



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	923 821 368
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	PGS SHIPOWNER AS
Forretningsadresse:	Lilleakerveien 4C 0283 OSLO

Regnskapsår

Årsregnskapets periode:	01.01.2021 - 31.12.2021
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Konsern

Morselskap i konsern:	Nei
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Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	ERNST & YOUNG AS
Dato for fastsettelse av årsregnskapet:	30.06.2022

Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert

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

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

Brønnøysundregistrene, 02.08.2023



Resultatregnskap

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Operating revenues	3, 7	189 000 000	206 000 000
Gain/(loss) on sale of fixed assets	9		
Sum inntekter		189 000 000	205 000 000
Kostnader			
Depreciation and amortisation expenses	9	122 000 000	130 000 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	9		27 000 000
Other expenses	10	157 000 000	106 000 000
Sum kostnader		279 000 000	263 000 000
Driftsresultat		-90 000 000	-57 000 000
Finansinntekter og finanskostnader			
Intercompany interest income (expense)	7		
Currency exchange gain (loss)			-2 000 000
Sum finansinntekter			-2 000 000
Rentekostnad til foretak i samme konsern		-6 000 000	-4 000 000
Sum finanskostnader		-6 000 000	-4 000 000
Netto finans		6 000 000	2 000 000
Ordinært resultat før skattekostnad		-84 000 000	-55 000 000
Income tax expense		2 000 000	
Ordinært resultat etter skattekostnad		-86 000 000	-55 000 000
Årsresultat		-86 000 000	-55 000 000
Årsresultat etter minoritetsinteresser		-86 000 000	-55 000 000
Totalresultat		-86 000 000	-55 000 000
Overføringer og disponeringer			
Transferred from other equity		-86 000 000	-55 000 000



Resultatregnskap

Beløp i: NOK	Note	2021	2020
Sum overføringer og disponeringer		-86 000 000	-55 000 000



Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Seismic Vessels	9	629 000 000	743 000 000
Sum varige driftsmidler		629 000 000	743 000 000
Finansielle anleggsmidler			
Investering i annet foretak i samme konsern	8	20 000 000	28 000 000
Sum finansielle anleggsmidler		20 000 000	28 000 000
Sum anleggsmidler		648 000 000	771 000 000
Omløpsmidler			
Varer			
Fordringer			
Finance lease receivables	8	11 000 000	10 000 000
Other short-term receivables		5 000 000	12 000 000
Konsernfordringer	7	107 000 000	68 000 000
Sum fordringer		123 000 000	90 000 000
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents			1 000 000
Sum bankinnskudd, kontanter og lignende			1 000 000
Sum omløpsmidler		123 000 000	90 000 000
SUM EIENDELER		772 000 000	861 000 000

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital



Balanse

Beløp i: NOK	Note	2021	2020
Share capital	2	2 000 000	2 000 000
Overkurs	2	762 000 000	914 000 000
Sum innskutt egenkapital		764 000 000	916 000 000
Opptjent egenkapital			
Other equity	2		-66 000 000
Sum opptjent egenkapital			-66 000 000
Sum egenkapital		764 000 000	850 000 000
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Public duties payable			
Kortsiktig konserngjeld	7	7 000 000	10 000 000
Other current liabilities			1 000 000
Sum kortsiktig gjeld		7 000 000	11 000 000
Sum gjeld		7 000 000	11 000 000
SUM EGENKAPITAL OG GJELD		772 000 000	861 000 000



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Journalnummer: 2022 716630

Enheten

Organisasjonsnummer: 923 821 368
Organisasjonsform: Aksjeselskap
Foretaksnavn: PGS SHIPOWNER AS
Forretningsadresse: Lilleakerveien 4C
0283 OSLO

Regnskapsår

Årsregnskapets periode: 01.01.2021 - 31.12.2021

Konsern

Morselskap i konsern: Nei

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: ERNST & YOUNG AS
Dato for fastsettelse av årsregnskapet: 30.06.2022

Grunnlag for avgivelse

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

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Brønnøysundregistrene, 26.07.2022



