note	2021	2020
Other equity		-181 000 000	-260 000 000
Sum overføringer og disponeringer		169 000 000	390 000 000



Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Vessels and seismic equipment	7, 8	3 938 000 000	4 181 000 000
Sum varige driftsmidler		3 938 000 000	4 181 000 000
Finansielle anleggsmidler			
Restricted cash	11	340 000 000	351 000 000
Sum finansielle anleggsmidler		340 000 000	351 000 000
Sum anleggsmidler		4 278 000 000	4 532 000 000
Omløpsmidler			
Varer			
Fordringer			
Other short-term receivables			
Konsernfordringer	6	63 000 000	61 000 000
Sum fordringer		63 000 000	61 000 000
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	4	16 000 000	123 000 000
Restricted cash	4	7 000 000	55 000 000
Sum bankinnskudd, kontanter og lignende		24 000 000	178 000 000
Sum omløpsmidler		87 000 000	239 000 000
SUM EIENDELER		4 364 000 000	4 771 000 000

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital



Balanse

Beløp i: NOK	Note	2021	2020
Share capital	2	690 000 000	690 000 000
Overkurs		494 000 000	518 000 000
Sum innskutt egenkapital		1 184 000 000	1 208 000 000
Opptjent egenkapital			
Other equity			157 000 000
Sum opptjent egenkapital			157 000 000
Sum egenkapital		1 184 000 000	1 366 000 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	11	2 341 000 000	
Langsiktig konserngjeld	6	166 000 000	160 000 000
Sum annen langsiktig gjeld		2 507 000 000	160 000 000
Sum langsiktig gjeld		2 507 000 000	160 000 000
Kortsiktig gjeld			
Liabilities to financial institutions	11	244 000 000	2 533 000 000
Tax payable	5		
Kortsiktig konserngjeld	6	420 000 000	703 000 000
Other current liabilities	10	10 000 000	9 000 000
Sum kortsiktig gjeld		673 000 000	3 246 000 000
Sum gjeld		3 180 000 000	3 405 000 000
SUM EGENKAPITAL OG GJELD		4 364 000 000	4 771 000 000



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Journalnummer: 2022 253844

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Brønnøysundregistrene, 23.05.2022



Organisasjonsnr: 998 167 000
PGS TITANS AS

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Organisasjonsnr: 998 167 000
PGS TITANS AS

BALANSE

Beløp i: NOK **Note** **2021** **2020**

BALANSE - EIENDELER

Anleggsmidler Immaterielle eiendeler

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Omløpsmidler

Varer

Fordringer

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Organisasjonsnr: 998 167 000
PGS TITANS AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note

Antall aksjer og aksjeeiere

Note

Antall årsverk i regnskapsåret

Virksomheten har hatt følgende antall årsverk:
0.00

Omløpsmidler Startdato Sluttdato Endring

Skattemessig fremf.undersk. Startdato Sluttdato Endring

Kortsiktig gjeld Startdato Sluttdato Endring



Statsautoriserte revisorer
Ernst & Young AS

Dronning Eufemias gate 6a, 0191 Oslo
Postboks 1156 Sentrum, 0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
Medlemmer av Den norske Revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of PGS Titans AS

Opinion

We have audited the financial statements of PGS Titans AS (the Company), which comprise the balance sheet as at 31 December 2021, the revenue statement, statement of cash flows and changes in shareholder's equity 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 legal requirements and give a true and fair view of the financial position of the Company as at 31 December 2021 and its financial performance and 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.

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 in accordance with the requirements of the relevant laws and regulations in Norway 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.

Material uncertainty related to going concern

We draw attention to note 1 of the financial statements, which describes the risk that the Company might not generate sufficient liquidity to repay the 2022 loan maturities whilst also meeting the other requirements of the main credit agreement. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and the general manager) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report contains the information required by legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information or that the information required by legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report is consistent with the financial statements and contains the information required by applicable legal requirements.



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Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, 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 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 Company 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 the 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, 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 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'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 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 fair presentation.

Independent auditor's report - PGS Titans AS 2021

A member firm of Ernst & Young Global Limited

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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.

Oslo, 29 April 2022
ERNST & YOUNG AS

The auditor's report is signed electronically

Johan Lid Nordby
State Authorised Public Accountant (Norway)

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The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

"By my signature I confirm all dates and content in this document."

Johan Nordby

Statsautorisert revisor

Serial number: 9578-5997-4-729076

IP: 77.16.xxx.xxx

2022-04-29 16:31:19 UTC



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PGS Titans AS The Board of Directors' Report 2021

Nature of the business

PGS Titans AS (the Company) is a wholly owned subsidiary of Petroleum Geo-Services AS and part of the PGS ASA Group (PGS).

