Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	921 675 801
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	PETROLEUM GEO-SERVICES AS
Forretningsadresse:	Lilleakerveien 4C 0283 OSLO

Regnskapsår

Årsregnskapets periode:	01.01.2021 - 31.12.2021

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	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			
Kostnader			
Annen driftskostnad		2 223 000	30 000
Sum kostnader		**2 223 000**	**30 000**
Driftsresultat		**-2 223 000**	**-30 000**
Finansinntekter og finanskostnader			
Annen renteinntekt		252 573 000	
Annen finansinntekt		350 955 000	650 000 000
Sum finansinntekter		**603 528 000**	**650 000 000**
Nedskrivning av finansielle eiendeler		57 499 000	
Annen rentekostnad		885 145 000	
Annen finanskostnad	8	133 416 000	
Sum finanskostnader		**1 076 060 000**	
Netto finans		**-472 532 000**	**650 000 000**
Ordinært resultat før skattekostnad		**-474 755 000**	**649 970 000**
Ordinært resultat etter skattekostnad		**-474 755 000**	**649 970 000**
Årsresultat		**-474 755 000**	**649 970 000**
Andre resultatkomponenter for IFRS-foretak		-13 231 000	
Sum resultatkomponenter for IFRS-foretak		-13 231 000	
Totalresultat		**-487 986 000**	
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		-487 986 000	649 970 000
Sum overføringer og disponeringer		**-487 986 000**	**649 970 000**

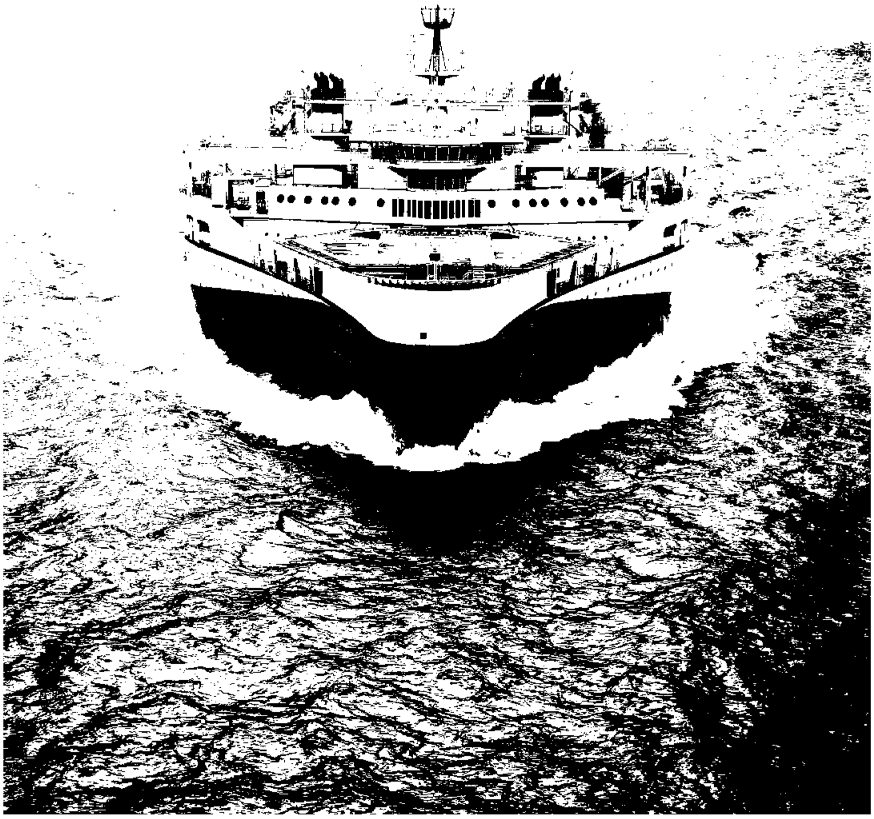
Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Finansielle anleggsmidler			
Investering i datterselskap	3	6 472 228 000	1 390 000 000
Sum finansielle anleggsmidler		**6 472 228 000**	**1 390 000 000**
Sum anleggsmidler		**6 472 228 000**	**1 390 000 000**
Omløpsmidler			
Varer			
Fordringer			
Andre fordringer		3 601 000	
Konsernfordringer	7	4 532 213 000	650 000 000
Sum fordringer		**4 535 814 000**	**650 000 000**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	5	970 836 000	31 000
Current restricted cash		109 808 000	
Sum bankinnskudd, kontanter og lignende		**1 080 644 000**	**31 000**
Sum omløpsmidler		**5 616 458 000**	**650 031 000**
SUM EIENDELER		**12 088 686 000**	**2 040 031 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital		13 245 000	300 000
Annen innskutt egenkapital		2 353 087 000	1 389 730 000
Sum innskutt egenkapital		**2 366 332 000**	**1 390 030 000**

