

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON**Enheten**

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

Regnskapsår

Årsregnskapets periode: 01.01.2022 - 31.12.2022

Konsern

Mørselskap i konsern: Ja
Konsernregnskap lagt ved: Ja

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Ernst & Young AS
Dato for fastsettelse av årsregnskapet: 28.04.2023

Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

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, 09.07.2024



Resultatregnskap

Beløp i: NOK	Note	2022	2021
RESULTATREGNSKAP			
Kostnader			
Varekostnad		3 000 000	2 000 000
Sum kostnader		3 000 000	2 000 000
Driftsresultat		-3 000 000	-2 000 000
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap		1 250 000 000	351 000 000
Renteinntekt fra foretak i samme konsern		68 000 000	98 000 000
Sum finansinntekter		1 318 000 000	449 000 000
Nedskrivning av finansielle eiendeler		79 000 000	58 000 000
Annen rentekostnad		762 000 000	632 000 000
Annen finanskostnad		71 000 000	76 000 000
Currency loss		648 000 000	156 000 000
Sum finanskostnader		1 560 000 000	922 000 000
Netto finans		-242 000 000	-473 000 000
Ordinært resultat før skattekostnad		-245 000 000	-475 000 000
Ordinært resultat etter skattekostnad		-245 000 000	-475 000 000
Årsresultat		-245 000 000	-475 000 000
Andre resultatkomponenter for IFRS-foretak		19 000 000	-13 000 000
Sum resultatkomponenter for IFRS-foretak		19 000 000	-13 000 000
Totalresultat		-226 000 000	-488 000 000



Balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Finansielle anleggsmidler			
Investering i datterselskap		6 449 000 000	6 472 000 000
Sum finansielle anleggsmidler		6 449 000 000	6 472 000 000
Sum anleggsmidler		6 449 000 000	6 472 000 000
Omløpsmidler			
Varer			
Fordringer			
Andre fordringer		5 000 000	4 000 000
Konsernfordringer		6 102 000 000	4 532 000 000
Sum fordringer		6 107 000 000	4 536 000 000
Bankinnskudd, kontanter og lignende			
Cash		2 984 000 000	971 000 000
Restricted cash		82 000 000	110 000 000
Sum bankinnskudd, kontanter og lignende		3 066 000 000	1 081 000 000
Sum omløpsmidler		9 173 000 000	5 617 000 000
SUM EIENDELER		15 622 000 000	12 089 000 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital		13 000 000	13 000 000
Annen innskutt egenkapital		2 353 000 000	2 353 000 000
Sum innskutt egenkapital		2 366 000 000	2 366 000 000



Balanse

Beløp i: NOK	Note	2022	2021
Opptjent egenkapital			
Annen egenkapital		-174 000 000	72 000 000
Annen egenkapital		64 000 000	44 000 000
Sum opptjent egenkapital		-110 000 000	116 000 000
Sum egenkapital		2 256 000 000	2 482 000 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner		5 275 000 000	6 226 000 000
Øvrig langsiktig gjeld			8 000 000
Sum annen langsiktig gjeld		5 275 000 000	6 234 000 000
Sum langsiktig gjeld		5 275 000 000	6 234 000 000
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner		2 347 000 000	1 193 000 000
Kortsiktig konserngjeld		5 741 000 000	2 119 000 000
Annen kortsiktig gjeld		3 000 000	61 000 000
Sum kortsiktig gjeld		8 091 000 000	3 373 000 000
Sum gjeld		13 366 000 000	9 607 000 000
SUM EGENKAPITAL OG GJELD		15 622 000 000	12 089 000 000



Konsernets resultatregnskap

Beløp i: USD	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	4	805 000 000	679 000 000
Salgsinntekt	26	20 000 000	2 000 000
Annen driftsinntekt	5	0	6 000 000
Sum inntekter		825 000 000	687 000 000
Kostnader			
Cost of sales	6	319 000 000	227 000 000
Research and development cost		7 000 000	6 000 000
Amortization and impairment of MC	7,15	251 000 000	379 000 000
Lønnskostnad		35 000 000	33 000 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	7	96 000 000	101 000 000
Annen driftskostnad	8	-6 000 000	6 000 000
Sum kostnader		702 000 000	752 000 000
Driftsresultat		123 000 000	-65 000 000
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap	0	0	0
Sum finansinntekter		0	0
Verdireduksjon andre finansielle instrumenter vurdert til virkelig verdi	17	5 000 000	-1 000 000
Rentekostnad til foretak i samme konsern	26	11 000 000	2 000 000
Annen rentekostnad	9	108 000 000	96 000 000
Annen finanskostnad	10,26	-9 000 000	16 000 000
Sum finanskostnader		115 000 000	113 000 000
Netto finans		-115 000 000	-113 000 000
Ordinært resultat før skattekostnad		8 000 000	-178 000 000
Skattekostnad på ordinært resultat		24 000 000	14 000 000
Ordinært resultat etter skattekostnad		-16 000 000	-192 000 000
Årsresultat		-16 000 000	-192 000 000



Konsernets resultatregnskap

Beløp i: USD	Note	2022	2021
Andre resultatkomponenter for IFRS-foretak		39 000 000	15 000 000
Andre resultatkomponenter for IFRS-foretak		2 000 000	4 000 000
Sum resultatkomponenter for IFRS-foretak		41 000 000	19 000 000
Totalresultat		25 000 000	-173 000 000



Konsernets balanse

Beløp i: USD	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Multiclient library		292 000 000	399 000 000
Other intangible assets		73 000 000	85 000 000
Sum immaterielle eiendeler		365 000 000	484 000 000
Varige driftsmidler			
Skip, rigger, fly og lignende		740 000 000	787 000 000
Sum varige driftsmidler		740 000 000	787 000 000
Finansielle anleggsmidler			
Lån til foretak i samme konsern			24 000 000
Other non current assets		29 000 000	15 000 000
Restricted cash		59 000 000	58 000 000
Sum finansielle anleggsmidler		88 000 000	97 000 000
Sum anleggsmidler		1 193 000 000	1 368 000 000
Omløpsmidler			
Varer			
Fordringer			
Kundefordringer		169 000 000	135 000 000
Andre fordringer		125 000 000	56 000 000
Andre fordringer		60 000 000	55 000 000
Konsernfordringer		9 000 000	
Sum fordringer		363 000 000	246 000 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		12 000 000	16 000 000
Bankinnskudd, kontanter og lignende		358 000 000	161 000 000
Sum bankinnskudd, kontanter og lignende		370 000 000	177 000 000
Sum omløpsmidler		733 000 000	423 000 000



Konsernets balanse

Beløp i: USD	Note	2022	2021
SUM EIENDELER		1 926 000 000	1 791 000 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital		1 000 000	1 000 000
Annen innskutt egenkapital		238 000 000	238 000 000
Sum innskutt egenkapital		239 000 000	239 000 000
Opptjent egenkapital			
Annen egenkapital		31 000 000	6 000 000
Sum opptjent egenkapital		31 000 000	6 000 000
Sum egenkapital		270 000 000	245 000 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner		660 000 000	970 000 000
Langsiktig konserngjeld		221 000 000	0
Lease		54 000 000	79 000 000
Other non current		4 000 000	31 000 000
Sum annen langsiktig gjeld		939 000 000	1 080 000 000
Sum langsiktig gjeld		939 000 000	1 080 000 000
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner		367 000 000	163 000 000
Leverandørgjeld		33 000 000	39 000 000
Betalbar skatt		19 000 000	16 000 000
Kortsiktig konserngjeld			6 000 000
Lease		33 000 000	36 000 000
Accrued expenses		110 000 000	83 000 000
Deferred revenue		155 000 000	123 000 000
Sum kortsiktig gjeld		717 000 000	466 000 000



Konsernets balanse

Beløp i: USD	Note	2022	2021
Sum gjeld		1 656 000 000	1 546 000 000
SUM EGENKAPITAL OG GJELD		1 926 000 000	1 791 000 000



Skatteetaten

Vår dato
28.02.2020

Din/Deres dato
18.02.2020

Saksbehandler
Joakim Engebretsen

800 80 000
Skatteetaten.no

Din/Deres referanse
AR361013361

Telefon
92251412

Org.nr
974761076

Vår referanse
2020/5184184

Postadresse
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.



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 Petroleum Geo-Services AS

Opinion

We have audited the financial statements of Petroleum Geo-Services AS (the Company), which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company and the Group comprise statement of Financial position as at 31 December 2022, statement of Profit and Loss, 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,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022 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,
- the financial statements give a true and fair view of the financial position of the Company and the Group as at 31 December 2022 and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group 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.

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 Chief Executive Officer) 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.



Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway and of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in 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 and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



Building a better
working world

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, 28 April 2023
ERNST & YOUNG AS

The auditor's report is signed electronically

Johan Lid Nordby
State Authorised Public Accountant (Norway)

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

Johan Nordby

Partner

On behalf of: Ernst & Young AS

Serial number: 9578-5997-4-729076

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PGS Geo-Services AS The Board of Directors' Report 2022

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 ASA (PGS ASA) and PGS Group AS (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, 2022, 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	2022	2021
Fatalities	0	0
Lost time injuries	1	1
Restricted work-day cases	1	1
Medical treatment cases	1	1
High potential incidents	1	1

Our health and safety performance remained strong in 2022. A year where PGS' activity level (core fleet vessels and PGS offices) has increased from 3.6 million man-hours in 2021 to 3.9 million man-hours in 2022.

While the total number of recordable cases increased by one, the potentials of these incidents were low, and we had zero high-potential incidents across the fleet for the year.

Incident	2022	2021
Lost Time Injury Frequency (LTIF)	0.52	0.28
Total Recordable Case Frequency (TRCF)	1.03	0.84
High Potential Frequency (HIPOF)	0.00	0.28

The Group has performed thorough investigations of the lost time incidents, restricted workday incident and the medical treatment incident. Immediate and preventive actions have been implemented as well as safety stand-downs, safety campaigns and safety courses to prevent reoccurrence.

To turn the upward trend of the total recordable case frequency as well as maintain the low high-potential incident rate, the Group will revise and update the HSE training catalogue to be aligned with the current



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HSE focus areas and continue the efforts to build a fully digital HSE management system that enables insight through data analysis.

PGS continued to expand and enhance the digital platform for HSE management and were in 2022 able to restart crisis management training of onboard management teams after the COVID-19 pandemic. This training, conducted in a bespoke vessel simulator environment at the University of South-East Norway, enables bridge officers to safely train on managing worst case scenarios. The crisis management training also includes scenarios for health and safety incidents and rescue of migrants at sea. In 2022, the PGS fleet rescued the crew of a Brazilian fishing boat that had been adrift for 25 days after losing propulsion.

As COVID-19 measures relaxed across the world, the Group also relaxed the procedures throughout the year and discontinued the mandatory quarantine and testing regime in the first half of 2022, though valid certification passes are still required for all crew and visitors to the vessels. After discontinuing quarantine and testing prior to joining the vessels, multiple cases of COVID-19 infection have been reported onboard. However, with all crew vaccinated and measures in place to contain transmission, the Group have had no serious illness requiring medical treatment and no operational impact on the business.

Sustainability

PGS has adopted a Code of Conduct that reflects the Company's commitment to its shareholders, clients, employees, and other stakeholder to carry out business with the utmost integrity. The Code of Conduct outlines both what stakeholders can expect from PGS, and what PGS expects from employees and anyone working for PGS. Employees of PGS are also guided by the Company's Core Values and Leadership Principles that drive desired behavior and culture. The Code of Conduct, Core Values and Leadership Principles are available in full on www.pgs.com.

During 2022, PGS has committed to net-zero greenhouse gas ("GHG") emissions by 2050 with an absolute reduction in maritime emissions of 75% and 100% renewable energy usage onshore. The Company has also identified activities under the EU Taxonomy that will be disclosed in accordance with the regulation and taken action to assess and ensure compliance with the Transparency act, which is made available on www.pgs.com.

Going concern

Pursuant to section 3-3a of the Norwegian Accounting Act, the Board confirms that the 2022 financial statements have been prepared based on the assumption of a going concern and that it believes that this assumption is appropriate.

The equity for PGS AS consolidated as of December 31, 2022, was USD 270 million, equivalent to an 14% equity ratio. The equity for PGS AS parent company as of December 31, 2022, was NOK 3,204.1 million, equivalent to an 19% 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. Further in 2022, PGS completed two equity increase, refer to finance section for further information. Together with the cost saving initiatives previously announced by PGS, the transactions strengthened PGS's liquidity profile in the current challenging operating environment.

Financial status and risk

During 2022, PGS liquidity position was strengthened by strong shareholder support in two private placements raising NOK 2,477 of new equity. In May 2022, PGS ASA completed a private placement raising approximately NOK 800 million in equity and completed in July 2022 a subsequent offering raising an



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additional NOK 142 million. Later in November 2022, PGS ASA completed an additional private placement raising approximately NOK 1,536 million in equity. During 2022 PGS ASA reduced its net interest-bearing debt by approximately 35% and were well positioned to refinance in 2023 to address the 2024 debt maturities.

On March 31, 2023, the Company issued a \$450 million 4-year senior secured bond (the "Bonds"). The proceeds from the Bonds, together with cash on balance sheet, were used to repay \$600 million of the Term Loan B ("TLB"). After the prepayment the next and final scheduled maturity of the TLB is \$137.9 million due on March 19, 2024, which PGS expects to be able to repay from operating cash flows.

With improving cash flow generation, the Company expects to be able to manage repayment of the remainder of the Term Loan B in March 2024. However, should the market not develop as expected 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 a 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, agent or lender group. 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

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 Group's development

In 2022, revenues amounted to \$804.9 million, compared to \$679.1 million in 2021, an increase of \$125.8 million, or 19%. The increase is driven by a recovering seismic market with significant improvement in contract revenues and stronger late sales, partially offset by lower MultiClient pre-funding revenues due to lower volumes of surveys completed and delivered to clients.

Contract revenues ended at \$316.9 million, compared to \$207.8 million in 2021, an increase of \$109.1 million, or 53%, due to a recovering seismic market with higher rates and more vessel capacity allocated to contract acquisition work.

MultiClient late sales in 2022 were \$325.9 million, compared to \$201.8 million in 2021, an increase of \$124.1 million, or 61%. The increase is due to higher exploration activity among energy companies and significant transfer fees. In 2022 late sales revenues were highest in Europe and North America.

MultiClient pre-funding revenues in 2022 amounted to \$139.4 million, compared to \$247.7 million in 2021, a decrease of \$108.3 million, or 44%. The decrease is a result of lower volume of MultiClient projects finalized and delivered to clients.

Imaging revenues were \$22.7 million in 2022, compared to \$21.7 million in 2021, an increase of \$1.0 million, or 5%.

The fleet allocation ratio, active 3D vessel time for marine contract versus MultiClient data acquisition, was 72:28 in 2022, compared to 59:41 in 2021.

The Company closely monitors its gross cash costs. Gross cash costs are defined as the sum of reported net operating expenses (excluding depreciation, amortization, impairments, deferred steaming, net and other charges, net), the cash operating costs capitalized as investments in the MultiClient library, and capitalized development costs. In 2022 gross cash costs ended at \$478.1 million, an increase of \$79.6 million, or 20%, compared to 2021. The increase is primarily driven by a significantly higher activity level, more project related costs and increased fuel prices. The Company has fuel price adjustment clauses in most of its agreements for contract acquisition work.



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Net operating expenses, which include cost of sales, expensed research and development costs, and selling, general and administrative costs, totaled \$360.8 million in 2022, compared to \$266.5 million in 2021, an increase of \$94.3 million, or 35%. The increase is explained by the same factors as for the higher gross cash cost, as well as more 3D vessel capacity allocated to contract work with less cost capitalized to the MultiClient library.

Total amortization of the MultiClient library in 2022 was \$234.1 million, compared to \$352.9 million in 2021, a decrease of \$118.8 million, or 34%. The decrease is mainly driven by less MultiClient projects being finalized and delivered to clients, resulting in less accelerated amortization. Amortization was 41% of MultiClient revenues, compared to 75% in 2021. The lower amortization rate reflects a higher proportion of late sales in the mix.

The Company recorded impairments on the MultiClient library of \$11.5 million in 2022, compared to \$11.0 million in 2021. The impairments in 2022 primarily relate to projects in North America and West Africa. The MultiClient library is assessed for impairment on a survey-by-survey basis.

2022 gross depreciation was \$122.1 million, compared to \$142.3 million in 2021, a decrease of \$20.2 million, or 14%, compared to 2021. This comes as a result of a generally lower investment level in property plant and equipment over recent years and impairment charges in 2021.

Impairment tests on vessels and equipment are performed at year-end and whenever there are events, changes in assumptions or indication of potential loss of value. As of December 31, 2022, the Company has not identified any impairment from the performed tests and therefore no impairment charges are recorded. In 2021 the Company recorded a total impairment charge of \$15.0 million on seismic acquisition vessels. The seismic market is recovering, but the recoverable values of seismic vessels and other Company assets are sensitive to the assumed margins and cycles of the seismic industry as well as changes to operational plans. As a result, impairments may arise in future periods.

EBIT ex. impairment and other charges was \$134.2 million in 2022, compared to a loss of \$32.9 million in 2021.

In 2022, the share of results from associated companies amounted to a loss of \$5.0 million, compared to a gain of \$1.2 million in 2021. The loss in 2022 mainly relate to fair value adjustments.

Gross interest expense amounted to \$108.2 million in 2022, compared to \$96.4 million in 2021, primarily because of an increase of Libor interest rates, which impacts the cost of floating rate debt.

Income tax expense, which consists of current and deferred tax expense, was \$24.2 million in 2022, compared to \$13.8 million in 2021. There was no deferred tax expense in 2022 or 2021. Current tax expense relates to foreign withholding tax and corporate tax on profits in certain countries where PGS has executed projects or made significant MultiClient sales, primarily in Africa and Asia.

PGS is subject to taxation in many jurisdictions around the world with increasingly complex tax laws. PGS has identified issues in several jurisdictions that could eventually make the Company liable to pay taxes relating to prior years in excess of the provision recognized in financial statements. Reference is made to Note 11 and 21 of this annual report for a description of significant tax contingencies.

Net cash provided by operating activities totaled \$399.3 million in 2022, compared to \$305.2 million in 2021. Cash flow before financing activities was \$453.4 million in 2022, compared to \$164.3 million in 2021.

Cash and cash equivalents totaled \$358.3 million as of December 31, 2022, compared to \$161.6 million as of December 31, 2021.



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Board of Directors

As of December 31, 2022, the Board of Directors has the following members: Rune Olav Pedersen (Chairperson), Gottfred Langseth and Christin Steen-Nilsen.

The Board of Directors and the CEO of PGS Group are covered by PGS ASA's Directors and Officers Liability Insurance ("D&O") placed in the international insurance market on market standard terms and conditions. The insurance comprises the directors' and officers' personal legal liabilities, including defense and legal costs. The cover also includes employees in managerial positions or employees who become named in a claim or investigation, or is named co-defendant, and is extended to include members of the Company's steering committee, audit committee, compensation committee, litigation committee, advisory committee or other management or board committees.