The Company was established on 22 March 2012, and owns four seismic vessels which are leased to PGS Falcon AS, a subsidiary of Petroleum Geo-Services AS. The Company is located at Lilleaker in Oslo.

Equality, Health, Safety and Environment

As of December 31, 2021 the Company had no employees. The Company's Board of Directors consists of one woman and two men.

HSEQ management and reporting are key parameters for the evaluation of business performance at all PGS management levels and by the Company's Board of Directors.

The PGS organization (core fleet vessels and PGS offices) had the following health and safety incident levels:

Incident	2021	2020
Fatalities	0	0
Lost time injuries	1	3
Restricted work day cases	1	0
Medical treatment cases	1	0
High potential incidents	1	2

The Group's activity level (core fleet vessels and PGS offices) in 2021 was lower than that of 2020, with 3.6 million man-hours in 2021, compared to 4.6 million man-hours in 2020. The decrease in man-hours was due to the reduction of activity caused by the Covid-19 pandemic, with full year effect on 2021.

Incident	2021	2020
Lost Time Injury Frequency (LTIF)	0.28	0.65
Total Recordable Case Frequency (TRCF)	0.84	0.65

The Group has performed thorough investigations succeeding these lost time incidents and followed up with specific actions to prevent reoccurrence. As a further response to these incidents, the Group implemented safety stand-downs, a hazard hunt initiative and safety campaigns.

To continue minimizing the number of incidents going forward, the Group will keep focus on long-term key areas, such as HSEQ leadership and behaviour, risk management, planning of tasks and ongoing improvement of the HSEQ management system.

Going concern

The Company has an equity ratio of 27% and predictable income as all vessels are on long term charters.

Pursuant to section 3-3a of the Norwegian Accounting Act, the Board confirms that the 2021 financial statements have been prepared based on the assumption of a going concern and that it believes that this assumption is appropriate. As described in "Financing status" section, there is a risk that the PGS Group might not generate sufficient liquidity to repay its 2022 maturities whilst also meeting the other requirements of the main credit agreement. Whilst the Group expects to be able to manage the above-mentioned risks and that PGS continued operations should not be impacted, the Directors concluded that the current situation constitutes a material uncertainty.

Rescheduling of debt

Due to the dramatic negative market change caused by the Covid-19 pandemic, PGS renegotiated its main credit agreements to extend near-term debt maturities and amortization profiles to preserve liquidity. On February 2, 2021 a UK Scheme of Arrangement (the "Scheme") was sanctioned by an English court allowing the implementation of the financing transaction. With the Transaction PGS extended its current near-term maturity and amortization profile under its RCF/TLB and ECF facilities by approximately two years.



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In Q1 2021 PGS ASA contributed the majority of its assets and liabilities to Petroleum Geo-Services AS. Petroleum Geo-Services AS is replacing PGS ASA as the Norwegian borrower, PGS Finance Inc. continues as US Borrower and PGS Holding II Ltd enters as UK Co-Borrower. The TLB facility is guaranteed by all material subsidiaries in the Group except PGS Titans AS. PGS ASA has guaranteed the four loans, where the Company is borrower, financing for the Ramform Titan and the Ramform Atlas, and each of PGS Holding I Ltd, PGS Holding II Ltd and Petroleum Geo-Services AS has guaranteed for the loans financing for the Ramform Titan, Ramform Atlas, Ramform Tethys, and Ramform Hyperion.

Financial risk

The Company is exposed to certain types of financial market risks as described below.

Interest rate risk

The Company is exposed to changes in interest rate levels as the Company's intercompany balances and parts of the external financing have floating interest rates.

Foreign exchange risk

The Company's debt to financial institutions and intercompany balances towards the parent company are denominated in USD. The Company's bareboat agreements are denominated in USD and consequently represents a natural hedge towards debt service. The Company has not entered into any other forward contracts or agreements to reduce the Company's foreign exchange risk.

Credit risk/Liquidity risk

The Company leases its vessels to other companies within PGS and as a result, the credit risk is low. The Company has an intercompany loan agreement with PGS ASA whereby the parent company will provide funds to cover the Company's liabilities as they become due.

As of December 31, 2021, the parent company, including its subsidiaries, had cash and cash equivalents totaling \$170.0 million, compared to \$156.7 million as of December 31, 2020.

Financing status

Due to the dramatic negative market change caused by the Covid-19 pandemic, PGS in 2020 renegotiated its main credit agreements. The rescheduling of debt was sanctioned in February 2021 and enabled PGS to extend its near-term maturity and amortization profile by approximately two years. Together with the implemented cost saving initiatives, the debt rescheduling strengthened PGS's liquidity profile in a challenging operating environment.