Balanse

Beløp i: NOK	Note	2021	2020
Opptjent egenkapital			
Annen egenkapital		71 518 000	546 273 000
Other capital reserves		44 347 000	
Sum opptjent egenkapital		**115 865 000**	**546 273 000**
Sum egenkapital		**2 482 197 000**	**1 936 303 000**
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	9	6 225 743 000	
Øvrig langsiktig gjeld		8 028 000	
Sum annen langsiktig gjeld		**6 233 771 000**	
Sum langsiktig gjeld		**6 233 771 000**	**0**
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner	9	1 192 571 000	
Leverandørgjeld		37 000	
Kortsiktig konserngjeld	7	2 119 131 000	
Annen kortsiktig gjeld		60 979 000	
Sum kortsiktig gjeld		**3 372 718 000**	
Sum gjeld		**9 606 489 000**	**0**
SUM EGENKAPITAL OG GJELD		**12 088 686 000**	**1 936 303 000**

Petroleum Geo-Services AS
Financial Statements - 2021



Petroleum Geo-Services AS
Statement of Comprehensive Income 01.01 - 31.12

(In thousands of NOK)	Note	2021	2020
STATEMENTS OF PROFIT AND LOSS			
Revenues			
Operating revenues		-	-
Total revenues		**-**	**-**
Operating expenses			
Other operating expenses		(2,223.0)	(30.0)
Total operating expenses		**(2,223.0)**	**30.0**
Operating profit (loss)		**(2,223.0)**	**(30.0)**
Financial items			
Interest income		252,573.4	-
Interest expense		(885,144.8)	-
Dividends/group contribution		350,954.5	650,000.1
Impairment of shares and receivables		(57,499.2)	
Other financial items	8	(133,416.3)	-
Net financial items		(472,532.4)	650,000.1
Income (loss) before Income tax expense		**(474,755.4)**	**649,970.1**
Income tax	6	-	-
PROFIT (LOSS) FOR THE YEAR		**(474,755.4)**	**649,970.1**
Other comprehensive income			
Items that will not be classsified to profit and loss		-	-
Items that may be subsequently reclassified to profit and loss		(13,230.4)	-
Other comprehensive income (loss), net of tax		**(13,230.4)**	**-**
Total comprehensive income (loss) to equity holders		**(487,985.8)**	**649,970.1**
Allocation of Profit (Loss) for the year:			
Dividend		-	-
Transferred to (from) other equity		(487,985.8)	649,970.1
Total allocated		**(487,985.8)**	**649,970.1**

Petroleum Geo-Services AS
Statements of Financial Position as of 31.12

(In thousands of NOK)	Note	2021	2020
ASSETS			
NON-CURRENT ASSETS			
Financial non-current assets			
Shares in subsidiaries	3	6,472,227.5	1,390,000.0
Total financial long-term assets		6,472,227.5	1,390,000.0
TOTAL NON-CURRENT ASSETS		**6,472,227.5**	**1,390,000.0**
CURRENT ASSETS			
Receivables			
Current interest bearing recivables for subsidiaries	7	4,532,213.0	650,000.0
Other current receivables		3,600.7	-
Total receivables		4,535,813.7	650,000.0
Cash and cash equivalents	5	970,836.6	30.5
Current restricted cash		109,807.6	
TOTAL CURRENT ASSETS		**5,616,457.9**	**650,030.5**
TOTAL ASSETS		**12,088,685.4**	**2,040,030.5**

Petroleum Geo-Services AS
Statements of Financial Position as of 31.12

(In thousands of NOK)	Note	2021	2020
SHAREHOLDERS' EQUITY			
Paid-in equity			
Share capital	2	13,245.0	300.0
Additional paid-in capital	2	2,353,086.9	1,389,730.0
Total paid-in equity		2,366,331.9	1,390,030.0
Earned equity			
Accumulated earnings		71,517.8	546,273.2
Other capital reserves		44,346.8	
TOTAL SHAREHOLDERS' EQUITY		**2,482,196.5**	**1,936,303.2**
LIABILITIES			
NON-CURRENT LIABILITIES			
Non-current interest bearing debt	9	6,225,742.7	-
Other non-current liabilites		8,027.9	-
Total non-current liabilites		6,233,770.6	-
CURRENT LIABILITIES			
Current interest bearing debt	9	1,192,571.4	
Interest bearing debt to group companies	7	2,119,130.6	103,727.0
Accounts payable		37.3	-
Accrued expenses and other liabilities		60,978.9	-
Total current liabilities		3,372,718.3	103,727.0
TOTAL LIABILITIES		**9,606,488.9**	**103,727.0**
TOTAL EQUITY AND LIABILITIES		**12,088,685.4**	**2,040,030.2**

Oslo, April 29th 2022

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Rune Olav Pedersen
Chairperson

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Gottfred Langseth
Board member

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Christin Steen-Nilsen
Board member

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Robert James Adams
General Manager

Petroleum Geo-Services AS
Statements of Changes in Shareholders' Equity

(In thousands of NOK)	Share capital	Additional paid-in capital	Other equity	Other capital reserves	Total
Equity as of January 1, 2020	**300.0**	**1,389,730.0**	**-**	**-**	**1,390,030.0**
Profit (loss) for the period	-	-	649,969.8		649,969.8
Dividend	-	-	(103,696.6)		(103,696.6)
Equity as of December 31, 2020	**300.0**	**1,389,730.0**	**546,273.2**	**-**	**1,936,303.2**
Capital increase	**12,945.0**	**963,356.9**		57,577.2	**1,033,879.1**
Profit (loss) for the period			- 474,755.4	(13,230)	**(487,985.8)**
Equity as of December 31, 2021	**13,245.0**	**2,353,086.9**	**71,517.8**	**44,346.8**	**2,482,196.5**