Market and outlook

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

Several years of under investments in new oil and gas supplies in combination with an increasing focus on energy security are drivers for the strong recovery of global exploration and production activity in 2022. Historically, seismic activity is closely linked to the overall exploration and production spending by energy companies.

From a very low level, the seismic market recovery started in 2021 when energy companies increased activity on nearfield exploration, exploration on existing licensed acreage and 4D reservoir optimization. The seismic contract business model normally serves these market segments. The contract market benefited from the higher activity and continued to improve in 2022. 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.

In addition to the structurally growing efforts to optimize producing fields, there was a strong renewed focus on exploration, including frontier areas. More exploration benefits both the contract and MultiClient markets and contributed to higher contract revenues, easier access to pre-funding for new MultiClient projects and improving sales from MultiClient data libraries in 2022.

Vessel supply is at historically low levels and there are now two main vessel owning companies in the seismic industry, PGS and Shearwater. Industry capacity utilization was low in the first part of 2022 but improved significantly throughout the year. The seismic industry took the first steps into new energy markets in 2022 and during the year there were several seismic acquisition projects conducted for development of CCS projects, in addition to MultiClient data sales for the same purpose. The market for seismic carbon storage acquisition is still in its infancy with limited volumes in the near term, however the industry expects this market to have a substantial potential longer term. Beyond the carbon storage market, subsurface knowledge is needed for installations of offshore wind turbines and for identification of marine mineral accumulations. PGS is in the process of entering the offshore wind market with a cost-effective geophysical offering as an alternative to traditional geotechnical solutions.

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.

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 results and financial position for both Petroleum Geo-Services AS (group consolidated) and Petroleum Geo-Services AS (parent company).



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Allocation of Parent Company's result for 2022

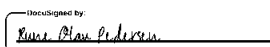
The Company's profit is mainly related to its activity as group treasury function.

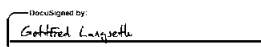
Loss for 2022 was NOK 245.3 million, compared to a loss of NOK 474.8 million in 2021. The loss is mainly due higher unrealized currency loss on the USD-denominated intercompany balances, write-down of intercompany receivables and higher interest costs having assumed external debt as part of the contribution-in-kind in PGS ASA.

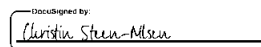
Cash flow from operating activities was negative NOK 97.0 million in 2022, compared to positive NOK 41.0 million in 2021. The deviation from operating profit is related to other financial income.


The Board proposes that the loss for 2022 of NOK 245.3 million is transferred from other equity. Total shareholders' equity in PGS AS as of December 31, 2022, was NOK 2,256.4 million corresponding to 14% of total assets.

Oslo, April 28, 2023
Board of Directors
Petroleum Geo-Services AS

DocuSigned by:

Rune Olav Pedersen
Chairperson

DocuSigned by:

Gottfred Langseth
Director

DocuSigned by:

Christin Steen-Nilsen
Director

DocuSigned by:

Robert James Adams
Chief Executive Officer



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Petroleum Geo-Services AS
Consolidated Financial Statements
2022



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Alternative Performance Measures

As required by the European Securities and Markets Authority ("ESMA") guidelines, the Company has defined and explained the purpose of its Alternative Performance Measures ("APMs") in the paragraphs below.

EBITDA

EBITDA, when used by the Company, means EBIT excluding other charges, impairment and loss on sale of non-current assets and depreciation and amortization. EBITDA may not be comparable to other similarly titled measures from other companies. The Company has included EBITDA as a supplemental disclosure because PGS believes that the measure provides useful information regarding the Company's ability to service debt and to fund capital expenditures and provides a helpful measure for comparing its operating performance with that of other companies.

EBIT, excluding impairments and other charges PGS believes that EBIT, excluding impairments and other charges, is a useful measure in that the measures provide an indication of the profitability of the Company's operating activities for the period without regard to significant events and/or decisions in the period that are expected to occur less frequently.

Net interest-bearing debt

Net interest-bearing debt is defined as the sum of non-current and current interest-bearing debt, less cash and cash equivalents and restricted cash. PGS believes that Net Interest-Bearing Debt ("NIBD") is a useful measure because it

provides an indication of the hypothetical minimum necessary debt financing to which the Company is subject at balance sheet date. The Company present NIBD including and excluding lease liabilities.

Liquidity reserve

Liquidity reserve is defined as the sum of cash and cash equivalents and the un-drawn part of the Revolving Credit Facility. Management believes that liquidity reserve is a useful measure because it provides an indication of the amount of funds readily available to the Company in the very short term at balance sheet date.

Cash flow before financing activities

Cash flow before financing activities is defined as the sum of net cash provided by operating activities and net cash used in investing activities, in the consolidated financial statements of cash flows.

Capital expenditures, whether paid or not

Capital expenditures means investments in property and equipment irrespective of whether paid in the period but excluding capitalized interest cost.

Gross cash costs

Gross cash costs are defined as the sum of reported net operating expenses (excluding depreciation, amortization, impairments, deferred steaming, net and other charges, net) and the cash operating costs capitalized as investments in the MultiClient library as well as capitalized development costs. PGS believes that the gross cash costs figure is a useful measure because it provides an indication of the level of cash costs incurred by the Company irrespective



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of the extent to which the fleet is working on MultiClient projects or the extent to which its R&D expenditures qualify for capitalization.

Net operating expenses

Net operating expenses are defined as gross cash costs (as per above) less capitalized investments in the MultiClient library and capitalized development costs. PGS believes this figure is a useful measure because it provides an indication of the level of net cash costs incurred by the Company in running current period commercial activities that are not devoted to investment.

APM Reconciliations

EBITDA, net is reconciled as follows:

(In millions of US dollars)	Year ended December 31,	
	2022	2021
Operating profit (loss) as reported	123.1	(64.5)
Other charges, net	(5.7)	5.6
Amortization and impairment of MultiClient library	245.7	364.0
Depreciation and amortization of non-current assets (excl. MultiClient library)	95.8	100.5
Impairment and loss on sale of non-current assets (excl. MultiClient library)	5.3	15.0
EBITDA	464.2	420.6

EBIT ex. impairment and other charges, net is reconciled as follows:

(In millions of US dollars)	Year ended December 31,	
	2022	2021
Operating profit (loss) as reported	123.1	(64.5)
Other charges, net	(5.7)	5.6
Impairment of MultiClient library	11.5	11.0
Impairment and loss on sale of long-term assets (excl. MultiClient library)	5.3	15.0
EBIT ex. impairment and other charges, net	134.2	(32.9)



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Net interest-bearing debt is reconciled as follows:

(In millions of US dollars)	December 31,	
	2022	2021
Cash and cash equivalents	358.3	161.6
Restricted cash (current and non-current)	70.8	73.7
Current debt and current portion of non-current debt	(367.1)	(162.6)
Non-current debt	(684.2)	(1,008.9)
Net interest bearing debt, excluding lease liabilities	(622.2)	(936.2)
Lease liabilities current	(32.9)	(35.9)
Lease liabilities non-current	(54.3)	(79.0)
Net interest bearing debt, including lease liabilities	(709.4)	(1,051.1)

Total capital expenditures, whether paid or not is reconciled as follows:

(In millions of US dollars)	Year ended December 31,	
	2022	2021
Seismic equipment	33.3	19.2
Vessel upgrades/yard	11.0	12.1
Compute infrastructure/ technology	5.5	1.5
Other	0.4	0.6
Total addition to property and equipment, whether paid or not	50.2	33.4
Change in working capital	(1.6)	2.0
Investment in property and equipment	48.6	35.4

Cash cost, gross and Net operating expenses are reconciled as follows:

(In millions of US dollars)	Year ended December 31,	
	2022	2021
Cost of sales before investment in MultiClient library	(428.6)	(350.8)
Research and development costs before capitalized development costs	(15.0)	(14.5)
Selling, general and administrative costs	(34.5)	(33.2)
Cash costs, gross	(478.1)	(398.5)
Steaming deferral, net	2.8	(3.2)
Cash investment in MultiClient library	106.4	127.2
Capitalized development costs	8.1	8.0
Net operating expenses	(360.8)	(266.5)



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Petroleum Geo-Services AS
Consolidated Financial Statements
2022



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Profit and loss

Petroleum Geo-Services AS

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS

		Year ended December 31,	
(In millions of US dollars)	Note	2022	2021
Revenues	4	804.9	679.1
Revenues within group companies	26	20.1	2.0
Other income	5	-	6.0
Total revenues and other income		825.0	687.1
Cost of sales	6	(319.4)	(226.8)
Research and development costs		(6.9)	(6.5)
Selling, general and administrative costs		(34.5)	(33.2)
Amortization and impairment of MultiClient library	7	(245.7)	(364.0)
Depreciation and amortization of non-current assets (excl. MultiClient Library)	7	(95.8)	(100.5)
Impairment and loss on sale of non-current assets (excl. MultiClient Library)	15	(5.3)	(15.0)
Other charges, net	8	5.7	(5.6)
Total operating expenses		(701.9)	(751.6)
Operating profit (loss)/EBIT		123.1	(64.5)
Share of results from associated companies	17	(5.0)	1.2
Interest expense	9	(108.2)	(96.4)
Interest and other financial gain (expense) within group companies	26	(10.6)	(1.9)
Dividends received (paid) within group companies	26	-	(17.0)
Other financial expense, net	10	9.0	0.4
Income (loss) before income tax expense		8.3	(178.2)
Income tax	11	(24.2)	(13.8)
Profit (loss) for the year		(15.9)	(192.0)



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Comprehensive income

Petroleum Geo-Services AS

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In millions of US dollars)	Note	Year ended December 31,	
		2022	2021
Profit (loss) for the year		(15.9)	(192.0)
Other comprehensive income			
Actuarial gains (losses) on defined benefit pension plans	24	38.4	14.8
Items that will not be reclassified to statements of profit and loss		38.4	14.8
Cash flow hedges		2.1	4.1
Other comprehensive income (loss) from associated companies		-	-
Items that may be subsequently reclassified to statements of profit and loss		2.1	4.1
Other comprehensive income (loss), net of tax		40.5	18.9
Total comprehensive income (loss) to equity holders of PGS AS		24.6	(173.1)

Equity

Petroleum Geo-Services AS

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(In millions of US dollars)	Attributable to equity holders of PGS AS			
	Share capital par value	Additional paid-in capital	Accumulated earnings and other equity	Shareholders' equity
Balance as of January 1, 2021	0.0	140.3	179.4	319.7
Profit (loss) for the period	-	-	(192.0)	(192.0)
Other comprehensive income (loss)	-	-	18.9	18.9
Shares issued for cash consideration	1.3	97.2	-	98.5
Balance as of December 31, 2021	1.3	237.5	6.3	245.1
Profit (loss) for the period	-	-	(15.9)	(15.9)
Other comprehensive income (loss)	-	-	40.5	40.5
Earlier year adjustment	-	-	0.3	0.3
Balance as of December 31, 2022	1.3	237.5	31.2	270.0



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Balance sheet / Financial position

Petroleum Geo-Services AS

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In millions of US dollars)	Note	December 31,	
		2022	2021
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	20	358.3	161.6
Restricted cash	12	11.6	16.1
Accounts receivables	4, 20	169.4	134.6
Accrued revenues and other receivables	4, 13	124.7	56.0
Receivables from group companies	26	8.6	-
Other current assets	14	60.6	55.5
Total current assets		733.2	423.8
<i>Non-current assets</i>			
Property and equipment	15	740.4	787.4
MultiClient library	16	291.5	399.3
Restricted cash	12	59.2	57.6
Other non-current assets	17	28.6	14.7
Other intangible assets	18	73.4	84.5
Receivables from group companies	26	-	24.0
Total non-current assets		1,193.1	1,367.5
Total assets		1,926.3	1,791.3
LIABILITIES AND SHAREHOLDERS' EQUITY			
<i>Current liabilities</i>			
Interest bearing debt	19, 20	367.1	162.6
Lease liabilities	19, 20	32.9	35.9
Accounts payable	20	33.4	39.0
Accrued expenses and other current liabilities	22	110.2	82.9
Deferred revenues	4	154.4	123.4
Income taxes payable	11	18.9	16.3
Liabilities to group companies	26	-	6.2
Total current liabilities		716.9	466.3
<i>Non-current liabilities</i>			
Interest bearing debt	19, 20	659.7	970.0
Lease liabilities	19, 20	54.3	79.0
Deferred tax liabilities	11	0.1	0.1
Liabilities to group companies	26	221.0	-
Other non-current liabilities	23	4.3	30.8
Total non-current liabilities		939.4	1,079.9
<i>Shareholders' equity</i>			
Share capital, par value	25	1.3	1.3
Treasury shares, par value		-	-
Additional paid-in capital		237.5	237.5
Total paid-in capital		238.8	238.8
Accumulated earnings and other capital reserves		31.2	6.3
Other capital reserves		-	-
Total shareholders' equity		270.0	245.1
Total liabilities and shareholders' equity		1,926.3	1,791.3



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Oslo, April 28, 2023
Board of Directors
Petroleum Geo-Services AS

DocuSigned by:
Rune Olav Pedersen
Rune Olav Pedersen
Chairperson

DocuSigned by:
Gottfred Langseth
Gottfred Langseth
Director

DocuSigned by:
Christin Steen-Nilsen
Christin Steen-Nilsen
Director

DocuSigned by:
Robert James Adams
Robert James Adams
Chief Executive Officer

Cash Flow

Petroleum Geo-Services AS

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions of US dollars)	Note	Year ended December 31,	
		2022	2021
Income (loss) before income tax expense		8.3	(178.2)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, amortization, impairment	6	346.8	479.5
Share of results in associated companies	17	5.0	(1.2)
Interest expense	9	108.2	96.4
Interest income	10	(7.0)	(0.3)
Loss (gain) on sale and retirement of assets		(1.0)	(0.3)
Income taxes paid	11	(23.6)	(12.0)
Other items		6.6	(0.8)
(Increase) decrease in accounts receivables, accrued revenues & other receivables		(104.4)	(35.7)
Increase (decrease) in deferred revenues	4	31.0	(66.8)
Increase (decrease) in accounts payable		(4.7)	15.5
Change in other current items related to operating activities		45.2	10.4
Change in other non-current items related to operating activities		(11.1)	(1.3)
Net cash provided by operating activities		399.3	305.2
Investment in MultiClient library	16	(106.4)	(127.3)
Investment in property and equipment	15	(48.6)	(35.4)
Investment in other intangible assets	18	(9.8)	(10.2)
Investment in other current -and non-current assets		1.8	-
Proceeds from sale and disposal of assets	15	1.2	1.0
Net change in intercompany balances		215.9	31.0
Net cash provided by (used in) investing activities		54.1	(140.9)
Proceeds, net of deferred loan costs, from issuance of long-term debt	19	47.1	(19.5)
Interest paid on interest bearing debt		(90.5)	(80.8)
Repayment of interest bearing debt	19	(170.1)	-
Proceeds from share issue (a)		-	98.5
Payment of lease liabilities (recognized under IFRS 16)	19, 21	(36.1)	(40.3)
Payments of leases classified as interest	21	(6.4)	(8.9)
Decrease (increase) in restricted cash related to debt service		(0.7)	2.9
Net cash provided by (used in) financing activities		(256.7)	(48.1)
Net increase (decrease) in cash and cash equivalents		196.7	116.2
Cash and cash equivalents as of January 1		161.6	45.4
Cash and cash equivalents as of December 31		358.3	161.6

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Note 1 - General Information about the Company and Basis of Presentation

General information

Petroleum Geo-Services AS is a wholly owned subsidiary of PGS Holding II Ltd and part of the PGS Group. The Company was founded on 10 October 2018. 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. Unless stated otherwise, references herein to the "Company", the "Group" and "PGS" refer to Petroleum Geo-Services AS and its subsidiaries.

PGS is a fully integrated marine geophysical company that provides a broad range of seismic and reservoir services, including data acquisition, imaging, interpretation, and field evaluation. Our services are provided to the oil and gas industry, as well as to the broader and emerging new energy industries, including carbon storage and offshore wind. The Company operates on a worldwide basis with headquarters in Oslo, Norway. The address is Lilleakerveien 4C, 0283 Oslo.

Basis of presentation

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"). IFRS as adopted by the EU differs in certain respects from IFRS as issued by the International Accounting Standards Board ("IASB"). References to IFRS hereafter should be construed as references to IFRS as adopted by the EU. The consolidated financial statements are prepared using the historical cost basis, except for certain financial assets and derivative financial instruments that have been measured at fair value. The consolidated financial statements are presented in millions of US Dollars ("\$" or "dollars"), unless otherwise indicated.

The consolidated financial statements were authorized for issue by the Board of Directors on April 28, 2023.



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Note 2 - Summary of Significant Accounting Policies

Consolidation

Subsidiaries

A subsidiary is an entity (including special purpose entities) that is controlled by the Company. Control is achieved where the Company is exposed, or has rights to, variable returns from its involvement with the entity, and has the ability to affect those returns through its power, directly or indirectly, over the entity.

The consolidated financial statements include the results of the Company and all of its subsidiaries from the date that control commences to the date that control ceases.

Business Combinations under common control

Business Combinations under common control is not regulated by IFRS 3 Business Combination and consequently the Company have determined the basis for accounting in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

When a business combination under common control occurs, the "pooling of interest method" will be used to account for the transaction. This method involves combining the financial statements of the combining entities as if they had always been combined. The assets, liabilities, and equity of the combining entities will be recorded at their carrying amounts as of the combination date. Goodwill will not be recognized.

Restatement of Previous Periods

In accordance with the pooling of interest method, the financial statements of the combining entities will be restated for all periods presented to reflect the effects of the combination as if it had occurred at the beginning of the earliest period presented. This restatement will include the adjustment of comparative financial statements for all periods presented.

Joint arrangements and investments in associated companies

An associated company is an entity over which the Company has significant influence, being the power to participate in the financial and operating policy decisions of the entity, but which does not amount to control or joint control.

A joint arrangement is a contractual arrangement whereby the Company undertakes an economic activity that is subject to joint control and requires the parties' unanimous consent for strategic financial and operating policy decisions. A joint arrangement is classified as joint operation if the parties have rights to the assets, and obligations for the liabilities, relating to the arrangement. If the parties in the joint arrangement have rights to the net assets of the arrangement, it is classified as a joint venture.

The consolidated financial statements include the Company's share of the post-tax results, other comprehensive income and net assets (less any impairments), of its joint



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ventures and associates on an equity-accounted basis from the point at which joint control or significant influence respectively commences, to the date that it ceases. Where the Company's share of losses exceeds its interest in a joint venture or associate, the carrying amount is reduced to zero and recognition of further losses is discontinued, except to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the investment.

The Company accounts for its investment in a joint operation by recognizing its relative share of the investee's assets, liabilities, revenues and expenses. The Company periodically reviews its net investments to determine whether there is an indication of impairment. If such indication exists, the recoverable amount of the net investment is estimated in order to determine the extent of the impairment (if any).

The Company has cooperation agreements to invest in certain MultiClient data projects with other parties, which are classified as joint operations. The Company recognizes its relative share of the investment in MultiClient data and its share of revenue, amortization and costs. When the Company performs services related to acquisition, processing or marketing to the joint operation the share of expenses attributable to its partners is recognized as part of MultiClient pre-funding revenue.

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. Cash and cash equivalents that are restricted from the Company's use are presented separately in

the consolidated statements of financial position and are classified as current or non-current depending on the nature of the restrictions.