The seismic market recovery has been slower than assumed in the debt rescheduling business plan from 2020. As a result, there is a risk that the Company will not generate sufficient liquidity to make the 2022 amortization payments whilst also meeting the other requirements of the main credit agreements. The Company and the PGS Group has started preparations for assessing alternative ways to address this and have engaged advisors to assist the Group in this respect.

The Company and the PGS Group expects to be able to manage the above-mentioned risk. However, if unsuccessful, the Company may become unable to settle maturities or amortization on the agreed payment dates or breach a financial covenant in the main credit agreements. A breach in other loan agreements for the PGS group would represent a default under the Company's loan agreement. In such case, the Company may be able to continue without repayment or acceleration if it achieves a standstill agreement (or, in the case of a financial covenant breach, a waiver) from the relevant lenders, agents or lender groups. Should a payment default or financial covenant breach continue without a standstill agreement or waiver, this would be an event of default under the relevant agreements. An event of default in one facility may represent an event of default in other facilities and agreements. Upon an event of default, there is a risk that the TLB lenders inter alia having a pledge over the shares in PGS Holding II Ltd (a holding company that indirectly owns and controls the Company), by 50% majority can accelerate and enforce. Such an enforcement would likely imply continued operations for the operating companies in the group, including the Company. The ECA lenders may however also enforce its pledges over the vessels owned by the Company.

Whilst they are confident that the rescheduling of the PGS Group debt will be achieved, the directors have concluded that the risk constitutes a material uncertainty that casts significant doubt upon PGS ASA's ability to continue to provide financial support. Therefore, the company may be unable to realize its assets and discharge its liabilities in the normal course of business.



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Further, even with the debt rescheduling, the Group remains highly leveraged and may become financially challenged should it not comply with the applicable financial maintenance covenants or ultimately fail to generate sufficient cash flow and/or refinance to address the amended amortization and maturity profiles. The Group believes it would have several viable alternatives such as negotiating further extensions with its lenders.

Based on the year-end cash balance and available liquidity resources, and the various refinancing alternatives being assessed, it is the Board's opinion that PGS has sufficient funding and liquidity to support PGS Falcons operations.

Presentation of the financial statements and the Company's development

The Company's revenue for 2021 was NOK 720.9 million, compared to NOK 795.0 million in 2020. The Company's revenue consists entirely of the leasing of vessels to another company in the PGS Group through long-term bareboat charter agreements.

The Company's net profit for 2021 was 168.9 NOK million, compared to a net profit of NOK 389.8 million in 2020. The decrease in profit is due to higher unrealized currency loss on the USD-denominated intercompany and external loan balances and operating revenues in foreign currency.

Cash flow from operating activities was positive with NOK 626.9 million in 2021, compared to NOK 825.0 million in 2020.

Market and outlook

PGS is one of the largest players in the global marine 3D seismic market.

The oil price has increased substantially since the low levels in 2020. However, despite encouraging fundamentals, the overall seismic market declined by approximately 6% in 2021, compared to 2020, measured by revenues for the three major seismic companies with publicly reported numbers.

With the evolving energy transition, energy companies in 2021 focused resources on near-field exploration, exploration in licensed acreage and 4D reservoir optimization. The seismic Contract business model normally serves these market segments, and the contract market benefited from the higher activity level and a recovery of pricing in the second half of 2021. PGS has a solid market share in the 4D segment with its GeoStreamer offering, as well as steerable streamers and sources, enabling high data quality and precise replication of earlier 3D surveys and baseline 4D surveys.

The MultiClient market did not show the same level of recovery and experienced a year-over-year decline in investments in new MultiClient surveys and revenues. However, companies with more MultiClient data in proven hydrocarbon basins generally experienced a better sales development than companies with an exploration oriented MultiClient portfolio.

The energy transition presents new opportunities for the seismic industry. During 2021, several seismic companies made MultiClient data sales for CCS purposes. Towards the second half of the year, the industry progressed further with several bids for acquisition of new seismic data to develop CCS projects. Two of the bids relate to the Northern Endurance and the Northern Lights projects, which were both awarded to PGS.

The average operated 3D vessel capacity in the seismic industry decreased by almost 25% in 2021 compared to 2020 and is now at levels similar to the mid-1990s. With the exception of the summer season (second and third quarter), fleet utilization was generally low in 2021, primarily since the winter-seasons have had low project activity levels for the last two years.

The Board emphasizes that valuations in the financial statements and forward-looking statements contained in this report are based on various assumptions made by management, depend on factors beyond its control, and are subject to risks and uncertainties. Accordingly, actual results may differ materially.

The Company has no research and development costs.

The Company's equity and financial liquidity is sound, however, the Board of Directors draws attention to the information on the liquidity risk presented above.