Organisasjonsnr: 923 821 368
PGS SHIPOWNER AS

RESULTATREGNSKAP

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RESULTATREGNSKAP			
Inntekter			
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Sum finansinntekter			-2 000 000
Rentekostnad til foretak i samme konsern		-6 000 000	-4 000 000
Sum finanskostnader		-6 000 000	-4 000 000
Netto finans		6 000 000	2 000 000
Ordinært resultat før skattekostnad			
Income tax expense		2 000 000	
Ordinært resultat etter skattekostnad		-86 000 000	-55 000 000
Årsresultat		-86 000 000	-55 000 000
Årsresultat etter minoritetsinteresser		-86 000 000	-55 000 000
Totalresultat		-86 000 000	-55 000 000
Overføringer og disponeringer			
Transferred from other equity		-86 000 000	-55 000 000



Sum overføringer og
disponeringer

-86 000 000

-55 000 000



Organisasjonsnr: 923 821 368
PGS SHIPOWNER AS

BALANSE

Beløp i: NOK	Note	2021	2020
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BALANSE - EIENDELER

Anleggsmidler Immaterielle eiendeler

Varige driftsmidler

Seismic Vessels	9	629 000 000	743 000 000
Sum varige driftsmidler		629 000 000	743 000 000

Finansielle anleggsmidler

Investering i annet foretak i samme konsern	8	20 000 000	28 000 000
Sum finansielle anleggsmidler		20 000 000	28 000 000

Sum anleggsmidler		648 000 000	771 000 000
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Omløpsmidler

Varer

Fordringer

Finance lease receivables	8	11 000 000	10 000 000
Other short-term receivables		5 000 000	12 000 000
Konsernfordringer	7	107 000 000	68 000 000
Sum fordringer		123 000 000	90 000 000

Bankinnskudd, kontanter og lignende

Cash and cash equivalents			1 000 000
Sum bankinnskudd, kontanter og lignende			1 000 000

Sum omløpsmidler		123 000 000	90 000 000
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SUM EIENDELER		772 000 000	861 000 000
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BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital

Share capital	2	2 000 000	2 000 000
Overkurs	2	762 000 000	914 000 000
Sum innskutt egenkapital		764 000 000	916 000 000

Opptjent egenkapital

Other equity	2		-66 000 000
Sum opptjent egenkapital			-66 000 000



Sum egenkapital	764 000 000	850 000 000
Sum langsiktig gjeld	0	0
Kortsiktig gjeld		
Public duties payable		
Kortsiktig konserngjeld 7	7 000 000	10 000 000
Other current liabilities		1 000 000
Sum kortsiktig gjeld	7 000 000	11 000 000
Sum gjeld	7 000 000	11 000 000
SUM EGENKAPITAL OG GJELD	772 000 000	861 000 000



Organisasjonsnr: 923 821 368
PGS SHIPOWNER AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note

Antall aksjer og aksjeeiere

Note

Antall årsverk i regnskapsåret

Virksomheten har hatt følgende antall årsverk:
0.00

Omløpsmidler Startdato Sluttdato Endring

Skattemessig fremf.undersk. Startdato Sluttdato Endring

Kortsiktig gjeld Startdato Sluttdato Endring



Statsautoriserte revisorer
Ernst & Young AS

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

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

www.ey.no
Medlemmer av Den norske Revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of PGS Shipowner AS

Opinion

We have audited the financial statements of PGS Shipowner AS (the Company), which comprise the balance sheet as at 31 December 2021, the income statement, statement of cash flows and statement of changes in shareholders' equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

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

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

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

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the



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going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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, 30 June 2022
ERNST & YOUNG AS

The auditor's report is signed electronically

Johan Lid Nordby
State Authorised Public Accountant (Norway)

Independent auditor's report - PGS Shipowner AS 2021

A member firm of Ernst & Young Global Limited

Penneo Dokumentnøkkel: 80E6F-HEMGB-SSAOT-ZHUGO-ZZEZC-YADUU



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De signerende parter sin identitet er registrert, og er listet nedenfor.