Foreign currency translation and transactions

The financial statements of subsidiaries and associates whose functional currency is not the US dollar are translated using the current exchange rate. Assets and liabilities are translated at the foreign exchange rate in effect at the period end; share par value and paid-in capital are translated at historical exchange rates; and revenues and expenses are translated at the average rate of exchange in effect during the period. Translation adjustments are recorded as a separate component in the consolidated statements of other comprehensive income.

Foreign 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 consolidated statements of profit and loss as other financial expense, except when recognized in the consolidated statements of other comprehensive income as qualifying cash flow hedges.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment. The cost of internally generated intangible assets, other than those specified below, is expensed as incurred.



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Revenue from contracts with customers

Revenue from contracts with customers arise primarily from (i) performance of proprietary/exclusive seismic services in accordance with customer specifications and (ii) granting of licenses to the Company's MultiClient data library. Revenue is recognized at the amount that the Company expects to be entitled to and expects to collect under the contract. If a contract has multiple performance obligations, the transaction price is allocated to each performance obligation identified in the contract on a relative stand-alone selling price basis.

Amounts received from customers in advance of the Company satisfying its performance obligations are recorded as deferred revenue. In the event most of the consideration under the contract is received more than 12 months in advance of satisfying the related performance obligation, a financing factor is accrued and included in the value of the revenue recognized upon satisfying the performance obligation.

The Company applies the practical expedient for short-term advances received from customers. That is, the promised amount of consideration is not adjusted for the effects of a significant financing component if the period between satisfying the performance obligation and the payment is one year or less.

In the rare event the Company has satisfied a performance obligation and is otherwise entitled to compensation under the contract but there is a significant uncertainty as to ultimately collecting the compensation, revenue recognition is delayed until such uncertainty has been sufficiently reduced.

Where the Company have satisfied its performance obligations and has a right to consideration, an accrued revenue is recognized.

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

MultiClient late sales licenses

The Company grants a license to a customer, which entitles the customer to a "right to use" a specifically defined portion of the MultiClient data library as it exists at that point in time. The Company's performance obligation are considered to be satisfied at the "point in time" when the customer has received the underlying data or has granted the access the licensed portion of the data.

MultiClient Pre-funding licenses

The Company typically obtains funding from a limited number of customers before a seismic survey project is completed. In return for the pre-funding, the customer typically gains the ability to direct or influence the project specifications and to access data as it is being acquired.

The Company recognizes pre-funding revenue as "right to use" licenses and the revenue is to be recognized at the point in time when the Company's performance obligation are considered to be satisfied and "right to use" license is transferred to the customer. This "point in time" depends on the specific contract, but is typically upon completion of processing of the survey and granting of access to the finished data or delivery of the finished data.

The "point in time" of satisfying the performance obligation is generally the same for both MultiClient Late Sale licenses and



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MultiClient Pre-funding licenses. Accordingly, revenue is generally recognized at this same "point in time" for each of these two types of licenses in accordance with IFRS 15.

Proprietary sales/Marine contract sales/Imaging revenues

The Company performs seismic services under contract in accordance with customer specifications. Such service contracts are considered to contain one performance obligation. This performance obligation is considered to be satisfied over time because the Company performs the service at the customer specification, the resultant data is owned by the customer and the Company has no alternative right to otherwise use or benefit from the resultant data. The Company recognizes proprietary/contract revenue over time as the services are performed and the Company is entitled to the compensation under the contract. Depending on nature of the contract progress is measured either based on square kilometers or time progressed. Progress for imaging services is measured based on a model taking into account both working hours and processing.

Contingent revenue (uplift, transfer fees, etc.)

MultiClient licenses typically contain clauses that require the customer to pay additional fees upon specific triggering events such as customer award of acreage (uplift) and change of ownership (transfer fee). Common to such contingent revenue, is that PGS is typically not required to provide any further data or service – the data has already been delivered. Hence, there is no further performance obligation required on the part of PGS.

The contingent consideration is recognized when the triggering event has taken place.

Other services

Customer contracts for other services are similar in nature and terms to the proprietary contract sales. Revenue is recognized over time as the Company satisfies the performance obligation and is entitled to the compensation under the contract.

MultiClient library

The MultiClient library consists of seismic data surveys which are licensed to customers on a non-exclusive basis. Costs directly incurred in acquiring, imaging and otherwise completing seismic surveys are capitalized to the MultiClient library. Costs incurred while relocating or "steaming" a vessel or crew from one location to another and borrowing costs incurred during the acquisition and imaging phases of the survey are also capitalized to the MultiClient library.

A project remains in surveys-in-progress until imaging is complete which may be some months or up to more than a year after data acquisition ends, at which point it is transferred to completed surveys.

The Company records the costs incurred on the MultiClient library in a manner consistent with its capital investment and operating decision analysis, which generally results in each survey in the MultiClient library being recorded and evaluated separately. The cost of projects within the same political regime, with similar geological traits and that are marketed collectively are recorded and evaluated as a group by year of completion

Straight-line amortization - Upon completion of a survey, straight-line amortization commences over its estimated useful life



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which is generally over a period of 4 years from the date it is transferred to completed surveys.

Accelerated amortization - Following the adoption of the straight-line amortization policy for completed surveys, recognition of impairment of library may be necessary in the event that sales on a completed survey are realized disproportionately sooner within that survey's 4-year useful life.

Further, when a project is completed and after pre-funding revenue is recognized, recognition of impairment may be necessary in the event the present value of expected Late Sales is lower than the capitalized cost of the project.

This accelerated amortization is included in "Amortization and impairment of MultiClient library" in the consolidated statements of profit and loss and specified in Note 7.

Impairment of MultiClient library - The Company updates its sales forecast for each survey at each year-end and when an impairment indicator is deemed to exist. In the event the net book value of survey exceeds its net present value of estimated future cash flows an impairment is recorded in the amount of the excess. This impairment is included in "Amortization and impairment of MultiClient library" in the condensed consolidated statements of profit and loss and specified in Note 7.

Government Grants

Government Grants are recognized where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

Research and development costs

Research costs are expensed as incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if all of the following have been demonstrated: technical and commercial feasibility of completing the intangible asset so that it will be available for use or sale; the intention to complete the intangible asset and use or sell it; the ability to use or sell the intangible asset; how the intangible asset will generate probable future economic benefits; the availability of adequate technical, financial and other resources to complete the development to use or sell the intangible asset; and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally generated intangible assets is the sum of the expenditure incurred from the date on which the intangible asset first satisfies the recognition criteria above. All other development costs are expensed as incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortization and accumulated impairment, on the same basis as intangible assets acquired separately. Capitalized development costs are amortized on a straight-line basis over the estimated useful life of the asset.

Patents, licenses and technology

Patents, licenses and technology are stated at cost less accumulated amortization and accumulated impairment. Amortization is calculated on a straight-line basis over the estimated period of benefit, ranging from one to fifteen years.



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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
Buildings and related leasehold improvements	1-10
Fixture, furniture, fittings and office computers	3-5
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 for 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

consolidated 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 consolidated 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, less any obsolescence.

Steaming costs

Steaming costs relate to relocating or "steaming" a vessel and its crew from one location to another. Steaming costs are deferred to the extent the probable future economic benefits from the projects to which the vessel will steam are sufficient to recover the cost of the steam. In the event the vessel steams at a significantly lower speed than normal, the number of days allocated to steaming are reduced. The recoverable steaming cost associated with MultiClient



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surveys is capitalized as a part of the MultiClient library (see above). Recoverable steaming cost associated with exclusive contract surveys is deferred and charged to the consolidated statements of profit and loss during the periods of data acquisition.

Impairment of property, equipment and intangibles

The carrying amount of intangible assets and property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Intangible assets not yet available for use are assessed for impairment annually, or whenever there is an indication that the asset may be impaired.

The recoverable amount of an asset is the greater of its fair value less costs to sell and its value in use. In assessing value in use, estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs.

When assessing the recoverable amount or reassessing useful economic lives, significant future developments are considered including technological, economic and market changes. The potential impact of climate change and the energy transition has been incorporated into future cash-flow projections, including management's best estimate of the effects on margins and product mix.

An impairment charge is recognized whenever the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment charges recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to that CGU, and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

An impairment charge in respect of goodwill is not subject to reversal. For other assets, an impairment charge is reversed if the circumstances that gave rise to the impairment no longer exist, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have existed had no impairment had been recognized.

Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises the liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Lease term

The lease term is determined on the commencement date of the lease, and corresponds to the term of the lease contract, unless the Company is reasonably certain that it will exercise contractual extensions or termination options.



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Measurement of lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments due under the contract, less any lease incentives receivable, plus the costs of purchase or termination options if reasonably certain to be exercised. Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Company's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Subsequently, the carrying amount of the lease liability is increased to reflect the accumulation of interest on the liability balance, and reduced as the lease payments are charged to the liability. In addition, the carrying amount of the lease liability is remeasured to reflect contractual modifications, changes to lease payments or changes in the assessment of the lease term.

Measurement of right-of-use assets

Right-of-use assets are measured at cost, comprising the initial measurement of lease liability, lease payments made at the commencement date, initial direct costs and estimated restoration costs, less any lease incentives received.

Subsequently, the right-of-use asset is measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the

lease term and the estimated useful lives of the assets.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section *Impairment of property, equipment and intangibles*.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

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

Income tax expense is comprised of current and deferred tax. Income tax is recognized in the consolidated statement of profit and loss, except to the extent that it relates to items recorded directly to the consolidated statements of other comprehensive income.

Current tax is the tax expected to be paid to or recovered from taxation authorities in respect of taxable income for the year, using



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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 tax is not recognized on temporary differences arising from the initial recognition of goodwill, or relating to investments in subsidiaries to the extent that the temporary difference can be controlled by the Company and will probably 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.

Accounting for uncertain tax positions is described in note 3.

Employee benefits *Pension obligations*

The Company's pension arrangements comprise defined benefit plans and defined contribution plans. The plans are funded through payments to insurance companies or trustee-administered funds.

A defined benefit plan is a pension plan which defines an amount of pension benefit that an employee will receive on retirement, dependent on factors such as age, years of service and compensation. The liability recognized for defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period, reduced by the fair value of plan assets. The calculation of the obligation is performed annually by a qualified actuary, using the projected unit credit method and key actuarial assumptions at the reporting date.

The amount charged to the consolidated statement of profit and loss comprises the cost of benefits accruing to employees over the year, plus net interest expense or income, calculated by applying the liability discount rate to the net pension liability.

Past service costs are recognized immediately in the consolidated statement of profit and loss, unless they relate to plan changes which are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, past service costs are recognized on a straight-line basis over the vesting period.

Actuarial gains and losses due to current period changes in assumptions applied are recognized immediately in other comprehensive income.

For defined contribution plans, the Company pays contributions to privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company



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has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Bonus plans

The Company recognizes a provision for bonus where contractually obliged or where there is a past practice that has created a constructive obligation.

Share-based payments

Performance Restricted Stock Unit Plans ("PRSU") are measured at the grant date using a Monte Carlo simulation with relative total shareholder return. The model simulates the future stock prices based on historical values over the length of the lifetime for the PRSU. The Relative TSR is calculated against a group of peer companies, where every company is ranked based on the simulations. An additional measure used is Return on Capital Employed ("ROCE").

The awards are adjusted for expected future dividends. Social security tax on the PRSU is based on the intrinsic value as of the end of the reporting period.

Provision for onerous contracts

A provision is made for legally binding obligations (contracts) whereby the unavoidable costs of fulfilling the contracts exceed the economic benefits expected to be received. All costs (including depreciation of assigned assets) directly related to contract fulfillment are included in the calculation.

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.

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



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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.

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.

Fair value hedges

Fair value hedges are used to hedge currency risk on equipment purchases denominated in currencies other than USD. The change in fair value of the hedging instrument is recognized in the consolidated statements of profit and loss, together with any change in fair value of the hedged item that are attributable to the hedged risk.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in the consolidated statements of profit and loss.

Cash flow hedges

Cash flow hedging is used to hedge interest rate risk. Gains or losses on the hedging instrument are recognized in the



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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.

Convertible bonds

The company issued a convertible bond in a currency different from its functional currency. The instrument does not meet the "fixed for fixed" criteria for being accounted for as a convertible bond and is accounted

New and amended standards and interpretations adopted by the Company

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2022. The Group has not early adopted any other standard,

for as two separate instruments. The right to convert shares are measured separately as a financial liability at fair value over profit and loss and the bond is at inception valued as the residual between the nominal value of the bond and the fair value of the option. The difference to nominal value is accounted for as interest costs.

Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year, excluding ordinary shares purchased by the Company and held as treasury shares. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For diluted earnings per share, dilutive potential ordinary shares are determined independently for each period presented. When the number of ordinary shares outstanding changes (e.g., share split) the weighted average number of ordinary shares outstanding during all periods presented is adjusted retrospectively. The dilutive effect of outstanding Performance Restricted Stock Units is reflected as additional share dilution in the computation of earnings per share.

interpretation or amendment that has been issued but is not yet effective.

Conceptual Framework for Financial Reporting issued on 29 March 2018



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The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

These amendments had no impact on the consolidated financial statements.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments with no material impact as the Groups policy is in accordance with the amendment.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 Leases

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary

for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment had no impact on the consolidated financial statements as there were no sales of such items produced by property, plant and equipment made available for use.

IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

In accordance with the transitional provisions, the Group applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). These amendments had no impact on the consolidated financial statements of the Group as there were no modifications of the Group’s financial instruments during the period.

These amendments had no impact on the consolidated financial statements of the Group as it did not have assets in scope of IAS 41 as at the reporting date.



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Standards issued but not yet effective (which the Company has not early adopted)

Standards and interpretations that are issued up to the date of issuance of the consolidated financial statements, but not yet effective, are disclosed below. The Company's intention is to adopt the relevant new and amended standards and interpretations when they become effective, subject to EU approval before the consolidated financial statements are issued.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Company is still assessing the potential impact.

IFRS 17 Insurance Contracts

IFRS 17 applies to all types of insurance contracts, regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after January 1, 2023, with comparative figures required. The amendments will not have material impact on the Group's financial statements.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group's financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements*, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for



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entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after January 1, 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information,

Note 3 – Critical Accounting Judgments, Estimates and Assumptions

The preparation of financial statements in accordance with IFRS requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities. In many circumstances, the ultimate outcome related to the estimates, assumptions and judgments may not be known for several years after the preparation of the financial statements. Actual amounts may differ materially from these estimates due to changes in general economic conditions, changes in laws and regulations, changes in future operating plans and the inherent imprecision associated with estimates.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts

of assets and liabilities within the next financial year are discussed below.

an effective date for these amendments is not necessary. The Group is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

of assets and liabilities within the next financial year are discussed below.

Impairment of seismic vessels and equipment, MultiClient library and other intangible assets

The carrying values of seismic vessels and equipment, MultiClient library and other intangible assets are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or CGU may not be recoverable. The calculations of recoverable amounts are based upon future cash flow estimates which are discounted to present value and rely upon a number of key estimates and judgements.

Discount rate

The Company applied a pre-tax discount rate of 12% for the year ended December 31, 2022 and 2021, respectively, in determining discounted cash flows in connection with the impairment evaluations of seismic vessels and equipment, intangible assets and the MultiClient library. The rates reflect the



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estimated weighted average cost of capital for Company activities.

Impairment of seismic vessels and equipment

The recoverable amount of seismic assets has been evaluated using value in use calculations, which is determined by discounting future cash flows to their present value. The Company has applied a range of key estimates in developing cash flow forecasts, including future contract pricing, vessel maintenance costs and its weighted average cost of capital. Cash flow forecasts have also included estimates relating to the future impact of climate change and the speed of the energy transition on Company operations.

For the purpose of impairment testing, each vessel is considered as a separate CGU and seismic equipment is allocated to the vessels.

Future cash flow estimates are based on management assumptions about demand for our products and services, future market conditions and technological developments, including the future impact of climate change. Significant and unanticipated changes in these assumptions could result in impairments in a future period.

For impairment calculations in 2022, management has assumed that revenue levels for the fleet in 2023 will be higher than the prior year. Management expects the global energy consumption to continue to increase longer term with oil and gas remaining an important part of the energy mix. With significant under investments in exploration and production spending over recent years, global exploration and production spending increased more than 20% in 2022. Spending growth is expected to continue with a double-digit number in

2023, and the growth is likely to remain healthy in subsequent years.

PGS expects the increasing demand in combination with a very consolidated seismic market and limited additional vessel supply, to support a continued recovery for the offshore seismic market. The ongoing energy crisis in Europe has highlighted the importance of oil and gas production in areas with market access, not just sufficient world production.

From 2030, the impact of the two main energy transition scenarios has been incorporated into cash flow forecasts, as described in the section below.

Management has forecasted improved (“EBIT”) margins for 2 years above the historical average, then to trend towards historic margins above ~15% in the base case scenario and to trend to approximately half of the historical average in a scenario assuming a faster energy transition scenario.

Climate change and the energy transition

Climate change is increasingly accepted as a risk that entities globally are already facing. The Company has considered the impact of climate change and the energy transition in preparing the financial statements. In particular, the energy transition is likely to affect future demand and pricing of geophysical services relating to oil and gas exploration and production, which in turn may affect the recoverable amount of seismic vessels and equipment.

PGS has incorporated two main scenarios for the energy transition and its potential impact into its forecasts – the base case scenario and the fast energy transition scenario.

The base case scenario is developed from the best estimates of current trends and



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indications of policy over the next 5 years, and assuming a steady transition from oil and gas to other sources of energy by 2050. The reduction in demand for traditional oil and gas E&P services coincides with an increase in New Energy activity, such as Carbon Capture, Utilization and Storage (CCUS) projects which are a key technology for reducing and removing CO₂ and achieving net zero goals.

The fast energy transition scenario incorporates the effect of more dynamic government policy and advances in technology, over an extended forecasting period to 2042. In this scenario assumptions remain the same as the base case till 2030, then a significant shift in the market is assumed to reduce, from pre-covid levels, new frontier exploration surveys by 80%, stable/slow growth for 4D surveys and a 50% reduction in demand for all other E&P related seismic surveys. The accelerated reduction in E&P projects is only partially offset by an increase in New Energy project activity. The Company assumes fewer active vessels will be operating in the seismic market based on a review of the expected economic lifetime of the world fleet.

The above scenarios have been given a 50/50 weighting. Overall, these assumptions resulted in no impairment charges for seismic vessels in the current year. As the future effect of climate change and the energy transition depends upon market, technological and legislative developments that are currently highly uncertain, subsequent changes in assumptions may result in impairment charges or reversals in the future. The Company will continue to monitor the energy transition and will update the assumptions in the scenarios and their probabilities as new information becomes available.

Sensitivity analysis on impairment evaluation of seismic vessels and equipment

The key assumptions used in evaluating impairment are subject to substantial uncertainty, due to the volatile nature of macro-economic factors such as future oil price, discount rate and any changes to rules and regulations around seismic exploration.

Had assumed long-term EBIT margins been 3 percentage points lower, for the remaining estimated useful life of the assets when estimating future cash flows, then impairment of the fleet would approximate \$30 million as of December 31, 2022. If EBIT margins had been 5 percentage points lower corresponding to an approximately 6 percentage points reduction of pricing, then impairment of the fleet would be approximate \$85 million as of December 31, 2022.