It is the opinion of the Board of Directors that the presented income statement, balance sheet and cash-flow statement with accompanying notes show a true and fair view of the Company's results and financial position.



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Oslo, April 29th 2022

DocuSigned by:
Rune Olav Pedersen
3ACC628408F5409...
Rune Olav Pedersen
Chairperson

DocuSigned by:
Gottfred Langseth
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Gottfred Langseth
Board member

DocuSigned by:
Christin Steen-Nilsen
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Christin Steen-Nilsen
Board member

DocuSigned by:
Robert James Adams
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Robert James Adams
General Manager



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PGS Titans AS
Financial Statements 2021





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Revenue statement

Pgs Titans AS

Values in mill. NOK	Note	2021	2020
Operating income and operating expenses			
Operating revenues	6, 7	720,9	795,0
Total income		720,9	795,0
Depreciation and amortisation expenses	8	(302,7)	(297,9)
Impairment loss	8	(44,2)	(2,4)
Other operating expenses		(1,5)	(1,3)
Total expenses		(348,3)	(301,6)
Operating profit (loss)		372,6	493,4
Financial income and expenses			
Currency exchange gain (loss)		(81,2)	9,8
Other financial income (expense)	6	(27,7)	(14,2)
Intercompany interest income (expense)	6	(9,7)	(8,7)
Other interest income (expense)	11	(85,0)	(90,5)
Net financial items		(203,7)	(103,6)
Net profit before tax		168,9	398,8
Income tax expense	5	-	-
Net profit after tax		168,9	389,8
Other comprehensive income			
Items that will not be classified to profit and loss		-	-
Items that may be subsequently reclassified to profit and loss		-	-
Total other comprehensive income		-	-
Total comprehensive income		168,9	389,8
Attributable to			
Ordinary dividend		350,0	650,0
Other equity		(181,1)	(260,2)
Total		168,9	389,8

Pgs Titans AS

Side 1



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Balance sheet

Pgs Titans AS

Values in mill. NOK	Note	2021	2020
Assets			
Non-current assets			
Property, plant and equipment			
Vessels and seismic equipment	7, 8	3 937,7	4 180,7
Total property, plant and equipment		3 937,7	4 180,7
Non-current financial assets			
Restricted cash	11	340,2	351,4
Total non-current financial assets		340,2	351,4
Total non-current assets		4 277,8	4 532,1
Current assets			
Debtors			
Receivables from group companies	6	63,0	61,0
Total receivables		63,0	61,0
Cash and cash equivalents	4	16,2	123,3
Restricted cash	4	7,4	54,6
Total current assets		86,7	238,8
Total assets		4 364,5	4 770,9



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Balance sheet

Pgs Titans AS

Values in mill. NOK	Note	2021	2020
Equity and liabilities			
Equity			
Paid-in capital			
Share capital	2	690,1	690,1
Share premium reserve		494,4	518,1
Total paid-in equity		1 184,4	1 208,2
Other equity		-	157,3
Total shareholders' equity		1 184,4	1 365,5
Liabilities			
Other non-current liabilities			
Liabilities to financial institutions	11	2 341,1	-
Non-current liabilities to group companies	6	165,6	159,6
Total non-current liabilities		2 506,6	159,6
Current liabilities			
Liabilities to financial institutions	11	243,6	2 533,1
Trade payables		-	0,1
Tax payable	5	0,2	-
Liabilities to group companies	6	420,0	703,3
Other current liabilities	10	9,7	9,4
Total current liabilities		673,4	3 245,9
Total liabilities		3 180,1	3 405,4
Total equity and liabilities		4 364,5	4 770,9

Oslo, 29.04.2022

The board of Pgs Titans AS

DocuSigned by:

Rune Olav Pedersen

Rune Olav Pedersen
chairman of the board

DocuSigned by:

Christin Steen-Nilsen

Christin Steen-Nilsen
member of the board

DocuSigned by:

Gottfred Langseth

Gottfred Langseth
member of the board

DocuSigned by:

Robert James Adams

Robert James Adams
general Manager



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PGS Titans AS Statements of Changes in Shareholders' Equity

(all figures in millions of NOK)	Share capital	Share premium	Other equity	Total
Equity as of 1 January, 2020	690.1	518.1	417.7	1,625.9
Profit (loss) for the period	-	-	389.8	389.8
Other comprehensive income (loss)	-	-	-	-
Dividend	-	-	(650.0)	(650.0)
Equity as of 31 December, 2020	690.1	518.1	157.3	1,365.5
Profit (loss) for the period	-	-	168.9	168.9
Other comprehensive income (loss)	-	-	-	-
Dividend	-	-	(350.0)	(350.0)
Reclassification	-	(23.8)	23.8	-
Equity as of 31 December, 2021	690.1	494.4	-	1,184.4