Petroleum Geo-Services AS
Statements of Cash Flows

(In thousands of NOK)	Note	2021	2020
Cash flows provided by operating activities			
Profit for the year		(474,755.4)	649,970.1
Dividends/group contributions		(350,954.5)	(650,000.0)
Impairment of shares and receivables		57,499.2	-
other items		195,666.6	-
Interest expenses		884,627.8	-
Interest income		(252,573.4)	-
Decrease (Increase) in restricted cash		(109,807.6)	-
Changes in current assets and current liabilites		91,347.7	30.0
Net cash provided by operating activities		41,050.4	0.1
Cash flows provided by (used in) investing activities			
Investment in subsidiaries, net		-	-
Received dividends from subsidaries		650,000.0	325,000.0
Interst from group companies		252,261.2	
Investments in property and equipment		-	-
Net cash provided by (used in) investing activities		902,261.2	325,000.0
Cash flows provided by (used in) financing activities			
Paid in capital		1,037,972.0	-
Debt issuance cost		(249,024.1)	
Interest paid on external loans		(601,337.8)	-
Interest on intercompany loans		(154,263.8)	-
Net change intercompany balances		(5,851.8)	(325,000.0)
Net cash provided by (used in) financing activities		27,494.5	(325,000.0)
Cash and cash equivalents			
Net increase (decrease) in cash and cash equivalents		970,806.1	0.1
Cash and cash equivalents at beginning of period		30.5	30.4
Cash and cash equivalents as of 31 December		970,836.6	30.5

Petroleum Geo-Services AS
Notes to the financial statements

Note 1 Accounting principles

General
The financial statements of Petroleum Geo-Services AS ("the Company") are included in the PGS ASA consolidated financial statements. The “Group” and “PGS” refer to PGS ASA and its subsidiaries.

Basis of presentation
Petroleum Geo-Services 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. The functional currency is Norwegian kroner (“NOK”). The Company’s headquarters is at Oslo, Norway. The address is Lilleakerveien 4C, 0283 Oslo.

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 going concern basis which, the Directors believe to be appropriate. As described in “Financing status” section, there is a risk that the Company might not generate sufficient liquidity to repay the 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 10 "Financing status" 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. Non-current 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 income from subsidaries is recognized as financial income at year end because it is considered more likely than not that the dividend will be approved by the General Assembly the following year. 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.

Petroleum Geo-Services AS
Notes to the financial statements

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.

Shares in subsidiaries
Shares in subsidiaries are presented at cost less impairment. Impairment is recognized based upon the carrying value of the individual shares and net intercompany receivables in the subsidiaries less the estimated recoverable amount (based on discounted estimated future cash flows). If estimated recoverable amounts increase, impairment charges are reversed accordingly.

Income taxes
Income tax expense is comprised of current and deferred tax. Income tax is recognized in the statement of profit and loss.

Current tax is the tax expected to be paid to or recovered from taxation authorities in respect of taxable income for the year, using tax rates enacted or substantially enacted during the period.

Deferred tax assets and liabilities are measured using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes, and the amounts used for taxation purposes. The amount of deferred tax provided is based on tax rates that are expected to apply in the year of realization or settlement, using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognized on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary differences can be controlled by the Company and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized only when, on the basis of all available evidence, it can be regarded as probable that there will be sufficient taxable profits in the foreseeable future against which the asset can be utilized.

Deferred tax assets and deferred tax liabilities are offset when a legally enforceable right exists to set off current tax assets against current tax liabilities, and the deferred taxes are related to the same taxable entity and the same taxation authority. Deferred tax assets and liabilities are classified as non-current in the consolidated statement of financial position.

Interest-bearing debt and borrowings
Interest-bearing loans are recognized initially at fair value less transaction costs. Subsequent to initial recognition, interest bearing loans are measured at amortized cost using the effective interest method. Gains and losses are recognized in the consolidated statements of profit and loss when the liabilities are derecognized as well as through the amortization process.

Financial instruments
Financial assets and financial liabilities are recognized when the Company becomes party to the contractual obligations of the relevant instrument.
The Company classifies its financial instruments in the following categories: at fair value through profit and loss, at fair value through other comprehensive income or at amortized cost. The Company determines the classification of financial instruments at initial recognition.

Petroleum Geo-Services AS
Notes to the financial statements

Classification and measurement

Financial instruments at fair value through profit and loss
This category comprises financial assets and liabilities held for trading, including all derivative instruments. Financial instruments in this category are initially recorded at fair value, and transaction costs are expensed in the consolidated statement of profit and loss. Realized and unrealized gains and losses arising from changes in the fair value are included in the consolidated statements of profit and loss in the period in which they arise.

Financial instruments at fair value through other comprehensive income
On initial recognition, an election can be made to classify investments in equity instruments at fair value through other comprehensive income. Financial instruments in this category are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income.

Financial instruments at amortized cost
Financial assets and liabilities in this category are initially recognized at fair value, and subsequently carried at amortized cost, using the effective interest method less any allowance for impairment. This category includes accounts receivable, accounts payable and loans and other borrowings.

Derecognition of financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss as a gain. In subsequent periods the gain is amortized as added interest expense.