An increase of WACC of 2% would have resulted in an impairment of \$15 million as of December 31, 2022. If the fast energy transition scenario was given 100% weight, there would have been headroom for all vessels, except one Titan class vessel with a minor (\$2 million) negative headroom as of December 31, 2022. Total headroom for the Titan class vessels is \$60 million in the base case scenario with 50%/50% weighting, while when fast energy transition scenario is given 100% weight, the total headroom for Titan class vessels is \$7 million.

Forecast sales of MultiClient library

Generally, a survey is defined as a separate CGU, but may in some cases be combined geographically adjacent and marketed combined.

At least annually, management forecasts future sales for each MultiClient library survey for purposes of determining the amount of impairment. Sales forecasts are also estimated in calculating the amount of accelerated amortization for surveys which



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have licensed disproportionately sooner than implied by the 4-year amortization life; and for surveys that are completed at which time prefunding revenue is recognized. In forecasting sales, management considers past experience, market developments as described above, general prospects for hydrocarbons in the area, political risk, likelihood and timing of exploration licensing rounds, existence of competitor data sets and general economic conditions. Due to the inherent difficulty in forecasting sales and future developments, it is possible that the amount of impairment and amortization could vary significantly between periods. In addition, future revenues from a survey may not be sufficient to cover the existing carrying value. To the extent the future actual revenues achieved prove to be less than forecasted, future periods will reflect lower profitability and/or impairment of MultiClient library surveys.

As MultiClient surveys generally have a shorter economic lifetime, consequently no alternative scenario similar to vessels have been prepared. Any impact on the marketability of areas is built into the assessments of the individual surveys, generally PGS have reduced the expectations for future sales in frontier areas.

Sensitivity of forecasted sales on MultiClient impairment evaluation

Impairment of the MultiClient library for 2022 amounted to \$ 11.5 million. A 10% reduction in the sales forecast for all surveys with a net book value as of December 31, 2022 would have resulted in an additional impairment of approximately \$4 million. A 20% reduction in the sales forecast for all surveys with a net book value as of December 31, 2022 would have resulted in an additional impairment of approximately \$16 million.

Depreciation of seismic vessels and equipment

Depreciation is based on management estimates of the future economic benefits and expected useful lives of seismic vessels and equipment. These estimates may change due to changes in market conditions including competition, technological development, use of the assets and strategic considerations.

There is a risk of seismic vessels getting stranded due to a reduction in demand for oil & gas related services. Management has in its assessment among other considered the age of the current world fleet and the assumed market development as described under the impairment section. The newest vessel has an assumed economical lifetime till 2042 and management expect the demand for services such as Carbon Capture, near field exploration and surveys over production areas to support the economic lifetime of its current fleet. Refer to impairment section for further information. In addition, future regulations over fuel types and omissions could potentially impact the economic lifetime of the vessels. The future development, including any transition rules, is uncertain and management currently do not expect any reduction in lifetime.

Deferred tax assets

Deferred tax assets are recognized for unused tax losses to the extent it is probable that future taxable profit will be available against which the losses can be utilized. Significant management judgment is required to estimate the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profit in the nearer term (generally 2 to 3 years forward).



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As of December 31, 2022, aggregate unrecorded deferred tax assets of the Company amount to \$379.2 million.

Provision for contingencies, claims and tax litigations

The Company records accruals for contingencies, claims and other uncertain liabilities, including tax contingencies, when it is more likely than not that a liability has been incurred and the amount can be reasonably estimated. These accruals are adjusted periodically as assessments change or new or additional information becomes available. In estimating the likelihood of an unfavorable outcome, management evaluates the specific facts and circumstances in light of the related laws and regulations; advice from external counsel; and the outcome of similar cases, if any. Because of the inherent uncertainty in estimating the future outcome of such matters, it is possible that some of these matters will ultimately result in the Company incurring a material liability. See Note 11 for further descriptions.

Contingent revenue

In certain circumstances, revenues can be recognized in respect of a performance obligation that has already been fulfilled in the past. This happens when a customer is already in possession of the license for certain data and either (i) the customer is taken-over by or merged with a competitor who does not yet have the license for such data (and is thus required to pay a transfer fee), or (ii) the customer involves another partner, not already having access to the licensed data, for the exploration of a block, or (iii) customer award of acreage (uplift)

In the event of these specific contractual arrangements' judgement is required in determining when the triggering event took

place and the amount to be recognized. Taking into account possible price concessions, customers re-delivery rights and collectability of the claim.

Going Concern assumption

Pursuant to section 3-3a of the Norwegian Accounting Act, the Board confirms that the 2022 financial statements have been prepared based on the going concern basis which the Directors believe to be appropriate. Refer to "Financing status" section in the Board of Directors report and Note 20 for further information.



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Note 4 – Revenue from contracts with customers

The company earns revenue from the following categories of customer contracts:

Type of goods or service (In millions of US dollars)	Year ended December 31,	
	2022	2021
Contract seismic	316.9	207.8
MultiClient pre-funding	139.4	247.7
MultiClient late sales	325.9	201.8
Imaging	22.7	21.7
Other	(0.0)	0.1
Total revenues from contracts with customers	804.9	679.1

Depending on the type of contract with the customers, the Company's performance obligation is considered to be satisfied over time or at a point in time. Performance obligations satisfied over time generally include *Contract seismic*, *Imaging services* and *MultiClient revenue* from Joint Operation partners.

Set out below is the reconciliation of the timing of revenue from contract with customers.

Timing of revenue recognition* (In millions of US dollars)	Year ended December 31,	
	2022	2021
Licenses transferred at a point in time	439.4	449.6
Services transferred over time	365.5	229.5
Total revenues from contracts with customers	804.9	679.1

*Refer to section on performance obligations below

In 2022, aggregate revenues from the two largest customers accounted for 13% and 8% of the Company's consolidated revenues compared to 10% and 7% in 2021, respectively.

Revenue from Joint Operations

The Company has cooperation agreements to invest in certain MultiClient data projects with other parties. These agreements are classified as joint operations where the parties have rights to the assets and liability of the investment. The Company generally holds an interest between 30-50%. PGS recognizes its share of the revenue. For the year ended December 31, 2022 and 2021, \$99.4 million and \$59.0 of the revenue recognized relates to projects with Joint Operations, respectively.

Accounts receivable

	Year ended December 31,	
	2022	2021
Accounts receivables from contracts with customers	169.4	134.6
Accounts receivables	169.4	134.6



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Contract balances

Balances related to customer contracts consists of the following:

(In millions of US dollars)	Year ended December 31,	
	2022	2021
Accounts receivables	169.4	134.6
Accrued revenues (note 13)	122.9	52.8
Total assets from contracts with customers	292.3	187.4
Deferred revenues	154.4	123.4
Total liabilities from contracts with customers	154.4	123.4

Trade receivables are non-interest bearing and are generally on terms of 30 to 45 days.

Accrued revenues are initially recognized for revenue earned, but not yet invoiced. This is generally related to Contract, Imaging projects and Multi-year Data Management as a Service (DMaaS), as well as Late Sales generally to be invoiced the following month.

The increase in assets from contracts customers is mainly due to the increase in accrued revenues. Deferred revenues consist of revenue billed, not yet recognized. A substantial share of the balance is related to MultiClient pre-funding licenses where revenue is generally recognized at completion of the survey. The Company currently expects the majority of all deferred revenues to be recognized the following year.

The increase in deferred revenues is a result of lower volume of MultiClient projects finalized and delivered to clients in 2022.

Set out below is the amount of revenue recognized from amounts included in contract liabilities at the beginning of the year:

(In millions of US dollars)	Year ended December 31,	
	2022	2021
Amounts included in contract liabilities at the beginning of the year	82.8	142.3

Performance obligations

Contract seismic and Imaging

The performance obligation is satisfied over-time and payment is generally due monthly or upon defined project milestones.

MultiClient Pre-funding

The performance obligation is satisfied at a point-in-time, usually by delivery of final data, and payment is generally due upon defined project milestones. The customer is usually entitled to other deliverables such as preliminary data, but these are deemed not to be distinct within the context of the contract.

Revenue the company receives from Joint Operation partners for acquisition or processing performed is classified as MultiClient pre-funding. The ownership of data is, in most cases, joint and the partner assumes ownership, rights and obligations as the data is produced, the revenue



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is therefore considered as transferred over time. This amounts to \$ 25.9 million and \$35.2 for the years ended December 31, 2022 and 2021, respectively.

MultiClient Late Sales

The performance obligation is satisfied at a point-in-time upon signing of contract and delivery of data. Payment is generally due 30-45 days after the performance obligation is satisfied. Certain contracts may contain uplift payments dependent on a condition such as the customer subsequently being awarded acreage that is covered by the MultiClient data license granted to the customer. These are considered contingent consideration and consideration is recognized when the triggering event has taken place.

The transaction price, for contracts entered into as of December 31, allocated to the remaining performance obligations (unsatisfied or partly unsatisfied) as follows:

(In millions of US dollars)	Year ended December 31,	
	2022	2021
Licenses transferred at a point in time	248.9	125.0
Services transferred over time	268.2	202.4
Within one year	517.1	327.4
Licenses transferred at a point in time	-	-
Services transferred over time	-	-
More than one year	-	-
Total	517.1	327.4

All ongoing MultiClient projects as of December 31, 2022 with pre-funders are expected to be completed during 2023. The timing of performance obligations is uncertain as MultiClient projects are subject to allocation of internal imaging capacity and progress.

Note 5 – Other income

(In millions of US dollars)	Year ended December 31,	
	2022	2021
Government grants	0.0	6.0
Total Other income	0.0	6.0

PGS recorded Other Income of \$6.0 million in 2021 from government grants relating to the COVID-19 pandemic. The amount is related to the US Payroll Protection program given as a loan in 2020 and forgiven in 2021.

Note 6 – Cost of Sales

(In millions of US dollars)	Year ended December 31,	
	2022	2021
Vessel costs & direct project cost	(337.2)	(275.0)
New Ventures, project portfolio & Imaging	(78.7)	(62.3)
Technology/ digitalization & other	(12.7)	(13.5)
Total cost of sales, gross	(428.6)	(350.8)
Steaming deferral, net	2.8	(3.2)
Less amount capitalized to MultiClient library	106.4	127.2
Total cost of sales, net	(319.4)	(226.8)



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Note 7 – Depreciation, Amortization and Impairments of non-current Assets

Amortization and impairment of the MultiClient library consist of the following:

(In millions of US dollars)	Year ended December 31,	
	2022	2021
Amortization of MultiClient library (note 16)	(128.2)	(142.6)
Accelerated amortization of MultiClient library (note 16)	(105.9)	(210.3)
Impairment of MultiClient library (note 16)	(11.5)	(11.0)
Amortization and impairment of MultiClient library	(245.7)	(364.0)

Total amortization of the MultiClient library in 2022 was \$234.2 million, compared to \$353.0 million in 2021. The decrease is mainly driven by less MultiClient projects finalized and delivered to clients, resulting in less accelerated amortization. Amortization was 50% of MultiClient revenues, compared to 79% in 2021. The lower amortization rate reflects a higher proportion of late sales in the mix.

Impairment relates mainly to surveys where the level of previously expected sales has not materialized or are no longer probable. In 2022 approximately 37% relates to projects in Africa and the remainder mainly North America, Europe and Asia Pacific, compared to approximately 37% related to North and South America and the remainder mainly Europe and Asia Pacific in 2021.

Amortization and depreciation of non-current assets (excluding MultiClient library) consist of the following:

(In millions of US dollars)	Year ended December 31,	
	2022	2021
Gross depreciation and amortization *	(122.1)	(142.3)
Deferred Steaming depreciation, net	0.4	(2.1)
Depreciation capitalized to the MultiClient library	25.9	43.9
Depreciation and amortization of non-current assets (excl. MultiClient Library)	(95.8)	(100.5)

* Includes depreciation of right-of-use assets amounting to \$ 17.6 million and \$ 22.7 million for the years ended December 31, 2022 and 2021, respectively.

Impairments of non-current assets (excluding MultiClient library) consist of the following:

(In millions of US dollars)	Year ended December 31,	
	2022	2021
Impairment of Property and equipment (note 15)	-	(15.0)
Impairment of Other intangible assets (note 18)	(5.7)	-
Gain (loss) from sale of non-current asset	0.4	-
Impairment non-current assets (excl. MultiClient Library)	(5.3)	(15.0)

In 2022, there are no impairment charges on seismic acquisition vessels and equipment. In 2021, PGS recorded an impairment charge of \$15.0 million on two Ramform Titan-class vessels. Reference is made to note 3 for further information.



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The recoverable values of seismic vessels are sensitive to the assumed margins and cycles of the seismic industry, as well as changes to the operation plan for vessels. As a result, further impairments may arise in future periods. Reference is made to Note 3 for information on sensitivities.

Impairment of Other intangible assets of \$5.7 million relate to assessment of the Company's research and development portfolio.

Note 8 – Other charges, net

Other charges, net consist of the following:

(In millions of US dollars)	Year ended December 31,	
	2022	2021
Onerous contracts with customers	11.0	(1.8)
Provision for bad debt	(3.4)	-
Gain (loss) investment in subsidiaries	(2.0)	-
Other	0.1	(3.8)
Total	5.7	(5.6)

Per December 31, 2022, the Company has no remaining provision for onerous customer contracts. This is a decrease from the \$11.0 million provision as of December 31, 2021. Provision for onerous customer contracts represents the estimated loss in future periods relating to binding customer contracts where revenues are lower than the full costs, including depreciation, of completing the contract.

Note 9 – Interest Expense

Interest expense consists of the following:

(In millions of US dollars)	Year ended December 31,	
	2022	2021
Interest on debt, gross	(107.3)	(94.9)
Imputed interest cost on lease agreements (note 21)	(6.4)	(8.7)
Interest capitalized to the MultiClient Library (note 16)	5.5	7.2
Total	(108.2)	(96.4)

The average interest rate used to determine the amount of interest cost eligible for capitalization was 8.2% and 6.8% for the years ended December 31, 2022 and 2021, respectively.

Gross interest expense 2022 increased by \$12.4 million compared to the same period in 2021. The increase is primarily due to an increase of Libor interest rates, which impacts the cost of floating rate debt.



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Note 10 – Other Financial Expense, Net

Other financial expense, net, consists of the following:

(In millions of US dollars)	Year ended December 31,	
	2022	2021
Interest income	6.9	0.3
Currency exchange gain/(loss)	2.4	(1.0)
Loss related to modification of debt	-	(7.7)
Net gain related to extinguishment of debt	-	9.4
Other	(0.3)	(0.6)
Total	9.0	0.4

Interest income for 2022 increased by \$6.6 million compared to the same period in 2021. A higher cash balance through 2022 compared to 2021 has benefited from increasing interest rates. Net interest expense for the year increased thereby with \$5.8 million compared to a gross increase of \$12.4 million (see Note 9).

Currency gain for 2022 was \$2.4 million, compared to a \$1.0 million loss in 2021. A weaker NOK versus USD, impacting leasing liabilities and the convertible bond denominated in NOK, was the primary cause for the currency gain.

Note 11 – Income Taxes

Income tax consists of the following:

(In millions of US dollars)	Year ended December 31,	
	2022	2021
Current taxes	(24.2)	(13.8)
Deferred taxes	-	-
Total income tax expense	(24.2)	(13.8)

Current tax expense relates to foreign withholding tax and corporate tax on profits in countries where PGS has executed projects or made significant MultiClient sales, primarily in Africa and Asia.



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(In millions of US dollars)	Year ended December 31,	
	2022	2021
Income (loss) before income tax	8.3	(178.2)
Norwegian statutory rate	22%	22%
Provision for income taxes at statutory rate	(1.8)	39.2
Increase (reduction) in income taxes from:		
Effect of tax rates other than statutory tax rate in Norway	1.4	2.1
Tax exempt income within tonnage tax regimes	(2.5)	0.2
Gain/losses equity investments	(1.1)	0.3
Foreign taxes not creditable in home country	(18.7)	(5.2)
Currency effects (b)	(39.0)	(11.7)
Changes in unrecognized deferred tax assets	50.7	(15.3)
Prior period adjustments	(13.6)	(22.9)
Other permanent items	0.4	(0.5)
Income tax	(24.2)	(13.8)

(a) Following the implementation of IFRS 15, the Company reversed revenue and amortization towards the opening balance as of January 1, 2018. Revenue and amortization previously recognized have been taken out as a permanent difference. This did not have any impact on the Balance Sheet or tax expense, as all deferred tax is currently unrecognized.

(b) Currency effects primarily relate to translating tax positions in local currency to US dollar functional currency.

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

(In millions of US dollars)	December 31,	
	2022	2021
Deferred tax assets		
Employee benefits	-	(8.1)
Tax loss carry-forwards	(286.3)	(336.0)
Property and equipment	(45.8)	(56.3)
Other	(59.7)	(36.0)
Deferred tax assets, gross	(391.8)	(436.4)
Deferred tax liabilities		
Property and equipment	3.4	0.3
Intangible assets	4.5	5.6
Employee benefits	4.1	-
Other	0.7	0.8
Deferred tax liabilities, gross	12.7	6.6
Deferred tax assets, net	(379.1)	(429.8)
Deferred tax assets not recognized in the consolidated statements of financial position	379.2	429.9
Net recognized deferred tax assets and liabilities	0.1	0.1

(In millions of US dollars)	December 31,	
	2022	2021
Deferred tax assets	-	-
Deferred tax liabilities	0.1	0.1
Income tax liabilities, gross	0.1	0.1

Any temporary differences related to IFRS 16 is considered on a net basis. Deferred tax is recognized on temporary differences that arise when the net asset or liability changes. The amount is not material and is included in other deferred tax assets.

The Company has incurred several years of consecutive tax losses in the Norwegian tax jurisdiction, including for 2022 and the outlook for 2023 remains uncertain. Although the Company believes it will attain a satisfactory level of profitability, sufficient convincing evidence of such as required by International Accounting Standard 12 is not present.



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Deferred tax assets specified by jurisdiction, both recognized and unrecognized, and tax losses including expiration periods as of December 31, 2022 are as follows:

(In millions of US dollars)	Tax losses	Expiry dates	Recognized	Unrecognized
			deferred tax assets	deferred tax assets
Norway	1,049.6	None	-	230.9
UK	77.1	None	-	14.6
Other	57.2	various	-	40.8
	1,183.9		-	286.3

It is the Company's current view that unremitted earnings from international operations in subsidiaries are expected to be reinvested indefinitely, and as a result, no withholding taxes have been provided for unremitted earnings.

Contingent tax liabilities

With its multinational operations, the Company is subject to taxation in many jurisdictions around the world with increasingly complex tax laws. The Company has several matters in several jurisdictions that could eventually make it liable for material amounts of taxes relating to prior years.

Brazil service tax claim on charter

The Company has several ongoing tax disputes related to charter of vessels into Brazil. The assessments, which inter alia seek to levy 15% withholding tax and 10% CIDE (service) tax, amount to \$38.1 million in total. The Company holds a legal deposit amounting to \$18.9 million, initially made in Q4 2020 to challenge one of the disputes in court. The deposit is held in an interest-bearing bank account with a commercial bank. Since the Company considers it more likely than not that these contingencies will be resolved in its favor, no provision has been made for any portion of the exposure.