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PGS Titans AS Statement of cash flows 01.01 - 31.12

(all figures in millions of NOK)	Note	2021	2020
Cash flow from operating activities			
Profit (loss) for the year		168.9	389.8
Depreciation, amortization, impairment	8	346.9	300.3
Interest expense		72.0	83.9
Amortization of deferred loan costs		11.2	6.6
Unrealized foreign exchange loss (gain)		91.3	12.4
Change in other accruals		0.5	(0.8)
Net change current intercompany balances		(63.9)	32.9
Net cash flow from operating activities		626.9	825.0
Cash flow from investing activities			
Investment in property and equipment	8	(103.8)	(81.0)
Net cash flow from investing activities		(103.8)	(81.0)
Cash flow from financing activities			
Net change non-current intercompany balances		(612.0)	(251.6)
Payment of debt to financial institutions		-	(226.6)
Interest paid on interest bearing debt		(71.8)	(86.1)
Decrease (increase) in restricted cash related to debt service		54.9	(92.5)
Net cash flow from financing activities		(628.9)	(656.7)
Net increase (decrease) in cash and cash equivalent		(105.8)	87.3
Effect of exchange rate changes on cash and cash equivalents		(1.2)	(17.8)
Cash and bank deposits at beginning of period		123.3	53.8
Cash and bank deposits as of 31 December		16.2	123.3



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PGS Titans AS Notes to the financial statements

Note 1 Accounting principles

General

The financial statements of PGS Titans AS ("the Company") are included in the PGS ASA consolidated financial statements, references herein to the "Group" and "PGS" refer to PGS ASA and its subsidiaries.

Basis of presentation

PGS Titans AS' financial statements have been prepared and presented in accordance with the regulations on simplified application of the International Financial Reporting Standards (IFRS) (FOR-2014-11-03-1415), ref. the Norwegian Accounting Act § 3.9 5th paragraph, with comparative figures for prior year.

Going concern

Pursuant to section 3-3a of the Norwegian Accounting Act, the Board confirms that the 2021 financial statements have been prepared based on the assumption of a going concern and that it believes that this assumption is appropriate. As described in "Financing status" section, there is a risk that the PGS Group might not generate sufficient liquidity to repay its 2022 maturities whilst also meeting the other requirements of the main credit agreement. Whilst the Company expects to be able to manage the above-mentioned risks and that PGS continued operations should not be impacted, the Directors concluded that the current situation constitutes a material uncertainty. See Note 11 for further information.

Summary of significant accounting policies:

Main principles for assessing and classifying assets and liabilities

Assets determined for lasting ownership or use are classified as non-current assets. Other assets are classified as current assets. Receivables to be paid within one year are classified as current assets. The same criteria are applied in the classification of liabilities.

Non-current assets are valued at cost, but written down to the recoverable amount when the impairment is not expected to be temporary. Non-current assets with a limited economic lifetime are depreciated on a straight line basis. Long-term debt is recognized at its nominal value when incurred.

Current assets are valued at the lower of cost and fair value. Current liabilities are recognized at nominal value when incurred. Pursuant to the Accounting Act, some items are assessed in accordance with specific valuation guidelines which are summarized below.

Proposed dividend to shareholders for the year is recognized as a liability at year end because it is considered more likely than not that the dividend will be approved by the General Assembly the following year.

Cash and cash equivalents and restricted cash

Cash and cash equivalents include demand deposits and all highly liquid financial instruments purchased with original maturities of three months or less.

The Company's bank accounts are included in the PGS Group's cash pool and are settled against intercompany balances on a current basis.

Foreign currency translation and transactions

Exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of realized and unrealized monetary assets and liabilities denominated in foreign currencies are recognized in the statements of profit and loss.



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PGS Titans AS Notes to the financial statements

Property and equipment

Property and equipment are stated at cost, excluding the costs of the day-to-day servicing, less accumulated depreciation and impairment. Depreciation is calculated on a straight-line basis over the useful life of the assets based on cost less estimated residual values. The estimated useful lives for property and equipment are as follows:

	Years
Seismic vessels	25-30
Seismic equipment including computers	3-15
Major overhauls	3-7.5

Subsequent expenditures and major inspections/overhauls are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of replaced asset components are derecognized. All other repairs and maintenance are charged to the statements of profit and loss during the period in which they are incurred.

The assets' residual values, useful lives and method of depreciation are reviewed, and adjusted if appropriate, at least at each year-end.

Assets under construction are carried at cost, less accumulated impairment. Cost includes borrowing costs incurred during construction in accordance with the Company's accounting policy as stated below. Depreciation commences when the asset is ready for its intended use.