Impairment of financial assets
At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses. For accounts receivables and contract assets, the Company uses a simplified approach in calculating expected credit losses. The Company recognizes a loss allowance using factors including aging of accounts, historical experience, customer concentration, customer creditworthiness and current industry and economic trends. An impairment loss, amounting to any difference between the carrying amount of the loss allowance and the expected credit losses at the reporting date, is recognized in the consolidated statement of profit and loss.

Petroleum Geo-Services AS
Notes to the financial statements

Derivative financial instruments and hedging
The Company uses derivative financial instruments to reduce its exposure related to fluctuations in foreign currency rates and interest rates. Derivative instruments are recognized in the consolidated statements of financial position at their fair values. Realized and unrealized gains and losses attributable to derivative instruments that do not qualify for hedge accounting are recognized as other financial items, net, as they arise.

Cash flow hedges
Cash flow hedging is used to hedge interest rate risk. Gains or losses on the hedging instrument are recognized in the consolidated statement of other comprehensive income, to the extent that the hedge is determined to be effective. All other gains or losses are recognized immediately in the consolidated statement of profit and loss.
For cash flow hedges of recognized assets or liabilities, accumulated gains or losses are transferred from other comprehensive income to the consolidated statement of profit and loss in the same period in which the hedged transaction affects the consolidated statement of profit and loss.
Hedge accounting is discontinued when a hedging instrument is derecognized due to expiry, termination or disposal. If the forecasted transaction continues to be expected to occur, the related gains or losses are retained in other comprehensive income until the transaction takes place. Any subsequent change in value is recorded directly to the consolidated statement of profit and loss.

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.

Petroleum Geo-Services AS
Notes to the financial statements

Note 2 Share capital, shareholders and parent company information

The Company was established on 10 October 2018. The share capital comprise of 300 ordinary shares at nominal value NOK 44,150. All shares have equal rights. The Company is 100% owned by PGS Holding II Ltd as of December 31, 2021.

Petroleum Geo-Services AS is included in the consolidated financial statements of PGS ASA. The consolidated financial statements can be downloaded at www.pgs.com

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

In February 2021, as part of a restructure of the PGS Group, PGS ASA contributed most of its assets and liabilities to the Company. The shares in Petroleum Geo-Services as was subsequently contributed as a capital increase in kind to PGS Holding I Ltd, a UK entity 100% owned by PGS ASA.

The contribution in kind amounted to NOK 976 429 378,- and consisted of (in thousands of NOK):

Shares in subsidiares	5,199,656.8
Cash and cash equvalents	1,037,972.0
Net intercompany interest bearing debt	2,006,457.6
Other	26,032.0
Interest bearing debt	(7,293,689.0)
Contribution-in-kind	976,429.4

The transaction have an effective date of January 1st 2021 and the Company have following the transation taken over the Group Treasury function within the PGS group.

Note 3 Shares in subsidiaries

The following table illustrates the summarized financial information as of December 31, 2021:

(In thousands of NOK)	Registered office	Shareholding (a)	Book value	Equity b)	Impairments 2021	Net income 2021 (b)
PGS Titans AS	Oslo	100%	1,390,000.0	1,228,600.0	-	168,900.0
PGS Geophysical AS	Oslo	100%	4,240,494.0	2,277,300.0	-	(567,100.0)
Petroleum Geo-Services Asia Pasific Pte. Ltd	Singapore	100%	31,996.0	225,305.7	-	200,183.1
Petroleum Geo-Services (UK) Ltd	London	100%	679,533.4	673,276.2	-	47,581.3
PGS Falcon AS	Oslo	100%	-	(2,493,400.0)	-	(679,700.0)
Multiklient AS	Oslo	100%	10,000.0	1,644,520.7	-	610,534.8
Seahouse Insurance Ltd	Bermuda	100%	27,575.5	77,071.5	-	(8,363.9)
PGS Japan KK	Japan	100%	562.5	50,408.4	-	8,460.7
PGS Geopgysical Nigeria Ltd	Nigeria	100%	-	3,200.7	-	38,786.0
PGS EM Ltd	London	100%	-	(1,028,154.4)	-	(48,294.0)
Petroleum Geo-Services Inc	Houston	100%	-	(610,710.0)	-	57,965.6
PGS Australia Pty Ltd	Perth	100%	-	(602,307.9)	-	(3,357.8)
PGS Venezuela de C.A.	Venezuela	100%	-	-	-	-
PGS Supporte Logistico e Servicios Ltda (c)	Brazil	26%	84,923.5	60,426.6	-	40,999.3
PGS Imaging S.A de C.V	Mexico	100%	-	-	-	-
PGS Data Processing Middle Eeast SAE (Egypt)	Egypt	98%	7,142.6	10,819.7	-	(4,783.0)
Total			**6,472,227.5**		-	

(a) Voting rights are equivalent to shareholding for all companies.
(b) Preliminary numbers where subsidiary financials not completed
(c) Remaining shareholding is held by PGS Geophysical AS

The following table illustrates the summarized financial information as of December 31, 2020:

(In thousands of NOK)	Registered office	Shareholding (a)	Book value	Equity b)	Impairments 2020	Net income 2020
PGS Titans AS	Oslo	100%	1,390,000.0	1,365,492.9	-	389,752.1
Total			1,390,000.0	1,365,492.9	-	389,752.1

(a) Voting rights are equivalent to shareholding for all companies.