Provisions for uncertain tax positions

Total provision for uncertain tax positions is recognized as follows:

(In millions of US dollars)	December 31,	
	2022	2021
Other non-current liabilities	2.2	0.1
Total provision for uncertain tax positions	2.2	0.1



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Note 12 – Restricted Cash

Restricted cash consists of the following:

(In millions of US dollars)	December 31,	
	2022	2021
Current:		
Restricted payroll withholding taxes	3.4	3.7
Other	8.2	12.4
Total restricted cash, current	11.6	16.1
Non-current:		
Deposits disputes (note 21)	18.9	17.9
Restricted cash debt service	40.1	39.4
Other	0.2	0.3
Total restricted cash, non-current	59.2	57.6

Non-current restricted cash of \$40.1 million is held in debt service reserve and retention accounts related to the export credit financing ("ECF") of *Ramform Titan*, *Ramform Atlas*, *Ramform Tethys* and *Ramform Hyperion*. Current other restricted cash mainly relates to deposits on various guarantees.

Note 13 – Accrued Revenues and Other Receivables

Accrued revenues and other receivables consist of the following:

(In millions of US dollars)	December 31,	
	2022	2021
Accrued revenues	122.9	52.8
Other receivables	1.8	3.2
Total	124.7	56.0

Note 14 – Other Current Assets

Other current assets consist of the following:

(In millions of US dollars)	December 31,	
	2022	2021
Consumables, supplies and fuel inventory	28.8	26.8
Deferred steaming and project costs	8.3	5.0
Prepaid operating expenses	9.0	10.7
Withholding taxes and taxes receivable	7.0	8.0
Prepaid reinsurance	3.4	3.3
Other	4.1	1.7
Total	60.6	55.5



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Note 15 – Property and Equipment

The changes in property and equipment are as follows:

(In millions of US dollars)	Seismic vessels and equipment	Buildings, fixtures and furniture	Total
Cost as of January 1, 2021	2,550.5	149.0	2,699.5
Additions	34.0	1.8	35.8
Additions, lease	-	(3.2)	(3.2)
Asset retirements, lease	(0.4)	-	(0.4)
Reclassification/Other	(0.4)	-	(0.4)
Cost as of December 31, 2021	2,583.7	147.6	2,731.3
Additions	41.4	7.2	48.6
Additions, lease	-	11.8	11.8
Asset retirements, lease	-	-	-
Reclassification/Other	-	1.3	1.3
Cost as of December 31, 2022	2,625.1	167.9	2,793.0
 (In millions of US dollars)			
Accumulated depreciation as of January 1, 2021	1,498.8	83.4	1,582.2
Impairments as of January 1, 2021	219.4	-	219.4
Depreciation	109.4	18.0	127.4
Impairments	15.0	-	15.0
Asset retirements - accumulated depreciation	-	(0.1)	(0.1)
Depreciation as of December 31, 2021	1,608.2	101.3	1,709.5
Impairments as of December 31, 2021	234.4	-	234.4
Depreciation	105.9	0.8	106.7
Impairments	-	-	-
Asset retirements - accumulated depreciation	2.1	(0.1)	2.0
Depreciation as of December 31, 2022	1,716.2	102.0	1,818.2
Impairments as of December 31, 2022	234.4	-	234.4
Balance as of December 31, 2021	741.1	46.3	787.4
Balance as of December 31, 2022	674.5	65.9	740.4



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Right of Use assets included within property and equipment

For the year ended December 31, 2022 and 2021, Seismic vessels and equipment and Buildings, fixtures and furniture included the following right of use assets:

Right of Use assets included within property and equipment

(In millions of US dollars)	Seismic vessels and equipment	Buildings, fixtures and furniture	Total
Cost as of January 1, 2021	143.4	66.3	209.7
Additions	-	0.2	0.2
Remeasurement/Other	-	(3.2)	(3.2)
Asset retirements	-	-	-
Cost as of December 31, 2021	143.4	63.3	206.7
Additions	-	11.6	11.6
Remeasurement/Other	-	(0.3)	(0.3)
Asset retirements	-	(10.3)	(10.3)
Cost as of December 31, 2022	143.4	64.3	207.7

(In millions of US dollars)

Accumulated depreciation as of January 1, 2021	41.5	26.5	68.0
Impairments as of January 1, 2021	61.3	-	61.3
Depreciation	9.2	13.5	22.7
Impairments	-	-	-
Asset retirements	-	-	-
Depreciation as of December 31, 2021	50.7	40.0	90.7
Impairments as of December 31, 2021	61.3	-	61.3
Depreciation	9.1	8.5	17.6
Impairments	-	-	-
Asset retirements	-	(10.3)	(10.3)
Depreciation as of December 31, 2022	59.8	48.5	108.3
Impairments as of December 31, 2022	61.3	(10.3)	51.0
Balance as of December 31, 2021	31.4	23.3	54.7
Balance as of December 31, 2022	22.3	26.1	48.4

For more information on leases refer to note 23.

Impairments

Impairment tests are performed when triggers are identified. Per December 31, 2022, the Company has performed impairment tests for all seismic acquisition vessels and equipment, resulting in no impairment charges for 2022.

Refer to note 3 for details and sensitivities from the performed tests.

In 2021, the Company recorded a total impairment charge of \$15.0 million on seismic acquisition vessels. The seismic market is recovering, but the recoverable values of seismic vessels and other Company assets are sensitive to the assumed margins and cycles of the seismic industry as well as changes to operational plans. As a result, impairments may arise in future periods.

(In millions of US dollars)	Year ended December 31,	
	2022	2021
Titan vessels	-	15.0
Total impairment	-	15.0



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Note 16 - MultiClient Library

The changes in the MultiClient library are as follows:

(In millions of US dollars)	2022	2021
Balance as of January 1,	399.3	584.8
Capitalized cash costs	106.4	127.2
Capitalized interest	5.5	7.3
Capitalized depreciation	25.9	43.9
Amortization expense	(128.2)	(142.6)
Accelerated amortization	(105.9)	(210.3)
Impairments (see note 7)	(11.5)	(11.0)
Other	-	-
Balance as of December 31,	291.5	399.3

The net carrying value of the MultiClient library, by the year of survey completion is as follows:

(In millions of US dollars)	December 31,	
	2022	2021
Completed surveys:		
Completed during 2018	-	12.7
Completed during 2019	17.0	46.0
Completed during 2020	28.9	46.5
Completed during 2021	70.8	113.0
Completed during 2022	81.6	-
Completed surveys	198.3	218.3
Surveys in progress	93.2	181.0
MultiClient library	291.5	399.3

Note 17 - Other non-current assets

Other non-current assets consist of the following:

(In millions of US dollars)	December 31,	
	2022	2021
Investments in associated companies	6.5	12.3
Pension Fund surplus (note 24) *	21.8	-
Other	0.3	2.4
Total	28.6	14.7

* Change is related to the Pension Fund moving from a deficit as of December 31, 2021, to a surplus as of December 31, 2022. Refer to Note 24 for further information.



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Specification of investments in and loans to equity accounted investments as follows:

(In millions of US dollars)	Jurisdiction	ownership	December 31, 2022			Associated companys total	
			net book value	PGS share of profit (loss)	Impairment	profit (loss) for the year *	equity *
Azimuth II Limited	Bermuda	-	-	-	(4.5)	-	-
Ocean Floor Geophysics Inc.	Canada	46%	2.3	(1.0)	(2.5)	(0.7)	2.8
Ocean Geo-Frontier Co. Ltd	Japan	34%	2.7	0.9	-	2.0	6.5
Versal AS	Norway	33%	1.4	(0.0)	-	-	1.4
Other		-	0.1	-	-	-	-
Total			6.5	(0.1)	(7.0)		

(In millions of US dollars)	Jurisdiction	ownership	December 31, 2021			Associated companys total	
			net book value	PGS share of profit (loss)	Impairment	profit (loss) for the year	equity
Azimuth II Limited	Bermuda	35%	6.2	0.7	1.2	(7.9)	53.3
Ocean Floor Geophysics Inc.	Canada	46%	3.3	(0.5)	-	(1.4)	3.7
Ocean Geo-Frontier Co. Ltd	Japan	34%	2.3	1.3	-	2.0	6.4
Other		-	0.5	(0.3)	-	-	-
Total			12.3	1.2	1.2		

* Reflects preliminary numbers.

In 2022, the Azimuth Group (Azimuth Limited, Azimuth II Limited and Azimuth III Limited) closed down all operations and deleted the legal entities and distributed its assets to shareholders.

Ocean Floor Geophysics Inc. is a company incorporated in Canada that provides geophysics data acquisition, analysis and exploration services. It also designs, develops and sells marine geophysical sensors. The Company holds a 46% share pre-dilution and 43% share on a fully diluted basis.

Ocean Geo-Frontier Co. Ltd is a joint venture established in 2019 to administer services provided by the Company, and its partners, to Japan Oil, Gas and Metals National Corporation ("JOGMEC").

Versal AS is a Norwegian company owning "Versal", an independent, secure, Cloud-based, MultiClient seismic data ecosystem offering a single search point to access all MultiClient data from the participating vendor's PGS, CGG and TGS.

The changes for the year in Investments in Associated Companies are as follows:

(In millions of US dollars)	December 31,	
	2022	2021
Balance at January 1	12.3	9.6
Investments	1.4	1.8
Impairment, reversal of impairment and share of results from associated companies	(7.0)	1.2
Dividend received	(0.0)	(0.4)
Other comprehensive income (loss) from associated companies	(0.1)	-
Balance at December 31	6.5	12.3



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Note 18 - Other Intangible Assets

The changes in other intangible assets are summarized as follows:

(In millions of US dollars)	Patents, licenses, technology and other	Intangible assets in development	Total
Cost as of January 1, 2021	332.5	44.9	377.5
Additions to costs	-	10.2	10.2
Asset retirements	-	(3.8)	(3.8)
Reclassification	-	2.1	2.1
Cost as of December 31, 2021	332.5	53.4	386.0
Additions to costs	1.7	8.1	9.8
Asset retirements	(1.6)	-	(1.6)
Reclassification	-	1.9	1.9
Cost as of December 31, 2022	332.6	63.4	396.1
Amortization as of January 1, 2021 (a)	284.4	-	284.4
Amortization expense	15.1	-	15.1
Impairments	-	-	-
Reclassification	2.0	-	2.0
Amortization as of December 31, 2021 (a)	301.5	-	301.5
Amortization expense	8.7	6.8	15.5
Impairments	0.1	5.6	5.7
Reclassification	-	-	-
Amortization as of December 31, 2022 (a)	310.3	12.4	322.7
Balance as of December 31, 2021	31.0	53.4	84.5
Balance as of December 31, 2022	22.3	51.0	73.4
Estimated useful life	1 to 15 years		

Impairments

PGS recorded aggregate impairment charges of \$5.7 million and \$0.2 million in 2022 and 2021, respectively. Impairment charges is related to assessment of the Company's research and development portfolio.



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Note 19 - Debt and Guarantees

Interest bearing debt consists of the following:

Interest bearing debt consists of the following:

(In millions of US dollars)	December 31,	
	2022	2021
Secured:		
Term loan B, Libor + 6-700 basis points (linked to total gross leverage ratio ("TGLR")), due 2024	737.9	873.0
Super Senior Loan, Libor + 675 basis points, due 2024	50.0	-
Export credit financing, due 2025	100.3	109.4
Export credit financing, due 2027	163.1	189.1
Total loans and bonds, gross	1,051.3	1,171.5
Less current portion	(367.1)	(162.6)
Less deferred loan costs, net of debt premiums	(20.0)	(29.6)
Less modification of debt treated as extinguishment	(4.5)	(9.3)
Non-current interest bearing debt	659.7	970.0

Modification of debt treated as extinguishment changed by \$4.7 million in 2022 and is linked to the Q1 2021 rescheduling of the \$135 million RCF. It was at the time of rescheduling accounted for at fair value with a gain of \$13.5 million. This gain is reversed over the life of the debt and expensed as part of gross interest on debt. The other parts of the rescheduled debt were accounted for as modification of existing agreements, with a loss of \$7.7 million recorded in Q1 2021.

Undrawn facilities consist of:

(In millions of US dollars)	December 31,	
	2022	2021
Unsecured		
Performance bond	22.0	17.3
Total	22.0	17.3

Summary of net interest-bearing debt:

Summary of net interest bearing debt:

(In millions of US dollars)	December 31,	
	2022	2021
Loans and bonds gross	(1,051.3)	(1,171.5)
Cash and cash equivalents	358.3	161.6
Restricted cash (current and non-current)	70.8	73.7
Net interest bearing debt, excluding lease liabilities	(622.2)	(936.2)
Lease liabilities current	(32.9)	(35.9)
Lease liabilities non-current	(54.3)	(79.0)
Net interest bearing debt, including lease liabilities	(709.4)	(1,051.1)



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Reconciliation of debt arising from financing activities:

(In millions of US dollars)	Cash flows				Non-cash changes	
	January 1, 2022	Repayment of interest bearing debt	Payment of lease liabilities	Proceeds, net of deferred loan costs, from issuance of non-current debt	Foreign exchange movement	December 31, 2022
Secured debt	1,132.7	(170.1)	-	47.1	-	1,026.8
Lease liabilities	114.8	-	(36.1)	-	(2.4)	87.2
Total liabilities financing activities	1,247.5	(170.1)	(36.1)	47.1	(2.4)	1,114.0

(In millions of US dollars)	Cash flows				Non-cash changes	
	January 1, 2021	Repayment of interest bearing debt	Payment of lease liabilities	Proceeds, net of deferred loan costs, from issuance of non-current debt	Foreign exchange movement	December 31, 2021
Secured debt	1,150.4	-	-	(25.1)	-	1,132.7
Lease liabilities	158.6	-	(40.3)	-	(1.3)	114.8
Total liabilities financing activities	1,309.0	-	(40.3)	(25.1)	(1.3)	1,247.5

Credit Facility

At December 31, 2022, the Senior Secured Credit Facility (the "Credit Facility") as amended and originated in 2007 comprises of a \$737.9 million (\$873.0 million on December 31, 2021) Term Loan B (the "Term Loan" or "TLB"). On February 9, 2021, Petroleum Geo-Services AS replaced PGS ASA as the Norwegian borrower, 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 except assets pledged to the Export Credit Loans (see below) for which it has an indirect 2nd lien 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 (see below).

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").

As less than 100% of the RCF and TLB lenders consented to the amendments, the Company 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 RCF and TLB to be implemented and bind all RCF and 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 existing loan agreements have a liquidity sweep requirement where liquidity reserve in excess of \$200 million at quarter-end shall be used to repay (i) deferred amortizations of the Export Credit



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Financing ("ECF") loans and (ii) the \$135 million TLB amortization due in September 2022. The \$135 million TLB amortization was repaid in September 2022. As of December 31, 2022, the remaining deferred ECF amount was \$83 million, which was repaid in Q1 2023. Following the repayment of the deferred ECF amount, and first applicable at March 31, 2023, a mandatory liquidity sweep for liquidity reserve in excess of \$175 million will be applied against the nearest scheduled amortization on the Term loan B.

There are two financial maintenance covenants: Maximum Total Net Leverage Ratio and Minimum Liquidity. Total Net Leverage Ratio shall not exceed 3.25x through December 31, 2022, and 2.75x thereafter. The Total Net Leverage Ratio is calculated as the consolidated indebtedness, net of restricted cash held for debt service in respect of the Export Credit financing and unrestricted cash and cash equivalents, divided by adjusted EBITDA less non pre-funded MultiClient library investments. The minimum liquidity covenant says unrestricted cash and cash equivalents shall not be below \$75 million, with an extra reporting obligation if cash and cash equivalents fall below \$115 million. There are customary cure periods and provisions.

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 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.

If the corporate family rating from Moody's or Standard & Poor's is below B3/B- stable outlook, the credit margin on the TLB will be 7.5%. The Company 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 1, 2023, are Caa1 and CCC+, respectively. The Credit Facility contains financial covenants and negative covenants that restrict the Company in various ways. The facility provides that:

- i) The Company 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) 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 (deducting 100% of Net losses) and accumulates over time starting October 1, 2019.



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In addition, the Credit Facility restricts or could restrict our 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.

Export credit financing

The Export credit financing arrangement comprises four loans each with Japan Bank for International Cooperation ("JBIC") and Sumitomo Mitsui Banking Corporation ("SMBC"), with an aggregate value at inception of \$544.2 million. The loans were incurred by the subsidiary, PGS Titans AS, for the financing of the four Ramform Titan class vessels. PGS ASA guarantees the obligations under two internal 12-year bareboat charter agreements between PGS Falcon AS and PGS Titans AS for the two vessels, the *Ramform Titan* and the *Ramform Atlas*, and guarantees the loans financing for the *Ramform Tethys* and the *Ramform Hyperion*. The loans are senior facilities secured by first priority mortgages over the vessels and fittings on board (but excluding "in sea" equipment such as streamers), pledge of the borrower's right under a debt service reserve account and assignment of insurance rights in the vessels. The loans are repaid over 12 years from inception in equal semiannual installments and each loan comprised two tranches held by JBIC and SMBC, respectively. The JBIC tranche bears a fixed interest and is repaid from the 7th to 12th year after draw down, while the SMBC tranche bears a floating interest based on 6 months Libor plus a margin and is repaid from 1st to 6th year after draw down. SMBC has received credit insurance from Nippon Export and Investment Insurance ("NEXI") and the insurance premium is paid by PGS Titans AS.

With the completion of the Transaction effective February 9, 2021, described above, the repayment profile of the loans was altered. All scheduled installments for the period September 2020 to September 2022 amounting to ~\$ 106 million were deferred. The original semi-annual repayment profile resumed from December 2022. The deferred instalments were to be repaid over four quarters starting December 2022 through September 2023. The export credit loans have an excess liquidity sweep for any liquidity reserve in excess of \$200 million at each quarter end, with such amounts to be shared between (i) the deferred amounts under the ECF and (ii) the \$135 million TLB amortization that was due in September 2022. The Company paid an excess liquidity sweep in July 2022, with \$8.8 million allocated to the deferred amounts under the ECF of which \$1.3 million related to the deferred amount due in December 2022. The net deferred amount paid in December 2022 was \$14.6 million. The remaining deferred amounts totaling \$83 million are to be paid in February 2023 as a result of an excess liquidity sweep, which will conclude the deferral period and end the liquidity sweep for the ECF.

With the transaction, the export credit lenders have also received enhanced security by certain shared security with the TLB. PGS ASA became a direct guarantor of the loans financing the *Ramform Titan* and the *Ramform Atlas*, and each of PGS Holding I Ltd, PGS Holding II Ltd and



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Petroleum Geo-Services AS will guarantee for the loans financing for the Ramform Titan, Ramform Atlas, Ramform Tethys and Ramform Hyperion

Under the deferral period the export credit financing loans had the same financial maintenance and reporting covenants as the Credit Facility.