"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Johan Nordby

Statsautorisert revisor

På vegne av: Ernst & Young AS

Serienummer: 9578-5997-4-729076

IP: 213.52.xxx.xxx

2022-06-30 20:49:07 UTC



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Skatteetaten

Vår dato
27.02.2020

Din/Deres dato
18.02.2020

Saksbehandler
Joakim Engebretsen

800 80 000
Skatteetaten.no

Din/Deres referanse
AR361013984

Telefon
92251412

Org.nr
974761076

Vår referanse
2020/5184126

Postadresse
Postboks 9200 Grønland
0134 OSLO

PGS SHIPOWNER AS
Lilleakerveien 4C
0283 OSLO

Dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk

Vi viser til PGS Shipowner AS' (org.nr. 923 821 368) 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 PGS Shipowner AS org.nr 923 821 368.

PGS Shipowner 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 styre 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.



PGS Shipowner AS

The Board of Directors' Report 2021

Nature of the business

PGS Shipowner AS (the Company) is a wholly owned subsidiary of PGS Falcon AS and part of the PGS Group (PGS). The Company was founded on 29 October 2019.

The Company owns five seismic vessels, which are leased to other companies within the PGS Group (PGS).

The Company is located at Lilleaker in Oslo.

Health, Safety, Environment, Quality ("HSEQ") and gender equality

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

The PGS organization (core fleet vessels and PGS offices) had the following health and safety incident levels in 2021:

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

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

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

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

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

Going concern

Pursuant to section 3-3a of the Norwegian Accounting Act, the Board confirms that the 2021 financial statements have been prepared based on the assumption of a going concern and that it believes that this assumption is appropriate.

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



the PGS Group have in 2022 completed a equity increase, refer to finance section for further information. Together with the cost saving initiatives previously announced by PGS, the transactions strengthens PGS's liquidity profile in the currently challenging operating environment.

Financial risk

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

Interest rate risk

The Company is exposed to changes in the interest rate level as the Company's intercompany balances have a floating interest rate.

Foreign exchange risk

The Company is exposed to changes in foreign exchange rates for its short-term intercompany balances. The Company's long-term intercompany balances are mainly toward the parent company and are denominated in NOK and USD respectively. The Company has not entered into forward contracts or other agreements to reduce the Company's foreign exchange risk.

The Company's cash flow is mainly denominated in US dollars (USD) and Norwegian kroner (NOK). The Company's revenues are in USD. Operating expenses are mainly denominated in USD and NOK.

Credit risk/Liquidity risk

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

The Company's cash and cash equivalents are included in PGS' cash pool, but subordinated to significant debt commitments and the Company is a guarantor for significant portions of the group's debt. The ability of funding depends on the ability of its parent to provide funding.

Financial status

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

In May 2022 the PGS group successfully completed a Private Placement, raising gross proceeds of NOK 800 million (corresponding to approximately USD 85 million). The Board also plans to carry out a Subsequent Offering of up to 38,155,803 new shares in the Company. The net proceeds from the Private Placement and the Subsequent Offering will be used for payment of debt amortization in Q3 2022; increased buffer to the minimum liquidity covenant in existing loan agreements; together with the ongoing market recovery in the marine geophysics market, further strengthen the Company's balance sheet ahead of the Q3 2023 refinancing need; and for general corporate purposes.

PGS remains highly leveraged and may become financially challenged should it not comply with the applicable financial maintenance covenants or ultimately fail to generate sufficient cash flow and/or refinance to address the amended amortization and maturity profiles.

There is still a high debt ratio in the Company, but based on the year-end cash balance, Private Placement, available liquidity resources, and the various realistic refinancing alternatives being assessed, it is the Board's opinion that PGS has sufficient funding and liquidity to support the Company's operations and loan maturities.



Presentation of the financial statements and the Company's development

The Company's revenues are entirely related to lease of the Company's seismic vessels to other companies within the PGS Group. The contract periods are short and the internal leases are adjusted monthly in order to ensure that the Company's revenues reflect contract terms with external customers and current market rates.