Petroleum Geo-Services AS
Notes to the financial statements

Note 4 Personnel expenses and remuneration to the General Manager, Board of Directors and auditor

The Company had no employees during the year.

The Company is not obliged to carry an occupational pension plan in accordance with the Norwegian Occupational Pension Plan Act.

As of 31.12.2021, no loans or collateral are given to the Board of Directors.

Ordinary audit fees for 2021 and 2020 are NOK 320,000 ex. VAT and NOK 30,000 ex. VAT respectively, and are entirely related to the audit of the financial statements.

Note 5 Restricted cash

The company holds restricted cash depostits related to various bank gurantees, as of December 31 2021 and December 31, 2020 this amounts to NOK 109,807.6 thousand and nill.

Note 6 Income taxes

Income tax consists of the following:

	Year ended December 31,	
(In thousands of NOK)	2021	2020
Current taxes	-	-
Deferred taxes	-	-
Total Income tax expense	-	-

The income tax differs from the amounts computed when applying the Norwegian statutory tax rate to income (loss) before income tax as a result of the following:

	Year ended December 31,	
(In thousands of NOK)	2021	2020
Income (loss) before income tax expense	(474,755.4)	649,970.1
Norwegian statutory rate	22%	22%
Provision for income taxes at statutory rate	(104,446.2)	142,993.4
Permanent differences	(64,948.2)	(143,000.0)
Calculated income tax expense for the year	**(169,394.4)**	**(6.6)**
Calculation of taxable income		
Ordinary result before tax	(474,755.4)	649,970.1
Permanent differences		
Dividend	(350,954.5)	(650,000.0)
Effect of extinguishment and modification debt, refer to Note 8	(1,763.8)	-
Impairment of shares and receivables	57,499.2	-
Change in temporary differences	-	-
Taxable income	**(769,974.5)**	**(29.9)**
Income tax payable before group contribution	(169,394.4)	(6.6)
Tax effect of group contribution distributed	-	
Income tax payable to Norway	**(169,394.4)**	**(6.6)**

The tax effects of the Company's temporary differences are as follows:

	December 31,	
(In thousands of NOK)	2021	2020
Other temporary differences	-	-
NOL carry-forward	770,004.4	29.90
Deferred tax assets base	**770,004.4**	**29.90**
Deferred tax (assets) liabilities on temporary differences	169,401.0	6.6
Recognized deferred tax (assets) liabilities	-	-

Altough the company belives it will attain a satisfactory level of profitability, including group contributions with tax effect, sufficient convincing evidence of such is not present. Deferred tax assets is therefore not recognized.

Petroleum Geo-Services AS
Notes to the financial statements

Note 7 Transactions with related parties

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

Financial Items from group companies

	Year ended December 31,	
(In thousands of NOK)	**2021**	**2020**
Dividend from group companies	350,954.5	650,000.0
Interest income from group companies	252,261.2	-
Interest expenses to group companies	(154,263.8)	-
Total	**448,951.9**	**650,000.0**

The Company recognized NOK 350 million and NOK 650 million in dividend from PGS Titans AS for the year ended December 31, 2021 and 2020 respectively.

Related party balances:

	December 31,	
(In thousands of NOK)	**2021**	**2020**
Intercompany receivables	4,532,213.0	650,000.0
Intercompany liabilities	(2,119,130.6)	(103,727.0)
Total	**2,413,082.4**	**546,273.0**

For the year ended 2021 and 2020 the Company has accrued dividend its shareholder of nill and NOK 103.7 million, respectively.

The Company functions as group treasury for the PGS Group and has intercompany positions with all active subsidiaries within the group. All receivables is pledged in favour of and subordinated to the TLB and ECA lenders, refer to Note 8 for further information.

Intercompany debt and receivables carry an interest of LIBOR with a margin between 5% and 7.5%.

Note 8 Other financial items

Other financial items consists of the following:

	Year ended December 31,	
(In thousands of NOK)	**2021**	**2020**
Currency exchange gain (loss)	(154,619)	-
Loss related to modification and extinguisment of debt (see Note 9)	(4,126.4)	-
Gurantee fee from PGS Titans AS	27,044.3	-
Other	(1,715.6)	-
Total	**(133,416.3)**	-

Petroleum Geo-Services AS
Notes to the financial statements

Note 9 Debt

Non-current interest bearing debt consists of the following:

	2021	2020
Secured		
Term loan B, Libor + 6-750 basis points (linked to total leverage ration ("TRL")), due 2024	7,710,368.1	-
Total loans gross	**7,710,368.1**	-
Less current portion	(1,192,571.4)	-
Less deferred loan costs	(209,764.4)	-
Less modification of debt treated as exstinguishment	(82,289.6)	-
Non-current interest bearing debt	**6,225,742.7**	-

As part of the capital increase (see Note 2), the Company replaced PGS ASA as the Norwegian borrower to a Senior Secured Credit Facility (the "Credit Facility") as amended and originated in 2007 that comprimises a $873.0 million Term Loan (the "Term Loan" or "TLB"). PGS Finance Inc. continues as US Borrower and PGS Holding II Ltd enters as UK Co-Borrower. Borrowings under the Credit Facility are secured by pledges of substantially all assets of the Company and its subsidiaries, except assets pledged to the Export Credit Loans with PGS Titans AS as borrower for which it has an indirect 2nd lien pledge capturing values exceeding the export credit loans. 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. The Company's indirect parent company PGS Holding I Ltd and ultimate parent PGS ASA is also gurantors under the argeement. For comparison, at December 31, 2020 and prior to the transfer to the Company, the Credit Facility comprised of a $522.4 million TLB and a fully drawn $350.0 million Revolving Credit Facility ("RCF").