Super Senior Loan

May 24, 2022, the Company secured a commitment for a new \$50 million senior secured debt. The loan was drawn in full October 6, 2022. The new senior secured debt has a maturity together with the Company's Term Loan B, in March 2024 with an option to extend it with 1 year at the Company's choice. The loan rank senior to the TLB and bear interest at SOFR (Secured Overnight Financing Rate) plus a margin of 675 basis point. The loan documentation contains financial covenants and negative covenants that replicates those of the TLB (described above under heading Credit Facility).

Letters of credit and guarantees

The Company has \$30.0 million uncommitted bid and performance bond facilities (\$30 million in 2021) intended for operational use. Drawings under these facilities totaled \$8.0 million and \$12.7 million as of December 31, 2022 and 2021, respectively. During 2021 and 2022, the Company was required to deposit cash collateral to cover new or amended bonds drawn under this facility. As of December 31, 2022 the Company had deposited \$8.3 million (\$12.4 million in 2021) which is included in Restricted Cash (see note 12). Drawings under this facility represent the outstanding letters of credit and similar guarantees not reflected in the accompanying consolidated statements of financial position.

Note 20 - Financial Instruments

Valuation of financial instruments carried at fair value

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.



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Nominal value and fair values of financial assets and liabilities

(In millions of US dollars)	Hierarchy Level	December 31, 2022		December 31, 2021	
		Nominal value	Fair value	Nominal value	Fair value
FINANCIAL ASSETS					
Derivatives designated as hedging instruments					
Interest rate swaps	2	0.4	0.4	-	-
Total		0.4	0.4	-	-
FINANCIAL LIABILITIES					
Financial liabilities at amortized cost					
Debt with fixed interest rate	2	(239.5)	(239.5)	(256.6)	(257.4)
Debt with variable interest rate	2	(811.8)	(776.0)	(914.9)	(827.0)
Lease liabilities	2	(87.2)	(87.2)	(114.9)	(114.9)
Derivatives designated as hedging instruments					
Foreign exchange contracts	2	-	-	-	-
Interest rate swaps	2	-	-	(1.7)	(1.7)
Total		(1,138.5)	(1,102.7)	(1,288.1)	(1,201.0)

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.

Financial risk management policies

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to repay or be able to refinance debt when it falls due and provide returns for shareholders such as dividends, after reaching a target net debt level (excluding lease obligations) of \$500–600 million, and work towards an optimal capital structure to reduce the cost of capital.

The management of the capital structure involves active monitoring and adjustments to changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure the Company may refinance its debt, buy or issue new shares or debt instruments, sell assets or return capital to shareholders.

The Company monitors debt on the basis of the leverage ratio and other covenants in credit agreements. The Total Net Leverage Ratio, calculated on a Produced Revenue basis as of December 31, 2022 was 1.56x (December 31, 2021 – 3.27x) compared to the maximum covenant level of 3.25x (December 31, 2021 – 4.25x). Minimum liquidity covenant is set at \$75 million, which includes unrestricted cash and cash equivalent. As of December 31, 2022 and 2021 cash and cash equivalent was \$358.3 million and \$161.6 million, respectively.

In addition, the Company monitors leverage based on net debt. Net debt is calculated as total debt (including short-term and non-current debt as reported in the consolidated statement of financial position) less cash and cash equivalents, including restricted cash. During 2018, taking into



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account experience from the down cycle and with a view that the Company's markets will continue to be cyclical in the future, the Company has adopted a strategic target to over time reduce net interest-bearing debt to a level, excluding lease obligations, not exceeding \$500-600 million, assuming the current size and composition of business activities. As a result, the Company will give higher priority to profitability, cash flow generation and debt reduction than business growth until it reaches a lower debt level.

The Company is exposed to market risks such as interest rate risk, foreign exchange rate risk, credit risk and liquidity risk. The Company's risk management policies are approved by the Board of Directors. The treasury function reports regularly to the Company management and any breach of limits set in the policy are required to be reported to the Board of Directors.

Interest rate risk management

The Company is subject to interest rate risk on debt, including lease liabilities. The risk is managed by using a combination of fixed -and variable rate debt, together with interest rate swaps, where appropriate, to fix or lower the borrowing costs.

	December 31, 2022		December 31, 2021	
	Notional amounts	Weighted average interest rate	Notional amounts	Weighted average interest rate
Debt at fixed interest rate	239.5	3.04%	256.6	3.03%
Debt at variable interest rate based on US dollar plus a margin	761.8	10.94%	739.9	7.43%
Variable interest rate debt with interest fixed	50.0	1.36%	175.0	1.80%

After giving effect to the Company's interest rate swaps, for every one-percentage point hypothetical increase in LIBOR, the annual net interest expense on variable rate debt, inclusive non-restricted cash holdings, would have increased by \$3.6 million and \$5.4 million approximately measured from December 31, 2022 and 2021, respectively.

Foreign currency risk management

The Company is exposed to currency fluctuation due to the effects of a predominantly USD based revenue stream, while the Company's operating expenses and capital expenditures are mainly denominated in USD, GBP, NOK and EUR. The Company maintains a foreign currency risk management strategy that normally uses foreign currency exchange contracts to reduce volatility in the income statement and protect against fluctuations in cash flow caused by volatility in currency exchange rates. The Company does not currently have any bank lines available to hedge currency exposures, but has used cash where possible to offset material exposures. The Company did not have any open forward contracts as of December 31, 2022 or December 31, 2021. The table shows exposures and foreign exchange contracts in currencies that the Company hedges on a regular basis.



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(in millions, local currency)	December 31, 2022			December 31, 2021		
	NOK	GBP	BRL	NOK	GBP	BRL
Restricted cash	33.1	-	99.7	32.1	-	99.7
Cash held as hedges	242.2	1.9	-	104.3	21.9	-
Current assets	48.4	0.9	57.3	19.2	0.8	23.0
Current liabilities	(144.4)	(2.1)	(152.4)	(136.6)	(0.4)	(0.8)
Pension liabilities	(22.5)	18.1	-	(26.6)	(18.7)	-
Finance leases	(135.0)	(5.3)	(2.0)	(260.4)	(0.4)	(1.9)
Other long term liabilities	-	(1.2)	-	-	(1.0)	-
Net statements of financial position exposure	21.8	12.3	2.6	(268.0)	2.2	120.0
Hedged committed operational cash flow and capital expenditure:						
Next year	-	-	-	-	-	-
1-2 years	-	-	-	-	-	-
2-3 years	-	-	-	-	-	-
Net forward commitments	-	-	-	-	-	-
Forward exchange contracts	-	-	-	-	-	-
Net exposure	21.8	12.3	2.6	(268.0)	2.2	120.0

The following analysis illustrates the sensitivity of changes in relevant foreign exchange rates, after the impact of hedging. All other variables remain constant. The sensitivity analysis is based on the Company's financial assets and liabilities held as of the year ended December 31, 2022 and 2021. The foreign exchange rate analysis assumes a 10% depreciation in USD.

(in millions, local currency)	December 31, 2022			December 31, 2021		
	NOK	GBP	BRL	NOK	GBP	BRL
Impact on profit before tax: Gain / (loss)	(0.2)	(1.5)	(0.1)	(3.4)	0.3	2.4

	Average rate		Year end spot rate	
	2022	2021	2022	2021
USD / NOK	9.547	8.587	9.910	8.832
GBP / USD	1.244	1.377	1.204	1.350
USD / BRL	5.157	5.353	5.277	5.569

Credit risk management

Credit risk is the risk that counterparties to financial instruments do not perform according to the terms of the contract. The approximate maximum credit exposure related to financial assets is as follows:

(In millions of US dollars)	December 31,	
	2022	2021
Cash and cash equivalents	358.3	161.6
Restricted cash (Note 12)	70.8	73.7
Accounts receivable	169.4	134.6
Accrued revenues and other receivables (note 13)	124.7	56.0
Total	723.2	425.9



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Cash and cash equivalents

The Company continually monitors the counterparty credit risk of banking partners, including derivatives counterparties and the institutions in which cash is held on deposit.

Accounts receivables

Trade receivables are primarily with multinational integrated oil companies and independent oil and natural gas companies, including companies owned in whole or in part by governments. As of December 31, 2022, approximately 62% of the balance relates to 5 customers, compared to 46% as of December 31, 2021.

The aging of trade receivables is as follows:

(In millions of US dollars)	December 31,	
	2022	2021
Current	144.5	89.9
Up to one month past due	12.5	21.9
Between one and two months past due	6.7	19.8
More than three months past due	14.1	8.2
Allowance for doubtful accounts	(8.4)	(5.2)
Total	169.4	134.6

The Company provides for expected credit losses through a loss allowance, which is based on the lifetime expected credit losses at the reporting date. The Company assesses expected credit losses using factors including aging of accounts, historical experience, customer concentration, customer creditworthiness and current industry and economic trends. The provision for expected credit losses is related to receivables more than three months past due.

For accrued revenues, the Company has assessed the collectability prior to recognizing the revenue and assessed credit risk on the same basis as trade receivables. There is no allowance related to accrued revenues as of December 31, 2022 and 2021.

The Company is also exposed to credit risk from off-balance sheet items such as agreements to provide future services to customers and counterparties on derivatives and where cash is held on deposit. The Company manages its exposure to such risks through continuous monitoring of counterparties.

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. The Company is exposed to liquidity risk related to the following:



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December 31, 2022	Nominal value	Notional value	Contractual cash flows*						
			Total	0-1 years	1-2 years	2-3 years	3-4 years	4-5 years	Thereafter
<i>(In millions of US dollars)</i>									
<i>Non-derivative financial liabilities</i>									
Trade payables	(33.4)	-	(33.4)	(33.4)	-	-	-	-	-
Debt with fixed interest rates	(239.5)	-	(254.4)	(112.9)	(51.2)	(44.5)	(27.7)	(18.1)	-
Debt with variable interest rates	(811.8)	-	(916.4)	(350.7)	(565.7)	-	-	-	-
Total	(1,084.7)	-	(1,204.2)	(497.0)	(616.9)	(44.5)	(27.7)	(18.1)	-
<i>Derivative financial assets/liabilities</i>									
Interest rate swaps hedge accounted	0.4	50.0	0.4	0.4	-	-	-	-	-
Forward exchange contracts used for hedging	-	-	-	-	-	-	-	-	-
Other foreign exchange contracts	-	-	-	-	-	-	-	-	-
Total	0.4	50.0	0.4	0.4	-	-	-	-	-

*Refer to note 19 for further information on debt classification.

December 31, 2021	Nominal value	Notional value	Contractual cash flows						
			Total	0-1 years	1-2 years	2-3 years	3-4 years	4-5 years	Thereafter
<i>(In millions of US dollars)</i>									
<i>Non-derivative financial liabilities</i>									
Trade payables	(39.0)	-	(39.0)	(39.0)	-	-	-	-	-
Debt with fixed interest rates	(256.5)	-	(279.3)	(19.5)	(118.2)	(51.2)	(44.6)	(27.7)	(18.1)
Debt with variable interest rates	(914.9)	-	(1,053.8)	(218.8)	(322.5)	(512.5)	-	-	-
Total	(1,210.4)	-	(1,372.1)	(277.3)	(440.7)	(569.7)	(44.6)	(27.7)	(18.1)
<i>Derivative financial assets/liabilities</i>									
Interest rate swaps hedge accounted	(1.7)	175.0	(1.7)	(1.6)	(0.1)	-	-	-	-
Forward exchange contracts used for hedging	-	-	-	-	-	-	-	-	-
Other foreign exchange contracts	-	-	-	-	-	-	-	-	-
Total	(1.7)	175.0	(1.7)	(1.6)	(0.1)	-	-	-	-

During 2022, PGS raised close to \$250 million of new equity and increased cash flow generation in an improving market. The significant liquidity improvement enabled a reduction of net interest-bearing debt by \$314.0 million (\$341.7 million including lease liabilities). Net interest-bearing debt amounted to \$622.2 million on December 31, 2022, compared to \$936.2 million as of December 31, 2021, and the Company is close to reaching its targeted maximum level for net interest-bearing debt (excluding lease liabilities) of \$500 to 600 million.

As of December 31, 2022, PGS had cash and cash equivalents totaling \$358.3 million, compared to \$161.6 million as of December 31, 2021.

On March 31, 2023, PGS issued a \$450 million 4-year senior secured bond (the "Bonds"). The proceeds from the Bonds, together with cash on balance sheet, were used to repay \$600 million of the Term Loan B ("TLB"). After the prepayment the next and final scheduled maturity of the TLB is \$137.9 million due on March 19, 2024, which PGS expects to be able to repay from operating cash flows. The Company's Super Senior Loan of \$50 million has a scheduled maturity March 18, 2024, which at the Company's option can be extended by one year.

With improving cash flow generation, the Company expects to be able to manage repayment of the remainder of the Term Loan B in March 2024. However, should the market not develop as expected 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 a case, the Company may be able to



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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, agent or lender group. 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.

Interest rate hedge accounting

The Company took over interest rate swaps totaling a notional amount of \$175 million that originated during 2019 and 2020. These were all designated as hedging instruments in 2020 and all subsequent change in the value of these swaps were recorded in other comprehensive income as the effective portion of the designated and qualified hedging instrument. Swaps with a notional amount of \$125 million matured during 2022.

The interest rate swaps had a positive fair value of \$0.4 million and a negative fair value of \$1.7 million as of December 31, 2022 and 2021, respectively.

Foreign exchange rate hedge accounting

The majority of revenues are in USD. The company previously entered into derivatives accounted for under fair value hedge relationships to hedge the currency risk. The Company has no foreign exchange rate hedging as of December 31, 2022 and 2021.

Sensitivity analysis derivatives

The Company has no foreign exchange rate hedging using currency derivatives as of December 31, 2022 and 2021.

Note 21 - Leases, Contingent Liabilities and Provisions

Company as lessee

The Company has lease contracts for various items of seismic vessels, equipment and buildings used in its operations. Leases of seismic vessels have lease terms between 2 and 10 years, while buildings and equipment generally have lease terms between 1-15 years and 1-6 years. There are several lease contracts that include extension and termination options which are further described below.

The Company also has certain leases with lease terms of 12 months or less and leases of equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:



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(In millions of US dollars)	Seismic vessels and equipment	Buildings, fixtures and furniture	Total
Balance as of January 1, 2021	40.6	39.8	80.4
Additions (note 15)	-	0.2	0.2
Remeasurement/Other (note 15)	-	(3.2)	(3.2)
Impairment expense (note 15)	-	-	-
Depreciation expense (note 15)	(9.2)	(13.5)	(22.7)
Balance as of December 31, 2021	31.4	23.3	54.7
Additions (note 15)	-	11.6	11.6
Remeasurement/Other (note 15)	-	(0.3)	(0.3)
Impairment expense (note 15)	-	-	-
Depreciation expense (note 15)	(9.1)	(8.5)	(17.6)
Balance as of December 31, 2022	22.3	26.1	48.4

Set out below are the carrying amounts of lease liabilities and the movements during the period:

(In millions of US dollars)	2022			2021		
	Seismic vessels and equipment	Buildings, fixtures and furniture	Total	Seismic vessels and equipment	Buildings, fixtures and furniture	Total
Balance as of January 1	80.4	34.4	114.8	106.6	52.0	158.6
Additions	-	11.3	11.3	-	0.2	0.2
Interest	4.4	2.0	6.4	6.1	2.7	8.8
Lease payments	(30.7)	(11.8)	(42.5)	(32.5)	(16.7)	(49.2)
Remeasurements	(1.4)	(1.4)	(2.8)	0.2	(3.8)	(3.6)
Balance as of December 31	52.7	34.5	87.2	80.4	34.4	114.8

The maturity of lease liabilities is as follows:

Year ended December 31, 2022			
(In millions of US dollars)	Seismic vessels and equipment	Buildings, fixtures and furniture	Total
Less than one year	24.3	8.3	32.6
One to five years	28.4	21.0	49.4
More than five years	-	5.2	5.2
Total	52.7	34.5	87.2

Year ended December 31, 2021			
(In millions of US dollars)	Seismic vessels and equipment	Buildings, fixtures and furniture	Total
Less than one year	31.4	10.9	42.3
One to five years	58.1	23.1	81.2
More than five years	-	5.3	5.3
Total	89.4	39.2	128.7

The following are the amounts recognised in profit and loss:

(In millions of US dollars)	December 31,	
	2022	2021
Interest on lease liabilities adopted under IFRS 16	6.4	8.8
Expenses relating to short term and low value leases	17.4	11.7
Depreciation expense of right-of-use assets	17.6	22.7
Impairment expense of right-of-use assets	-	-
Total	41.4	43.2

The Company had total cash outflows for leases of \$59.9 million in 2022, and \$60.9 million in 2021. The Company also had non-cash additions to right-of-use assets and lease liabilities of \$11.6 million in 2022 and \$0.2 million in 2021.



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Seismic support vessels

The Company leases four seismic support vessels under time-charter agreements which expire in 2024-2025. The lessor holds options to purchase each vessel from the 3rd party owner at certain times during each lease and at the end of the lease term. At the end of each lease, the 3rd party owner may also require the lessor to purchase the vessel for a pre-determined amount. Should the lessor not purchase the vessel, the 3rd party owner may require PGS to purchase the vessels for a price of \$5.5 million which is estimated to be less than fair value.

Seismic vessels

The Company leases one 3D vessel, *Sanco Swift*, under a time charter agreement which expires in 2023. The *Sanco Swift* agreement has two 2-year renewal options.

Sale and leaseback

In 2015, the Company entered into a sale and operating bareboat leaseback for the 3D vessel *PGS Apollo*. The remaining leaseback period is 3.5 years, expiring in 2025, with an option to extend for a 5-year period. PGS has the option but no obligation, to acquire the vessel after the end of year 8 (in 2023).

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options, irrespective of likelihood they will be exercised, that are not included in the lease term:

	Within five years	More than five years	Total
Year ended December 31, 2022			
<i>(In millions of US dollars)</i>			
Extension options expected not to be exercised	170.7	79.8	250.5
Termination options expected to be exercised	-	-	-
Total	170.7	79.8	250.5

	Within five years	More than five years	Total
Year ended December 31, 2021			
<i>(In millions of US dollars)</i>			
Extension options expected not to be exercised	196.6	84.5	281.1
Termination options expected to be exercised	-	-	-
Total	196.6	84.5	281.1



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Note 22 - Accrued expenses and other current liabilities

Accrued expenses consist of the following:

(In millions of US dollars)	December 31,	
	2022	2021
Accrued capex	3.0	0.9
Accrued commissions	0.3	0.6
Accrued employee benefits	32.3	25.3
Accrued interest expenses	1.6	1.1
Accrued legal expenses	7.9	10.6
Accrued revenue share	19.2	2.0
Accrued sales tax and VAT	22.2	8.3
Accrued vessel operating expenses	22.4	13.2
Provision for onerous customer contracts	-	11.0
Other	1.3	9.9
Total	110.2	82.9

Note 23 - Other non-current Liabilities

Other non-current liabilities consist of the following:

(In millions of US dollars)	December 31,	
	2022	2021
Pension liability (Note 24)	2.3	28.3
Other	2.0	2.4
Total	4.3	30.7

Note 24 - Pension Obligations

Defined benefit plans

Plan characteristics

The Company operates a defined benefit pension plan in the UK. The defined benefit plan was closed to new entrants in 2006 and to further vesting in 2015. The plan is administered through a pension trust which is legally separate from the Company. It is the Company's general practice to fund defined benefit plans in accordance with applicable statutory requirements.