Net loss for 2021 was NOK 85.8 million, compared to a loss of NOK 55.4 million in 2020. The market is still challenging negatively impacting rates on vessels.

Cash flow from operating activities was nil in 2021, compared to NOK 33.4 million in 2020. The deviation from operating profit is mainly related to impairment and change in working capital.

Market and outlook

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

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

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

The MultiClient market did not show the same level of recovery and experienced a year-over-year decline in investments in new MultiClient surveys and revenues. However, companies with more MultiClient data in proven hydrocarbon basins generally experienced a better sales development than companies with a frontier exploration oriented MultiClient portfolio. Overall the Company sees an improvement of the marine seismic market in 2022. Significant sales in the first half of 2022, including high transfer fees, is a confirmation that the PGS MultiClient library is highly attractive to our customers and that investments in exploration seismic is again increasing.

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

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

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

As to financial position the Board of Directors draws attention to the information in the Financial Status section presented above.

The Board of Directors and the Executive Management team 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.



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

Oslo, 30.06.2022
The board of PGS Shipowner AS

Rune Olav Pedersen
Chairperson

Gottfred Langseth
Board member

Christin Steen-Nilsen
Board member

Robert James Adams
General Manager



PGS Shipowner AS
Financial Statements - 2021





Income statement

PGS Shipowner AS

Values in mill. NOK	Note	2021	2020
Operating income and operating expenses			
Operating revenues	3, 7	189,2	205,5
Gain/(loss) on sale of fixed assets	9	-	(0,2)
Total income		189,2	205,3
Operating expenses			
Depreciation and amortisation expenses	9	122,5	129,5
Impairment loss	9	-	26,8
Other expenses	10	156,8	106,3
Total expenses		279,2	262,6
Operating profit		(90,0)	(57,3)
Financial income and expenses			
Currency exchange gain (loss)		0,4	(1,8)
Intercompany interest income (expense)		5,6	3,7
Net financial items		6,0	1,9
Net profit before tax		(84,1)	(55,4)
Income tax expense		1,7	-
Net profit after tax		(85,8)	(55,4)
Other comprehensive income			
Items that will not be classified to profit and loss		-	-
Items that may be subsequently reclassified to profit and loss		-	-
Total comprehensive income		(85,8)	(55,4)
Attributable to			
Transferred from other equity		85,8	55,4
Total		(85,8)	(55,4)



Balance sheet

PGS Shipowner AS

Values in mill. NOK	Note	2021	2020
Assets			
Non-current assets			
Property, plant and equipment			
Seismic Vessels	9	628,5	742,6
Total property, plant and equipment		628,5	742,6
Non-current financial assets			
Finance lease receivables	8	20,0	28,4
Total non-current financial assets		20,0	28,4
Total non-current assets		648,5	771,0
Current assets			
Debtors			
Finance lease receivables	8	10,8	10,3
Other short-term receivables		5,2	11,8
Current intercompany receivables	7	106,6	67,5
Total receivables		122,7	89,6
Cash and cash equivalents		0,5	0,5
Total current assets		123,1	90,1
Total assets		771,6	861,1





Balance sheet

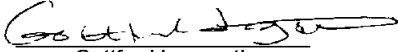
PGS Shipowner AS


Values in mill. NOK	Note	2021	2020
Equity and liabilities			
Equity			
Paid-in capital			
Share capital	2	2,0	2,0
Additional paid-in capital	2	762,3	914,4
Total paid-in equity		764,3	916,4
Other equity	2	-	(66,4)
Total shareholders' equity		764,3	850,0
Liabilities			
Current liabilities			
Accounts Payables		-	0,1
Intercompany liabilities	7	7,4	10,4
Other current liabilities		-	0,5
Total current liabilities		7,4	11,0
Total liabilities		7,4	11,0
Total equity and liabilities		771,6	861,0