Due to the dramatic negative market change caused by the COVID-19 pandemic, PGS initiated in 2020 a process to renegotiate its main credit agreements extending its near-term debt maturities and amortization profiles to support its liquidity position (the "Transaction"). PGS ASA was not able to agree the revised terms with all lenders ahead of when the $135 million RCF tranche was due in September 2020. The non-payment of principal of such facility was an event of default under the RCF and TLB, with a cross default under the ECF. A required majority of lenders did enter into forbearance agreements undertaking not to take any enforcement action in connection with the ongoing default. Consequently, PGS ASA was in default under the RCF, TLB and PGS Titans AS under the ECF as of December 31, 2020. As less than 100% of the RCF and TLB lenders consented to the amendments, the group initiated a process to implement the transaction pursuant to an UK Scheme of Arrangement (the "Scheme") under English law upon approval of the English Court, after obtaining the required majority creditor consent (being minimum 75% by value and a majority in number of the total RCF and TLB voting in the Scheme). The Scheme enabled the transaction in respect of the TLB to be implemented and bind all TLB lenders (including those who voted against or did not vote)

On February 2, 2021 the Scheme was sanctioned by an English court allowing the implementation of the financing Transaction announced on October 21, 2020 with main terms as listed below. The Scheme had support of lenders to the RCF/TLB facilities representing 95.3% by value of debt and 99.5% by number of creditors voting. The Transaction closed and took effect February 9, 2021. With the Transaction, PGS extended its near-term maturity and amortization profile under its RCF/TLB and ECF facilities by approximately two years. The $135 million RCF due 2020 and $215 million RCF due 2023, and the remaining $2 million of the TLB not extended in February 2020, due 2021 were converted into a new TLB on the same terms and conditions as the existing TLB. Petroleum Geo-Services AS replaced PGS ASA as the Norwegian borrower, PGS Finance Inc. continued as US Borrower and PGS Holding II Ltd entered as UK Co-Borrower.
The total debt under the new TLB facilities (including PIK fees and offsetting exchange of loans into the CB as described below) of $ 873.0 million maturing in March 2024 has the following amortization profile payable pro-rata to all TLB lenders:

- $135 million amortization payment due in September 2022
- $200 million amortization payment due in September 2023
- $9.2 million quarterly amortization starting March 2023.

Petroleum Geo-Services AS
Notes to the financial statements

In addition and applicable for PGS ASA Group consolidated, the excess cash flow sweep for the RCF/TLB facilities was replaced by an excess liquidity sweep for any liquidity reserve in excess of $200 million at each quarter end, with such amounts to be applied against (i) the deferred amounts under the ECF (ref below) and (ii) the $ 135 million TLB amortization due in September 2020, until they have both been paid in full. Thereafter, any liquidity reserve in excess of $175 million at each quarter end will be applied against the remaining TLB amortizations. The financial maintenance covenants were amended, with the maximum Total Net Leverage Ratio to be 4.5x through June 30, 2021, 4.25x through December 31, 2021, 3.25x through December 31, 2022 and 2.75x thereafter. The minimum liquidity covenant continues to be $ 75 million in unrestricted cash and cash equivalents with an extra reporting obligation if cash and cash equivalents falls below $ 115 million. There are customary cure periods and provisions. For information on risk of not complying with covenants, please refer to note 9. The margin on the TLB is based on a pricing grid as follows: if Total Gross Leverage Ratio is above 1.75:1.0 the margin is 7.0%; above 1.25:1.0 and less than or equal to 1.75:1.0, the margin is 6.50%; and less than or equal to 1.25:1.0, the margin is 6.00%. The Total Gross Leverage Ratio ("TGLR") is defined as the consolidated indebtedness, net of restricted cash held for debt service in respect of the Export Credit financing, to consolidated adjusted EBITDA less non -pre-funded MultiClient library investments. Total Net Leverage Ratio ("TNLR") as referenced above and below allows in addition for the deduction of unrestricted cash and cash equivalents from consolidated indebtedness.

If the corporate family rating, for the PGS Group, from Moody's or Standard & Poor's is below B3/B- stable outlook, the credit margin on the TLB will be 7.5%. The PGS Group may only access the minimum margin of 6% if the ratings from Moody's and Standard & Poor's are at least B2 stable and B stable, respectively. Moody's and Standard & Poor's rating as of March 8, 2022 are Caa1 and CCC+ (both with negative outlook), respectively. The Credit Facility contains financial covenants and negative covenants that restrict the Company in various ways. The facility provides that:
i) The PGS Group may not incur senior secured debt other than as replacement of existing secured debt, with certain baskets and exceptions among such being assumed debt acquired through entities merged or acquired as long as the Total Net Leverage Ratio on a proforma basis does not exceed 2.0:1.0 and such transaction is accretive (i.e., does not increase the leverage ratio proforma); and leases defined as operational leases under the definition existing prior to IFRS 16. Subject to certain baskets and exceptions, the Company may not incur further junior secured or senior unsecured debt if the total net leverage ratio exceeds 2.00:1.
ii) PGS ASA may not pay dividends or similar (with certain exceptions) until February 9, 2023. Thereafter, dividend payments or similar are permitted out of cumulative distributable earnings (as defined by the agreement) as long as total net leverage ratio is not greater than 2.0:1.0.
On or after March 31, 2023 if net leverage ratio is below 1.0:1.0 there is no restriction on dividend payments or similar. Cumulative distributable earnings, as defined, primarily comprises 50% of Net Income and accumulates over time starting October 1, 2019.

In addition, the Credit Facility restricts or could restrict our, and the PGS Group's ability, among other things, to sell assets without the sales proceeds being reinvested in the business or used to repay debt; issue preferred shares; prepay interest and principal on other indebtedness; create liens on assets; make investments, loans, guarantees or advances; make acquisitions; engage in mergers or consolidations; enter into sale and leaseback transactions; engage in transactions with affiliates; amend material agreements governing our indebtedness; change our business; enter into agreements that restrict dividends from subsidiaries; and enter into speculative financial derivative agreements.

The $523 million extended and increased TLB carried a floating interest rate of LIBOR plus a margin based on the same leverage grid as the extended RCF. During the first quarter of 2021 a margin of 7.0% applied whilst for the rest of 2021 a margin of 7.5% applied to the extended TLB.

The rescheduling of the $135 million RCF originally due in September 2020 has been accounted for as an extinguishment due to substantially different terms. The rescheduled debt has consequently been accounted for at fair value at time of extinguishment, resulting in a gain of NOK 98,582.0 thousand million as of February 9, 2021. The amount will be reversed over the life of the debt and in 2021 NOK 30,669.0 thousand was reversed as imputed interest expense included in interest on debt, gross. The other parts of the rescheduled debt have been accounted for as modification of existing agreements, resulting in a loss of NOK 66,149 thousand from the modification in Q1 2021.

Petroleum Geo-Services AS
Notes to the financial statements

Note 10 Finacial Instruments

Fair values of financial instruments
The Company classifies financial instruments carried at fair value in the consolidated statement of financial position using the Fair Value Hierarchy.

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly.

Level 3: techniques for which all inputs which have a significant effect on the recorded fair value that is not based on observable market data.

The carrying amounts of cash and cash equivalents, restricted cash, accounts receivable, accrued revenues and other receivables, other current assets, accounts payable and accrued expenses classified at amortized cost approximate their respective fair values because of the short maturities of those instruments.
The fair values of the non-current debt instruments, forward exchange contracts and interest rate swaps are estimated using quotes obtained from dealers in such financial instruments or latest quoted prices or indexes at Reuters or Bloomberg. Where market prices are not observed or quotes from dealers are not obtained, an indirect method is used by use of implied credit spread from debt instrument with similar risk characteristics.

The carrying amounts, estimated fair values of debt and derivatives instruments including how fair value is determined are summarized as follows:

		December 31, 2021		December 31, 2020	
In thousand NOK	Hirarchy Level	Nominal value	Fair Values	Nominal value	Fair values
FINANCIAL ASSETS					
Derivatives desiganted as hedging instruments					
Interest rate swaps	2	-	-	-	-
Total		-	-	-	-
FINANCIAL LIABILITIES					
Financial Liabilites at amortized cost					
Debt with fixed interest rate	2	-	-	-	-
Debt with variable interest rate	2	7,710,368.1	6,934,052.3	-	-
Derivatives designated as hedging instruments					
Interst rate swaps	2	14,840.8	14,840.8	-	-
Total		**7,725,208.9**	**6,948,893.1**		

The carrying amounts of cash and cash equivalents, restricted cash, accounts receivable, accrued revenues and other receivables, other current assets, accounts payable and accrued expenses classified at amortized cost approximate their respective fair values because of the short maturities of those instruments. The fair values of the non-current debt instruments, forward exchange contracts and interest rate swaps are estimated using quotes obtained from dealers in such financial instruments or latest quoted prices or indexes at Reuters, Intercompany or Bloomberg. Where market prices are not observed or quotes from dealers are not obtained, an indirect method is used by use of implied credit spread from debt instrument with similar risk characteristics.

Interest risk management
The Company is subject to interest rate risk on its external debt. The risk is managed by using interest rate swaps, where appropraiate to fix the borrowing costs.

Exposure to liquidity risk
The Company tries to minimize liquidity risk through ensuring access to a diversified set of funding sources, and management of maturity profile on debt and derivatives.

After giving effect to the Company's interest rate swaps, for every one-percentage point hypotetical increase in LIBOR, the annual net interest expense on variable rate debt, inclusive non-restricted cash holdings, would have incrased by NOK 50,496 thousand.

Financing Status

As of December 31, 2021, the parent company, including its subsidiaries, had cash and cash equivalents totaling $170 million, compared to $156.7 million as of December 31, 2020.

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.