In addition, as described in note 28, the CEO and one executive officer have an early retirement plan allowing for termination of employment without cause when the CEO or the executive officer reaches the age of 62. Full early retirement benefits are defined as 60% of the last base salary beginning in the year of retirement. The CEO is eligible for 85% of full benefits if he retires at the age of 62 and full benefits if he retires at the age of 65. The executive officer is eligible for full benefits if he retires at the age of 62. The early retirement benefits cease when the CEO and executive officer reach the age of 67.



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Actuarial valuations and assumptions

The actuarial valuations are performed by independent actuaries in Norway and UK.

Risks

Actuarial valuations as applied in the consolidated financial statements are based upon financial and demographic assumptions which may be impacted by future events. Such future events include, but are not limited to, longer than expected longevity of participants, lower than expected return on investments and higher than expected inflation. Changes to assumptions may increase the liabilities or reduce the value of assets of the plan.

Financial impact

A summary of changes in the plans' aggregate projected benefit obligations and fair values of assets are summarized as follows:

(In millions of US dollars)	2022	2021
Projected benefit obligations (PBO) as of January 1, (a)	222.6	232.9
Service cost	0.2	0.2
Interest cost	3.8	3.2
Social security tax	0.0	-
Actuarial loss (gain), arising from changes in financial assumptions	(93.6)	(9.0)
Actuarial loss (gain), arising from changes in demographic assumptions	(0.3)	(0.5)
Actuarial loss (gain) due to scheme experience	9.9	2.2
Benefits paid	(3.7)	(4.0)
Exchange rate effects	(21.4)	(2.4)
Projected benefit obligations (PBO) as of December 31, (a)	117.3	222.6

(a) \$2.3 million and \$3.0 million arise from unfunded plans as of December 31, 2022 and 2021, respectively.

Change in fair value of pension plan assets:

(In millions of US dollars)	2022	2021
Fair value of plan assets as of January 1,	194.2	186.6
Expected return on plan assets	3.4	2.6
Employer contributions	8.5	3.7
Actuarial gain (loss) arising from return on plan assets	(46.2)	7.0
Benefits paid	(3.2)	(3.4)
Exchange rate effects	(19.8)	(2.2)
Fair value of plan assets as of December 31,	136.9	194.2

The aggregate funded status of the plans and amounts recognized in the Company's consolidated statements of financial position are summarized as follows:

(In millions of US dollars)	Year ended December 31,	
	2022	2021
Projected benefit obligation (PBO)	117.3	222.6
Fair value of plan assets	136.9	194.2
Currency effects	0.1	(0.1)
Net pension liability (surplus)	(19.5)	28.3

The net amount recognized as accrued pension liability is presented as other non-current liabilities (see Note 23).

The net amount recognized as accrued pension surplus is presented as other non-current assets (see Note 17).



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The net periodic pension cost for the Company's defined benefit pension plans is summarized as follows:

(In millions of US dollars)	Year ended December 31,	
	2022	2021
Service cost	0.2	0.2
Interest cost	3.8	3.2
Expected return on plan assets/net interest cost	(3.4)	(2.6)
Social security tax	-	-
Net periodic pension cost	0.6	0.8

The net periodic actuarial gains and losses arising from the Company's defined benefit plans and recorded in other comprehensive income is as follows:

(In millions of US dollars)	Year ended December 31,	
	2022	2021
Actuarial gain (loss), arising from changes in financial assumptions	93.6	9.0
Actuarial gain (loss), arising from changes in demographic assumptions	0.3	0.5
Actuarial gain (loss) due to scheme experience	(9.9)	(2.2)
Actuarial gain (loss) arising from return on plan assets	(46.3)	7.0
Net actuarial gain (loss) recognized in other comprehensive income	37.7	14.3

Significant actuarial assumptions:

	2022		2021	
	Norway	UK	Norway	UK
Discount rate	3.00%	4.83%	1.90%	1.89%
Return on plan assets		4.83%		1.89%
Compensation increase	3.50%		2.75%	

The discount rate assumptions used for calculating pensions reflect the rates at which the obligations could be effectively settled. Observable long-term rates on corporate bonds are used for the Norwegian and UK plans.

Plan asset allocation

The Company's pension plan asset allocations, by asset category, are presented by major plan group as follows:

(In millions of US dollars)	Year ended December 31,	
	2022	2021
Fair value plan assets	136.9	194.2
<i>Plan assets at fair value with quoted prices in active markets for identical assets</i>		
Equity/diversified growth funds	12%	30%
Bonds	84%	57%
Real estate	2%	11%
Other	2%	2%
Total	100%	100%

Management of plan assets must comply with applicable laws and regulations in Norway and the UK where the Company provides defined benefits plans. Within constraints imposed by laws and regulations and given the assumed pension obligations and future contribution rates, assets are managed to obtain a long-term rate of return that at least reflects the chosen investment risk.

Sensitivity



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The following table show the sensitivity to the principal assumptions of the present value of the defined benefit obligation. The sensitivities shown below are approximate and each sensitivity considers one change in isolation.

(In millions of US dollars)	Change in assumptions	Change in liabilities
Discount rate	Decrease of 1.0% p.a.	19.6%
Inflation rate	Increase of 1.0% p.a.	11.7%

The Company does not expect to make further contributions to its defined benefit pension plans in 2023 as the scheme is in a surplus position.

Defined contribution plans

Substantially all employees not eligible for coverage under the defined benefit plans in Norway and the UK are eligible to participate in pension plans in accordance with local industrial, tax and social regulations. All these plans are considered defined contribution plans. For some of the plans, subject to statutory limitations, employees may make voluntary contributions in addition to the Company's contributions. Plan contributions made by the company aggregated \$6.7 million and \$6.2 million for 2022 and 2021 respectively. Plan contributions made by employees aggregated \$4.3 million and \$4.1 million for 2022 and 2021 respectively.

Note 25 – Shareholder Information

The Company is 100% owned by PGS Holding II Ltd as of December 31, 2022.

The share capital comprises of 300 ordinary shares at nominal value NOK 44,150.

All shares have equal voting rights and equal rights to dividends.

The Board of Directors will not propose any dividend to the AGM in 2023 for the year ended December 31, 2022.



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Note 26 - Related Party Transactions

The following transactions were carried out with related parties:

(In millions of US dollars)	Year ended December 31,	
	2022	2021
Group companies		
Sales of services to group companies	20.1	2.0
Interest expense paid to group companies	(10.6)	(1.9)
Dividends paid to group companies	-	(17.0)
Associates		
Sales of goods and services	33.7	36.4

Transactions with associates are mainly proceeds from sale of goods and services to Ocean Geo-Frontier Co. Ltd.

Outstanding balances with related parties were as follows:

(In millions of US dollars)	Year ended December 31,	
	2022	2021
Group companies		
Intercompany receivables	8.6	-
Intercompany liabilities	-	(6.2)
Loans with group companies	(221.0)	24.0
Total	(212.4)	17.8
Balances with associates	0.2	1.6

All transactions with related parties are priced on an arm's length basis.

Amounts payable or receivable from other group companies were repayable on demand and unsecured, and bear interest at 3-month LIBOR plus 7.5% per annum.

Chief Executive Officer ("CEO"), other Executive Officers and Directors of the Company are also on the Board of certain customers and suppliers. As of December 31, 2022 and 2021, the Company did not have any significant outstanding balances with any of these companies.



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Note 27 - Share based payment programs

RSU's and PRSU's granted under the Company's employee share- based programs are as follows:

Grant Year	Options, RSU's and PRSU's granted	Additional options granted year	Additional options granted	Description
2013	771,425	2014/2016	7,500/2,000	Restricted Stock Plan (RSU)
2014	739,500	2015/2017	2,000/17,500	Restricted Stock Plan (RSU)
2015	657,100	-	-	Restricted Stock Plan (RSU)
2015	776,100	-	-	Performance Based Restricted Stock Plan (PRSU)
2016	647,150	2018	26,200	Restricted Stock Plan (RSU)
2016	762,150	-	-	Performance Based Restricted Stock Plan (PRSU)
2017	456,320	-	-	Restricted Stock Plan (RSU)
2017	839,480	-	-	Performance Based Restricted Stock Plan (PRSU)
2018	1,746,450	-	-	Performance Based Restricted Stock Plan (PRSU)
2019	2,249,300	2020/2021	30,000/50,000	Performance Based Restricted Stock Plan (PRSU)
2020	2,399,050	-	-	Performance Based Restricted Stock Plan (PRSU)
2021	5,993,000	-	-	Performance Based Restricted Stock Plan (PRSU)
2022	6,712,000	-	-	Performance Based Restricted Stock Plan (PRSU)

The programs

In the period 2020-2022, the Company only awarded PRSUs. Settlement of the PRSUs granted and subsequent transfer of shares to the eligible employee will take place three years after the grant subject to the Company achieving a satisfactory Total Shareholder Return ("TSR") compared to the companies in LTI Comparator Group" adjusted for dividends.

For PRSUs granted under the 2020-2022 LTI Plan, 75% of the PRSUs will settle subject to the TSR goal as outlined above and 25% subject to a goal on Return on Capital Employed ("ROCE").

Effect on financial statements

For the years ended December 31, 2022 and 2021, the Company recognized compensation cost with a corresponding increase in shareholders' equity of \$0.8 million and \$2.3 million, respectively. Total net unrecognized compensation cost as of December 31, 2022 was \$3.8 million (PRSU's), which is expected to be recognized over a period of 3 years.

In 2022, the Company had a total of 480,427 shares from the Performance based Restricted Stock Units ("PRSU's") under the 2019 Long Term Incentive Plan ("LTI Plan") settled into shares. The participants had the options of (1) receive all shares, (2) receive all cash or (3) 50/50 split of shares and cash. This resulting in The Company initiated and completed a share buy-back program to cover settlement of PRSU's granted under the Company's 2019 LTI Plan for employees. 500,000 shares were bought back under the program, and 230,169 shares were used in settlement to employees. In addition, 250,258 shares were settled in cash to employees.

In 2021, the PRSU's under the 2018 LTI Plan did not result in any payout.



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The tables below detail the Company's outstanding share awards (PRSU's) for the years presented:

Year ended December 31, 2022							
Grant date	PRSU's as of December 31, 2021	PRSU's granted 2022	PRSU's forfeited	PRSU's settled relating to 2019 PRSU grant	PRSU's lapsed relating to 2019 PRSU grant	PRSU's as of December 31, 2022	Weighted-average remaining contractual term
2019	2,105,900	-	(30,800)	(488,366)	(1,506,626)	80,108	-
2020	2,223,550	-	(61,500)	(4,000)	-	2,158,050	0.65 years
2021	5,718,000	-	(135,000)	(10,000)	-	5,573,000	1.37 years
2022	-	6,712,000	(79,000)	-	-	6,633,000	2.37 years
Total	10,047,450	-	(306,300)	(502,366)	(1,506,626)	14,444,158	1.72 years

Year ended December 31, 2021							
Grant date	PRSU's as of December 31, 2020	PRSU's granted 2021	PRSU's forfeited	PRSU's settled relating to 2018 PRSU grant	PRSU's lapsed relating to 2018 PRSU grant	PRSU's as of December 31, 2021	Weighted-average remaining contractual term
2018	1,577,350	-	-	-	(1,577,350)	-	-
2019	2,158,900	50,000	(103,000)	-	-	2,105,900	0.47 years
2020	2,384,550	-	(161,000)	-	-	2,223,550	1.65 years
2021	-	5,993,000	(275,000)	-	-	5,718,000	2.37 years
Total	6,120,800	6,043,000	(539,000)	-	(1,577,350)	10,047,450	1.82 years

The table below details the Company's assumptions used to calculate estimated fair value at grant date:

Grant date	Options, RSU's and PRSU's outstanding December 31, 2022	Average exercise price	Weighted average share price at grant date	Risk free rate	Dividend yield	Volatility factor	Weighted average life	Estimated fair value at grant date (average NOK/USD per share option/RSU/PRSU)
2016 (a)	-	NOK 0	NOK 24.55	N/A	-	N/A	N/A	NOK 24.54 / \$2.99
2016 (b)	-	NOK 0	NOK 24.56	N/A	-	N/A	N/A	NOK 18.99 / \$2.32
2017 (a)	-	NOK 0	NOK 14.59	N/A	-	N/A	N/A	NOK 14.59 / \$1.71
2017 (b)	-	NOK 0	NOK 14.59	N/A	-	N/A	N/A	NOK 10.17 / \$1.19
2018 (b)	-	NOK 0	NOK 40.70	N/A	-	N/A	N/A	NOK 31.29 / \$3.88
2019 (b)	80,108	NOK 0	NOK 13.39	N/A	-	N/A	N/A	NOK 10.50 / \$1.23
2020 (b)	2,158,050	NOK 0	NOK 3.40	N/A	-	N/A	N/A	NOK 2.15 / \$0.24
2021 (b)	5,573,000	NOK 0	NOK 5.36	N/A	-	N/A	N/A	NOK 4.03 / \$0.49
2022 (b)	6,633,000	NOK 0	NOK 5.20	N/A	-	N/A	N/A	NOK 4.31 / \$0.44
Total	14,444,158							

(a) Restricted Stock Units ("RSU")

(b) Performance based Restricted Stock Units ("PRSU")

The estimated fair value of the RSU and PRSU's granted are lower than the weighted average share price at the same date as the fair value calculations include adjustment for expected dividends up to vesting. In addition, the fair value of the PRSU's is reduced due to the performance conditions in the program.



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Note 28 – Salaries and Other Personnel Costs, Number of Employees, and Remuneration to the Board of Directors, Executive Officers and Auditors

Salary and social expenses that are included in cost of sales, research and development costs and selling, general and administrative costs consist of:

(In millions of US dollars)	Year ended December 31,	
	2022	2021
Salaries and bonuses	120.0	118.5
Social security	11.9	10.5
Pension	8.9	6.1
Other benefits	12.2	13.0
Total	153.0	148.1

The Company had an average of 944 and 915 employees during the years ended December 31, 2022 and 2021, respectively.

Chief Executive Officer (“CEO”)

In 2022 and 2021, the Company paid compensation to its CEO as follows:

Name	Position	Year	Total compensation paid in 2022 (a)				Total paid salary and compensation (in dollars)	Pension benefits (e)
			Fixed salary	Bonus (b)	PRSUs (c)	Other benefits (d)		
Rob Adams								
Chief Executive Officer			366,961	130,450	5,634	17,533	520,578	33,486

(a) Amounts in NOK have been translated to US Dollars using average exchange rate for 2022 of NOK/USD 9.6245.

(b) Bonus paid out, based on the prior years bonus agreement.

(c) The PRSU remuneration is related to PRSUs settled from the 2019 PRSU grants.

(d) Includes items such as car allowance, house allowance, telephone, internet and other minor benefits.

(e) Contribution to defined contribution plans (Norway) and earned benefits for members of the defined benefit plan.

Name	Position	Year	Total compensation paid in 2021 (a)				Total paid salary and compensation (in dollars)	Pension benefits (d)
			Fixed salary	Bonus (b)	PRSUs	Other benefits (c)		
Rob Adams								
Chief Executive Officer			396,931	-	-	32,749	429,680	36,670

(a) Amounts in NOK have been translated to US Dollars using average exchange rate for 2021 of NOK/USD 8.5991.

(b) There was no performance related bonus plan for 2020 and management did not receive any bonus payments in 2021.

(c) Includes items such as car allowance, house allowance, telephone, internet and other minor benefits.

(d) Contribution to defined contribution plans (Norway) and earned benefits for members of the defined benefit plan.

(e) Berit Osnes as Executive Vice President of New Energy from 1 April 2021.



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PRSU's held by the CEO as of December 31, 2022 and 2021, were as follows:

Name	PRSU's as of December 31, 2021	PRSU's granted 2022	PRSU's forfeited	PRSU's settled relating to 2019 PRSU grant	Marked value PRSU's settled relating to 2019 PRSU grant (USD)	PRSU's lapsed relating to 2019 PRSU grant	PRSU's as of December 31, 2022	Weighted average remaining contractual term
Rob Adams	280,000	196,000	-	(7,276)	5,634	(22,724)	446,000	1.66

Name	PRSU's as of December 31, 2020	PRSU's granted 2021	PRSU's forfeited	PRSU's settled relating to 2018 PRSU grant	Marked value PRSU's settled relating to 2018 PRSU grant (USD)	PRSU's lapsed relating to 2018 PRSU grant	PRSU's as of December 31, 2021	Weighted average remaining contractual term
Rob Adams	135,000	175,000	-	-	-	(30,000)	280,000	1.66

See Note 27 for further information on the share- based payments programs.

Rob Adams, CEO of the Company, had an annual fixed salary of NOK 3,154,000 in 2022. The CEO has a mutual 12-months period of notice. The CEO is, both during and after the employment, obliged to refrain from taking employment with companies that are in direct or indirect competition with PGS. This prohibition applies for a period of two years from the termination date unless the Company sets a shorter period of time.

Remuneration of auditor

Fees for audit and other services provided by the Company's auditor EY, are as follows (exclusive VAT and including out of pocket expenses):

(in millions of US dollars)	Year ended December 31,	
	2022	2021
Audit fees	1.0	1.0
Tax services	0.2	0.2
All other fees	-	0.1
Total	1.2	1.3



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Note 29 – Subsidiaries

The ownership percentage in subsidiaries as of December 31, 2022, was as follows:

Company	Jurisdiction	Shareholding and voting rights
PGS Australia Pty. Ltd.	Australia	100%
Seahouse Insurance Ltd.	Bermuda	100%
PGS Suporte Logístico e Serviços Ltda.	Brazil	100%
PGS Overseas Operation (Cyprus) Limited - under liquidation	Cyprus	90%
PGS Data Processing Middle East SAE	Egypt	100%
PGS Egypt for Petroleum Services	Egypt	100%
PGS Ghana Limited	Ghana	90%
PGS Japan K.K.	Japan	100%
Petroleum Geo-Services Asia Pacific Labuan Ltd - under liquidation	Malaysia	100%
Petroleum Geo-Services Exploration (M) Sdn. Bhd.	Malaysia	100%
PGS Data Processing & Technology Sdn. Bhd.	Malaysia	100%
PGS Geophysical Nigeria Ltd.	Nigeria	100%
PGS Shipowner AS	Norway	100%
Multiklient Invest AS	Norway	100%
PGS Falcon AS	Norway	100%
PGS Geophysical AS	Norway	100%
PGS Titans AS	Norway	100%
Natuna Ventures Pte. Ltd.	Singapore	100%
Petroleum Geo-Services Asia Pacific Pte. Ltd.	Singapore	100%
PGS Geophysical (UK) Ltd.	United Kingdom	100%
Panoceanic Energy Limited	United Kingdom	100%
PGS Seismic Services Ltd UK	United Kingdom	100%
Petroleum Geo-Services (UK) Ltd.	United Kingdom	100%
PGS Exploration (UK) Ltd.	United Kingdom	100%
PGS Geophysical (Angola) Ltd.	United Kingdom	100%
PGS Pension Trustee Ltd.	United Kingdom	100%
Petroleum Geo-Services, Inc.	United States	100%
PGS Finance, Inc.	United States	100%
PGS Imaging, S.A. de C.V. - under liquidation	Mexico	100%

Subsidiaries with minority interests are not considered significant and as such, are not disclosed in the consolidated statements of financial position and the consolidated statement of changes in shareholders' equity.