Oslo, 30.06.2022
The board of PGS Shipowner AS


Rune Olav Pedersen
Chairman of the board


Christin Steen-Nilsen
Member of the board


Gottfred Langseth
Member of the board


Robert James Adams
General Manager



PGS Shipowner AS
Statements of Changes in Shareholders' Equity

(in millions of NOK)	Share capital	Additional paid-in capital	Other equity	Total
Equity as of January 1, 2020	2.0	914.4	(11.0)	905.4
Profit (loss) for the period	-	-	(55.4)	(55.4)
Equity as of December 31, 2020	2.0	914.4	(66.4)	850.0
Profit (loss) for the period	-	-	(85.8)	(85.8)
Reclassification	-	(152.2)	152.2	-
Equity as of December 31, 2021	2.0	762.3	-	764.3



PGS Shipowner AS
Statements of Cash Flows 01.01 - 31.12

(in millions of NOK)	Note	2021	2020
Cash flows provided by operating activities			
Net income		(85.8)	(55.4)
Loss/gain on sale of fixed assets		-	0.2
Ordinary depreciation of property and equipment	9	122.5	129.5
Impairment of property and equipment	9	-	26.8
Change in current intercompany balances		(36.6)	(67.8)
Change in current items related to operating activities		(0.1)	0.1
Net cash provided by operating activities		(0.0)	33.4
Cash flows provided by (used in) investing activities			
Investments in property and equipment	9	(8.4)	(13.9)
Proceeds from sale of property and equipment		-	9.6
Net cash provided by (used in) investing activities		(8.4)	(4.3)
Cash flows provided by (used in) financing activities			
Change in long-term intercompany balances		8.5	(28.6)
Net cash provided by (used in) financing activities		8.5	(28.6)
Cash and cash equivalents			
Net increase (decrease) in cash and cash equivalents		0.0	0.5
Cash and cash equivalents at beginning of period		0.5	-
Cash and cash equivalents as of 31 December		0.5	0.5



PGS Shipowner AS Notes to the financial statements

Note 1 Accounting principles

General

The financial statements of PGS Shipowner AS are included in the PGS ASA consolidated financial statements.

Basis of presentation

PGS Shipowner AS' financial statements have been prepared and presented in accordance with the regulations on simplified application of the International Financial Reporting Standards (IFRS) (FOR-2014-11-03-1415), ref. the Norwegian Accounting Act § 3.9 5th paragraph, with comparative figures for prior year. The functional currency is Norwegian kroner ("NOK"). The Company's headquarters is at Oslo, Norway. The address is Lilleakerveien 4C, 0283 Oslo.

Going concern

Pursuant to section 3-3a of the Norwegian Accounting Act, the Board confirms that the 2021 financial statements have been prepared based on the assumption of a going concern and that it believes that this assumption is appropriate.

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.

Cash and cash equivalents and restricted cash

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

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

Foreign currency translation and transactions

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



Property and equipment

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

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

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

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

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

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

Impairment of property, equipment and intangibles

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

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

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

Revenue from contracts with customers

The company leases vessels out, mainly on short term contract with a rate per day. Revenue for ongoing contracts is recognized based on the number of days earned till date.



Leases

Company as a lessor

Operating leases

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.

Financial leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. Financial leases are presented as other financial assets. in the statements of financial position, and at inception the lease is measured at an amount equal to the net investment in the lease. The net investment represents minimum lease payments and any direct expenses incurred by the lessor, discounted by the implicit interest rate. Leasing income is recognised in the income statement as operating revenues, and the interest component is recognised as other financial expense (income).

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.

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.

Statements of cash flow

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

Changes in accounting policies and disclosures

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



Note 2 Share capital, shareholders and parent company information

The Company was established on 29 October 2019. The share capital comprise of 1,000 ordinary shares at nominal value NOK 2,000. All shares have equal rights. PGS Shipowner AS is 100% owned by PGS Falcon AS.

PGS Shipowner 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, 2021:

(In millions of NOK)	Registered office	Shareholding (a)	Book value	Equity (b)	Impairments 2021	Net income 2021(b)
PGS Imaging Inc	Houston	1%	-	(47.2)	-	0.3

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

(b) The numbers are preliminary and statutory audit has not been completed.

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.

The Company's General Manager is employed in PGS Geophysical AS. No remuneration has been made to the General Manager and Board of Directors.

As of 31.12.2020 no loans or collateral are given to the General Manager, Board of Directors etc.

Ordinary audit fees for 2021 are NOK 0.38 million ex. VAT, and are entirely related to the audit of the financial statements.

Note 5 Restricted cash

The Company has no restricted bank deposits.



Note 6 Income taxes

Income tax consists of the following:

(in millions of NOK)	Year ended December 31,	
	2021	2020
Current taxes	(1.7)	-
Deferred taxes	-	-
Total income tax expense	(1.7)	-

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

	Year ended December 31,	
	2021	2020
Income (loss) before income tax expense	(84.1)	(55.4)
Norwegian statutory rate	22%	22%
Provision for income taxes at statutory rate	(18.5)	(12.2)
Permanent differences	(0.4)	-
Write down deferred tax asset	18.9	12.2
Paid foreign tax and WHT expense	(1.7)	-
Calculated income tax expense for the year	(1.7)	-
Calculation of taxable income		
Ordinary result before tax	(84.1)	(55.4)
Permanent differences	(1.7)	-
Change in temporary differences	3.7	28.2
Taxable income	(82.1)	(27.2)
Income tax payable before group contribution and foreign tax	-	-
Tax effect of group contribution received	-	-
Tax effect of group contribution distributed	-	-
Income tax payable to Norway	-	-

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

	December 31,	
	2021	2020
Fixed assets	(638.2)	(616.9)
Receivables	30.8	38.7
Other temporary differences	(102.1)	(127.6)
NOL carry-forward	(123.3)	(41.2)
Deferred tax assets base	(832.9)	(747.0)
Deferred tax (assets) liabilities on temporary differences	(183.2)	(164.4)
Recognized deferred tax (assets) liabilities	-	-



Note 7 Intercompany transactions

The Company is part of the PGS ASA Group, and has significant transactions with other companies within the Group. Intercompany transactions are mainly related to vessel lease, business support functions, and financing activities.

Intercompany revenues consists mainly of vessel leases to other companies within the PGS Group. The services are provided to the following Group companies:

(In millions of NOK)	Year ended December 31,	
	2021	2020
PGS Geophysical AS	71.4	168.9
PGS Exploration UK Ltd	62.2	26.7
Petroleum Geo Services Exploration M SDN BHD	23.2	10.0
Total revenues Group companies	156.8	205.5

Intercompany operating expenses consists mainly of cost allocations of operational services and business support services delivered from other companies within the PGS Group. The services are received from the following Group companies:

(In millions of NOK)	Year ended December 31,	
	2021	2020
PGS Geophysical AS	86.7	105.3
Total operating expenses Group companies	86.7	105.3

Sale and leaseback

In 2019 the Company entered into a sale-leaseback agreement with PGS Geophysical AS. The Company bought streamers from PGS Geophysical AS and leased them back to PGS Geophysical AS. The streamer agreement was for 5 years with a monthly rate of USD 315,854.

Other intercompany income (and expenses) including financial items are to the following Group companies:

	Year ended December 31,	
	2021	2020
PGS Geophysical AS	1.9	3.7
Petroleum Geo-Services AS	3.7	-
Total other expenses and revenues Group companies	5.6	3.7

The Company is funded by the parent PGS ASA, and intercompany interest income and expenses are entirely towards the parent company.

The Company hold the following receivables and liabilities towards Group companies:

	December 31,	
	2021	2020
Current intercompany receivables	106.6	67.5
Non-current finance lease receivables	20.0	28.4
Current finance lease receivables	10.8	10.3
Current intercompany liabilities	7.4	10.4
Net intercompany balances Group companies	130.0	95.8

Current intercompany receivables and payables towards other group companies are offset against Petroleum Geo-Services AS on a monthly basis. Non-current intercompany receivables and liabilities are entirely towards the company Petroleum Geo-Services AS, and are offset continuously with no fixed due date. Non-current intercompany receivables carry interest of 3month LIBOR + 7.5% margin. The Company has the possibility to borrow up to USD 50 million from Petroleum Geo-Services AS.



Note 8 Leases

Financial leases (as lessor)

The Company has a lease contract for various items of seismic equipment PGS Geophysical AS.

Gross investment in the lease

(In millions of NOK)	Year ended December 31,	
	2021	2020
Less than one year	11.5	11.1
One to five years	22.1	32.5
More than five years	-	-
Total gross investment in the lease	33.6	43.6
(In millions of NOK)		
Less than one year	10.8	10.3
One to five years	20.0	28.4
More than five years	-	-
Total present value of lease payments	30.8	38.7
Unearned financial income	2.8	4.9

Note 9 Property and equipment

The changes in property and equipment are as follows:

(in millions of NOK)	Vessels and seismic equipment	Total
Cost as of January 1, 2020	905.9	905.9
Capital expenditures	13.9	13.9
Transfers, disposals and reclassifications	(44.9)	(44.9)
Cost as of December 31, 2020	874.9	874.9
Capital expenditures	8.4	8.4
Transfers, disposals and reclassifications	-	-
Cost as of December 31, 2021	883.3	883.3
Accumulated depreciation and impairments as of January 1, 2020	(11.2)	(11.2)
Depreciation	(129.5)	(129.5)
Impairment	(26.8)	(26.8)
Transfers, disposals and reclassifications	35.1	35.1
Depreciation and impairments as December 31, 2020	(132.3)	(132.3)
Depreciation	(122.5)	(122.5)
Impairment	-	-
Transfers, disposals and reclassifications	-	-
Depreciation and impairments as December 31, 2021	(254.8)	(254.8)
Balance as of December 31, 2020	742.6	742.6
Balance as of December 31, 2021	628.5	628.5

In 2019 the Company increased the share capital with NOK 916,4 million through a contribution in kind from PGS Falcon AS. PGS Falcon AS transferred its vessels Ramform Sovereign, Ramform Vanguard, Ramform Explorer, Ramform Viking and Ramform Valiant to the Company.

Depreciation amounted to NOK 122.5 million and NOK 129.5 million for the years 2021 and 2020, respectively. There was no impairment in 2021. For 2020 impairment amounted to NOK 26.8 million which reflects a write-down for Ramform Viking to estimated sales value (USD 1 million). The vessel was sold for USD 1 million during 2020.



Note 10 Other operating expenses

(in millions of NOK)	Year ended December 31,	
	2021	2020
Expenses for seismic equipment	148.6	116.7
Steaming deferral, net	7.7	(11)
Other	0.5	1.1
Total	156.8	106.3

Note 11 Debt and guarantees

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

In May 2022 the PGS group successfully completed a Private Placement, raising gross proceeds of NOK 800 million (corresponding to approximately USD 85 million). The Board also plans to carry out a Subsequent Offering of up to 38,155,803 new shares in the Company. The net proceeds from the Private Placement and the Subsequent Offering will be used for payment of debt amortization in Q3 2022; increased buffer to the minimum liquidity covenant in existing loan agreements; together with the ongoing market recovery in the marine geophysics market, further strengthen the Company's balance sheet ahead of the Q3 2023 refinancing need; and for general corporate purposes.

PGS remains highly leveraged and may become financially challenged should it not comply with the applicable financial maintenance covenants or ultimately fail to generate sufficient cash flow and/or refinance to address the amended amortization and maturity profiles.

There is still a high debt ratio in the Company, but based on the year-end cash balance, Private Placement, available liquidity resources, and the various realistic refinancing alternatives being assessed, it is the Board's opinion that PGS has sufficient funding and liquidity to support the Company's operations and loan maturities.

Note 12 Subsequent events

Russia's invasion of Ukraine is deeply concerning with severe humanitarian consequences. The war is likely to significantly impact the political and security situation, as well as energy and financial markets.

The Company's operation is not directly impacted by the recent invasion, as PGS has very limited direct business activity in Russia or Ukraine.