A component of property and equipment is derecognized upon disposal or when no future economic benefit is expected from its use or disposal. Gains and losses arising on de-recognition of assets (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statements of profit and loss in the year derecognized.

Significant spare parts are capitalized along with the assets to which they relate. Other spare parts, consumables and bunker inventory are classified as other current assets and stated at cost.

Impairment of property, equipment and intangibles

Tangible and intangible assets are reviewed to determine whether there is any indication of impairment. If such indication exists, or when annual impairment testing for an asset is required, the recoverable amount of the asset is estimated to determine the extent of the impairment, if any. An asset's recoverable amount is the higher of (i) its fair value less cost to sell and (ii) its value in use. This determination is made for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the carrying amount of an asset (or cash generating unit) exceeds its recoverable amount, the carrying amount is reduced to its recoverable amount and the impairment is recognized immediately.

Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Reversal of an impairment is recognized if the circumstances that gave rise to the impairment no longer exist. The carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount. The increased carrying amount may not exceed the carrying amount that would have existed had no impairment been recognized for the asset (cash-generating unit).



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PGS Titans AS

Notes to the financial statements

Leases

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

Income taxes

The Company is taxed under the Norwegian Tonnage Tax regime ("NTT") of which the Company is liable to tax of 22% on net financial income, pursuant to a specific calculation method. Negative net financial income can be carried forward. Deferred tax is calculated on the basis of temporary differences on financial items. The Company does not recognize deferred tax benefits within the NTT in the balance sheet.

Statements of cash flow

The Company apply the indirect method in the presentation of cash flows.

Changes in accounting policies and disclosures

Several amendments and interpretations apply for the first time in 2021, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.



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PGS Titans AS

Notes to the financial statements

Note 2 Share capital, shareholders and parent company information

The Company was established on 22 March 2012. The share capital comprises 13 801 ordinary shares at a nominal value of NOK 50 000. All shares have equal rights. The Company is 100% owned by Petroleum Geo-Services AS.

PGS Titans AS is included in the consolidated financial statements of PGS ASA. The consolidated financial statements can be downloaded from www.pgs.com.

The Company's address is Lilleakerveien 4C, 0216 Oslo.

Note 3 Salary related expense and remuneration to the CEO, Board and auditor

The Company has no employees at the end of the year and is not obliged to have an employee pension scheme. No fees have been paid to the general manager. The Company's general manager is employed by PGS Geophysical AS.

As of 31 December 2021, the Company has no loans or guarantees to executives, board members etc.

Ordinary audit fees for the 2021 statutory audit amount to NOK 325 480 excl. of VAT.

Note 4 Restricted bank deposits

Restricted cash are held in debt service reserve accounts related to the export credit financing of the vessels Ramform Titan, Ramform Atlas, Ramform Tethys and Ramform Hyperion. See note 9 for further details.

Note 5 Income tax

The Company entered the Norwegian Tonnage Tax regime with effect from 2012, whereby the Company's operational activities are exempt from the ordinary tax regime.

(In millions of NOK)	2021	2020
Specification of tax expense:		
Current tax	-	-
Income tax expense of the year	-	-

Note 6 Transactions with related parties

The Company is part of the PGS Group and has significant intercompany transactions with other companies within the

Operating income	2021	2020
Group companies	720.9	795.0
Operating income related parties	720.9	795.0



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PGS Titans AS Notes to the financial statements

The Company leases its vessels to PGS Falcon AS on long-term bareboat charter agreements. The charterhire agreements for Ramform Titan and Ramform Atlas are, starting 2012, for 12 years with a daily rate of USD 55,000 per vessel totaling minimum USD 40.15 million per year. The charterhire agreements for Ramform Tethys and Ramform Hyperion are for 12 years, from 2016 and 2017 respectively, with a daily rate of USD 60,000 per vessel totaling minimum USD 43.8 million per year. All the charter agreements are accounted for as operating leases.

Operating expenses

Group companies	0.3	0.4
Operating expenses related parties	0.3	0.4

Other income and expenses (incl. financial income and expenses)

Guarantee fee	(27.0)	(17.3)
Net interest income (expenses)	(10.2)	(8.7)
Other income and expenses related parties	(37.2)	(26.0)

Related party balances as of 31 December:

Short-term group receivable	63.0	61.0
Short-term group debt	(420.0)	(703.3)
Long-term group debt	(165.6)	(159.6)
Net intercompany balances	(522.6)	(801.9)

Short-term group debt includes accrued dividend of 350 million and 650 million for the year ended December 31, 2021 and 2020 respectively.