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Petroleum Geo-Services AS
Financial Statements - 2022





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Revenue statement

Petroleum Geo-services AS

Values in mill. NOK	Note	2022	2021
Operating income and operating expenses			
Revenue		-	-
Total income		<u>-</u>	<u>-</u>
Other expenses	4	2,8	2,2
Total expenses		<u>2,8</u>	<u>2,2</u>
Operating profit (loss)		<u>(2,8)</u>	<u>(2,2)</u>
Financial income and expenses			
Dividends and group contribution	7	1 250,1	351,0
Currency exchange gain (loss)		(648,3)	(155,5)
Write-down of other assets		(56,2)	(57,5)
Write-down of long-term investments		(23,1)	-
Intercompany interest income (expense)	7	68,0	98,0
Other interest income (expense)	9, 10	(761,9)	(632,2)
Other financial income (expense)	8	(70,9)	(76,3)
Net financial items		<u>(242,3)</u>	<u>(472,5)</u>
Net profit (loss) before tax		<u>(245,1)</u>	<u>(474,8)</u>
Income tax expense	6	0,2	-
Net profit (loss) after tax		<u>(245,3)</u>	<u>(474,8)</u>
Net profit or loss		<u>(245,3)</u>	<u>(474,8)</u>
Other comprehensive income			
Items that will not be classified to profit and loss		-	-
Items that may be subsequently reclassified to profit and loss		19,5	(13,2)
Total other comprehensive income		<u>19,5</u>	<u>(13,2)</u>
Total comprehensive income		<u>(225,8)</u>	<u>(488,0)</u>
Attributable to			
Other equity		19,5	-
Transferred from other equity		245,3	488,0
Total		<u>(225,8)</u>	<u>(488,0)</u>

Petroleum Geo-services AS

Side 1



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Balance sheet

Petroleum Geo-services AS

Values in mill. NOK	Note	2022	2021
Assets			
Non-current assets			
Non-current financial assets			
Investments in subsidiaries	3	6 449,1	6 472,2
Total non-current financial assets		6 449,1	6 472,2
Total non-current assets		6 449,1	6 472,2
Current assets			
Debtors			
Other short-term receivables		5,0	3,6
Receivables from group companies	7	6 102,1	4 532,2
Total receivables		6 107,1	4 535,8
Cash and cash equivalents		2 984,3	970,8
Restricted cash	5	81,9	109,8
Total current assets		9 173,2	5 616,5
Total assets		15 622,3	12 088,7



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Balance sheet

Petroleum Geo-services AS

Values in mill. NOK	Note	2022	2021
Equity and liabilities			
Equity			
Paid-in capital			
Share capital	2	13,2	13,2
Share premium reserve		2 353,2	2 353,2
Total paid-up equity		2 366,5	2 366,5
Other equity		(173,9)	71,4
Other capital reserves		63,8	44,3
Total equity		2 256,4	2 482,2
Liabilities			
Other non-current liabilities			
Liabilities to financial institutions	9, 10	5 275,0	6 225,7
Other non-current liabilities		-	8,0
Total non-current liabilities		5 275,0	6 233,8
Current liabilities			
Liabilities to financial institutions	9, 10	2 347,5	1 192,6
Liabilities to group companies	7	5 740,8	2 119,1
Other current liabilities		2,5	61,0
Total current liabilities		8 090,9	3 372,7
Total liabilities		13 365,9	9 606,5
Total equity and liabilities		15 622,3	12 088,7

Oslo, 28.04.2023
The board of Petroleum Geo-services AS

DocuSigned by:
Rune Olav Pedersen
Rune Olav Pedersen
chairman of the board

DocuSigned by:
Gottfred Langseth
Gottfred Langseth
member of the board

DocuSigned by:
Christin Steen-Nilsen
Christin Steen-Nilsen
member of the board

DocuSigned by:
Robert James Adams
Robert James Adams
general Manager

Petroleum Geo-services AS

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

(In millions of NOK)	Share capital	Additional paid-in capital	Other equity	Other capital reserves	Total
Equity as of January 1, 2021	0.3	1,389.7	546.3	-	1,936.3
Capital increase	12.9	963.4	-	57.6	1,033.9
Profit (loss) for the period	-	-	(474.8)	-	(474.8)
Other comprehensive income (loss)	-	-	-	(13.2)	(13.2)
Equity as of December 31, 2021	13.2	2,353.2	71.4	44.3	2,482.2
Profit (loss) for the period	-	-	(245.3)	-	(245.3)
Other comprehensive income (loss)	-	-	-	19.5	19.5
Equity as of December 31, 2022	13.2	2,353.2	(173.9)	63.8	2,256.4



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Statement of cash flows 01.01 - 31.12 Petroleum Geo-Services AS

(all figures in millions of NOK)	2022	2021
Cash flows provided by operating activities		
Profit (loss) for the year	(225.8)	(474.8)
Dividends/group contributions	(1,250.1)	(351.0)
Write-down of other assets	56.2	57.5
Write-down of long-term investments	23.1	-
Other items	-	40.2
Foreign exchange loss (gain)	648.3	155.5
Interest expense	1,055.2	884.6
Interest income	(364.0)	(252.6)
Decrease (increase) in restricted cash	27.9	(109.8)
Changes in current assets and current liabilities	(67.8)	91.4
Net cash provided by operating activities	(97.0)	41.0
Cash flows provided by (used in) investing activities		
Received dividends from subsidiaries	351.0	650.0
Interest from group companies	364.0	252.3
Net cash provided by (used in) investing activities	715.0	902.3
Cash flows provided by (used in) financing activities		
Proceeds from issuance of long-term debt (a)	467.7	-
Interest paid on external loans	(759.2)	(601.3)
Repayment of interest-bearing debt	(1,289.1)	
Paid in capital	-	1,038.0
Debt issuance cost	-	(249.0)
Interest paid on intercompany loans	(296.0)	(154.3)
Net change intercompany balances	3,272.0	(5.9)
Net cash provided by (used in) financing activities	1,395.5	27.5
Cash and cash equivalents		
Net increase (decrease) in cash and cash equivalents	2,013.5	970.8
Cash and cash equivalents at beginning of period	970.8	0.0
Cash and cash equivalents as of 31 December	2,984.3	970.8



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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 2022 financial statements have been prepared based on the going concern basis which, the Directors believe to be appropriate. Refer to "Financing status" section in the Board of Directors report and Note 9 and 10 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 subsidiaries 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.



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Note 1 Accounting principles cont.

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.



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Note 1 Accounting principles cont.

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.



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Note 1 Accounting principles cont.

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 2022, 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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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, 2022.

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.

Note 3 Shares in subsidiaries

The following table illustrates the summarized financial information as of December 31, 2022:

(In millions of NOK)	Registered office	Shareholding (a)	Book value	Equity (b)	Impairments 2022	Net income 2022 (b)
PGS Titans AS	Oslo	100%	1,390.0	1,186.2	-	72.5
PGS Geophysical AS	Oslo	100%	3,963.7	2,435.5	-	(90.1)
Petroleum Geo-Services Asia Pasific Pte. Ltd	Singapore	100%	19.4	19.4	(23.1)	170.2
Petroleum Geo-Services (UK) Ltd	London	100%	1,007.5	1,674.3	-	(18.7)
PGS Falcon AS	Oslo	100%	-	(1,782.7)	-	(892.1)
Multiklient AS	Oslo	100%	10.0	2,424.5	-	1,120.7
Seahouse Insurance Ltd	Bermuda	100%	27.6	31.3	-	(15.8)
PGS Japan KK	Japan	100%	-	59.6	-	(0.4)
PGS Geophysical Nigeria Ltd	Nigeria	100%	0.3	2.2	-	(25.5)
Petroleum Geo-Services Inc	Houston	100%	-	(805.1)	-	(282.6)
PGS Australia Pty Ltd	Perth	100%	-	(649.5)	-	19.5
PGS Venezuela de C.A.	Venezuela	100%	-	-	-	-
PGS Supporte Logistico e Servicios Ltda (c)	Brazil	26%	23.5	108.2	-	1.5
PGS Imaging S.A de C.V	Mexico	100%	-	(43.2)	-	(0.7)
PGS Data Processing Middle East SAE (Egypt)	Egypt	98%	7.1	19.3	-	(0.7)
Total			6,449.1		(23.1)	

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

(b) Preliminary numbers where subsidiary financials not completed.

Amounts in USD have been translated to NOK using exchange rate of USD/NOK 9.9095.

(c) Remaining shareholding is held by PGS Geophysical AS

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

(In millions of NOK)	Registered office	Shareholding (a)	Book value	Equity (b)	Impairments 2021	Net income 2021 (b)
PGS Titans AS	Oslo	100%	1,390.0	1,228.6	-	168.9
PGS Geophysical AS	Oslo	100%	3,963.7	2,277.3	-	(567.1)
Petroleum Geo-Services Asia Pasific Pte. Ltd	Singapore	100%	42.5	225.3	-	200.2
Petroleum Geo-Services (UK) Ltd	London	100%	1,007.5	673.3	-	47.6
PGS Falcon AS	Oslo	100%	-	(2,493.4)	-	(679.7)
Multiklient AS	Oslo	100%	10.0	1,644.5	-	610.5
Seahouse Insurance Ltd	Bermuda	100%	27.6	77.1	-	(8.4)
PGS Japan KK	Japan	100%	0.0	50.4	-	8.5
PGS Geophysical Nigeria Ltd	Nigeria	100%	0.30	3.2	-	38.8
PGS EM Ltd	London	100%	-	(1,028.2)	-	(48.3)
Petroleum Geo-Services Inc	Houston	100%	-	(610.7)	-	58.0
PGS Australia Pty Ltd	Perth	100%	-	(602.3)	-	(3.4)
PGS Venezuela de C.A.	Venezuela	100%	-	-	-	0.0
PGS Supporte Logistico e Servicios Ltda (c)	Brazil	26%	23.5	60.4	-	41.0
PGS Imaging S.A de C.V	Mexico	100%	-	-	-	0.0
PGS Data Processing Middle East SAE (Egypt)	Egypt	98%	7.1	10.8	-	(4.8)
Total			6,472.2		-	

(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



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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 31.12.2022, no loans or collateral are given to the Board of Directors.

Ordinary audit fees for 2022 and 2021 are NOK 0.3 million ex. VAT and NOK 0.3 million ex. VAT respectively, and are entirely related to the audit of the financial statements.

Note 5 Restricted cash

The company holds restricted cash deposits related to various bank guarantees, as of December 31, 2022 and December 31, 2021 this amounts to NOK 81,9 million and NOK 109,8 million, respectively.

Note 6 Income taxes

Income tax consists of the following:

(In thousands of NOK)	Year ended December 31,	
	2022	2021
Current taxes	0.2	-
Deferred taxes	-	-
Total income tax expense	0.2	-

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:

(In thousands of NOK)	Year ended December 31,	
	2022	2021
Income (loss) before income tax expense	(245.1)	(474.8)
IFRS items	19.5	-
Norwegian statutory rate	22%	22%
Provision for income taxes at statutory rate	(49.6)	(104.4)
Permanent differences	(96.4)	(64.9)
Change deferred tax (assets) liabilities	146.1	169.4
Paid foreign tax and WHT expense	0.2	-
Calculated income tax expense for the year	0.2	-

Calculation of taxable income

Ordinary result before tax	(245.1)	(474.8)
IFRS items	19.5	-
<i>Permanent differences</i>		
Dividend	(614.2)	(351.0)
Effect of extinguishment and modification debt, refer to Note 8	-	(1.8)
Impairment of shares and receivables	56.2	57.5
Interest deduction rule	665.8	-
Other permanent differences	70.2	-
Change in temporary differences	-	-
Taxable income	(47.6)	(770.0)

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

(In thousands of NOK)	December 31,	
	2022	2021
Other temporary differences	-	-
NOL carry-forward	1,434.0	770.0
Deferred tax assets base	1,434.0	770.0
Deferred tax (assets) liabilities on temporary differences	315.5	169.4
Recognized deferred tax (assets) liabilities	-	-

Although the company believes 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.



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Note 7 Transactions with related parties

The Company is part of the PGS Group has the Group Treasury function.

Financial Items from group companies

(In thousands of NOK)	Year ended December 31,	
	2022	2021
<i>Dividend:</i>		
Petroleum Geo-Services (UK) Ltd	349.6	-
Petroleum Geo-Services Asia Pasific	213.9	-
Seahouse Insurance Ltd	49.2	-
PGS Supporte Logistico e Servicios	12.4	-
PGS Titans AS	-	351.0
Total	625.1	351.0
<i>Group contribution:</i>		
Multiklient Invest AS	625.0	-
Total	625.0	-
<i>Interests:</i>		
Interest income from group companies	364.0	252.3
Interest expenses to group companies	(296.0)	(154.3)
Total	68.0	98.0

Related party balances:

(In thousands of NOK)	December 31,	
	2022	2021
Intercompany receivables	6,102.1	4,532.2
Intercompany liabilities	(5,740.8)	(2,119.1)
Total	361.3	2,413.1

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.

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:

(In thousands of NOK)	Year ended December 31,	
	2022	2021
Amortization of deferred loan costs	(98.0)	(98.0)
Loss related to modification and extinguishment of debt (see Note 9)	-	(4.1)
Gurantee fee from PGS Titans AS	28.0	27.0
Other	(0.9)	(1.2)
Total	(70.9)	(76.3)

Note 9 Debt

Non-current interest bearing debt consists of the following:

(In millions of NOK)	December 31,	
	2022	2021
<i>Secured</i>		
Term loan B, Libor + 6-750 basis points (linked to total leverage ratio ("TRL")), due 2024	7,312.6	7,710.4
Super Senior Loan, Libor + 675 basis points, due 2024	495.4	-
Total loans gross	7,808.0	7,710.4
Less current portion	(2,347.5)	(1,192.6)
Less deferred loan costs	(139.7)	(209.8)
Less modification of debt treated as extinguishment	(45.8)	(82.3)
Non-current interest bearing debt	5,275.0	6,225.7



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Note 9 Debt cont.

Credit Facility

At December 31, 2022, the Senior Secured Credit Facility (the "Credit Facility") as amended and originated in 2007 comprises of a \$737.9 million (\$873.0 million on December 31, 2021) Term Loan B (the "Term Loan" or "TLB"). On February 9, 2021, Petroleum Geo-Services AS replaced PGS ASA as the Norwegian borrower, 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 except assets pledged to the Export Credit Loans for which it has an indirect 2nd lien 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.

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").

As less than 100% of the RCF and TLB lenders consented to the amendments, the Company 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 RCF and TLB to be implemented and bind all RCF and 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 existing loan agreements have a liquidity sweep requirement where liquidity reserve in excess of \$200 million at quarter-end shall be used to repay (i) deferred amortizations of the Export Credit Financing ("ECF") loans and (ii) the \$135 million TLB amortization due in September 2022. The \$135 million TLB amortization was repaid in September 2022. As of December 31, 2022, the remaining deferred ECF amount was \$83 million, which was repaid in Q1 2023. Following the repayment of the deferred ECF amount, and first applicable at March 31, 2023, a mandatory liquidity sweep for liquidity reserve in excess of \$175 million will be applied against the nearest scheduled amortization on the Term Loan B.

There are two financial maintenance covenants: Maximum Total Net Leverage Ratio and Minimum Liquidity. Total Net Leverage Ratio shall not exceed 3.25x through December 31, 2022, and 2.75x thereafter. The Total Net Leverage Ratio is calculated as the consolidated indebtedness, net of restricted cash held for debt service in respect of the Export Credit financing and unrestricted cash and cash equivalents, divided by adjusted EBITDA less non pre-funded MultiClient library investments. The minimum liquidity covenant says unrestricted cash and cash equivalents shall not be below \$75 million, with an extra reporting obligation if cash and cash equivalents fall below \$115 million. There are customary cure periods and provisions.

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 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.

If the corporate family rating from Moody's or Standard & Poor's is below B3/B- stable outlook, the credit margin on the TLB will be 7.5%. The Company 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 1, 2023, are Caa1 and CCC+, respectively. The Credit Facility contains financial covenants and negative covenants that restrict the Company in various ways. The facility provides that:

- (i) The Company 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) 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 (deducting 100% of Net losses) and accumulates over time starting October 1, 2019.

In addition, the Credit Facility restricts or could restrict our 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.

Super Senior Loan

May 24, 2022, the Company secured a commitment for a new \$50 million senior secured debt. The loan was drawn in full October 6, 2022. The new senior secured debt has a maturity together with the Company's Term Loan B, in March 2024 with an option to extend it with 1 year at the Company's choice. The loan rank senior to the TLB and bear interest at SOFR (Secured Overnight Financing Rate) plus a margin of 675 basis point. The loan documentation contains financial covenants and negative covenants that replicates those of the TLB (described above under heading Credit Facility).



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Note 10 Financial 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, estimated fair values of debt and derivatives instruments including how fair value is determined are summarized as follows:

<i>In thousand NOK</i>	Hierarchy Level	December 31, 2022		December 31, 2021	
		Nominal value	Fair Values	Nominal value	Fair values
FINANCIAL ASSETS					
Derivatives designated as hedging instruments					
Interest rate swaps	2	4.2	4.2	-	-
Total		4.2	4.2	-	-
FINANCIAL LIABILITIES					
Financial Liabilities at amortized cost					
Debt with fixed interest rate	2				
Debt with variable interest rate	2	(7,808.0)	(7,453.2)	(7,710.4)	(6,934.4)
Derivatives designated as hedging instruments					
Interest rate swaps	2	-	-	(14.8)	(14.8)
Total		(7,808.0)	(7,453.2)		

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 appropriate 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 hypothetical increase in LIBOR, the annual net interest expense on variable rate debt, inclusive non-restricted cash holdings, would have increased by NOK 41,700 thousand.



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Note 10 Financial Instruments cont.

Financing Status

During 2022, the PGS Group liquidity position was strengthened by strong shareholder support in two private placements raising NOK 2,477 million of new equity. In May 2022, PGS completed a private placement raising approximately NOK 800 million in equity and completed in July 2022 a subsequent offering raising an additional NOK 142 million. Later in November 2022, PGS completed an additional private placement raising approximately NOK 1,536 million in equity. During 2022 PGS reduced its net interest-bearing debt by approximately 35% and were set in a well position to refinance in 2023 to address the 2024 debt maturities.

On March 31, 2023, PGS issued a \$450 million 4-year senior secured bond (the "Bonds"). The proceeds from the Bonds, together with cash on balance sheet, were used to repay \$600 million of the Term Loan B ("TLB"). After the prepayment the next and final scheduled maturity of the TLB is \$137.9 million due on March 19, 2024, which PGS expects to be able to repay from operating cash flows.

With improving cash flow generation, PGS expects to be able to manage repayment of the remainder of the Term Loan B in March 2024. However, should the market not develop as expected PGS 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 a case, PGS 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, agent or lender group. 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.

Based on the year-end cash balance and available liquidity resources, and the various refinancing alternatives being assessed, PGS has sufficient funding possibilities and liquidity to support Petroleum Geo-Services AS's operations.