PGS 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 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 has started preparations for assessing alternative ways to address this and have engaged advisors to assist the Company 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. This would represent a default under the relevant agreements. 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 lenders may however also enforce its pledges overall major assets of the Company. Consequently, there is a risk that the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

Petroleum Geo-Services AS
The Board of Directors' Report 2021

Nature of the business
Petroleum Geo-Services AS (the Company) is a wholly owned subsidiary of PGS Holding II Ltd and part of the PGS Group (PGS). The Company was founded on 10 October 2018,

For 2020 the Company only owned shares in PGS Titans AS which owns four seismic vessels that are leased to PGS Falcon AS, a subsidiary in PGS. Following a group re-organization in February 2021 the Company assumed the group treasury function as well as being the holding company for most subsidiaries within the PGS Group. The transaction was done as an equity increase by contribution-in-kind.

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 in 2021 and 2020:

Incident	2021	2020
Fatalities	0	0
Lost time injuries	1	3
Restricted workday 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 in 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

Pursuant to section 3-3a of the Norwegian Accounting Act, the Board confirms that the 2021 financial statements have been prepared based on the going concern basis which, the Directors believe to be appropriate. As described in "Financing status" section, there is a risk that the Company might not generate sufficient liquidity to repay the 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.

The equity as of December 31, 2021, is NOK 2,482,196.5 million, equivalent to an 21% equity ratio.

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. Together with the cost saving initiatives previously announced by PGS, the Transaction strengthens PGS's liquidity profile in the currently challenging operating environment.
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.

Financial risk

As of December 31, 2021, the parent company, including its subsidiaries, had cash and cash equivalents totaling $170 million, compared to $156.7 million as of December 31, 2020.

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.

PGS 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 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 has started preparations for assessing alternative ways to address this and have engaged advisors to assist the Company 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. This would represent a default under the relevant agreements. 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 lenders may however also enforce its pledges overall major assets of the Company. Consequently, there is a risk that the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

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 Petroleum Geo-Services operations.

Presentation of the financial statements and the Company's development
The Company's profit is mainly related to its activity as group treasury function.

Loss for 2021 was NOK 474,985.8 thousand, compared to a profit of NOK 649,970.1 thousand in 2020. The loss is mainly due low dividends from subsidiaries and higher interest costs having assumed external debt as part of the contribution-in-kind.

Cash flow from operating activities was NOK 41,050.4 thousand in 2021, compared to NOK 0.1 thousand in 2020. The deviation from operating profit is related to other financial income.

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.

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The Company has no research and development costs.

As to financial position the Board of Directors draws attention to the information on the liquidity risk as 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.

Oslo, April 29th 2022

DocuSigned by: Rune Olav Pedersen 3ACC628408F5409...	DocuSigned by: Gottfred Langseth 3FF93C1EC880404...
Rune Olav Pedersen Chair person	Gottfred Langseth Board member
DocuSigned by: Christin Steen-Nilsen 53F8F3970D684AF...	DocuSigned by: Robert James Adams 7974A3DAC68F442...
Christin Steen-Nilsen Board member	Robert James Adams General Manager

Skatteetaten

Vår dato	Din/Deres dato	Saksbehandler
28.02.2020	18.02.2020	Joakim Engebretsen
800 80 000	Din/Deres referanse	Telefon
Skatteetaten.no	AR361013361	92251412
Org.nr	Vår referanse	Postadresse
974761076	2020/5184184	Postboks 9200 Grønland 0134 OSLO

PETROLEUM GEO-SERVICES AS
Postboks 251 Lilleaker
0216 OSLO

Dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk

Vi viser til Petroleum Geo-Services AS' (org.nr. 921 675 801) søknad om dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk.

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering selskapet dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at engelsk språk benyttes i stedet ved utarbeidelsen, og at øvrige opplysninger som vedtaket baserer seg på, heller 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
Fra søknaden siteres:

> Selskapet ønsker å utarbeide årsregnskap og årsberetning på engelsk for Petroleum Geo-Services AS, org. nr 921 675 801.
>
> **Begrunnelse**
>
> Petroleum Geo-Services AS er et heleid datterselskap av PGS 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 65-70% er utenlandske.
>
> All intern rapportering skjer på engelsk og konsernets arbeidsspråk er generelt engelsk. Både i styret og konsernledelse er det ikke-norskspråklig representanter. Selskapets kontraktsparter er i all hovedsak store og internasjonale aktører. All vesentlig kommunikasjon med disse foregår derfor på engelsk. Det vil være 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.

Skattekontorets 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 mv., 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, kunder og lokalsamfunnet.

Det er etter skattekontorets 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.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I dette tilfellet er det opplyst konsernet opererer i en bransje der engelsk er det klart dominerende språket. Flertallet av morselskapets aksjonærer er profesjonelle investorer og større selskaper, hvor en større andel er utenlandske. Både i styret og konsernledelsen er det ikke-norsk språklige personer. Skattekontoret finner at disse forholdene samlet tilsier at dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk kan gis.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Roar Thorbjørnsen
underdirektør
Innsats, storbedrift
Skatteetaten

Joakim Engebretsen

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Petroleum Geo-Services AS

Opinion

We have audited the financial statements of Petroleum Geo-Services AS (the Company), which comprise the statement of financial position as at 31 December 2021, the statement of comprehensive income, statement of cash flows and statement of 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 CEO) 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.

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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
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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
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