In 2020, the Company's long-term intercompany debt was entirely towards PGS ASA. In February 2021, as part of a restructure of the PGS Group, the PGS ASA contributed most of its assets and liabilities to its subsidiary Petroleum Geo-Services AS. As a result, the Company's long-term intercompany debt is now entirely towards the parent company Petroleum Geo-Services AS. The Company has the possibility to borrow up to USD 150 million from Petroleum Geo-Services AS with maturity in 2025. Intercompany debt and receivables carry interest of 6 Month LIBOR + 5.0% margin in 2021. The Company has no significant long-term debt or receivables balances towards other related parties as of December 31, 2021 and 2020. Most of the intercompany debt/receivables are denominated in USD, and fluctuations in USD/NOK rate result in currency gains/losses.

Note 7 Leases

The Company as a lessor

The Company leases its vessels to PGS Falcon AS on long-term bareboat charter agreements. The charterhire agreements for Ramform Titan and Ramform Atlas are, starting 2012, for 12 years with a daily rate of USD 55,000 per vessel. The charterhire agreements for Ramform Tethys and Ramform Hyperion are for 12 years, from 2016 and 2017 respectively, with a daily rate of USD 60,000 per vessel. All the charter agreements are accounted for as operating leases.

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

(In millions of NOK)	2021	2020
Within one year	741.5	717.6
After one year but not more than five years	2,554.1	2,800.6
More than five years	708.5	1,074.7



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PGS Titans AS Notes to the financial statements

Note 8 Property and equipment

The changes in property and equipment are as follows:

(In millions of NOK)	Seismic vessels and equipment	Total
Cost as of January 1, 2020	5745.0	5745.0
Additions	81.0	81.0
Disposals	0.0	0.0
Adjustment	0.0	0.0
Cost as of December 31, 2020	5826.0	5826.0
Additions	103.8	103.8
Disposals	-	-
Adjustment	-	-
Cost as of December 31, 2021	5929.9	5929.9
 (In millions of NOK)		
Accumulated depreciation as of January 1, 2020	1345.0	1345.0
Depreciation	297.9	297.9
Impairment	2.4	2.4
Disposals	0.0	0.0
Accumulated depreciation and impairments of December 31, 2020	1645.3	1645.3
Depreciation	302.7	302.7
Impairment	44.2	44.2
Disposals	-	-
Accumulated depreciation and impairments of December 31, 2021	1992.2	1992.2
Balance as of December 31, 2020	4180.7	4180.7
Balance as of December 31, 2021	3937.7	3937.7

The Company's fixed assets consist of the seismic vessels "Ramform Titan", "Ramform Atlas", "Ramform Tethys", and "Ramform Hyperion", including equipment as of December 31, 2021 and 2020. The Company leases its vessels to PGS Falcon AS on operating lease agreements. See note 7 for more information.

The seismic vessels are depreciated over 25 years from the time they are delivered and set in operation. Seismic equipment is depreciated over 3-15 years. Major overhauls are capitalized and depreciated over the period until next estimated major overhaul.

Management regularly evaluates its fleet plan and capital expenditure levels in light of market conditions. In 2021 and 2020 management performed such evaluations and made decisions which resulted in impairments as described below. Refer to note 3 the consolidated financial statements for information.

In 2021 the Company recorded an impairment of 44.2 million. The impairment primarily reflects a change in assumptions related to the impact of energy transition to PGS business.

Note 9 Lease agreements

The company has no material leases as lessee. For intercompany lessor see note 6.



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PGS Titans AS Notes to the financial statements

Note 10 Other short-term debt

(In millions of NOK)	2021	2020
Other short-term debt as of 31 December:		
Accrued interest expense	9.7	9.4
Total	9.7	9.4

Note 11 Debt and guarantees

Due to the dramatic negative market change caused by the Covid-19 pandemic, PGS renegotiated its main credit agreements to extend near-term debt maturities and amortization profiles to preserve liquidity. On February 2, 2021, a UK Scheme of Arrangement (the "Scheme") was sanctioned by an English court allowing the implementation of the financing transaction. With the Transaction PGS extended its current near-term maturity and amortization profile under its RCF/TLB and ECF facilities by approximately two years. Together with the cost saving initiatives previously announced by PGS, the Transaction strengthens PGS's liquidity profile in the currently challenging operating environment.

The main terms of the Transaction include:

Quarterly amortization payments totaling ~\$106 million due over the next two years under the ECA will be deferred and repaid over four quarters starting December 2022.

The seismic market recovery has been slower than assumed in the debt rescheduling business plan from 2020. As a result, there is a risk that the Company will not generate sufficient liquidity to make the 2022 amortization payments whilst also meeting the other requirements of the main credit agreements. The Company and the PGS Group has started preparations for assessing alternative ways to address this and have engaged advisors to assist the Group in this respect.

The Company and the PGS Group expects to be able to manage the above-mentioned risk. However, if unsuccessful, the Company may become unable to settle maturities or amortization on the agreed payment dates or breach a financial covenant in the main credit agreements. A breach in other loan agreements for the PGS group would represent a default under the Company's loan agreement. In such case, the Company may be able to continue without repayment or acceleration if it achieves a standstill agreement (or, in the case of a financial covenant breach, a waiver) from the relevant lenders, agents or lender groups. Should a payment default or financial covenant breach continue without a standstill agreement or waiver, this would be an event of default under the relevant agreements. An event of default in one facility may represent an event of default in other facilities and agreements. Upon an event of default, there is a risk that the TLB lenders inter alia having a pledge over the shares in PGS Holding II Ltd (a holding company that indirectly owns and controls the Company), by 50% majority can accelerate and enforce. Such an enforcement would likely imply continued operations for the operating companies in the group, including the Company. The ECA lenders may however also enforce its pledges over the vessels owned by the Company.

Whilst they are confident that the rescheduling of the PGS Group debt will be achieved, the directors have concluded that the risk constitutes a material uncertainty that casts significant doubt upon PGS ASA's ability to continue to provide financial support. Therefore, the company may be unable to realize its assets and discharge its liabilities in the normal course of business.



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PGS Titans AS **Notes to the financial statements**

Guarantees

In Q1 2021 PGS ASA contributed the majority of its assets and liabilities to Petroleum Geo-Services AS. The capital contribution amounted to NOK 976.4 million, including \$872.4 million in transferred debt. Petroleum Geo-Services AS is replacing PGS ASA as the Norwegian borrower, PGS Finance Inc. continues as US Borrower and PGS Holding II Ltd enters as UK Co-Borrower. The TLB facility is guaranteed by all material subsidiaries except PGS Titans AS, holding the four titan-class vessels financed by four export credit loans. PGS ASA has guaranteed the loans financing for the Ramform Titan and the Ramform Atlas, and each of PGS Holding I Ltd, PGS Holding II Ltd and Petroleum Geo-Services AS has guaranteed for the loans financing for the Ramform Titan, Ramform Atlas, Ramform Tethys, and Ramform Hyperion.

For additional information see Note 21 and 22 in the 2021 consolidated financial statements.

Note 12 Events after the Balance Sheet date

Russia's invasion of Ukraine is deeply concerning with severe humanitarian consequences. The war is likely to significantly impact the political and security situation, as well as energy and financial markets. The Company's operation is not directly impacted by the recent invasion, as PGS has very limited direct business activity in Russia or Ukraine.



Skattedirektoratet

Saksbehandler Geir Johannessen	Deres dato 14.11.2014	Vår dato 27.11.2014
Telefon 22 66 11 14	Deres referanse Linda Pedersen	Vår referanse 2014/850846

PGS TITANS AS
Postboks 251 Lilleaker
0216 OSLO

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for PGS Titans AS, org.nr. 998 167 000

— Vi viser til deres brev av 14. november 2014 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for PGS Titans AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering PGS Titans 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.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

PGS Titans AS er et heleid datterselskap av Petroleum Geo-Services ASA. Skattedirektoratet ga morselskapet dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk 4. januar 2011. Konsernet er en teknologisk tjenesteleverandør innenfor oljebransjen som i hovedsak leverer tjenester innen geofysikk på verdensmarkedet. Konsernet opererer i sektorer der engelsk er det klart dominerende språket. Flertallet av morselskapets aksjonærer er profesjonelle investorer og større selskaper, herav ca 55-60 % er utenlandske. All intern rapportering skjer på engelsk og konsernets arbeidsspråk er generelt engelsk. Både i styre og konsernledelse er det ikke norsk språklige representanter. Selskapets kontraktsparter er i all hovedsak store og internasjonale aktører. All vesentlig kommunikasjon med disse foregår derfor på engelsk. Det er en engelskspråklig versjon av årsregnskap og årsberetning som utarbeides og benyttes for alle praktiske formål både internt og eksternt, mens den norske oversettelsen kun utarbeides for å tilfredsstille regnskapslovens krav. Nyttan i forhold til kostnaden ved å utarbeide et norsk årsregnskap og årsberetning, vurderes derfor som liten.

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.”*

Postadresse
Postboks 9200 Grønland
0134 Oslo

Besøksadresse: Sentralbord
Se www.skatteetaten.no 800 80 000
Org.nr: 996250318 Telefaks
E-post: skatteetaten.no/sendepost 22 17 08 60



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 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 selskapet er et heleid datterselskap, der morselskapet har vesentlige utenlandske eierinteresser. Videre er det vektlagt at arbeidsspråket er engelsk og at selskapet driver virksomhet i en internasjonal bransje der alle vesentlige aktører behersker og benytter engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad
Seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Geir Johannessen

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer