FUSJONSPLAN

FOR FUSJON MELLOM

PGS ASA
(SOM OVERDRAGENDE SELSKAP)

OG

TGS NEWCO AS
(SOM OVERTAKENDE SELSKAP)

MED UTSTEDELSE AV VEDERLAGSAKSJER I

TGS ASA

25. oktober 2023

1. FUSJONSPARTER OG UTSTEDER AV VEDERLAGSAKSJER

1.1	Overdragerselskapet:	PGS ASA (**PGS**)
		Organisasjonsnummer: 916 235 291
		Forretningskommune: Oslo
		Adresse: Lilleakerveien 4C, 0283 Oslo
1.2	Det overtakende selskapet:	TGS NewCo AS (**TGS NewCo**)
		Organisasjonsnummer.: 931 752 200
		Forretningskommune: Oslo
		Adresse: Askekroken 11, 0277 Oslo
1.3	Som vederlagsutstedende selskap:	TGS ASA (**TGS**)
		Organisasjonsnummer: 976 695 372
		Forretningskommune: Oslo
		Adresse: Askekroken 11, 0277 Oslo

hver en **Part** og sammen **Partene**.

2. HOVEDTREKKENE I FUSJONEN

2.1 Både TGS og PGS er norske børsnoterte selskaper og opererer innen offshore- og seismikk-industrien.

2.2 TGS NewCo er et norsk heleid datterselskap av TGS.

2.3 Styret i hver av Partene er enige om å foreslå at PGS fusjoneres inn i TGS NewCo etter reglene om trekantfusjoner i lov om allmennaksjeselskap nr. 45 (**allmennaksjeloven**) § 13-2 (2). Ved gjennomføring av fusjonen vil PGS' eiendeler, rettigheter og forpliktelser i sin helhet bli overført til TGS NewCo i samsvar med kontinuitetsprinsippet, mens aksjeeierne i PGS vil motta vederlag i form av aksjer i TGS, morselskapet til TGS NewCo. PGS vil bli oppløst når fusjonen er gjennomført.

2.4 Begrunnelsen for den foreslåtte fusjonen er å forene to kompetente kommersielle miljøer innen seismikkindustrien, og derigjennom skape et sterkere og mer diversifisert geofysisk selskap og dataleverandør til energiverdikjeden, drevet av teknologi og innovasjon.

2.5 Etter fusjonen vil TGS-aksjene fortsatt være tatt opp til handel på Oslo Børs.

3. FUSJONSINNSKUDD

På Ikrafttredelsesdatoen (som definert i punkt 9.1) vil alle PGS' eiendeler, rettigheter og forpliktelser i sin helhet bli overført til TGS NewCo i samsvar med kontinuitetsprinsippet. Samtidig skal PGS oppløses.

4. FUSJONSVEDERLAG

4.1 Aksjeeierne i PGS skal motta 0,06829 ordinære aksjer i TGS for hver aksje de eier i PGS som vederlag ved fusjonen (**Fusjonsaksjer**). Bytteforholdet mellom 0,06829 aksjer i TGS for hver aksje i PGS er beregnet basert på fullt utvannet aksjekapital i PGS (inkludert PRSU-er (som definert nedenfor)).

4.2 TGS vil utstede Fusjonsaksjene gjennom en forhøyelse av aksjekapitalen som spesifisert i punkt 5 nedenfor. Fusjonsaksjene anses tegnet ved at generalforsamlingen i PGS godkjenner fusjonsplanen, jf. allmennaksjeloven § 13-3 (3).

4.3 Ved gjennomføring av fusjonen i samsvar med punkt 9 nedenfor skal tegningsbeløpet for Fusjonsaksjene gjøres opp ved at TGS NewCo utsteder en fordring til TGS i henhold til allmennaksjeloven § 13-2 (2) annet punktum (**Fusjonsfordringen**). Pålydende verdi av Fusjonsfordringen er NOK 9 185 531 520,00, som tilsvarer reell markedsverdi av egenkapitalen som skytes inn i TGS NewCo ved fusjonen, og tilsvarer det samlede antallet Fusjonsaksjer ganget med sluttkursen på TGS-aksjen på Oslo Børs dagen før fusjonsplanen ble vedtatt av de respektive Partenes styrer. Fusjonsordringen er subordinert TGS NewCos øvrige kreditorer.

4.4 Brøkdelsaksjer vil ikke bli tildelt. For hver aksjeeier vil antallet Fusjonsaksjer bli avrundet ned til nærmeste hele tall. Overskytende Fusjonsaksjer som utstedes, og som følge av avrunding ikke blir tildelt, vil bli utstedt til og solgt av SpareBank 1 Markets AS som mottakende agent. Salgsinntektene vil bli gitt til TGS, som står fritt til å gi salgsinntektene videre til veldedighet.

4.5 Levering av Fusjonsaksjene til PGS-aksjeeiere utenfor EØS-området skal skje i samsvar med relevant og gjeldende verdipapirlovgivning, som Partene vil samarbeide om å fastslå og overholde. Partene er enige om at fusjonen skal gjennomføres på en måte som ikke utløser noen registreringskrav i USA eller andre jurisdiksjoner utenfor EØS, og erkjenner at denne og andre lignende restriksjoner kan innebære et markedssalg av Fusjonsaksjene som ellers kan leveres til aksjeeiere bosatt i slike jurisdiksjoner, og overføring av inntektene fra slikt salg til hver relevante aksjeeier.

4.6 Fusjonsaksjene vil ikke bli registrert i henhold til U.S. Securities Act og kan ikke tilbys eller selges i USA uten registrering eller et gjeldende unntak fra registreringskravene i henhold til U.S. Securities Act. Fusjonsaksjer vil derfor kun bli levert til PGS-aksjeeiere som enten (i) ikke er amerikanske personer som definert i Regulation S i U.S. Securities Act, eller (ii) "accredited investors" som definert i Regulation D i US Securities Act. Aksjeeiere i PGS som ikke er kvalifiserte amerikanske aksjeeiere, vil motta kontant oppgjør i stedet for Fusjonsaksjene etter et salg av slike Fusjonsaksjer som de ellers ville ha rett til å motta. Slike Fusjonsaksjer som de ikke-kvalifiserte amerikanske aksjeeierne ellers hadde hatt krav på, vil bli solgt av mottaksagenten som er utnevnt, for regning og risiko til den relevante mottakeren med en proporsjonal fordeling av netto salgsinntekter blant de ikke-kvalifiserte amerikanske aksjeeiere.

5. AKSJEKAPITALFORHØYELSE I TGS

5.1 Før Ikrafttredelsesdatoen skal TGS vedta en beslutning om å forhøye aksjekapitalen for å utstede Fusjonsaksjer med virkning fra Ikrafttredelsesdatoen som definert i punkt 9.1. Den uavhengige sakkyndige uttalelsen vedrørende Fusjonsfordringen finnes i Vedlegg 3.3.

5.2 Som ledd i godkjennelsen av fusjonen skal generalforsamlingen i TGS treffe følgende beslutning om kapitalforhøyelse:

1. Aksjekapitalen i TGS forhøyes med NOK 16 309 537,50 ved utstedelse av 65 238 150 aksjer hver pålydende NOK 0,25.

2. Aksjene utstedes til aksjeeierne i PGS som angitt i PGS' aksjeeierbok i Euronext Securities Oslo (VPS) 2 handelsdager etter at fusjonen er gjennomført, i henhold til normal oppgjørssyklus i Euronext Securities Oslo (T+2), og skal anses tegnet ved at generalforsamlingen i PGS godkjenner fusjonsplanen datert 25. oktober 2023 for fusjonen mellom PGS og TGS NewCo. Fusjonsaksjer som er overskytende grunnet avrunding av brøkdelsaksjer, skal utstedes til oppgjørsagenten, SpareBank 1 Markets AS, som vil selge aksjene og gi salgsinntektene til TGS.

3. Tegningskursen er NOK 140,80 per aksje, noe som resulterer i et samlet tegningsbeløp på NOK 9 185 531 520,00.

4. Tegningsbeløpet gjøres opp ved at TGS NewCo utsteder en fordring til TGS ved gjennomføring av fusjonen, se allmennaksjeloven § 13-2 (2) annet punktum. Pålydende verdi på fordringen er NOK 9 185 531 520,00, som tilsvarer markedsverdien av den egenkapitalen som blir skutt inn i TGS NewCo ved fusjonen.

5. Tingsinnskuddet er nærmere beskrevet i den sakkyndige redegjørelsen fra KWC Revisjon AS.

6. De nye aksjene gir rett til utbytte fra datoen for generalforsamlingen som vedtar fusjonen, og andre aksjeeierrettigheter i TGS fra datoen for registrering av kapitalforhøyelsen i Foretaksregisteret. Fra samme tidspunkt skal vedtektenes § 5 endres for å gjenspeile den nye aksjekapitalen og det nye antall aksjer.

7. Kostnadene knyttet til kapitalforhøyelsen er estimert til NOK 150 000.

8. Gjennomføring av denne beslutningen er betinget av at fusjonen mellom PGS og TGS NewCo trer i kraft.

5.3 Vedtektene for TGS etter Ikrafttredelsesdatoen er inkludert i Vedlegg 3.2.

6. KOMPENSASJON FOR UTBYTTE I TGS

6.1 Som det fremgår av punkt 5.2 nr. 6, skal aksjeeierne i PGS kompenseres for ethvert utbytte erklært av TGS etter datoen for generalforsamlingen som vedtar fusjonen, og hvor ex-datoen er før gjennomføringen av fusjonen. Slik utbyttekompensasjon skal ved gjennomføring av fusjonen utbetales kontant til hver PGS-aksjeeier med et beløp som tilsvarer:

(a) antall Fusjonsaksjer som hver PGS-aksjeeier mottar som vederlag ved fusjonen,

(b) multiplisert med det samlede utbyttet som TGS har erklært for hver TGS-aksje etter datoen for generalforsamlingen som godkjenner fusjonen, og hvor ex-datoen er før gjennomføringen av fusjonen.

6.2 Utbyttekompensasjon etter punkt 6.1 kan ikke overstige NOK verdien av 20 % av pålydende av Fusjonsfordringen og vil først utstedes ved gjennomføring av fusjonen.

7. OPPGJØR AV PRSU-ER I PGS

7.1 PGS har for tiden langsiktige insentivprogrammer datert 21. april 2021, 27. april 2022 og 26. april 2023 (**LTI-Planene**), der ansatte i PGS eller dets datterselskaper som definert i LTI-planene (**Deltakerne**) har blitt tildelt aksjer i aksjeopsjonsprogram (**PRSU**), på de vilkårene som følger av hver LTI-Plan. LTI-Planene fastsetter at dersom det skjer en Change of Control (som definert i LTI-Planene), skal alle PRSU-er som tildelt Deltakerne i henhold til LTI-planene, umiddelbart gjøres opp i sin helhet. Partene bekrefter og samtykker i at alle PRSU-er som er tildelt Deltakerne i henhold til LTI-planene, skal gjørs opp i sin helhet én (1) handelsdag før Ikrafttredelsesdatoen.

7.2 Alle PRSU-er som er tildelt under LTI-Planene til Deltakerne,

(a) inkludert eventuelle PRSU-er tildelt i henhold til LTI-planen datert 21. april 2021 som ellers skulle vært gjort opp eller bortfalt før Ikrafttredelsesdatoen i henhold til planen,

(b) inkludert eventuelle PRSU-er som er tildelt en Good Leaver (som definert i LTI-Planene),

(c) ekskludert PRSU-er tildelt en Deltaker som ikke er en Good Leaver, og som har sagt opp, gitt eller mottatt varsel om oppsigelse før Ikrafttredelsesdatoen, og

(d) ekskludert, uten at det berører punkt (a) ovenfor, alle andre PRSU-er som er bortfalt eller gjort opp i sin helhet før Ikrafttredelsesdatoen (for eksempel etter en Deltakers død),

samlet referert til som de **Kvalifiserte PRSU-ene**. Disse skal gjøres opp kontant og betales av PGS til hver Deltaker én (1) handelsdag før Ikrafttredelsesdatoen.

7.3 Kontantbeløpet som skal betales av PGS til hver Deltaker som innehar Kvalifiserte PRSU-er, skal være lik produktet av (a) og (b):

(a) antall Kvalifiserte PRSU-er Deltakeren har blitt tildelt; og

(b) den volumveide gjennomsnittskursen for PGS-aksjen på Oslo Børs to (2) handelsdager før Ikrafttredelsesdatoen.

8. GJENNOMFØRING FOR SKATTEFORMÅL

Fusjonen gjennomføres med full skattemessig kontinuitet etter skatteloven kapittel 11 og i samsvar med allmennaksjeloven kapittel 13.

9. IKRAFTTREDELSESDATO

9.1 Ikrafttredelsesdatoen er, for selskapsrettslige formål, den datoen fusjonen er registrert som gjennomført i Foretaksregisteret (**Ikrafttredelsesdatoen**).

9.2 Fra og med Ikrafttredelsesdatoen skal transaksjoner i PGS regnskapsmessig anses foretatt for TGS NewCos regning i henhold til allmennaksjeloven § 13-6 (1) nr. 2.

9.3 Det følgende skjer når fusjonen trer i kraft på Ikrafttredelsesdatoen:

(a) PGS er oppløst;

(b) PGS' eiendeler, rettigheter og forpliktelser overføres til TGS NewCo;

(c) TGS NewCo utsteder Fusjonsfordringen til TGS;

(d) aksjekapitalen i TGS forhøyes og Fusjonsaksjene utstedes til aksjeeierne i PGS;

(e) utbyttekompensasjonen i henhold til punkt 6.1 utbetales til aksjeeierne i PGS; og

(f) fusjonen gjennomføres med skattemessig kontinuitet etter skatteloven kapittel 11.

9.4 TGS og TGS NewCo skal konvertere Fusjonsfordringen til egenkapital i TGS NewCo på ikrafttredelsesdatoen.

10. VILKÅR FOR GJENNOMFØRING AV FUSJONEN

10.1 Gjennomføring av fusjonen er betinget av at følgende vilkår er oppfylt eller frafalt (helt eller delvis):

(a) kreditorfristen på seks uker iht. allmennaksjeloven § 13-15 har utløpt uten innsigelser fra kreditorer, eller dersom innsigelser fra kreditorer har blitt fremmet i løpet av kreditorfristperioden, har kreditor som har fremmet innsigelser, enten mottatt betryggende sikkerhet eller tingretten har forkastet kravet om sikkerhet etter allmennaksjeloven § 13-16;

(b) godkjennelse fra relevante konkurransemyndigheter og andre myndigheter som rimelig er påkrevd eller hensiktsmessig for gjennomføring av fusjonen, uten vilkår eller på vilkår som kan avhjelpes gjennom tiltak som etter TGS' rimelige oppfatning er akseptable, eller at alle aktuelle innstillinger og andre relevante venteperioder for meldinger til slike konkurranse- og andre myndigheter har utløpt eller blitt hevet i henhold til relevant lovgivning;

(c) verken TGS' eller PGS' gjeldsfinansiering har vært, eller kan kreves førtidig innfridd eller kansellert (eller varsel om førtidig innfrielse eller kansellering har blitt rettmessig gitt i samsvar med vilkårene i den aktuelle finansieringsavtale) som følge av mislighold (uavhengig av hvordan dette er definert i den aktuelle avtalen);

(d) Oslo Børs har bekreftet overfor TGS at vilkårene for fortsatt notering etter gjennomføring av fusjonen er oppfylt;

(e) ingen vesentlige brudd på noen vilkår eller annen forpliktelse i denne fusjonsplanen eller i fusjonsavtalen inngått mellom Partene på datoen for denne avtalen (**Fusjonsavtalen**) har funnet sted; og

(f) ikke forekommet noe vesentlig brudd på garantiene fra TGS eller PGS avgitt i bekreftelsesskrivet avgitt før de respektive generalforsamlingenes godkjennelse av fusjonsplanen.

10.2 En Part kan frafalle ett eller flere av vilkårene i punkt 10.1, helt eller delvis, som vedrører den andre Parten.

10.3 Gjennomføring av fusjonen skal registreres i Foretaksregisteret umiddelbart etter at ovennevnte vilkår er oppfylt eller frafalt. Før dette kan fusjonen ikke registreres i Foretaksregisteret.

11. REGULATORISKE MELDINGER

11.1 TGS skal være ansvarlig for å utarbeide, i samarbeid med PGS og dets rådgivere (og sammen med PGS der felles meldinger kreves), alle nødvendige meldinger til relevante myndigheter for å oppfylle kravet til meldinger (**Meldekrav**). Som en del av dette skal TGS sende relevante myndigheter utkast til meldinger, eller der TGS anser det som hensiktsmessig å melde, så snart som praktisk mulig (og der et utkast til melding er sendt inn, skal deretter en formell melding sendes til relevant myndighet så snart som praktisk mulig). Som Meldekrav forstås "Godkjennelse av transaksjonen fra Relevant Myndighet som er innhentet, eller eventuelle gjeldende venteperioder som er utløpt uten at noen undersøkelse eller prosedyre er initiert av de relevante myndighetene". Med Relevant Myndighet forstås myndigheter som det er bestemt at varsling er påkrevd/tilrådelig.

11.2 I enhver jurisdiksjon der både TGS og PGS er pålagt å inngi felles eller separat melding, skal TGS og PGS dele ansvaret for å utarbeide felles melding eller hver for seg være ansvarlig for utarbeidelsen av meldinger, alt etter omstendighetene.

11.3 Hver av TGS og PGS skal gjøre sitt beste for å samarbeide med hverandre i henhold til Fusjonsavtalen for å fastslå om det kreves innsending av søknader, eller om det kreves samtykke, tillatelser, autorisasjoner, eller godkjennelse fra tredjeparter eller myndigheter i forbindelse med fusjonen. TGS (og der det er relevant, PGS), skal foreta alle slike nødvendige eller hensiktsmessige registreringer innen rimelig og avtalt tid, og skal dermed søke alle slike samtykker, tillatelser, autorisasjoner eller godkjennelser i jurisdiksjoner hvor registrering gjøres; og svare så snart som rimelig mulig på eventuelle krav om informasjon eller dokumentasjon fra myndigheter i henhold til gjeldende rett.

12. STYRETS SAMMENSETNING

Valgkomiteen i TGS vil i forbindelse med det seneste av TGS' ordinære generalforsamling i 2024 eller kort tid etter at fusjonen er gjennomført, vurdere sammensetningen av TGS-styret, også med tanke på fusjonen.

13. SELSKAPENES VIRKSOMHET FREM TIL IKRAFTTREDELSESDATOEN

13.1 Inntil Ikrafttredelsesdatoen eller opphør av denne fusjonsplanen i samsvar med vilkårene, skal Partene (i tillegg til å sikre at alle selskaper i deres respektive konsern):

(a) i alle vesentlige henseender drive sin virksomhet på vanlig måte i samsvar med tidligere praksis, i det vesentlige i samsvar med gjeldende lover, forskrifter og beslutninger fra kompetente statlige og regulerende myndigheter, og søke å bevare vesentlige relasjoner og goodwill med kunder, leverandører og andre tredjeparter, i samsvar med deres respektive forpliktelser i henhold til Fusjonsavtalen;

(b) ikke, med forbehold om annet forutsatt eller tillatt i denne fusjonsplanen, treffe tiltak som med rimelighet kan forventes å være til skade for en vellykket gjennomføring av fusjonen, eller som den vet eller burde ha visst ville forventes å ha som virkning å forhindre at noen av vilkårene for gjennomføring blir oppfylt, eller som resulterer i en forsinkelse i den forventede tidsplanen for fusjonen; og

(c) overholde gjeldende regulatoriske og verdipapirrettslige krav med hensyn til offentliggjøring, herunder rettidig offentliggjøring av kvartals- og årsresultater, innsideinformasjon og andre vesentlige forhold,

i hvert tilfelle, unntatt med forutgående skriftlig samtykke fra den andre Part, som ikke skal holdes tilbake eller forsinkes urimelig. I den utstrekning en Part ikke har gitt eller tilbakeholdt sitt samtykke innen 7 virkedager, skal den andre Parten anses å ha gitt sitt skriftlige forhåndssamtykke i henhold til denne bestemmelsen.

13.2 Partene skal umiddelbart, i den utstrekning det ikke er forbudt i henhold til gjeldende rett, varsle den andre Part hvis den blir klar over at noen fakta, omstendigheter eller handlinger som er eller potensielt kan være eller bli uforenlige med dens forpliktelser i henhold til dette punkt 13 eller de respektive garantiene gitt i denne fusjonsplanen, eller hvis den blir kjent med at slike forhold sannsynligvis vil oppstå.

14. VILKÅR FOR UTØVELSE AV RETTIGHETER SOM AKSJEEIER, RETT TIL UTDELING OG NOTERING AV FUSJONSAKSJENE

14.1 Aksjeeiere i PGS på det tidspunkt fusjonen registreres som fullført i Foretaksregisteret (som fremgår av PGS' aksjeeierbok i Euronext Securities Oslo to (2) handelsdager etter at fusjonen er gjennomført, i henhold til normal oppgjørsperiode i Euronext Securities Oslo (T+2)), kan fra samme tidspunkt utøve sine rettigheter som aksjeeiere i TGS med hensyn til Fusjonsaksjene og har rett til utbytte og andre utdelinger på Fusjonsaksjene vedtatt etter datoen for generalforsamlingen som vedtar fusjonsplanen. Slike aksjeeiere skal umiddelbart registreres i aksjeeierregisteret til TGS.

14.2 Fusjonsaksjene skal tas opp til handel på Oslo Børs umiddelbart etter at fusjonen er gjennomført, sammen med TGS' øvrige aksjer, forutsatt at TGS offentliggjør et noteringsprospekt/unntaksdokument. TGS skal gjøre rimelige anstrengelser for å sikre at slikt noteringsprospekt/unntaksdokument utarbeides og offentliggjøres så snart som praktisk mulig etter at fusjonen er gjennomført. PGS skal gjøre rimelige anstrengelser for å yte bistand og informasjon til TGS etter behov for dette formålet.

15. SÆRSKILTE RETTIGHETER

15.1 Ingen aksjeeiere har noen spesielle rettigheter i PGS. PGS har ikke utstedt tegningsretter som nevnt i allmennaksjeloven §§ 11-1, 11-10 eller 11-12.

15.2 Ingen spesielle rettigheter eller fordeler vil bli gitt til noe styremedlem.

15.3 I tråd med PGS' retningslinjer om godtgjørelse til ledende ansatte vil konsernsjefen og administrerende direktør i PGS som en konsekvens av fusjonen motta (i) en kontantbonus på mellom 100 % og 150 % av grunnlønn ved godkjenning/gjennomføring av fusjonen, (ii) oppgjør av PRSU-ene som angitt i punkt 7, og (iii) for å forlate selskapet, sluttvederlag for en periode på 24 måneder som tilsvarer den perioden vedkommendes konkurranseforbud gjelder. Sluttvederlaget reduseres dersom han har annen inntekt i perioden.

16. REDEGJØRELSE FOR FUSJONEN OG REDEGJØRELSE FOR FUSJONSPLANEN

16.1 Rapporter om fusjonen

16.1.1 Styrene i hver av TGS NewCo og PGS har utarbeidet en rapport om fusjonen og virkningene den vil ha for det aktuelle selskapet i samsvar med allmennaksjeloven § 13-9.

16.1.2 Rapportene er inntatt i Vedlegg 1.3 og Vedlegg 2.3.

16.2 **Sakkyndig uttalelse vedrørende fusjonsplanen og kapitalforhøyelsen**

16.2.1 Styret i PGS har sørget for utarbeidelse av en sakkyndig redegjørelse vedrørende fusjonsplanen fra KWC Revisjon AS, organisasjonsnummer 898 823 962 (**KWC**), i samsvar med allmennaksjeloven §§ 13-10 (1) og (2) og 2-6 (2). Den sakkyndige redegjørelsen er inntatt i Vedlegg 2.4.

16.2.2 Styret i TGS NewCo har sørget for utarbeidelse av en sakkyndig redegjørelse vedrørende fusjonsplanen fra KWC i henhold til allmennaksjeloven §§ 13-10 (1) og (2) og 2-6 (2). Den sakkyndige redegjørelsen er inntatt i Vedlegg 1.5.

16.2.3 Styret i TGS har sørget for utarbeidelse av en sakkyndig erklæring om aksjeinnskudd i form av Fusjonsfordringen fra KWC i samsvar med allmennaksjeloven §§ 10-2 (3) og 2-6 (1) og (2). Den sakkyndige redegjørelsen er inntatt i Vedlegg 3.3.

17. REGNSKAP OG VEDTEKTER

17.1 Årsregnskap og årsberetning med revisjonsberetning for de siste tre årene samt siste halvårsrapport for PGS er inntatt i Vedlegg 2.2, jf. verdipapirhandelloven § 5-6. Gjeldende vedtekter inngår i Vedlegg 2.1.

17.2 TGS NewCo ble etablert i 2023, og det er ikke utarbeidet årsregnskap, årsberetning eller revisjonsberetning for TGS NewCo. Gjeldende vedtekter inngår i Vedlegg 1.1. Stiftelsesdokumentene inntatt i Vedlegg 1.2. Mellombalanse for TGS NewCo inngår i Vedlegg 1.3.

18. ANSATTE

I forbindelse med fusjonsprosessen vil det ikke bli en endring av arbeidsgiverenhet for noen nåværende ansatte. Følgelig vil ansatte kun oppleve en endring i (endelig og strukturelt) eierskap av arbeidsgiverenhetene i PGS-konsernet. Arbeidsmiljølovens kapittel 16 kommer således ikke til anvendelse. PGS har imidlertid til hensikt å avholde informasjons-/konsultasjonsmøter med de respektive ansattes representanter i PGS-konsernet.

19. ENDRINGER OG DISPENSASJONER

Partenes styre gis i fellesskap fullmakt til å foreta mindre endringer i fusjonsplanen uten å måtte legge frem slike endringer for generalforsamlingen og godkjenne nødvendige endringer for å registrere fusjonen og kapitalforhøyelsen i TGS i Foretaksregisteret. Videre har styret i hver av Partene fullmakt til å gi avkall eller godkjenning i henhold til denne fusjonsplanen.

20. TERMINERING

20.1 Denne fusjonsplanen kan bli terminert av en av Partene dersom vilkårene i punkt 10.1 ikke er oppfylt eller frafalt innen kl. 23:59 (CET) på toårsdagen for datoen for denne fusjonsplanen eller (i) en senere dato som Partene gjensidig skal bli enige om eller (ii) en tidligere dato dersom det er tydelig at vilkårene i punkt 10.1 ikke vil bli oppfylt eller frafalt;

20.2 I tilfelle fusjonsplanen er gyldig terminert i henhold til punkt 20 skal det gis skriftlig varsel om dette til den andre Parten, der de aktuelle bestemmelsene spesifiseres og i rimelig detalj beskriver forholdet.

20.3 Dersom fusjonen ikke gjennomføres, skal hver av Partene dekke sine egne kostnader knyttet til forhandlings- og forberedelsesprosessen (bortsett fra at dette ikke skal forhindre eventuelle krav om kontraktsbrudd, der det er aktuelt).

21. TVISTER

Eventuelle tvister mellom Partene i forbindelse med fusjonsplanen skal løses ved voldgift i henhold til voldgiftsloven av 14. mai 2004. Voldgiftsretten skal bestå av tre voldgiftsdommere, hvorav TGS og PGS skal oppnevne én voldgiftsdommer hver. Disse skal oppnevne den tredje voldgiftsdommeren, som skal lede voldgiftsretten. Voldgiftsrettens leder skal være en norsk advokat. I mangel på enighet om oppnevning av den tredje voldgiftsdommeren, skal voldgiftsdommeren oppnevnes av sorenskriveren i Oslo tingrett. Voldgiftsforhandlingene skal foregå i Oslo, og foregå på norsk, med mindre annet avtales mellom TGS og PGS. Voldgiftssaken skal anses å være innledet ved at en Part sender sin anmodning til den andre Parten om at tvisten skal løses ved voldgift.

25. oktober 2023

Styret i PGS

Walter Hafslo Qvam (Styreleder)

Anne Grethe Dalane (Nestleder)

Richard Herbert

Emeliana Dallan Rice Oxley

Anette Valbø

Trond Brandsrud

Carine Patricia Roalkvam

Eivind Rødnes Vesterås

Shona Macfarlane Grant

Ebrahim Attarzadeh

Styret i TGS NewCo AS

Kristian Juvaas Johansen (Styreleder)

Sven Børre Larsen

Helene Olaussen Hermansen

Styret i TGS tiltrer herved fusjonsplanen og forplikter seg til å beslutte den kapitalforhøyelse som fusjonsplanen krever, og å overholde utdelingsbegrensningen i punkt 6 av fusjonsplanen, og å oppfylle sine forpliktelser i punkt 5, 6, 7, 10, 11, 12 og 13 av fusjonsplanen.

Styret i TGS

Christopher Geoffrey Finlayson (Chairperson)	Luis Antonio Gomes Araujo
Bettina Regula Bachmann	Irene Egset
Grethe Kristin Moen	Svein Harald Øygard
Maurice Maher Nessim Abdel Shahid	

VEDLEGG TIL FUSJONSPLANEN

1. TGS NEWCO, DET OVERDRAGENDE SELSKAPET

1.1 Gjeldende vedtekter for TGS NewCo

1.2 Stiftelsesdokumenter

1.3 Mellombalanse for TGS NewCo

1.4 Rapport om fusjonen fra styret i TGS NewCo

1.5 Sakkyndig redegjørelse for fusjonsplanen

2. PGS, OVERDRAGERSELSKAPET

2.1 Gjeldende vedtekter for PGS

2.2 årsregnskap, årsberetning og revisjonsberetning for PGS for 2021 og 2022 samt siste halvårsrapport,

2.3 Rapport om fusjonen fra styret i PGS

2.4 Sakkyndig redegjørelse for fusjonsplanen

3. TGS, UTSTEDER AV VEDERLAGSAKSJER

3.1 Gjeldende vedtekter for TGS

3.2 Nye vedtekter for TGS

3.3 Sakkyndig redegjørelse om Fusjonsfordringen

VEDTEKTER

TGS NEWCO AS

Org.nr. 931 752 200

Fastsatt 03.10.2023

§ 1 Selskapets navn skal være TGS NewCo AS.

§ 2 Selskapets virksomhet skal være levering av data, informasjon og kunnskap, samt teknologi, tjenester og produkter, til energiindustrien.

§ 3 Selskapets aksjekapital skal være NOK 30 000 fordelt på 3 000 ordinære aksjer á NOK 10.

§ 4 For øvrig henvises til den enhver tid gjeldende aksjelovgivning.

***

STIFTELSESDOKUMENT

NFH 230636 AS

1. Stiftere

Stiftere av selskapet er:

Nytt Foretak AS, org.nr. 914 545 080, med adresse Grundingen 6, 0250 Oslo

2. Selskapets vedtekter

§ 1 Selskapets navn skal være NFH 230636 AS.

§ 2 Selskapets formål er bedriftsrådgivning og det som står i naturlig forbindelse med dette.

§ 3 Selskapets aksjekapital skal være NOK 30 000 fordelt på 3 000 ordinære aksjer à NOK 10.

§ 4 For øvrig henvises til den enhver tid gjeldende aksjelovgivning.

3. Aksjetegning

Aksjene ble tegnet av:

Nytt Foretak AS: 3 000 ordinære aksjer à NOK 10 med aksjenummer 1 - 3 000

Aksjekapitalen utgjør således NOK 30 000.

Aksjekapitalen skal innbetales kontant senest 90 dager etter at stiftelsesdokumentet er opprettet og undertegnet.

Selskapet dekker omkostningene ved stiftelsen. Dette inkluderer gebyr for elektronisk registrering i Foretaksregisteret på NOK 5 570.

4. Styre og revisor

Selskapets styre skal ved stiftelsen være:

Kristian B. Djuve, med adresse Monolitveien 14C, 0375 Oslo (Styrets leder)

Selskapet vil ikke være revisjonspliktig i stiftelsesåret, og med referanse til aksjeloven § 7-6, femte ledd besluttet stifterne at selskapets regnskaper ikke skal revideres.

5. Daglig leder

Stifterne besluttet at selskapet ikke skal ha daglig leder.

***

Oslo, 01.06.2023

Kristian B. Djuve
Styreleder, Nytt Foretak AS

TGS NewCo AS
Mellombalanse

20.10.2023

Organisasjonsnummer: 931 752 200

Balanse 20 Oktober 2023

NOK	Note	20.10.2023
Omløpsmidler		
Konsernfordringer		24,430
Sum omløpsmidler		24,430
Eiendeler		24,430
Egenkapital		
Aksjekapital		30,000
Annen egenkapital		-5,570
Sum egenkapital		24,430
Kortsiktig gjeld		
Konserngjeld		0
Sum kortsiktig gjeld		0
Sum egenkapital og gjeld		24,430

Noter til regnskapet

1. Regnskapsprinsipper

Utarbeidelse av mellombalanse er satt opp i samsvar med regnskapsloven og NRS 8 - God regnskapsskikk for små foretak.

Mellombalansen er utarbeidet på forutsetning om fortsatt drift og balansen er utarbeidet med det formål at TGS NewCo AS skal gjennomføre fusjon, og hvor det for selskapet ikke tidligere er avlagt årsregnskap da selskapet er nystiftet 1. juni 2023 (asal § 13-8.3).

Valuta

Morselskapet benytter dollar som valuta for regnskapet. Ved omregning til NOK er det benyttet gjennomsnittskurs for 2023 hentet fra statistikken til Norges Bank.

Klassifisering og vurdering av omløpsmidler

Omløpsmidler og kortsiktig gjeld omfatter normalt poster som forfaller til betaling innen ett år etter balansedagen. Omløpsmidler vurderes til laveste verdi av anskaffelseskost og virkelig verdi.

Fordringer

Kundefordringer og andre fordringer er oppført i balansen til pålydende etter fradrag for avsetning til forventet tap. Avsetning til tap gjøres på grunnlag av individuelle vurderinger av de enkelte fordringene. I tillegg gjøres det for øvrige kundefordringer en uspesifisert avsetning for å dekke antatt tap.

KPMG AS
Sørkedalsveien 6
P.O. Box 7000 Majorstuen
N-0306 Oslo

Telephone +47 45 40 40 63
Internet www.kpmg.no
Enterprise 935 174 627 MVA

Til generalforsamlingen i TGS NewCo AS (tidligere NFH 230636 AS)

Uavhengig revisors beretning til mellombalansen

Konklusjon

Vi har revidert mellombalansen for TGS NewCo AS (selskapet) pr. 20. oktober 2023 som viser en egenkapital på NOK 24 430. Mellombalansen består av balanse og beskrivelse av vesentlige anvendte regnskapsprinsipper og andre noteopplysninger.

Etter vår mening gir mellombalansen i det alt vesentlige uttrykk for selskapets finansielle stilling pr. 20. oktober 2023 i samsvar med regnskapsprinsippene beskrevet i note 1 til mellombalansen.

Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet nedenfor under *Revisors oppgaver og plikter ved revisjonen av mellombalansen*. Vi er uavhengige av selskapet i samsvar med kravene i relevante lover og forskrifter i Norge og International Code of Ethics for Professional Accountants (inkludert internasjonale uavhengighetsstandarder) utstedt av International Ethics Standards Board for Accountants (IESBA-reglene), og vi har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Innhentet revisjonsbevis er etter vår vurdering tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Presisering – Grunnlag for regnskapsavleggelse

Vi gjør oppmerksom på note 1 til mellombalansen, som beskriver grunnlaget for regnskapsavleggelse. Mellombalansen er utarbeidet for at TGS NewCo AS skal gjennomføre fusjon, og hvor det for selskapet ikke tidligere er avlagt årsregnskap da selskapet er nystiftet 1. juni 2023 (asal § 13-8.3). Som et resultat av dette anses ikke mellombalansen å være egnet for andre formål. Vår konklusjon er ikke modifisert som følge av dette.

Styrets ansvar for mellombalansen

Styret (ledelsen) er ansvarlig for å utarbeide mellombalansen i samsvar med regnskapsprinsippene beskrevet i note 1 til mellombalansen. Ledelsen er også ansvarlig for slik intern kontroll som den finner nødvendig for å kunne utarbeide en mellombalanse som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil.

Ved utarbeidelsen av mellombalansen må ledelsen ta standpunkt til selskapets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for mellombalansen så lenge det ikke er sannsynlig at virksomheten vil bli avviklet.

Revisors oppgaver og plikter ved revisjonen av mellombalansen

Vårt mål er å oppnå betryggende sikkerhet for at mellombalansen som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med ISA-ene, alltid vil avdekke vesentlig feilinformasjon. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon er å anse som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke de økonomiske beslutningene som brukerne foretar på grunnlag av mellombalansen.

Som del av en revisjon i samsvar med ISA-ene, utøver vi profesjonelt skjønn og utviser profesjonell skepsis gjennom hele revisjonen. I tillegg:

- identifiserer og vurderer vi risikoen for vesentlig feilinformasjon i mellombalansen, enten det skyldes misligheter eller utilsiktede feil. Vi utformer og gjennomfører revisjonshandlinger for å håndtere slike risikoer, og innhenter revisjonsbevis som er tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon. Risikoen for at vesentlig feilinformasjon som følge av misligheter ikke blir avdekket, er høyere enn for feilinformasjon som skyldes utilsiktede feil, siden misligheter kan innebære samarbeid, forfalskning, bevisste utelatelser, uriktige fremstillinger eller overstyring av intern kontroll.

- opparbeider vi oss en forståelse av intern kontroll som er relevant for revisjonen, for å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets interne kontroll.

- evaluerer vi om de anvendte regnskapsprinsippene er hensiktsmessige, og om den samlede presentasjonen av mellombalansen er rimelig.

- konkluderer vi på om ledelsens bruk av fortsatt drift-forutsetningen er hensiktsmessig, og, basert på innhentede revisjonsbevis, hvorvidt det foreligger vesentlig usikkerhet knyttet til hendelser eller forhold som kan skape tvil av betydning om selskapets evne til fortsatt drift. Dersom vi konkluderer med at det eksisterer vesentlig usikkerhet, kreves det at vi i revisjonsberetningen henleder oppmerksomheten på tilleggsopplysningene i mellombalansen, eller, dersom slike tilleggsopplysninger ikke er tilstrekkelige, at vi modifiserer vår konklusjon om mellombalansen. Våre konklusjoner er basert på revisjonsbevis innhentet frem til datoen for revisjonsberetningen. Etterfølgende hendelser eller forhold kan imidlertid medføre at selskapet ikke kan fortsette driften.

Vi kommuniserer med styret blant annet om det planlagte innholdet i og tidspunkt for revisjonsarbeidet og eventuelle vesentlige funn i revisjonen, herunder vesentlige svakheter i intern kontroll som vi avdekker gjennom revisjonen.

Oslo, 25. oktober 2023
KPMG AS

Dave Vijfvinkel
Statsautorisert revisor

UNOFFICIAL OFFICE TRANSLATION – IN CASE OF DISCREPANCIES, THE NORWEGIAN VERSION SHALL PREVAIL:

RAPPORT

OM FUSJON

FRA STYRENE
I
TGS NEWCO AS
OG
TGS ASA

MERGER REPORT

FROM THE BOARD OF DIRECTORS
IN
TGS NEWCO AS
AND
TGS ASA

1. FUSJONEN

1.1 Innledning

I forbindelse med forslag om fusjon av PGS ASA ("**PGS**") og TGS NewCo AS ("**TGS NewCo**") hvor TGS NewCo ved fusjonen skal overta samtlige eiendeler, rettigheter og forpliktelser i PGS mot utstedelse av vederlagsaksjer i TGS ASA ("**TGS**") som nærmere regulert i fusjonsplan datert 25. oktober 2023 ("**Fusjonsplanen**"), har styrene i TGS NewCo og TGS utarbeidet denne felles rapporten i henhold til allmennaksjeloven § 13-9 (**"asal.**")

PGS, TGS og TGS NewCo er i det følgende i fellesskap omtalt som "**Selskapene**".

1.2 Formål med fusjonen og dens betydning for Selskapene

Selskapenes styrer har inngått Fusjonsplanen som regulerer den planlagte fusjonen der PGS fusjoneres inn i et heleid datterselskap av TGS (TGS NewCo).

Begrunnelsen for den foreslåtte fusjonen er å forene to kompetente kommersielle miljøer innen seismikkindustrien, og derigjennom skape et sterkere og mer diversifisert geofysisk selskap og dataleverandør til energiverdikjeden, drevet av teknologi og innovasjon.

Fusjonen gjennomføres som en konsernfusjon etter asal. § 13-2 (2). Selskapet som utsteder vederlagsaksjer mv., er TGS, som er morselskapet til TGS NewCo som er det overtakende selskapet.

Ved gjennomføring av fusjonen vil eiendelene, rettighetene

1. THE MERGER

1.1 Introduction

In connection with a proposed merger of PGS ASA (the "**PGS**") with TGS NewCo AS ("**TGS NewCo**"), where TGS NewCo acquires all assets, rights and obligations of PGS against the issuance of consideration shares in TGS ASA ("**TGS**") as regulated in a merger plan dated 25 October 2023 (the "**Merger Plan**"), the board of directors of TGS NewCo and TGS have prepared this joint report in accordance with the Norwegian Public Limited Liability Companies Act section 13-9 (the " **Companies Act"**).

PGS, TGS and TGS NewCo are in the following collectively refer to as the "**Companies**".

1.2 Reason for the mergers and its implications for the Companies

The Companies' Boards of Directors have entered into the Merger Plan to regulate the proposed merger where PGS is to be merged into a wholly owned subsidiary of TGS (TGS NewCo).

The rationale for the proposed merger is to unite two competent commercial cultures in the seismic industry, and thereby creating a stronger and more diversified geophysical company and data provider to the energy value chain, driven by technology and innovation.

The merger will be conducted as a triangular merger in accordance with the Companies Act section 13-2 (2). The company issuing consideration in the merger will be TGS, being the parent company of TGS NewCo which is the acquiring company.

Upon completion of the merger, the assets, rights and og forpliktelsene til PGS i sin helhet bli overført til TGS NewCo i henhold til kontinuitetsprinsippet, mens aksjonærene i PGS vil motta vederlag i form av aksjer i TGS. PGS vil bli oppløst ved gjennomføring av fusjonen. TGS viderefører sin notering på Oslo Børs etter fusjonen, og fusjonsaksjene som utstedes av TGS i forbindelse med fusjonen vil være tatt opp til handel på Oslo Børs.

Fusjonen vil bli registrert og tre i kraft utenfor åpningstiden for handel på Oslo Børs.

1.3 Lovregulering mv.

Fusjonen gjennomføres etter bestemmelsene i asal. kapittel 13. Fusjonen vil bli gjennomført som en såkalt trekantfusjon etter fordringsmodellen, jf. den særskilte bestemmelsen i asal. § 13-2 andre ledd.

Fusjonen gjennomføres regnskapsmessig som en transaksjon i tråd med regnskapslovens regler.

Fusjonen gjennomføres med skattemessig kontinuitet etter reglene i skatteloven kapittel 11.

Fusjonen vil ikke anses som en skattemessig realisasjon for norske aksjonærer. For utenlandske aksjonærer reguleres den skattemessige behandlingen av de respektive lands skatteregler. I enkelte jurisdiksjoner kan det være at fusjonen anses som en skattemessig transaksjon. Alle aksjonærer oppfordres til å konsultere med skatteeksperter i sine respektive jurisdiksjoner.

1.4 Praktisk gjennomføring av fusjonen

Fusjonsplanen skal meldes og kunngjøres i Foretaksregisteret og gjøres tilgjengelig sammen med øvrige saksdokumenter for aksjonærene på henholdsvis PGS' og TGS' hjemmesider senest en måned før generalforsamlingene skal behandle Fusjonsplanen.

Fusjonen og Fusjonsplanen skal så behandles og godkjennes av generalforsamlingene i PGS og TGS NewCo. I tillegg må generalforsamlingen i TGS vedta den nødvendige kapitalforhøyelse for å utstede Fusjonsaksjene (som definert under). Fusjonen vil bli behandlet på ekstraordinære generalforsamlinger i henholdsvis PGS og TGS NewCo på samme dag, forventet å finne sted i Q4 2023. For at fusjonen skal godkjennes må den vedtas med minst to tredeler av de avgitte stemmer på generalforsamlingene.

obligations of PGS will in their entirety be transferred to TGS NewCo in accordance with the principle of continuity, while the shareholders of PGS will receive consideration in the form of shares in TGS. PGS will be dissolved upon completion of the merger. TGS will continue to be listed on Oslo Stock Exchange after the merger, and the merger shares issued by TGS in connection with the merger will be admitted to trading on Oslo Stock Exchange.

The merger will be registered and enter into force outside the trade hours of Oslo Stock Exchange.

1.3 Legal regulations etc.

The merger shall be carried out in accordance with the Companies Act chapter 13 and as a triangular merger applying the receivable model, cf. the Companies Act section 13-2 second paragraph.

The merger is carried out as a transaction for accounting purposes in accordance with the rules set out in the Norwegian Accounting Act.

The merger is implemented with full tax continuity pursuant to Chapter 11 of the Tax Act.

The merger will not be regarded as a tax realization for Norwegian shareholders. For foreign shareholders, the tax treatment is regulated by their respective countries' tax legislation. In certain jurisdictions the merger may be regarded as tax transaction. All shareholders are encouraged to consult tax advisors in their respective jurisdictions.

1.4 Practical handling of the merger

The Merger Plan shall be submitted to and published by the Norwegian Register of Business Enterprises. Additionally, it shall be made available, along with other case documents, for the shareholders on PGS' and TGS' respective website no later than one month prior to the general meetings' consideration of the Merger Plan.

The merger and the Merger Plan will thereafter be considered and approved by the general meetings of PGS and TGS NewCo. In addition, the general meeting of TGS must approve the required share capital increase in order to issue the Merger Shares (as defined below). The merger shall be handled in extraordinary general meetings of PGS and TGS NewCo, respectively, on the same day, expected during Q4 2023. The merger must be approved with at least two thirds of the votes cast at the general meetings.

Etter at Fusjonsplanen er godkjent av generalforsamlingene vil fusjonsbeslutningen bli meldt til Foretaksregisteret av begge de fusjonerende selskaper.

After the Merger Plan is approved by the general meetings, the merger resolution will be submitted to the Norwegian Register of Business Enterprises by both merging companies.

Foretaksregisteret vil deretter kunngjøre fusjonsbeslutningene og dermed varsle selskapenes kreditorer om at innsigelse mot fusjonen må meldes til selskapet innen seks uker fra kunngjøringen i Brønnøysundregistrenes elektroniske kunngjøringspublikasjon. I denne seks ukers kreditorvarselperioden vil kreditorene til de fusjonerende selskapene kunne komme med innsigelser mot fusjonen.

The Norwegian Register of Business Enterprises will thereafter announce the merger resolutions and thereby notifying the companies' creditors that any objections to the merger must be served to the company within six weeks from the announcement in the Norwegian Register of Business Enterprises' electronic announcement platform. During the six weeks' creditor notice period, the creditors of the merging companies may raise objections to the merger.

Etter utløpet av seksukers-fristen vil gjennomføringen av fusjonen bli meldt til Foretaksregisteret når betingelsene for gjennomføring av fusjonen er oppfylt eller frafalt. På tidspunktet for registreringen av gjennomføringen av fusjonen i Foretaksregisteret vil PGS oppløses og TGS vil utstede Fusjonsaksjene til aksjonærene i PGS.

Following the end of the creditors' notification period and when the conditions are fulfilled or waived, the completion of the merger will be submitted to the Register of Business Enterprises. At the time of registration of completion of the merger in the Norwegian Register of Business Enterprises, PGS will be dissolved and TGS will issue the Merger Shares to the shareholders of PGS.

1.5 Betingelser for gjennomføring av fusjonen

1.5 Conditions for completion of the merger

Gjennomføring av fusjonen er betinget av:

Completion of the merger is conditional upon:

(i) Godkjenning av Fusjonsplanen i Selskapenes ekstraordinære generalforsamlinger med tilslutning fra to tredeler av de avgitte stemmer.

(i) Approval of the Merger Plan by the Companies' extraordinary general meetings with support from two thirds of the votes cast.

(ii) Kreditorfristen på seks uker iht. asal. § 13-15 har utløpt uten innsigelser fra kreditorer, eller dersom innsigelser fra kreditorer har blitt fremmet i løpet av kreditorfristperioden har kreditor som har fremmet innsigelser enten mottatt tilstrekkelig sikkerhet eller tingretten har avslått kravet om sikkerhet etter asal. § 13-16.

(ii) The six weeks creditor notification period pursuant to Section 13-15 of the Companies Act having expired without any objections from the creditors, or if any objection has been made within this notification period, the creditor having received adequate security or the court having rejected the demand for security pursuant to Section 13-16 of the Companies Act.

(iii) Godkjennelse fra relevante konkurransemyndigheter og andre myndigheter som rimelig er påkrevd eller hensiktsmessig for gjennomføring av fusjonen, uten vilkår eller på vilkår som kan avhjelpes gjennom tiltak som etter TGS' rimelige oppfatning er akseptable eller at alle aktuelle innstillinger og andre relevante venteperioder for meldinger til slike konkurranse og andre myndigheter har utløpt eller blitt hevet i henhold til relevant lovgivning.

(iii) Approval of the relevant competition authorities and other regulatory authorities that are reasonably required or expedient for the completion of the merger have been obtained without conditions or on conditions that can be remedied through measures that in the reasonable opinion of TGS are acceptable or that all applicable suspensions and other relevant time periods in relation to filings with such competition and other regulatory authorities have expired, lapsed or been terminated under applicable law.

(iv) Verken TGS' og PGS' gjeldsfinansiering har vært,

(iv) None of TGS' or PGS' debt financing having eller kan kreves førtidig innfridd eller kansellert (eller varsel om førtidig innfrielse eller kansellering har blitt rettmessig gitt i samsvar med vilkårene i den aktuelle finansieringsavtale) som følge av mislighold (uavhengig av hvordan dette er definert i den aktuelle avtalen).

(v) Oslo Børs har bekreftet til TGS at vilkårene for fortsatt notering etter gjennomføring av fusjonen er oppfylt.

(vi) TGS og PGS har ikke vesentlig brutt noen av deres forpliktelser i Fusjonsplanen eller i fusjonsavtalen inngått mellom TGS og PGS.

(vii) Det har ikke forekommet noe vesentlig brudd på garantier gitt av TGS eller PGS avgitt i bekreftelsesskrivet avgitt før de respektive generalforsamlingenes godkjennelse av fusjonsplanen.

2. FASTSETTELSE AV FUSJONSVEDERLAGET

Fusjonsvederlaget til aksjonærene i PGS består av Fusjonsaksjene i TGS som utstedes ved kapitalforhøyelse i TGS samt kontantvederlag.

Aksjonærene i PGS skal motta 0,06829 ordinære aksjer i TGS for hver aksje de eier i PGS som vederlag for fusjonen ("**Fusjonsaksjene**").

Bytteforholdet er fremforhandlet av Selskapenes styrer i samråd med Selskapenes respektive finansielle rådgivere, dvs. mellom uavhengige parter, og er således fastsatt på markedsmessige vilkår. Det har ikke vært særlige vanskeligheter ved fastsettelsen av fusjonsvederlaget.

TGS vil utstede Fusjonsaksjene gjennom en økning av aksjekapitalen som spesifisert i Fusjonsplanen. Fusjonsaksjene anses å være tegnet ved at generalforsamlingen i PGS godkjenner Fusjonsplanen, jf. asal. § 13-3 (3).

Ved gjennomføring av fusjonen skal tegningsbeløpet for Fusjonsaksjene gjøres opp ved at TGS NewCo utsteder en fordring til TGS, i henhold til asal. § 13-2 (2) annet punktum ("**Fusjonsfordringen**"). Pålydende verdi av Fusjons-fordringen skal være NOK 9 185 531 520, som tilsvarer

been, or being capable of being, accelerated or cancelled (or notice of acceleration or cancellation having been rightfully served in accordance with the terms of the applicable debt financing agreement) as a result of an event of default (however defined in the relevant finance agreement).

(v) The Oslo Stock Exchange has confirmed to TGS that the conditions for continued listing following completion of the merger are fulfilled.

(vi) TGS and PGS have not materially breached any of its obligations or covenants included in the Merger Plan or in the merger agreement entered into between TGS and PGS.

(vii) No material breach of warranties given by TGS or PGS in the bring down letter provided prior to the respective general meetings' approval of the merger plan.

2. DETERMINATION OF THE MERGER CONSIDERATION

The merger consideration to the shareholders of PGS will consist of Merger Shares in TGS that will be issued in the capital increase and a cash consideration.

The shareholders of PGS shall receive 0.06829 ordinary shares in TGS for each share they own in PGS as consideration for the merger (the "**Merger Shares**").

The exchange rate is determined through negotiations between the Companies Board of Directors with the advice from the Companies' respective financial advisors, i.e. between unrelated parties, and is thereby in accordance with market terms. There have not been any particular difficulties in connection with the determination of the merger consideration.

TGS will issue the Merger Shares through an increase of its share capital as specified in the Merger Plan. The Merger Shares are deemed to have been subscribed for by way of the general meeting of PGS approving the Merger Plan, cf. Section 13-3 (3) of the Companies Act.

Upon completion of the merger, the subscription amount for the Merger Shares shall be settled by TGS NewCo issuing a receivable to TGS, pursuant to Section 13-2 (2) second sentence of the Companies Act (the "**Merger** virkelig verdi av egenkapitalen tilført TGS NewCo i forbindelse med fusjonen, som er totalt antall Fusjonsaksjer multiplisert med sluttkursen på TGS-aksjer på Oslo Børs datoen før fusjonsplanen godkjennes av Selskapenes styrer. Fordringen skal stå tilbake for TGS NewCos øvrige kreditorer. TGS og TGS NewCo skal konvertere Fusjonsfordringen til egenkapital i TGS NewCo på gjennomføringsdatoen for Fusjonen.

Receivable"). The par value of the Merger Receivable shall be NOK 9,185,531,520, which corresponds to the fair market value of the equity contributed to TGS NewCo in connection with the merger, being the total number of Merger Shares multiplied with the closing price of TGS shares on the Oslo Stock Exchange on the date before the merger plan is resolved by the Companies' board of directors. The receivable shall be subordinated to TGS NewCo's other creditors. TGS and TGS NewCo will convert the Merger Receivable into equity in TGS NewCo on the effective date of the Merger.

Brøkdelsaksjer vil ikke bli tildelt. For hver aksjonær vil antallet Fusjonsaksjer bli rundet ned til nærmeste hele tall. Overskytende utstedte Fusjonsaksjer, som følge av avrunding ikke vil bli tildelt, vil bli utstedt til og solgt av Sparebank 1 Markets AS. Salgsinntektene vil bli gitt til TGS, som står fritt til å gi salgsinntektene videre til veldedige formål.

Fractions of Merger Shares will not be allotted. For each shareholder the amount of Merger Shares will be rounded down to the nearest whole number. Excess Merger Shares issued, which as a result of rounding will not be allotted, will be issued to and sold by Sparebank 1 Markets AS. The sales proceeds will be given to TGS, who is free to give the sales proceeds further to charity.

Da fusjonen gjennomføres regnskapsmessig som en transaksjon, fastsettes Fusjonsfordringens størrelse til virkelig verdi av eiendelene, rettighetene og forpliktelsene i PGS og vil tilsvare NOK 9 185 531 520.

As the merger is carried out as a transaction for accounting purposes, the Merger Receivable will reflect the fair value of the assets, rights and obligations in PGS and equal NOK 9,185,531,520.

Vederlagsaksjene gir rettigheter i TGS fra tidspunktet for den selskapsrettslige ikrafttredelse av fusjonen.

The consideration shares give rights in TGS from the time of the entry into force from a corporate perspective.

Aksjeeierne i PGS skal kompenseres for ethvert utbytte erklært av TGS etter datoen for generalforsamlingen som vedtar fusjonen, og hvor ex-datoen er før gjennomføringen av fusjonen.

Slik utbyttekompensasjon skal ved gjennomføringen av fusjonen utbetales kontant til hver PGS-aksjeeier med et beløp som tilsvarer:

(a) antall Fusjonsaksjer som hver PGS-aksjeeier mottar som vederlag ved fusjonen,

(b) multiplisert med det samlede utbyttet som TGS har erklært for hver TGS-aksje etter datoen for generalforsamlingen som godkjenner fusjonen, og hvor ex-datoen er før gjennomføringen av fusjonen.

Shareholders in PGS shall be compensated in cash by TGS for any dividend declared by TGS after the date of the general meeting approving the merger and for which the ex-date occurs prior to completion of the merger. Such dividend compensation shall on completion of the merger be payable in cash to each PGS shareholder in an amount equal to:

(a) the number of Merger Shares that each PGS shareholder receives as consideration for the merger,

(b) multiplied by the aggregate dividend declared by TGS on each TGS share after the date of the general meeting and for which the ex-date occurs prior to completion of the merger.

Det vises for øvrig til vedlagte sakkyndige redegjørelser for fusjonsplanen utarbeidet av KWC Revisjon AS i anledning fusjonen.

Further reference is made to the enclosed expert statements prepared by KWC Revisjon AS in connection with the merger.

3. FORHOLDET TIL DE ANSATTE

Verken TGS Newco eller PGS har ansatte.

Fusjonen vil ikke ha noen betydning for de ansatte i TGS som vil fortsette sine ansettelsesforhold uendret.

4. SKATTEMESSIGE KONSEKVENSER

Fusjonen er planlagt gjennomført med full skattemessig kontinuitet for norske skatteformål i samsvar med bestemmelsene i skatteloven kapittel 11. Dette gjelder både de involverte selskaper og aksjonærene. Fusjonen vil gjennomføres med skattemessig virkning fra samme tidspunkt som det regnskapsmessige virkningstidspunktet, dvs. fra og med fusjonens selskapsrettslige ikrafttredelsestidspunkt. Det legges til grunn at kontantvederlaget som ytes til aksjonærene i PGS i forbindelse med fusjonen ikke overstiger 20% av det totale vederlag som ytes.

At fusjonen gjennomføres med skattemessig kontinuitet innebærer at alle skatteposisjoner i PGS knyttet til eiendeler, rettigheter og forpliktelser som overføres, overføres uendret og uten at det utløses skatt i PGS eller gir oppskrivningsrett for TGS NewCo.

Skattemessig kontinuitet på aksjonærnivå innebærer at fusjonen ikke anses som en skattemessig realisasjon for norske aksjonærer. Inngangsverdien på den enkelte aksjonærs aksjer i PGS vil bli overført til de vederlagsaksjene den aktuelle aksjonæren mottar i TGS. For utenlandske aksjonærer reguleres den skattemessige behandlingen av de respektive lands skatteregler. I enkelte land kan det være at fusjonen anses som en skattemessig transaksjon. Alle utenlandske aksjonærer oppfordres til å konsultere med skatteeksperter i sine respektive jurisdiksjoner.

Den del av fusjonsvederlaget som utbetales kontant er ikke omfattet av det generelle skattefritaket som gjelder for fusjoner o.l. som gjennomføres til kontinuitet. Kontantvederlag beskattes etter de alminnelige reglene i skattelovgivningen.

Skattlegging av slikt vederlag kan, alt etter forholdene, skje som uttak, utbytte eller aksjegevinst. Siden det i dette tilfellet ikke finner sted noen endringer i eierforholdet

3. EMPLOYEES

Neither TGS NewCO nor PGS have any employees.

The merger will not have any implications for the employees in TGS who will continue their employment unchanged.

4. TAX CONSEQUENCES

The merger is planned completed with full tax continuity for Norwegian tax purposes in accordance with chapter 11 in the Norwegian Tax Act. This applies both to the involved companies and the shareholders. The merger will be completed with tax effect from the same time as the accounting effective time, i.e. as from the effective date of the merger from a corporate law perspective. It is assumed that the cash consideration to be distributed to the shareholders of PGS will not exceed 20% of the total consideration that is paid.

The merger being completed with tax continuity imply that all tax positions in PGS related to the transferred assets, rights and obligations, are transferred unchanged, and without triggering any tax in PGS or write up rights for TGS NewCo.

Tax continuity at shareholder-level entails that the merger will not be regarded as a tax realization for Norwegian shareholders. The acquisition value of each PGS shareholder's shares will be transferred to the consideration shares for the relevant shareholder of TGS. For foreign shareholders, the tax treatment is regulated by their respective countries' tax legislation. In some countries the merger may be regarded as tax transaction. All foreign shareholders are encouraged to consult tax advisors in their respective jurisdictions.

Such part of the consideration as is paid in cash is not covered by the general tax exemption that applies to mergers etc. that are completed in accordance with principles of continuity. Cash considerations are taxed in accordance with the ordinary tax rules.

Taxation of such consideration may, dependent on the facts and circumstances, be deemed as withdrawals, dividends or capital gains. As no changes are made to mellom aksjonærene (utover minimale justeringer som følge av brøkdelsaksjer) og kontantutdelingene er ment å stille aksjonærene i PGS som om de var aksjonærer TGS på tidspunktet utbyttet ble besluttet utdelt, bør utdelingene klassifiseres som utbytteutdelinger.

the ownership percentages between the shareholders (besides minimal adjustments to avoid fractional shares) and the cash consideration is intended to leave the shareholders in PGS as if they were shareholders in TGS at the time the dividends were resolved distributed, the cash consideration should be classified as dividends.

Utbytte til norske selskapsaksjonærer blir gjenstand for skatt på 0,66 %, mens utbytte til norske personlige aksjonærer blir gjenstand for skatt på 37,84 %.

Dividends to Norwegian corporate shareholders are subject to Norwegian tax at a rate of 0.66%. Dividends to Norwegian individual shareholders are subject to Norwegian tax at a rate of 37.84%.

Utbytte til utenlandske aksjonærer er i utgangspunktet gjenstand for norsk kildeskatt på 25 %, men kildeskatten kan være redusert eller bortfalt i henhold til anvendelig skatteavtale. Utbytte utdelt til for aksjeselskaper og tilsvarende selskaper hjemmehørende innenfor EU/EØS er i utgangspunktet fritatt fra norsk kildeskatt. Utenlandske aksjonærer bes konsultere sine egne skatterådgivere.

Dividends to shareholders being non-tax resident in Norway are as a starting point subject to Norwegian withholding tax at a rate of 25%, but the withholding tax may be reduced or dropped pursuant to applicable tax treaty. Dividends to limited liability companies and similar corporations tax resident within the EU/EEA area is as a starting point exempt from Norwegian withholding tax. Shareholders being non-tax resident in Norway are encouraged to consult tax advisors in their respective jurisdictions.

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[signaturside følger/signature page follows]

25 October 2023

Styret i TGS NewCo / Board of Directors of TGS NewCo

Kristian Kuvaas Johansen
Chair

Sven Børre Larsen
Board member

Helene Hermansen
Board member

Styret i TGS ASA / Board of Directors of TGS ASA

Christopher Geoffrey Finlayson
Styrets leder / Chairman of the board

Luis Antonio Gomes Araujo
Styremedlem / Board member

Bettina Regula Bachmann
Styremedlem / Board member

Irene Egset
Styremedlem / Board member

Grethe Kristin Moen
Styremedlem / Board member

Svein Harald Øygard
Styremedlem / Board member

Maurice Maher Nessim Abdel Shahid
Styremedlem / Board member

KWC
REVISJON

Haakon VIIs gate 6, 0161 Oslo +47 23 11 50 50 Org.nr. 898 823 962 kw-c.no

Til generalforsamlingen i TGS Newco AS

Redegjørelse for fusjonsplanen i overtakende selskap i konsernfusjon TGS NewCo AS

INNLEDNING

På oppdrag fra styret i TGS NewCo AS («TGS NewCo») avgir vi som uavhengig sakkyndig, i samsvar med allmennaksjeloven § 13-10 (1) og (2), jf. § 2-6 (2), denne redegjørelse for fusjonsplanen datert 25. oktober 2023, mellom TGS NewCo AS og PGS ASA («PGS»), med TGS ASA («TGS») som aksjeutstedende selskap. Ved fusjonen overtar TGS NewCo samtlige eiendeler, rettigheter og forpliktelser i PGS mot at det utstedes vederlag i aksjer i TGS.

Begrunnelsen for den foreslåtte fusjonen er å forene to kompetente kommersielle miljøer innen seismikkindustrien, og derigjennom skape et sterkere og mer diversifisert geofysisk selskap og dataleverandør til energiverdikjeden, drevet av teknologi og innovasjon.

STYRETS ANSVAR FOR REDEGJØRELSEN

Styret er ansvarlig for informasjonen redegjørelsen bygger på og de verdsettelser som ligger til grunn for vederlaget.

UAVHENGIG SAKKYNDIGES OPPGAVER OG PLIKTER

Vår oppgave er å utarbeide en redegjørelse om fusjonsplanen og å uttale oss om de eiendeler TGS NewCo skal overta, har en verdi som minst svarer til vederlaget. Den videre redegjørelsen består av tre deler. Den første delen er en presentasjon av opplysninger i overensstemmelse med de krav som stilles i allmennaksjeloven § 13-10 annet ledd og § 2-6 første ledd nr. 1 til 4. Den andre delen angir hvilke fremgangsmåter som er brukt ved fastsettelsen av vederlaget til aksjeeierne i det overdragende selskapet. Den tredje delen er vår uttalelse.

DEL 1: OPPLYSNINGER OM INNSKUDDET

TGS NewCo overtar samtlige eiendeler, rettigheter og forpliktelser i PGS. De eiendeler, rettigheter og forpliktelser selskapet skal overta ved fusjonen, fremkommer av kvartalsregnskap pr. 30.06.2023. Det har ikke vært vesentlige endringer i sammensetningen av PGS' balansetall fra 30.06.2023 til 30.09.2023 som har betydning for beskrivelsen av innskuddet.

DEL 2: FREMGANGSMÅTE VED FASTSETTELSE AV VEDERLAGET

Bytteforholdet er fastsatt basert på forhandlinger mellom styrene i PGS og TGS. Begge selskaper har vært bistått av egne finansielle rådgivere, som også har bistått med vurderinger av bytteforholdet for hvert av selskapene. Hvert enkelt selskaps historiske børskurser, vurderinger av fremtidig inntjening og de synergier som vil tilfalle et sammenslått selskap, har vært elementer som har bidratt til det avtalte bytteforholdet.

Basert på sluttkurs av TGS på Oslo Børs 24. oktober 2023, og det fremforhandlede bytteforholdet, utgjør vederlaget en verdi på NOK 9,62 pr. aksje i PGS. Partene er enige om å legge til grunn en kurs pr. aksje i TGS på NOK 140,80.

Brøkdeler av aksjer tildeles ikke. For hver aksjeeier foretas en avrunding nedad til nærmeste hele aksje.

Som fusjonsvederlag mottar aksjeeierne i PGS 0,06829 aksjer i TGS for hver aksje de eier i PGS. Det betyr at aksjeeierne i PGS får en samlet eierandel på ca 33,3% i TGS.

Videre skal aksjonærene i PGS kompenseres av TGS for utdelinger besluttet av TGS etter datoen for generalforsamlingen som godkjenner fusjonen, og der eks. datoen er før gjennomføring av fusjonen. Slik kompensasjon for utdelinger skal ved gjennomføringen av fusjonen utbetales med et kontant beløp til hver PGS aksjonær tilsvarende:

(a) Antall aksjer i TGS som hver PGS-aksjonær mottar som vederlag ved fusjonen,

(b) multiplisert med det samlede utbytte besluttet av TGS på hver TGS-aksje etter datoen for generalforsamlingen som godkjenner fusjonen, og der eks. datoen er før gjennomføring av fusjonen.

Det har ikke oppstått særlige vanskeligheter ved fastsettelsen av vederlaget til aksjeeierne i PGS.

DEL 3: DEN UAVHENGIG SAKKYNDIGES UTTALELSE

Vi har utført vår kontroll og avgir vår uttalelse i samsvar med standard for attestasjonsoppdrag SA 3802-1 "Revisors uttalelser og redegjørelser etter aksjelovgivningen". Standarden krever at vi planlegger og utfører kontroller for å oppnå betryggende sikkerhet for at de eiendeler og forpliktelser selskapet skal overta, har en verdi som minst svarer til det avtalte vederlaget. Arbeidet omfatter kontroll av verdsettelsen av innskuddet og av vederlaget, herunder vurderingsprinsippene og eksistens og tilhørighet. Videre har vi vurdert de verdsettelsesmetoder som er benyttet og de forutsetninger som ligger til grunn for verdsettelsen.

Etter vår oppfatning er innhentet bevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

KONKLUSJON

Etter vår mening har de eiendeler og forpliktelser som selskapet skal overta ved fusjonen, en verdi som minst svarer til NOK 9 185 531 520,00 som er lik i) pålydende på den fordring som TGS NewCo utsteder til TGS ved fusjonens ikrafttredelse, og ii) det avtalte vederlaget fra TGS, herunder pålydende på NOK 16 609 537,50, samt overkurs på NOK 9 169 221 982,50 på de aksjene TGS utsteder som vederlag. Etter vår mening er begrunnelsen for vederlaget til aksjeeierne i PGS på 0,06829 aksjer i TGS for hver aksje i PGS rimelig og saklig begrunnet basert på verdsettelsen pr. 24. oktober 2023 av selskapene som beskrevet ovenfor.

Oslo, 25. oktober 2023

KWC Revisjon AS

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Trond Bjerge

Statsautorisert revisor

Vedtekter for PGS ASA

(Endret etter kapitalendring 18. september 2023)

§1 Selskapets navn er PGS ASA. Selskapet er et allmennaksjeselskap.

§2 Selskapets virksomhet er å yte tjenester, delta og investere innen energi og beslektede virksomheter.

§3 Selskapets aksjekapital er NOK 2 865 931 320 fordelt på 955 310 440 aksjer hver pålydende NOK 3.

Aksjene skal registreres i Verdipapirsentralen.

§4 Selskapets forretningskontor skal være i Oslo.

§5 Selskapets styre skal bestå av 3-13 medlemmer. Selskapets signatur skal innehas av to styremedlemmer i fellesskap, eller daglig leder og ett styremedlem i fellesskap.

Tjenestetiden for styremedlemmer er ett år.

§6 Valgkomiteen skal bestå av 3-5 medlemmer. Tjenestetiden skal være to år med mindre generalforsamlingen beslutter at tjenestetiden skal være kortere.

Valgkomiteen skal forberede et forslag for generalforsamlingen vedrørende:

a) Valg av medlemmer til styret og styrets leder,
b) Valg av medlemmer til valgkomiteen og leder av komiteen,
c) Godtgjørelse til styremedlemmer og medlemmene av valgkomiteen, og
d) Endringer til valgkomiteens mandat og instruks.

§§ 6-7 og 6-8 i allmennaksjeloven gjelder tilsvarende for medlemmene av valgkomiteen.

§7 Innkalling til ordinær generalforsamling skal foretas senest fire uker før generalforsamling. Innkalling til ekstraordinær generalforsamling skal sendes minst tre uker før generalforsamlingen.

I selskapets generalforsamling har hver aksje én stemme. En aksjeeier som har aksjer registrert gjennom en godkjent forvalter etter allmennaksjeloven §4-10, er stemmeberettiget for det antall aksjer forvalteroppdraget omfatter, dersom aksjeeieren innen to virkedager før generalforsamlingen overfor selskapet oppgir navn og adresse og fremlegger bekreftelse fra forvalteren om at aksjeeieren er den reelle eier av de forvaltede aksjer, og under forutsetning av at styret ikke nekter godkjennelse av slikt reelt eierforhold overensstemmende med reglene i denne §7.

Aksjeeiere som ønsker å delta i generalforsamlingen må melde fra til selskapet innen den frist som angis i innkallingen og som ikke kan være tidligere enn to virkedager forut for generalforsamlingen.

Dokumenter som skal behandles på generalforsamlingen kan gjøres tilgjengelig på selskapets internettsider. Det samme gjelder dokumenter som etter lov skal inntas i eller vedlegges innkallingen til generalforsamlingen. Dersom dokumentene tilgjengeliggjøres på denne måten skal ikke lovens krav om utsendelse til aksjeeierne få anvendelse. En aksjeeier kan likevel kreve å få tilsendt dokumenter som gjelder saker som skal behandles på generalforsamlingen.

Skriftlig og/eller elektronisk stemmegivning i samsvar med §5-8 b) i allmennaksjeloven skal tillates på møter der en slik stemmegivning arrangeres av selskapets styre.

§8 Ordinær generalforsamling avholdes hvert år innen juni måneds utgang. På ordinær generalforsamling skal følgende saker behandles:

a) Godkjenne årsregnskapet og årsberetningen, herunder utdeling av utbytte,
b) Valg av medlemmer til styret og styrets leder,
c) Valg av medlemmer og leder til valgkomiteen og endringer og tillegg til valgkomiteens mandat og instruks, og
d) Andre saker som etter lov eller vedtekter hører under generalforsamlingen.

§9 Generalforsamlingen ledes av styrets leder.

§10 Forøvrig kommer den til enhver tid gjeldende allmennaksjelovs bestemmelser til anvendelse.

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Annual Report 2021

A Clearer Image | www.pgs.com

PGS ASA and its subsidiaries ("PGS" or "the Company")* 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.

CONTENTS

* When the terms "PGS" and "the Company" are used in this report, these will as a main rule include both PGS ASA and its subsidiaries. However, in certain sections and paragraphs hereof, these references will only include PGS ASA as context indicates.

Rune Olav Pedersen
President and CEO

Dear PGS Shareholder

The seismic market declined in 2021 compared to 2020, impacted by the ongoing energy transition leading to changing behaviors among energy companies and negative effects from a persistent pandemic. PGS has competences and assets that may be of significant value in the energy transition, in which we aim to play a role. We therefore established a New Energy business unit with clear mandates to pursue technologies and opportunities in this segment. Our fully integrated service offering enabled us to improve our competitive position. We took advantage of a recovering contract market and enhanced our MultiClient performance relative to our peers. Overall, we are progressing as the leading geophysical company, while assessing and developing new business opportunities. However, the declining seismic market in 2021 has increased the risk that we will not be able to generate sufficient cash flow to repay our 2022 debt maturities as they fall due, and we will have to address this challenge during 2022. I still believe our achievements in 2021 have positioned us well for opportunities in a recovering seismic market going forward.

Total industry MultiClient revenues and investments declined in 2021, compared to 2020 and explains the weaker overall performance for our industry. However, we managed to secure acceptable pre-funding on our new MultiClient acquisition projects, and generally experienced higher interest for our geographically diversified MultiClient data library than peers. Until the third quarter we had the highest MultiClient revenues in the industry for five consecutive quarters. We benefitted from the normal seasonal MultiClient late sales upswing in the fourth quarter, but volumes disappointed compared to the opportunity basket we worked on.

A priority shift among energy companies towards more near-field exploration and 4D reservoir optimization positively impacted demand for proprietary contract work. In 2021, this came at the expense of traditional exploration activities, and we experienced a shift of capacity allocation from MultiClient to significantly more contract work. Higher demand for contract work enabled us to increase prices significantly in the second half of the year, but pricing is still at a relatively low level. More near-field exploration and 4D reservoir optimization strengthens our competitive position and we are increasingly taking advantage of our high-capacity Ramform acquisition vessels and the proprietary GeoStreamer technology. The contract market recovery in 2021 is unusual considering the more muted MultiClient market. Historically, market recoveries have started with improving MultiClient sales before contract activity and rates increase. With the generally projected increase in exploration and production spending for 2022 and feedback form our clients, we expect a stronger MultiClient market going forward.

There are two mega-trends which impacted us in 2021 and will continue to do so in the years to come, the energy transition and digitalization. We have adjusted our strategy to make sure our core geophysical business is positioned for these mega-trends. We intend to maintain and develop our position as the leading provider of near-field exploration and production (4D) seismic. Further we are developing hybrid towed streamer and OBN solutions to include it as a part of PGS core offering. This summer we completed a combined towed streamer and node seismic survey for Lundin Energy Norway in the Barents Sea with great success, including several acquisitions records. To improve our capabilities beyond the learnings from the Lundin-survey we entered a strategic collaboration with Magseis Fairfield to position us for a growing hybrid towed streamer and OBN seismic market.

Our strategy was further adjusted to include New Energy, which defines PGS' position in the energy transition markets. We used significant time to assess where we can use our expertise and assets to offer value to clients. Carbon storage ("CS"), offshore wind and marine minerals are arenas where we expect to contribute and build business. We have already made several MultiClient data sales for CS purposes, and we are awarded two acquisition contracts for execution in 2022 for development of the Endurance and the Northern Lights CCS projects. We have an ambition of developing New Energy into a significant business unit for PGS.

We are making good progress with our digital transformation process. It is embedded as a core part of our adjusted strategy, and we intend to increase speed and penetration. During 2021 we reached an important milestone when we entered a multi-year Data Management as a Service ("DMaaS") agreement with a major customer. Under the agreement PGS will provide a Cloud based digital data asset management solution allowing the client to store, manage and access subsurface data they have licensed from PGS. Further we continue to develop, enhance, and implement results from our core digitalization projects. PGS Solis is our Cloud based MultiClient data sales platform enabling easier and quicker access to MultiClient data for our customers. Our scalable Cloud enabled imaging platform, PGS Eos, is advancing and we are already using the cloud for key processing sequences on significant surveys. We have also established PGS Digital Factory as a companywide digitalization initiative to execute on our strategy more efficiently.

Despite all the logistical complexities the pandemic has thrown at us, we have managed to operate our vessels without material disruptions. Once again, our offshore crews have put in an extraordinary effort to make this possible. Our office employees have worked from home for extensive periods of the year and managed their tasks in an admirable way. I am impressed by the PGS organization and how it has delivered in another different and challenging year.

We continue to focus on costs and are constantly looking for new areas of cost improvements. This work continued through 2021 despite of the upward cost pressure created by the global pandemic. Our 2021 financial performance did not meet our internal forecast, mainly due to weak vessel utilization and disappointing MultiClient late sales in the fourth quarter. As a result, there is a risk that we will not be able to generate sufficient cash flow to repay our 2022 debt maturities and at the same time remain with an adequate liquidity reserve. We are working on how to address the possible liquidity shortfall. See "Financing status" section of the Board of Directors report for more details.

During 2021 the oil price has increased more than 50% and it is evident that hydrocarbons will be an important part of the energy mix as the global energy transition evolves. Offshore reserves will be vital for future supply and support demand for our marine seismic services. Listening to what our clients say regarding capital expenditure plans, including seismic spending, they expect to increase spending in 2022. Combining higher investments with our favorable position in the near-field exploration and 4D reservoir markets and the progress we are making within New Energy and digitalization to become an even better geophysical company, makes me confident that 2022 will be better than 2021.

Russia's invasion of Ukraine in late February is deeply concerning to us, with severe humanitarian consequences, and significant impact to the world's political environment and security situation. It is impossible to estimate what impact this could have on our markets and activities going forward.

Rune Olav Pedersen
President and CEO

BUSINESS HIGHLIGHTS 2021

Established New Energy business early 2021 to diversify PGS product portfolio and build a substantial market presence in the provision of subsurface data for the offshore renewables' domain or related to the ongoing energy transition

Awarded a multi-year 4D framework agreement by Equinor, evidencing PGS strong position in the 4D market

Completed the first simultaneous node and streamer acquisition contract in the Barents Sea in mid-August. During the survey PGS set several acquisition records

Completed a sale of the assets associated with PGS towed electro magnetic system to Ocean Floor Geophysics ("OFG")

Entered into a strategic collaboration with Magseis Fairfield to address the growing hybrid towed streamer and Ocean Bottom Node ("OBN") seismic market

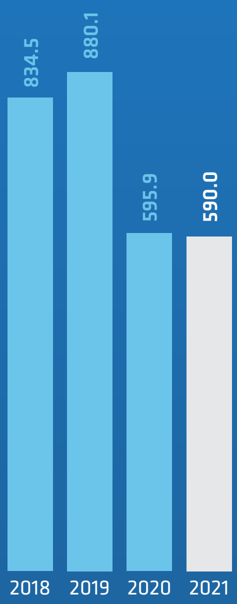
PGS, TGS and CGG launched Versal – a unified seismic data ecosystem giving access to three of the world's largest MultiClient libraries, via a single log-in

Signed a milestone MultiClient Data Management as a Service ("DMaaS") agreement with a major customer

FINANCIAL CALENDAR

Annual General Meeting	**April 27**, 2022
Q1 2022 Revenue Update	**April 11**, 2022
Q1 2022 Earnings Release	**April 29**, 2022
Q2 2022 Revenue Update	**July 11**, 2022
Q2 2022 Earnings Release	**July 21**, 2022
Q3 2022 Revenue Update	**October 11**, 2022
Q3 2022 Earnings Release	**October 20**, 2022
Q4 2022 Revenue Update	**January 10**, 2023
Q4 2022 Earnings Release	**January 26**, 2023

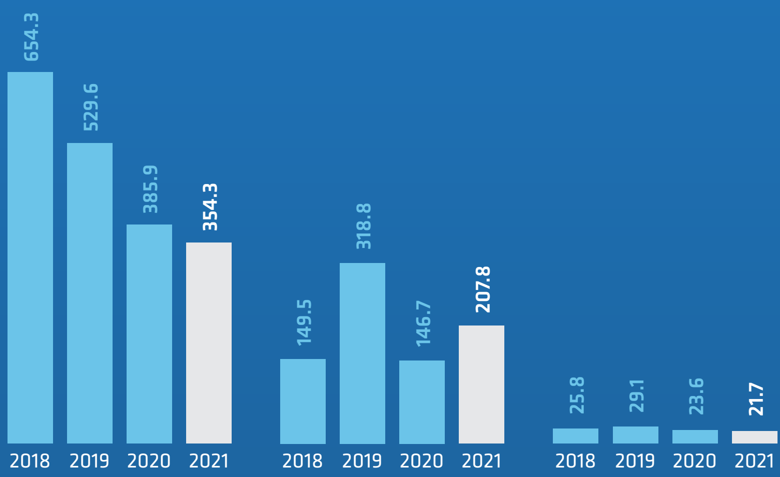
KEY FIGURES



Total Segment Revenues and Other income

USD millions

Segment Revenues by Business Activity



MultiClient

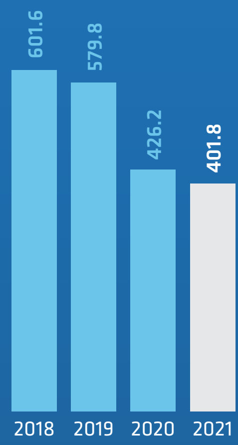
USD millions

Contract

USD millions

External Imaging

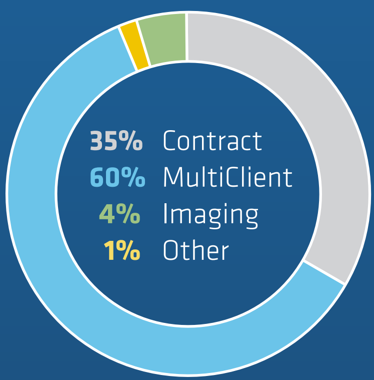
USD millions



Gross Cash Cost

USD millions

2021 Segment Revenue Split



Key Financial Figures

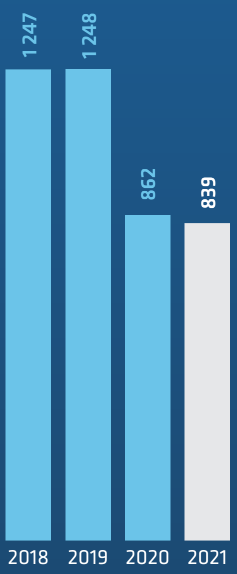
In USD million	2021	2020	2019
Profit and loss numbers Segment Reporting			
Segment Revenues and Other Income	590.0	595.9	880.1
Segment EBITDA ex. other charges, net	320.2	397.7	556.1
Segment EBIT ex. impairment and other charges, net	(54.6)	12.2	96.4
Profit and loss numbers As Reported			
Revenues and Other Income	703.8	512.0	930.8
EBIT	(66.2)	(188.0)	54.6
Net financial items	(97.6)	(118.4)	(92.2)
Income (loss) before income tax expense	(163.8)	(306.4)	(37.6)
Income tax expense	(15.6)	(15.1)	(34.1)
Net income (loss) to equity holders	(179.4)	(321.5)	(71.7)
Basic earnings per share ($ per share)	(0.45)	(0.85)	(0.21)
Other key numbers As Reported by IFRS			
Net cash provided by operating activities	326.6	366.5	474.3
Cash investment in MultiClient library	127.2	222.3	244.8
Capital expenditures (whether paid or not)	33.4	36.1	59.1
Total assets	1 792.8	2 093.8	2 301.7
Cash and cash equivalents	170.0	156.7	40.6
Net interest-bearing debt	936.4	937.6	1 007.5
Net interest-bearing debt, including lease liabilities following IFRS 16	1 051.3	1 096.2	1 204.6

KEY FIGURES

People & Places

Headquartered in Oslo, Norway, PGS has offices in 12 countries around the world as of year-end 2021 and operates regional centres in Weybridge, UK and Houston, USA.

Luanda, Angola | Perth, Australia | Rio de Janeiro, Brazil | Cairo, Egypt | Accra, Ghana
Tokyo, Japan | Almaty, Kazakhstan | Kuala Lumpur, Malaysia | Lagos, Nigeria |
Oslo & Stavanger, Norway | **Weybridge**, UK | Austin & **Houston**, USA



Number of Employees by Year-end

EXECUTIVE TEAM

Rune Olav Pedersen *(1970)*
President & CEO

Rune joined PGS in October 2010 and became President and CEO in 2017. Previously, he combined the roles of PGS General Counsel and Head of Legal, with responsibility for communication, strategic customer relations, marketing, and corporate development. Prior to joining PGS, he served for four years as a partner in the law firm Arntzen de Besche, specializing in oil and gas, and before that worked as an attorney and associate in the same firm. He started his career as a junior research fellow at the University of Oslo and has served as a deputy judge at district court level, in Norway. He serves as a board member of the E&P company, OKEA. Rune has a law degree from the University of Oslo, a post-graduate diploma in European competition law from Kings College London, and an MBA from London Business School.

Gottfred Langseth *(1966)*
Executive Vice President & CFO

Gottfred joined the Company in November 2003 and was appointed Executive Vice President and Chief Financial Officer in January, 2004. Before joining PGS he was Chief Financial Officer of the information technology company Ementor ASA from 2000 to 2003. Gottfred was Senior Vice President of Finance and Control at the offshore engineering and construction company Aker Maritime ASA from 1997 to 2000. He worked at Arthur Andersen Norway from 1991 to 1997. Gottfred was certified as a Norwegian state authorized public accountant in 1993 and holds a Master of Business Administration degree from the Norwegian School of Economics and Business Administration.

EXECUTIVE TEAM

Nathan Oliver *(1966)*
Executive Vice President, Sales & Services

Nathan joined PGS in 1993 and was appointed EVP Sales and Services in September 2020. He has served PGS globally in various locations, managing international teams in London, Houston, Singapore and KL, with regional responsibilities for Europe, West Africa, North and South America, and Asia Pacific, running a range of PGS activities from advanced imaging to MultiClient. Prior to joining PGS he worked at Digicon Geophysical. Nathan holds an MSc Geoscience from the University of Sheffield, and a BSc in Geology from Kingston University.

Berit Osnes *(1964)*
Executive Vice President, New Energy

Berit joined PGS in 2006 and assumed her current position in April 2021. She has served in various MultiClient sales management roles, including Vice President Geophysics Europe, Africa and Middle East, Vice President MultiClient Europe, Senior Vice President MultiClient, SVP Strategic Projects and SVP Eurasia. She was also an employee-elected member of the PGS Board of Directors in 2015 and 2016. Before joining PGS she held technical management positions with Geoteam AS and Veritas DGC Ltd. Prior to this, she spent 11 years with Norsk Hydro working within field development, exploration and geophysical operations. Berit holds an MSc Geophysics from the Norwegian University of Science and Technology (NTNU).

Rob Adams *(1976)*
Executive Vice President, Operations

Rob joined PGS in 1998, becoming EVP Operations in January 2020. He has experience from all PGS business areas, including offshore, and has carried regional responsibility for projects and teams running acquisition and processing activities in Europe, Africa, and Asia Pacific. As SVP New Ventures (2018 – 2020) he was responsible for new MultiClient projects across all continents. Rob has been involved in framing PGS initiatives for reducing turnaround and future visioning. Rob holds a BSc in Geology and Geophysics from the University of Durham.

Digital Transformation Accelerates Strategy Execution

PGS began its digital transformation in 2019. First steps were to establish a digital transformation team responsible for overseeing and advising on the digital transformation processes and electing Google Cloud as its preferred cloud provider. The Company identified a set of target areas and initiatives for digital transformation to enable change across the business, improve sustainability, reduce costs and increase efficiency, including:

MultiClient Data in the Cloud

PGS Solis

A cloud-based sales platform that enables new sales models and allow clients to collaborate on high-quality data and achieve faster decisions and subsurface insights.

Scalable Cloud-native Imaging Platform

PGS Eos

Enabling faster processing and imaging of seismic data, using automated workflows and cloud scalability. Project focus can vary from cost, or carbon footprint to project turnaround targets, and harnesses machine learning and artificial intelligence.

Companywide Production-scale Data Analytics

PGS Digital Factory

A suite of initiatives to deliver on the PGS strategy and create tangible value by enabling Machine Learning / Artificial Intelligence to optimize costs, track trends, improve predictability and performance, reduce project turnaround time, and reveal commercial opportunities.

PGS Solis

Access and act on data in the cloud

Data management as a service (DMaaS)

Flexible subscription models

MultiClient Data in the Cloud

PGS Solis

PGS has developed a cloud-based data delivery and access system, where clients can view samples and license MultiClient data. PGS Solis also enables new business opportunities such as services to manage client data in the cloud platform. In December 2021, PGS signed its first milestone multi-year Data Management as a Service (DMaaS) agreement with a major customer. Under the agreement PGS will provide a cloud-based digital data asset management solution allowing the client to store, manage and access subsurface data they have licensed from PGS. The DMaaS service seamlessly connects the end user to seismic data, with anytime access to view and download entitled data into their work environments.

PGS Solis builds and expands on Versal, a cross-industry collaboration that provides a unified ecosystem for accessing MultiClient seismic data from PGS, TGS and CGG, thereby giving access to three of the world's largest MultiClient libraries via a single log-in. In 2022 PGS will continue to develop PGS Solis further, capitalizing on customer feedback from Versal. Ultimately, these initiatives will open new commercial models and opportunities, such as applying machine learnings and artificial intelligence for deeper subsurface insights.

PGS Eos

Scalable cloud-native seismic imaging

Managing infinite resources

Faster when it counts

Imaging in the Cloud

PGS Eos

PGS started the process of imaging seismic data in the Cloud in 2019 and ran its first commercial processing job in 2020. Cloud compute offers access to almost unlimited virtual-CPU capacity and the latest technology. With a platform that fully utilizes these benefits, PGS will have flexible and cost-efficient compute capacity to image advanced seismic measurements, with reduced capital expenditures and without capacity bottlenecks. During 2021, PGS has run several imaging jobs in the Cloud with great success.

Machine Learning & Artificial Intelligence

Analysis of subsurface information and metadata using machine learning and artificial intelligence is about accelerating turnaround for PGS and its clients through automation of mundane tasks. The PGS Imaging team has carried out a proof-of-concept to identify patterns in historical processing flows that can minimize testing and accelerate data delivery. Going forward, PGS will increasingly focus on the digital transformation processes to execute on the Company's strategy.

PGS Digital Factory

Standardize, analyze, automate

Enabling change and improving sustainability

Improving cost and efficiency

Companywide Production-scale Data Analytics

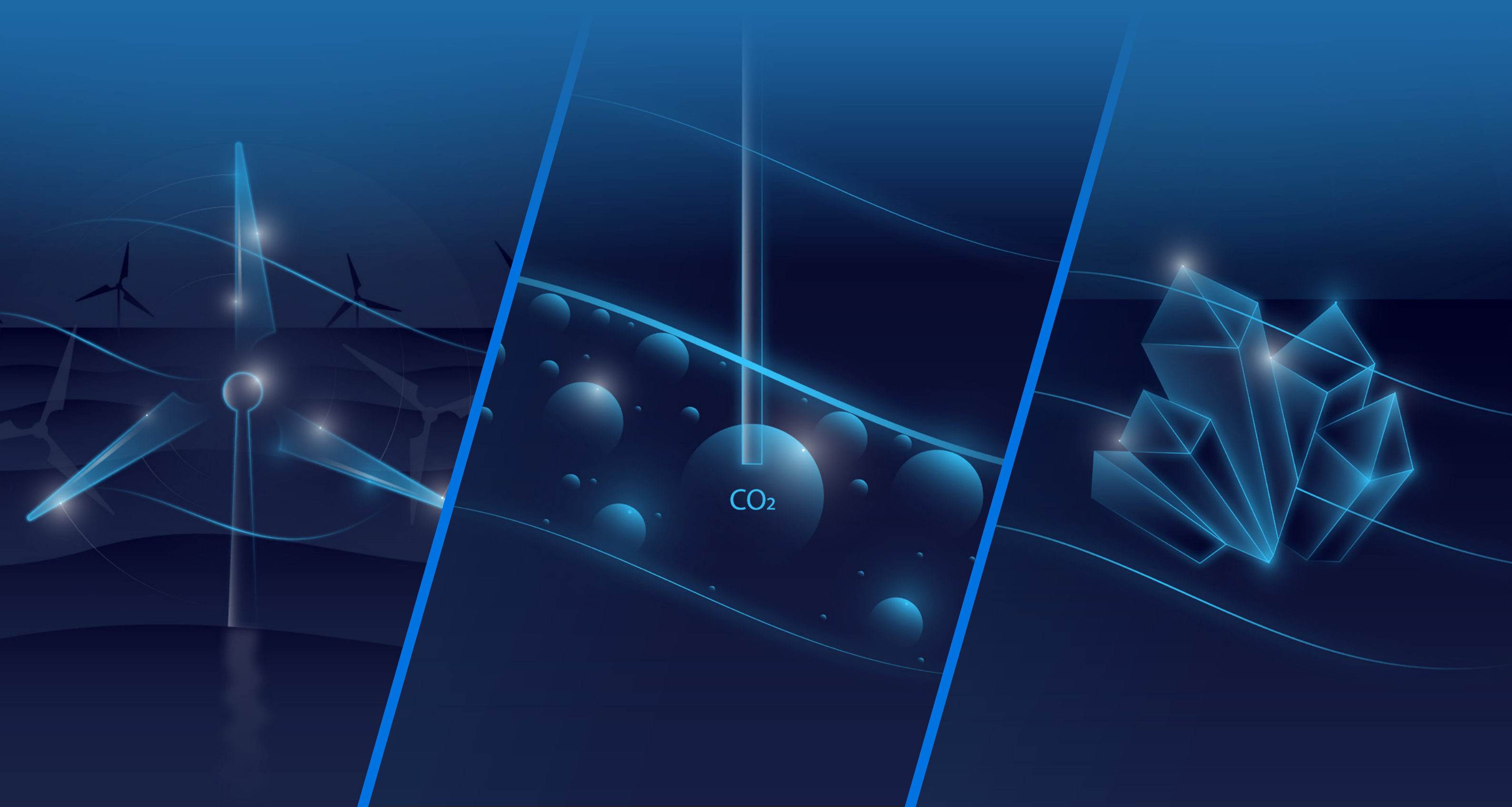
PGS Digital Factory

PGS Digital Factory delivers solutions to execute on many of the Company's strategic goals. Governance is organized by a portfolio board, responsible for aligning development of digital use-cases with PGS strategy, to deliver tangible value to the Company.

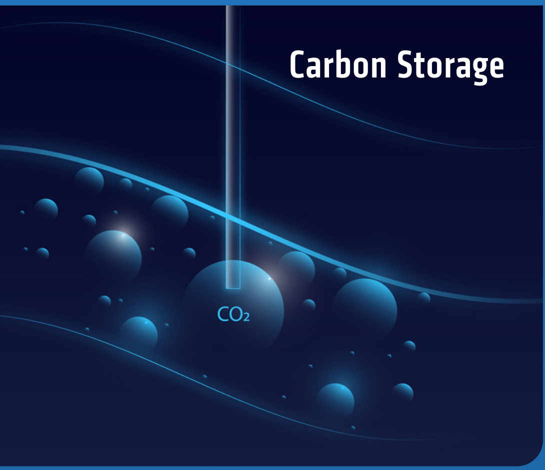
During 2020 and 2021, the Digital Factory has focused on improving vessel operations: data from across the PGS fleet are contextualized and analyzed. Improvement areas include energy efficiency, optimal vessel speed, preventive streamer maintenance, preventive eBird maintenance, and improved HSEQ for small-boat operations and use of personal protection equipment. The project has delivered tangible results that have been implemented across the fleet. In the second half of 2021, the Digital Factory expanded its footprint companywide, initiating improvement use-cases in commercial and other functions.

PGS New Energy

PGS established the New Energy business area early 2021 to diversify its product portfolio and build a substantial market presence in the provision of subsurface data for emerging markets related to the ongoing energy transition.



New energy used the initial period to assess commercial opportunities within emerging markets related to the ongoing energy transition and identify where PGS could match its assets, competence and capabilities to address industry challenges. The Company has now defined carbon storage ("CS"), offshore wind and marine minerals as markets where there is potential to build a profitable business.



CS will be essential to reduce global emissions of carbon dioxide from industrial processes. There is broad consensus that there is an abundance of geological storage in the form of depleted oil and gas fields and saline aquifers. Reliable geophysical data is fundamental in the selection of specific sites for CS. The three key attributes of safe and efficient CS developments are capacity, containment, and injectivity.

PGS has a comprehensive MultiClient data library, which can provide useful insights to geological properties over many prospective storage sites. PGS GeoStreamer data in combination with quantitative measures of reservoir quality can provide robust estimates of geological constraints and control on containment and injectivity. Reliable characterization of the overburden is required to ensure the distribution of geological faults in each area is well understood and does not present an undue containment risk.

The MultiClient data library will not cover all potential storage sites. Where new acquisition is required, PGS' modern broadband 3D GeoStreamer seismic data is especially well-suited to reliably determine subsurface properties, even in the absence of well-data. Seismic data, combined with PGS expertise in characterizing the subsurface can be used to minimize uncertainty and failure risk when selecting CS sites. Once the storage site is selected PGS' integrated business model have the capacity and capability to monitor carbon injection, storage and ensure containment over time.

During 2021 PGS made several MultiClient data sales for development of carbon storage projects. The business expanded further when the Company announced contract awards for new acquisition of seismic data for development of the Endurance and Northern Lights carbon storage projects.

Judging by the CS needs prognosed in many Carbon, Capture and Storage ("CCS") market reports, there is a significant potential for a market for new seismic acquisition and subsequent repeat 4D monitoring within the carbon storage domain to reach the net zero target set by the United Nations. PGS aims to be a leading provider of subsurface data for carbon storage applications. To get there the Company will partner with the industry to help lowering technical risks of CS developments through existing and new business models.

Offshore Wind

One of the challenges for offshore wind is the growing geographical size of windfarm licenses and leases that could increase the time and cost of wind energy development projects. Many of the new license areas will be close to (or are larger than) 1,000 square kilometers. At this scale, detailed seabed and shallow subsurface modeling will be required over areas comparable to those found in hydrocarbon exploration. Today, even the highest resolution windfarm site surveys typically use 2D profiles, limiting severely the reliability of subsurface information to plan and profile the location. In the oil and gas industry, PGS pioneered efficient solutions for subsurface mapping with the introduction of large-scale 3D broadband seismic. Offshore wind energy projects will benefit greatly from similar efficiency gains, using proven broadband seismic such as PGS' GeoStreamer and its ultra-high-resolution modifications.

Marine Minerals

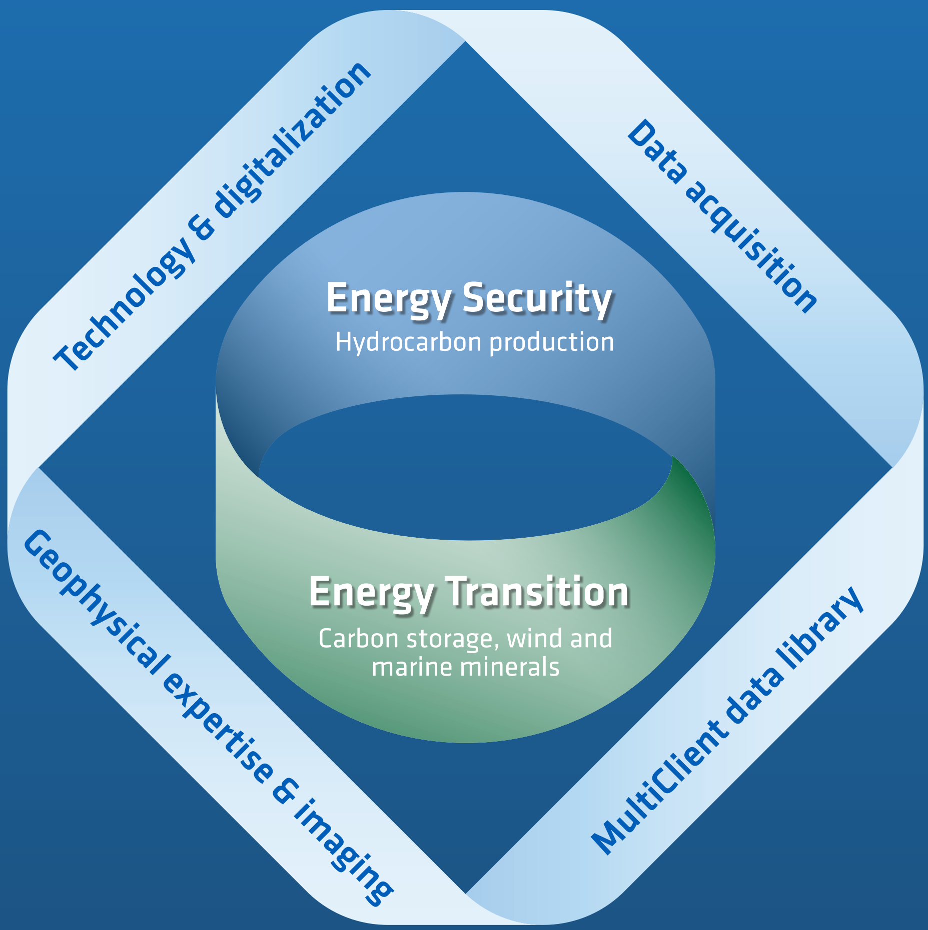
The need for critical minerals from several industries and the energy sector is likely to grow significantly according to published reports. To get sufficient access to resources it will be important to extract marine minerals. PGS is participating in an industry consortium in Norway, under the research organization SINTEF, which is working to define best practices to characterize, quantify, and understand uncertainty for seabed mineral resource exploration. Seismic acquisition tests may include data to establish an environmental baseline for exploration for marine minerals. Marine minerals constitute a potential market for PGS; however, it will take time before it is commercially developed.

Other Opportunities

In addition to the three identified areas CS, offshore wind and marine minerals, PGS is also evaluating opportunities within geothermal, which is regarded by many as the most reliable source of renewable energy, as well as one of the least exploited. PGS is also assessing possible business opportunities within nuclear waste disposal and environmental and oceanographic data management. These markets require expertise beyond current core skills and are considered longer-term opportunities.

Integrated Service Offering

MultiClient | Contract | New Energy | Acquisition Fleet | Imaging



PGS is the only integrated marine seismic data acquisition and imaging company, offering a full range of towed streamer acquisition and imaging services through both the Contract and MultiClient business models. By controlling the fleet, the imaging process and technology development, PGS can tailor technology and commercial solutions to address client challenges.

Ensuring Energy Security

The ongoing energy transition drives energy companies to focus on producing fields and proven hydrocarbon basins. Demand for seismic services is increasingly aimed at near-field exploration and 4D reservoir optimization to get quick returns on the energy companies' investments. Access to high-capacity vessels and differentiating technology is fundamental in the growing 4D reservoir and near-field exploration market, a market which favors the Contract business model. PGS has enjoyed an increasingly strong presence in these markets, as the PGS data library is strong on mature areas which are ideal for infrastructure lead exploration, while the Ramform acquisition platform and GeoStreamer technology are the preferred technology solution for 4D.

Supporting Energy Transition

PGS established the New Energy business area early 2021 with the ambition to build a substantial and recognized presence in the offshore renewables' domain or related to the ongoing energy transition. PGS has identified carbon storage, offshore wind and marine minerals as domains where the Company's assets, competence and capabilities are a good match for current industry challenges. During 2021 PGS made several MultiClient data sales for development of carbon storage projects. The Company has announced awards of seismic data acquisition contracts for development of two flagship European projects within this area: Northern Endurance (UK) and Northern Lights (Norway) projects.

Flexible Business Models

The benefits of PGS' integrated services offering go beyond improving the Company's position in the ongoing energy transition. PGS has a portfolio of MultiClient acquisition agreements with host nations and can acquire data using either the MultiClient or the Contract business model. As a result, PGS is involved in more client dialogues and able to design bespoke solutions that provide the best commercial value for clients and for PGS. If a client requests proprietary data in an area where they have recently been awarded acreage, and PGS has a permit to acquire MultiClient data, acquisition can start early. This enables the client to spend more time analyzing the data, which generally results in better well-placement and improves their chances of making a discovery. PGS' access to MultiClient agreements in many countries has made it possible to accelerate our delivery of quality seismic to energy companies.

Commercial flexibility also allows for innovative acquisition arrangements. In mature areas, smaller contract jobs can be incorporated in larger regional MultiClient surveys. Benefits to the client include access to cost efficient data and the opportunity to license seismic beyond their block boundary to get a better regional understanding of the geological structures, while PGS benefits from economies of scale and secures pre-funding for its MultiClient survey.

Controlling the Value Chain

Integration strengthens PGS' control of all aspects of the seismic acquisition and imaging processes. This positively impacts everything from identification of new projects to building close client relationships, securing financial commitment and ensuring projects proceed according to plan and quality objectives.

PGS project execution is done with less need to balance the commercial drivers of third parties and subcontractors. Playing in all acquisition and imaging markets enables PGS to build order book continuity for vessels more effectively through the cycles and especially in a challenging market.

Reducing Cycle Time

An integrated approach allows PGS to conduct several tasks in parallel, such as data acquisition and processing, thereby enabling efficiencies that allow the Company to decrease the time required from planning to data delivery.

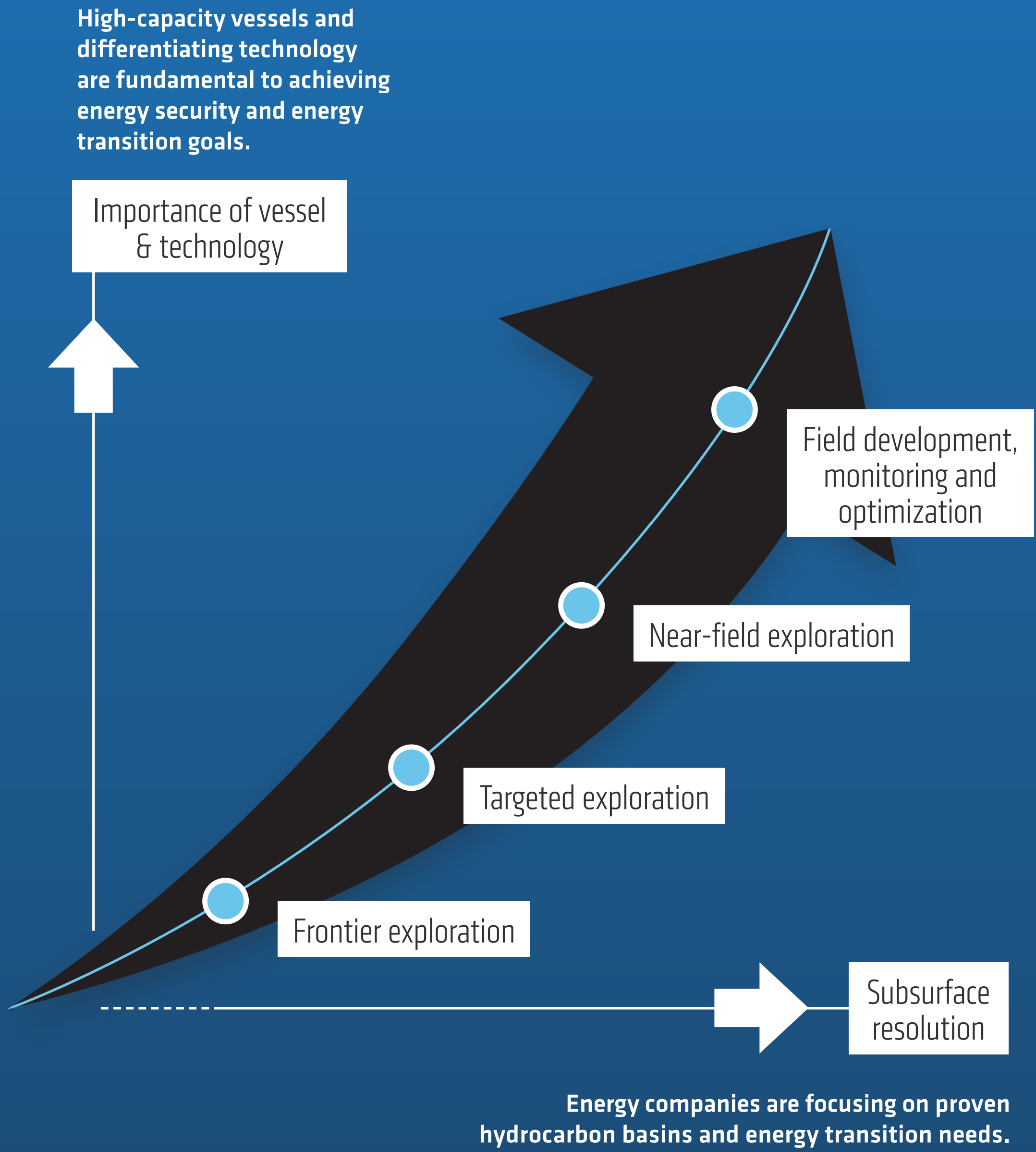
Focusing Research and Development

PGS is known for its unique technology. By targeting R&D expertise on vessel operations and seismic imaging challenges, the Company improves the efficiency of in-house design, development, testing and implementation of new solutions and technologies.

Interchangeable Assets

Operating a fleet of industry leading 3D seismic acquisition vessels with standardized seismic equipment, including GeoStreamer technology, provides a reliable platform and flexible offering to clients. Interchangeable capacity enables PGS to effectively manage timing and permit constraints, changes of project timing and almost any survey specification. PGS vessels and streamer technology deliver reliable, timely and consistent quality of services and data, which are highly valued by many clients.

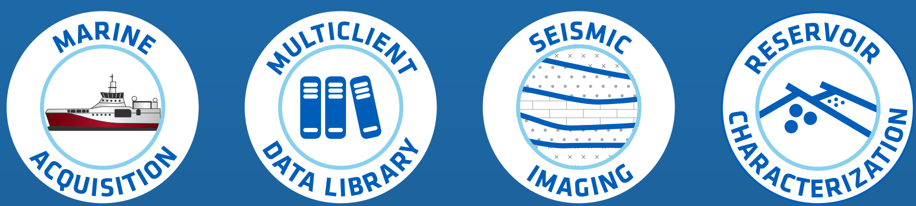
Moving from Frontier Exploration to Reservoir Optimization



PGS Product Portfolio

PGS provides seismic data that describes the geology beneath the ocean floor, which energy companies rely on to find oil and gas reserves worldwide. Since establishing PGS New Energy in early 2021 the Company is assessing how its expertise and assets can be used to address energy transition business opportunities.

PGS' main products and services include:



Seismic data acquisition • MultiClient data library
Seismic imaging • Geoscience data integration and analysis

Contract Acquisition Services
Contract work is seismic data acquisition under exclusive contracts directly with customers, were the client owns the acquired data. PGS delivers fast and efficient acquisition of high-quality seismic data with safe and environmentally sound operations.

Production seismic, or 4D, is a growing segment of the seismic contract market that enables energy companies to optimize resource extraction from producing fields. Operational precision, data resolution and survey repeatability are essential, and are areas where PGS excels. The value of using 4D seismic is increasingly acknowledged outside of the traditional areas of the North Sea, Brazil, and Angola. High-resolution 3D surveys are repeated at regular intervals during a producing field's life cycle, and those first acquired with GeoStreamer multisensor technology are generally repeated with multisensor. During down-cycles in the oil and gas industry, energy companies may temporarily reduce the frequency of 4D surveying to save cost and protect cash flow. Despite this, production seismic and near-field exploration deliver short-cycle return on investment and these markets tend to be more resilient than pure exploration projects. The ongoing energy transition drives seismic demand towards infrastructure lead exploration and production as the energy companies extract more value from producing fields and existing portfolio acreage. PGS expects 4D acquisition activity to grow further.

PGS New Energy has secured several 4D baseline surveys for development of Carbon Capture and Storage ("CCS") projects. Carbon storage plays a significant role in all net zero scenarios and identification, characterization and monitoring of carbon storage sites could constitute a significant new seismic acquisition market.

MultiClient
MultiClient data is acquired, imaged, and owned by PGS. Energy companies buy a license from PGS to use a specific data set, and a single survey is typically licensed to multiple energy companies. To build and maintain the MultiClient data library, PGS makes significant investments in developing, acquiring, and imaging new surveys. By continuously investing in the MultiClient data library the Company expands

its footprint in proven hydrocarbon basins and selective frontier areas.

The ability to identify and initiate new MultiClient programs with solid economics over the life of the data library asset is a key success criterion for the MultiClient business model. PGS de-risks new programs by securing prefunding commitments from energy companies, with a targeted prefunding level for the combined portfolio in the range of 80-120% of the capitalized MultiClient cash investment.

Initiation of New MultiClient Surveys

The MultiClient business is about having the right data, in the right place, at the right time. PGS initiates attractive new MultiClient projects by capitalizing on its existing data library, in combination with applying in-house imaging and reservoir expertise, and feedback from customers regarding exploration and production areas of interest. The PGS MultiClient data library provides information about the geology in all the world's major hydrocarbon basins. By analyzing these data, including available public or 'open file' data, PGS imaging and reservoir experts can propose extensions to the existing library and new areas of hydrocarbon resource potential that have a high likelihood of being of interest to energy companies. These findings are assessed against feedback from clients on where they see hydrocarbon potential and would like more seismic data to support their exploration and production activity.

The information is combined with an overall risk analysis of the area, such as geological prospectivity, geophysical imaging challenges, political risks, past performance of surveys in the region, and the likelihood of future license rounds or other sales trigger events to ensure the business model is robust.

A key part of the MultiClient business involves assisting governments to explore and promote their resource potential in the best way possible, noting that every country and basin requires a slightly different approach. PGS has supported many governments by providing high-quality data and advice on how to promote interest and optimize offshore hydrocarbon opportunities.

MultiClient Data Library Sales

PGS has a modern and diverse global MultiClient data library focused in largely mature areas of high oil and gas prospectivity. By accessing PGS' data library, customers can evaluate hydrocarbon potential faster, compared to acquiring and processing a new seismic survey on a proprietary basis. The rapid access to high-quality seismic data enables oil companies to assess the subsurface risks before applying for acreage in licensing rounds, guides exploration efforts, and evaluations of farm-in opportunities.

License rounds serve as important sales triggers for the PGS MultiClient data library and guide long-term investment decisions for new MultiClient data acquisition. The geographical diversity and strategic positioning of PGS global MultiClient library enables the Company to benefit from license rounds around the globe.

A large MultiClient library with continuous coverage has obvious benefits. Geology is broad scale in nature, and it is difficult to understand and predict the characteristics of a local area if it is not set in context of the larger geological system. By re-imaging existing data in the MultiClient library, PGS creates regional data sets, which make it possible to interpret and analyze a whole basin in a consistent manner. Santos Vision in Brazil, Flex Vision in the Gulf of Mexico and GeoStreamer PURE in Norway, are three such examples of re-imaged regional data sets. PGS also employs geological expertise, which is used to plan and market MultiClient projects and advise governments how to maximize the value of their subsurface acreage, from licensing and exploration through to appraisal, development and production, and now also carbon storage.

PGS MultiClient data library is orientated towards 3D, with a total 3D footprint of more than 1 100 000 square kilometers (sq. km). This is comprised of several hundred individual 3D surveys that fall into the following categories: GeoStreamer 3D acquired using multisensor technology (577 000 sq. km), Conventional 3D (329 000 sq. km) and surveys that have been combined and reprocessed which include Vision 3D (107 000 sq. km) and MegaSurveyPlus (103 000 sq. km).

PGS' MultiClient 2D library comprise approximately 590 000-line kilometers, of which approximately 70% are GeoStreamer data. In addition, the Company has more than 875 000 square kilometers of MegaSurvey, built by integration of available public data together with PGS-owned 3D data to produce large-scale geologically continuous regional 3D datasets.

PGS GeoStreamer MultiClient data can also be used to minimize uncertainty and failure risk when selecting carbon storage sites. In addition to new seismic data acquisition for development of CCS projects, PGS has made several MultiClient sales for the same purpose.

Ramform Advantage

PGS is currently operating a core acquisition fleet of Ramform vessels, comprising four Ramform Titan-class vessels, one Ramform S-class vessel and one Ramform V-class vessel. Ramform vessels have delta-shaped hulls and uniquely wide back decks, enabling safe and highly efficient seismic acquisition. The breadth of the Ramform back decks, 40 meters on the Ramform S-class and the V-class, while it is 70 meters on the Ramform Titan-class, which provides unparalleled streamer handling capabilities. The PGS fleet delivers industry leading performance in deployment, acquisition, and streamer recovery.

PGS leads the industry in HSEQ performance and aims to sustain and improve this, with a culture based on operational excellence and safety.

GeoStreamer Technology

PGS launched GeoStreamer in 2007 and has equipped all vessels with this multisensor streamer technology. Benefits of the technology include subsurface images of greater resolution, accuracy, and reliability. The streamer is towed deep, increasing the low-frequency signal content and its multisensor recording allows the accurate removal of unwanted noise that interferes with the seismic signal. The Company is evolving the technology to increase durability, while maintaining data quality. The useful life of the streamer has been increased from seven years, for the earlier design, to more than ten years for the latest version.

In 2019 PGS launched GeoStreamer X, which capitalizes on the GeoStreamer technology with an innovative acquisition configuration. Adding new azimuths to existing data offers a highly cost-efficient alternative to improve illumination and subsurface understanding versus ocean bottom node systems.

Imaging Services

PGS has the capability to run several of its imaging algorithms in the Cloud, which offers unconstrained scalability and efficiency on an almost unlimited virtual-CPU capacity. All of the Company's imaging centers globally, where the Company images all new MultiClient data acquired and provides proprietary imaging services, have the capability of using Cloud-compute. In addition, PGS uses its state-of-the-art imaging technology and innovative workflows to rejuvenate existing MultiClient library data. The Company's external imaging activities supply bespoke high-end, high-value services to a wide range of energy companies. Imaging services comprise GeoStreamer-based imaging technology, reservoir characterization, 4D processing solutions, and advanced imaging of ocean bottom node data.

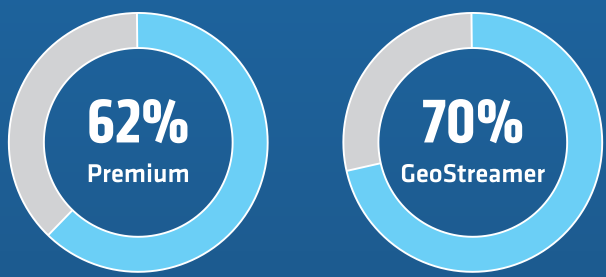
Geoscience data integration and analysis

PGS' modern, broadband 3D GeoStreamer seismic data is especially well-suited to reliably determine subsurface properties, even in the absence of well-data. Seismic data in combination with PGS' highly experienced geoscientists can help clients to maximize the value of their subsurface assets, ranging from licensing and exploration through to appraisal development, production and carbon reinjection.

Building a MultiClient Data Library for the Future

The PGS MultiClient data library contains advanced images of the subsurface that energy companies use to explore for hydrocarbons. Better data enables more effective exploration and increases the chances of success.

The library focuses on areas of high prospectivity, where clients have good potential for accessing acreage. A range of commercial models for data licensing is available, designed to suit the exploration objectives and ambitions of any oil company.

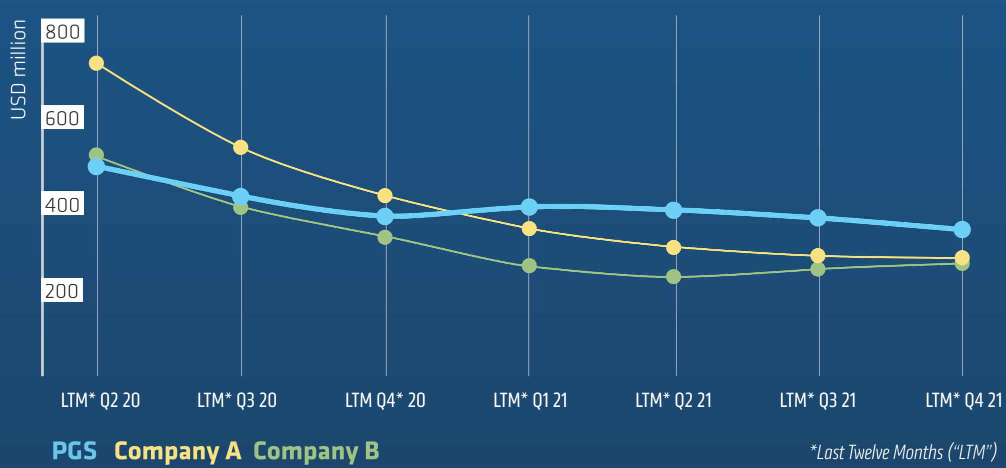


PGS MultiClient 3D
Has a total 3D footprint of more than **1 100 000** sq. km.
Premium comprises approximately **52%** GeoStreamer 3D data and **10%** 3D Vision.

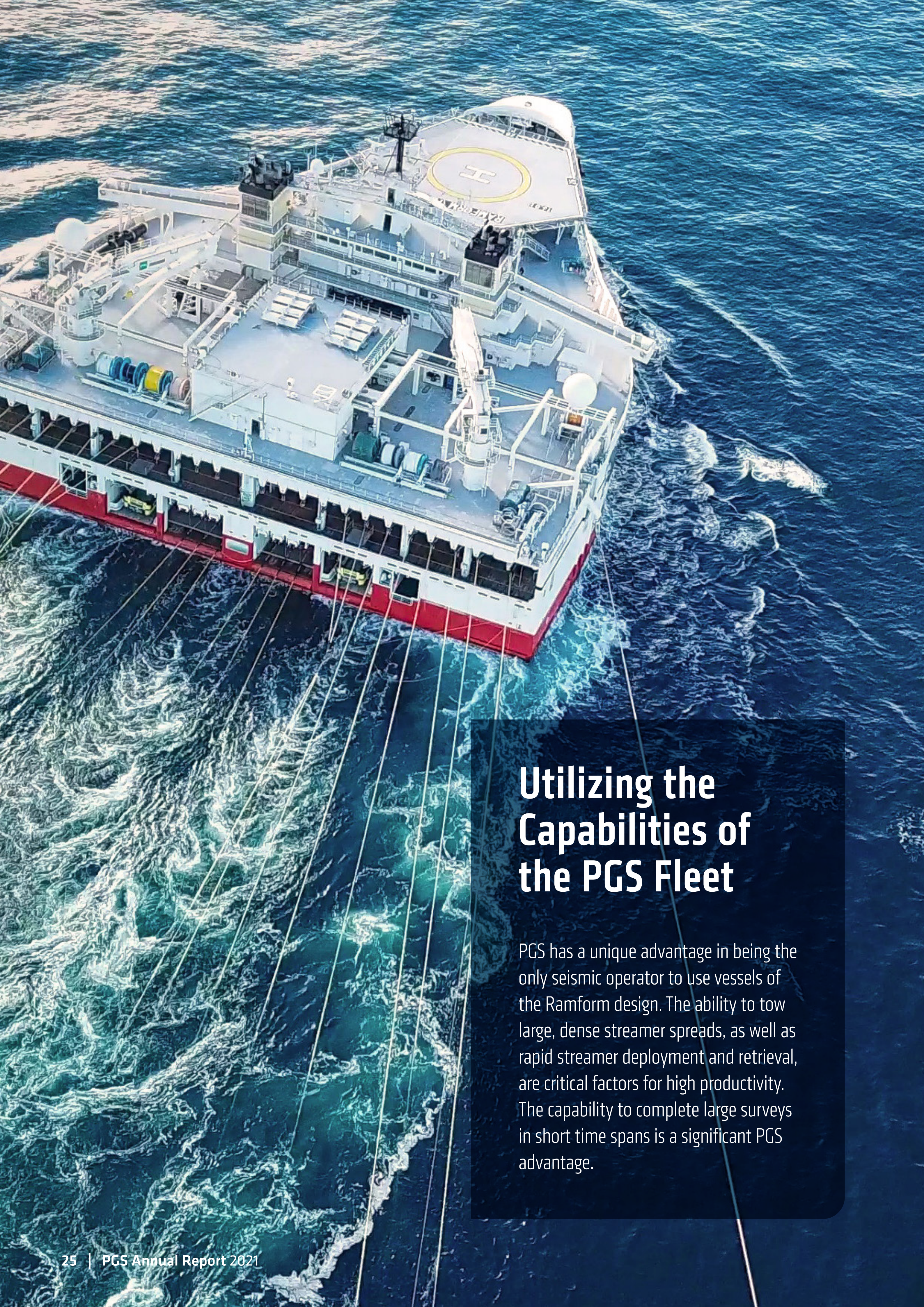
PGS MultiClient 2D
Comprising approximately **590 000** line kilometers, of which **70%** is GeoStreamer 2D data.

PGS MultiClient revenues during the pandemic

PGS has the highest MultiClient revenues since Q2 2020 and the lowest investment level. Most of PGS MultiClient library is in mature and producing basins.

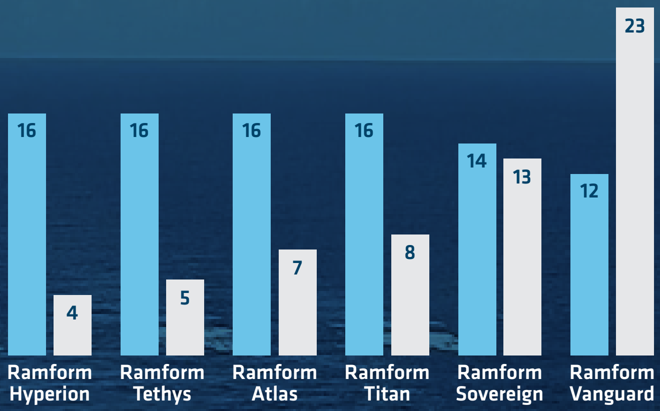


*Last Twelve Months ("LTM")



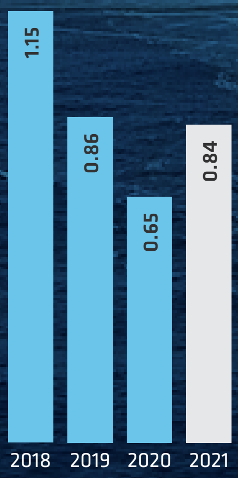
Utilizing the Capabilities of the PGS Fleet

PGS has a unique advantage in being the only seismic operator to use vessels of the Ramform design. The ability to tow large, dense streamer spreads, as well as rapid streamer deployment and retrieval, are critical factors for high productivity. The capability to complete large surveys in short time spans is a significant PGS advantage.



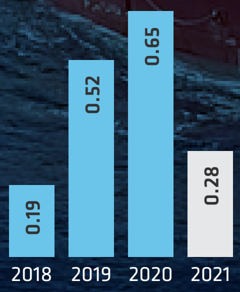
Age and Streamer Count* in PGS Core Active Fleet
Normal Streamer Count Vessel Age (years)

**All available streamers are GeoStreamer*



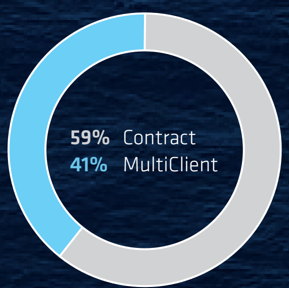
Total Recordable Case Frequency ("TRCF")*

**Per million man-hours.*

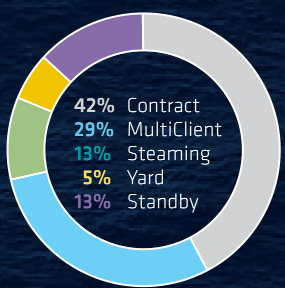


Lost Time Incident Frequency ("LTIF")*

**Per million man-hours.*



Active Vessel Time in 2021



71% Vessel Utilization in 2021

The PGS Share

The PGS share is listed the Oslo Stock Exchange in Norway. Approximately 33% of the Company is owned by Norwegian investors, while UK and US based investors own 25% and 18% respectively. The rest is owned by investors mainly located in other Western European countries.

Share Facts
As of December 31, 2021 PGS, had 400 667 697 shares outstanding. Each share has a par value of NOK 3. The ticker code for PGS at the Oslo Stock Exchange is "PGS" and the shares are denominated in Norwegian kroner ("NOK"). On average, approximately 5.0 million PGS shares were traded daily on the Oslo Stock Exchange in 2021.

PGS has since it was de-listed from the New York Stock Exchange in 2007 issued and offered for trade share instruments being American Depositary Shares ("ADS"). As there has been low ADS trading volumes during recent years, the Company decided in 2021 to terminate the ADS program with effect from November 5, 2021. ADS holders will need to surrender their ADS for delivery of underlying PGS shares by May 5, 2022.

Shareholders
PGS had 8 926 shareholders on record as of December 31, 2021, according to the Norwegian Central Securities Depository ("VPS"). As of December 31, 2021, Coltrane Asset Management was the largest PGS shareholder, owning 63.9 million shares or 16.0% of the Company. As of year-end 2021, PGS held 590 of its own shares.

Distribution of Information and IR Activities
All Company information considered material to the capital markets is published via the Oslo Stock Exchange's news service: www.newsweb.no and posted on the Company's website. PGS holds public presentations in connection with quarterly earnings releases, and management has a frequent dialog with investors and participates at investor conferences.

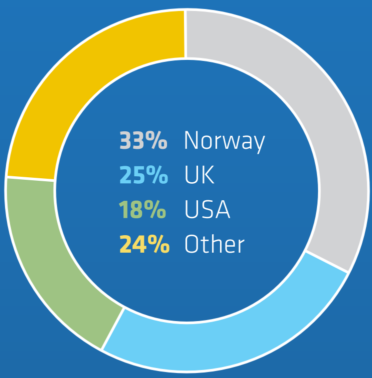
Analyst Coverage
As of December 31, 2021, there were 9 sell-side analysts with research coverage of PGS. An updated list of analyst coverage is published on the Company's website.

2022 Annual General Meeting
PGS' 2022 Annual General Meeting is scheduled for April 27. Each PGS share is entitled to one vote. Please note that Norwegian regulations stipulate that, shares must be registered in the name of a specific owner for that person (or duly authorized agent) to be allowed to vote. Shareholders who wish to attend the Annual General Meeting are requested to pre-register via the Company's registrar. The registrar's contact information follows:

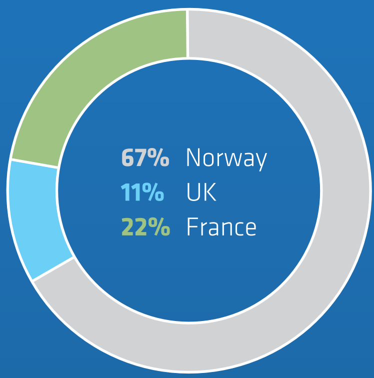
DNB Bank ASA
Registrar Services
PO Box 1600 Sentrum
NO-0021 Oslo, Norway

Phone: +47 23 26 80 20
Email: kua@dnb.no

Corporate Credit Rating
Moody's has a 'Caa1' corporate rating on PGS with Negative Outlook, and S&P has a CCC+ corporate rating also with Negative Outlook.



Citizenship of Shareholders



PGS Sell-side Analyst Location

20 Largest PGS Shareholders*

	December 31, 2021	
	Total shares	Ownership percent
Coltrane Asset Management LP	63 914 900	16.0
DNB Asset Management AS	29 024 749	7.2
M&G Investment Management Limited	26 931 374	6.7
Dimensional Fund Advisors LP	12 977 624	3.2
The Boeing Company Employee Retirement Plans Master Trust	12 885 165	3.2
Barclays Capital Inc.	7 951 764	2.0
Susquehanna International Group Ltd.	5 528 848	1.4
Monaco Asset Management SAM	5 187 082	13
Mats Geo AB	4 900 000	1.2
Credit Andorra	4 616 595	1.2
Andbank Wealth Management SGIIC SAU	4 311 590	1.1
Legal & General Investment Management Limited	4 213 000	1.1
Charles Schwab Investment Management, Inc.	4 171 008	1.0
Trefoil Capital Advisers	4 012 445	1.0
MH Capital A/S	3 983 490	1.0
Saxo Capital Markets UK Ltd	3 546 948	0.9
City of New York Group Trust	2 931 262	0.7
SPB A/S	2 811 435	0.7
UBS Switzerland AG (Investment Management)	2 622 999	0.7
American Century Investment Management Inc.	2 438 622	0.6
Other	191 706 797	47.8
Total	**400 667 697**	**100.00**

**The data is provided by Q4 Inc. and is obtained through an analysis of beneficial ownership and fund manager information provided in replies to disclosure of ownership notices issued to all custodians in relation to the PGS share register provided by the Norwegian Central Securities Depository (VPS). Every reasonable effort has been made to verify the data, however neither PGS nor Q4 Inc. can guarantee the accuracy of the analysis.*

History of PGS

2021 Established New Energy to leverage PGS expertise and assets, to assess market needs and develop business opportunities in the evolving energy transition. Entered a strategic collaboration with Magseis Fairfield to serve the hybrid towed streamer and OBN market. Celebrated 30 years anniversary.

2020 The COVID-19 pandemic had a severe negative impact on the seismic industry and PGS reduced cost and capital expenditures significantly as a response. Rejected a non-binding bid from TGS to acquire PGS MultiClient data library.

2019 Sold the *Ramform Sterling* to JOGMEC in Japan and entered into a related service agreement of up to 10 years with annual renewals. Changed name from Petroleum Geo-Services ASA to PGS ASA.

2018 Sold OptoSeis to GeoSpace as a part of the strategy to divest non-core assets.

2017 Took delivery of *Ramform Hyperion.* Launched initiative to centralize, simplify and streamline the organization.

2016 *Ramform Tethys* was delivered, improving fleet capabilities further with excellent operational performance.

2015 In an uncertain market environment PGS focused on cash flow and increased its liquidity reserve.

2014 *Ramform Atlas*, the second Ramform Titan-class vessel was delivered.

2013 PGS took delivery of the *Ramform Titan*, the first vessel in a series of four Ramform Titan-class ships.

2012 PGS exercised options to build another two Ramform Titan-class vessels and launched Separated Wavefield Imaging ("SWIM").

2011 PGS orders two new Ramform Titan-class vessels from Mitsubishi Heavy Industries Shipbuilding Co Ltd. in Japan, with options for additionally two vessels.

2010 Following sale of its Onshore business, PGS emerged as a focused marine geophysical company. PGS was reorganized into global product lines. *PGS Apollo* joined the fleet.

2009 PGS took delivery of the *Ramform Sterling*.

2008 PGS took delivery of the *Ramform Sovereign* and the vessel sets new industry record with deployment of 17 streamers.

2007 PGS introduced the GeoStreamer, the first ever dual sensor streamer. The Company sells *Ramform Victory* to the Japanese Ministry of Economy Trade and Industry ("METI"). PGS acquired Arrow Seismic, Multi Transient Electro Magnetics ("MTEM") and Applied Geophysical Services ("AGS"). The first dividend in PGS history was paid.

2006 PGS demerged its floating production by listing and distributing to shareholders the company Petrojarl ASA. PGS announces plan to build two Ramform S-class vessels.

2005 Pertra was sold to Talisman, and PGS became a dedicated oil services company. In December the same year a full refinancing of the Company was completed.

2003 PGS sold Atlantis to Sinochem. An inability to meet debt obligations made PGS file for Chapter 11 under the US Bankruptcy code in July. PGS emerged from Chapter 11 in November the same year.

2002 PGS bought into in the Varg field in the North Sea from Norsk Hydro and Statoil and established the exploration and production company Pertra.

2001 The Company's data management business was sold to Landmark Graphics Corporation. *Ramform Victory* tows the world's first 16 streamer spread.

2000 PGS sold its subsidiary Spinnaker Exploration.

1999 A fourth FPSO, the *Petrojarl Varg*, was bought from Saga Petroleum.

1998 The production services business Atlantic Power was acquired. PGS added the *Ramform Banff* to the fleet of FPSO vessels.

1997 PGS was listed on the New York Stock Exchange. PGS Production is conceived with the acquisition of Golar-Nor and the FPSOs *Petrojarl I* and *Petrojarl Foinaven*

1995 Ramform seismic vessel technology was introduced with delivery of the *Ramform Explorer*. From 1995 to 1999, PGS designed, built, and deployed six proprietary Ramform survey vessels and grew to become a worldwide leader in the development and industrialization of 3D marine seismic acquisition.

1994 Acquisition of ERC – a reservoir consultancy group.

1993 Initial public offering on NASDAQ in the United States. With the acquisition of Tensor Inc., specialists in 3D processing and depth imaging, PGS' expanded into the data processing field.

1992 PGS was incorporated as a public limited liability company, Petroleum Geo-Services ASA, and listed on Oslo Stock Exchange.

1991 Geoteam and Precision Seismic merge to form Petroleum Geo-Services ("PGS"). Later the Company merged with Nopec. PGS' vision was to provide the most efficient acquisition of 3D marine seismic data.

Corporate Governance

PGS ASA and its subsidiaries ("PGS" or the "Company") is committed to maintaining high standards of corporate governance. We believe that effective corporate governance is essential to our Company's success and establishes the framework by which we conduct ourselves in creating value for our shareholders and delivering services to our customers.

In accordance with the Norwegian Accounting Act section 3-3b, PGS' Board of Directors (the "Board") are required to annually give a statement of PGS' corporate governance. This Corporate Governance Report 2021 is referred to in the Board's statement and complies with section 3-3b. In accordance with the Norwegian Public Limited Liability Companies Act section 5-6 (5), this report is also presented to the shareholders at the 2022 Annual General Meeting ("AGM") for discussion as a non-voting item.

1. Our Governance Model

PGS ASA is registered in Norway as a public limited liability company, and our corporate governance model is based on Norwegian corporate law, the Oslo Stock Exchange's Issuer Rules (available on www.euronext.com/nb/markets/oslo), and the Norwegian Code of Practice for Corporate Governance available on www.nues.com (the "NUES Recommendations"). Our governance model is suited to our Company and the industry in which we operate.

Our corporate governance principles have been adopted by our Board and are summarized below. Our website provides full versions of our basic corporate governance documents and an overview of our governance structure. These items include the Company's Articles of Association, the Board' Rules of Procedure, and the charters for the Company's Audit Committee, Remuneration and Corporate Governance Committee ("Remco"), and Nomination Committee. The documents can be downloaded from www.pgs.com.

2. Our Commitments – Sustainability and ESG

We have adopted a Code of Conduct that reflects our commitment to our shareholders, customers, employees, and other stakeholder to carry out our business with the utmost integrity. The Code of Conduct outlines both what stakeholders can expect from PGS, and what PGS expects from our employees and anyone working for PGS. PGS and its employees are also guided by our Core Values and Leadership Principles that drive desired behavior and culture. Our Code of Conduct, Core Values and Leadership Principles are available in full on www.pgs.com. During 2021, we updated our Code of Conduct, launched a Supplier Code of Conduct, amended the Core Values, and implemented the Leadership Principles.

PGS is committed to the ten principles of the United Nations Global Compact in the areas of human rights, labor, environment, and anti-corruption. The Board and the CEO actively ensure that the Company properly responds to sustainability and ESG challenges. To identify and assess actual and potential sustainability risks and opportunities for PGS, the Board and the CEO are actively involved in the Company's assessment of material topics and the development of our strategic objectives and goals to manage them.

To identify and report on risks and opportunities associated with climate change and the energy transition PGS uses the frameworks developed by the Carbon Disclosure Project ("CDP") and the Task Force on Climate Related Disclosures ("TCFD").

Since 2011, PGS has published a separate sustainability and ESG report, which communicates the Company's progress in alignment with the recommendations of the Global Reporting Initiative ("GRI"). PGS has an ambition to promote the UN Sustainable Development Goals ("SDGs") through concrete actions and goals that are relevant for the Company's activities and global presence. From the materiality assessment PGS has identified six of the 15 SDGs where the Company contributes. These identified goals are number 04 Quality Education, 07 Affordable and clean energy, 09 Industry, Innovation and Infrastructure, 13 Climate Action, 14 Life Below Water and 16 Peace Justice and Strong Institutions.

A more detailed account of how PGS manages sustainability risks and opportunities can be found in our annual sustainability and ESG reports and other ESG documents available at www.pgs.com.

3. Our Business

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.

Our business purpose, as presented in the Company's Articles of Association, is as follows: "The business of the Company is to provide services to and participate and invest in energy related businesses."

Our business operations and product portfolio are presented in greater detail in this Annual Report.

4. Equity and Dividends

The shareholders' equity as of December 31, 2021 was $245.1 million, corresponding to 14% of total assets.

As a result of a weak market over several years and the latest downturn following the outbreak of COVID-19 in 2020, combined with substantial investments in fleet renewal, Net Interest Bearing Debt excluding lease liabilities, currently at $936.4 million, is higher than what the Board sees as beneficial for stakeholders over time. Considering experience from the downcycle 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 not exceeding $500 to 600 million, assuming the current size and composition of business activities. As a result, the Company will continue to give higher priority to cash flow generation and debt reduction than business growth until it reaches a lower debt level. Early 2021, the Company successfully completed a re-negotiation of amortization and maturity profiles for its main credit facilities. The negotiated result was completed by a UK Scheme of Arrangement (the "Scheme") sanctioned by an English court and having support of almost all the Company's lenders. The agreements included the issuance of a convertible loan of NOK 116,162,097 (c. $13 million). Per December 31, 2021, NOK 75,779,994 (c. $8.6 million) of this loan remain outstanding, while NOK 40,382,103 had been converted into 13,460,701 new shares.

With the substantial cost reductions during 2020, the re-scheduling of amortization and maturity on interest bearing debt in 2021 and increasing revenues, the Company has been positioned to manage its debt obligations. However, due to the seismic market recovery in 2021 being slower than assumed in the debt rescheduling business plan from 2020, the Company has seen a risk that it will not generate sufficient liquidity to repay the 2022 maturities whilst also meeting other requirements of the main credit agreements. The Company has therefore started preparations for assessing the Company's options in this respect. See "Financing status" section of the Board of Directors report for more details.

During 2021, the Company decreased its Net Interest Bearing Debt by $ 1.2 million.

The Board continually monitors the adequacy of the Company's capital structure in light of its objectives, strategy, risk profile and outlook.

The alternative performance measure "Net Interest Bearing Debt" as used above, excludes lease liabilities recognized in accordance with IFRS 16 and is further defined in the Annual Report.

The Board has adopted a dividend policy whereby it is the intention to distribute 25 to 50 percent of annual net income as dividends over time. The Board has no general authorization to distribute dividends. Each year's dividend is decided by the AGM after a proposal from the Board.

The Company has not distributed dividends in recent years due to a weak market, operating losses and a need to maintain an adequate liquidity reserve. Going forward, the Company's capacity to pay dividend will be assessed by the Board in light of, among other things, the market outlook and the Company's equity and funding positions. Since the Company currently has Net Interest Bearing Debt which is above the targeted level, priority is given to debt reduction before resuming dividend payments. In addition, the Company is restricted in its main credit facility from proposing a dividend for 2021 and these agreements require certain conditions to be fulfilled before the Company may propose a dividend payment.

The Board is authorized to buy back up to 10 percent of the Company's share capital (treasury shares). The current authorization expires on June 30, 2022. However, a new authorization will, in line with past practice, be proposed at the next AGM. Purchase of treasury shares are subject to restrictions in the Company's main credit facility identical to those applicable for distribution of dividends.

It has been an ongoing practice of PGS shareholders to grant authorizations to the Board permitting it to increase the Company's share capital or issue convertible loans for up to 10 percent of the Company's share capital for certain defined purposes. The authorization given in 2020 was used to issue a convertible note related to the debt re-scheduling process completed in early 2021. Per December 31, 2021, the authorization given in 2021 remains unused. A new authorization in line with past practice will be proposed at the next AGM.

Separate General Meeting votes are held for (a) authorizations to increase the share capital for certain business purposes, (b) authorization to issue convertible loans and (c) authorization to acquire treasury shares. When a proposed resolution encompasses share capital increases and/or the issuance of convertible loans and/or acquisition of treasury shares for various purposes, the Company does not find it practical to hold separate votes on each element of the proposals. This is a deviation from the NUES Recommendation No. 3 where it is recommended that when the General Meeting is to consider mandates to the Board for the issue of shares for different purposes and each mandate should be considered separately by the shareholders.

5. Equal Treatment of Shareholders - Transactions with Closely Related Parties

PGS has a single share class and all shares carry the same rights. At our General Meetings, each share carries one vote. Our Board is committed to equal treatment of shareholders in all respects.

When applicable, transactions involving the Company's own shares are carried out through a stock exchange, or at prevailing stock-exchange prices if carried out in an alternative manner.

Transactions between the Company on the one hand, and shareholders, a shareholder's parent company, members of the Board, executive officers, or closely related parties of any such party (referred to as "Closely Related Parties") on the other hand shall be conducted at arm's length distance and at market terms. Material transactions between the Company and Closely Related Parties will be subject to independent valuation by third parties.

According to PGS' Code of Conduct, our employees shall not have any personal or financial interest that might conflict with those of PGS nor influence, or appear to influence judgments or actions in carrying out their responsibilities on behalf of the Company. According to the Board's Rules of Procedure, a member of our Board may not participate in discussions or decision-making as to issues in which the Director or any of its Closely Related Parties have a material personal or financial interest. The Code of Conduct and Rules of Procedure are available on www.pgs.com.

6. Shares and Negotiability

The Company's shares are freely transferable and there are no restrictions imposed by the Company on ownership of or voting for shares.

The Company has since it was de-listed from the New York Stock Exchange in 2007 issued and offered for trade share instruments being American Depositary Shares ("ADS"). As there has been low ADS trading volumes during recent years, the Company decided in 2021 to terminate the ADS program with effect from November 5, 2021. ADS holders will need to surrender their ADS for delivery of underlying PGS shares by May 5, 2022.

7. General Meeting

Through participation in General Meetings, our shareholders exercise ultimate authority over the Company and, with exception of the employee elected Directors, elect the members of its Board and the chairperson of the Board.

Pursuant to the Company's Articles of Association, the notice of an AGM is distributed at least four weeks in advance of the meeting to shareholders. A copy of the calling notice with appendices will be posted on www.pgs.com.

Notices convening Extraordinary General Meetings ("EGM") must be distributed at least three weeks ahead of the meeting. The Board is to call shareholders to an EGM upon a written demand by the Company's independent auditor or shareholders representing at least five percent of the share capital, or for other purposes.

Shareholders who wish to attend a General Meeting must notify the Company's registrar or PGS by the deadline stated in the meeting notice, which must be at least two working days before the General Meeting.

According to the Company's Articles of Association, documents to be considered at the General Meeting may be published on our website. The same applies to documents that, due to statutory requirements must be attached to, or included in the notice calling the General Meeting. If the documents are published in such a manner, the statutory requirements for distribution shall not apply. Nevertheless, shareholders are entitled to request that documents to be considered by the General Meeting are sent to them via regular mail.

To vote at General Meetings, in person or by proxy, a shareholder must be registered with the Norwegian Central Securities Depository ("VPS").

An owner with shares registered through a custodian has voting rights equivalent to the number of shares covered by the custodial arrangement, provided that the owner of the shares, within two working days ahead of the General Meeting, provides PGS with his or her name and address together with written confirmation from the custodian to the effect that he or she is the beneficial owner of the shares held in custody.

Written and/or electronic voting in accordance with the Norwegian Public Limited Liability Companies Act, cf. sections 5-8 to 5-8b, shall be allowed for meetings where such method of voting is arranged by the Board. The Company will for the 2022 AGM call for a virtual meeting and will arrange for electronic voting.

Generally, all Directors normally attend the AGM together with the chairperson of the Nomination Committee and the auditor. In accordance with the Company's Articles of Association, the chairperson of the Board chairs General Meetings. This is a deviation from the NUES Recommendation No. 6 for making arrangements to ensure an independent chairperson for the General Meetings. The reason for this deviation is that the Company has found this more practical and that PGS wishes to ensure that General Meetings are chaired by a competent person having proper insight into PGS' overall operations

8. Nomination Committee

In line with our Articles of Association, the Company has currently a Nomination Committee comprised of four members to be elected by our shareholders at the AGM. The majority of Nomination Committee members shall qualify as independent parties, pursuant to the NUES Recommendations. The term of service shall be two years unless the General Meeting determines that the period shall be shorter.

The Nomination Committee's main responsibilities, which are set out in the Nomination Committee Mandate and Charter, are to propose nominees for election as members and chairperson of the Board and the Nomination Committee. Further, the Nomination Committee proposes remuneration to be paid to members of the Board and its committees and Nomination Committee. The remuneration is approved by the General Meeting. Annually, the Nomination Committee produces a written report containing its nominations and proposals, which is distributed in advance of each AGM.

Once a year, the Nomination Committee meets with each Director individually and discusses how the Board and its committees function and whether there is a need for changes to the Board. The Nomination Committee also keeps contact with shareholders and the Company's President & CEO ("CEO") as part of its work.

As of December 31, 2021, the Nomination Committee comprises Harald Norvik (chairperson), Terje Valebjørg, Alex Herger and Ole Jakob Hundstad. Mr. Norvik was a first time electee at the 2017 AGM as chairperson, whereas Mr. Valebjørg was a first time electee on the 2016 AGM as a member, and Ms. Herger and Mr. Hundstad were first time electees as members at the 2019 AGM. These four individuals were all re-elected at the 2021 AGM, all for a service period ending with the 2022 AGM. The current Nomination Committee members are presented more in detail www.pgs.com. Any adjustments to the Nomination Committee proposed for approval at the 2022 AGM is presented in detail in Appendix II to the 2022 AGM Calling Notice.

Shareholders who wish to propose new Board members or new members of the Nomination Committee may do so by submitting a candidate's name to PGS' investor relations staff via www.pgs.com by following the link, "Nominate a Board Member." The deadline for submissions each year is January 31. Alternatively, candidates can be proposed by letter to PGS attn. General Counsel or via email to ir@pgs.com. PGS does not employ any Nomination Committee members, none is a member of the Board and all proposed members to the Nomination Committee are considered to be independent from the Board and the management of the Company.

In 2021, the Nomination Committee held six physical and virtual meetings. The Nomination Committee's report on its work and recommendations is set out in Appendix II to the 2022 AGM Calling Notice.

9. Board – Composition and Independence

According to the Company's Articles of Association, our Board shall have from three to thirteen Directors. The period of service for members of the Board shall be one year. The Board has adopted its own Rules of Procedure that establish in more detail its roles and responsibilities, including:

- Directors' qualifications
- Requirement that a majority of the shareholder elected Directors in the Board, a majority of the shareholder elected Directors being members of the Remco, and all shareholder elected Directors being members of the Audit Committee, are considered to be independent Directors
- Annual review and determination of the independence of each Director

The composition of the Board is a reflection of the Company's commitment to protect the common interests of all shareholders and the Company's need for expertise, capacity and diversity.

As of December 31, 2021, the Board comprised five shareholder elected and three employee elected Directors. The current shareholder elected Directors are Walter Qvam (chairperson), Anne Grete Dalane, Richard Herbert, Marianne Kah and Trond Brandsrud, whilst the current employee elected Directors are Anette Valbø, Gunhild Myhr and Eivind Vesterås. The current Directors are presented more in detail www.

pgs.com and in the Annual Report. Any adjustments to the Board proposed for approval at the 2022 AGM is presented in detail in Appendix II to the 2022 AGM Calling Notice.

As of December 31, 2021, all shareholder elected Directors are independent of the Company's management, its major business relations, and major shareholders. No shareholder elected Director may be an executive of PGS and are not permitted to perform paid consultancy work for PGS. As of December 31, 2021, all Directors, directly or indirectly, own PGS shares.

Shareholders and other interested parties may communicate directly with our shareholder elected Directors by written correspondence addressed to PGS ASA, Board (shareholder elected members), Secretary of the Board or to the Company's General Counsel Lars Ragnar van der Bijl Mysen, PO Box 251, NO-0216 Oslo, Norway. Further, the Company has on www.pgs.com posted an invitation to shareholders for discussing corporate governance or corporate responsibility matters by contacting Mr. Mysen by phone or arranging a meeting with him.

10. The work of the Board

In accordance with Norwegian corporate law, our Board has overall responsibility for management of the Company, while the CEO is responsible for day-to-day management.

The Board provides oversight of the CEO's day-to-day management and company activities in general. The Board is also responsible for ensuring that appropriate management, guidelines, and control systems are in place and are followed. In cooperation with the CEO, the Board also develops clear goals, strategies and risk profile for the Company such that it generates value for its shareholders in a sustainable manner taking economic, social and environmental, aspects into consideration.

The CEO, as agreed with the chairperson of the Board, annually submits a schedule of the meetings of the Board of Directors in the upcoming calendar year. The schedule is subject to Board approval. In 2021, the Board held eight physical and virtual meetings. Due to the COVID-19 situation, most meetings were held using MS Teams or held as a hybrid of MS Teams/physical meeting. During 2021, all the shareholder-elected Directors participated in all prescheduled board meetings.

Key elements of the Rules of Procedure cover the Board'' responsibilities to determine the Company's financial targets, set strategy along with the CEO and executive committees, and approve business plans, budgets, and budgetary and risk frameworks. The Board reviews at least annually the objectives, strategy and risk profile for the Company. In its supervision of the Company's business activities, the Board will seek to ensure that satisfactory procedures are in place for monitoring and follow-up of Board-approved corporate principles and guidelines covering areas such as ethical conduct; adherence to laws, rules, and regulations; health, safety and environment; and corporate responsibility.

The Rules of Procedure also require an annual self-evaluation to determine whether the Board and its committees are functioning effectively. The annual self-evaluation is prepared and facilitated by the Remco. An anonymous survey is carried out and the findings are discussed by the Board. The survey's findings are made available to the Nomination Committee. The chairperson of the Nomination Committee also shares with the Board relevant information for improvement of Board processes that may come up in their annual interviews with individual Directors.

Each scheduled Board meeting includes a separate session at which issues may be discussed without the presence of the Company's management.

The tasks and duties of the CEO vis-à-vis the Company's Board are also outlined in the Rules of Procedure, along with the tasks and duties of the chairperson of the Board. The CEO participates in all board meetings other than closed sessions. The Board elects a vice chairperson to chair board meetings in the chairperson's absence. The full text of the Board's Rules of Procedure is available at www.pgs.com. Our governance structure is organized as described below.

Our Board is responsible for the supervision of our business activities. The Board has established an Audit Committee and a Remco to assist in organizing and carrying out its responsibilities. The mandate and charter for the Audit Committee and Remco are available at www.pgs.com

The Board's Responsibilities

Board responsibilities include:

- to appoint the Company's CEO
- to, together with the CEO operate PGS in an effective and ethical manner in order to create value for the Company's shareholders. Our Code of Conduct requires management to maintain an awareness of the risks involved in carrying out our business strategies. Personal interests must not override or conflict with the interests of PGS.

The CEO's Responsibilities

The responsibilities of the CEO include:

- Managing the day-to-day activities of the Company
- Organizing PGS' Executive Committees and the Disclosure Committee to further assist the CEO
- Under the guidance and supervision of the Board and the Audit Committee, ensuring that the Company's financial statements in all material respects fairly present

the Company's financial condition and the results of its operations. Timely disclosure of issues to the Board is also essential to the assessment of the Company's financial condition, business performance and risks.

Board Committees
As of December 31, 2021, our Audit Committee comprises Directors Anne Grethe Dalane (chairperson), Trond Brandsrud, Marianne Kah, Anette Valbø and Eivind Vesterås. All shareholder elected Director's being members of the committee are considered independent of the Company. The committee's functions are to assist the Board in its supervision of the integrity of PGS' financial statements; to monitor the independent auditor's qualifications, independence and performance; to monitor the performance of the internal audit function; and to promote and review compliance with laws and regulatory requirements.

As of December 31, 2021, Remco comprises Directors Walter Qvam (chairperson), Richard Herbert, and Gunhild Myhr. All shareholder elected Director's being members of this committee are considered independent of the Company's senior management. The function of the committee is to assist in matters relating to compensation, benefits, and perquisites of the CEO and other senior executives. Review and modification of the Company's corporate governance implemented in the Company are also committee responsibilities.

During 2021, all the shareholder-elected Directors participated in all prescheduled regular committee meetings.

In 2021, the Board also mandated one ad-hoc committee comprised by Mr. Qvam, Ms. Dalane and Mr. Brandsrud to – together with the PGS management and advisors – oversee the Company's process for managing its debt and assess options.

11. Risk Management and Internal Control
The Board is responsible for ensuring that appropriate guidelines, monitoring, and internal control systems are in place. These are to include embedding risk management, designating risk ownership, and implementing risk responses and controls.

The Board has systems in place to assess that the CEO exercises appropriate and effective management. The Board's Audit Committee assesses the integrity of PGS' accounts. It also enquires about, on behalf of the Board, issues related to financial review and external audit of PGS' accounts. Further, the Board and the Audit Committee supervise and verify that effective internal control systems are in place, including systems for risk management and financial reporting.

The Board and the Audit Committee take steps to ensure that the Company's internal control functions are working as intended and that necessary measures are taken to reduce extraordinary risk exposure. Furthermore, the Board makes certain that the Company is creating value for the shareholders in a sustainable manner whilst taking ethical conduct; compliance with laws, rules and regulations; health, safety and working environment; and other environmental, social and governance (ESG) issues into account.

The Company's anti-corruption program includes a policy, manual and work instructions as to several ethical issues, periodic training, high risk area assessment and monitoring, compulsory contract wording, etc. The policy and procedures are available at www.pgs.com. The program is evaluated on a regular basis by the Audit Committee.

Management maintains and regularly reviews a risk matrix setting out the main risks for the Company. These risk factors and the Company's risk mitigating activities are subject to discussion in the Board at least once a year.

Management conducts day-to-day follow-up of financial management and reporting. Management has established a structured approach to ensure that the system for Internal Control over Financial Reporting ("ICFR") is effective. ICFR includes identification and assessment of all material financial reporting risks, identifying and documenting relevant controls to address these risks, and monitoring that controls are implemented and performed. For controls that are not operationally effective at year-end, their potential financial exposure and impact on the consolidated financial statements are evaluated.

Internal Audit Department
PGS has an Internal Audit Department reporting directly to the Audit Committee on its audit planning and audit reports. The purpose of the Internal Audit Department is to perform independent, objective assurance and consulting activities that add value and improve the Company's initiatives in financial, operational and compliance areas.

The scope of work for the Internal Audit Department includes determining whether the Company's risk management, control, and governance, as designed and represented by management, are adequate and well-functioning.

The audit reports are issued to the Audit Committee. In addition, the Internal Audit Department regularly monitors and reports status of management's actions to respond to identified risks or weaknesses.

12. Remuneration of the Board and Executive Management
Remuneration of shareholder elected Directors is not linked to performance but is based on an annual fee and is subject to annual approval by the General Meeting. Shareholder elected Directors shall not solicit or accept specific assignments for PGS beyond their role as Directors. Shareholder elected Directors neither hold any PGS share options, restricted stock units nor performance based restricted stock units.

For details on compensation to individual Directors, please see Note 30 to the consolidated financial statements of PGS.

Remuneration payable to both employee elected and shareholder elected Directors will be proposed by the Nomination Committee according to its Mandate and Charter, and is submitted to the AGM for approval.

Executive remuneration is one of the primary tasks of Remco. The committee annually reviews the total compensation level, the mix between fixed and performance related compensation and the mix between short and long-term compensation. Remco has developed an annual schedule in order to ensure and facilitate a structured approach to the annual review of executive compensation.

Remco has with the help of an external advisor identified a specific peer group of comparable companies across relevant markets. The advisor has collected and combined information related to total compensation level and structure amongst these companies. As of Remco's latest review, the peer group consisted of 15 companies from Norway and Europe. These companies are of comparable size and have international operations in the oil & gas and oil services sectors. The peer group is subject to regular review. The Board and Remco uses this information, among other tools, to benchmark and decide on an appropriate total compensation structure for the CEO and other executives.

Compensation for the CEO adheres to the same process as that used for other executives, but is also subject to approval by the Board.

The current remuneration package for our CEO and other executives includes fixed elements and variable elements. The fixed elements consist of a base salary and other benefits such as car allowance, phone, internet and similar. The fixed elements also include a defined contribution pension scheme and an individual pension scheme. The variable elements consist of Short Term Incentive Plans which is our annual bonus scheme, and Long Term Incentive Plans which are composed of Performance Restricted Stock Units. Features of these programs include an absolute ceiling on performance-related remuneration.

For further details on the compensation structure and total compensation to the CEO and executive team members, please see Note 30 to the consolidated financial statement of PGS, and also the Board's Senior Executive Remuneration Policy approved by the 2021 AGM available on www.pgs.com, and the Board's Senior Executive Remuneration Report for 2021 set forth as Appendix VI to the 2022 AGM Calling Notice.

13. Information and Communications
The Board is committed to reporting financial results and other relevant information based on openness and the requirement of equal treatment of all shareholders and securities market participants. The Company complies with relevant disclosure rules and regulations. Announcements are released through a platform provided by Notified and posted on the Oslo Stock Exchange's NewsWeb service. In addition, all announcements are on www.pgs.com. The Company's policy of accessibility for shareholders is also presented on the Company's website.

The Company has an investor relations function to ensure that requests for information from shareholders, analysts and other interested parties are satisfied. The Company has an active investor communication program which includes senior management attending roadshows in connection with reporting of financial results, presentations at relevant investor conferences, and availability for one-on-one meetings, both virtual and as physical meetings.

The Board and the Nomination Committee once a year invites shareholders to join in a dialog on corporate governance and corporate responsibility matters. The invitation is posted on www.pgs.com and any shareholder may initiate communication with the Company on these matters.

14. Takeover Bids
The Board has established guiding principles for how it will act in the event of a takeover bid. The Board will ensure that all shareholders are treated equally and seek to prevent disruptions to, or interference with, Company operations to the extent possible. In the event of a takeover bid, the Board will, in accordance with its overall responsibilities and good corporate governance, act in the best interest of shareholders and ensure that they are given sufficient information in the matter. If a takeover bid is made, the Board will issue a statement containing a recommendation as to whether the shareholders should accept or reject the offer, including an independent valuation of the offer. The Company's Articles of Association do not contain any restrictions, limitations, or defense mechanisms against acquisition of its shares.

15. Auditor
The Audit Committee shall support the Board in the administration and exercise of its responsibility for supervision of the work of the independent auditor, who shall keep the Board informed of all aspects of its work for

PGS. This duty includes submission of an annual plan for the audit of PGS. The auditor attends all Audit Committee meetings and, at least twice a year, meets with the Audit Committee without the presence of management. In-house policies govern the use of the auditor's services. Use of the auditor for services other than the audit of PGS requires pre-approval by the Audit Committee.

The independent auditor meets with the full Board at least once a year in connection with the preparation of the annual financial statements and, at least once a year, presents a review of PGS' financial reporting and internal control procedures for financial reporting. At least once a year, the independent auditor meets with the Board without the presence of any member of the executive management.

Remuneration paid to the auditor for mandatory and other audit services will be reported to the AGM for approval.

16. Diversity, Equality and Inclusion

The Company has clear commitments regarding Responsible Business Conduct, Equality and Diversity & Inclusion for our work force. These commitments are embedded in the Company policies and goals, which include (a) respecting fundamental human and labor rights, (b) preventing discrimination and harassment, (c) recruiting, promoting and developing individuals based on qualifications, value and potential, and (d) fostering and supporting diversity including age, nationality, gender and qualifications.

At the Board level, the Nomination Committee actively works for ensuring that there is proper diversity on gender, age, background, experience and qualifications. The Company complies with the requirements in the Norwegian Public Limited Liabilities Act section 6-11a on gender balance.

At the management level and below, the CEO, the SVP Global HR and the Executive Vice Presidents are all actively pursuing similar goals as regards equality, diversity & inclusion among the PGS management and the entire work force.

The Company's ESG Report 2021 available on www.pgs.com identifies the more precise goals and how they have been met during the reporting period.

17. Compliance with Laws, Rules, Regulations and Recommendations

As part of PGS' Code of Conduct available on www.pgs.com, PGS is inter alia committed to comply with relevant laws, rules, and regulations, as well as the Oslo Stock Exchange's Issuer Rules. In addition, PGS complies with the current recommendations set forth in the NUES Recommendations, subject only to deviations identified and justified in this report.

The Board further conducts periodic reviews of PGS' corporate governance policies and procedures, including the Board's Rules of Procedure. This process is conducted regularly and managed by Remco. Any changes to policies or procedures are presented to the Board for approval.

Board of Directors

The Board of Directors is responsible for the administration, development, and supervision of PGS business activities.

Walter Qvam

Chairperson (Elected 2016) | Board Member since 2013 | Remuneration and Corporate Governance Committee Chairperson | Shareholding: 35 000

Mr. Qvam was the president and chief executive officer of Kongsberg Group ASA, and he has held leading positions in various prominent Norwegian and international businesses in a variety of fields, including oil and gas, and shipping, (Det Norske Veritas), IT (Capgemini), transportation (the Norwegian state railway) and consultancy (Gemini Consulting). In addition to his role as chairperson of PGS, Mr. Qvam chairs the boards of the research organization SINTEF, cyber-security company mnemonic, robotics company wheel.me and the digital innovation hub DigitalNorway. He is also a board member in the energy & infrastructure company CapeOmega. Mr. Qvam graduated Master of Science from the Norwegian University of Science and Technology (NTNU).

Anne Grethe Dalane

Vice Chairperson (Elected 2018) | Board Member since 2013 | Audit Committee Chairperson | Shareholding: 48 000

Ms. Dalane is a senior leader at Yara International and previously held a number of senior positions at Norsk Hydro. She is currently VP Finance Data & Development. Her previous experience covers a range of fields including human resources as well as oil and gas. She has been the chief financial officer for Crop Nutrition, region director Latin America, and country manager of Argentina at Yara. She serves as a director of BW LPG. Ms. Dalane's background is in economics, and she holds a business degree from the Norwegian School of Economics NHH.

Richard Herbert

Board Member since 2017 | Audit Committee Member | Shareholding: 9 500

Mr. Herbert is a petroleum geologist with 40 years of experience in the global upstream industry. His career started with Phillips Petroleum. He spent 19 years at BP, in senior international exploration and development positions in southeast Asia, Latin America, the USA, and Angola, as well as the UK North Sea. From 2003-2008 he worked for TNK-BP in Russia, as the exploration vice president and subsequently as executive vice president of technology. From 2009-13, he was exploration vice president of Talisman Energy in Canada. He returned to BP from 2013 until the end of 2016, as the chief operating officer for exploration. In 2017, he joined the board of Frontera Energy Corporation, then from 2018 until March 2021 became their chief executive officer, based in Bogota, Colombia. Richard Herbert holds a BSc in Geology from the University of Bristol in the UK.

Marianne Kah

Board Member since 2018 | Audit Committee Member | Shareholding: 28 589

Ms. Kah was the Chief Economist of ConocoPhillips for 25 years retiring in November 2017. She was a member of the strategy committee of ConocoPhillips and was responsible for oil and gas market outlooks, scenario planning, and assessing disruptive risks to the company. She was also involved with planning and participating in strategy meetings with ConocoPhillips' Board of Directors. She currently serves on the Advisory Board of the University of Texas Energy Institute, and she is an adjunct senior research scholar and member of the Advisory Board of Columbia University's Center on Global Energy Policy. In 2019, Kah joined the Board of Directors in Allegheny Technologies Inc. She was past President of the U.S. Association for Energy Economics for the calendar year 2019, and currently co-chairs the Energy Roundtable for the National Association for Business Economics.

Trond Brandsrud

Board Member since 2019 | Audit Committee Member | Shareholding: 60 000

Mr. Brandsrud is an advisor as well as a board member and non-executive director of several listed and private-equity-owned companies. These include Aker BP, where he chairs the audit and risk committee, and Lowell, where he chairs the Audit Committee as well as the Risk Committee and serves as a member of the audit and remuneration committees. Brandsrud has 30 years of experience in the oil and gas industry. He has served as group chief financial officer (CFO) at both Aker and Seadrill and has held a wide range of senior financial positions in Royal Dutch Shell. Recently, he has also held group CFO and CEO positions in privately-owned companies Lindorff and Lowell, in the financial services sector. He currently serves as an interim CFO of Waterise on a part-time basis. Trond Brandsrud is a Norwegian citizen and holds a master's degree from the Norwegian School of Economics (NHH).

Anette Valbø
Employee Elected Board Member since 2015 | Audit Committee Member | Shareholding: 7 142

Ms. Valbø joined PGS in 2002. Her current position is Bid Manager. She has previously held various business controller positions within Marine Contract and Operations business area. Prior to joining the Company, Ms. Valbø served in various positions within auditing and accounting in Frontline Ltd. and DNB. Ms. Valbø holds a bachelor's degree in accounting and auditing from Molde University College, Norway.

Gunhild Myhr
Employee Elected Board Member since 2021 | Remuneration and Corporate Governance Committee Member

Ms. Myhr joined PGS in 1992 and is Business Development Manager Europe/New Energy, tasked with finding opportunities for our fleet of seismic vessels, both in the external contract market and as assets in integrated PGS initiatives. She also works with government liaison and in developing growth and value potential using PGS seismic and operational technology. She has previously served in a variety of senior sales roles. Earlier, she was stationed offshore, processing seismic data on PGS vessels, and has also managed our seismic imaging center in Oslo. Gunhild holds an M.Sc. in Geophysics from the Norwegian University of Science and Technology.

Eivind Versterås
Employee Elected Board Member since 2021 | Audit Committee Member | Shareholding: 103 500

Mr. Versterås joined PGS in 2008 as a geophysicist, first offshore and then based in Oslo, analyzing both seismic and electromagnetic data. He is currently a Special Projects Manager in our Operations division. He has worked in research, operations, and sales support roles, with experience that spans from the development of technical solutions through to their introduction to the market. Since 2018, he has been the chief union representative of Tekna in our Oslo office. Eivind holds an M.Sc. in applied physics from the Norwegian University of Science and Technology.

Board of Directors' Report

The overall offshore seismic market was weaker in 2021 than in 2020. The market started to recover from the impact of the COVID-19 pandemic during 2021, but remains challenging. PGS achieved higher revenues in 2021, adjusted for COVID-19 related government grants, primarily due to an improvement of contract revenues from increased activity levels and price recovery in the second half of the year. In addition, MultiClient late sales revenues increased by 32% compared to 2020.

PGS returned to generating positive net cash flow after debt service in 2021. However, the market recovery has been slower than assumed in the business plan used for the debt rescheduling in 2020. As a result, the maturity profile of interest-bearing debt may become challenging and PGS will need to address this in 2022.

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. The Company's 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.

PGS is organized in four primary business units: Sales & Services, New Energy, Operations and Technology & Digitalization.

- *Sales & Services* promotes and sells all PGS' products and services to energy companies
- *New Energy* assesses and develops business opportunities within the energy transition markets where PGS can diversify its service portfolio and generate revenues
- *Technology & Digitalization* manages research and development, PGS digital transformation projects and Enterprise IT
- *Operations* manages vessel operations and marine seismic acquisition projects

2021 Business Highlights

PGS increased revenues in 2021, compared to 2020, when adjusted for COVID-19 related government grants. Cash flow before financing activities ended at $155 million, an increase of 38% from 2020.

In early 2021, PGS established the New Energy business to diversify its product portfolio and build a position in the provision of subsurface data for the offshore renewables' domain or related to the ongoing energy transition. PGS identified carbon storage ("CS"), offshore wind, and marine minerals as markets where there is potential to build a profitable business. PGS made several MultiClient data sales in 2021 and has been awarded seismic acquisitions surveys relating to carbon storage late 2021 and early 2022.

Evidencing its strong position in the 4D market, PGS was awarded a multi-year 4D framework agreement by Equinor.

PGS completed its first simultaneous node and streamer seismic survey, in a contract for Lundin Energy Norway in the Barents Sea. During the survey PGS set several acquisition records.

To expand on the Company's node capabilities, PGS entered a strategic collaboration with Magseis Fairfield to address the market for seismic surveys which combines towed streamer and Ocean Bottom Node ("OBN") acquisition. The strategic collaboration has a global scope with initial focus on the North Sea, and a one-year duration with options to extend by two plus two years.

PGS completed a sale of the assets associated with its towed electromagnetic system to Ocean Floor Geophysics ("OFG"). Following the transaction, PGS owns 46% of OFG and collaborates closely with the company, especially in developing the New Energy business.

PGS, TGS and CGG launched Versal – a unified seismic data ecosystem giving access to the MultiClient products offered by the three companies, who hold three of the world's largest MultiClient libraries, via a single log-in.

Cloud enablement of its MultiClient subsurface data library is an integral part of PGS' digital transformation journey, enabling new services and business models that generate new revenue streams. In December, PGS announced a milestone Data Management as a Service ("DMaaS") agreement with a major customer. DMaaS allows clients to easily access all their PGS data and entitlements by access to the Cloud.

Strategy

PGS is a fully integrated marine seismic acquisition and imaging company, offering a full range of towed streamer acquisition and imaging services through both the proprietary Contract and MultiClient business models. Being in control of seismic acquisition vessels, imaging and technology, positions PGS to deliver the best and most flexible solutions to clients under any contract type.

Capital expenditures relating to the Ramform Titan-class new build program, followed by a prolonged industry downturn from 2014 to 2018 and a severe impact from the COVID-19 pandemic, has led to a level of interest-bearing debt which is higher than targeted. The Company has over this period raised equity and extended debt maturities on several occasions to manage its debt obligations. The Company's financial strategy is to prioritize cash flow and debt reduction before growth. Debt reduction will be given priority until PGS reaches a capital structure that is sustainable considering company size and market cyclicality. Net interest-bearing debt (excluding lease liabilities) was $936.4 million at year-end 2021 and, while PGS has significantly adjusted its cost base and capital expenditures to mitigate the impact of lower revenues, the Company depends on a market recovery to carry out significant debt repayments and achieve the target of a net-debt level not exceeding $500-600 million, excluding lease liabilities.

The PGS business strategy comprises the following key priorities:

- *Leverage integration across the PGS value chain*
  PGS aims to fully utilize the contract and the MultiClient market in combination with integrated commercial models to build vessel campaigns maximizing fleet utilization. The Company intends to capitalize on selling joint acquisition and imaging services as a complete solution to optimize margins and MultiClient pre-funding and sales.
- *Leading provider of near-field exploration and production (4D) seismic*
  The energy transition drives increasing focus towards near-field exploration and production seismic. PGS is well positioned in these market segments with the Ramform acquisition platform and GeoStreamer technology. PGS intends to improve exposure and profitability further by creating geologically driven geophysical workflows and solutions tailored towards infrastructure lead exploration, appraisal, and development. Rich azimuth illumination of GeoStreamer data, GeoStreamer X, targets exploration in mature hydrocarbon basins is being rolled out in Europe with success. PGS intends to industrialize the technology further and launch it into other core markets. PGS believes there are untapped opportunities in the hybrid streamer and OBN market and is positioned to take advantage of that.
- *Develop New Energy into a significant business unit*
  PGS has an ambition to build a substantial and recognized presence in markets within the offshore renewables' domain or related to the ongoing energy transition. PGS intends to build a business with growing revenues as fast as these opportunities materialize. PGS has identified carbon storage, offshore wind and marine minerals as domains where the Company can match its assets, competence, and capabilities to address industry challenges. Already in 2021, the Company made several MultiClient data sales related to carbon storage and secured awards of two acquisition contracts for development of the Endurance and Northern Lights CCS projects. Within offshore wind and marine minerals, PGS has commenced a process

to create and potentially execute on a market entry.

- *Increase speed and penetration of digitalization*
  PGS started on its digital transformation process in 2019 by establishing a dedicated digitalization team. Scope and speed of digitalization is accelerating and PGS is working on three main digitalization projects:
  - PGS Digital Factory - Includes a suite of initiatives to deliver on the PGS strategy and create tangible value by enabling machine learning and artificial intelligence to optimize costs, tracking trends, improving predictability and performance, reducing project execution time, and revealing commercial opportunities.
  - PGS Solis - A cloud-based MultiClient sales platform that enables new sales models and allows clients to collaborate on high-quality data and achieve faster decisions and subsurface insights.
  - PGS Eos - Enabling faster processing and imaging of seismic data, using automated workflows and cloud scalability
- *Reduce operating cost and increase efficiency*
  Fleet operations are a dominant part of the Company's cost base. PGS intends to optimize fleet cost and improve efficiency by developing and implementing new and more flexible crewing models, without negatively impacting safety. Further, the Company is increasingly taking advantage of its digital toolbox to improve operational efficiency.
- *Reduce environmental footprint from our operations*
  PGS works towards an environmental transformation of the Company's operations by delivering services with the smallest environmental footprint possible. Delivering on PGS Environment, Social and Governance ("ESG") goals is the Company's license to operate. PGS continues to develop towards its goal of a 50% reduction in CO2 per Common Mid-Point ("CMP") kilometers by 2030. Further, PGS is targeting 100% renewable energy for the compute capacity used and power to the offices. For the seismic acquisition, PGS aims at minimal acoustic impact with maximum efficiency in acquisition projects, and no conflicts with fisheries or local communities where the Company operates. PGS intends to minimize waste, and targets 100% reuse or recycle.

Market Development and Main Businesses

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

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

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

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

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

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

Technology

PGS is concentrating its research and development efforts on areas of technology differentiation from seismic acquisition to subsurface and reservoir imaging. The Company is capitalizing on digitalization to improve its operational efficiency, reduce capital expenditures and develop new digital service offerings.

GeoStreamer, the first-ever multisensor streamer and a proprietary PGS technology, was a game changer in streamer technology and a premier example of PGS' ability to differentiate through technology innovation. GeoStreamer has affected the way marine streamer data has been used across the entire E&P life cycle, helping PGS customers to reduce exploration risk, improve the delineation of reservoir details, enable accurate reservoir characterization and facilitate better production monitoring and management. The unique design of GeoStreamer has helped PGS customers to solve some of their long-standing problems, such as creating high resolution images of the very near surface.

Separated Wavefield Imaging ("SWIM") is a technology that uniquely uses the recordings of the two complementary GeoStreamer sensors to create images with unseen resolution that significantly improve E&P companies understanding of shallow geology and drilling hazards whilst simultaneously enabling improvements in survey efficiency – an undertaking previously viewed as contradictory. With the increased focus on the very shallow overburden for wind farm site evaluations or deep-sea mineral location, techniques such as SWIM will continue to provide a critical competitive advantage to PGS.

In 2021, the Company launched PGS Ultima, a new imaging tool to provide better images faster and address another of PGS' customers long-standing challenges to have access to subsurface images for quicker decision making. PGS Ultima moves away from the traditional sequential processing to a fast simultaneous inversion process, combining velocity model building and high-end imaging in a single step. The imaging tool has the potential to reduce the time it takes from acquisition to the final image on the customer's workstation by approximately 50%.

PGS is also making significant R&D progress with seismic sources. The Company has the industry leading source steering technology, and through new technology and improved towing configurations, PGS can deliver improved acquisition efficiency by leveraging wide source separation.

Financial Results

Following implementation of the accounting standard for revenues, IFRS 15, in 2018, MultiClient pre-funding revenues are recognized at delivery of the final process data, which is typically significantly later than the acquisition of the seismic data.

For internal management purposes PGS continues to use the revenue recognition principle applied in previous years before implementation of IFRS 15, which is based on percentage of completion and uses this for purposes of Segment Reporting. See Note 4 in the annual financial statements for description.

The comments below relate to both the Company's primary financial statements with the adoption of IFRS 15 from January 1, 2018 ("As Reported") and segment financial information "Segment" unless otherwise stated.

In 2021, As Reported revenues and Other Income amounted to $703.8 million, compared to $512.0 million in 2020, an increase of $191.8 million, or 37%. The increase is driven by completion of processing and delivery of final data for several significant MultiClient projects (where acquisition of data for the most part was completed before 2021) and increased contract revenues from allocating more vessel capacity to contract and improved rates.

2021 Segment Revenues and Other Income were $590.0 million, compared to $595.9 million in 2020, a decrease of $5.9 million, or 1%. Excluding government grants received in 2020 and 2021 (see "Other Income" below) the full year 2021 Segment revenues increased by $26.9 million, or 5%, compared to the full year 2020. The increase is driven by increased activity in the contract market at improving rates and higher MultiClient late sales, partially offset by lower investment in new MultiClient surveys and therefore lower pre-funding revenues despite increased pre-funding percentage.

Contract revenues ended at $207.8 million, compared to $146.7 million in 2020, an increase of $61.1 million, or 42%, primarily due to an improving seismic contract market with rates gradually improving and significantly more capacity allocated to contract work.

As Reported MultiClient pre-funding revenues for the full year 2021 amounted to $247.7 million, predominantly relating to completion of surveys in Africa. This was an increase of $113.0 million, or 84%, compared to the full year 2020. The increase is a result of more surveys completed and delivered to customers in the period.

Segment MultiClient pre-funding revenues in 2021 were $133.9 million, compared to $218.6 million in 2020, a decrease of $84.7 million, or 39%. The decrease is primarily driven by significantly less capacity allocated to MultiClient, as the Company experienced a reduced demand for new MultiClient surveys. Segment MultiClient pre-funding revenues for the full year 2021 were highest in North America and Africa.

Segment MultiClient pre-funding revenues as a percentage of capitalized cash investment (excluding capitalized interest) was 105% in 2021, inside the Company's targeted range of 80-120%, compared to 98% in 2020. Cash investment in the MultiClient library ended at $127.2 million in 2021, compared to $222.3 million in 2020, a decrease of $95.1 million, or 43%. The lower MultiClient cash investment is mainly due to fewer vessel days allocated to MultiClient projects.

MultiClient late sales in 2021 were $220.4 million, compared to $167.3 million in 2020, an increase of $53.1 million, or 32%. The increase is due to a recovery of demand for MultiClient data library in mature areas, while the market for MultiClient data library in frontier areas is still characterized by cautious spending and deferral of purchases by some customers. The Company has a diversified MultiClient library with most of the data in the world's main offshore producing hydrocarbon regions. Late sales for the full year 2021 were highest in Europe.

Total Segment MultiClient revenues (pre-funding and late sales combined) decreased by $31.6 million or 8%, compared to 2020 and ended at $354.3 million.

Other Income was $6.2 million in 2021, compared to $39,7 million in 2020, a decrease of $33.5 million, or 84%. PGS received COVID-19 related government grants from the Norwegian State of $38.8 million during 2020 and $6.0 million from the US Government in 2021, which explains the lower Other Income in 2021, compared to 2020.

The fleet allocation ratio, active 3D vessel time for marine contract versus MultiClient data acquisition, was 59:41 in 2021, compared to 29:71 in 2020.

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 2021 gross cash costs ended at $401.8 million, a reduction of $24.4 million, or 6%, compared to 2020.

During 2020 PGS, as a response to the dramatically lower revenues and activity levels caused by the COVID-19 pandemic, implemented substantial measures to reduce the annualized gross cash cost run rate by more than $200 million. The Company stacked *PGS Apollo*, *Sanco Swift* and *Ramform Vanguard*. Further, in Q3 2020 PGS completed a comprehensive reorganization to reduce office-based personnel by approximately 40% compared to the start of the year, renegotiated terms with suppliers and implemented several other initiatives. Cost levels through most of 2020 also benefited from a weak Norwegian kroner and lower fuel prices, which have reversed in 2021. In addition, during 2021, *Ramform Vanguard* and *Sanco Swift* (source operation) were reactivated for parts of the year, adding to the gross cash cost of the Company.

Net operating expenses, which include cost of sales, expensed research and development costs, and selling, general and administrative costs, totaled $269.8 million in 2021, compared to $198.2 million in 2020, an increase of $71.6 million, or 36%. The increase is primarily a result of more capacity allocated to contract work and less cost capitalized as MultiClient investment.

Full year 2021, gross research and development ("R&D") costs decreased by $2.7 million, or 16%, compared to 2020. Capitalized development cost decreased by $0.5 million, or 6%, compared to 2020, resulting in overall R&D net expense in 2021 being 25% lower than in 2020. The Company's R&D costs are mainly incurred to support and develop core business activities of marine seismic acquisition and imaging.

In 2021, total MultiClient amortization, As Reported, was 78% of MultiClient revenues, compared to 76% in 2020. The Company recognized accelerated amortization of $214.2 million on projects completed in 2021.

The Company recorded impairments on the MultiClient library of $13.6 million in 2021, compared to $34.9 million in 2020. The impairments in 2021 primarily relate to projects in North America, Europe and Asia. There is a risk that the current weakness in the discretionary MultiClient market may negatively impact the timing of expected future cash flows, and further impairment may arise in future periods.

Segment MultiClient amortization for 2021 decreased by $22.1 million, or 7%, to $274.2 million, compared to 2020. Segment MultiClient amortization as a percentage of total Segment MultiClient revenues was 77% in both 2021 and 2020.

2021 gross depreciation was $142.4 million, a decrease of $33.8 million, or 19%, compared to 2020. The decrease is primarily due to a generally lower investment level over recent years and impairment charges.

For Property and Equipment, the Company recorded impairments amounting to $15.0 million in 2021, compared to $108.4 million in 2020. The impairment in 2021 relates to two Ramform Titan-class vessels and primarily reflects a change in assumptions related to the impact of the energy transition. The impairment in 2020 reflected lower estimated recoverable value of vessels due to vessel stacking, an increased discount rate used when calculating value in use (WACC) and a downward adjustment to future expected cash flows.

The As Reported operating loss in 2021 was $66.2 million, compared to an operating loss of $188.0 million in 2020.

According to Segment Reporting the operation loss, excluding impairment and other charges net, in 2021 was $54.6 million, compared to an operating profit of $12.2 million in 2020.

For the full year 2021, the share of results from associated companies amounted to $1.2 million, compared to a loss of $30.0 million in 2020. The result in 2021 was primarily related to reversal of earlier impairment charges in the Azimuth Group, where PGS as of December 31, 2021 has an ownership of approximately 35%. PGS has a right, but no obligation to provide further funding for the Azimuth Group and has no guarantees outstanding.

Gross interest expense amounted to $98.0 million in 2021, compared to $80.5 million in 2020, an increase of $17.5 million, or 22%, primarily because of a mix of imputed interest costs,higher amortization of deferred loan cost and cash interest.

Other financial expense, net, of $0.6 million in 2021 includes a gain related to extinguishment of debt of $13.5 million and $4.1 million of deferred debt issuance cost charged to expense. For more information on debt that has been accounted for as modification and extinguishment, see description under the section Cash Flow, Financial Position and Financing.

Income tax expense, which consists of current and deferred tax expense, was $15.6 million in 2021, compared to $15.1 million in 2020. There was no deferred tax expense in 2021 or in 2020. Current tax expense relates to foreign withholding tax and corporate tax on activities primarily in Africa.

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 12 and 23 of this annual report for a description of significant tax contingencies.

Loss to equity holders of PGS ASA was $179.4 million in 2021, compared to a loss of $321.5 million in 2020.

Cash Flow, Financial Position and Financing

Net cash provided by operating activities totaled $326.6 million in 2021, compared to $366.5 million in 2020. The decrease is primarily due to the significant change of activity mix from MultiClient to contract with less cash outflow classified as MultiClient investments (investment activity), partially offset by lower gross cash cost. Cash flow before financing activities was $154.7 million in 2021, compared to $111.9 million in 2020.

Cash and cash equivalents totaled $170.0 million as of December 31, 2021, compared to $156.7 million as of December 31, 2020.

On February 9, 2021, the PGS financing transaction to re-schedule debt maturities and amortizations became effective and all interest-bearing debt, excluding lease liabilities, was re-classified from current to long-term debt, see Rescheduling of Debt below for details.

During Q1 2021, the Company issued a NOK 116.2 million 3-year 5% unsecured convertible bond ("CB"). The right to convert the bond into shares is treated as a separate derivative financial instrument and accounted for as a liability measured at fair value. The equity conversion option was at inception on February 9, 2021, valued at $9.9 million and the debt component valued at $3.5 million.

The difference between the initial value of the debt component and the nominal value of the CB is expensed over the life of the CB as imputed interest adjusted for conversions taking place before maturity. As of December 31, 2021, the remaining nominal amount of the CB is approximately $8.6 million. As of December 31, 2021, the derivative financial instrument (relating to the conversion option) is valued at $4.1 million. For further information on accounting for a conversion right in a different currency (NOK), see Note 2.

The rescheduling of the $135 million Revolving Credit Facility ("RCF") originally due in September 2020 has been accounted for as an extinguishment due to substantially different terms. The rescheduled debt has consequently been accounted for at fair value at time of extinguishment, resulting in a gain of $13.5 million as of February 9, 2021. The amount will be reversed over the life of the debt and in 2021 $4.2 million was reversed as imputed interest expense included in interest on debt, gross. The other parts of the rescheduled debt have been accounted for as modification of existing agreements, resulting in a loss of $7.7 million from the modification in Q1 2021.

There is a decrease in restricted cash from December 31, 2020, to December 31, 2021. This is caused by a revaluation to the legal deposit in Brazil related to an ongoing tax dispute for charter of vessels into Brazil, see Note 14 and 23, an increase of cash collateral on guarantees and bonds, and a decrease in retention account balances. Restricted cash of $73.7 million includes $39.4 million 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*. The amounts in the retention accounts will be used for interest payments on the ECF debt in the amortization deferral period (see below).

On December 31, 2021, the Company had approximately 51% of its net debt (excluding lease liabilities) at fixed interest rates. The weighted average cash interest rate was approximately 6.78%, including credit margins paid on the debt as of December 31, 2021, compared to 6.40 % as of December 31, 2020.

The main credit agreements are subject to a Minimum Consolidated Liquidity and a Maximum Total Net Leverage Ratio covenant. The liquidity covenant requires that the consolidated unrestricted cash and cash equivalents shall not be less than $75 million. The Maximum Total Net Leverage covenant establishes a maximum Total Net Leverage Ratio of 4.25:1 on December 31, 2021 reducing to 3.25:1 from March 31, 2022, through December 31, 2022, and 2.75x thereafter. On December 31, 2021, the Total Net Leverage Ratio was 3.27:1.

Financing status

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

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

The seismic market recovery in 2021 has been slower than assumed in the debt rescheduling business plan from 2020. As a result, there is a risk that the Company will not generate sufficient liquidity to repay the 2022 maturities whilst also meeting the other requirements of the main credit agreements, including the Minimum Consolidated Liquidity covenant. The Company has started preparations for assessing alternative ways to address upcoming debt maturities, including engaging advisors to assist the Company in this respect. The Company has earlier announced that there is also a risk that the required Maximum

Total Net Leverage Ratio covenant in the main credit agreements would not be met in Q1 2022 when the Maximum Total Net Leverage Ratio on March 31, 2022, steps down from 4.25:1 to 3.25:1. As of the date of this report, the Company believes however that the risk of not meeting the Total Net Leverage Ratio covenant in Q1 2022 is lower.

The Company expects to be able to manage the above-mentioned risks. However, if unsuccessful, the Company may become unable to settle maturities or amortization on the agreed payment dates or breach a financial covenant in the main credit agreements. This would represent a default under the relevant agreements. In such 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. An event of default in one facility may represent an event of default in other facilities and agreements. Upon an event of default, there is a risk that the Term Loan B lenders inter alia having a pledge over the shares in PGS Holding II Ltd (a holding company that indirectly owns and controls all material subsidiaries of the group), by 50% majority can accelerate and enforce this and other pledges over all major assets. Such enforcement would likely imply continued operations for the operating companies in the group, but there is a risk PGS ASA, as a company left without its' material subsidiaries, will then enter insolvency. The ECF lenders may also enforce their pledges, including those over the four Titan class vessels.

Investments

In 2021, total MultiClient cash investment, excluding capitalized interest, amounted to $127.2 million, compared to $222.3 million in 2020, a decrease of $95.1 million, or 43%. The decrease is primarily due to fewer vessel days allocated to MultiClient projects.

Capital expenditures, whether paid or not, totaled $33.4 million in 2021, compared to $36.1 million in 2020, a decrease of $2.7 million, or 7%. The decrease is primarily a result of measures taken to reduce capital expenditures in a weaker seismic market.

Financial Market Risk

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

Interest Rate Risk

PGS has a mixture of fixed and floating interest rate debt combined with financial instruments, such as interest rate swaps, to manage the impact of interest rate fluctuations.

As of December 31, 2021, the debt structure of PGS included $914.9 million of floating interest rate debt, with interest rates based on up to six-month LIBOR rates, plus a margin. $225.0 million of this floating interest debt is swapped into fixed interest by use of interest rate swaps. Fixed interest rate debt amounted to $265.1 million. Taking the interest rate swaps into account, $689.9 million of the Company's debt is exposed to floating interest rates while $490.1 million has fixed interest rates. For every (hypothetical) one percentage point increase in LIBOR, the annual net interest expense of the PGS' net debt, including finance leases, would increase (with some delay) by approximately $4.8 million.

Currency Exchange Risk

PGS conducts business primarily in US dollars ("$" or "USD"), but also in several other currencies, including British pounds ("GBP"), Norwegian kroner ("NOK"), Brazilian real ("BRL"), euro ("EUR"), and occasionally currencies like Egyptian Pounds ("EGP") and Nigerian Naira ("NGN"). PGS is subject to foreign currency exchange rate risk on cash flows related to sales, expenses, financing, and investment transactions in currencies other than the US dollar.

PGS predominantly sells products and services in US dollars, and to a limited extent in other currencies. In addition to USD, a significant proportion of PGS' operating expenses are incurred in NOK and GBP. Less substantial amounts are incurred in various other currencies. Thus, regarding expenses and revenues in currencies other than US dollars, such expenses will typically exceed revenues.

A stronger US dollar reduces PGS' operating expenses as reported in US dollars. It is estimated that a 10% change of the US dollar against the two most significant non-USD currencies, NOK and GBP, would have an annual impact on gross cash cost of $10-12 million, and $4-5 million before currency hedging.

The Company did not have any open forward contracts as of December 31, 2020 or 2021.

All interest-bearing debts are denominated in US dollars, except a convertible bond denominated in NOK.

Credit Risk

PGS' accounts receivable is primarily from multinational, integrated oil companies and independent oil and natural gas companies, including companies that are owned in whole or in part by governments. PGS manages the exposure to credit risk through ongoing credit evaluations of customers. Due to the nature of PGS' customer base, a low level of losses on accounts receivable has been incurred over the years. Due to the current market circumstances, where requests for extended credit terms may be more frequent, PGS has implemented additional processes to monitor and follow up on credit risk.

PGS has a structured approach to monitor the credit risk of the Company's banking partners, including derivatives counterparties and the institutions in which cash is held on deposit.

Liquidity Risk

As of December 31, 2021, PGS had cash and cash equivalents totaling $170.0 million, compared to $156.7 million as of December 31, 2020.

Based on available liquidity resources and the structure and terms of the Company's debt after implementation of the debt rescheduling in 2020 (see more details in the section "Cash Flow, Financial Position and Financing"), it is the Board's opinion that PGS remains highly leveraged and may become financially challenged should it not comply with the applicable financial maintenance covenants or ultimately fail to generate sufficient cash flow and/or refinance to address the amended amortization and maturity profiles.

The seismic market recovery in 2021 has been slower than assumed in the debt rescheduling business plan from 2020. As a result, there is a risk that the Company will not generate sufficient liquidity to repay the 2022 maturities whilst also meeting the other requirements of the main credit agreements, including the Minimum Consolidated Liquidity covenant. The Company has started preparations for assessing the Company's options in this respect. See the description of risks above under the section "Financing status".

Commodity Risk

Operation of seismic vessels requires substantial fuel purchases, thus PGS is exposed to fuel price fluctuations. Based on the Company's fuel consumption in 2021, a 10% increase in fuel prices would increase the total annual fuel costs by approximately $5 million. The Company seeks to pass fuel price risk to customers on a majority of contract work.

Climate Risk

PGS is exposed to both transition risk and physical risks associated with climate change. The Company has a structured approach to monitoring the development of the of the seismic exploration market and opportunities created by the transition to renewable energy sources globally. The Company's strategy is based market scenario analysis and positioning of the Company for the energy transition by establishing the 'New Energy' business unit is a core component of the strategy. The physical risks associated with climate change may directly affect both our onshore and offshore operations through increased occurrence of extreme weather conditions. The Company mitigates this risk through reducing the dependency of on-premise computing by shifting data and processing to the cloud, careful planning of our projects, and by leveraging the inherent weather resilience of our Ramform fleet and GeoStreamer technology.

Operational and Other Risks

Demand for the Company's products and services depends on the level of spending by energy companies on hydrocarbon-resource exploration, field development, and production. Spending levels are heavily influenced by oil and gas prices and energy companies' focus areas. The COVID-19 pandemic caused a major disruption in the oil market and a significant short-term reduction of the oil price. Energy companies responded by cutting their investment plans to protect cash flow, which had an immediate negative effect on seismic spending and PGS' ability to generate revenues. In addition, the ongoing energy transition may cause structural changes in demand, e.g. related to frontier exploration.

The Company is subject to many risk factors including, but not limited to the demand for seismic services, the demand for data from the Company's MultiClient library, increased competition, the attractiveness of technology, changes in governmental regulations affecting the markets, the speed and impact of the energy transition and its effect on customer behavior, technical downtime, licenses and permits, currency and fuel price fluctuations, potential COVID-19 outbreaks on the vessels causing project delays, and operational hazards such as weather conditions.

Contracts for services are occasionally modified by mutual consent and in certain instances may be cancelled by customers on short notice without compensation. Consequently, the order book as of any particular date may not be indicative of actual operating results for any succeeding period.

Shares, Share Capital and Dividend

As of December 31, 2021 PGS had 400,667,697 shares issued and outstanding, all of which are of the same class and carry equal voting and dividend rights. Each share has a par value of NOK 3. PGS' ordinary shares are listed on the Oslo Stock Exchange (ticker: PGS) and denominated in Norwegian kroner.

As of December 31, 2021, the Company held 590 treasury shares.

During Q1 2021 PGS issued a NOK 116.2 million 3-year 5% unsecured convertible bond (CB), which can be converted into new PGS shares at NOK 3 per share, corresponding to 38,720,699 shares, equalling 10% of the currently outstanding PGS shares. PGS will be able to require that bondholders convert the CB into shares if the PGS share price exceeds NOK 6 for 30 consecutive trading days.

As of December 31, 2021, the remaining principal outstanding amount of the CB was to NOK 75,779,994, corresponding to 25,259,998 shares if ultimately converted.

Environment, Social and Governance ("ESG")

PGS has adopted a Code of Conduct that reflects the Company's commitment to its shareholders, customers, 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 2021, PGS updated the Code of Conduct, launched a Supplier Code of Conduct, amended the Core Values, and implemented the Leadership Principles.

PGS is committed to the ten principles of the United Nations Global Compact in the areas of human rights, labor, environment, and anti-corruption. The Board of Directors and the CEO actively ensure that the Company properly responds to sustainability and ESG challenges. To identify and assess actual and potential sustainability risks and opportunities for PGS, the Board of Directors and the CEO are actively involved in the Company's assessment of material topics and the development of our strategic objectives and goals to manage them.

To identify and report on risks and opportunities associated with climate change and the energy transition PGS uses the frameworks developed by the Carbon Disclosure Project ("CDP") and the Task Force on Climate Related Disclosures ("TCFD").

Since 2011 PGS has published a separate sustainability and ESG report, which communicates the Company's progress in alignment with the recommendations of the Global Reporting Initiative ("GRI"). PGS has an ambition to promote the UN Sustainable Development Goals ("SDGs") through concrete actions and goals that are relevant for the Company's activities and global presence. From the materiality assessment PGS has identified 6 of the 15 SDGs where the Company contributes, which are number, 4-Quality Education, 7-Affordable and clean energy, 9-Industry, Innovation and Infrastructure, 13-Climate Action, 14-Life Below Water and 16-Peace Justice and Strong Institutions.

A more detailed account of how PGS manages sustainability risks and opportunities can be found in our annual sustainability and ESG reports.

Organization

PGS had 839 and 862 regular active employees as of December 31, 2021, and 2020, respectively.

As of December 31, 2021, PGS employees represented 51 nationalities; 29% of the office-based employees are women (2% of offshore employees are women). Among staff working in Norway, 32% are women. The Board of Directors has three male and two female shareholder elected directors and one male and two female employee-elected directors.

At the headquarters in Oslo, 26% of management positions are held by women, and 3% of women working for the Norwegian organization of PGS work part-time. PGS consciously strives to improve the gender diversity of staff through reporting and actively encouraging development and promotion of women to management roles. The primary development processes are the Performance Management, Potential Assessment and Mentoring program.

Being a global company, PGS has long-standing practice of embracing cultural diversity, and cultural sensitivity training is offered to employees.

The average monthly salary of all active regular employees as of December 2021 was $8,525 ($7,466 for female employees and $8,784 for male employees) based on February 1, 2022 exchange rates.

Board of Directors and Corporate Governance

As of December 31, 2021, the Board of Directors has the following members: Walter Qvam (chairperson), Anne Grethe Dalane, Trond Brandsrud, Richard Herbert, Marianne Kah, Anette Valbø, Gunhild Myhr and Eivind Vesterås. The latter three are employee elected Board members.

The Board has established two sub-committees: an Audit Committee that as of December 31, 2021 is comprised of Anne Grethe Dalane (chairperson), Trond Brandsrud, Marianne Kah, Anette Valbø and Eivind Vesterås, and the Remuneration and Corporate Governance Committee, that as of December 31, 2021 is consisting of Walter Qvam (chairperson), Richard Herbert and Gunhild Myhr. The committees predominantly act as preparatory bodies for the Board of Directors and assist the Directors in exercising their responsibilities.

PGS also has a Nomination Committee elected by the shareholders. As of December 31, 2021, this committee consists of Harald Norvik (chairperson), Terje Valebjørg, Alexandra Herger and Ole Jacob Hundstad.

PGS' corporate governance principles are adopted by the Board of Directors. The Board periodically reviews these principles. Statements of the corporate governance structure are described in more detail in the corporate governance section of this annual report. The Company's articles of association, in addition to full versions of the rules of procedures for the Board of Directors, the Audit Committee charter, the Remuneration and Corporate Governance Committee charter, the Nomination Committee charter, and PGS' Code of Conduct are available on the Company's website www.pgs.com (follow the links: "About us" – "Corporate Governance").

Since 2004, PGS has maintained a compliance hotline operated by an external service provider in order to facilitate reporting of any concerns regarding inappropriate business conduct. The Company encourages use of the hotline by anyone who has concerns relating to compliance with laws and regulations, breaches of the code of conduct, fair treatment, or any other matter. Concerns can also be raised directly with the General Counsel or any Board member.

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. 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.

Outlook

The demand for fossil fuel and oil and gas prices has significantly recovered post the disruptions caused by the COVID-19 pandemic. In any future energy scenario, demand for oil and gas will be significant. Despite a material decline in exploration and production spending from 2014 to 2020, energy companies remained cautious in 2021 with an approximately unchanged investment level compared to the previous year. With low investment levels the discovery of new resources has decreased significantly. We believe there is a significant need for increased exploration as well as sanctioning and developing new fields. Almost all projections for 2022 estimate a meaningful increase in capital expenditures among energy companies compared to 2021.

In the marine seismic market, there is a significant volume of contract leads and tenders for 2022. Order books and industry visibility are likely to benefit from the high tendering activity. There is a record number of 4D projects planned for 2022, which will be supportive for seismic market development.

The Board expects support for a continued recovery of the offshore seismic market with the continued importance of oil and gas in all future energy scenarios combined with a period of high oil prices due to significant under-investments in the oil and gas industry over many years. The seismic market is also likely to benefit from a significantly reduced supply side.

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. At this stage it is impossible to estimate what impact the conflict could have on PGS' markets or operations. PGS has very limited direct business activity in Russia or Ukraine.

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 and the Board, depend on factors beyond our control, and are subject to risks and uncertainties. Accordingly, actual results may differ materially.

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

Allocation of Parent Company's result for 2021

The financial statements of the parent company, PGS ASA, are prepared and presented in accordance with generally accepted accounting principles in Norway ("NGAAP"). PGS ASA reported a net gain of NOK 81.3 million for 2021, compared to a net loss of NOK 3,054.9 million in 2020. PGS ASA is a holding company with no material operating activities.

The Board proposes that the net gain for 2021 of NOK 81,300,000 is transferred to other equity. Total shareholders' equity in PGS ASA as of December 31, 2021 was NOK 2,431,500,000 corresponding to 95% of total assets.

Oslo, March 2, 2022
Board of Directors

PGS ASA

Walter Qvam *Chairperson*	Anne Grethe Dalane *Vice Chairperson*	Marianne Kah *Board Member*	Richard Herbert *Board Member*	Trond Brandsrud *Board Member*
Anette Valbø *Board Member*	Eivind Vesterås *Board Member*	Gunhild Myhr *Board Member*	Rune Olav Pedersen *President & Chief Executive Officer*	

Responsibility Statement

Today, the Board of Directors and the Chief Executive Officer reviewed and approved the Board of Directors' report and the consolidated and separate annual financial statements for PGS ASA, for the year ending and as of December 31, 2021.

PGS ASA's consolidated financial statements have been prepared and presented in accordance with IFRSs and IFRICs as adopted by the EU and additional disclosure requirements in the Norwegian Accounting Act, and that should be used as of December 31, 2021. The separate financial statements for PGS ASA have been prepared in accordance with the Norwegian Accounting Act and Norwegian accounting standards as of December 31, 2021. The Board of Directors report for the group and the parent company is in accordance with the requirements of the Norwegian Accounting Act and Norwegian accounting standard 16, as of December 31, 2021.

To the best of our knowledge:

- The consolidated and separate annual financial statements for 2021 have been prepared in accordance with applicable accounting standards.
- The consolidated and separate annual financial statements give a true and fair view of the assets, liabilities, financial position, and result of operations as a whole as of December 31, 2021, for the group and the parent company.
- The Board of Directors' report for the group and the parent company include a true and fair review of:
    - The development and performance of the business and the position of the group and the parent company.
    - The principal risks and uncertainties the group and the parent company face.

Oslo, March 2, 2022
Board of Directors

PGS ASA

Walter Qvam	Anne Grethe Dalane	Marianne Kah	Richard Herbert	Trond Brandsrud
Chairperson	*Vice Chairperson*	*Board Member*	*Board Member*	*Board Member*

Anette Valbø	Eivind Vesterås	Gunhild Myhr	Rune Olav Pedersen
Board Member	*Board Member*	*Board Member*	*President & Chief Executive Officer*

PGS

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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.

Segment EBITDA, excluding other charges

Segment EBITDA, when used by the Company, means Segment EBIT excluding other charges, impairments and loss on sale of non-current assets and depreciation and amortization. Segment 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.

Segment EBIT, excluding impairments and other charges

PGS believes that Segment 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.

MultiClient pre-funding level

The MultiClient pre-funding level is calculated by dividing the MultiClient pre-funding revenues, as per segment reporting, by the cash investment in MultiClient library, as reported in the Statements of Cash Flows. PGS believes that the MultiClient pre-funding percentage is a useful measure in that it provides some indication of the extent to which the Company's financial risk is reduced on new MultiClient investments.

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

Segment revenues

In accordance with the accounting standard for revenues, IFRS 15 MultiClient pre-funding revenues are generally recognized at delivery of the final processed data, which is typically later than the acquisition of the seismic data. For the purpose of its internal reporting PGS recognize MultiClient pre-funding revenue on a percentage of completion basis, and the related amortization of MultiClient library based upon the ratio of aggregate capitalized survey costs to forecasted sales.

PGS will apply IFRS 15 for its internal reporting from January 1st, 2022, and consequently pre-funding revenue on a percentage of completion basis will not be presented as segment information going forward.

Alternative Performance Measures

Gross cash costs and net operating expenses

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 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 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.

Order book

Order book is defined as the aggregate estimated value of future Segment Revenues on signed customer contracts, letters of award or where all major contract terms are agreed. For long term contracted service agreements, the order book includes estimated revenues for the nearest 12- month period. PGS believes that the Order book figure is a useful measure in that it provides an indication of the amount of customer backlog and committed activity in the coming periods.

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.

APM Reconciliations

Segment Reporting, Total Revenues and Other Income by service type is reconciled as follows:	Year ended December 31,	
(In millions of US dollars)	**2021**	**2020**
Contract seismic	207.8	146.7
MultiClient pre-funding	247.7	134.7
MultiClient late sales	220.4	167.3
Imaging	21.7	23.6
Other Income	6.2	39.7
Total Revenues and Other Income as reported	**703.8**	**512.0**
Segment MultiClient revenue for projects not yet delivered	82.3	191.5
Segment MultiClient revenue from previous years, projects delivered	(196.1)	(107.6)
Segment Total Revenues and Other Income	**590.0**	**595.9**

Segment EBITDA ex. other charges, net is reconciled as follows:	Year ended December 31,	
(In millions of US dollars)	**2021**	**2020**
Operating profit (loss) as reported	(66.2)	(188.0)
Segment adjustment to revenues as reported	(113.8)	83.9
Other charges, net	5.6	38.7
Amortization and impairment of MultiClient library	379.0	265.5
Depreciation and amortization of non-current assets (excl. MultiClient library)	100.6	89.2
Impairment and loss on sale of non-current assets (excl. MultiClient library)	15.0	108.4
Segment EBITDA ex other charges, net	**320.2**	**397.7**

Segment EBIT ex. impairment and other charges, net is reconciled as follows:	Year ended December 31,	
(In millions of US dollars)	**2021**	**2020**
Operating profit (loss) as reported	(66.2)	(188.0)
Segment adjustment to revenues reported	(113.8)	83.9
Other charges, net	5.6	38.7
Segment adjustment to amortization as reported	91.2	(65.7)
Impairment of MultiClient library	13.6	34.9
Impairment and loss on sale of non-current assets (excl. MultiClient library)	15.0	108.4
EBIT ex. impairment and other charges, net	**(54.6)**	**12.2**

Net interest bearing debt is reconciled as follows:	December 31,	
(In millions of US dollars)	**2021**	**2020**
Cash and cash equivalents	170.0	156.7
Restricted cash (current and non-current)	73.7	76.6
Current debt and current portion of non-current debt	(162.6)	(1 150.4)
Non-current debt	(1,017.5)	-
Adjustment for deferred loan costs	-	(20.5)
Net interest bearing debt, excluding lease liabilities	**(936.4)**	**(937.6)**
Lease liabilities current	(35.9)	(40.1)
Lease liabilities non-current	(79.0)	(118.5)
Net interest bearing debt, including lease liabilities	**(1,051.3)**	**(1 096.2)**

Total capital expenditures, whether paid or not is reconciled as follows:	Year ended December 31,	
(In millions of US dollars)	**2021**	**2020**
Seismic equipment	19.2	13.8
Vessel upgrades/yard	12.1	12.5
Compute infrastructure/ technology	1.5	8.7
Other	0.6	1.1
Total capital expenditures, whether paid or not	**33.4**	**36.1**
Change in working capital and capital leases	2.0	(3.3)
Investment in property and equipment	**35.4**	**32.8**

Cash cost, gross and Net operating expenses are reconciled as follows:	Year ended December 31,	
(In millions of US dollars)	**2021**	**2020**
Cost of sales before investment in MultiClient library	(351.2)	(369.8)
Research and development costs before capitalized development costs	(14.5)	(17.2)
Sellling, general and administrative costs	(36.1)	(39.2)
Cash costs, gross	**(401.8)**	**(426.2)**
Steaming deferral, net	(3.2)	(2.8)
Cash investment in MultiClient library	127.2	222.3
Capitalized development costs	8.0	8.5
Net operating expenses	**(269.8)**	**(198.2)**

Financial Statements

PGS Consolidated

PGS ASA Parent Company

Notes to the consolidated Financial Statements

Notes to the Parent Company Financial Statements

Consolidated
Financial Statements

PGS ASA

Consolidated Statements of Profit and Loss

(In millions of US dollars)	Note	Year ended December 31, 2021	2020
Revenues	5	697.8	473.2
Other income	6	6.0	38.8
Total revenues and other income		**703.8**	**512.0**
Cost of sales	7	(227.2)	(150.3)
Research and development costs		(6.5)	(8.7)
Selling, general and administrative costs		(36.1)	(39.2)
Amortization and impairment of MultiClient library	8	(379.0)	(265.5)
Depreciation and amortization of non-current assets (excl. MultiClient Library)	8	(100.6)	(89.2)
Impairment and loss on sale of non-current assets (excl. MultiClient library)	17	(15.0)	(108.4)
Other charges, net	9	(5.6)	(38.7)
Total operating expenses		**(770.0)**	**(700.0)**
Operating profit (loss)/EBIT		**(66.2)**	**(188.0)**
Share of results from associated companies	19	1.2	(30.0)
Interest expense	10	(99.4)	(78.4)
Other financial expense, net	11	0.6	(10.0)
Income (loss) before income tax expense		**(163.8)**	**(306.4)**
Income tax	12	(15.6)	(15.1)
Profit (loss) for the year		**(179.4)**	**(321.5)**

Earnings (loss) per share, to ordinary equity holders of PGS ASA:	13		
- Basic		($0.45)	($0.85)
- Diluted		($0.45)	($0.85)

PGS ASA

Consolidated Statements of Comprehensive Income

		Year ended December 31,	
(In millions of US dollars)	Note	2021	2020
Profit (loss) for the year		**(179.4)**	**(321.5)**
Other comprehensive income			
Actuarial gains (losses) on defined benefit pension plans	26	14.8	(7.6)
Items that will not be reclassified to statements of profit and loss		**14.8**	**(7.6)**
Cash flow hedges		4.6	(3.9)
Other comprehensive income (loss) from associated companies		-	-
Items that may be subsequently reclassified to statements of profit and loss		**4.6**	**(3.9)**
Other comprehensive income (loss), net of tax		**19.4**	**(11.5)**
Total comprehensive income (loss) to equity holders of PGS ASA		**(160.0)**	**(333.0)**

PGS ASA

Consolidated Statements of Changes in Shareholders' Equity

	Attributable to equity holders of PGS ASA				
(In millions of US dollars)	Share capital par value	Additional paid-in capital	Accumulated earnings	Other capital reserves	Shareholders' equity
Balance as of January 1, 2020	**138.5**	**852.5**	**(346.5)**	**(7.4)**	**637.1**
Profit (loss) for the period	-	-	(321.5)	-	(321.5)
Other comprehensive income (loss)	-	-	(7.6)	(3.9)	(11.5)
Share issue (a)	15.7	73.7	-	-	89.4
Share based payments	-	3.1	-	-	3.1
Share based payments, cash settled	-	(0.2)	-	-	(0.2)
Balance as of December 31, 2020	**154.2**	**929.1**	**(675.6)**	**(11.3)**	**396.4**
Profit (loss) for the period	-	-	(179.4)	-	(179.4)
Other comprehensive income (loss)	-	-	14.8	4.6	19.4
Share issue (b)	4.7	1.7	-	-	6.4
Share based payments	-	2.3	-	-	2.3
Balance as of December 31, 2021	**158.9**	**933.1**	**(840.2)**	**(6.7)**	**245.1**

(a) In Q1 2020, the Company issued 48 627 000 new shares following a private placement raising approximately NOK 850 million as equity. Transaction costs amounting to $2.4 million are recognized against "Additional paid-in capital".

(b) The Company received conversion notices from holders of the convertible bond representing NOK 40.4 million of this bond issue, which pursuant to the bond terms were converted into 13 460 701 shares.

PGS ASA

Consolidated Statements of Financial Position

(In millions of US dollars)	Note	December 31, 2021	2020
ASSETS			
Current assets			
Cash and cash equivalents	22	170.0	156.7
Restricted cash	14	16.1	15.8
Accounts receivables	5, 22	134.6	100.6
Accrued revenues and other receivables	5, 15	55.9	57.3
Other current assets	16	56.4	79.2
Total current assets		**433.0**	**409.6**
Non-current assets			
Property and equipment	17	787.4	898.0
MultiClient library	18	415.6	616.1
Restricted cash	14	57.6	60.8
Other non-current assets	19	14.7	16.2
Other intangible assets	20	84.5	93.1
Total non-current assets		**1,359.8**	**1 684.2**
Total assets		**1,792.8**	**2 093.8**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Interest bearing debt	21, 22	162.6	1 150.4
Lease liabilities	21, 22	35.9	40.1
Accounts payable	22	45.3	31.2
Accrued expenses and other current liabilities	24	80.5	95.5
Deferred revenues	5	123.4	188.6
Income taxes payable	12	16.7	13.7
Total current liabilities		**464.4**	**1 519.5**
Non-current liabilities			
Interest bearing debt	21, 22	973.5	-
Lease liabilities	21, 22	79.0	118.5
Deferred tax liabilities	12	0.1	0.1
Other non-current liabilities	25	30.7	59.3
Total non-current liabilities		**1,083.3**	**177.9**
Shareholders' equity			
Share capital; par value NOK 3; issued and outstanding 400,667,697 shares	27	158.9	154.2
Additional paid-in capital	27	933.1	929.1
Total paid-in capital		**1,092.0**	**1 083.3**
Accumulated earnings		(840.2)	(675.6)
Other capital reserves		(6.7)	(11.3)
Total shareholders' equity		**245.1**	**396.4**
Total liabilities and shareholders' equity		**1,792.8**	**2 093.8**

Oslo, March 2, 2022
Board of Directors

PGS ASA

Walter Qvam
Chairperson

Anne Grethe Dalane
Vice Chairperson

Marianne Kah
Board Member

Richard Herbert
Board Member

Trond Brandsrud
Board Member

Anette Valbø
Board Member

Eivind Vesterås
Board Member

Gunhild Myhr
Board Member

Rune Olav Pedersen
President & Chief Executive Officer

PGS ASA

Consolidated Statements of Cash Flows

(In millions of US dollars)	Note	Year ended December 31, 2021	2020
Income (loss) before income tax expense (a)		***(163.8)***	***(306.4)***
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, amortization, impairment	8	494.5	463.1
Share of results in associated companies	19	(1.1)	30.0
Interest expense	10	99.4	78.4
Loss (gain) on sale and retirement of assets		(0.3)	-
Income taxes paid	12	(11.7)	(26.8)
Other items		(0.8)	2.3
(Increase) decrease in accounts receivables, accrued revenues & other receivables		(32.8)	127.6
Increase (decrease) in deferred revenues	5	(65.2)	64.8
Increase (decrease) in accounts payable		15.2	(23.1)
Change in other current items related to operating activities		(5.5)	(47.2)
Change in other non-current items related to operating activities		(1.3)	3.8
Net cash provided by operating activities		**326.6**	**366.5**
Investment in MultiClient library	18	(127.3)	(222.1)
Investment in property and equipment	17	(35.4)	(32.8)
Investment in other intangible assets	20	(10.2)	(8.6)
Investment in other current -and non-current assets assets		-	-
Proceeds from sale and disposal of assets	17	1.0	26.6
Decrease (increase) in non-current restricted cash		-	(17.7)
Net cash provided by (used in) investing activities		**(171.9)**	**(254.6)**
Proceeds, net of deferred loan costs, from issuance of non-current debt/net cash payment for debt amendment a)	21	(19.5)	124.2
Interest paid on interest bearing debt		(80.8)	(73.7)
Repayment of interest bearing debt	21	-	(240.3)
Net change of drawing on the Revolving Credit Facility	21	-	170.0
Proceeds from share issue		-	91.9
Payment of lease liabilities (recognized under IFRS 16)	21, 23	(40.3)	(43.1)
Payments of leases classified as interest	23	(8.9)	(10.7)
Decrease (increase) in restricted cash related to debt service		8.1	(14.1)
Net cash provided by (used in) financing activities		**(141.4)**	**4.2**
Net increase (decrease) in cash and cash equivalents		13.3	116.1
Cash and cash equivalents as of January 1		156.7	40.6
Cash and cash equivalents as of December 31		**170.0**	**156.7**

a) For 2021, the amount represents the fees and expenses relating to the amendment of debt maturities offset by cash proceeds from the convertible bond issue

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

General information

PGS ASA is a public limited liability company established under the laws of the Kingdom of Norway in 1991. Unless stated otherwise, references herein to the "Company", the "Group" and "PGS" refer to PGS ASA 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 March 2, 2022.

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.

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 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.

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 is 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 is 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 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 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 8.

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 8.

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.

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 and operations equipment, incl. 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 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 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.

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 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 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
Restricted Stock Unit Plans are measured at the grant date using the current market value reduced by expected dividends paid before the vesting date, which is then further discounted.

Performance Restricted Stock Unit Plans ("PRSUs") 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 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 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 have 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 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 Restricted Stock Units and Performance Restricted Stock Units is reflected as additional share dilution in the computation of earnings per share.

Assets held for sale
Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. The sale is highly likely if, at the reporting date, management has committed to detailed sales plans, is actively looking for a buyer and has set a reasonable selling price and the sale is highly likely to occur within a year.

Such assets are measured at the lower of their carrying amount and fair value less costs to sell. Once classified as held for sale, the non-current assets will no longer be depreciated.

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 1 January 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform
The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

These amendments have no impact on the consolidated financial statements.

Amendments to IAS 1 and IAS 8 Definition of Material
The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general- purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will

depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

These amendments had no impact on the consolidated financial statements.

Conceptual Framework for Financial Reporting issued on 29 March 2018
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.

Amendments to IFRS 16 Covid-19 Related Rent Concessions
On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

This amendment had no impact on the consolidated financial statements.

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 1 January 2023 and must be applied retrospectively.

The Company is still assessing the potential impact.

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 are effective for annual reporting periods beginning on or after 1 January 2022 but will not impact PGS since this practice already is applied prior to 2022.

The amendments are not expected to have a material impact on the Company.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. 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. An entity 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 amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments 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 amendments are not expected to have a material impact on the Group.

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.

Impairment of seismic vessel 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, 2021 and 2020 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 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 2021, management has assumed that revenue levels for the fleet in 2022 will be higher than the prior year. PGS expects the improved oil price, a likely global recovery from the COVID-19 pandemic, and the effects of deferred projects from 2020 and 2021 to support gradual increasing demand for seismic services in the subsequent years. From 2030, the impact of the two main energy transition scenarios has been incorporated into cash flow forecasts, as described in the section below.

Despite the impacts of the COVID-19 crisis, energy consumption is expected to continue to increase longer term with oil and gas being an important part of the energy mix as the global energy transition evolves towards a higher share of renewable energy sources. Offshore reserves will be vital for future supply and support demand for marine seismic services. PGS expects the energy transition to impact future demand for seismic, developing more towards near-field exploration and surveys over production fields for reservoir optimization and relatively less interest in frontier exploration. On that basis, 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

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 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 an impairment of $15 million 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 further 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 $105 million as of December 31, 2021. 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 $165 million as of December 31, 2021.

An increase or decrease of WACC of 2% would have resulted in an impairment of $ 88 million or reduced impairment to zero respectively. If the fast energy transition scenario was given 100% weight, impairment would have increased by approximately $45 million from $15 million to $60 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 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 2021 amounted to $ 13.6 million. A 10% reduction in the sales forecast for all surveys with a net book value as of December 31, 2021 would have resulted in an additional impairment of approximately $6 million. A 20% reduction in the sales forecast for all surveys with a net book value as of December 31, 2021 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.

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).

As of December 31, 2021, aggregate unrecorded deferred tax assets of the Company amount to $430 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 12 and 23 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 2021 financial statements have been prepared based on the going concern basis which, the Directors believe to be appropriate. As described in "Financing status" section in the Board of Directors Report, there is a risk that the Company might not generate sufficient liquidity to repay the 2022 maturities whilst also meeting the other requirements of the main credit agreement. Whilst the Company expects to be able to manage the above-mentioned risks and that PGS continued operations should not be impacted, the Directors concluded that the current situation constitutes a material uncertainty. Reference is made to note 22 for further information.

Note 4 – Segment Reporting

PGS has one operating segment focused on delivery of seismic data and services.

In accordance with the accounting standard for revenues, IFRS 15 MultiClient pre-funding revenues are generally recognized at delivery of the final processed data, which is typically later than the acquisition of the seismic data.

For the purpose of its internal reporting PGS recognize MultiClient pre-funding revenue on a percentage of completion basis, and the related amortization of MultiClient library based upon the ratio of aggregate capitalized survey costs to forecasted sales.

PGS will apply IFRS 15 for its internal reporting from January 1st, 2022 and consequently pre-funding revenue on a percentage of completion basis will not be presented as segment information going forward.

The table below provides a reconciliation of the Company's segment numbers ("Segment") against the financial statements prepared in accordance with IFRS ("As Reported"):

	Year ended December 31,					
	2021	2020	2021	2020	2021	2020
(In millions of US dollars)	Segment Reporting		Adjustments		As Reported	
Total revenues and other income*	590.9	595.9	113.8	(83.9)	703.8	512.0
Cost of sales	(227.2)	(150.3)	-	-	(227.2)	(150.3)
Research and development costs	(6.5)	(8.7)	-	-	(6.5)	(8.7)
Selling, general and administrative costs	(36.1)	(39.2)	-	-	(36.1)	(39.2)
Amortization of MultiClient library	(274.2)	(296.3)	(91.2)	65.7	(365.4)	(230.6)
Depreciation and amortization (excl. MultiClient library)	(100.6)	(89.2)	-	-	(100.6)	(89.2)
Operating profit/ EBIT ex impairment and other charges,net	**54.6**	**12.2**	**22.6**	**(18.2)**	**(32.0)**	**(6.0)**

*Includes Other Income of $6.0 million from US government grants and $38.8 in Norwegian government grants in 2021 and 2020, respectively. See note 6.

	Year ended December 31,					
	2021	2020	2021	2020	2021	2020
(In millions of US dollars)	Segment Reporting		Adjustments		As Reported	
-Contract seismic	207.8	146.7	-	-	207.8	146.7
-MultiClient pre-funding	133.9	218.6	113.8	(83.9)	247.7	134.7
-MultiClient late sales	220.4	167.3	-	-	220.4	167.3
-Imaging	21.7	23.6	-	-	21.7	23.6
-Other Income*	6.2	39.7	-	-	6.2	39.7
Total Revenues and Other Income	**590.0**	**595.9**	**113.8**	**(83.9)**	**703.8**	**512.0**

*Includes Other Income of $6.0 million from US government grants and $38.8 in Norwegian government grants in 2021 and 2020, respectively. See note 6.

For the year ended December 31, 2021 MultiClient pre-funding revenues, As Reported, were higher than Segment pre-funding revenues. This difference is only related to timing of revenue recognition.

Set out below is the reconciliation of the Company's segment numbers with the amounts disclosed in revenues from contracts with customers (note 5):

	Year ended December 31,	
(In millions of US dollars)	2021	2020
Revenues as reported in Segment disclosure*	**584.0**	**557.1**
Segment MultiClient revenue for projects not yet delivered	(82.3)	(191.5)
Segment MultiClient revenue from previous years, projects delivered	196.1	107.6
Revenues, As Reported	**697.8**	**473.2**

*Excluding government grants presented at Other income in note 6

The difference is related to timing of recognition of MultiClient pre-funding revenues. Refer to note 2 for further information.

Because the Company provides services worldwide to the oil and gas industry, a substantial portion of the property and equipment is mobile, and their respective locations at the end of each period are not necessarily indicative of the earnings generated by the related property and equipment during the period. Property and equipment and other non-current assets are classified based upon location of ownership. The geographic classification of statements of profit and loss items is based upon location of performance or, in the case of MultiClient seismic data sales, the geographic area covered by the data being licensed.

Geographical markets	Year ended December 31,			
	2021	2020	2021	2020
(In millions of US dollars)	Segment Reporting		As Reported	
Norway**	178.7	145.2	199.0	163.7
Asia/Pacific	70.8	76.2	92.3	91.7
Canada	68.2	22.4	71.7	23.0
Egypt	57.2	48.0	84.1	3.2
Americas* (excluding Brazil and Canada)	56.0	36.8	56.7	36.2
Angola	49.6	95.2	70.6	48.3
United Kingdom	43.8	23.3	44.8	15.5
Ukraine	30.0	-	30.0	-
Brazil	24.3	48.7	13.7	29.8
Africa (excluding Angola, South Africa)	8.7	36.9	38.3	37.6
Middle East/Other (excluding Egypt)	1.5	6.1	1.4	6.0
South Africa	1.2	57.1	1.2	57.0
Total Revenues and Other Income	**590.0**	**595.9**	**703.8**	**512.0**

* Includes Other Income of $6.0 million in government grants in 2021. See note 6.
** Includes Other Income of $38.8 million in government grants in 2020. See note 6.

Total non-current assets (a)	December 31,	
(In millions of US dollars)	2021	2020
Norway	974.6	1 038.1
Americas (excluding Brazil)	98.1	147.3
Brazil	92.5	73.4
Africa	60.8	166.0
Asia/Pacific	46.8	102.3
Middle East/Other	13.6	55.4
Europe (excluding Norway)	13.4	34.3
Total	**1 299.8**	**1 616.8**

(a) Consists of Property and equipment, MultiClient library, Investments in associated companies (note 19) and Other intangible assets.

Note 5 — Revenue from Contracts with Customers

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

Type of goods or service	Year ended December 31,	
(In millions of US dollars)	2021	2020
Contract seismic	207.8	146.7
MultiClient pre-funding	247.7	134.7
MultiClient late sales	220.4	167.3
Imaging	21.7	23.6
Other	0.2	0.9
Total revenues from contracts with customers	**697.8**	**473.2**

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 partner.

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

Timing of revenue recognition*	Year ended December 31,	
(In millions of US dollars)	2021	2020
Licenses transferred at a point in time	433.1	302.9
Services transferred over time	264.7	170.3
Total revenues from contracts with customers	**697.8**	**473.2**

*Refer to section on performance obligations below

In 2021, aggregate revenues from the two largest customers accounted for 10% and 7% of the Company's consolidated revenues compared to 13% and 10% in 2020, 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, 2021 and 2020, $59.0 million and $32.1 of the revenue recognized relates to projects with Joint Operations, respectively.

Accounts receivable

	December 31,	
(In millions of US dollars)	**2021**	**2020**
Accounts receivables from contracts with customers	134.6	100.6
Accounts receivables	**134.6**	**100.6**

Contract balances

Balances related to customer contracts consists of the following;

	December 31,		January 1,
(In millions of US dollars)	**2021**	**2020**	**2020**
Accounts receivables	134.6	100.6	167.4
Accrued revenues (note 15)	52.8	55.7	116.4
Total assets from contracts with customers	**187.4**	**156.3**	**283.8**
Deferred revenues	123.4	188.6	123.9
Total liabilities from contracts with customers	**123.4**	**188.6**	**123.9**

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 and Imaging projects where the conditions to invoice are not yet satisfied, as well as Late Sales generally to be invoiced the following month.

The increase in assets from contracts customers is mainly due to increased sales in the fourth quarter. 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 decrease in deferred revenues is due to several larger MultiClient projects delivered in 2021.

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

	Year ended December 31,	
(In millions of US dollars)	**2021**	**2020**
Amounts included in contract liabilities at the beginning of the year	142.3	95.4

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 preformed 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 is therefore considered as transferred over time. This amounts to $ 35.2 million and nil for the years ended December 31, 2021 and 2020, 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:

	Year ended December 31,	
(In millions of US dollars)	**2021**	**2020**
Licenses transferred at a point in time	125.0	226.9
Services transferred over time	202.4	106.8
Within one year	**327.4**	**333.6**
Licenses transferred at a point in time	-	14.6
Services transferred over time	-	-
More than one year	**-**	**14.6**
Total	**327.4**	**348.2**

All ongoing MultiClient projects as of December 31, 2021 with pre-funders are expected to be completed during 2022. The timing of performance obligations is uncertain as MultiClient projects are subject to allocation of internal imaging capacity and progress.

Note 6 – Other Income

	Year ended December 31,	
(In millions of US dollars)	**2021**	**2020**
Government grants	6.0	38.8
Total Other income	**6.0**	**38.8**

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.

For the year ended 31 December, 2020 the Company recorded Covid-19 related cash support from the Norwegian Government amounting to $38.8 million The compensation scheme offers financial compensation to Norwegian companies which have experienced a substantial decrease in turnover as a result of the coronavirus pandemic. The Government has set up a broad, temporary compensation scheme for businesses which are experiencing a substantial decrease in turnover due to the crisis.

Note 7 – Cost of Sales

	Year ended December 31,	
(In millions of US dollars)	**2021**	**2020**
Vessel costs & direct project cost	(275.5)	(287.5)
New Ventures, project porfolio & Imaging	(62.3)	(80.9)
Technology/ digitalization & other	(13.5)	(1.4)
Total cost of sales, gross	**(351.3)**	**(369.8)**
Steaming deferral, net	(3.2)	(2.8)
Less amount capitalized to MultiClient library	127.2	222.3
Total cost of sales, net	**(227.2)**	**(150.3)**

Note 8 – Depreciation, Amortization and Impairments of Non-current Assets

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

	Year ended December 31,	
(In millions of US dollars)	**2021**	**2020**
Amortization of MultiClient library (note 18)	(151.2)	(125.4)
Accelerated amortization of MultiClient library (note 18)	(214.2)	(105.2)
Impairment of MultiClient library (note 18)	(13.6)	(34.9)
Amortization and impairment of MultiClient library	**(379.0)**	**(265.5)**

Impairment relates mainly to surveys where the level of previously expected sales has not materialized or are no longer probable. In 2021 approximately 30% relates to projects in North and South America and the remainder mainly Europe and Asia Pacific, compared to approximately 40% related to Africa and the remainder mainly Europe and Asia Pacific in 2020.

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

	Year ended December 31,	
(In millions of US dollars)	**2021**	**2020**
Gross depreciation and amortization *	(142.4)	(176.2)
Deferred Steaming depreciation, net	(2.1)	(0.8)
Depreciation capitalized to the MultiClient library	43.9	87.8
Depreciation and amortization of non-current assets (excl. MultiClient Library)	**(100.6)**	**(89.2)**

* Includes depreciation of right-of-use assets amounting to $ 22.7 million and $ 31.8 million for the years ended December 31, 2021 and 2020, respectively.

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

	Year ended December 31,	
(In millions of US dollars)	**2021**	**2020**
Impairment of property and equipment (note 17)	(15.0)	(107.4)
Impairment other intangible assets (note 20)	-	(1.0)
Impairment non-current assets (excl. MultiClient Library)	**(15.0)**	**(108.4)**

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.

The recoverable values of seismic vessels are sensitive to the assumed margins and duration of the current downturn as well as changes to the operation plan for vessels. Reference is made to note 3 for information on sensitivities.

Note 9 – Other Charges, Net

Other charges, net consist of the following:

	Year ended December 31,	
(In millions of US dollars)	**2021**	**2020**
Severance cost	0.2	(22.2)
Onerous contracts with customers	(1.8)	(4.5)
Other restructuring costs and stacking	-	(12.0)
Other*	(4.0)	-
Total	**(5.6)**	**(38.7)**

* In 2021 the company recognized a loss on the estimated value of an earn-out related to a 2018 sale of its fiber optic reservoir monitoring solution, OptoSeis.

Note 10 – Interest Expense

Interest expense consists of the following:

	Year ended December 31,	
(In millions of US dollars)	**2021**	**2020**
Interest on debt, gross	(98.0)	(80.5)
Imputed interest cost on lease agreements (note 23)	(8.7)	(10.7)
Interest capitalized to the MultiClient library (note 18)	7.3	12.8
Total	**(99.4)**	**(78.4)**

The average interest rate used to determine the amount of interest cost eligible for capitalization was 6.8% and 6.3% for the years ended December 31, 2021 and 2020, respectively.

Note 11 – Other Financial Expense, Net

Other financial expense, net, consists of the following:

	Year ended December 31,	
(In millions of US dollars)	**2021**	**2020**
Interest income	0.3	0.8
Currency exchange gain/loss	(1.0)	4.9
Loss related to modification of debt	(7.7)	-
Net gain related to extinguishment of debt	9.4	-
Net gain/(loss) on separate derivative financial instrument	0.9	-
Other	(1.3)	(15.7)
Total	**0.6**	**(10.0)**

The line "Net gain related to extinguishment of debt" includes a gain related to extinguishment of debt of $13.5 million and $4.1 million of deferred debt issuance cost charged to expense.

In 2021, PGS recorded a $0.9 million gain on separate derivative financial instrument at fair value relates to the convertible bond. The derivative instrument will, until conversion, be reported as a liability (in "other current liabilities") at fair value with changes in fair value reported as gain or loss. Upon conversion, the fair value will be reported as a contribution to equity. As of December 31, 2021, the derivative financial instrument is valued at $4.1 million.

For the year ended December 31, 2020 the line "Other" primarily relates to expensed cost for amending and extending debt.

Note 12 – Income Taxes

Income tax consists of the following:

	Year ended December 31,	
(In millions of US dollars)	**2021**	**2020**
Current taxes	(15.6)	(15.1)
Deferred taxes	-	-
Total income tax expense	**(15.6)**	**(15.1)**

For the year 2021 current tax expense relates to foreign withholding tax and corporate tax on activities primarily in Africa.

	Year ended December 31,	
(In millions of US dollars)	**2021**	**2020**
Income (loss) before income tax	(163.8)	(306.4)
Norwegian statutory rate	22%	22%
Provision for income taxes at statutory rate	36.0	67.4
Increase (reduction) in income taxes from:		
Effect of tax rates other than statutory tax rate in Norway	1.8	(0.1)
IFRS 15 Revenue and amortization recognized in previous years (a)	-	(0.6)
Tax exempt income within tonnage tax regimes	0.2	(0.8)
Gain/losses equity investments	0.3	(6.6)
Foreign taxes not creditable in home country	(5.2)	(7.0)
Currency effects (b)	(11.7)	11.0
Changes in unrecognized deferred tax assets	(15.3)	(85.8)
Prior period adjustments	(21.2)	6.2
Other permanent items	(0.5)	1.2
Income tax	**(15.6)**	**(15.1)**

(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:

	December 31,	
(In millions of US dollars)	**2021**	**2020**
Deferred tax assets		
Employee benefits	(8.1)	(8.7)
Tax loss carry-forwards	(336.0)	(313.1)
Property and equipment	(56.3)	(49.3)
Other	(36.0)	(55.3)
Deferred tax assets, gross	**(436.4)**	**(426.4)**
Deferred tax liabilities		
Property and equipment	0.3	4.0
Intangible assets	5.6	6.9
Other	0.8	1.0
Deferred tax liabilities, gross	**6.6**	**11.9**

(Table continued on next page)

Deferred tax assets, net	(429.8)	(414.5)
Deferred tax assets not recognized in the consolidated statements of financial position	429.9	414.6
Net recognized deferred tax assets and liabilities	**0.1**	**0.1**

	December 31,	
(In millions of US dollars)	**2021**	**2020**
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 2021 and the outlook for 2022 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.

Deferred tax assets specified by jurisdiction, both recognized and unrecognized, and tax losses including expiration periods as of December 31, 2021 are as follows:

(In millions of US dollars)	Tax losses	Expiry dates	Recognized deferred tax assets	Unrecognized deferred tax assets
Norway	1 250.7	None	-	275.1
UK	81.3	None	-	15.5
Other	178.1	Various	-	45.4
	1 510.1		**-**	**336.0**

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.

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

Total provision for uncertain tax positions are recognized as follows:

	December 31,	
(In millions of US dollars)	**2021**	**2020**
Other non-current liabilities	0.1	0.1
Total provision for uncertain tax positions	**0.1**	**0.1**

Tax Contingencies

The Company estimates the likelihood of unfavorable outcomes for tax contingencies amounting to approximately $23 million as reasonably possible (20-50%) and approximately $78 million as remote (less than 20%); these contingencies are not provided for.

This includes ongoing tax disputes related to charter of vessels into Brazil. The assessments, which seek to levy 15% withholding tax and 10% CIDE (service) tax, amount to $35.6 million in total. See note 23 for more information.

Note 13 – Earnings Per Share Information

Specification of average number of shares:

	Year ended December 31,	
	2021	**2020**
Weighted average basic shares outstanding (a)	394 943 744	380 510 818
Dilutive potential shares	29 779 850	1 714 603
Weighted average diluted shares outstanding	**424 723 594**	**382 225 421**

(a) Weighted average basic shares outstanding for each year is reduced by the average number of treasury shares owned by the Company during the year (see Note 27)

Note 14 – Restricted Cash

Restricted cash consists of the following:

(In millions of US dollars)	December 31, 2021	2020
Current:		
Restricted payroll withholding taxes	3.7	4.3
Restricted cash debt service	-	6.4
Other	12.4	5.1
Total restricted cash, current	**16.1**	**15.8**
Non-current:		
Deposits disputes (note 23)	17.9	17.7
Restricted cash debt service	39.4	43.1
Other	0.3	-
Total restricted cash, non-current	**57.6**	**60.8**

Non-current restricted cash of $39.4 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 15 – Accrued Revenues and Other Receivables

Accrued revenues and other receivables consist of the following:

(In millions of US dollars)	December 31, 2021	2020
Accrued revenues	52.8	55.7
Other receivables	3.1	1.6
Total	**55.9**	**57.3**

Note 16 – Other Current Assets

Other current assets consist of the following:

(In millions of US dollars)	December 31, 2021	2020
Prepaid operating expenses	10.8	22.6
Consumables, supplies and fuel inventory	26.8	21.8
Deferred steaming and project costs	5.0	10.2
Prepaid reinsurance	4.0	3.7
Withholding taxes and taxes receivable	8.0	2.6
Other	1.8	18.3
Total	**56.4**	**79.2**

Note 17 – 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, 2020	**2,679.4**	**138.1**	**2,817.5**
Additions	25.2	10.9	36.1
Asset retirements	(153.0)	-	(153.0)
Reclassification/Other	(1.0)	-	(1.0)
Cost as of December 31, 2020	**2 550.6**	**149.0**	**2 699.6**
Additions	34.0	1.8	35.8
Asset retirements	(0.4)	-	(0.4)
IFRS 16 adjustments	-	(3.2)	(3.2)
Reclassification/Other	(0.4)	-	(0.4)
Cost as of December 31, 2021	**2 583.8**	**147.4**	**2 731.2**

(Table continued on next page)

Accumulated depreciation as of January 1, 2020	**1 507.5**	**65.0**	**1 572.5**
Impairments as of January 1, 2020	**112.6**	**-**	**112.6**
Depreciation	142.2	18.4	160.6
Impairments	107.4	-	107.4
Asset retirements- accumulated depreciation	(150.9)	-	(150.9
Asset retirements- accumulated impairment	(0.6)	-	(0.6)
Depreciation as of December 31, 2020	**1 498.8**	**83.4**	**1 582.2**
Impairments as of December 31, 2020	**219.4**	**-**	**219.4**
Depreciation	109.4	18.0	127.3
Impairments	15.0	-	15.0
Asset retirements- accumulated depreciation	-	(0.2)	(0.2)
Asset retirements- accumulated impairment	-	-	-
Depreciation as of December 31, 2021	**1 608.2**	**101.2**	**1 709.3**
Impairments as of December 31, 2021	**234.4**	**-**	**234.4**
Balance as of December 31, 2020	**832.4**	**65.6**	**898.0**
Balance as of December 31, 2021	**741.2**	**46.3**	**787.4**

Right of Use assets included within property and equipment

For the year ended December 31, 2021 and 2020, Seismic vessels and equipment and Buildings, fixtures and furniture included the following right of use assets:

(In millions of US dollars)	**Seismic vessels and equipment**	**Buildings, fixtures and furniture**	**Total**
Cost as of January 1, 2020	**151.5**	**61.4**	**212.9**
Additions	-	0.8	0.8
Remeasurement/Other	(0.8)	4.9	4.1
Asset retirements	(7.3)	(0.8)	(8.1)
Cost as of December 31, 2020	**143.4**	**66.3**	**209.7**
Additions	-	0.2	0.2
Remeasurement/Other	-	0.2	0.2
Asset retirements	-	(3.9)	(3.9)
Cost as of December 31, 2021	**143.4**	**62.9**	**206.3**
Accumulated depreciation as of January 1, 2020	**30.2**	**13.7**	**43.9**
Impairments as of January 1, 2020	**-**	**-**	**-**
Depreciation	18.6	13.2	31.8
Impairments	61.3	-	-
Asset retirements	(7.3)	(0.4)	-
Depreciation as of December 31, 2020	**41.5**	**26.5**	**68.0**
Impairments as of December 31, 2020	**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**
Balance as of December 31, 2020	**40.6**	**39.8**	**80.4**
Balance as of December 31, 2021	**31.4**	**22.9**	**54.3**

For more information on leases refer to note 23.

Impairments

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

2021 Impairments

PGS recorded aggregate impairment charges of $15.0 million in 2021. The impairment primarily reflects a change in assumptions related to the impact of energy transition to PGS business, refer to note 3 for further information. The recoverable values of seismic vessels and other Company asset are sensitive to the assumed margins and cycles of the seismic industry as well as changes to operational plans. As a result, further impairments may arise in future periods.

(In millions of US dollars)	December 31, 2021	2020
Titan vessels	15.0	30.0
PGS Apollo (right-of-use asset)	-	44.0
Sanco Swift (right-of-use asset)	-	25.5
Ramform Viking	-	3.7
Impairment of seismic equipment	-	4.2
Total impairment	**15.0**	**107.4**

Note 18 – MultiClient Library

The changes in the MultiClient library are as follows:

(In millions of US dollars)	2021	2020
Balance as of January 1,	**616.1**	**558.6**
Capitalized cash costs	127.2	222.3
Capitalized interest	7.3	12.8
Capitalized depreciation	43.9	87.8
Amortization expense	(151.2)	(125.4)
Accelerated amortization	(214.2)	(105.2)
Impairments (see note 7)	(13.6)	(34.9)
Other	0.1	0.1
Balance as of December 31,	**415.6**	**616.1**

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

(In millions of US dollars)	December 31, 2021	2020
Completed surveys:		
Completed during 2017	-	14.1
Completed during 2018	13.9	43.8
Completed during 2019	53.6	92.1
Completed during 2020	49.3	76.3
Completed during 2021	117.7	-
Completed surveys	**234.6**	**226.3**
Surveys in progress	**181.0**	**389.8**
MultiClient library	**415.6**	**616.1**

Note 19 – Other Non-Current Assets

Other non-current assets consist of the following:

(In millions of US dollars)	December 31, 2021	2020
Investments in associated companies (a)	12.3	9.6
Other	2.4	6.6
Total	**14.7**	**16.2**

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

		December 31, 2021		December 31, 2020	
(In millions of US dollars)	Jurisdiction	Net book value	Ownership	Net book value	Ownership
Azimuth II Ltd.	Bermuda	6.2	35%	5.6	35%
Ocean Floor Geophysics Inc..	Canada	3.3	46%	2.0	20%
Ocean Geo-Frontier Co. Ltd	Japan	2.3	34%	1.3	34%
Other*		0.4	-	0.7	-
Total		**12.3**		**9.6**	

* Includes investment in Azimuth Ltd and Azimuth III Ltd.

PGS share of income (loss) from associated companies is as follows:

(In millions of US dollars)	Year ended December 31, 2021 Profit (loss) for the year	Adjustments (a)	Share of income (loss)	Year ended December 31, 2020 Profit (loss) for the year	Adjustments (a)	Share of income (loss)
Azimuth II Ltd.	0.7	-	0.7	(23.0)	(1.2)	(24.2)
Ocean Floor Geophysics Inc..	(0.5)	-	(0.5)	-	-	-
Ocean Geo-Frontier Co. Ltd	1.3	-	1.3	0.5	-	0.5
Other	(0.2)	-	(0.2)	(7.5)	1.2	(6.3)
Total			**1.2**			**(30.0)**

(a) Adjustments relate to accounting for exploration costs in the Azimuth companies; losses on dilution of ownership and recoverable investment value; and loss limitation entries to reflect investment balance at no less than nil.

The Company owns 35% of Azimuth Limited, 35% of Azimuth II Limited and 44% of Azimuth III Limited, which together are the holding companies of the Azimuth Group. The remaining shares are held by a majority shareholder and minority shareholder comprised of employees of Azimuth. The investments are therefore accounted for as associated companies. The Azimuth Group consists of several operating entities, which invest in Exploration and Production ("E&P") companies and exploration assets.

In 2020 the Company recognized a loss in its investment in Azimuth III of $28.2 million based upon an assessment of recoverable value.

The Company did not make any contributions to the Azimuth Group in 2021 or 2020. During 2020 the Azimuth Group purchased data and other services from the Company for $0.4 million.

The Company has entered into a cooperation agreement whereby the Company provides certain services to the Azimuth Group. The Azimuth Group has the right to buy, for cash and at fair value, up to 50% of any future equity settlement that the Company may receive as payment for its library or services. The Company has a right, but no obligation to provide further funding of Azimuth Group and has no guarantees outstanding.

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"). The Company holds a 34% share.

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.

The following table illustrates the summarized financial information (100% basis) as of December 31:

(In millions of US dollars)	Azimuth Limited 2021*	Azimuth Limited 2020(a)	Ocean Floor Geophysics Inc. 2021*	Ocean Floor Geophysics Inc. 2020(a)	Ocean Geo-Frontier Co. Ltd. 2021*	Ocean Geo-Frontier Co. Ltd. 2020(a)
Current assets	16.2	15.9	3.9	7.1	12.0	10.5
Non-current assets	54.2	62.0	6.5	3.4	1.4	0.8
Current liabilities	16.8	16.5	3.6	3.5	7.0	5.2
Non-current liabilities	0.3	0.2	3.1	4.1	-	-
Equity	53.3	61.2	3.7	2.9	6.4	6.1
Revenue	-	-	6.0	6.1	74.9	64.5
Operating expenses	-	-	6.8	6.3	71.7	61.2
Financial (income) expenses	7.9	44.2	0.6	0.8	-	-
Income (loss) before tax	(7.9)	(44.2)	(1.4)	(1.0)	3.1	3.2
Income tax	-	-	-	-	(1.1)	(1.1)
Profit (loss) for the year	(7.9)	(44.2)	(1.4)	(1.0)	2.0	2.1
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	(7.9)	(44.2)	(1.4)	(1.0)	2.0	2.1

(a) The preliminary 2020 financial statements numbers for the Azimuth II Ltd included in the 2020 Annual report have been updated to reflect final numbers.

* reflects preliminary numbers

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

(In millions of US dollars)	December 31, 2021	December 31, 2020
Balance at January 1	**9.6**	**38.1**
Investments	1.8	2.0
Impairment and share of results from associated companies	1.2	(30.0)
Dividend received	(0.4)	(0.5)
Other comprehensive income (loss) from associated companies	-	-
Other changes	-	-
Balance at December 31	**12.3**	**9.6**

Note 20 – 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, 2020	**332.5**	**37.4**	**370.0**
Additions to costs	-	8.5	8.5
Asset retirements	(1.0)	-	(1.0)
Asset transfers	1.0	(1.0)	-
Cost as of December 31, 2020	**332.5**	**44.9**	**377.5**
Additions to costs	-	10.2	10.2
Asset retirements	-	(3.8)	(3.8)
Asset transfers	-	-	-
Reclassification	-	2.1.	2.1
Cost as of December 31, 2021	**332.5**	**53.4**	**386.0**
Amortization as of January 1, 2020 (a)	**268.8**	**-**	**268.8**
Amortization expense	15.6	-	15.6
Asset retirements	(1.0)	-	(1.0)
Impairments	1.0	-	1.0
Amortization as of December 31, 2020 (a)	**284.4**	**-**	**284.4**
Amortization expense	15.1	-	15.1
Asset retirements	-	-	-
Impairments	-	-	-
Reclassification	2.0	-	2.0
Amortization as of December 31, 2021 (a)	**301.5**	**-**	**301.5**
Balance as of December 31, 2020	**48.1**	**44.9**	**93.1**
Balance as of December 31, 2021	**31.0**	**53.4**	**84.5**
Estimated useful life	1 to 15 years		

(a) The accumulated impairment charge on intangibles other than goodwill was $165.8 millions as of December 31, 2021.

Impairments

PGS recorded aggregate impairment charges of $0.2 million and $1 million in 2021 and 2020, respectively. Impairment charges is related to technology no longer expected to be utilized.

Note 21 – Debt and Guarantees

Interest bearing debt consists of the following:

(In millions of US dollars)	December 31, 2021	2020
Secured:		
Term loan B, Libor + 250 Basis points, due 2021	-	2.0
Term loan B, Libor + 6-700 basis points (linked to total gross leverage ratio), due 2024	873.0	520.4
Export credit financing, due 2025	109.4	109.4
Export credit financing, due 2027	189.1	189.1
Revolving credit facility, due Sep 2020	-	135.2
Unsecured		
Convertible bond 5%, due 2024	8.6	-
Total loans and bonds, gross	**1 180.1**	**1 170.9**
Less current portion	(162.6)	(1 150.4)
Less deferred loan costs, net of debt premiums	(29.6)	(20.5)
Less modification of debt treated as extinguishment	(9.3)	-
Less effect from separate derivative financial instrument convertible bond	(5.1)	-
Non-current interest bearing debt	**973.5**	**-**

(Table continued on next page)

Undrawn facilities consists of:

(In millions of US dollars)	December 31, 2021	2020
Unsecured		
Performance bond	17.3	22.8
Total	**17.3**	**22.8**

Summary of net interest-bearing debt:

(In millions of US dollars)	December 31, 2021	2020
Loans and bonds gross	(1 180.1)	(1 170.9)
Cash and cash equivalents	170.0	156.7
Restricted cash (current and non-current)	73.7	76.6
Net interest bearing debt, excluding lease liabilities	**(936.4)**	**(937.6)**
Lease liabilities current	(35.9)	(40.1)
Lease liabilities non-current	(79.0)	(118.5)
Net interest bearing debt, including lease liabilities	**(1 051.3)**	**(1 096.2)**

Reconciliation of debt arising from financing activities:

	Cash flows					Non-cash changes			
(In millions of US dollars)	January 1, 2021	Repayment of interest bearing debt	Payment of lease liabilities	Net change of drawing on the Revolving Credit Facility	Proceeds, net of deferred loan costs, from issuance of non-current debt	Foreign exchange movement	New leases	Other	December 31, 2021
Secured debt	1 150.4	-	-	-	(25.1)	-	-	7.4	1 132.7
Bond debt	-	-	-	-	5.7	(0.4)	-	(1.8)	3.5
Lease liabilities	158.6	-	(40.3)	-	-	(1.3)	-	(2.2)	114.8
Total liabilities from financing activities	**1 309.0**	**-**	**(40.3)**	**-**	**(19.4)**	**(1.7)**	**-**	**3.4**	**1 251.0**

		Cash flows				Non-cash changes			
(In millions of US dollars)	January 1, 2020	Repayment of interest bearing debt	Payment of lease liabilities	Net change of drawing on the Revolving Credit Facility	Proceeds, net of deferred loan costs, from issuance of non-current debt	Foreign exchange movement	New leases	Other	December 31, 2020
Secured debt	873.7	(28.3)	-	170.0	124.2	-	-	10.8	1 150.4
Bond debt	210.7	(212.0)	-	-	-	-	-	1.3	-
Lease liabilities	197.1	-	(43.1)	-	-	0.4	0.8	3.4	158.6
Total liabilities from financing activities	**1 281.5**	**(240.3)**	**(43.1)**	**170.0**	**124.2**	**0.4**	**0.8**	**15.5**	**1 309.0**

Credit Facility

At December 31, 2021, the Senior Secured Credit Facility (the "Credit Facility") as amended and originated in 2007 comprises of a $873.0 million 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 pledge capturing values exceeding the export credit loans. The TLB facility is guaranteed by all material subsidiaries except PGS Titans AS, holding the four titan-class vessels financed by four export credit loans (see below). For comparison, at December 31, 2020, the Credit Facility comprised of a $522.4 million TLB and a fully drawn $350.0 million Revolving Credit Facility ("RCF").

Due to the dramatic negative market change caused by the COVID-19 pandemic, PGS initiated in 2020 a process to renegotiate its main credit agreements extending its near-term debt maturities and amortization profiles to support its liquidity position (the "Transaction"). The Company was not able to agree the revised terms with all lenders ahead of when the $135 million RCF tranche was due in September 2020. The non-payment of principal of such facility was an event of default under the RCF and TLB, with a cross default under the ECF. A required majority of lenders did enter into forbearance agreements undertaking not to take any enforcement action in connection with the ongoing default. Consequently, the Company was in default under the RCF, TLB and ECF as of December 31, 2020 and the Facilities were classified as current in the Statement of Financial Position.

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 $135 million RCF due 2020 and $215 million RCF due 2023, and the remaining $2 million of the TLB not extended in February 2020, due 2021 were converted into a new TLB on the same terms and conditions as the existing TLB. Petroleum Geo-Services AS replaced PGS ASA as the Norwegian borrower, PGS Finance Inc. continued as US Borrower and PGS Holding II Ltd entered as UK Co-Borrower.

The total debt under the new TLB facilities (including PIK fees and offsetting exchange of loans into the CB as described below) of $ 873.0 million maturing in March 2024 has the following amortization profile payable pro-rata to all TLB lenders:

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

In addition, the excess cash flow sweep for the RCF/TLB facilities was replaced by an excess liquidity sweep for any liquidity reserve in excess of $200 million at each quarter end, with such amounts to be applied against (i) the deferred amounts under the ECF (ref below) and (ii) the $ 135 million TLB amortization due in September 2020, until they have both been paid in full. Thereafter, any liquidity reserve in excess of $175 million at each quarter end will be applied against the remaining TLB amortizations.

The financial maintenance covenants were amended, with the maximum Total Net Leverage Ratio to be 4.5x through June 30, 2021, 4.25x through December 31, 2021, 3.25x through December 31, 2022 and 2.75x thereafter. The minimum liquidity covenant continues to be $ 75 million in unrestricted cash and cash equivalents with an extra reporting obligation if cash and cash equivalents falls below $ 115 million. There are customary cure periods and provisions. For information on risk of not complying with covenants, please refer to note 22.

The margin on the TLB is based on a pricing grid as follows: if Total Gross Leverage Ratio is above 1.75:1.0 the margin is 7.0%; above 1.25:1.0 and less than or equal to 1.75:1.0, the margin is 6.50%; and less than or equal to 1.25:1.0, the margin is 6.00%. The Total Gross Leverage Ratio ("TGLR") is defined as the consolidated indebtedness, net of restricted cash held for debt service in respect of the Export Credit financing, to consolidated adjusted EBITDA less non -pre-funded MultiClient library investments. Total Net Leverage Ratio ("TNLR") as referenced above and below allows in addition for the deduction of unrestricted cash and cash equivalents from consolidated indebtedness.

If the corporate family rating 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 8, 2022 are Caa1 and CCC+ (both with negative outlook), respectively. The Credit Facility contains financial covenants and negative covenants that restrict the Company in various ways. The facility provides that:

i) The 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) The Company may not pay dividends or similar (with certain exceptions) until February 9, 2023. Thereafter, dividend payments or similar are permitted out of cumulative distributable earnings (as defined by the agreement) as long as total net leverage ratio is not greater than 2.0:1.0. On or after March 31, 2023 if net leverage ratio is below 1.0:1.0 there is no restriction on dividend payments or similar. Cumulative distributable earnings, as defined, primarily comprises 50% of Net Income and accumulates over time starting October 1, 2019.

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

During 2020, and until it was converted into a TLB on February 9, 2021, the $215 million RCF had an interest rate on drawn (borrowed) amounts based on LIBOR plus a margin and a utilization fee. The undrawn amount was subject to a commitment fee. The margin on the drawn amount was based on a leverage grid. During the first quarter of 2020 a margin of 6% was applied, whilst the margin was 6,5% for the remainder of 2020. The RCF was subject to a utilization fee based upon the total amount drawn as follows. For the two first months of 2020 a utilization fee of 0.5% was paid and from March 2020 the RCF was fully drawn and a utilization fee of 0.75% was paid. The RCF facility did in addition have a commitment fee on undrawn amounts of 40% of the applicable margin. The $135 million non-extended RCF was subject to a margin of 3.75%, the same utilization fee as the extended RCF; and a commitment fee on the undrawn amount of 50% of the applicable margin. The extended and non-extended RCF were drawn pro rata during 2020.

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

The Term Loan principal amortizing profile was 1% per annum paid quarterly during 2020, but no amortization was paid for the 3rd or 4th quarters (see above with reference to the forbearance agreement).

The rescheduling of the $135 million RCF originally due in September 2020 has been accounted for as an extinguishment due to substantially different terms. The rescheduled debt has consequently been accounted for at fair value at time of extinguishment, resulting in a gain of $13.5 million as of February 9, 2021. The amount will be reversed over the life of the debt and in 2021 $4.2 million was reversed as imputed interest expense included in interest on debt, gross. The other parts of the rescheduled debt have been accounted for as modification of existing agreements, resulting in a loss of $7.7 million from the modification in Q1 2021.

Senior Notes

On December 23, 2016, the Company issued $212.0 million in aggregate principal amount of 7.375% Senior Notes due 2020 (the "New Notes") as part of the Exchange Offer in an offering that was not subject to the registration requirements of the U.S. Securities Act. The New Notes were admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF market of the Luxembourg Stock Exchange.

On February 7, 2020 the Senior Notes were called for redemption and were repaid in full at par value plus accrued interest on February 18, 2020.

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 comprise 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 semiannual repayment profile will resume from December 2022. The deferred instalments will be repaid over four quarters starting December 2022 through September 2023. The export credit loans will share an excess liquidity sweep for any liquidity reserve in excess of $200 million at each quarter end, with such amounts to be applied against (i) the deferred amounts under the ECF and (ii) the $ 135 million TLB amortization due in September 2020, until these amounts have both been paid in full. With the transaction, PGS ASA will also guarantee the loans financing for the Ramform Titan and the Ramform Atlas, and each of PGS Holding I Ltd, PGS Holding II Ltd and Petroleum Geo-Services AS will guarantee for the loans financing for the Ramform Titan, Ramform Atlas, Ramform Tethys and Ramform Hyperion.

With the transaction, the export credit lenders have also received enhanced security by certain shared security with the TLB.

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

Convertible Bond

As part of the Transaction closed February 9, 2021, PGS issued convertible bond of NOK 116.2 million with 3 years tenor and 5% coupon paid semi-annually. The unsecured convertible bond ("CB") has PGS ASA as borrower and can from issuance and during the life of the bond be converted into new PGS shares at NOK 3 per share (corresponding to 38,720,699 shares, equaling 10% of the then currently outstanding PGS shares). As part of the Transaction certain lenders to the RCF and TLB facilities subscribed for the CB against conversion of a corresponding amount of their existing secured loans (~NOK 67.1 million/~$7.8 million) and for cash (~NOK 49.1 million/~$5.7 million). PGS will be able to require that bondholders convert the CB into shares if the PGS share price exceeds NOK 6 for 30 consecutive trading days.

During 2021 bondholders representing NOK 40.4 million of the bond have converted into 13.5 million shares. As of December 31, 2021, NOK 75.8 million of the convertible bond is outstanding, which can be converted into 25.3 million shares.

The right to convert the bond into shares is treated as a separate derivative financial instrument and accounted for as a liability measured at fair value. The equity conversion option was at inception on February 9, 2021, valued at $9.9 million and the debt component valued at $3.5 million. The difference between the initial value of the debt component and the nominal value of the CB will be expensed over the life of the CB as imputed interest adjusted for conversions taking place before maturity. As of December 31, 2021, the remaining nominal amount of the CB is $8.6 million. As of December 31, 2021, the derivative financial instrument (relating to the conversion option) is valued to $5.1 million. For further information on accounting for a conversion right in a different currency (NOK), see Note 2.

Letters of credit and guarantees

The Company has $30.0 million uncommitted bid and performance bond facilities ($30 million in 2020) intended for operational use. Drawings under these facilities totaled $12.7 million and $7.2 million as of December 31, 2021 and 2020, respectively. During 2020 and 2021, the Company was required to deposit cash collateral to cover new or amended bonds drawn under this facility. As of December 31, 2021 the Company had deposited $12.4 million ($5.1 million in 2020) which is included in Restricted Cash (see note 14). Drawings under this facility represent the outstanding letters of credit and similar guarantees not reflected in the accompanying consolidated statements of financial position.

PGS ASA has guaranteed the payment obligation under the lease of PGS Apollo (see note 23).

Note 22 — 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.

Nominal value and fair values of financial assets and liabilities

		December 31, 2021		December 31, 2020	
(In millions of US dollars)	Hierarchy Level	Nominal value	Fair values	Nominal value	Fair values
FINANCIAL ASSETS					
At fair value through profit and loss					
Foreign exchange contracts	2	-	-	-	-
Derivatives designated as hedging instruments					
Foreign exchange contracts	2	-	-	-	-
Interest rate swaps	2	-	-	-	-
Total		**-**	**-**	**-**	**-**
FINANCIAL LIABILITIES					
Financial liabilities at amortized cost					
Debt with fixed interest rate	2	(256.5)	(257.4)	(256.5)	(256.5)
Debt with variable interest rate	2	(914.4)	(827.0)	(914.4)	(825.1)
Convertible Bond*	2	(8.6)	(7.7)	-	-
Lease liabilities	2	(114.9)	(114.9)	(158.6)	(158.6)
At fair value through profit and loss					
Foreign exchange contracts	2	-	-	-	-
Interest rate swaps	2	(0.5)	(0.5)	-	-
Option conversion	2	(4.1)	(4.1)	-	-
Derivatives designated as hedging instruments					
Foreign exchange contracts	2	-	-	-	-
Interest rate swaps	2	(2.2)	(2.2)	(6.7)	(6.7)
Total		**(1 301.7)**	**(1 213.8)**	**(1 336.2)**	**(1 246.9)**

* Book value $3.5 MUSD.

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 in light of 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 ("TNLR") 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 TNLR as of December 31, 2021 was 3.27x compared to the maximum covenant level of 4.25x. The covenant was suspended for December 31, 2020. The Company has earlier announced that there is a risk that the required Maximum Total Net Leverage Ratio covenant in the main credit agreements would not be met in Q1 2022 when the Maximum Total Net Leverage Ratio on March 31, 2022, steps down from 4.25:1 to 3.25:1. As of the date of this report, the Company believes however that the risk of not meeting the Total Net Leverage Ratio covenant in Q1 2022 is lower.

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 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. While PGS has adjusted expenditures to mitigate the impact of lower revenues, it will need a market recovery to continue significant debt repayments.

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, 2021		December 31, 2020	
	Notional amounts	Weighted average interest rate	Notional amounts	Weighted average interest rate
Debt at fixed interest rate	265.1	3.09%	256.5	3.03%
Debt at variable interest rate based on US dollar plus a margin	689.9	7.43%	689.4	6.64%
Variable interest rate debt with interest fixed	225.0	1.93%	225.0	1.93%

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 $4.8 million and $4.9 million approximately measured from December 31, 2021 and 2020, 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, 2021 or December 31,2020. The table shows exposures and foreign exchange contracts in currencies that the Company hedges on a regular basis.

	December 31, 2021			December 31, 2020		
(in millions, local currency)	NOK	GBP	BRL	NOK	GBP	BRL
Restricted cash	32.6	-	99.7	36.7	-	99.7
Cash held as hedges	104.3	21.9	-	89.4	29.4	-
Current assets	19.6	0.8	23.0	11.8	2.0	131.6
Current liabilities	(139.0)	(0.4)	(0.8)	(133.4)	(0.7)	(2.2)
Pension liabilities	(26.6)	(18.7)	-	(28.9)	(31.4)	-
Finance leases	(260.4)	(0.4)	(1.9)	(380.9)	(4.3)	(3.0)
Other non-current liabilities	(67.6)	(1.0)	-	-	(2.6)	-
Net statements of financial position exposure	**(337.1)**	**(2.2)**	**120.0**	**(405.3)**	**(7.6)**	**226.1**
Hedged committed operational cash flow and capital expenditure:						
Next year	-	-	-	-	-	-
1-2 years	-	-	-	-	-	-
2-3 years	-	-	-	-	-	-
Net forward commitments	**-**	**-**	**-**	**-**	**-**	**-**
Forward exchange contracts	-	-	-	-	-	-
Net exposure	**(337.1)**	**(2.2)**	**120.0**	**(405.3)**	**(7.6)**	**226.1**

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, 2021 and 2020. The foreign exchange rate analysis assumes a 10% depreciation in USD.

	December 31, 2021			December 31, 2020		
(in millions, local currency)	NOK	GBP	BRL	NOK	GBP	BRL
Impact on profit before tax: Gain / (loss)	(4.2)	(0.3)	2.4	(5.3)	(1.0)	4.8

	Average rate		Year end spot rate	
	2021	**2020**	**2021**	**2020**
USD / NOK	8.587	9.445	8.832	8.548
GBP / USD	1.377	1.284	1.350	1.365
USD / BRL	5.353	5.053	5.569	5.191

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:

	December 31,	
(In millions of US dollars)	**2021**	**2020**
Cash and cash equivalents	170.0	156.7
Restricted cash (note 13)	73.7	76.6
Accounts receivable	134.6	100.6
Accrued revenues and other receivables (note 15)	55.9	57.3
Total	**434.2**	**391.2**

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, 2021, approximately 46% of the balance relates to 5 customers, compared to 58% as of December 31,2020.

The aging of trade receivables is as follows:

	December 31,	
(In millions of US dollars)	**2021**	**2020**
Current	89.9	88.6
Up to one month past due	21.9	2.1
Between one and two months past due	19.8	2.1
More than three months past due	8.2	12.5
Allowance for doubtful accounts	(5.2)	(4.7)
Total	**134.6**	**100.6**

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, 2021 and 2020.

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:

December 31, 2021			Contractual cash flows*						
(In millions of US dollars)	**Nominal value**	**Notional value**	**Total**	**0-1 years**	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**Thereafter**
Non-derivative financial liabilities									
Trade payables	(45.3)	-	(45.3)	(45.3)	-	-	-	-	-
Debt with fixed interest rates	(265.1)	-	(288.9)	(20.0)	(118.6)	(60.0)	(44.6)	(27.7)	(18.1)
Debt with variable interest rates	(914.9)	-	(1,053.8)	(218.8)	(322.5)	(512.4)	-	-	-
Total	**(1,225.3)**	**-**	**(1,388.0)**	**(284.1)**	**(441.2)**	**(572.4)**	**(44.6)**	**(27.7)**	**(18.1)**
Derivative financial assets/liabilities									
Interest rate swaps hedge accounted	(2.2)	225.0	(2.2)	(2.1)	(0.1)	-	-	-	-
Forward exchange contracts used for hedging	-	-	-	-	-	-	-	-	-
Other foreign exchange contracts	-	-	-	-	-	-	-	-	-
Total	**(2.2)**	**225.0**	**(2.2)**	**(2.1)**	**(0.1)**	**-**	**-**	**-**	**-**

*Refer to note 20 for further information on debt classification.

December 31, 2020			**Contractual cash flows**						
(In millions of US dollars)	**Nominal value**	**Notional value**	**Total**	**0-1 years**	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**Thereafter**
Non-derivative financial liabilities									
Trade payables	(31.2)	-	(31.2)	(31.2)	-	-	-	-	-
Debt with fixed interest rates	(256.5)	-	(258.8)	(258.8)	-	-	-	-	-
Debt with variable interest rates	(914.4)	-	(924.3)	(924.3)	-	-	-	-	-
Total	**(1 202.1)**	**-**	**(1 214.2)**	**(1 214.2)**	**-**	**-**	**-**	**-**	**-**
Derivative financial assets/liabilities									
Interest rate swaps hedge accounted	(6.7)	225.0	(6.7)	(3.9)	(2.5)	(0.3)	-	-	-
Forward exchange contracts used for hedging	-	-	-	-	-	-	-	-	-
Other foreign exchange contracts	-	-	-	-	-	-	-	-	-
Total	**(6.7)**	**225.0**	**(6.7)**	**(3.9)**	**(2.5)**	**(0.3)**	**-**	**-**	**-**

As of December 31, 2021, the Company had cash and cash equivalents of $170.0 million, being the total liquidity reserve, compared to cash and cash equivalents of $156.7 million and unutilized drawings of the RCF of nil at year-end 2020. The Company does not currently have an RCF, subsequent to completion of the amendments described in note 21, the previous fully drawn RCF was converted to a Term Loan February 9, 2021.

Due to the dramatic negative market change caused by the Covid-19 pandemic, PGS in 2020 renegotiated its main credit agreements. The rescheduling of debt was sanctioned in February 2021 and enabled PGS to extend its near-term maturity and amortization profile by approximately two years. Together with the implemented cost saving initiatives, the debt rescheduling strengthened PGS's liquidity profile in a challenging operating environment. PGS remains highly leveraged and may become financially challenged should it not comply with the applicable financial maintenance covenants or ultimately fail to generate sufficient cash flow and/or refinance to address the amended amortization and maturity profiles. The seismic market recovery in 2021 has been slower than assumed in the debt rescheduling business plan from 2020. As a result, there is a risk that the Company will not generate sufficient liquidity to repay the 2022 maturities whilst also meeting the other requirements of the main credit agreements, including the Minimum Consolidated Liquidity covenant. The Company has started preparations for assessing alternative ways to address upcoming debt maturities, including engaging advisors to assist the Company in this respect. Reference also to the Board of Directors Report, in section on Financing status, for a description of related risks.

The Company expects to be able to manage the above-mentioned risks. However, if unsuccessful, the Company may become unable to settle maturities or amortization on the agreed payment dates or breach a financial covenant in the main credit agreements. This would represent a default under the relevant agreements. In such case, the Company may be able to continue without repayment or acceleration if it achieves a standstill agreement (or, in the case of a financial covenant breach, a waiver) from the relevant lenders, 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. An event of default in one facility may represent an event of default in other facilities and agreements. Refer to note 3 for implications as to going concern assessment.

Interest rate hedge accounting

The Company has not excluded any components of the derivative instruments' gain or loss from the assessment of hedge effectiveness with respect to the qualifying interest rate swaps. In April 2019 the Company entered into interest rate swaps with a notional amount of $125 million, to fix the interest rate on part of its floating rate debt. The hedges were not designated as hedging instruments and the change in fair value of these swaps was taken directly through the Income Statement. In February 2020 the Company entered into additional interest rate swaps, with a total notional amount of $100 million, to fix the interest rate on part of its floating rate debt. All of the interest rate swaps were then designated as hedging instruments after the refinancing of the TLB in February 2020. The negative market value of the existing swaps at the time of designation was $2.8 million, which was taken through the Income Statement, all subsequent change in fair value of these swaps were recorded in other comprehensive income as the effective portion of the designated and qualifying hedging instrument.

The interest rate swaps from 2020 and 2021 had a negative fair value of $2.2 and $6.8 million recorded in the Income Statement at December 31, 2021 and 2020, 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, 2020.

Sensitivity analysis derivatives

The Company has no foreign exchange rate hedging using currency derivatives as of December 31, 2021 and 2020.

Note 23 – 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:

(In millions of US dollars)	Seismic vessels and equipment	Buildings, fixtures and furniture	Total
Balance as of January 1, 2020	**121.3**	**47.7**	**169.0**
Additions (note 17)	-	0.8	0.8
Remeasurement/Other (note 17)	(0.8)	4.5	3.7
Impairment expense (note 17)	(61.3)	-	(61.3)
Depreciation expense (note 17)	(18.6)	(13.2)	(31.8)
Balance as of December 31, 2020	**40.6**	**39.8**	**80.4**
Additions (note 17)	-	0.2	0.2
Remeasurement/Other (note 17)	-	(3.2)	(3.2)
Impairment expense (note 17)	-	-	-
Depreciation expense (note 17)	(9.2)	(13.5)	(22.7)
Balance as of December 31, 2021	**31.4**	**23.3**	**54.7**

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

	2021			**2020**		
(In millions of US dollars)	**Seismic vessels and equipment**	**Buildings, fixtures and furniture**	**Total**	**Seismic vessels and equipment**	**Buildings, fixtures and furniture**	**Total**
Balance as of January 1	**106.6**	**52.0**	**158.6**	**137.4**	**59.7**	**197.1**
Additions	-	0.2	0.2	-	0.8	0.8
Interest	6.1	2.7	8.8	7.6	3.1	10.7
Lease payments	(32.5)	(16.7)	(49.2)	(37.3)	(16.5)	(53.8)
Remeasurements	0.2	(3.8)	(3.6)	(1.1)	4.9	3.8
Balance as of December 31	**80.4**	**34.4**	**114.8**	**106.6**	**52.0**	**158.6**

The maturity of lease liabilities can be analysed as follows:

	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**	**59.8**	**128.7**

	December 31, 2020		
(In millions of US dollars)	**Seismic vessels and equipment**	**Buildings, fixtures and furniture**	**Total**
Less than one year	31.4	16.9	48.3
One to five years	89.5	32.9	122.4
More than five years	-	10.0	10.0
Total	**120.9**	**59.8**	**180.7**

The following are the amounts recognised in profit and loss:

(In millions of US dollars)	**2021**	**2020**
Interest on lease liabilities adopted under IFRS 16	8.8	10.7
Expenses relating to short term and low value leases	11.7	17.8
Depreciation expense of right-of-use assets	22.7	31.8
Impairment expense of right-of-use assets	-	61.3
Total	**43.2**	**121.6**

The Company had total cash outflows for leases of $60.9 million in 2021, and $71.6 million in 2020. The Company also had non-cash additions to right-of-use assets and lease liabilities of $0.2 million in 2021 and $0.8 million in 2020.

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 vessel 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 4.5 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).

Extension and termination options

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:

	December 31, 2021		
(In millions of US dollars)	**Within five years**	**More than five years**	**Total**
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**

	December 31, 2020		
(In millions of US dollars)	**Within five years**	**More than five years**	**Total**
Extension options expected not to be exercised	197.7	84.5	282.2
Termination options expected to be exercised	-	-	-
Total	**197.7**	**84.5**	**282.2**

Contingent liabilities

Brazil service tax claim on charter

The Company has 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 $33.9 million in total. The Company holds a legal deposit amounting to $17.9 million in 2021 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.

Petrojarl

Following the demerger of Petrojarl (today part of Teekay) in 2006, the Company retained a joint secondary liability for certain obligations of Petrojarl. Petrojarl agreed to indemnify the Company from liabilities related to its operations. The Company remains with a joint secondary liability with Petrojarl under their FPSO service agreement with the customer for the Petrojarl Banff FPSO. The guarantee is not capped. If the claim is made and Petrojarl does not honor its obligation to indemnify PGS, it could adversely affect the Company's business, results of operation or financial condition.

Note 24 – Accrued Expenses and Other Current Liabilities

Accrued expenses consist of the following:

	December 31,	
(In millions of US dollars)	**2021**	**2020**
Accrued employee benefits	25.5	19.3
Accrued vessel operating expenses	13.2	17.8
Provision for onerous customer contracts	11.0	9.2
Accrued Legal Expenses	10.6	12.7
Accrued Severance pay	2.2	6.1
Accrued revenue share	2.0	13.8
Accrued interest expenses	1.3	1.8
Accrued sales tax and VAT	1.0	0.6
Accrued commissions	0.6	1.1
Other	13.1	13.1
Total	**80.5**	**95.5**

Note 25 – Other Non-Current Liabilities

Other non-current liabilities consist of the following:

	December 31,	
(In millions of US dollars)	**2021**	**2020**
Pension liability (note 26)	28.3	46.3
Other	2.4	13.0
Total	**30.7**	**59.3**

Note 26 – Pension Obligations

Defined benefits 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 30, 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.

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)	**2021**	**2020**
Projected benefit obligations (PBO) as of January 1, (a)	**232.9**	**202.3**
Service cost	0.2	0.1
Interest cost	3.2	4.2
Social security tax	-	-
Actuarial loss (gain), arising from changes in financial assumptions	(9.0)	37.7
Actuarial loss (gain), arising from changes in demographic assumptions	(0.5)	(16.5)
Actuarial loss (gain) due to scheme experience	2.2	(2.6)
Benefits paid	(4.0)	(3.6)
Exchange rate effects	(2.4)	11.3
Projected benefit obligations (PBO) as of December 31, (a)	**222.6**	**232.9**

(a) $3.0 million and $3.4 million arise from unfunded plans as of December 31, 2021 and 2020, respectively.

Change in fair value of pension plan assets:

(In millions of US dollars)	**2021**	**2020**
Fair value of plan assets as of January 1,	**186.6**	**163.7**
Expected return on plan assets	2.6	3.4
Employer contributions	3.7	3.0
Actuarial gain (loss) arising from return on plan assets	7.0	11.0
Benefits paid	(3.4)	(3.1)
Exchange rate effects	(2.2)	8.6
Fair value of plan assets as of December 31,	**194.2**	**186.6**

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

	December 31,	
(In millions of US dollars)	**2021**	**2020**
Projected benefit obligation (PBO)	222.6	232.9
Fair value of plan assets	194.2	186.6
Net pension liability	**28.3**	**46.3**

The net amount recognized as accrued pension liability is presented as other non-current liabilities (see note 25).

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

	Year ended December 31,	
(In millions of US dollars)	2021	2020
Service cost	0.2	0.1
Interest cost	3.2	4.2
Expected return on plan assets/net interest cost	(2.6)	(3.4)
Social security tax	-	-
Net periodic pension cost	**0.8**	**0.9**

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

	Year ended December 31,	
(In millions of US dollars)	2021	2020
Actuarial gain (loss), arising from changes in financial assumptions	9.0	(37.7)
Actuarial gain (loss), arising from changes in demographic assumptions	0.5	16.5
Actuarial gain (loss) due to scheme experience	(2.2)	2.6
Actuarial gain (loss) arising from return on plan assets	7.0	11.0
Net actuarial gain (loss) recognized in other comprehensive income	**14.3**	**(7.6)**

Significant acturial assumptions:

	2021		2020	
	Norway	UK	Norway	UK
Discount rate	1.90%	1.89%	1.70%	1.36%
Return on plan assets	-	1.89%	-	1.36%
Compensation increase	2.75%	-	2.25%	-

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:

	December 31,	
(In millions of US dollars)	2021	2020
Fair value plan assets	194.2	186.6
Plan assets at fair value with quoted prices in active markets for identical assets		
Equity/diversified growth funds	30%	38%
Bonds	57%	51%
Real estate	11%	9%
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
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.	26.0%
Inflation rate	Increase of 1.0% p.a.	15.8%

The Company expects to contribute approximately $4.6 million to its defined benefit pension plans in 2022.

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 of 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 $6.2 million and $8.1 million for 2021 and 2020, respectively. Plan contributions made by employees aggregated $4.1 million and $5.1 million for 2021 and 2020, respectively.

Note 27 — Shareholder Information

At the Annual General Meeting ("AGM") held on April 21, 2021, authority was given for the Board of Directors to acquire treasury shares at a maximum face value of in total NOK 116,162,098. Under no circumstances can the Company acquire shares leading to an aggregate number of treasury shares exceeding 10 percent of the total number of shares.

The shares may be used to meet obligations arising from employee incentive schemes; as part of consideration payable for acquisitions made by the Company; as part of consideration for any mergers, demergers or acquisitions; by way of cancellation of the shares in part or full; to raise funds for specific investments; for the purpose of repaying loans (including convertible loans); or to strengthen the Company's capital base. The Board is free to choose the method of disposal considered expedient for such purposes. The Company's loan agreements restrict buying own shares until February 9, 2023/March 31, 2023 for other purposes than employee equity compensation plan. This exception is limited to $10 million, plus $10 million multiplied by number of calendar years that have commenced since February 9, 2021.

Further, the 2021 AGM authorized the Board of Directors to increase the Company's share capital by a total amount of NOK 116,162,098 through one or more subscriptions. The authorization shall be utilized in connection with potential acquisitions of companies or businesses within the oil and energy sector, including the oil service sector, settlement of obligations (including convertible loans), funding of material investments, debt repurchases or to raise funds to strengthen the Company's capital base. The authorization includes the right to increase the Company's share capital in return for non-cash contributions and the right to assume special obligations on behalf of the Company. The Board was also on the 2021 AGM authorized to issue convertible bonds at a total amount of NOK 3,500,000,000. The share capital of the Company may be increased by a total amount of NOK 116,162,098 as a result of the convertible loans being converted into equity. The right to issue convertible bonds and the right to increase the share capital is jointly capped at 10% of the share capital of the Company.

The above is authorizations are all valid until June 30, 2022 (unless earlier revoked by the 2022 AGM).

As of December 31, 2019, PGS ASA had a share capital of NOK 1,015,739,988 on 338 579 996 shares of par value NOK 3 each, all fully paid.

On February 13, 2020, the extraordinary general meeting in PGS ASA approved to issue 48,627,000 new shares following a private placement raising approximately NOK 850 million as equity (approximately $95 million). On February 14, 2020, the registered share capital in the Company was increased to NOK 1,161,620,988 comprising of 387,206,996 shares, each with a nominal value of NOK 3 all fully paid.

As of December 31, 2020, PGS ASA had a share capital of NOK 1,161,620,988 comprising of 387,206,996 shares of par value NOK 3 each, all fully paid.

Early 2021, the Company successfully completed a re-negotiation of amortization and maturity profiles for its main credit facilities. The negotiated result was completed by a UK Scheme of Arrangement (the "Scheme") sanctioned by an English court and having support of almost all the Company's lenders. The agreements included the issuance of a convertible loan of total NOK 116,162,097. Per December 31, 2021, NOK 75.8 million of this loan remain outstanding. During 2021 PGS ASA received conversion notices from holders of the convertible bond representing NOK 40.4 million that have been converted into 13 460 701 shares. As of December 31, 2021, PGS ASA had a share capital of NOK 1,202,003,091 comprising of 400,667,697 shares of par value NOK 3 each, all fully paid.

All shares have equal voting rights and equal rights to dividends. Any distribution of the Company's equity is dependent on the approval of the shareholders, and the ability to make distributions is limited by certain debt covenants and Norwegian Corporate Law. The ordinary shares are listed on the Oslo Stock Exchange.

The Board of Directors will not propose any dividend to the AGM in 2022 for the year ended December 31, 2021.

The Company's holding of treasury shares reconciles as follows:

	Treasury shares	% of total shares outstanding
Balance as of January 1, 2020	**1 739**	**0.00%**
Used to fulfill employee benefit programs in 2020 (note 29)	-	
Balance as of December 31, 2020	**1 739**	**0.00%**
Used to fulfill employee benefit programs in 2021 (note 29)	(1 149)	0.00%
Balance as of December 31, 2021	**590**	**0.00%**

The 20 largest shareholders (a) in PGS ASA were as follows:

	December 31, 2021	
	Total shares	**Ownership percent**
Coltrane Asset Management LP	63 914 900	16.0
DNB Asset Management AS	29 024 749	7.2
M&G Investment Management Limited	26 931 374	6.7
Dimensional Fund Advisors LP	12 977 624	3.2
The Boeing Company Employee Retirement Plans Master Trust	12 885 165	3.2
Barclays Capital Inc.	7 951 764	2.0
Susquehanna International Group Ltd.	5 528 848	1.4
Monaco Asset Management SAM	5 187 082	13
Mats Geo AB	4 900 000	1.2

(Table continued on next page)

Credit Andorra	4 616 595	1.2
Andbank Wealth Management SGIIC SAU	4 311 590	1.1
Legal & General Investment Management Limited	4 213 000	1.1
Charles Schwab Investment Management, Inc.	4 171 008	1.0
Trefoil Capital Advisers	4 012 445	1.0
MH Capital A/S	3 983 490	1.0
Saxo Capital Markets UK Ltd	3 546 948	0.9
City of New York Group Trust	2 931 262	0.7
SPB A/S	2 811 435	0.7
UBS Switzerland AG (Investment Management)	2 622 999	0.7
American Century Investment Management Inc.	2 438 622	0.6
Other	191 706 797	47.8
Total	**400 667 697**	**100.00**

(a) The data in this table is provided by Q4 Inc. and is obtained through an analysis of beneficial ownership and fund manager information provided in replies to disclosure of ownership notices issued to all custodians in relation to the PGS share register provided by the Norwegian Central Securities Depository (VPS). Every reasonable effort has been made to verify the data, however neither PGS nor Q4 Inc. can guarantee the accuracy of the analysis.

Shares owned or controlled by members of the Board of Directors, Chief Executive Officer and Other Executive Officers were as follows:

	December 31, 2021	
	Total shares	**Ownership percent**
Board of Directors		
Walter Qvam, Chairperson	35 000	(a)
Anne Grethe Dalane	48 000	(a)
Marianne Kah	28 589	(a)
Richard Herbert	9 500	(a)
Trond Brandsrud	60 000	(a)
Eivind Vesterås	103 500	(a)
Anette Valbø	7 142	(a)
Gunhild Myhr	-	-
Chief Executive Officer and Other Executive Officers		
Rune Olav Pedersen, President and Chief Executive Officer	228 617	(a)
Gottfred Langseth, Executive Vice President and Chief Financial Officer	450 106	(a)
Rob Adams, Executive Vice President of Operations	176 703	(a)
Berit Osnes, Executive Vice President New Energy	36 186	(a)
Nathan Oliver, Executive Vice President of Sales & Services	-	-

(a) Less than 1% of the Company's shares as of December 31, 2021

Note 28 – Related Party Transactions

The following transactions were carried out with related parties:

	Year ended December 31,	
(In millions of US dollars)	**2021**	**2020**
Sale of goods and services		
Associates – MultiClient data	-	-
Associates – Other services	36.4	31.7

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

The Company has $1.6 million and $2.0 million in outstanding balances with related parties as of December 31, 2021 and 2020, respectively.

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

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, 2021 and 2020, the Company did not have any significant outstanding balances with any of these companies.

Note 29 – 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)

The programs

In the period 2019-2021, 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 2019-2021 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, 2021 and 2020, the Company recognized compensation cost with a corresponding increase in shareholders' equity of $2.5 million and $3.1 million, respectively. Total net unrecognized compensation cost as of December 31, 2021 was $3.1 million (PRSU's), which is expected to be recognized over a period of 3 years.

In 2021 the PRSU's did not result in any payout. For 2020, the company settled PRSU and RSU's by cash consideration. Equity was correspondingly decreased with $0.2 million. The PRSU's did not result in any payout, the amounts relate to the RSU programs only.

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

Year ended December 31, 2021

Grant date	RSUs as of December 31, 2020	RSUs granted 2021	RSUs forfeited 2021	RSUs released 2021	RSUs as of December 31, 2021	Weighted-average remaining contractual term
2016	13 800	-	-	(13,800)	-	-
2017	-	-	-	-	-	-
Total	**13 800**	**-**	**-**	**(13,800)**	**-**	**-**

Grant date	PRSUs as of December 31, 2020	PRSUs granted 2021	PRSUs forfeited 2021	PRSUs exercised 2021	PRSUs adjusted (due to performance) 2021	PRSUs 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**

Year ended December 31, 2020

Grant date	RSUs as of December 31, 2019	RSUs granted 2020	RSUs forfeited 2020	RSUs released 2020	RSUs as of December 31, 2020	Weighted-average remaining contractual term
2014	7 500	-	-	(7 500)	-	-
2015	-	-	-	-	-	-
2016	23 400	-	(9 600)	-	13 800	0.64 years
2017	368 060	-	(10 100)	(357 960)	-	-
Total	**398 960**	**-**	**(19 700)**	**(365 460)**	**13 800**	**0.64 years**

Grant date	PRSUs as of December 31, 2019	PRSUs granted 2020	PRSUs forfeited 2020	PRSUs exercised 2020	PRSUs adjusted (due to performance) 2020	PRSUs as of December 31, 2020	Weighted-average remaining contractual term
2015	-	-	-	-		-	-
2016	-	-	-	-	-	-	-
2017	697 090	-	(15 150)	-	(681 940)	-	-
2018	1 650 850	-	(73 500)	-	-	1 577 350	0.44 years
2019	2 240 300	30 000	(111 400)	-	-	2 158 900	1.48 years
2020	-	2 399 050	(14 500)	-	-	2 384 550	2.64 years
Total	**4 588 240**	**2 429 050**	**(214 550)**	**-**	**(681 940)**	**6 120 800**	**1.67 years**

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

Grant date	Options, RSU and PRSU outstanding December 31,2021	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)	2 105 900	NOK 0	NOK 13.39	N/A	-	N/A	N/A	NOK 10.50 / $ 1.23
2020 (b)	2 223 550	NOK 0	NOK 3.40	N/A	-	N/A	N/A	NOK 2.15 / $ 0.24
2021 (b)	5 718 000	NOK 0	NOK 5.36	N/A	-	N/A	N/A	NOK 4.03 / $ 0.49
Total	**10 047 450**							

(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.

Note 30 – 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:

	Year ended December 31,	
(In millions of US dollars)	**2021**	**2020**
Salaries and bonuses	118.5	141.9
Social security	10.5	11.0
Pension	6.1	8.1
Other benefits	13.0	14.9
Total	**148.1**	**175.9**

The Company had an average of 915 and 1,056 employees during the years ended December 31, 2021 and 2020, respectively.

Chief Executive Officer ("CEO") and Senior Executives

In 2021, the Company paid compensation to its President and CEO and other executive officers as follows:

	Total compensation paid in 2021 (a)				
Name	Fixed salary	Bonus (b)	Other benefits (c)	Total paid salary and compensation (in dollars)	Pension benefits (d)
Rune Olav Pedersen					
President and Chief Executive Officer	612 364	-	18 800	631 164	174 332
Gottfred Langseth					
Executive Vice President and Chief Financial Officer	458 588	-	24 847	483 435	99 050
Nathan Oliver					
Executive Vice President of Sales & Services	397 978	-	45 989	443 967	38 281
Berit Osnes					
Executive Vice President of New Energy (e)	307 467	-	9 751	317 218	35 594
Rob Adams					
Executive Vice President of Operations	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 for 2020 and management did not receive any bonus payments in 2021
(c) Includes items such as PRSU's/RSU's, 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.

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

Name	PRSUs as of December 31, 2020	PRSUs granted 2021	PRSUs forfeited 2021	PRSUs exercised 2021	PRSUs adjusted (due to performance) 2021	PRSUs as of December 31, 2021	Weighted average remaining contractual term
Rune Olav Pedersen	462 000	420 000	-	-	(126 000)	756 000	1.79
Gottfred Langseth	210 000	175 000	-	-	(60 000)	325 000	1.76
Nathan Oliver	180 000	175 000	-	-	(30 000)	325 000	1.76
Berit Osnes	149 000	125 000	-	-	(24 000)	250 000	1.97
Rob Adams	135 000	175 000	-	-	(30 000)	280 000	1.66

In 2020, the Company paid compensation to its President and CEO and other executive officers as follows:

	Total compensation paid in 2020 (a) (b)				
Name	Fixed salary	Bonus (c)	Other benefits (d)	Total paid salary and compensation (in dollars)	Pension benefits (e)
Rune Olav Pedersen					
President and Chief Executive Officer	464 343	116 908	21 721	602 972	138 843
Gottfred Langseth					
Executive Vice President and Chief Financial Officer	413 085	66 105	27 253	506 443	83 605
Nathan Oliver					
Executive Vice President of Sales & Services	355 091	60 095	40 726	455 912	32 578
Berit Osnes					
Executive Vice President of New Ventures (f)	209 672	60 095	8 935	278 703	24 341
Rob Adams					
Executive Vice President of Operations	372 813	40 320	73 426	486 559	36 076

(a) Amounts in NOK have been translated to US Dollars using average exchange rate for 2020 of NOK/USD 9.400.
(b) Amounts in GBP have been translated to US Dollars using average exchange rate for 2020 of GBP/USD 1.2820.
(c) Received bonus is related to performance in 2019
(d) Includes items such as PRSU's/RSU's, 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.
(f) Berit Osnes was Executive Vice President of New Ventures until the reorganization 1 August 2020.

RSUs and PRSU's held by the CEO and executive officers as of December 31, 2020 were as follows:

Name	RSUs as of December 31, 2019	RSUs granted 2020	RSUs forfeited 2020	RSUs released 2020	RSUs expired 2020	RSUs as of December 31, 2020	Weighted average remaining contractual term
Rune Olav Pedersen	9 000	-	-	(9 000)	-	-	-
Gottfred Langseth	9 000	-	-	(9 000)	-	-	-
Nathan Oliver	4 000	-	-	(4 000)	-	-	-
Berit Osnes	4 000	-	-	(4 000)	-	-	-
Rob Adams	3 200	-	-	(3 200)	-	-	-

Name	PRSUs as of December 31, 2019	PRSUs granted 2020	PRSUs forfeited 2020	PRSUs exercised 2020	PRSUs adjusted (due to performance) 2020	PRSUs as of December 31, 2020	Weighted average remaining contractual term
Rune Olav Pedersen	330 000	168 000	-	-	(36 000)	462 000	1.62
Gottfred Langseth	171 000	75 000	-	-	(36 000)	210 000	1.60
Nathan Oliver	111 000	75 000	-	-	(6 000)	180 000	1.79
Berit Osnes	105 000	50 000			(6 000)	149 000	1.90
Rob Adams	64 800	75 000	-	-	(4 800)	135 000	1.70

See note 27 for shares held by the Company's CEO and other executive officers and note 29 for further information on the share- based payments programs.

Rune Olav Pedersen, President and CEO of the Company, had an annual fixed salary of NOK 5,265,000 in 2021. The CEO has a mutual 6-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.

Other executive officers have similar provisions in their employment terms, with periods of notice of twelve months or less.

Further information on compensation of the CEO and other executive officers are provided in the Board of Directors' Policy on Remuneration to the Company's CEO and Senior Executives below.

Board of Directors

None of our Directors has any contract with the Company providing benefits upon termination of service.

The table below provides information about our Directors and compensation for 2021:

Name	Position	Director since	Term expire	Compensation (In dollars) (a)
Walter Qvam	Chairperson	2013	2022	110 070
Anne Grethe Dalane	Vice Chairperson	2013	2022	73 380
Marianne Kah	Director	2018	2022	68 422
Richard Herbert	Director	2017	2022	67 847
Trond Brandsrud	Director	2019	2022	67 510
Eivind Vesterås	Director (Empl.rep)	2021	2023	7 752
Anette Valbø	Director (Empl.rep)	2015	2023	11 629
Gunhild Myhr	Director (Empl.rep)	2021	2023	7 752
			Total	**414 362**

(a) Amounts in NOK have been translated to US Dollars using average exchange rate for 2021 of NOK/USD 8.5991. None of the members or deputy members of the board received compensation from any other Group companies, except for the employee representatives. Their remuneration as employees is not included above.

The table below provides information about our Directors and compensation for 2020:

Name	Position	Director since	Term expire	Compensation (In dollars) (a)
Walter Qvam	Chairperson	2013	2021	114 000
Anne Grethe Dalane	Vice Chairperson	2013	2021	77 000
Marianne Kah	Director	2018	2021	73 500
Richard Herbert	Director	2017	2021	73 500
Trond Brandsrud	Director	2019	2021	70 500
Hege Renshus	Director (Empl.rep)	2017	2021	10 638
Anette Valbø	Director (Empl.rep)	2015	2021	10 638
Grunde Rønholt	Director (Empl.rep)	2019	2021	10 638
			Total	**440 415**

(a) Amounts in NOK have been translated to US Dollars using average exchange rate for 2020 of NOK/USD 9.400. None of the members or deputy members of the board received compensation from any other Group companies, except for the employees.

See note 27 for shares held by the Company's Board of Directors.

Board of Directors' Policy on Remuneration to the CEO and Senior Executives

Introduction

In accordance with §6-16a of the Norwegian Public Limited Liability Companies Act, PGS ASA ("PGS" or "the Company") and its Board of Directors (the "Board") has for our President & CEO (the "CEO") and the executive officers (the "Senior Executives") established a Policy related to determination of salary and other benefits (the "Policy"). The Policy is outlined below, and was approved by the shareholders at the Annual General Meeting ("AGM") on 21 April, 2021. The Policy will apply for a four year policy period from the 2021 AGM, or until the general meeting resolving changes to the Policy if earlier.

PGS is an international company operating in the global geophysical industry. Our operations are conducted worldwide. This means that our talent pool is and needs to be diverse and international. The total compensation package for our CEO and Senior Executives will therefore need to be based on the norms in both the Norwegian labor market and the global talent market that we compete within. Whilst responding to the Company's financial ability, both the level of total compensation and the structure of the compensation package for our CEO and Senior Executives is designed to incentivize enhanced performance, achieve PGS' strategy and long-term interests, and ensure common goals and interest between the shareholders and the CEO/Senior Executives. The Policy is also designed to attract and retain highly qualified leaders with diverse backgrounds and experience. All of the above will require the use of several different instruments and components, as explained below.

Overview of Total Compensation for the CEO and Senior Executives

The current remuneration package for our CEO and Senior Executives includes fixed elements and variable elements. The fixed elements consist of a base salary and other benefits such as car allowance, phone, internet and similar. The fixed elements also include a defined contribution pension scheme and an individual pension scheme. The variable elements consist of Short-Term Incentive Plans ("STI Plans") which is our annual bonus scheme, and Long-Term Incentive Plans ("LTI Plans") which are composed of Performance Restricted Stock Units ("PRSUs").

PGS has with the help of an external advisor identified a specific peer group of comparable companies across relevant markets. The advisor has collected, and combined information related to total compensation level and structure amongst these companies. As of December 31, 2020, the peer group consisted of 15 companies from Norway and Europe. These companies are of comparable size and have international operations in the oil & gas and oil services sectors. The peer group is subject to regular review. The Board and its Remuneration and Corporate Governance Committee ("Remco") uses this information, among other tools, to benchmark and decide on an appropriate total compensation structure for the CEO and Senior Executives. Remco and the Board evaluate the remuneration of the CEO and Senior Executives regularly. As part of its meeting schedule, Remco annually reviews the total compensation level and the mix between fixed and variable compensation. As part of this review, the mix between long-and short-term incentives, and the mix between corporate financial goals and personal performance goals are evaluated. At the beginning of each calendar year the corporate financial goals and its targets and ranges are reviewed and approved by Remco and the Board. PGS has routines for detecting and preventing conflicts of interests, and thereby ensuring a balanced determination of compensation of the CEO and Senior Executives.

Taking into account the global industry PGS is operating in and the peer group information, the total compensation of the CEO is designed to target a relative share for each component approximately as follows: 40-50% as base salary, 30-40% as target bonus payment from the STI Plan, and 20-30% as target settlement from the LTI Plan. For the Senior Executives, the target is approximately 50-60% as base salary, 25-35% as bonus payment from the STI Plan, and 10-20% as settlement from the LTI Plan. These are long-term targets, and the actual compensation and the split will depend on the Company's financial performance and other elements.

Fixed elements

Base salary for the CEO and Senior Executives is reviewed by Remco. Base salary is approved by the Board with regards to that of the CEO, and by the CEO with regards to that of any Senior Executive.

In addition to base salary and other fixed benefits mentioned in Section 2 above, the CEO and - as of 31 December 2020 - one Senior Executive have an early retirement plan allowing for termination of employment without cause when reaching the age of 62. Full early retirement benefits are defined as 60% of the last base salary in the year of retirement. The CEO is eligible for 85% of full benefits upon retiring at the age of 62 and full benefits upon retiring at the age of 65. The other Senior Executive is eligible for full benefits upon retiring at the age of 62. The early retirement benefits cease when the CEO and the other Senior Executive reach the age of 67.

Short Term Incentive Plans

Participation in the STI Plans and the minimum-, target- and maximum pay-out levels under such plans are determined by the Company on an annual basis. Minimum-, target- and maximum pay-out levels are annually reviewed and approved by Remco and the Board. Bonus payments under the STI Plans to the CEO and Senior Executives will be based partly on the Company and its subsidiaries achievement of one or more key performance indicators ("KPIs"), and partly on achievement of agreed goals in the individual's personal performance contract. The personal performance KPIs are related to areas such as financial, strategic, operational-, organizational, people, and ESG (environmental, social and governance). Bonus payments under the STI Plan, is for the CEO and Senior Executives over time targeted to be 85% and 57% of base salary respectively, whereas payments are capped to 150% and 100% respectively.

Separately, for incentivization purposes, the Board may award a discretionary bonus to CEO and/or Senior Executives in the event the Company is involved in major transactions that is deemed to protect or generate shareholder value and be in the Company's best long-term interests. Such discretionary bonus will be capped to 150% and 100% of base salary for the CEO and Senior Executives respectively.

Long Term Incentive Plans

The Company's AGMs have for several years annually authorized LTI Plans in order to ensure continued long-term incentives linked to the Company's financial performance and relative share price development. The Board will annually throughout the Policy period continue to propose an LTI Plan for approval at the AGM, and will each year present the full details of the LTI Plan document.

Each LTI Plan will for all eligible employees consist solely of a pool of PRSUs that will be awarded to eligible employees following the AGM approving such plan and a given deadline in the LTI Plan. Settlement of the PRSUs will be conditioned upon the Company over a defined period from award meeting certain goals and share price related targets under one or more Key Performance Indicators ("KPIs") set out in each LTI Plan. The KPIs, their relative weighting, and the associated pay out levels from each KPI will be designed to protect the Company's long term-interests and create value over time. During the recent years, the KPIs in LTI Plans have been Total Shareholder Return ("TSR") and Return On Capital Employed ("ROCE"). TSR achievement have been measured against a comparator group of companies while the ROCE has been an absolute financial target. These KPIs have been seen by the Board to be adequate metrics to gauge the protection of long-term interests for the Company and creation of shareholder value over time. The KPIs may however for each LTI Plan change depending on the Company's financial situation and its current key strategic priorities.

The total PRSU awards under all outstanding LTI Plans and the equivalent maximum potential share settlement thereunder will not at any time exceed 5% of the Company's share capital. The Board will for the period between an upcoming AGM and the subsequent AGM not distribute to the CEO or any Senior Executives any other share based incentives than PRSUs under the approved LTI Plans.

The full LTI Plan including the KPIs, goals, the size of the pool of PRSUs subject for award, and the LTI Plan terms

and conditions will be presented in the Calling Notice for each AGM for shareholder approval.

The LTI Plan and its KPIs and goals are designed to contribute to PGS meetings its businesses strategy and to promote the Company's long-term interests whilst taking PGS' financial ability into account.

Upon proposing material changes during the Policy period applying from the 2021 AGM, the Company will either seek approval in an AGM or call for an Extraordinary General Meeting to solicit approval. The Company will in the calling notice describe the proposed changes and take note of shareholders' voting over the Company's remuneration policy and remuneration report for the previous fiscal year. Otherwise, the Board will ensure that the Policy is reviewed and presented for approval by the AGM at least every fourth year.

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):

	Year ended December 31,	
(In millions of US dollars)	**2021**	**2020**
Audit fees	1.3	1.4
Tax services	0.2	0.4
All other fees	0.1	0.1
Total	**1.6**	**1.9**

Note 31 – Subsidiaries

The ownership percentage in subsidiaries as of December 31, 2021, was as follows:

Company	Jurisdiction	Shareholding and voting rights
PGS Australia Pty. Ltd.	Australia	100%
Seahouse Insurance Ltd.	Bermuda	100%
PGS Suporte Logistico e Servicos 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%
PT Petroprima Geo-Servis Nusantara	Indonesia	94%
PGS Marine Services (Isle of Man) Ltd. -under liquidation	Isle of Man	100%
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%
Petroleum Geo-Services AS	Norway	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%
Petroleum Geo-Services (UK) Ltd.	United Kingdom	100%
PGS EM 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 Imaging, Inc.	United States	100%
PGS Finance, Inc.	United States	100%
PGS Holding I Ltd	United Kingdom	100%
PGS Holding II Ltd	United Kingdom	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.

Note 32 – Subsequent Events

The Company's operation is not directly impacted by the recent invasion of Ukraine. But for the PGS group there are approximately $5 million outstanding from Ukraine and Russian customers where recoverability may be at risk. Find further information in the consolidated financial statements.

Parent Company Financial Statements

PGS ASA (Parent Company)

Statements of Profit and Loss

(In millions of NOK)	Note	Year ended December 31, 2021	2020
Revenue	2	**3.1**	**9.3**
Selling, general, administrative and other costs	2, 14	(49.1)	(45.2)
Total operating expenses		**(49.1)**	**(45.2)**
Operating loss		**(46.0)**	**(35.9)**
Interest expense, net	2, 3	(9.2)	(561.8)
Impairment, net of reversal of impairment on shares in subsidiaries/ intercompany receivables	1, 6	-	(2 974.8)
Dividends/group contributions received from subsidiaries	2	145.6	406.5
Other financial items, net	2, 4	(9.0)	111.1
Income (loss) before income taxes		**81.3**	**(3 054.9)**
Income tax	5	-	-
Net income (loss)		**81.3**	**(3 054.9)**

PGS ASA (Parent Company)

Statements of Financial Position

(In millions of NOK)	Note	December 31, 2021	2020
ASSETS			
Non-current assets:			
Shares in subsidiaries	1, 6	2 262.8	6 486.0
Intercompany receivables	1, 2, 6	-	3 529.9
Total non-current assets		**2 262.8**	**10 015.9**
Current assets:			
Intercompany receivables	2	260.3	83.8
Other current assets		7.2	101.3
Restricted cash	7	0.5	1.2
Cash and cash equivalents	7	35.8	936.1
Total current assets		**303.9**	**1 122.5**
Total assets		**2 566.6**	**11 138.4**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity:			
Common stock; par value NOK 3; issued and outstanding 387,206,996 shares	8	1 202.0	1 161.6
Additional paid-in capital	8	5 994.4	5 958.3
Total paid in capital		7 196.4	7 119.9
Other equity	8	(4 764.9)	(4 846.1)
Total shareholders' equity		**2 431.5**	**2 273.8**
Non-current liabilities:			
Interest bearing debt	9, 10	30.5	-
Intercompany debt	1, 2	-	1 416.1
Other non-current liabilities	11	40.4	80.3
Total non-current liabilities		**70.9**	**1 496.4**
Current liabilities:			
Interest bearing debt	9, 10	-	7 295.7
Accrued expenses and other short-term liabilities	13	64.2	72.5
Total current liabilities		**64.2**	**7 368.2**
Total liabilities and shareholders' equity		**2 566.6**	**11 138.4**

Oslo, March 2, 2022

Board of Directors

PGS ASA

Walter Qvam
Chairperson

Anne Grethe Dalane
Vice Chairperson

Marianne Kah
Board Member

Richard Herbert
Board Member

Trond Brandsrud
Board Member

Anette Valbø
Board Member

Eivind Vesterås
Board Member

Gunhild Myhr
Board Member

Rune Olav Pedersen
President & Chief Executive Officer

PGS ASA (Parent Company)

Statements of Cash Flows

(In millions of NOK)	Note	Year ended December 31, 2021	2020
Cash flows provided by (used in) operating activities:			
Net income (loss)		81.3	(3 054.9)
Adjustments to reconcile net income to net cash used in operating activities:			
Impairment, net of reversal of impairment of shares/intercompany receivables	6	-	2 974.8
Interest expense		-	645.2
Loss (gain) sale of subsidaries		-	-
Dividends/group contributions	2	(145.6)	(406.5)
Foreign exchange (gain) loss, unrealized	4	(17.2)	(173.9)
Changes in current assets and current liabilities		(26.4)	(115.5)
Other items		36.1	137.1
Net cash provided by (used in) operating activities		**(71.8)**	**6.3**
Cash flows provided by (used in) investing activities:			
Investment in subsidiaries, net	2, 6	(1,038.6)	-
Received dividends from subsidaries		145.6	406.5
Reduced (increased) intercompany receivables		17.6	(563.4)
Increased (reduced) intercompany debt		15.7	169.8
Change in restricted cash		0.7	(0.1)
Net cash provided by (used in) investing activities		**(859.0)**	**12.7**
Cash flows provided by (used in) financing activities:			
Proceeds, net of deferred loan costs, from issuance of non-current debt/net cash payment for debt amendment	9	30.5	1 140.0
Net change of drawing on the Revolving Credit Facility	9	-	1 615.9
Proceeds from share issue	8	-	828.0
Repayment of interest bearing debt	9	-	(1 995.3)
Interest paid		-	(590.9)
Net cash provided by (used in) financing activities		**30.5**	**997.7**
Net increase (decrease) in cash and cash equivalents		**(900.3)**	**1 016.7**
Effect of exchange rate changes on cash and cash equivalents		-	(98.1)
Cash and cash equivalents at beginning of year		936.1	17.5
Cash and cash equivalents at end of year		**35.8**	**936.1**

Note 1 — Summary of Significant Accounting Policies

PGS ASA (or "the Company") and its subsidiaries prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, while the Company prepares its financial statements in accordance with the Norwegian Accounting Act and accounting principles generally accepted in Norway ("N GAAP"). The Company's headquarters is at Oslo, Norway. The address is Lilleakerveien 4C, 0283 Oslo.

The Company applies the same accounting policies as described in note 2 in the notes to the consolidated financial statements where relevant, except that unrealized foreign exchange gain (loss) on non-current intercompany loans is recognized in the statements of profit and loss. The functional currency is Norwegian kroner ("NOK") for the financial statements prepared in accordance with the Norwegian Accounting Act and accounting principles generally accepted in Norway ("N GAAP").

Shares in subsidiaries (see note 6) 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. There is no fixed plan for repayment of long-term intercompany receivables and payables.

The statement of cash flows is set up using the indirect method.

Note 2 — Intercompany Transactions

PGS ASA has intercompany transactions with its subsidiaries. PGS ASA charged out management fee to PGS Geophysical AS, NOK 3.1 and NOK 9.3 million in 2021 and 2020, respectively. Guarantee fee income is NOK 3.4 million in 2021. Dividends/group contributions from subsidiaries were NOK 145.6 and NOK 406.5 million in 2021 and 2020, respectively.

In February 2021, as part of a restructure of the PGS Group, the Company contributed most of its assets and liabilities to its subsidiary Petroleum Geo-Services AS. The shares in Petroleum Geo-Services as was subsequently contributed as a capital increase in kind to PGS Holding I Ltd, a UK entity 100% owned by PGS ASA.
The contribution in kind amounted to NOK 976 429 378,- and consisted of;

- all cash and cash equivalents, except restricted cash related to employees,
- all subsidiaries except for PT Petroprima Geo-Service Nusantra,
- TLB and RCF, being all external interest-bearing debt,
- all receivables and debt to group companies as of 31.12.2020.

Following the transaction, the Company have significantly reduced its activity related to financing of subsidiaries.

Intercompany transactions in the statements of profit and loss consist of:

Subsidiaries	**Year ended December 31, 2021**	
(In millions of NOK)	**Net interest**	**Net Receivables/ (Liabilities)**
Petroleum Geo-Services AS	16.9	259.1
Petroleum Geo-Services, Inc.	-	0.2
PGS Exploration (UK) Ltd.	-	0.6
PGS Suporte Logistico e Servicos Ltda.	-	0.3
PGS Imaging, Inc.	-	0.1
Sum transactions intercompany	16.9	260.3
Accumulated impairment		-
Net transactions intercompany		**260.3**

Subsidiaries	**Year ended December 31, 2020**	
(In millions of NOK)	**Net interest**	**Net Receivables/ (Liabilities)**
Multiklient Invest AS	10.9	448.3
Natuna Ventures Pte. Ltd.	-	100.2
Petroleum Geo-Services AS	-	103.7
Petroleum Geo-Services, Inc.	-	515.7
Petroleum Geo-Services (UK) Ltd.	(22.1)	(251.2)
PGS Americas, Inc	-	230.8
Petroleum Geo-Services Asia Pacific Pte. Ltd.	(17.7)	(119.1)
PGS Australia PTY Ltd	-	657.7
PGS Imaging S.A. de C.V.	-	33.7
PGS Data Processing Middle East SAE (Egypt)	(6.1)	9.3
PGS Egypt for Petroleum Services	(31.8)	(565.6)
PGS EM Ltd.	73.0	947.1
PGS Exploration (M) SDN BHD	-	181.1
PGS Geophysical Nigeria Limited	-	40.8

(Table continued on next page)

PGS Exploration (UK) Ltd	(20.4)	(297.0)
PGS Falcon AS	34.3	796.2
PGS Geophysical AS	59.0	968.1
PGS Geophysical Angola	1.4	20.0
PGS Ghana Limited	-	52.8
PGS Imaging, Inc	-	185.7
PGS Japan K.K.	(3.3)	(43.4)
PGS Marine Services (Isle of Man) Ltd.	-	28.2
PGS Seismic Sevices Ltd.	1.4	17.6
PGS Shipowner AS	(1.2)	(67.6)
PGS Suporte Logistico e Servicos Ltda.	-	106.2
PGS Titans AS	8.7	159.6
PT Petroprima Geo-Servis Nusantara	-	520.2
Seahouse Insurance Ltd.	(5.4)	(44.5)
Other	(0.2)	(18.0)
Sum transactions intercompany	80.4	4 716.5
Accumulated impairment		(2 518.9)
Net transactions intercompany		**2 197.6**

Note 3 – Interest Expense, Net

Interest expense, net, consists of:

	Year ended December 31,	
(In millions of NOK)	**2021**	**2020**
Interest income, external	0.1	2.9
Interest income, intercompany	24.3	188.9
Interest expense, external	(26.2)	(645.2)
Interest expense, intercompany	(7.4)	(108.4)
Total	**(9.2)**	**(561.8)**

Note 4 – Other Financial Items, Net

Other financial items, net, consist of:

	Year ended December 31,	
(In millions of NOK)	**2021**	**2020**
Foreign currency (loss) gain, realized and unrealized	(7.4)	194.6
Guarantee fee	3.4	39.9
Other	(5.1)	(123.4)
Total	**(9.0)**	**111.1**

Note 5 – Income Taxes

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

	Year ended December 31,	
(In millions of NOK)	**2021**	**2020**
Income before income taxes	81.3	(3 054.9)
Norwegian statutory tax rate	22%	22%
Provision for income taxes at the statutory rate	(17.9)	672.1
(Increase) reduction in income taxes from:		
Impairment (reversal) of shares in subsidiaries	-	(533.0)
Impairment of intercompany receivables	-	(123.1)
Other permanent items	31.6	78.2
Correction previous year	(12.8)	(6.1)
Changes in unrecognized deferred tax assets	(0.9)	(88.1)
Income tax (expense) benefit	**-**	**-**

(In millions of NOK)	Year ended December 31, 2021	2020
Temporary differences relate to:		
Pension liabilities (a)	-	4.9
Intercompany receivables	-	57.4
Other	0.0	0.2
Tax losses carried forward	1 162.1	1 100.5
Deferred tax assets, net	1 162.1	1 163.0
Deferred tax assets not recognized in the statement of financial position	(1 162.1)	(1 163.0)
Net recognized Deferred tax assets	**-**	**-**

(a) Change in deferred tax for actuarial gains/losses on pensions are recognized directly to shareholder's equity (see note 8 and 12).

Note 6 – Shares in Subsidiaries

Shares in subsidiaries are recognized in PGS ASA balance sheet at cost less any impairment.

			As of December 31, 2021			
(In millions of NOK)	Registered office	Shareholding (a)	Book value (b)	Equity (b)	Impairments 2021	Net income 2021
PGS Holding I Ltd (UK)	Oslo	100%	2 263	2 252	-	-
PT Petroprima Geo-Servis Nusantara	Indonesia	93%	-	-3.1	-	-1.5
Total			**2 262.8**		**-**	

(a) Voting rights are equivalent to shareholding for all companies.
(b) The numbers are preliminary and statutory audit has not been completed.

As of 31 December 2021, PGS ASA has accumulated impairments related to shares in subsidiaries totaling NOK 2.7 million. This is entirely related to the company PT Petroprima Geo-Servis Nusantara.

For additional information on impairment of shares in subsidiaries and intercompany receivables, see note 1.

Note 7 – Restricted Cash

The Group has a cash pool agreement where PGS ASA is Group Account holder and specific Norwegian and UK companies are participants with notional bank accounts. PGS ASA as the owner of the cash pool is the owner to the cash in the cash pool, whilst cash on participants notional accounts are a receivable on PGS ASA or an overdraft on the nominal account is a payable to PGS ASA.

Restricted cash consists of:

(In millions of NOK)	December 31, 2021	2020
Payroll withholding taxes	0.5	1.2
Total	**0.5**	**1.2**

Note 8 – Shareholders' Equity

Changes in shareholders' equity for the years ended December 31, 2021 and 2020 are as follows:

	Paid-in capital				
(In millions of NOK)	Common stock	Own shares, par value	Additional paid-in capital	Other equity	Shareholders' equity
Balance as of December 31, 2019	**1 015.7**	**(0.0)**	**5 250.1**	**(1 758.8)**	**4 507.0**
Share issue	145.9	-	682.1	-	828.0
Employee benefit plans	-	-	1.9	-	1.9
Employee share options recharged to subsidiaries	-	-	24.2	-	24.2
Interest rate swaps (net of tax)	-	-	-	(31.6)	(31.6)
Actuarial gains and losses charged to equity (net of tax)	-	-	-	(0.8)	(0.8)
Net income (loss)	-	-	-	(3 054.9)	(3 054.9)
Balance as of December 31, 2020	**1 161.6**	**(0.0)**	**5 958.3**	**(4 846.1)**	**2 273.8**
Share based payments	-	-	21.7	-	21.7
Share issue*	40.4	-	14.4	-	54.8
Net income (loss)	-	-	-	81.3	81.3
Balance as of December 31, 2021	**1 202.0**	**(0.0)**	**5 994.4**	**4 764.9**	**2 431.6**

* During 2021 PGS ASA received conversion notices from holders of the convertible bond representing NOK 40.4 million that have been converted into 13 460 701 shares. As of December 31, 2021, PGS ASA had a share capital of NOK 1,202,003,091 comprising of 400,667,697 shares of par value NOK 3 each, all fully paid.

Note 9 – Debt and Guarantees

Long term debt consists of the following:

	December 31,	
(In millions of NOK)	**2021**	**2020**
Secured:		
Term loan B, Libor + 250 Basis points, due 2021	-	17.1
Term loan B, Libor + 6-700 basis points (linked to total leverage ratio ("TLR"), due 2024	-	4 448.6
Revolving credit facility, due Sep 2020	-	1 155.7
Revolving credit facility, due Sep 2023	-	1 836.2
Unsecured:		
Convertible bond 5%, due 2024	75.8	-
Total	**75.8**	**7 457.6**
Less current portion	-	(7 295.7)
Less deferred loan costs, net of debt premiums	-	(7 295.7)
Less effect from separate derivative financial instrument convertible bond	45.3	(161.9)
Total non-current interest bearing debt	**30.5**	**-**

Undrawn facilities consist of the following:

	December 31,	
(In millions of NOK)	**2021**	**2020**
Secured:		
Revolving credit facility, due 2020	-	1 493.7
Unsecured:		
Bank facility (NOK 50 mill)	-	50.0
Performance bond	-	84.4
Total	**-**	**1 628.0**

Early 2021, the Company successfully completed a re-negotiation of amortization and maturity profiles for its main credit facilities. The negotiated result was completed by a UK Scheme of Arrangement (the "Scheme") sanctioned by an English court and having support of almost all the Company's lenders. The agreements included the issuance of a convertible loan of total NOK 116,162,097. Per December 31, 2021, NOK 75.8 million of this loan remain outstanding.

The remaining interest-bearing debt have been transferred to a subsidiary as part of a restructure, refer to note 3 for further information.

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

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 of cash and cash equivalents, restricted cash, accounts receivable, accrued revenues and other receivables, other current assets, accounts payable and accrued expenses classified at amortized cost approximate their respective fair values because of the short maturities of those instruments.

The fair values of the non-current debt instruments, forward exchange contracts and interest rate swaps are estimated using quotes obtained from dealers in such financial instruments or latest quoted prices or indexes at Reuters or Bloomberg. Where market prices are not observed or quotes from dealers are not obtained, an indirect method is used by use of implied credit spread from debt instrument with similar risk characteristics.

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

(In millions of NOK)		December 31, 2021 Nominal value	December 31, 2021 Fair value	December 31, 2020 Nominal value	December 31, 2020 Fair value
Financial liabilities					
Financial liabilities at amortised cost					
Debt with fixed interest rate	2	-	-	-	-
Debt with variable interest rate	2	-	-	(7 457.6)	(6 694.0)
Convertible bond *	2	(75.8)	(67.6)	-	-
At fair value through profit and loss					
Foreign exchange contracts	2	-	-	-	-
Interest rate swaps	2	(4.5)	(4.5)	-	-
Convertible bond option conversion	2	(35.9)	(35.9)	-	-
Derivatives designated as hedging instruments					
Interest rate swaps	2	-	-	(57.3)	(57.3)
Foreign exchange contracts	2	-	-	-	-
Total		**(116.1)**	**(107.9)**	**(7 514.9)**	**(6 751.3)**

Interest rate risk management

The Company is subject to interest rate risk on debt. 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. The Company retains an interest rate swap with a notional amount of NOK 440.5 million which is matures in June 2022, paying a fixed rate of 2.36% and receiving 3-month USD LIBOR. This instrument represents an economical hedge for the variable rate loan held in Petroleum Geo-Services AS, for PGS ASA this is accounted for at fair value over profit and loss.

(In millions of NOK)	December 31, 2021 Notional amounts	December 31, 2021 Weighted average interest rate	December 31, 2020 Notional amounts	December 31, 2020 Weighted average interest rate
Debt at fixed interest rate	75.8	5.00%	-	-
Debt at variable interest rate based on US dollar plus a margin	-	0.00%	(5 534.2)	6.89%
Variable interest rate debt with interest fixed	440.5	2.36%	(1 923.4)	1.93%

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.

Note 11 – Other Long-term Liabilities

Other long-term liabilities consist of:

(In millions of NOK)	December 31, 2021	December 31, 2020
Unrealized loss hedge contracts (note 10)	40.4	57.7
Pension liability (note 12)	-	21.7
Other non-current liabilities	-	0.9
Total	**40.4**	**80.3**

Note 12 – Pension Obligations

Pension obligations are transferred to Petroleum Geoservices AS as part of a restructuring of the group. Find further information about pension obligations in the consolidated financial statements.

Note 13 – Accrued Expenses and Other Short-term Liabilities

Accrued expenses and other short-term liabilities consist of the following:

	December 31,	
(In millions of NOK)	2021	2020
Accrued unrealized loss on hedging (note 10)	-	-
Foreign taxes	0.2	0.9
Account payables	61.1	61.7
Accrued employee benefits	0.5	2.4
Accrued interest expense	1.5	6.0
Other	0.9	1.5
Total	**64.2**	**72.5**

Note 14 – 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 and selling and general and administrative costs consist of:

	Year ended December 31,	
(In millions of NOK)	2021	2020
Salaries and bonus	8.9	17.8
Social security	1.3	2.3
Pension	0.2	3.0
Other benefits	0.1	0.5
Total	**10.6**	**23.6**

As of December 31, 2021, PGS ASA had 0 employees. Man-years were 1 and 2 for the years 2021 and 2020, respectively.

In 2021 the members of the board were compensated with NOK 3.9 million. For a full listing of Board of Directors, CEO and Other Executive Officers and their compensation, see note 28 in the consolidated financial statements.

PGS ASA has not provided loans or guarantees to the Board of Directors as of December 31, 2021.

Remuneration of auditor

Fees for audit and other services provided by PGS ASA's auditor EY who was elected in May 2014, are as follows (exclusive VAT and inclusive out of pocket expenses):

	Year ended December 31,	
(In millions of NOK)	2021	2020
Audit fees	3.2	4.8
Fees for tax services (a)	0.3	0.2
All other fees	-	-
Total	**3.6**	**5.0**

(a) Include fees for tax filing services and other tax assistance.

Note 15 – Subsequent Events

The Company's operation is not directly impacted by the recent invasion of Ukraine. But for the PGS group there are approximately $5 million outstanding from Ukraine and Russian customers where recoverability may be at risk. Find further information in the consolidated financial statements.

Statsautoriserte revisorer
Ernst & Young AS

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Medlemmer av Den norske Revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of PGS ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of PGS ASA (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 comprise of the statements of financial position as at 31 December 2021 and statement of profit and loss and statement of cash flow for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise of the statements of financial position as at 31 December 2021, statement of profit and loss, statement of comprehensive income, statement of cash flow 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 2021 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway,
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee.

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.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 8 years from the election by the general meeting of the shareholders on 8 May 2014 for the accounting year 2014.

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Material uncertainty related to going concern

We draw attention to note 3 of the financial statements, which describes the risk that the Company might not generate sufficient liquidity to repay the 2022 loan maturities whilst also meeting the other requirements of the main credit agreement. These events or conditions, along with other matters as set forth in note 22, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2021. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Impairment evaluation of MultiClient library

Basis for the key audit matter

MultiClient library accounts for $415.6 million or approximately 23 % of total assets of the Group as at 31 December 2021. The Group performed impairment testing to determine value in use and recorded an impairment loss of $13.6 million in 2021. Management has identified impairment indicators, including low spending on seismic activities by customers and reduction in share price. The Group uses forecasts of future sales when determining value in use. These forecasts are based on budgets and assumptions, thus requiring considerable insight and judgment by management about future market conditions and spending on exploration and production by oil and gas companies, including licensing activities and farm-ins. Impairment evaluation of MultiClient library is a key audit matter due to the significant management judgment involved and the continued uncertain market conditions.

Our audit response

We evaluated management's assessment of impairment indicators for the MultiClient library. Our audit procedures included inquiries of management, including senior sales personnel and test of controls. Our audit procedures also included analyses and evaluation of historical accuracy of prior year's forecast. We further evaluated the assumptions used in the sales forecasting process based on the current market situation, expectations about oil prices, licensing rounds and exploration activities. Furthermore, we considered the valuation methodology and the discount rate applied in the value in use model. We also tested the mathematical accuracy of the value in use calculations and performed sensitivity analysis of key assumptions. We used a valuation specialist to assist us in evaluating the calculation and components of the applied discount rate. We also assessed the Group's disclosures regarding those assumptions and the recorded impairment losses of MultiClient library. We refer to notes 3 and 8 of the consolidated financial statements.

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Impairment evaluation of vessels and seismic equipment

Basis for the key audit matter
Vessels and related seismic equipment accounts for $741.2 million or approximately 41 % of total assets of the Group as at 31 December 2021. The Group performed impairment tests to determine the recoverable amounts and recorded an impairment loss of $15.0 million during the year. The evaluation is sensitive to forward looking assumptions. As there are limited remaining headroom, any negative changes to these assumptions would increase the impairment further. Management has identified impairment indicators, including continued operating losses, low spending on seismic activities by customers, vessels taken out of operations and reduction in share price. The Group assessed the recoverable amount by determining value in use for each vessel. Estimating the value in use requires management judgment when estimating future revenues, operating expenses, growth rates, useful lives and capital expenditures and determining the discount rate. Management's impairment evaluation is a key audit matter due to the multiple variables and the significant management judgement involved in estimating future cash flows under the continued uncertain market conditions.

Our audit response
Our procedures included assessing the assumptions and methods used by management in the impairment evaluation. We tested the key assumptions and underlying data by comparing them to external market information and historical data, and by analyzing sensitivities. We also assessed the historical accuracy of management's estimates and tested the mathematical accuracy of the impairment model. We involved a valuation specialist to assist us in evaluating the calculation and the applied discount rate. We also assessed the disclosures regarding the assumptions applied by management and verified the arithmetical accuracy of the sensitivity analysis disclosed in Note 3. We refer to notes 3 and 17 of the consolidated financial statements.

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, the statement on corporate governance and the statement on corporate social responsibility contain the information required by applicable 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 applicable 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, the statement on corporate governance and the statement on corporate social responsibility are consistent with the financial statements and contain 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

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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.

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.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Report on compliance with regulation on European Single Electronic Format (ESEF)

Opinion

As part of our audit of the financial statements of PGS ASA we have performed an assurance engagement to obtain reasonable assurance whether the financial statements included in the annual report, with the file name 213800T66DRTE6O6BV87-2021-12-31-en, has been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation given with legal basis in Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements included in the annual report have been prepared, in all material respects, in compliance with the ESEF Regulation.

Management's responsibilities

Management is responsible for the preparation of an annual report and iXBRL tagging of the consolidated financial statements that complies with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary to enable the preparation of an annual report and iXBRL tagging of the consolidated financial statements that is compliant with the ESEF Regulation.

Auditor's responsibilities

Our responsibility is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation based on the evidence we have obtained. We conducted our engagement in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance that the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.

As part of our work, we performed procedures to obtain an understanding of the company's processes for preparing its annual report in XHTML format. We evaluated the completeness and accuracy of the iXBRL tagging and assessed management's use of judgement. Our work comprised reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 7 March 2022
ERNST & YOUNG AS

Finn Ole Edstrøm
State Authorised Public Accountant (Norway)

PGS Annual Report 2021

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of PGS ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of PGS ASA (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 comprise of the statements of financial position as at 31 December 2021 and statement of profit and loss and statement of cash flow for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise of the statements of financial position as at 31 December 2021, statement of profit and loss, statement of comprehensive income, statement of cash flow 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 2021 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway,
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee.

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.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 8 years from the election by the general meeting of the shareholders on 8 May 2014 for the accounting year 2014.

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Material uncertainty related to going concern

We draw attention to note 3 of the financial statements, which describes the risk that the Company might not generate sufficient liquidity to repay the 2022 loan maturities whilst also meeting the other requirements of the main credit agreement. These events or conditions, along with other matters as set forth in note 22, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2021. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Impairment evaluation of MultiClient library

Basis for the key audit matter
MultiClient library accounts for $415.6 million or approximately 23 % of total assets of the Group as at 31 December 2021. The Group performed impairment testing to determine value in use and recorded an impairment loss of $13.6 million in 2021. Management has identified impairment indicators, including low spending on seismic activities by customers and reduction in share price. The Group uses forecasts of future sales when determining value in use. These forecasts are based on budgets and assumptions, thus requiring considerable insight and judgment by management about future market conditions and spending on exploration and production by oil and gas companies, including licensing activities and farm-ins. Impairment evaluation of MultiClient library is a key audit matter due to the significant management judgment involved and the continued uncertain market conditions.

Our audit response
We evaluated management's assessment of impairment indicators for the MultiClient library. Our audit procedures included inquiries of management, including senior sales personnel and test of controls. Our audit procedures also included analyses and evaluation of historical accuracy of prior year's forecast. We further evaluated the assumptions used in the sales forecasting process based on the current market situation, expectations about oil prices, licensing rounds and exploration activities. Furthermore, we considered the valuation methodology and the discount rate applied in the value in use model. We also tested the mathematical accuracy of the value in use calculations and performed sensitivity analysis of key assumptions. We used a valuation specialist to assist us in evaluating the calculation and components of the applied discount rate. We also assessed the Group's disclosures regarding those assumptions and the recorded impairment losses of MultiClient library. We refer to notes 3 and 8 of the consolidated financial statements.

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Impairment evaluation of vessels and seismic equipment

Basis for the key audit matter
Vessels and related seismic equipment accounts for $741.2 million or approximately 41 % of total assets of the Group as at 31 December 2021. The Group performed impairment tests to determine the recoverable amounts and recorded an impairment loss of $15.0 million during the year. The evaluation is sensitive to forward looking assumptions. As there are limited remaining headroom, any negative changes to these assumptions would increase the impairment further. Management has identified impairment indicators, including continued operating losses, low spending on seismic activities by customers, vessels taken out of operations and reduction in share price. The Group assessed the recoverable amount by determining value in use for each vessel. Estimating the value in use requires management judgment when estimating future revenues, operating expenses, growth rates, useful lives and capital expenditures and determining the discount rate. Management's impairment evaluation is a key audit matter due to the multiple variables and the significant management judgement involved in estimating future cash flows under the continued uncertain market conditions.

Our audit response
Our procedures included assessing the assumptions and methods used by management in the impairment evaluation. We tested the key assumptions and underlying data by comparing them to external market information and historical data, and by analyzing sensitivities. We also assessed the historical accuracy of management's estimates and tested the mathematical accuracy of the impairment model. We involved a valuation specialist to assist us in evaluating the calculation and the applied discount rate. We also assessed the disclosures regarding the assumptions applied by management and verified the arithmetical accuracy of the sensitivity analysis disclosed in Note 3. We refer to notes 3 and 17 of the consolidated financial statements.

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, the statement on corporate governance and the statement on corporate social responsibility contain the information required by applicable 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 applicable 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, the statement on corporate governance and the statement on corporate social responsibility are consistent with the financial statements and contain 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.

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.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Report on compliance with regulation on European Single Electronic Format (ESEF)

Opinion

As part of our audit of the financial statements of PGS ASA we have performed an assurance engagement to obtain reasonable assurance whether the financial statements included in the annual report, with the file name 213800T66DRTE6O6BV87-2021-12-31-en, has been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation given with legal basis in Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements included in the annual report have been prepared, in all material respects, in compliance with the ESEF Regulation.

Management's responsibilities

Management is responsible for the preparation of an annual report and iXBRL tagging of the consolidated financial statements that complies with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary to enable the preparation of an annual report and iXBRL tagging of the consolidated financial statements that is compliant with the ESEF Regulation.

Auditor's responsibilities

Our responsibility is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation based on the evidence we have obtained. We conducted our engagement in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance that the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.

As part of our work, we performed procedures to obtain an understanding of the company's processes for preparing its annual report in XHTML format. We evaluated the completeness and accuracy of the iXBRL tagging and assessed management's use of judgement. Our work comprised reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 7 March 2022
ERNST & YOUNG AS

Finn Ole Edstrøm

Finn Ole Edstrøm
State Authorised Public Accountant (Norway)

2022

ANNUAL REPORT

PGS ASA and its subsidiaries (“PGS” or “the Company”)* 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.

2022 ANNUAL REPORT THEME

This year’s annual report design is inspired by the recent update of PGS’ Vision & Mission statements. The two interlinked circles represent the inherent connectedness between energy security and the energy transition, and PGS’ commitment to support both. The radiating lines symbolize the different areas and strengths within PGS that work together and create an integrated company that is dynamic and resilient.

** When the terms “PGS” and “the Company” are used in this report, these will as a main rule include both PGS ASA and its subsidiaries. However, in certain sections and paragraphs hereof, these references will only include PGS ASA as context indicates.*

CONTENTS

Dear PGS Shareholder

In 2022, we achieved strong revenue growth in a recovering seismic market. Along with the energy companies' structurally growing efforts to optimize producing fields, we experienced a renewed focus on exploration, including in frontier areas, benefiting both our proprietary contract acquisition activity and MultiClient sales. Our New Energy business established a solid position in the carbon storage geoservices market and prepared for the next step, offshore wind site characterization. Overall, we have strengthened our position within our traditional markets, while assessing and developing new business opportunities. We increased our cash flow and in combination with strong shareholder support we reduced net interest-bearing debt significantly. This positions us well for refinancing during 2023. At the end of 2022 the order book was at the highest level since Q3 2014, reflecting higher rates and activity. I expect the positive trend witnessed in 2022 to continue in 2023.

Rune Olav Pedersen
President & CEO

We had a slow start to the year with approximately half of our active fleet idle in the first quarter. Vessel utilization improved significantly from early in the second quarter, and we took advantage of the improving seismic acquisition market. Our integrated service offering enabled us to leverage the 2022 recovery both within our proprietary contract business and MultiClient. We saw the strongest recovery in the contract market, where we allocated 70% of our active vessels and achieved more than 35% price increase compared to 2021, most of this reflecting higher margins. Over half of our contract acquisition was 4D seismic for producing fields, playing to the strengths of our high-capacity Ramform acquisition vessels and the proprietary GeoStreamer technology.

Historically, market recoveries have started with improving MultiClient sales before contract activity and rates increase approximately one year later. In this cycle, the contract market started to recover first in 2021. Then in 2022 there was a notable change in energy companies' focus on exploration, benefiting our MultiClient business. The ongoing energy crisis in Europe, has demonstrated the important role oil and natural gas play in energy security both today and in the future, and the need to increase exploration activities to meet future energy demand. Although we allocated a relatively low share of our vessel capacity to MultiClient acquisition, we experienced strong interest in our new MultiClient surveys. For the full year we ended with a pre-funding level of 124%, which is above our target level of 80-120%.

Late sales revenues from our MultiClient data library in 2022 were the second highest on record, driven by increased exploration activity and significant transfer fees. We have an attractive and geographically diverse MultiClient data library.

The recovering seismic market positively impacted our order book, which increased 74% in 2022 to the highest level since Q3 2014. Our fleet is fully booked for most of the first half of 2023, and we have good visibility for the second half. To optimize our vessel scheduling, we have decided to bring back the Ramform Victory to carry out a large 4D contract job for Petrobras in the second half of 2023 and into 2024. However, we have not yet decided if the vessel will continue in operation after project completion.

In 2022, we continued to improve our position in a rapidly evolving market environment. Our goal is to be the leading provider of high-resolution seismic for near-field exploration, production (4D) and carbon storage. Providing high quality seismic for offshore carbon storage projects is an important part of the development of our New Energy business. During 2022 we acquired four of the five seismic acquisition contracts in the world for development of CCS projects and established a strong position in the carbon storage geoservices market. In addition, we continued to make MultiClient data sales for development of CCS projects, and we secured one significant imaging contract within the same domain. We achieved our target of generating approximately $30 million in revenues from our New Energy business in 2022. Offshore wind and marine minerals are two other arenas where we can use our expertise and assets to offer value to clients. In early 2023 we were awarded our first ultra-high resolution windfarm site characterization project, sealing our entry into the next strategically important new energy market.

In 2022, we decided to set a path for net-zero CO2 emission in 2050. We are progressing well on our long-term goal for our offices and imaging activity. For our vessels, we will adhere to the current and future strict requirements set by regulatory bodies, and we aim to have reduced CO2 emissions from our fleet by 75% by 2050. I am confident that, with normal asset replacement, we can transition to a fleet that will meet our own challenging target and be compliant with stricter regulations in the future.

Increasing speed and penetration of digitalization is an important part of our business strategy. We have received external recognition for our achievements within digitalization. By year-end 2022 our Cloud enabled imaging platform, PGS Eos, was handling more than 80% of our imaging work, resulting in significantly lower cost than our previous in-house solution. Imaging in the Cloud provides unprecedented flexibility and scalability, while always having access to state-of-the-art hardware. In August 2022 we passed another digital transformation milestone when Shell signed a multi-year agreement for OnDemand access to a significant part of PGS' MultiClient data library. This agreement was made possible by Cloud-based solution architecture developed under the PGS Solis program. Our Cloud-based MultiClient data sales platform provides easier and faster access to MultiClient data for PGS clients. We also continue to develop digital solutions to contextualize data and improve our operational efficiency.

The improving seismic market and our relentless cost focus improved our cash flow generation. Our liquidity position was further strengthened by strong shareholder support in two private placements raising close to $250 million of new equity. During 2022 we reduced our net interest-bearing debt by approximately 35% and we are well positioned to refinance in 2023 to address our 2024 debt maturities.

Global investment in oil and gas exploration increased by more than 20% in 2022. We expect growth to continue in 2023 and subsequent years, based on feedback from clients and projections from research agencies. Combining this market recovery with our favorable position in the contract and MultiClient markets, along with the progress we are making within New Energy and digitalization makes me confident that we have some exciting years ahead of us. We plan to capitalize on these opportunities to strengthen profitability and deliver attractive returns to our shareholders.

Rune Olav Pedersen
President & CEO

BUSINESS HIGHLIGHTS **2022**

- Significant contract price increase and margin expansion compared to 2021, with a large portion of contract vessel capacity utilized for production seismic (4D) operations

- Second highest MultiClient late sales on record due to increased exploration spending and significant transfer fees

- Successfully completed four carbon storage acquisition projects and established a strong position in the carbon storage geoservices market

- Order book increased by 74% year-over-year and is at the highest level since Q3 2014

- Awarded large Petrobras 4D contract and started rigging Ramform Victory to acquire the 4D survey, commencing mid-2023

- Improved financial position by generating ~$210 million of cash flow before financing activities and strong support from shareholders with ~$250 million of new equity

- Strong progress on digital transformation with more than 80% of imaging done in the Cloud, resulting in lower cost and improved flexibility and scalability compared to earlier solution with in-house computer capacity

- Made significant progress in developing new MultiClient OnDemand business models and driving operational efficiencies from digital solutions

FINANCIAL CALENDAR

Apr 2023 · May 2023 · Jun 2023 · Jul 2023 · Aug 2023 · Sep 2023 · Oct 2023 · Nov 2023 · Dec 2023 · Jan 2024

Q1 2023 Revenue Update
April 14, 2023

Annual General Meeting
April 26, 2023

Q1 2023 Earnings Release
April 27, 2023

Q2 2023 Revenue Update
July 11, 2023

Q2 2023 Earnings Release
July 20, 2023

Q3 2023 Revenue Update
October 10, 2023

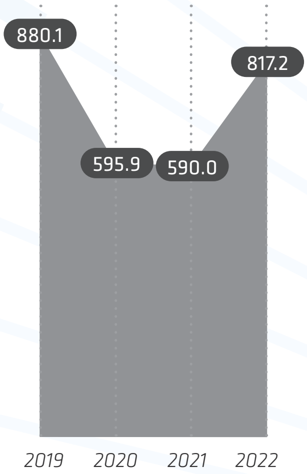
Q3 2023 Earnings Release
October 25, 2023

Q4 2023 Revenue Update
January 10, 2024

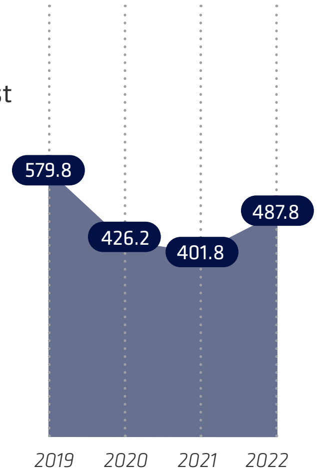
Q4 2023 Earnings Release
January 25, 2024

KEY FIGURES

Total Produced Revenues and Other income

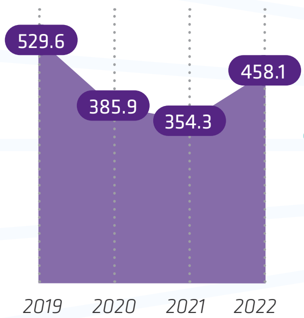


Gross Cash Cost

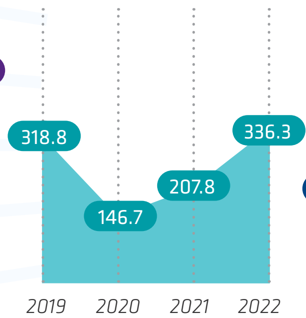


Produced Revenues by Business Activity

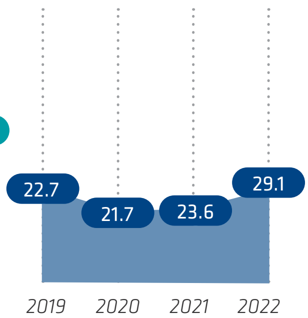
MultiClient



Contract



External Imaging



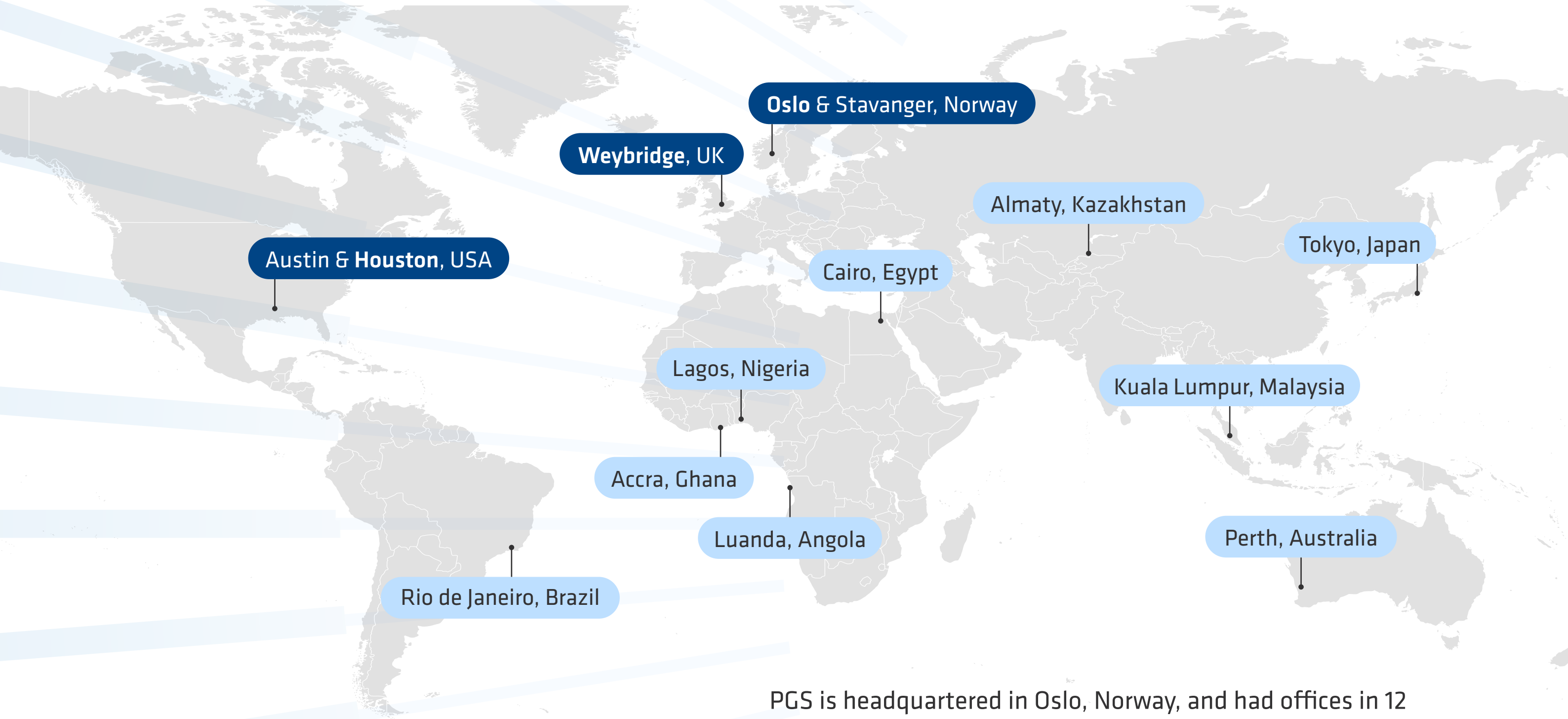
2022 Segment Revenue Split

Key Financial Figures

In USD million, except per share data	**2022**	2021
Segment Reporting		
Produced Revenues	**817.2**	590.0
Produced EBITDA	**446.7**	320.2
Profit and loss numbers, As Reported		
Revenues and Other Income	**825.1**	703.8
EBITDA	**454.6**	434.0
EBIT ex. impairment and other charges, net	**117.0**	(32.0)
Net financial items	**(112.7)**	(97.6)
Income (loss) before income tax expense	**(6.7)**	(163.8)
Income tax expense	**(26.1)**	(15.6)
Net income (loss) to equity holders	**(32.8)**	(179.4)
Basic earnings per share ($ per share)	**(0.06)**	(0.45)
Other key numbers		
Net cash provided by operating activities	**371.3**	326.6
Cash investment in MultiClient library	**106.4**	127.2
Capital expenditures (whether paid or not)	**50.2**	33.4
Total assets	**1,953.3**	1,792.8
Cash and cash equivalents	**363.8**	170.0
Net interest-bearing debt	**616.7**	936.4
Net interest-bearing debt, including lease liabilities following IFRS 16	**703.9**	1,051.3

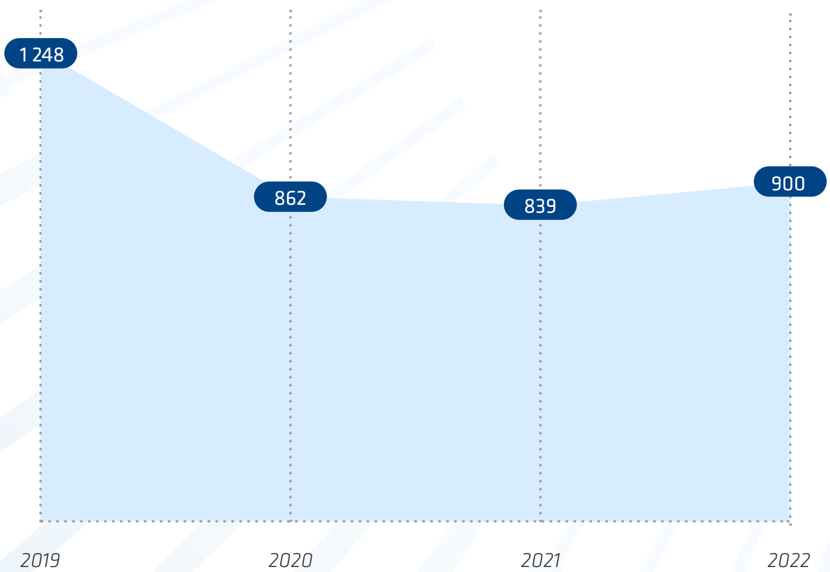
KEY FIGURES

People and Places



PGS is headquartered in Oslo, Norway, and had offices in 12 countries around the world at year-end 2022, and operates regional centers in Weybridge, UK and Houston, USA.

Number of Employees by Year-end



EXECUTIVE TEAM

Rune Olav Pedersen *(1970)*

President & CEO

Rune joined PGS in October 2010 and became President and CEO in 2017. Previously, he combined the roles of PGS General Counsel and Head of Legal, with responsibility for communication, strategic customer relations, marketing, and corporate development. Prior to joining PGS, he served for four years as a partner in the law firm Arntzen de Besche, specializing in oil and gas, and before that worked as an attorney and associate in the same firm. He started his career as a junior research fellow at the University of Oslo and has served as a deputy judge at district court level, in Norway. He serves as a board member of the E&P company, OKEA. Rune has a law degree from the University of Oslo, a post-graduate diploma in European competition law from Kings College London, and an MBA from London Business School.

Gottfred Langseth *(1966)*

Executive Vice President & CFO

Gottfred joined PGS in November 2003 and was appointed Executive Vice President and Chief Financial Officer in January 2004. Before joining PGS he was Chief Financial Officer of the information technology company Ementor ASA from 2000 to 2003. Gottfred was Senior Vice President of Finance and Control at the offshore engineering and construction company Aker Maritime ASA from 1997 to 2000. He worked at Arthur Andersen Norway from 1991 to 1997. Gottfred was certified as a Norwegian state authorized public accountant in 1993 and holds a Master of Business Administration degree from the Norwegian School of Economics and Business Administration.

EXECUTIVE TEAM

Nathan Oliver *(1966)*

Executive Vice President, Sales & Services

Nathan joined PGS in 1993 and was appointed EVP Sales and Services in September 2020. He has served PGS globally in various locations, managing international teams in London, Houston, Singapore and KL, with regional responsibilities for Europe, West Africa, North and South America, and Asia Pacific, running a range of PGS activities from advanced imaging to MultiClient. Prior to joining PGS he worked at Digicon Geophysical. Nathan holds an MSc Geoscience from the University of Sheffield, and a BSc in Geology from Kingston University.

Berit Osnes *(1964)*

Executive Vice President, New Energy

Berit joined PGS in 2006 and assumed her current position in April 2021. She has served in various MultiClient sales management roles, including Vice President Geophysics Europe, Africa and Middle East, Vice President MultiClient Europe, Senior Vice President MultiClient, SVP Strategic Projects and SVP Eurasia. She was also an employee-elected member of the PGS Board of Directors in 2015 and 2016. Before joining PGS she held technical management positions with Geoteam AS and Veritas DGC Ltd. Prior to this, she spent 11 years with Norsk Hydro working within field development, exploration and geophysical operations. Berit holds an MSc Geophysics from the Norwegian University of Science and Technology (NTNU).

Rob Adams *(1976)*

Executive Vice President, Operations

Rob joined PGS in 1998, becoming EVP Operations in January 2020. He has experience from all PGS business areas, including offshore, and has carried regional responsibility for projects and teams running acquisition and processing activities in Europe, Africa, and Asia Pacific. As SVP New Ventures (2018 – 2020) he was responsible for new MultiClient projects across all continents. Rob has been involved in framing PGS initiatives for reducing turnaround and future visioning. Rob holds a BSc in Geology and Geophysics from the University of Durham.

Digital Transformation Accelerates Strategy Execution

PGS began its digital transformation in 2019. First steps were to establish a digital transformation team responsible for overseeing and advising on the digital transformation processes, electing Google Cloud as its preferred Cloud provider and engaging with Cognite to initiate a project to reduce vessel operating cost and improve vessel efficiency. The Company identified a set of target areas and initiatives for digital transformation to enable change across the business, improve sustainability, reduce costs and increase efficiency, including:

MultiClient Data in the Cloud

PGS SOLIS

A Cloud-based sales platform that enables new sales models and allow clients to collaborate on high-quality data and achieve faster decisions and subsurface insights.

Scalable Cloud-native Imaging Platform

PGS EOS

Enabling faster processing and imaging of seismic data, using automated workflows and Cloud scalability and flexibility. This is enabled by always having access to the latest software and hardware technology in the Cloud, which can be exactly tailored to the requirements of the Imaging job and only when needed. Google Cloud is almost completely carbon neutral and continuously expanding in size and location.

Companywide Production-scale Data Analytics

PGS Digital Factory

This suite of digital solution uses available data to build more insights, analyze paterns and trends and utilizes machine learning and artificial intelligence to optimize costs, improve predictability and performance, reduce turnaround time, and reveal commercial opportunities.

MultiClient Data in the Cloud

MultiClient OnDemand
Data management as a service (DMaaS)
Flexible subscription models

PGS Solis

The way in which energy companies consume data is changing and PGS has addressed this by making MultiClient data more accessible and usable, enabling greater collaboration and increased productivity. PGS MultiClient OnDemand unlocks real efficiency gains in the energy companies' workflows.

PGS Solis is a Cloud-based data delivery and access system that allows clients to view, sample and stream MultiClient data. PGS Solis enables new business models such as management of client data in the Cloud. In December 2021, a milestone was marked when PGS signed its first multi-year Data Management as a Service ("DMaaS") agreement with a major client. Under the agreement the client can store, manage and access subsurface data they have licensed from PGS in a Cloud-based data asset management solution. The DMaaS service seamlessly connects the end user to seismic data, with anytime access to stream and download entitled data into their work environments.

PGS Solis underpins Versal, a cross-industry collaboration that provides a unified ecosystem for accessing MultiClient seismic data from PGS, TGS, CGG and Schlumberger, thereby giving access to the vast majority of the world's MultiClient libraries via a single log-in.

In August 2022, Shell signed a multi-year agreement for OnDemand access to a significant part of PGS' MultiClient data library. This agreement was enabled by Cloud-based solution architecture, developed under the PGS Solis program. This enterprise access solution is the first of its kind in the industry and will improve exploration workflows for energy companies and accelerate their strategic decisions.

In 2023, PGS will continue to develop PGS Solis, capitalizing on experience gained from its own digital sales solutions and client feedback from Versal users. Ultimately, these initiatives will open new commercial models and opportunities, such as applying machine learnings and artificial intelligence at scale for deeper subsurface insights.

Imaging in the Cloud

Scalable Cloud-native seismic imaging
Managing infinite resources
Faster when it counts

PGS started transitioning seismic data imaging to the Cloud in 2019 and successfully ran its first commercial processing job in the Cloud in 2020. Cloud compute offers access to almost unlimited virtual-CPU and storage capacity and the latest technology, allowing PGS to leverage flexible and cost-efficient compute capacity to image advanced seismic measurements, with reduced capital expenditures and no capacity bottlenecks. In 2022 PGS modified most of its compute intensive Imaging workflows to run in the Cloud, and by year-end the Company was running more than 80% of its imaging work in the Cloud at a significantly lower cost compared to on-premises compute. The scalability of Cloud Imaging was also demonstrated in 2022 by achieving a hypothetical 72.02 petaFLOPS capability, equivalent to the world's 7th largest computer. and more than 4x the peak from earlier on-premise capacity. The transition to imaging in the Cloud has provided PGS with unprecedented flexibility and scalability while always having access to state-of-the-art hardware.

PGS Eos

Companywide Production-scale Data Analytics

Standardize, analyze, automate

Enabling change and improving sustainability

Improving cost and efficiency

PGS Digital Factory

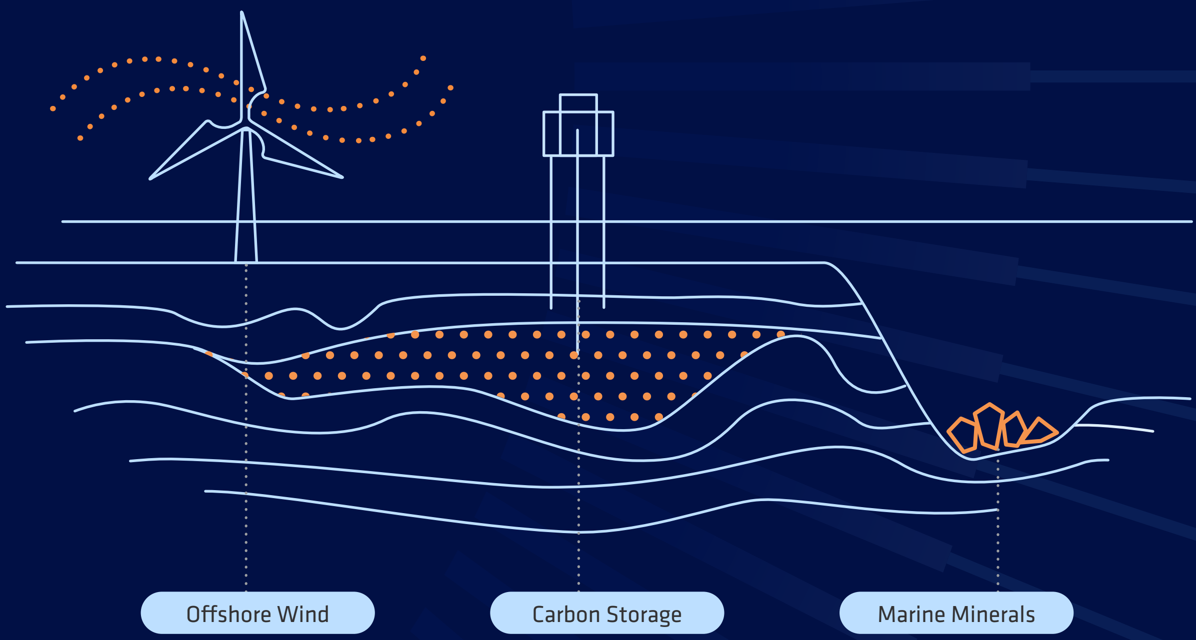
The PGS Digital Factory provides a crucial role in realizing many of the Company's strategic goals. A portfolio board governs the Digital Factory, ensuring its use-case development aligns with PGS strategy and delivers measurable value to the Company.

In its first two years, the Digital Factory has focused on improving vessel operations, by enabling analysis of contextualized data from across the PGS fleet. This has resulted in greater energy efficiency, optimization of vessel speed, preventive streamer and eBird maintenance, and improved HSEQ both in small-boat operations and use of personal protection equipment. The project has delivered measurable results that have been implemented across the fleet.

From the second half of 2021, the Digital Factory expanded its reach companywide, and initiated improvement projects in commercial and other functions. In 2022, the Digital Factory developed a software for improved MultiClient entitlement management and launched a tool for responding quicker and more accurately to contract bids. These initiatives demonstrate the Digital Factory's commitment to driving efficiency and innovation throughout PGS.

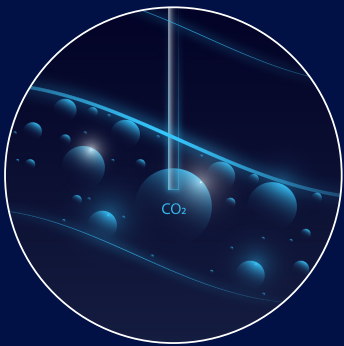
PGS New Energy

PGS established the New Energy business area early 2021 to diversify its product portfolio and build a substantial market presence in the provision of subsurface data for emerging markets related to the ongoing energy transition. In 2022, New Energy has established a solid position within the carbon storage geoservices acquisition market. Now New Energy is in the process of entering the offshore wind geoservices market.



PGS New Energy has identified carbon storage, offshore wind and marine minerals as markets where there is potential to build a profitable business, by leveraging PGS' existing expertise and assets.

Carbon Storage



There is a broad consensus that carbon storage will be essential to reduce global emissions of carbon dioxide from industrial processes and that there is an abundance of geological storage in the form of depleted oil and gas fields and saline aquifers. Reliable geophysical data is fundamental in the selection of safe and efficient sites for carbon storage, which must demonstrate three key attributes: capacity, containment and injectivity.

There is an increasing number of Carbon Capture and Storage ("CCS") projects under development where geophysical services are needed. In 2022 PGS successfully completed four CCS acquisition projects, Northern Lights CCS 4D baseline, Endurance CCS, Smeaheia CCS and Snøhvit 4D, of which parts relate to CCS. By completing four out of the five CCS acquisition projects done globally in 2022, PGS has established a solid position in the carbon storage geoservices market.

Judging by the carbon storage needs prognosed in many CCS market reports, there is a significant potential for a market for new seismic acquisition and subsequent repeat 4D monitoring within the carbon storage domain to reach the net zero target set by the United Nations. PGS aims to be a leading provider of subsurface data for carbon storage applications. To get there the Company will partner with the industry to help lowering technical risks of carbon storage developments through existing and new business models.

PGS has a comprehensive MultiClient data library, that can provide useful insights into geological properties over many prospective storage sites. The Company's GeoStreamer data combined with quantitative measures of reservoir quality can provide robust estimates of geological constraints and control on containment and injectivity. Reliable characterization of the overburden is required to ensure the distribution of geological faults in each area is well understood and does not present an undue containment risk.

The MultiClient data library will not cover all potential storage sites. Where new acquisition is required, PGS' modern broadband 3D GeoStreamer seismic data is especially well-suited to reliably determine subsurface properties, even in the absence of well-data. Seismic data, combined with PGS expertise in characterizing the subsurface can be used to minimize uncertainty and failure risk when selecting carbon storage sites. Once the storage site is selected PGS can supply integrated services to monitor carbon injection, storage and ensure containment over time.

In 2022, in addition to new acquisition, PGS made several MultiClient data sales for development of carbon storage projects.

Offshore Wind

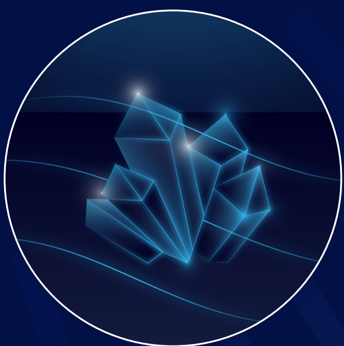
One of the challenges for offshore wind is the growing geographical size of windfarm licenses and leases, which could increase the time and cost of wind energy development projects. Many of the new license areas will be close to (or are larger than) 1,000 square kilometers. At this scale, detailed seabed and shallow subsurface modeling will be required over areas comparable to those found in hydrocarbon exploration.

There is a growing need for ultra-high resolution 3D seismic data in pre-installation site surveys for offshore wind farms, where a detailed understanding of the properties of the upper 100 meters or so of the sub-surface is required to safely position and install wind turbines. Traditionally, site surveys for wind farms have been acquired using a grid of Ultra High Resolution ("UHR") 2D seismic lines, limiting severely the reliability of subsurface information to plan and profile the location.

Limitations of UHR2D are driving wind farm operators to consider UHR 3D seismic as an alternative. PGS now offers UHR 3D seismic acquisition, imaging, and interpretation following the purchase of NCS Subsea. PGS' P-Cable achieves UHR imaging of the subsurface by sampling the seismic wavefield at a high spatial and temporal rate.

In January 2023, PGS announced the award of its first ultra-high resolution windfarm site characterization project. The survey will cover two European windfarm sites, both of which are in a development phase. PGS will mobilize Sanco Swift for the project in early April 2023 and expects to complete acquisition towards the end of June. PGS believes its geophysical approach to understand the shallow subsurface layers has a proven market fit and is ready to be scaled to increase the Company's market share in the offshore wind segment.

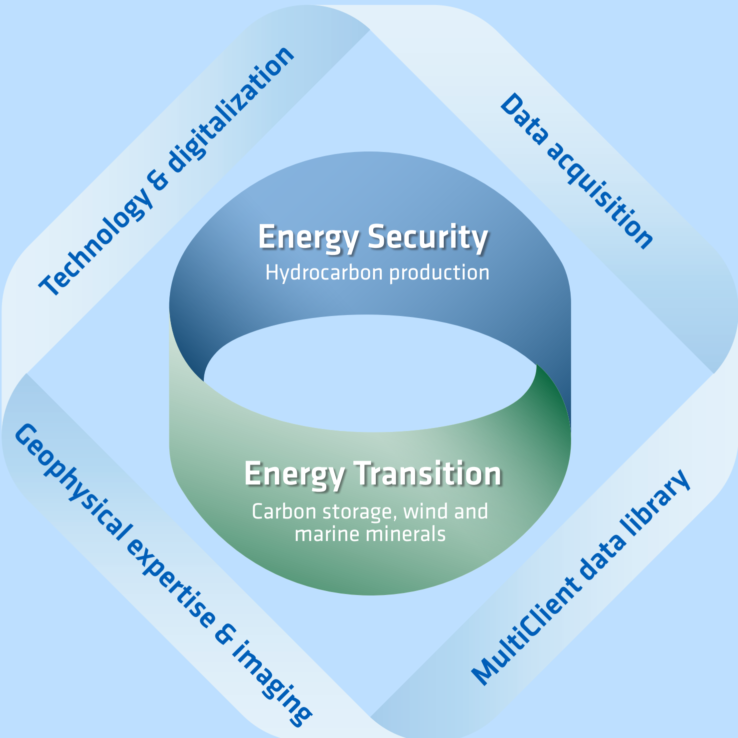
Marine Minerals



The need for critical minerals from several industries and the energy sector is likely to grow significantly according to published reports. To get sufficient access to resources it will be important to extract marine minerals. PGS is participating in an industry consortium in Norway, under the research organization SINTEF, which is working to define best practices to characterize, quantify, and understand uncertainty for seabed mineral resource exploration. In 2022, PGS was a part of ATLAB3, the first marine minerals research project in the North Atlantic to include seismic data acquisition using GeoStreamer technology. ATLAB is the Atlantic Laboratory consortium of geophysical research data and originates from NTNU in Norway. Marine minerals constitute a potential new market for PGS; however, it will take time before it is commercially developed.

Integrated Service Offering

PGS is in a unique position as the only integrated marine seismic data acquisition and imaging company, offering a full range of towed streamer acquisition and imaging services through both the Contract and MultiClient business models. By controlling the fleet, the imaging process and R&D, PGS can tailor technology and commercial solutions to address client challenges.



MultiClient
Contract
New Energy
Acquisition Fleet
Imaging

Integration for Energy Transition

The energy transition is driving energy companies towards focusing on producing fields and proven hydrocarbon basins. Demand for seismic services is increasingly aimed at nearfield exploration and 4D reservoir optimization to maximize returns on the energy companies' investments. Access to high-capacity vessels and differentiating technology are fundamental in the growing 4D reservoir and nearfield exploration market, a market which favors the contract business model. PGS has enjoyed a significant and growing presence in these markets. The PGS data library is strong in mature areas that are ideal for infrastructure lead exploration ("ILX"), while the Ramform acquisition platform and multi-sensor GeoStreamer technology are the preferred technology solution for 4D reservoir monitoring.

Entering New Offshore Markets

PGS established its New Energy business area early in 2021 with the ambition of building a substantial and recognized presence within the offshore renewables' segment related to the ongoing energy transition. PGS has identified carbon storage, offshore wind, and marine minerals as domains where the Company's assets, competence, technology, and capabilities align well with current global challenges. During 2022, PGS successfully completed four CCS acquisition projects out of the five contracts tendered in the world market, and thereby established a solid position in the carbon storage geo-services market. In addition, PGS secured one imaging contract for CCS and made several MultiClient data sales related to the development of CCS projects.

Flexible Business Models

The benefits of PGS' integrated services offering go beyond improving the Company's position in the ongoing energy transition, by enabling flexible business models in more traditional markets. PGS has a portfolio of MultiClient acquisition agreements with host nations and can acquire data using either the MultiClient or the contract business model. As a result, PGS is involved in more client dialogues and can tailor solutions on commercial terms that benefits both clients and PGS. If a client requests proprietary data in an area where they have recently been awarded acreage, and PGS has a permit to acquire MultiClient data, acquisition can start early. This allows energy companies to spend more time analyzing the subsurface data, which generally results in better well-placement and improves their probability of success . PGS' access to MultiClient agreements in many countries has made it possible to accelerate our delivery of quality seismic in the time-critical exploration phase.

Commercial flexibility also allows for innovative acquisition arrangements. In mature areas, smaller contract jobs can be incorporated into larger regional MultiClient surveys. Benefits to the client include access to cost efficient data and the opportunity to license seismic beyond their block boundary to get a better regional understanding of the subsurface, while PGS benefits from economies of scale and secures pre-funding for its MultiClient survey.

Leveraging Client Engagement

Integration strengthens PGS' control of all aspects of the seismic acquisition and imaging processes. This positively impacts everything from the identification of new projects to building close client relationships, securing financial commitment and ensuring projects proceed according to plan and quality objectives.

PGS executes projects more efficiently, as there is less need to balance the commercial drivers of third parties and subcontractors. Playing in all acquisition and imaging markets enables PGS to build order book continuity for vessels more effectively through the cycles.

Reducing Cycle Time

An integrated approach also enables PGS to parallelize the workflow , such as data acquisition and processing, thereby leveraging efficiencies that allow the Company to decrease the time required from planning to data delivery.

Acquisition and Imaging R&D

PGS is known for its unique technology. By targeting R&D expertise on marine acquisition and seismic imaging challenges, the Company improves the efficiency of in-house design, development, testing and implementation of new solutions and technologies.

Interchangeable Assets

Operating a homogenous seismic equipment solution based on GeoStreamer multi-sensor technology, on the industry's leading 3D seismic acquisition platform enables PGS to provide reliable and flexible solutions. Interchangeable capacity enables PGS to effectively manage timing and permit constraints, changes of project timing and almost any survey specification. PGS vessels and streamer technology deliver reliable, timely and consistent quality of services and data, which are highly valued by many clients.

PGS Product Portfolio

PGS provides seismic data that describes the geology beneath the ocean floor, which energy companies rely on to find oil and gas reserves and CCS storage sites worldwide. PGS' main products and services include:

- SEISMIC DATA ACQUISITION
- MULTICLIENT DATA LIBRARY
- SEISMIC IMAGING
- GEOSCIENCE DATA INTEGRATION AND ANALYSIS

Contract Acquisition Services

Contract work is seismic data acquisition under exclusive contracts directly with clients, where the client owns the acquired data. PGS delivers fast and efficient acquisition of high-quality seismic data with safe and environmentally sound operations.

Production seismic, or 4D, is a growing segment of the seismic contract market that enables energy companies to optimize resource extraction from producing fields. Operational precision, data resolution and survey repeatability are essential, and are areas where PGS excels. The value of using 4D seismic is increasingly acknowledged outside of the traditional areas of the North Sea, Brazil, and Angola. High-resolution 3D surveys are repeated at regular intervals during a producing field's life cycle, and those first acquired with GeoStreamer multi-sensor technology are generally repeated with multi-sensor. Production seismic and nearfield exploration deliver short cycle return on investment and these markets tend to be more resilient than pure exploration projects. The ongoing energy transition drives seismic demand towards infrastructure lead exploration and production as the energy companies extract more value from producing fields and existing portfolio acreage.

In addition to PGS traditional business, the Company completed several 4D baseline surveys for development of CCS projects in 2022. Carbon storage plays a significant role in all net zero scenarios and identification, characterization and monitoring of carbon storage sites could constitute a significant new seismic acquisition market.

MultiClient

MultiClient data is acquired, imaged, and owned by PGS and host governments. Energy companies purchase a license from PGS to use specific data, and a single survey is typically licensed to multiple energy companies. To build and maintain the MultiClient data library, PGS makes significant investments in developing, acquiring, and imaging new surveys. By continuously investing in the MultiClient data library the Company expands its footprint in proven hydrocarbon basins and selected emerging basin areas.

The ability to identify and initiate new MultiClient programs with solid economics over the life of the data library asset is a key success criterion for the MultiClient business model. PGS de-risks new programs by securing pre-funding commitments from energy companies, with a targeted pre-funding level for the combined portfolio in the range of 80-120% of the capitalized MultiClient cash investment. In 2022, the pre-funding level ended at 124% and it is expected to be at the top end of the targeted interval in 2023.

Initiation of New MultiClient Surveys

The MultiClient business is about having the right data, in the right place, at the right time. PGS initiates attractive new MultiClient projects by capitalizing on its existing data library, in combination with applying in-house imaging and reservoir expertise, and feedback from clients regarding exploration and production areas of interest. The PGS MultiClient data library provides information about the geology in all the world's major hydrocarbon basins. By analyzing these data, including available public or 'open file' data, PGS imaging and reservoir experts can propose extensions to the existing library and new areas of hydrocarbon resource potential that have a high likelihood of being of interest to energy companies. These findings are assessed against feedback from clients on their assessment of hydrocarbon potential and where they need more seismic data to support their exploration and production activity.

The information is combined with an overall risk analysis of the area, such as geological prospectivity, geophysical imaging challenges, political risks, past performance of surveys in the region, and the likelihood of future license rounds or other sales trigger events to ensure the business model is robust.

In addition to serving clients, PGS also plays a role in supporting governments in exploring and promoting their resource potential. A key part of the MultiClient business involves providing high-quality data and tailored advice to help optimize offshore hydrocarbon opportunities in each unique country and basin.

MultiClient Data Library Sales

PGS has a modern and diverse global MultiClient data library focused in largely mature areas of high oil and gas prospectivity. By accessing PGS' data library, clients can evaluate hydrocarbon potential faster, compared to acquiring and processing a new seismic survey on a proprietary basis. The rapid access to high-quality seismic data enables energy companies to assess the subsurface risks before applying for acreage in licensing rounds, guides exploration efforts, and evaluations of farm-in opportunities.

License rounds serve as important sales triggers for the PGS MultiClient data library and guide long-term investment decisions for new MultiClient data acquisition. The geographical diversity and strategic positioning of PGS global MultiClient library enables the Company to benefit from license rounds around the globe. However, other conduits to acreage access have been on the rise over the last years, including shorter time frame mini-licensing rounds, direct acreage promotions, permanent offerings while some countries have open door licensing rounds.

A large MultiClient library with continuous coverage has obvious benefits. Geology is broad scale in nature, and it is difficult to understand and predict the characteristics of a local area if it is not set in context of the larger geological system. By re-imaging existing data in the MultiClient library using the latest geophysical techniques, PGS creates regional data sets that make it possible to interpret and analyze entire basins in a consistent manner. Santos Vision in Brazil, Flex Vision in the Gulf of Mexico and GeoStreamer PURE in Norway, are three examples of re-imaged regional-scale subsurface data sets. PGS also employs geological expertise, which is used to plan and market MultiClient projects and advise governments how to maximize the value of their subsurface acreage, from licensing and exploration through to appraisal, development and production, and now also carbon storage.

The PGS MultiClient 3D data library is strongly oriented towards 3D, with a total 3D footprint that consists of more than 1,140,000 square kilometers ("sq. km") of seismic data. This vast library is composed of several hundred individual 3D surveys, that fall into one or more of the following categories: GeoStreamer 3D data acquired using multi-sensor technology (589,000 sq. km), conventional 3D (331,000 sq. km), and surveys that have been combined and reprocessed which include Vision 3D (129,000 sq. km), and MegaSurveyPlus (95,000 sq. km).

In addition to its 3D data, the MultiClient 2D library of PGS is comprised of approximately 562,000-line kilometers, with 70% of it being GeoStreamer data. Furthermore, the Company has more than 900,000 sq. km of MegaSurvey, which is produced by integrating available public data with its own 3D data to create large-scale regionally geologically continuous 3D datasets. These resources allow PGS to provide clients with a comprehensive and high-quality data library to support their exploration and production efforts.

PGS GeoStreamer MultiClient data can be used to minimize uncertainty and failure risk when selecting CO2 storage sites. I addition to acquiring new seismic data for development of CCS projects, PGS has made several MultiClient sales for the same purpose.

Ramform Advantage

PGS operates a core fleet of Ramform vessels, comprising four Ramform Titan-class vessels, one Ramform S-class vessel and one Ramform V-class vessel. Responding to burgeoning demand, the Company plans to introduce an additional Ramform V-class vessel in the second half of 2023 to acquire a large 4D production contract in Brazil. However, it is not finally decided if the vessel will remain in production after completion of the project.

Ramform vessels with their distinct delta-shaped hulls and unique wide back decks, offer safe and highly efficient seismic acquisition. The breadth of the Ramform back decks, ranging from 40 meters on the Ramform S-class and the V-class, to 70 meters on the Ramform Titan-class, provides unparalleled streamer handling capabilities and stability. The PGS fleet delivers industry leading performance in deployment, acquisition, and streamer recovery.

PGS leads the industry in HSEQ performance and aims to sustain and improve this, with a culture based on operational excellence and safety. In 2022, PGS won a safety performance improvement award by the leading independent research and advisory firm Verdantix. The award recognizes PGS' HSEQ Categorizer – a digital tool which proactively identifies potential incidents. The digital solution makes PGS more responsive, and the Company can visually demonstrate its safety commitment to clients.

GeoStreamer Technology

PGS launched GeoStreamer in 2007 and all vessels in the fleet are equipped with this multi-sensor streamer technology. Benefits of the technology include subsurface images of greater resolution, accuracy, and reliability. The streamer is towed deep, increasing the low-frequency signal content and its multi-sensor recording allows the accurate removal of unwanted noise that interferes with the seismic signal. The Company is evolving the technology to increase durability, while maintaining data quality. The useful life of the streamer has been increased from seven years, for the earlier design, to more than ten years for the latest version.

In 2019, PGS launched GeoStreamer X, which capitalizes on the GeoStreamer technology with an innovative acquisition configuration. Adding new azimuths to existing data offers a highly cost-efficient alternative to improve illumination and subsurface understanding versus ocean bottom node systems.

Imaging Services

PGS runs several of its key imaging algorithms fully in the Cloud, which offers scalability, flexibility and access to almost unlimited compute capacity. By the end of 2022 more than 80% of the Company's imaging work was conducted efficiently in the Cloud. All PGS imaging centers globally now use Cloud-compute.

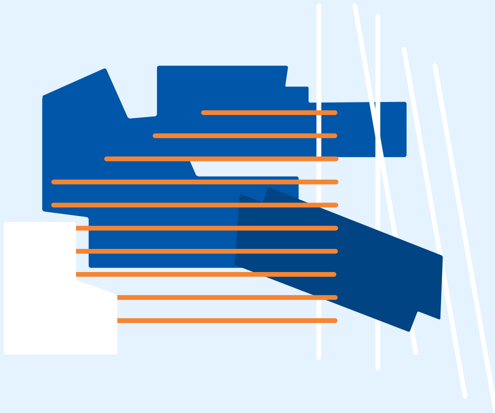
PGS uses state-of-the-art imaging technology and innovative workflows to image data in contract model exclusively for energy companies and for the PGS MultiClient data library. In addition to imaging new surveys, these centers also rejuvenate existing MultiClient data. Imaging services comprise 3D imaging, reservoir characterization, 4D processing solutions, and advanced imaging of ocean bottom node data.

Geoscience data integration and analysis

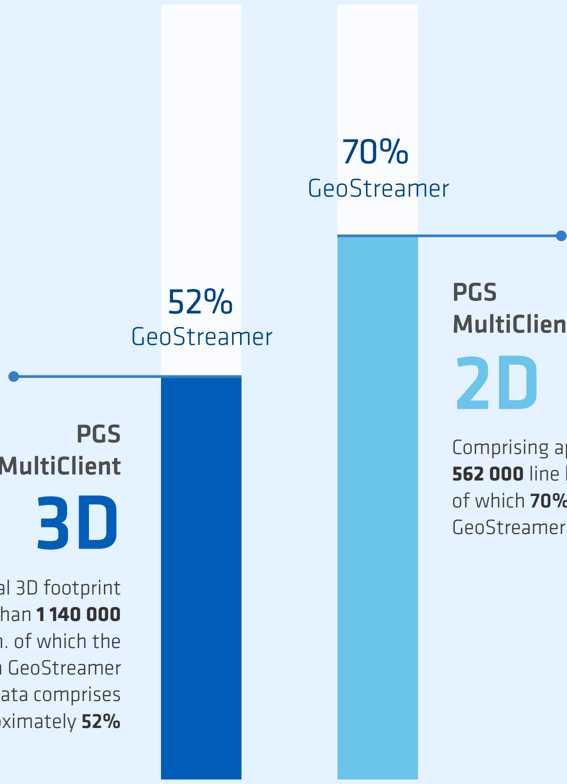
PGS' modern, broadband 3D GeoStreamer seismic data is especially well-suited to reliably determine subsurface properties, even in the absence of well-data. PGS' highly experienced geoscientists use seismic data to help clients maximize the value of their subsurface assets, ranging from licensing and exploration through to appraisal development, production and carbon reinjection.

Building a MultiClient Data Library for the Future

The PGS MultiClient data library contains advanced images of the subsurface that energy companies use to explore for hydrocarbons. Better data enables more effective exploration and increases the chances of success.



The library focuses on areas of high prospectivity, where clients have good potential for accessing acreage. A range of commercial models for data licensing is available, designed to suit the exploration objectives and ambitions of any oil company.



PGS MultiClient

3D

Has a total 3D footprint of more than **1 140 000** sq. km. of which the premium GeoStreamer data comprises approximately **52%**

PGS MultiClient

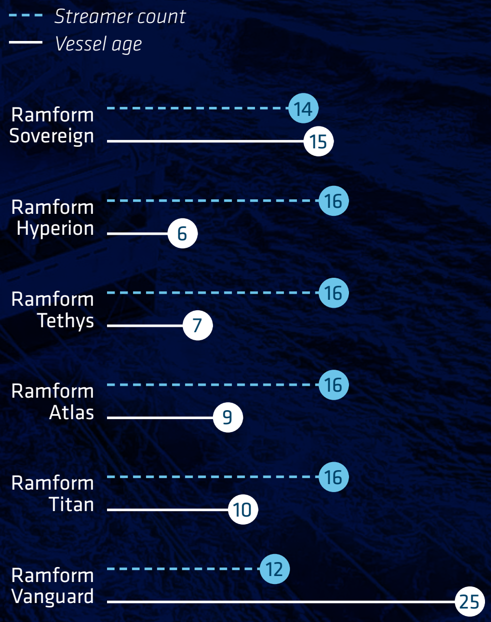
2D

Comprising approximately **562 000** line kilometers, of which **70%** is GeoStreamer 2D data.

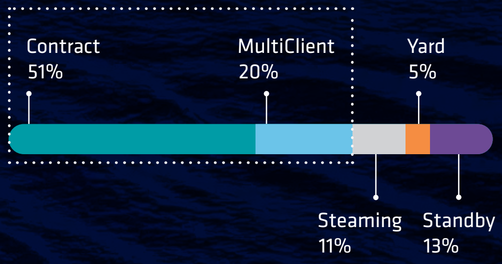
Utilizing the Capabilities of the PGS Fleet

PGS has a unique advantage in being the only seismic operator to use vessels of the Ramform design. The ability to tow large, dense streamer spreads, as well as rapid streamer deployment and retrieval, are critical factors for high productivity. The capability to complete large surveys in short time spans is a significant PGS advantage.

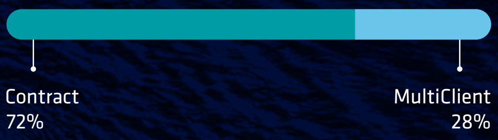
Vessel age and streamer count



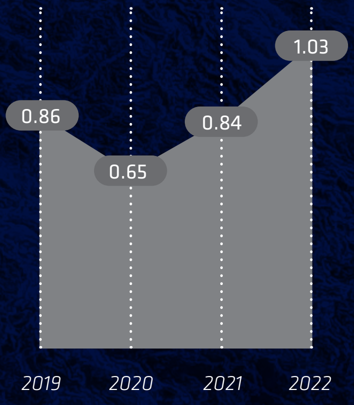
71% Vessel Utilization in 2022



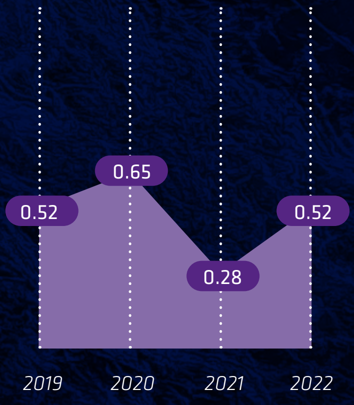
Active Vessel Time in 2022



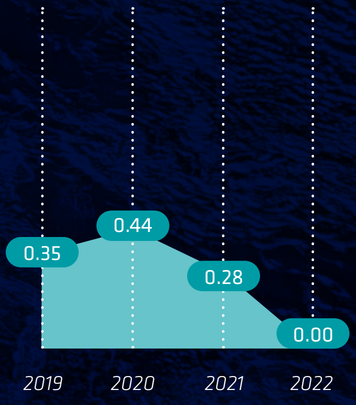
Total Recordable Case Frequency ("TRCF")*



Lost Time Incident Frequency ("LTIF")*



High Potential Incidents ("HIPO")*



*Per million man-hours

THE PGS SHARE

The PGS share is listed the Oslo Stock Exchange in Norway. As of year-end 2022, close to 50% of the Company was owned by Norwegian investors, while US and UK based investors owned 20% and 17% respectively. The rest was owned by investors mainly located in other Western European countries.

Share Facts

As of December 31, 2022, PGS had 909,549,714 shares outstanding. During 2022, the number of outstanding shares increased by 483,622,019 shares following two equity raises for gross proceeds of NOK 2,477.2 million and conversion of the convertible bond issued in 2021 at a remaining nominal amount of NOK 75.8 million. Each share has a par value of NOK 3. The ticker code for PGS at the Oslo Stock Exchange is "PGS" and the shares are denominated in Norwegian kroner ("NOK"). On average more than 15 million PGS shares were traded daily on the Oslo Stock Exchange in 2022.

PGS earlier had an American Depositary Receipt ("ADR") trading in the US. Due to low trading volumes the Company decided to terminate the ADR program with effect May 5, 2022.

Shareholders

PGS had 13,941 shareholders on record as of December 31, 2022, according to the Norwegian Central Securities Depository ("VPS").
As of December 31, 2022, Coltrane Asset Management was the largest PGS shareholder, owning 147.7 million shares or 16.2% of the Company. In January 2023 Coltrane Asset Management announced they had reduced their ownership to below 15%. As of year-end 2022, PGS held 275,086 of its own shares.

Distribution of Information and IR Activities

All Company information considered material to the capital markets is published via the Oslo Stock Exchange's news service: www.newsweb.no and posted on the Company's website. PGS holds public presentations in connection with quarterly earnings releases, and management has a frequent dialog with investors and participates at investor conferences.

Analyst Coverage

As of December 31, 2022, there were 10 sell-side analysts with research coverage of PGS.

An updated list of analyst coverage is published on the Company's website www.pgs.com.

2023 Annual General Meeting

PGS' 2023 Annual General Meeting is scheduled for April 26, 2023. Each PGS share is entitled to one vote. Shareholders who wish to attend the Annual General Meeting are requested to pre-register via the Company's registrar. The registrar's contact information follows:

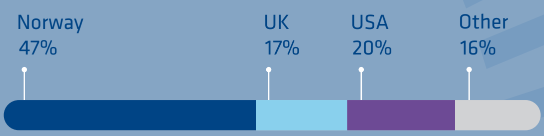
DNB Bank ASA
Registrar Services
PO Box 1600 Sentrum
NO-0021 Oslo, Norway
Phone: +47 23 26 80 20
Email: kua@dnb.no

Corporate Credit Rating

As of December 31, 2022 Moody's has a 'Caa1' corporate rating on PGS with Positive Outlook, and S&P has a CCC+ corporate rating with a Stable Outlook.

THE PGS SHARE

Citizenship of Shareholders



PGS Sell-side Analyst Location

20 Largest PGS Shareholders*

	December 31, 2022	
	Total shares	**Ownership percent**
Coltrane Asset Management, L.P.	147 725 792	16.2
DNB Asset Management AS	55 229 324	6.1
Interactive Brokers, L.L.C.	40 694 043	4.5
M & G Investment Management Ltd.	36 642 894	4.0
UBS AG London	29 808 558	3.3
MH Capital AS	25 871 562	2.8
BofA Global Research (UK)	16 714 543	1.8
Dimensional Fund Advisors, L.P.	16 454 694	1.8
Vicama Capital AS	12 845 121	1.4
Nordnet Livsforsikring AS	11 011 230	1.2
FIRST Fondene NCP	10 850 000	1.2
VICAMA AS	10 000 000	1.1
Morgan Stanley & Co. International Plc	9 536 064	1.0
Dinosaur Merchant Bank, Ltd.	9 500 000	1.0
BA5 Invest AS	9 360 796	1.0
Langebru AS	8 500 000	0.9
Oppenheimer & Co. Inc.	6 000 000	0.7
J.P. Morgan Securities plc	5 569 439	0.6
Acadian Asset Management LLC	5 531 519	0.6
Crèdit Andorrà Asset Management	5 242 443	0.6
Other	436 461 692	48.2
Total	**909 549 714**	**100.0**

*The data is provided by Nasdaq IR Insight and is obtained through an analysis of beneficial ownership and fund manager information provided in replies to disclosure of ownership notices issued to all custodians in relation to the PGS share register provided by the Norwegian Central Securities Depository (VPS). Every reasonable effort has been made to verify the data, however neither PGS nor Nasdaq IR Insight can guarantee the accuracy of the analysis.

THE HISTORY OF PGS

2022

Benefitted from improving seismic market and increased revenues and cash flow. Secured close to $250 million of new equity and improved the liquidity reserve significantly. Strong progress within New Energy and the Company's digital transformation process.

2021

Established New Energy to leverage PGS expertise and assets, to assess market needs and develop business opportunities in the evolving energy transition. Celebrated 30 years anniversary.

2020

The Covid-19 pandemic had a severe negative impact on the seismic industry and PGS reduced cost and capital expenditures significantly as a response. Rejected a non-binding bid from TGS to acquire PGS MultiClient data library.

2019

Sold the Ramform Sterling to JOGMEC in Japan and entered into a related service agreement of up to 10 years with annual renewals. Changed name from Petroleum Geo-Services ASA to PGS ASA.

2018

Sold OptoSeis to GeoSpace as a part of the strategy to divest non-core assets.

2017

Took delivery of Ramform Hyperion. Launched initiative to centralize, simplify and streamline the organization.

2016

Ramform Tethys was delivered, improving fleet capabilities further with excellent operational performance.

2015

In an uncertain market environment PGS focused on cash flow and increased its liquidity reserve.

2014

Ramform Atlas, the second Ramform Titan-class vessel, was delivered.

2013

PGS took delivery of the Ramform Titan, the first vessel in a series of four Ramform Titan-class ships.

2012

PGS exercised options to build another two Ramform Titan-class vessels and launched Separated Wavefield Imaging ("SWIM").

THE HISTORY OF PGS

2011

PGS orders two new Ramform Titan-class vessels from Mitsubishi Heavy Industries Shipbuilding Co Ltd. In Japan, with options for additionally two vessels.

2010

Following sale of its Onshore business, PGS emerged as a focused marine geophysical company. PGS was reorganized into global product lines. PGS Apollo joined the fleet.

2009

PGS took delivery of the Ramform Sterling.

2008

PGS took delivery of the Ramform Sovereign and the vessel sets new industry record with deployment of 17 streamers.

2007

PGS introduced the GeoStreamer, the first ever dual sensor streamer. The Company sells Ramform Victory to the Japanese Ministry of Economy Trade and Industry ("METI"). PGS acquired Arrow Seismic, Multi Transient Electro Magnetics ("MTEM") and Applied Geophysical Services ("AGS"). The first dividend in PGS history was paid.

2006

PGS demerged its floating production by listing and distributing to shareholders the company Petrojarl ASA. PGS announces plan to build two Ramform S-class vessels.

2005

Pertra was sold to Talisman, and PGS became a dedicated oil services company. In December the same year a full refinancing of the Company was completed.

2003

PGS sold Atlantis to Sinochem. An inability to meet debt obligations made PGS file for Chapter 11 under the US Bankruptcy code in July. PGS emerged from Chapter 11 in November the same year.

2002

PGS bought into in the Varg field in the North Sea from Norsk Hydro and Statoil and established the exploration and production company Pertra.

2001

The Company's data management business was sold to Landmark Graphics Corporation. Ramform Victory tows the world's first 16 streamer spread.

2000

PGS sold its subsidiary Spinnaker Exploration.

THE HISTORY OF PGS

1999

A fourth FPSO, the Petrojarl Varg, was bought from Saga Petroleum.

1998

The production services business Atlantic Power was acquired. PGS added the Ramform Banff to the fleet of FPSO vessels.

1997

PGS was listed on the New York Stock Exchange. PGS Production is conceived with the acquisition of Golar-Nor and the FPSOs Petrojarl I and Petrojarl Foinaven

1995

Ramform seismic vessel technology was introduced with delivery of the Ramform Explorer. From 1995 to 1999, PGS designed, built, and deployed six proprietary Ramform survey vessels and grew to become a worldwide leader in the development and industrialization of 3D marine seismic acquisition.

1994

Acquisition of ERC – a reservoir consultancy group.

1993

Initial public offering on NASDAQ in the United States. With the acquisition of Tensor Inc., specialists in 3D processing and depth imaging, PGS' expanded into the data processing field.

1992

PGS was incorporated as a public limited liability company, Petroleum Geo-Services ASA, and listed on Oslo Stock Exchange.

1991

Geoteam and Precision Seismic merge to form Petroleum Geo-Services ("PGS"). Later the Company merged with Nopec. PGS' vision was to provide the most efficient acquisition of 3D marine seismic data.

CORPORATE GOVERNANCE

PGS ASA and its subsidiaries ("PGS" or the "Company") is committed to maintaining high standards of corporate governance. We believe that effective corporate governance is essential to our Company's success and establishes the framework by which we conduct ourselves in creating value for our shareholders and delivering services to our customers.

Our Governance Model

PGS ASA is registered in Norway as a public limited liability company, and our corporate governance model is based on Norwegian corporate law, the Oslo Stock Exchange's Issuer Rules (available on www.euronext.com/nb/markets/oslo), and the Norwegian Code of Practice for Corporate Governance (available on www.nues.com the "NUES Recommendations"). Our governance model is suited to our Company and the industry in which we operate.

Our corporate governance principles have been adopted by our Board and are summarized below. Our website provides full versions of our basic corporate governance documents and an overview of our governance structure. These items include the Company's Articles of Association, the Board' Rules of Procedure, and the charters for the Company's Audit Committee, Remuneration and Corporate Governance Committee ("Remco"), and Nomination Committee. The documents can be downloaded from www.pgs.com.

Our Commitments – Sustainability

We have adopted a Code of Conduct that reflects our commitment to our shareholders, clients, employees, and other stakeholders to carry out our business with the utmost integrity. The Code of Conduct outlines both what stakeholders can expect from PGS, and what PGS expects from our employees and anyone working for PGS. PGS and its employees are also guided by our Core Values and Leadership Principles that drive desired behavior and culture. Our Code of Conduct, Core Values and Leadership Principles are available in full on www.pgs.com. During 2022, we revised slightly our recently adopted Code of Conduct and we have updated our Mission & Vision statements to reflect our commitment to energy security and sustainability.

PGS is committed to the ten principles of the United Nations Global Compact in the areas of human rights, labor, environment, and anti-corruption. The Board and the CEO actively ensure that the Company properly responds to sustainability challenges. To identify and assess actual and potential sustainability risks and opportunities for PGS, the Board and the CEO are actively involved in the Company's assessment of material topics and the development of our strategic objectives and goals to manage them.

To identify and report on risks and opportunities associated with climate change and the energy transition PGS uses the frameworks developed by the Carbon Disclosure Project ("CDP") and the Task Force on Climate Related Disclosures ("TCFD").

Since 2011, PGS has published a separate sustainability report, which communicates the Company's progress in alignment with the recommendations of the Global Reporting Initiative ("GRI"). Further in 2022 we have continued aligning our reporting with the Corporate Sustainability Reporting Directive ("CSRD"). PGS has also submitted annual disclosures to the CDP since 2010. PGS has an ambition to promote the UN Sustainable Development Goals ("SDGs") through concrete actions and goals that are relevant for the Company's activities and global presence. From the materiality assessment PGS has identified six of the 17 SDGs where the Company contributes. These identified goals are number 04 Quality Education, 07 Affordable and clean energy, 09 Industry, Innovation and Infrastructure, 13 Climate Action, 14 Life Below Water and 16 Peace Justice and Strong Institutions.

PGS recognizes the impacts of climate change and the need for a managed transition to sustainable energy sources to avoid the most severe consequences for the environment, society, the economy, and our business. The Company has committed to reaching net-zero emissions of greenhouse gases in 2050 with a 75 % reduction in emissions from maritime operations and use of 100 % renewable energy in offices and data processing.

A more detailed account of how PGS manages sustainability risks and opportunities can be found in our annual sustainability report and other ESG documents available at www.pgs.com.

Our Business

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 offshore wind-, carbon capture and storage-, and marine mineral industries. The Company operates on a worldwide basis with headquarters in Oslo, Norway.

Our business purpose, as presented in the Company's Articles of Association, is as follows: "The business of the Company is to provide services to and participate and invest in energy related businesses."

Our business operations and product portfolio are presented in greater detail in the Annual Report.

Equity and Dividends

The shareholders' equity as of December 31, 2022 was $510.3 million, corresponding to 26% of total assets.

Early 2021, the Company successfully completed a re-negotiation of amortization and maturity profiles for its main credit facilities. The negotiated result was completed by a UK Scheme of Arrangement (the "Scheme") sanctioned by an English court and having the support of almost all the Company's lenders. A convertible loan of NOK 116,162,097 (approximately $13 million) was issued in relation to the above transaction. The last part of the convertible loan was converted to new shares during 2022.

In May 2022, the Company completed a private placement raising approximately $85 million in equity and completed in July 2022 a subsequent offering raising an additional $14 million. Later in November 2022, the Company completed an additional private placement raising approximately $150 million in equity.

The Company realized a cash flow before financing of $209.5 million in 2022 (compared to $154.7 million in 2021). As a result of the improved cash flow and the above transactions, the Company achieved a reduction of its net interest-bearing debt by $319.7 million or approximately 35%. Net interest-bearing debt, excluding lease liabilities, was $616.7 million as of December 31, 2022.

Considering experience from the previous downcycle 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 not exceeding $500 to $600 million, assuming the current size and composition of business activities. With the substantial debt reduction in 2022, the net interest-bearing debt has moved closer to the targeted level. As the Company's debt level is still somewhat higher than what the Board sees as beneficial for stakeholders over time, priority will still be given to debt reduction. However, the substantial debt reduction will enable the Company to again start focusing on business growth opportunities and/or future dividend payments.

The proceeds from the capital raised during 2022 has positioned PGS to manage 2023 debt amortization and extend the re-financing window to March 2024. A strengthened balance sheet, together with the ongoing market recovery in the marine geophysics market, have reduced the refinancing risk and the expected cost of refinancing the term loan B debt maturing in 2024.

The Board continually monitors the adequacy of the Company's capital structure in light of its objectives, strategy, risk profile and outlook.

The alternative performance measure "net interest-bearing debt" as used above, excludes lease liabilities recognized in accordance with IFRS 16 and is further defined in the Annual Report.

The Board has adopted a dividend policy whereby it is the intention to distribute 25 to 50 percent of annual net income as dividends over time. The Board has no general authorization to distribute dividends. Each year's dividend is decided by the AGM after a proposal from the Board.

The Company has not distributed dividends in recent years due to a weak market, operating losses and a need to maintain an adequate liquidity reserve. Going forward, the Company's capacity to pay dividends will be assessed by the Board in light of, among other things, the market outlook and the Company's equity and funding positions. Since the Company currently has net interest-bearing debt which is above the targeted level, priority is given to debt reduction before resuming dividend payments. In addition, the Company is restricted in its main credit facility from proposing a dividend for 2022 and these agreements require certain conditions to be fulfilled before the Company may propose a dividend payment.

The Board is authorized to buy back up to 10 percent of the Company's share capital (treasury shares). The current authorization expires on June 30, 2023. However, a new authorization will, in line with past practice, be proposed at the next AGM. Purchase of treasury shares are subject to restrictions in the Company's main credit facility identical to those applicable for distribution of dividends.

It has been an ongoing practice of PGS shareholders to grant authorizations to the Board permitting it to increase the Company's share capital or issue convertible loans for up to 10 percent of the Company's share capital for certain defined purposes. Per December 31, 2022, the authorization given in 2022 remains unused. A new authorization in line with past practice will be proposed at the next AGM.

Separate General Meeting votes are held for (a) authorizations to increase the share capital for certain business purposes, (b) authorization to issue convertible loans and (c) authorization to acquire treasury shares. When a proposed resolution encompasses share capital increases and/or the issuance of convertible loans and/or acquisition of treasury shares for various purposes, the Company does not find it practical to hold separate votes on each element of the proposals. This is a deviation from the NUES Recommendation No. 3 where it is recommended that when the General Meeting is to consider mandates to the Board for the issue of shares for different purposes and each mandate should be considered separately by the shareholders.

Equal Treatment of Shareholders - Transactions with Closely Related Parties

PGS has a single share class, and all shares carry the same rights. At our General Meetings, each share carries one vote. Our Board is committed to equal treatment of shareholders in all respects.

When applicable, transactions involving the Company's own shares are carried out through a stock exchange, or at prevailing stock-exchange prices if carried out in an alternative manner.

Transactions between the Company on the one hand, and shareholders, a shareholder's parent company, members of the Board, executive officers, or closely related parties of any such party (referred to as "Closely Related Parties") on the other hand shall be conducted at arm's length distance and at market terms. Material transactions between the Company and Closely Related Parties will be subject to independent valuation by third parties.

According to PGS' Code of Conduct, our employees shall not have any personal or financial interest that might conflict with those of PGS nor influence or appear to influence judgments or actions in carrying out their responsibilities on behalf of the Company. According to the Board's Rules of Procedure, a member of our Board may not participate in discussions or decision-making as to issues in which the Director or any of its Closely Related Parties have a material personal or financial interest. The Code of Conduct and Rules of Procedure are available on www.pgs.com.

Shares and Negotiability

The Company's shares are freely transferable and there are no restrictions imposed by the Company on ownership of or voting for shares.

The Company de-listed from the New York Stock Exchange in 2007 and subsequently issued and offered for trade share instruments being American Depositary Shares ("ADS"). As there have been low ADS trading volumes during recent years, the Company decided in 2021 to terminate the ADS program with effect from November 5, 2021. ADS holders were required to surrender their ADS for delivery of underlying PGS shares by May 5, 2022.

General Meeting

Through participation in General Meetings, our shareholders exercise ultimate authority over the Company and, with exception of the employee elected Directors, elect the members of its Board and the chairperson of the Board.

Pursuant to the Company's Articles of Association, the notice of an AGM is distributed at least four weeks in advance of the meeting to shareholders. A copy of the calling notice with appendices will be posted on www.pgs.com.

Notices convening Extraordinary General Meetings ("EGM") must be distributed at least three weeks ahead of the meeting. The Board is to call shareholders to an EGM upon a written demand by the Company's independent auditor or shareholders representing at least five percent of the share capital, or for other purposes.

Shareholders who wish to attend a General Meeting must notify the Company's registrar or PGS by the deadline stated in the meeting notice, which must be at least two working days before the General Meeting.

According to the Company's Articles of Association, documents to be considered at the General Meeting may be published on our website. The same applies to documents that, due to statutory requirements must be attached to, or included in the notice calling the General Meeting. If the documents are published in such a manner, the statutory requirements for distribution shall not apply. Nevertheless, shareholders are entitled to request that documents to be considered by the General Meeting are sent to them via regular mail.

To vote at General Meetings, in person or by proxy, a shareholder must be registered with the Norwegian Central Securities Depository ("VPS").

An owner with shares registered through a custodian has voting rights equivalent to the number of shares covered by the custodial arrangement, provided that the owner of the shares, within two working days ahead of the General Meeting, provides PGS with his or her name and address together with written confirmation from the custodian to the effect that he or she is the beneficial owner of the shares held in custody.

Written and/or electronic voting in accordance with the Norwegian Public Limited Liability Companies Act, cf. sections 5-8 to 5-8b, shall be allowed for meetings where such method of voting is arranged by the Board. The Company will for the 2023 AGM call for a virtual meeting and will arrange for electronic voting.

Generally, all Directors normally attend the AGM together with the chairperson of the Nomination Committee and the auditor. In accordance with the Company's Articles of Association, the chairperson of the Board chairs General Meetings. This is a deviation from the NUES Recommendation No. 6 for making arrangements to ensure an independent chairperson for the General Meetings. The reason for this deviation is that the Company has found this more practical and that PGS wishes to ensure that General Meetings are chaired by a competent person having proper insight into PGS' overall operations.

Nomination Committee

In line with our Articles of Association, the Company has currently a Nomination Committee comprised of three members to be elected by our shareholders at the AGM. The majority of Nomination Committee members shall qualify as independent parties, pursuant to the NUES Recommendations. The term of service shall be two years unless the General Meeting determines that the period shall be shorter.

The Nomination Committee's main responsibilities, which are set out in the Nomination Committee Mandate and Charter, are to propose nominees for election as members and chairperson of the Board and the Nomination Committee. Further, the Nomination Committee proposes remuneration to be paid to members of the Board and its committees and Nomination Committee. The remuneration is approved by the General Meeting. Annually, the Nomination Committee produces a written report containing its nominations and proposals, which is distributed in advance of each AGM.

Once a year, the Nomination Committee meets with each Director individually and discusses how the Board and its committees' function and whether there is a need for changes to the Board. The Nomination Committee also keeps contact with shareholders and the Company's President & CEO ("CEO") as part of its work.

As of December 31, 2022, the Nomination Committee comprises Terje Valebjørg (chairperson), Alex Herger and Jon Arnt Jacobsen. Mr. Valebjørg was a first time electee on the 2016 AGM as a member, Ms. Herger was a first time electee as member at the 2019 AGM, whereas Mr. Jacobsen was a first time electee on the 2022 AGM. Mr. Valebjørg and Ms. Herger were both re-elected at the 2022 AGM, and all three were elected for a service period ending with the 2023 AGM. The current Nomination Committee members are presented in more detail at www.pgs.com. The Nomination Committee proposed for approval at the 2023 AGM is presented in detail in Appendix II to the 2023 AGM Calling Notice.

Shareholders who wish to propose new Board members or new members of the Nomination Committee may do so by submitting a candidate's name to PGS' investor relations staff via www.pgs.com by following the link, "Nominate a Board Member." The deadline for submissions each year is January 31. Alternatively, candidates can be proposed by letter to PGS attn. General Counsel or via email to ir@pgs.com. PGS does not employ any Nomination Committee members, none is a member of the Board and all proposed members of the Nomination Committee are considered to be independent from the Board and the management of the Company.

In 2022, the Nomination Committee held six physical and virtual meetings. The Nomination Committee's report on its work and recommendations is set out in Appendix III to the 2023 AGM Calling Notice.

Board – Composition and Independence

According to the Company's Articles of Association, our Board shall have from three to thirteen Directors. The period of service for shareholder elected Board members shall be one year, whereas the period for the employee elected Board members is two years. The Board has adopted its own Rules of Procedure that establish in more detail its roles and responsibilities, including:

- Directors' qualifications
- Requirement that a majority of the shareholder elected Directors in the Board, a majority of the shareholder elected Directors being members of the Remco, and all shareholder elected Directors being members of the Audit Committee, are considered to be independent Directors
- Annual review and determination of the independence of each Director.

The composition of the Board is a reflection of the Company's commitment to protect the common interests of all shareholders and the Company's need for expertise, capacity and diversity.

As of December 31, 2022, the Board comprised seven shareholder-elected and three employee-elected Directors. The current shareholder-elected Directors are Walter Qvam (chairperson), Anne Grethe Dalane, Richard Herbert, Marianne Kah, Trond Brandsrud, Ebrahim Attarzadeh and Shona Grant, whilst the current employee-elected Directors are Anette Valbø, Gunhild Myhr and Eivind Vesterås. The current Directors are presented in more detail at www.pgs.com and in the Annual Report. Any adjustments to the Board proposed for approval at the 2023 AGM are presented in detail in Appendix II to the 2023 AGM Calling Notice.

As of December 31, 2022, all shareholder-elected Directors are independent of the Company's management, its major business relations, and major shareholders. No shareholder elected Director may be an executive of PGS and is not permitted to perform paid consultancy work for PGS. As of December 31, 2022, all shareholder-elected Directors, directly or indirectly, own PGS shares.

Shareholders and other interested parties may communicate directly with our shareholder-elected Directors by written correspondence addressed to PGS ASA, Board (shareholder-elected members), Secretary of the Board or to the Company's General Counsel Lars Ragnar van der Bijl Mysen, PO Box 251, NO-0216 Oslo, Norway. Further, the Company has on www.pgs.com posted an invitation to shareholders for discussing corporate governance or corporate responsibility matters by contacting Mr. Mysen by phone or arranging a meeting with him.

The work of the Board

In accordance with Norwegian corporate law, our Board has overall responsibility for management of the Company, while the CEO is responsible for day-to-day management.

The Board provides oversight of the CEO's day-to-day management and company activities in general. The Board is also responsible for ensuring that appropriate management, guidelines, and control systems are in place and are followed. In cooperation with the CEO, the Board also develops clear goals, strategies and risk profile for the Company such that it generates value for its shareholders in a sustainable manner taking economic, social and environmental, aspects into consideration.

The CEO, as agreed with the chairperson of the Board, annually submits a schedule of the meetings of the Board of Directors in the upcoming calendar year. The schedule is subject to Board approval. In 2022, the Board held fourteen physical and virtual meetings. During 2022, all the shareholder-elected Directors participated in all prescheduled board meetings, save that three Directors each missed one prescheduled meeting due to unforeseen circumstances.

Key elements of the Rules of Procedure cover the Board's responsibilities to determine the Company's financial targets, set strategy along with the CEO and executive committees, and approve business plans, budgets, and budgetary and risk frameworks. The Board reviews at least annually the objectives, strategy and risk profile for the Company. In its supervision of the Company's business activities, the Board will seek to ensure that satisfactory procedures are in place for monitoring and follow-up of Board-approved corporate principles and guidelines covering areas such as ethical conduct;

adherence to laws, rules, and regulations; health, safety and environment; and corporate responsibility.

The Rules of Procedure also require an annual self-evaluation to determine whether the Board and its committees are functioning effectively. The annual self-evaluation is prepared and facilitated by the Remco. An anonymous survey is carried out and the findings are discussed by the Board. The survey's findings are made available to the Nomination Committee. The Chairperson of the Nomination Committee also shares with the Board relevant information for improvement of Board processes that may come up in their annual interviews with individual Directors.

Each scheduled Board meeting includes a separate session at which issues may be discussed without the presence of the Company's management.

The tasks and duties of the CEO vis-à-vis the Company's Board are also outlined in the Rules of Procedure, along with the tasks and duties of the chairperson of the Board. The CEO participates in all board meetings other than closed sessions. The Board elects a vice chairperson to chair board meetings in the chairperson's absence. The full text of the Board's Rules of Procedure is available at www.pgs.com. Our governance structure is organized as described below.

Our Board is responsible for the supervision of our business activities. The Board has established an Audit Committee and a Remco to assist in organizing and carrying out its responsibilities. The mandate and charter for the Audit Committee and Remco are available at www.pgs.com.

The Board's Responsibilities

The Board's responsibilities include:

- to appoint the Company's CEO
- to, together with the CEO operate PGS in an effective and ethical manner in order to create value for the Company's shareholders. Our Code of Conduct requires management to maintain an awareness of the risks involved in carrying out our business strategies. Personal interests must not override or conflict with the interests of PGS.

The CEO's Responsibilities

The responsibilities of the CEO include:

- Managing the day-to-day activities of the Company
- Organizing PGS' Executive Committees and the Disclosure Committee to further assist the CEO
- Under the guidance and supervision of the Board and the Audit Committee, ensuring that the Company's financial statements in all material respects fairly present the Company's financial condition and the results of its operations. Timely disclosure of issues to the Board is also essential to the assessment of the Company's financial condition, business performance and risks.

Board Committees

As of December 31, 2022, our Audit Committee comprises Directors Anne Grethe Dalane (chairperson), Trond Brandsrud, Marianne Kah, Ebrahim Attarzadeh and Anette Valbø. All shareholder-elected Director's being members of the committee are considered independent of the Company. The committee's functions are to assist the Board in its supervision of the integrity of PGS' financial statements; to monitor the independent auditor's qualifications, independence and performance; to monitor the performance of the internal audit function; to review the integrity of the sustainability reporting; and to promote and review compliance with laws and regulatory requirements.

As of December 31, 2022, the Remuneration and Corporate Governance Committee (Remco) comprises Directors Walter Qvam (chairperson), Richard Herbert, Shona Grant, Gunhild Myhr and Eivind Vesterås. All shareholder-elected Director's being members of this committee are considered independent of the Company's senior management. The function of the committee is to assist in matters relating to compensation, benefits, and perquisites of the CEO and other senior executives. Review and modification of the Company's corporate governance implemented in the Company are also committee responsibilities.

During 2022, all the shareholder-elected Directors participated in all prescheduled regular committee meetings, save that two Directors each missed one prescheduled meeting due to unforeseen circumstances.

In 2022, the Board also mandated one ad-hoc committee comprising Mr. Qvam, Ms. Dalane, Mr. Brandsrud and Mr. Attarzadeh to – together with the PGS management and advisors – oversee the Company's process for managing its debt and assess options for refinancing.

Risk Management and Internal Control

The Board is responsible for ensuring that appropriate guidelines, monitoring, and internal control systems are in place. These are to include embedding risk management, designating risk ownership, and implementing risk responses and controls.

The Board has systems in place to assess that the CEO exercises appropriate and effective management. The Board's Audit Committee assesses the integrity of PGS' accounts. It also enquires about, on behalf of the Board, issues related to financial review and external audit of PGS' accounts. Further, the Board and the Audit Committee supervise and verify that effective internal control systems are in place, including systems for risk management and financial reporting.

The Board and the Audit Committee take steps to ensure that the Company's internal control functions are working as intended and that necessary measures are taken to reduce extraordinary risk exposure. Furthermore, the Board makes certain that the Company is creating value for the shareholders in a sustainable manner whilst taking ethical conduct; compliance with laws, rules and regulations; health, safety and working environment; and other environmental, social and governance ("ESG") issues into account.

The Company's anti-corruption program includes a policy, manual and work instructions as to several ethical issues, periodic training, high risk area assessment and monitoring, compulsory contract wording, etc. The policy and procedures are available at www.pgs.com. The program is evaluated on a regular basis by the Audit Committee.

Management maintains and regularly reviews a risk matrix setting out the main risks for the Company. These risk factors and the Company's risk mitigating activities are subject to discussion in the Board at least once a year.

Management conducts day-to-day follow-up of financial management and reporting. Management has established a structured approach to ensure that the system for Internal Control over Financial Reporting ("ICFR") is effective. ICFR includes identification and assessment of all material financial reporting risks, identifying and documenting relevant controls to address these risks, and monitoring that controls are implemented and performed. For controls that are not operationally effective at year-end, their potential financial exposure and impact on the consolidated financial statements are evaluated.

Internal Audit Department

PGS has an Internal Audit Department reporting directly to the Audit Committee on its audit planning and audit reports. The purpose of the Internal Audit Department is to perform independent, objective assurance and consulting activities that add value and improve the Company's initiatives in financial, operational and compliance areas.

The scope of work for the Internal Audit Department includes determining whether the Company's risk management, control, and governance, as designed and represented by management, are adequate and well-functioning.

The audit reports are issued to the Audit Committee. In addition, the Internal Audit Department regularly monitors and reports status of management's actions to respond to identified risks or weaknesses.

Remuneration of the Board and Executive Management

Remuneration of shareholder-elected Directors is not linked to performance but is based on an annual fee and is subject to annual approval by the General Meeting. Shareholder-elected Directors shall not solicit or accept specific assignments for PGS beyond their role as Directors. Shareholder-elected Directors do not hold any PGS share options, restricted stock units or performance based restricted stock units.

For details on compensation to individual Directors, please see Note 30 to the consolidated financial statements of PGS.

Remuneration payable to both employee-elected and shareholder-elected Directors will be proposed by the Nomination Committee according to its Mandate and Charter and is submitted to the AGM for approval.

Executive remuneration is one of the primary tasks of Remco. The committee annually reviews the total compensation level, the mix between fixed and performance related compensation and the mix between short and long-term compensation. Remco has developed an annual schedule in order to ensure and facilitate a structured approach to the annual review of executive compensation.

Remco has with the help of an external advisor identified a specific peer group of comparable companies across relevant markets. The advisor has collected, and combined information related to total compensation level and structure amongst these companies. As of Remco's latest review, the peer group consisted of 17 companies from Norway and Europe. These companies are of comparable size and have international operations in the energy and energy services sectors. The peer group is subject to regular review. The Board and Remco use this information, among other tools, to benchmark and decide on an appropriate total compensation structure for the CEO and other executives.

Compensation for the CEO adheres to the same process as that used for other executives but is also subject to approval by the Board.

The current remuneration package for our CEO and other executives includes fixed elements and variable elements. The fixed elements consist of a base salary and other benefits such as car allowance, phone, internet and similar. The fixed elements also include a defined contribution pension scheme and an individual pension scheme. The variable elements consist of Short Term Incentive Plans which is our annual bonus scheme, and Long Term Incentive Plans which are composed of Performance Restricted Stock Units. Features of these programs include an absolute ceiling on performance-related remuneration.

For further details on the compensation structure and total compensation to the CEO and executive team members, please see Note 30 to the consolidated financial statement of PGS, and also the Board's Senior Executive Remuneration Policy approved by the 2021 AGM available on www.pgs.com, and the Board's Senior Executive Remuneration Report for 2022 set forth as Appendix VII to the 2023 AGM Calling Notice.

Information and Communication

The Board is committed to reporting financial results and other relevant information based on openness and the requirement of equal treatment of all shareholders and securities market participants. The Company complies with relevant disclosure rules and regulations. Announcements are released through a platform provided by Notified and posted on the Oslo Stock Exchange's NewsWeb service. In addition, all announcements are on www.pgs.com. The Company's policy of accessibility for shareholders is also presented on the Company's website.

The Company has an investor relations function to ensure that requests for information from shareholders, analysts and other interested parties are satisfied. The Company has an active investor communication program which includes senior management attending roadshows in connection with reporting of financial results, presentations at relevant investor conferences, and availability for one-on-one meetings, both virtual and as physical meetings.

The Board and the Nomination Committee once a year invites shareholders to join in a dialogue on corporate governance and corporate responsibility matters. The invitation is posted on www.pgs.com and any shareholder may initiate communication with the Company on these matters.

Takeover Bids

The Board has established guiding principles for how it will act in the event of a takeover bid. The Board will ensure that all shareholders are treated equally and seek to prevent disruptions to, or interference with, Company operations to the extent possible. In the event of a takeover bid, the Board will, in accordance with its overall responsibilities and good corporate governance, act in the best interest of shareholders and ensure that sufficient information regarding the matter is proved to the shareholders. If a takeover bid is made, the Board will issue a statement containing a recommendation as to whether the shareholders should accept or reject the offer, including an independent valuation of the offer. The Company's Articles of Association do not contain any restrictions, limitations, or defense mechanisms against acquisition of its shares.

Auditor

The Audit Committee shall support the Board in the administration and exercise of its responsibility for supervision of the work of the independent auditor, who shall keep the Board informed of all aspects of its work for PGS. This duty includes submission of an annual plan for the audit of PGS. The auditor attends all Audit Committee meetings and, at least twice a year, meets with the Audit Committee without the presence of management. In-house policies govern the use of the auditor's services. Use of the auditor for services other than the audit of PGS requires pre-approval by the Audit Committee.

The independent auditor meets with the full Board at least once a year in connection with the preparation of the annual financial statements and, at least once a year, presents a review of PGS' financial reporting and internal control procedures for financial reporting. At least once a year, the independent auditor meets with the Board without the presence of any member of the executive management.

Remuneration paid to the auditor for mandatory and other audit services will be reported to the AGM for approval.

Diversity, Equality and Inclusion

The Company has clear commitments regarding Responsible Business Conduct, Equality and Diversity & Inclusion for our work force. These commitments are embedded in the Company policies and goals, which include (a) respecting fundamental human and labor rights, (b) preventing discrimination and harassment, (c) recruiting, promoting and developing individuals based on qualifications, value and potential, and (d) fostering and supporting diversity including age, nationality, gender and qualifications.

At the Board level, the Nomination Committee actively works for ensuring that there is proper diversity on gender, age, background, experience and qualifications.

The Company complies with the requirements in the Norwegian Public Limited Liabilities Act section 6-11a on gender balance.

At the management level and below the President & CEO, the SVP Global HR and the Executive Vice Presidents are all actively pursuing similar goals as regards equality, diversity & inclusion among the PGS management and the entire work force.

The Company's Sustainability Report 2022 available on www.pgs.com identifies the more precise goals and how they have been met during the reporting period.

Compliance with Laws, Rules, Regulations and Recommendations

As part of PGS' Code of Conduct available on www.pgs.com, PGS is inter alia committed to comply with relevant laws, rules, and regulations, as well as the Oslo Stock Exchange's Issuer Rules. In addition, PGS complies with the current recommendations set forth in the NUES Recommendations, subject only to deviations identified and justified in this report.

The Board further conducts periodic reviews of PGS' corporate governance policies and procedures, including the Board's Rules of Procedure. This process is conducted regularly and managed by Remco. Any changes to policies or procedures are presented to the Board for approval.

BOARD OF DIRECTORS

The Board of Directors is responsible for the administration, development, and supervision of PGS business activities.

Walter Qvam

Chairperson (Elected 2016) | Board Member since 2013 | Remuneration and Corporate Governance Committee Chairperson | Shareholding: 135,000

Mr. Qvam was the president and chief executive officer of Kongsberg Group ASA, and he has held leading positions in various prominent Norwegian and international businesses in a variety of fields, including oil and gas, and shipping, (Det Norske Veritas), IT (Capgemini), transportation (the Norwegian state railway) and consultancy (Gemini Consulting). In addition to his role as chairperson of PGS, Mr. Qvam chairs the boards of the research organization SINTEF, cyber-security company mnemonic, robotics company wheel.me and the digital innovation hub DigitalNorway. He is also a board member in the energy & infrastructure company CapeOmega. Mr. Qvam graduated Master of Science from the Norwegian University of Science and Technology (NTNU).

Anne Grethe Dalane

Vice Chairperson (Elected 2018) | Board Member since 2013 | Audit Committee Chairperson | Shareholding: 73,000

Ms. Dalane is a senior leader at Yara International and previously held a number of senior positions at Norsk Hydro. She is currently VP Finance Data & Development. Her previous experience covers a range of fields including human resources as well as oil and gas. She has been the chief financial officer for Crop Nutrition, region director Latin America, and country manager of Argentina at Yara. She serves as a director of BW LPG and Arendal Fossekompani. Ms. Dalane's background is in economics, and she holds a business degree from the Norwegian School of Economics NHH.

Richard Herbert

Board Member since 2017 | Remuneration and Corporate Governance Committee Member | Shareholding: 116,000

Mr. Herbert is a petroleum geologist with 40 years of experience in the global upstream industry. His career started with Phillips Petroleum. He spent 19 years at BP, in senior international exploration and development positions in southeast Asia, Latin America, the USA, and Angola, as well as the UK North Sea. From 2003-2008 he worked for TNK-BP in Russia, as the exploration vice president and subsequently as executive vice president of technology. From 2009-13, he was exploration vice president of Talisman Energy in Canada. He returned to BP from 2013 until the end of 2016, as the chief operating officer for exploration. In 2017, he joined the board of Frontera Energy Corporation, then from 2018 until March 2021 served as their chief executive officer, based in Bogota, Colombia. He is a non-executive director of the UK companies Capricorn Energy and Angus Energy. Mr. Herbert holds a BSc in Geology from the University of Bristol in the UK.

Marianne Kah

Board Member since 2018 | Audit Committee Member | Shareholding: 68,589

Ms. Kah was the Chief Economist of ConocoPhillips for 25 years retiring in November 2017. She was a member of the strategy committee of ConocoPhillips and was responsible for oil and gas market outlooks, scenario planning, and assessing disruptive risks to the company. She was also involved with planning and participating in strategy meetings with ConocoPhillips' Board of Directors. She currently serves on the Advisory Board of the University of Texas Energy Institute, and she is an adjunct senior research scholar and member of the Advisory Board of Columbia University's Center on Global Energy Policy. In 2019, Kah joined the Board of Directors in Allegheny Technologies Inc. She was past President of the U.S. Association for Energy Economics for the calendar year 2019, and currently co-chairs the Energy Roundtable for the National Association for Business Economics.

Trond Brandsrud

Board Member since 2019 | Audit Committee Member | Shareholding: 110,000

Mr. Brandsrud is an advisor as well as a board member and non-executive director of several listed and private-equity-owned companies. These include Aker BP, where he chairs the audit and risk committee, and Lowell, where he chairs the Audit Committee and serves as a member of the risk and remuneration committees. Brandsrud has 30 years of experience in the oil and gas industry. He has served as group chief financial officer (CFO) at both Aker and Seadrill and has held a wide range of senior financial positions in Shell. Recently, he has also held group CFO and CEO positions in privately owned companies Lindorff and Lowell, in the financial services sector. Mr. Brandsrud is a Norwegian citizen and holds a master's degree from the Norwegian School of Economics (NHH).

Ebrahim Attarzadeh

Board Member since 2022 | Audit Committee Member | Shareholding: 140,000

Mr. Attarzadeh was, until recently, CEO of Stifel Europe Bank AG (formerly Mainfirst) and is currently in the process of setting up an advisory company. He has held several roles in Deutsche Bank and various leadership roles within Mainfirst, both in Frankfurt, London, Zurich, and New York. In addition to PGS, he has a supervisory board position at MusicBird AG. Mr. Attarzadeh holds a master's in economic science from Ruprecht-Karls-Universität Heidelberg. He is a German citizen residing in Switzerland.

Shona Grant

Board member since 2022 | Remuneration and Corporate Governance Committee Member | Shareholding: 75,000

Ms. Grant is the chairperson at qWave AS and a non-executive director at Hydrawell AS. She has previously served as a non-executive director at Gulf Marine Services Plc and for various pioneering technology companies, including Bluware Corporation. Dr. Grant has enjoyed a long career in leadership roles at BP, including as a Performance Unit leader in Norway, following which she served as CEO of 2TD Drilling AS (now part of Nabors Industries). Dr. Grant is a geologist by training with a Ph.D. from the University of Leicester. She is a UK citizen residing in Norway.

Anette Valbø

Employee Elected Board Member since 2015 | Audit Committee Member | Shareholding: 13,354

Ms. Valbø joined PGS in 2002. Her current position is Bid Manager. She has previously held various business controller positions within Marine Contract and Operations business area. Prior to joining the Company, Ms. Valbø served in various positions within auditing and accounting in Frontline Ltd. and DNB. Ms. Valbø holds a bachelor's degree in accounting and auditing from Molde University College, Norway.

Gunhild Myhr

Employee Elected Board Member since 2021 | Remuneration and Corporate Governance Committee Member

Ms. Myhr joined PGS in 1992 and is Business Development Manager Europe/New Energy, tasked with finding opportunities for our fleet of seismic vessels, both in the external contract market and as assets in integrated PGS initiatives. She also works with government liaison and in developing growth and value potential using PGS seismic and operational technology. She has previously served in a variety of senior sales roles. Earlier, she was stationed offshore, processing seismic data on PGS vessels, and has also managed our seismic imaging center in Oslo. Ms. Myhr holds an M.Sc. in Geophysics from the Norwegian University of Science and Technology.

Eivind Vesterås

Employee Elected Board Member since 2021 | Remuneration and Corporate Governance Committee Member | Shareholding: 158,500

Mr. Vesterås joined PGS in 2008 as a geophysicist, first offshore and then based in Oslo, analyzing both seismic and electromagnetic data. He is currently a Special Projects Manager in our Operations division. He has worked in research, operations, and sales support roles, with experience that spans from the development of technical solutions through to their introduction to the market. Since 2018, he has been the chief union representative of Tekna in our Oslo office. Mr. Vesterås holds an M.Sc. in applied physics from the Norwegian University of Science and Technology.

BOARD OF DIRECTORS' REPORT

Recovery of the seismic market accelerated in 2022 driven by more exploration activities, which benefit both the contract and the MultiClient markets. PGS reported significant improvements within all major business activities. With a strong order book increase, visibility is improving and the Company expects the market to strengthen further in 2023.

PGS net interest-bearing debt was reduced by 34% from increasing cash flow generation and strong shareholder support in two private placements. PGS is well positioned to refinance ahead of its 2024 debt maturities.

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. The Company's 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.

PGS is organized in four primary business units: Sales & Services, New Energy, Operations and Technology & Digitalization.

- **Sales & Services** promotes and sells all PGS' products and services to energy companies
- **New Energy** assesses and develops business opportunities within the energy transition markets where PGS can diversify its service portfolio and revenues
- **Operations** manages vessel operations and marine seismic acquisition projects
- **Technology & Digitalization** manages research and development, PGS digital transformation projects and Enterprise IT

2022 Business Highlights

Produced Revenues increased by 39% in 2022, compared to 2021, driven by significant increase of contract revenues and MultiClient late sales.

PGS significantly strengthened its financial position by generating $209.5 million of cash flow before financing activities and strong support from shareholders in two private placements with close to $250 million of new equity.

Net interest-bearing debt reduced by $319.7 million, or 34%, compared to 2021 and the Company is well positioned to refinance in 2023.

Significant contract price increases and margin recovery compared to 2021, with a large portion of contract vessel capacity utilized for production seismic (4D) operations.

Second highest annual MultiClient late sales in the Company's history due to increased exploration spending and significant transfer fees.

Successfully completed four carbon storage seismic acquisition projects and established a strong position in the carbon storage geoservices market.

Awarded large Petrobras 4D contract and started rigging Ramform Victory to acquire the 4D survey commencing mid-2023.

The order book has increased by 74% year-over-year and is at the highest level since Q3 2014.

Strong progress on digital transformation with more than 80% of imaging done in the Cloud, resulting in lower cost and improved flexibility and scalability compared to the earlier solution with in-house computer capacity.

Significant progress in developing new MultiClient OnDemand business models and driving operational efficiencies from digital solutions

Strategy

PGS is a fully integrated marine seismic acquisition and imaging company, offering a full range of towed streamer acquisition and imaging services through both the proprietary contract ("Contract") and MultiClient business models. Being in control of seismic acquisition vessels, imaging and technology, positions PGS to deliver the best and most flexible solutions to clients under any contract type.

Capital expenditures relating to the Ramform Titan-class new build program, followed by a prolonged industry downturn from 2014 to 2018 and a severe impact from the COVID-19 pandemic, led to a level of interest-bearing debt which was higher than targeted. The Company did over this period raise equity and extended debt maturities on several occasions to manage its debt obligations.

Debt reduction will be given priority until PGS reaches a capital structure that is sustainable considering the Company's size and market cyclicality. The Company targets net interest-bearing debt not to exceed $500-$600 million, excluding lease liabilities. In 2022, PGS made significant progress towards this target. With the recovery of the seismic market the Company was able to improve cash flow before financing activities by 35%, compared to 2021, and successfully completed two private placements raising close to $250 million of equity with very strong shareholder support. Net interest-bearing debt (excluding lease liabilities) was reduced by 34% in 2022 and ended at $616.7 million. Debt reduction will be given priority until PGS reaches a net interest-bearing debt level in line with its target.

The PGS business strategy comprises the following key priorities:

- Leverage integration across the PGS value chain
  - PGS aims to fully utilize the Contract, MultiClient and the New Energy markets in combination with integrated commercial models to build vessel campaigns maximizing fleet utilization. The Company intends to capitalize on selling joint acquisition and imaging services as a complete solution to optimize margins.
- Leading provider of high-resolution seismic for near-field exploration, production (4D) seismic and CCS
  - The energy transition drives increasing focus towards near-field exploration and production seismic. PGS is well positioned in these market segments with the Ramform acquisition platform and GeoStreamer technology. PGS intends to improve exposure and profitability further by creating geologically driven geophysical workflows and solutions tailored towards infrastructure-led exploration, appraisal, and development. Rich azimuth illumination of GeoStreamer data (GeoStreamer X) targets exploration in mature hydrocarbon basins and is being rolled out in Europe and other regions with success. PGS intends to bundle imaging with baseline 4D programs to increase strike rate for future monitoring contracts. PGS believes there are untapped opportunities in combining node solutions to enhance the existing MultiClient data library in regions with complex geology. Systematic MultiClient data rejuvenation in mature basins is done with the purpose of creating multi-purpose products for hydrocarbon and carbon storage use. Targeted New Energy markets require ultra-high resolution seismic, which PGS' P-cable technology can offer.
- Develop New Energy into a significant business unit
  - PGS has an ambition to build a substantial and recognized presence in markets within the offshore renewables' domain or related to the ongoing energy transition. PGS intends to build a business with growing revenues as fast as these opportunities materialize. PGS has identified carbon storage, offshore wind and marine minerals as domains where the Company can match its assets, competence, and capabilities to address industry

challenges. During 2022 PGS established a strong position in the carbon storage geoservices market and continued to make MultiClient data sales related to development of CCS projects. PGS is in the process of entering the offshore wind market and early 2023 the Company announced award of it first offshore wind geoservices acquisition contract.

- Increase speed and penetration of digitalization
  - Scope and speed of digitalization is accelerating and PGS is working on three main groups of digitalization projects:
    - PGS Eos - Enabling faster processing and imaging of seismic data, using Cloud scalability and automated workflows. Towards year-end 2022, more than 80% of PGS Imaging was done in the Cloud at a significantly lower cost than previous in-house solution. Imaging in the Cloud provides unprecedented flexibility and scalability, while always having access to state-of-the-art hardware and software.
    - PGS Solis - A Cloud-based OnDemand MultiClient sales platform that enables new sales models and allows clients to collaborate on high-quality data and achieve faster decisions and subsurface insights.
    - PGS Digital Factory - Includes a suite of initiatives to build more insights and analyze patterns and trends. It utilizes machine learning and artificial intelligence to optimize costs, improve predictability and performance, reduce turnaround time, and reveal commercial opportunities.
- Reduce operating costs and increase efficiency
  - Fleet operations are a dominant part of the Company's cost base. To date, PGS has developed and implemented a new and more flexible crewing model designed to reduce cost, without negatively impacting safety. Looking forwards, PGS intends to utilize recent developments in satellite and communication technology to streamline data flow processes which should lead to reduced fleet cost. More widely, the Company is increasingly taking advantage of its digital toolbox to improve operational efficiency and reduce capital expenditures.
- Reduce environmental footprint from our operations
  - PGS is dedicated to reducing the risk of harm to the environment and constantly improving our environmental performance. Delivering on PGS Sustainability goals is part of the Company's license to operate. PGS continues to develop towards its goal of a 50% reduction in CO2 per Common Mid-Point ("CMP") kilometers by 2030. In 2022, PGS committed to set a path 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 to take action to continue to improve in order to align with the upcoming requirements of the EU Corporate Sustainability Reporting Directive "CSRD".

Market Development and Main Businesses

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 near-field 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.

Technology

PGS is concentrating its research and development efforts on areas of technology differentiation from seismic acquisition to subsurface and reservoir imaging. The Company is capitalizing on digitalization to improve its operational efficiency, reduce capital expenditures and develop new digital service offerings.

GeoStreamer, the first-ever multi-sensor streamer and a proprietary PGS technology, was a game changer in streamer technology and a premier example of PGS' ability to differentiate through technology innovation. GeoStreamer has affected the way marine streamer data has been used across the entire E&P life cycle, helping PGS clients to reduce exploration risk, improve the delineation of reservoir details, enable accurate reservoir characterization and facilitate better production monitoring and management. The unique design of GeoStreamer has helped PGS clients to solve some of their long-standing problems, such as creating high resolution images of the very near surface.

Separated Wavefield Imaging ("SWIM") is a technology that uniquely uses the recordings of the two complementary GeoStreamer sensors to create images with unseen resolution that significantly improve E&P companies understanding of shallow geology and drilling hazards whilst simultaneously enabling improvements in survey efficiency – an undertaking previously viewed as contradictory. With the increased focus on the very shallow overburden for wind farm site evaluations or deep-sea mineral location, techniques such as SWIM will continue to provide a critical competitive advantage to PGS.

PGS Ultima is an imaging tool to provide better images faster and address another of PGS' clients long-standing challenges to have access to subsurface images for quicker decision making. PGS Ultima moves away from the traditional sequential processing to a fast simultaneous inversion process, combining velocity model building and high-end imaging in a single step. The imaging tool has the potential to reduce the time it takes from acquisition to the final image on the clients' workstation by approximately 50%.

By year-end 2022, PGS' Cloud enabled imaging platform, PGS Eos, was handling more than 80% of the Company's imaging work, resulting in significantly lower cost than previous in-house solution. Imaging in the Cloud provides unprecedented flexibility and scalability, while always having access to state-of-the-art hardware.

By establishing New Energy and entering new markets, the research and development resources within PGS are now working to understand the geophysical challenges in these new markets and to find geophysical solutions and limitations with current equipment and technology. To accelerate suitable product offerings beyond core assets, PGS now offers Ultra-high-resolution 3D seismic following the purchase of NCS Subsea, operator of the P-cable system. The system achieves Ultra-High-Resolution ("UHR") imaging of the subsurface by sampling the seismic wavelet at a high spatial and temporal rate. The technology is best suited for detailed imaging on a smaller scale for targets such as complex, highly fractured, thin, or compartmentalized formations.

Financial Results

PGS has one operating segment focused on delivery of seismic data and services, which matches the internal reporting to the Company's executive management. See Note 4 to the Consolidated Financial statements for information about principles applied. In the following Segment information is referred to as "Produced".

In 2022, As Reported revenues according to IFRS amounted to $825.1 million, compared to $703.8 million in 2021, an increase of $121.3 million, or 17%. 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.

Produced Revenues, forming the basis for Segment reporting, amounted to $817.2 million, compared to $590.0 million in 2021, an increase of $227.2 million, or 39%. Stronger contract revenues and MultiClient late sales are primary drivers for the increase of Produced Revenues in 2022.

Contract revenues ended at $336.3 million, compared to $207.8 million in 2021, an increase of $128.5 million, or 62%, due to a recovering seismic market with higher rates and more vessel capacity allocated to contract acquisition work.

MultiClient late sales in 2022 were $326.7 million, compared to $220.4 million in 2021, an increase of $106.3 million, or 48%. 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.

As Reported MultiClient pre-funding revenues according to IFRS 15 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.

Produced MultiClient pre-funding revenues in 2022 amounted to $131.5 million, compared to $134.0 million in 2021, a decrease of $2.5 million, or 2%. In 2022 the Company used less capacity for new MultiClient acquisition and had lower cash investments in MultiClient, but revenues were relatively unchanged from 2021 due to a higher pre-funding level.

Produced MultiClient pre-funding revenues were 124% of capitalized MultiClient cash investments (excluding capitalized interest), compared to 105% in 2021. The increased pre-funding level is mainly due to higher client exploration activity and more demand for new MultiClient surveys.

Total Produced MultiClient revenues (pre-funding and late sales combined) increased by $103.9 million or 30%, compared to 2021 and ended at $458.2 million.

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 $487.7 million, an increase of $85.9 million, or 21%, 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.

Net operating expenses, which include cost of sales, expensed research and development costs, and selling, general and administrative costs, totaled $370.5 million in 2022, compared to $269.8 million in 2021, an increase of $100.7 million, or 37%. 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.

Full year 2022, gross research and development ("R&D") costs increased by $0.5 million, or 3%, compared to 2021. Capitalized development cost increased by $0.1 million, or 1%, compared to 2021, resulting in overall net R&D expense in 2022 being 6% higher than in 2021. The Company's R&D costs are mainly incurred to support and develop core business activities of marine seismic acquisition and imaging.

Total amortization of the MultiClient library in 2022 was $241.6 million, compared to $365.4 million in 2021, a decrease of $123.7 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 $13.6 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 $122.2 million, 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 $117.0 million in 2022, compared to a loss of $32.0 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 $109.4 million in 2022, compared to $98.0 million in 2021, an increase of $11.4 million, or 12%, primarily because of an increase of Libor interest rates, which impacts the cost of floating rate debt.

Other financial expense, net, of $2.6 million in 2022 is primarily due to higher interest income on a higher cash balance benefiting from increasing interest rates through 2022, compared to 2021. Other financial expense, net is also impacted by currency gain due to a weaker NOK versus USD, impacting leasing liabilities and the convertible bond denominated in NOK (see Note 11 for details).

Income tax expense, which consists of current and deferred tax expense, was $26.1 million in 2022, compared to $15.6 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 12 and 23 of this annual report for a description of significant tax contingencies.

Loss to equity holders of PGS ASA was $32.8 million in 2022, compared to a loss of $179.4 million in 2021.

Cash Flow, Financial Position and Financing

Net cash provided by operating activities totaled $371.3 million in 2022, compared to $326.6 million in 2021. The increase is due to significantly higher Produced Revenues, partially offset by an increase in revenue related working capital. Cash flow before financing activities was $209.5 million in 2022, compared to $154.7 million in 2021.

Cash and cash equivalents totaled $363.8 million as of December 31, 2022, compared to $170.0 million as of December 31, 2022.

The existing loan agreements have a liquidity sweep requirement where liquidity reserve in excess of $200 million at quarter-ends shall be used to repay deferred amortizations of the Export Credit Financing (“ECF”) loans agreed in the rescheduling agreement entered into in February 2021. As of December 31, 2022, the remaining deferred ECF amount was $83 million, which will be repaid in Q1 2023. Following the repayment of the deferred ECF amount, and first applicable on 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.

Net interest-bearing debt amounted to $616.7 million on December 31, 2022, compared to $936.4 million as of December 31, 2021. The Company had approximately 45% of its net debt (excluding lease liabilities) at fixed interest rates. The weighted average cash interest rate was approximately 8.98%, including credit margins, as of December 31, 2022, compared to 6.78 % as of December 31, 2021.

The main loan agreements are subject to a Minimum Consolidated Liquidity and a Maximum Total Net Leverage Ratio* (“TNLR”) covenant. The liquidity covenant requires that the consolidated unrestricted cash and cash equivalents shall not be less than $75 million. The TNLR covenant establishes a maximum TNLR of 3.25:1 through

December 31, 2022, and 2.75:1 thereafter. On December 31, 2022, the TNLR, calculated on a Produced EBITDA basis was 1.56:1.

*The Total Net Leverage Ratio ("TNLR") 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.

Financing status

During 2022, PGS reduced net interest-bearing debt by $319.7 million ($347.4 million including lease liabilities) 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 $363.8 million, compared to $170.0 million as of December 31, 2021. With the strong liquidity position and improving cash flow generation, the Company expects to be able to manage all scheduled amortization of debt in 2023. However, PGS will have to refinance before the final maturity of its Term Loan B in March 2024.

See description in the section "Liquidity risk" below.

Investments

In 2022, total MultiClient cash investment, excluding capitalized interest, amounted to $106.4 million, compared to $127.2 million in 2021, a decrease of $20.8 million, or 16%. The decrease is primarily due to fewer vessel days allocated to MultiClient projects.

Capital expenditures, whether paid or not, totaled $50.2 million in 2022, compared to $33.4 million in 2021, an increase of $16.8 million, or 50%. The increase is primarily a result of higher investments in seismic in-sea equipment.

Financial Market Risk

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

Interest Rate Risk

PGS has a mixture of fixed and floating interest rate debt combined with financial instruments, such as interest rate swaps, to manage the impact of interest rate fluctuations.

As of December 31, 2022, the debt of PGS included $811.8 million of floating interest rate debt, with interest rates based on up to six-month LIBOR rates, plus a margin. $50.0 million of this floating interest debt is swapped into fixed interest by use of interest rate swaps. Fixed interest rate debt amounted to $239.6 million. Taking the interest rate swaps into account, $761.8 million of the Company's debt is exposed to floating interest rates while $289.6 million has fixed interest rates. The exposure to changes in the interest rate is further reduced with restricted and unrestricted cash earning interest at floating interest rate. For every (hypothetical) one percentage point increase in LIBOR the annual net interest expense of the PGS' net debt, including finance leases, would increase (with some delay) by approximately $3.6 million. The increase in floating interest rates during 2022 has impacted the net interest cost (after taking into account restricted and unrestricted cash) by approximately $5 million.

Currency Exchange Risk

PGS conducts business primarily in US dollars ("$" or "USD"), but also in several other currencies, including British pounds ("GBP"), Norwegian kroner ("NOK"), Brazilian real ("BRL"), euro ("EUR"), and occasionally currencies like Egyptian Pounds ("EGP") and Nigerian Naira ("NGN"). PGS is subject to foreign currency exchange rate risk on cash flows related to sales, expenses, financing, and investment transactions in currencies other than the US dollar.

PGS predominantly sells products and services in US dollars, and to a limited extent in other currencies. In addition to USD, a significant proportion of PGS' operating expenses are incurred in NOK and GBP. Less substantial amounts are incurred in various other currencies. Thus, regarding expenses and revenues in currencies other than US dollars, such expenses will typically exceed revenues.

A stronger US dollar reduces PGS' operating expenses as reported in US dollars. It is estimated that a 10% change of the US dollar against the two most significant non-USD currencies, NOK and GBP, would have an annual impact on gross cash cost of $10-12 million and $4-5 million, respectively.

The Company did not have any open foreign currency forward contracts as of December 31 in 2022 or 2021.

All interest-bearing debt is denominated in US dollars.

Credit Risk

PGS' accounts receivable is primarily from multinational, integrated energy companies and independent oil and natural gas companies, including companies that are owned in whole or in part by governments. PGS manages the exposure to credit risk through ongoing credit evaluations of clients. Due to the nature of PGS' client base, a low level of losses on accounts receivable has been incurred over the years.

PGS has a structured approach to monitor the credit risk of the Company's banking partners, including derivatives counterparties and the institutions in which cash is held on deposit.

Liquidity Risk

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 $319.7 million ($347.4 million including lease liabilities). Net interest-bearing debt amounted to $616.7 million on December 31, 2022, compared to $936.4 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 $363.8 million, compared to $170.0 million as of December 31, 2021. With the strong liquidity position and improving cash flow generation, the Company expects to be able to manage all scheduled amortization of debt in 2023. However, PGS will need to refinance before the final maturity of its Term Loan B in March 2024.

With improved financial performance and the strong reduction of net interest-bearing debt, PGS is well positioned to refinance ahead of the 2024 debt maturities. The debt market was challenging and volatile over the last year but has during the early parts of 2023 shown signs of improvement. However, market volatility remains a risk with respect to the cost and interest rate ultimately achievable in a refinancing round. The Company expects to complete the refinancing during the first half of 2023.

While the Board is confident that a refinancing will be achieved, PGS may become financially challenged should it not comply with the financial covenants in the key credit agreements, or fail to generate sufficient cash flow and/or refinance before its debt falls due.

Commodity Risk

Operation of seismic vessels requires substantial fuel purchases, thus PGS is exposed to fuel price fluctuations. Based on the Company's fuel consumption in 2022, a 10% increase in fuel prices would increase the total annual fuel costs by approximately $6 million. The Company seeks to pass fuel price risk to clients on a majority of contract work.

Climate Risk

PGS is exposed to both transition risk and physical risks associated with climate change. The Company has a structured approach to monitoring the development of the seismic exploration market and opportunities created by the transition to renewable energy sources globally. The Company's strategy is based on market scenario analysis and positioning of the Company for the energy transition by establishing the 'New Energy' business unit, which is a core component of the Company's strategy. The physical risks associated with climate change may directly affect both onshore and offshore operations through increased occurrence of extreme weather conditions. The Company mitigates this risk through reducing the dependency of on-premise computing by shifting data and processing to the Cloud, careful planning of projects, and by leveraging the inherent weather resilience of the Ramform fleet and GeoStreamer technology.

Operational and Other Risks

Demand for the Company's products and services depends on the level of spending by energy companies on hydrocarbon-resource exploration, field development, and production. Spending levels are heavily influenced by oil and gas prices and energy companies' focus areas. The ongoing energy transition may cause structural changes in demand. During 2020 and 2021 there was an increasing focus on extracting more resources from producing fields and infrastructure lead exploration. Alongside this trend, more traditional exploration activity in greenfield areas came into play in 2022, benefitting both the contract and the MultiClient markets.

The Company is subject to many risk factors including, but not limited to the demand for seismic services, the demand for data from the Company's MultiClient library, increased competition, the attractiveness of technology, changes in governmental regulations affecting the markets, the speed and impact of the energy transition and its effect on client behavior, technical downtime, licenses and permits, currency and fuel price fluctuations, potential COVID-19 outbreaks on the vessels causing project delays, and operational hazards such as weather conditions.

Contracts for services are occasionally modified by mutual consent and in certain instances may be cancelled by clients on short notice without compensation. Consequently, the order book as of any particular date may not be indicative of actual operating results for any succeeding period.

Shares, Share Capital and Dividend

As of December 31, 2022, PGS had 909,549,714 shares issued and outstanding, all of which are of the same class and carry equal voting and dividend rights. Each share has a par value of NOK 3. PGS' ordinary shares are listed on the Oslo Stock Exchange (ticker: PGS) and denominated in Norwegian kroner.

In Q2 2022, PGS successfully completed an equity private placement providing gross proceeds of approximately $85 million and a subsequent offering of approximately $14 million. In Q4 2022, PGS took advantage of another opportunity to raise capital and successfully completed another private placement providing gross proceeds of approximately $150 million.

As of December 31, 2022, the Company held 275,086 treasury shares.

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 behaviour 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 will be made available on www.pgs.com within the deadline.

PGS is committed to the ten principles of the United Nations Global Compact in the areas of human rights, labor, environment, and anti-corruption. The Board of Directors and the CEO actively ensure that the Company properly responds to sustainability challenges. To identify and assess actual and potential sustainability risks and opportunities for PGS, the Board of Directors and the CEO are actively involved in the Company's assessment of material topics and the development of our strategic objectives and goals to manage them.

To identify and report on risks and opportunities associated with climate change and the energy transition PGS uses the frameworks developed by the Carbon Disclosure Project ("CDP") and the Task Force on Climate Related Financial Disclosures ("TCFD").

Since 2011, PGS has published a separate sustainability and ESG report, which communicates the Company's progress in alignment with the recommendations of the Global Reporting Initiative ("GRI"). Further in 2022 PGS has continued aligning its reporting with the Corporate Sustainability Reporting Directive ("CSRD"). PGS has an ambition to promote the UN Sustainable Development Goals ("SDGs") through concrete actions and goals that are relevant for the Company's activities and global presence. From the materiality assessment PGS has identified 6 of the 17 SDGs where the Company contributes, which are number, 4-Quality Education, 7-Affordable and clean energy, 9-Industry, Innovation and Infrastructure, 13-Climate Action, 14-Life Below Water and 16-Peace Justice and Strong Institutions.

A more detailed account of how PGS manages sustainability risks and opportunities can be found in our annual sustainability report.

Organization

PGS had 900 regular active employees as of December 31, 2022, compared to 839 as of December 31, 2021. The increase in 2022 is mainly due to higher activity and hire of more offshore crew.

As of December 31, 2022, PGS employees represented 53 nationalities; 27% of the office-based employees are women (2% of offshore employees are women). Among staff working in Norway, 32% are women. The Board of Directors has four male and three female shareholder elected directors and one male and two female employee-elected directors.

At the headquarters in Oslo, 27% of management positions are held by women, and 2% of women working for the Norwegian organization of PGS work part-time. PGS consciously strives to improve the gender diversity of staff through reporting and actively encouraging development and promotion of women to management roles. The primary development processes are the Performance Management, Potential Assessment and Mentoring program.

Being a global company, PGS has long-standing practice of embracing cultural diversity, and cultural sensitivity training is offered to employees.

The average monthly salary of all active regular employees as of December 2022 was $8,013 ($7,149 for female employees and $8,232 for male employees) based on February 1, 2023 exchange rates.

Board of Directors and Corporate Governance

As of December 31, 2022, the Board of Directors has the following members: Walter Qvam (Chairperson), Anne Grethe Dalane, Richard Herbert, Marianne Kah, Trond Brandsrud, Ebrahim Attarzadeh, Shona Grant, Anette Valbø, Gunhild Myhr and Eivind Vesterås. The latter three are employee elected Board members.

The Board has established two sub-committees: an Audit Committee that as of December 31, 2022 is comprised of Anne Grethe Dalane (Chairperson), Trond Brandsrud, Marianne Kah, Ebrahim Attarzadeh, and Anette Valbø, and the Remuneration and Corporate Governance Committee, that as of December 31, 2022 is consisting of Walter Qvam (Chairperson), Richard Herbert, Shona Grant, Eivind Vesterås and Gunhild Myhr. The committees predominantly act as preparatory bodies for the Board of Directors and assist the Directors in exercising their responsibilities.

PGS also has a Nomination Committee elected by the shareholders. As of December 31, 2022, this committee consists of Terje Valebjørg (Chairperson), Alexandra Herger and Jon Arnt Jacobsen.

PGS' corporate governance principles are adopted by the Board of Directors. The Board periodically reviews these principles. Statements of the corporate governance structure are described in more detail in the corporate governance section of this annual report. The Company's articles of association, in addition to full versions of the rules of procedures for the Board of Directors, the Audit Committee charter, the Remuneration and Corporate Governance Committee charter, the Nomination Committee charter, and PGS' Code of Conduct are available on the Company's website www.pgs.com.

Since 2004, PGS has maintained a compliance hotline operated by an external service provider in order to facilitate reporting of any concerns regarding inappropriate business conduct. The Company encourages use of the hotline by anyone who has concerns relating to compliance with laws and regulations, breaches of the code of conduct, fair treatment, or any other matter. Concerns can also be raised directly with the General Counsel or any Board member.

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. 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.

Outlook

Most future energy scenarios predict global energy consumption to continue to increase longer term with oil and gas remaining an important part of the energy mix for a long time. Offshore reserves are an important contributor to future energy supply and support the longer-term demand for marine seismic services. With significant under investments in exploration and production spending over many years, global exploration and production spending increased by 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.

Historically there has been a strong correlation between overall exploration and production spending and offshore seismic spending. We believe the correlation will continue and support seismic market activity in 2023.

There is a significant volume of seismic contract leads and tenders in the market. MultiClient investment plans are increasing with higher pre-funding levels and MultiClient late sales are expected at high levels. By year-end 2022, the PGS order book was at the highest level since Q3 2014, and industry visibility should continue to benefit from the high contract tendering activity and increasing MultiClient investments.

The Board expects 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 ensuring supply of oil and gas from diverse and reliable sources.

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 and the Board, depend on factors beyond our control, and are subject to risks and uncertainties. Accordingly, actual results may differ materially.

Pursuant to section 3-3a of the Norwegian Accounting Act, the Board confirms that the 2022 financial statements have been prepared on the going concern basis which the Directors believe to be appropriate.

Allocation of Parent Company's result for 2022

The financial statements of the parent company, PGS ASA, are prepared and presented in accordance with generally accepted accounting principles in Norway ("NGAAP"). PGS ASA reported a loss of NOK 34.2 million for 2022, compared to a profit of NOK 81.3 million in 2021. PGS ASA is a holding company with no material operating activities.

The Board proposes that the loss for 2022 of NOK 34.2 million is transferred from other equity. Total shareholders' equity in PGS ASA as of December 31, 2022 was NOK 4,957.9 million corresponding to 98% of total assets.

Weybridge, March 1, 2023
Board of Directors

PGS ASA

Walter Qvam
Chairperson

Anne Grethe Dalane
Director

Marianne Kah
Director

Richard Herbert
Director

Trond Brandsrud
Director

Ebrahim Attarzadeh
Director

Shona Grant
Director

Anette Valbø
Director

Eivind Vesterås
Director

Gunhild Myhr
Director

Rune Olav Pedersen
President & Chief Executive Officer

RESPONSIBILITY STATEMENT

Today, the Board of Directors and the Chief Executive Officer reviewed and approved the Board of Directors' report and the consolidated and separate annual financial statements for PGS ASA, for the year ending and as of December 31, 2022.

PGS ASA's consolidated financial statements have been prepared and presented in accordance with IFRSs and IFRICs as adopted by the EU and additional disclosure requirements in the Norwegian Accounting Act, and that should be used as of December 31, 2022. The separate financial statements for PGS ASA have been prepared in accordance with the Norwegian Accounting Act and Norwegian accounting standards as of December 31, 2022. The Board of Directors report for the group and the parent company is in accordance with the requirements of the Norwegian Accounting Act and Norwegian accounting standard 16, as of December 31, 2022.

To the best of our knowledge:

- The consolidated and separate annual financial statements for 2022 have been prepared in accordance with applicable accounting standards.
- The consolidated and separate annual financial statements give a true and fair view of the assets, liabilities, financial position, and result of operations as a whole as of December 31, 2022, for the group and the parent company.
- The Board of Directors' report for the group and the parent company include a true and fair review of:
  - The development and performance of the business and the position of the group and the parent company.
  - The principal risks and uncertainties the group and the parent company face.

Weybridge, March 1, 2023
Board of Directors

PGS ASA

Walter Qvam
Chairperson

Anne Grethe Dalane
Director

Marianne Kah
Director

Richard Herbert
Director

Trond Brandsrud
Director

Ebrahim Attarzadeh
Director

Shona Grant
Director

Anette Valbø
Director

Eivind Vesterås
Director

Gunhild Myhr
Director

Rune Olav Pedersen
President & Chief Executive Officer

FINANCIAL STATEMENTS 2022

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.

Produced revenues

Produced Revenues, when used by the Company, means revenues and other income based on recognition of MultiClient prefunding revenues on a Percentage-of-completion (POC) basis. Produced Revenues is reconciled in Note 4.

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.

Produced EBITDA

Produced EBITDA, when used by the Company, means Reported EBITDA adjusted for the difference between Produced Revenues and Reported Revenues (IFRS). Produced EBITDA may not be comparable to other similarly titled measures from other companies.

The Company has included Produced 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.

Produced MultiClient pre-funding level

Produced MultiClient pre-funding level is calculated by dividing the produced MultiClient pre-funding revenues, as per segment reporting, by the cash investment in MultiClient library, as reported in the Statements of Cash Flows. PGS believes that the MultiClient pre-funding percentage is a useful measure in that it provides some indication of the extent to which the Company's financial risk is reduced on new MultiClient investments.

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.

Order book

Order book is defined as the aggregated estimated value of future revenues, measured on a basis consistent with our Segment reporting principles. This includes signed customer contracts, letters of award or where all major contract terms are agreed. For long term contracted service agreements the order book includes estimated revenues for the nearest 12-month period. PGS believes that the Order book figure is a useful measure in that it provides an indication of the amount of customer backlog and committed activity in the coming periods.

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 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

Segment Reporting, Total Revenues and Other Income, As reported, and Produced revenues are reconciled as follows:	Year ended December 31,	
(In millions of US dollars)	2022	2021
Contract seismic	336.3	207.8
MultiClient pre-funding	139.4	247.7
MultiClient late sales	326.7	220.4
Imaging	22.7	21.7
Other Income	(0.0)	6.2
Total Revenues and Other Income, As reported	**825.1**	**703.8**
Produced MultiClient revenue for projects not yet delivered	94.0	82.3
Produced MultiClient revenue from previous years, projects delivered	(101.9)	(196.1)
Produced revenues	**817.2**	**590.0**

EBITDA, net is reconciled as follows:	Year ended December 31,	
(In millions of US dollars)	2022	2021
Operating profit (loss) as reported	**106.0**	**(66.2)**
Other charges, net	(5.7)	5.6
Amortization and impairment of MultiClient library	253.1	379.0
Depreciation and amortization of non-current assets (excl. MultiClient library)	95.9	100.6
Impairment and loss on sale of non-current assets (excl. MultiClient library)	5.3	15.0
EBITDA	**454.6**	**434.0**

EBIT ex. impairment and other charges, net is reconciled as follows:	Year ended December 31,	
(In millions of US dollars)	2022	2021
Operating profit (loss) as reported	**(106.0)**	**(66.2)**
Other charges, net	5.7	5.6
Impairment of MultiClient library	11.5	13.6
Impairment and loss on sale of non-current assets (excl. MultiClient library)	5.3	15.0
EBIT ex. impairment and other charges, net	**117.1**	**(32.0)**

Produced EBITDA, net is reconciled as follows:	Year ended December 31,	
(In millions of US dollars)	2022	2021
Operating profit (loss) as reported	**106.0**	**(66.2)**
Produced revenue adjustment to revenue as reported	(7.9)	(113.8)
Other charges, net	(5.7)	5.6
Amortization and impairment of MultiClient library	253.1	379.0
Depreciation and amortization of non-current assets (excl. MultiClient library)	95.9	100.6
Impairment and loss on sale of non-current assets (excl. MultiClient library)	5.3	15.0
Produced EBITDA	**446.7**	**320.2**

Net interest-bearing debt is reconciled as follows:	December 31,	
(In millions of US dollars)	2022	2021
Cash and cash equivalents	363.8	170.0
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)	(1,017.5)
Net interest-bearing debt, excluding lease liabilities	**(616.7)**	**(936.4)**
Lease liabilities current	(32.9)	(35.9)
Lease liabilities non-current	(54.3)	(79.0)
Net interest-bearing debt, including lease liabilities	**(703.9)**	**(1,051.3)**

Total capital expenditures, whether paid or not is reconciled as follows:	Year ended December 31,	
(In millions of US dollars)	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 capital expenditures, whether paid or not	**50.2**	**33.4**
Change in working capital and capital leases	(1.6)	2.0
Investment in property and equipment	**48.6**	**35.4**

Cash cost, gross and Net operating expenses are reconciled as follows:	Year ended December 31,	
(In millions of US dollars)	2022	2021
Cost of sales before investment in MultiClient library	(433.8)	(351.2)
Research and development costs before capitalized development costs	(15.0)	(14.5)
Sellling, general and administrative costs	(38.9)	(36.1)
Cash costs, gross	**(487.7)**	**(401.8)**
Steaming deferral, net	2.7	(3.2)
Cash investment in MultiClient library	106.4	127.2
Capitalized development costs	8.1	8.0
Net operating expenses	**(370.5)**	**(269.8)**

FINANCIAL STATEMENTS

PGS Consolidated

Notes to the consolidated Financial Statements

PGS ASA Parent Company

Notes to the Parent Company Financial Statements

CONSOLIDATED FINANCIAL STATEMENTS

PGS ASA

Consolidated Statements of Profit and Loss

		Year ended December 31,	
(In millions of US dollars)	Note	**2022**	**2021**
Revenues	5	825.1	697.8
Other income	6	-	6.0
Total revenues and other income		**825.1**	**703.8**
Cost of sales	7	(324.7)	(227.2)
Research and development costs		(6.9)	(6.5)
Selling, general and administrative costs		(38.9)	(36.1)
Amortization and impairment of MultiClient library	8	(253.1)	(379.0)
Depreciation and amortization of non-current assets (excl. MultiClient Library)	8	(95.9)	(100.6)
Impairment and loss on sale of non-current assets (excl. MultiClient library)	17	(5.3)	(15.0)
Other charges, net	9	5.7	(5.6)
Total operating expenses		**(719.1)**	**(770.0)**
Operating profit (loss)/EBIT		**106.0**	**(66.2)**
Share of results from associated companies	19	(5.0)	1.2
Interest expense	10	(110.3)	(99.4)
Other financial expense, net	11	2.6	0.6
Income (loss) before income tax expense		**(6.7)**	**(163.8)**
Income tax	12	(26.1)	(15.6)
Profit (loss) for the year		**(32.8)**	**(179.4)**
Earnings (loss) per share, to ordinary equity holders of PGS ASA:	13		
- Basic		($0.06)	($0.45)
- Diluted		($0.06)	($0.45)

PGS ASA

Consolidated Statements of Comprehensive Income

(In millions of US dollars)	Note	Year ended December 31, 2022	2021
Profit (loss) for the year		**(32.8)**	**(179.4)**
Other comprehensive income			
Actuarial gains (losses) on defined benefit pension plans	26	38.4	14.8
Items that will not be reclassified to statements of profit and loss		**38.4**	**14.8**
Cash flow hedges		2.6	4.6
Other comprehensive income (loss) from associated companies		-	-
Items that may be subsequently reclassified to statements of profit and loss		**2.6**	**4.6**
Other comprehensive income (loss), net of tax		**41.0**	**19.4**
Total comprehensive income (loss) to equity holders of PGS ASA		**8.2**	**(160.0)**

PGS ASA

Consolidated Statements of Changes in Shareholders' Equity

	Attributable to equity holders of PGS ASA					
(In millions of US dollars)	Share capital par value	Treasury shares par value	Additional paid-in capital	Accumulated earnings	Other capital reserves	Shareholders' equity
Balance as of January 1, 2021	**154.2**	**-**	**929.1**	**(675.6)**	**(11.3)**	**396.4**
Profit (loss) for the period	-	-	-	(179.4)	-	(179.4)
Other comprehensive income (loss)	-	-	-	14.8	4.6	19.4
Shares issued at conversion of convertible bond (a)	4.7	-	1.7	-	-	6.4
Share based payments	-	-	2.3	-	-	2.3
Balance as of December 31, 2021	**158.9**	**-**	**933.1**	**(840.2)**	**(6.7)**	**245.1**
Profit (loss) for the period	-	-	-	(32.8)	-	(32.8)
Other comprehensive income (loss)	-	-	-	38.4	2.6	41.0
Shares issued at conversion of convertible bond (a)	7.7	-	7.0	-	-	14.8
Share based payments	-	-	1.2	-	-	1.2
Shares issued for cash consideration (b)	146.6	-	94.8	-	-	241.4
Acquired treasury shares (c)	-	(0.2)	(0.2)	-	-	(0.4)
Share based payments, equity settled (c)	-	0.1	(0.1)	-	-	-
Balance as of December 31, 2022	**313.2**	**(0.1)**	**1,035.8**	**(834.6)**	**(4.1)**	**510.3**

(a) In 2021, the Company received conversion notices from holders of the convertible bond representing USD 4.7 million of this bond issue, which pursuant to the bond terms were converted into 12,376,228 new shares. In 2022, the Company exercised and settled its issuer conversion option under the convertible bond whereby all outstanding bonds with an aggregate nominal amount of USD 7.7 million were converted into 25,237,631 shares. As a part of the bond settlement USD 7.0 million was credited to additional paid-in capital.

(b) In 2022, the Company issued 483,622,019 new shares following private placements and a subsequent offering raising approximately NOK 2,477.2 million (corresponding to USD 241.4 million) as equity. Transaction costs amounting to $5.1 million were recognized against additional paid-in capital.

(c) In 2022, the Company initiated and completed a share buy-back program to cover settlement of Performance based Restricted Stock Units ("PRSU's") granted under the Company's 2019 Long Term Incentive Plan for employees. 500,000 shares were bought back under the program and 230,169 shares were used in settlement to employees.

PGS ASA

Consolidated Statements of Financial Position

(In millions of US dollars)	Note	December 31, 2022	2021
ASSETS			
Current assets			
Cash and cash equivalents	22	363.8	170.0
Restricted cash	14	11.6	16.1
Accounts receivables	5, 22	169.4	134.6
Accrued revenues and other receivables	5, 15	144.9	55.9
Other current assets	16	61.7	56.4
Total current assets		**751.4**	**433.0**
Non-current assets			
Property and equipment	17	740.4	787.4
MultiClient library	18	300.3	415.6
Restricted cash	14	59.2	57.6
Other non-current assets	19	28.6	14.7
Other intangible assets	20	73.4	84.5
Total non-current assets		**1,201.9**	**1,359.8**
Total assets		**1,953.3**	**1,792.8**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Interest bearing debt	21, 22	367.1	162.6
Lease liabilities	21, 22	32.9	35.9
Accounts payable	22	45.6	45.3
Accrued expenses and other current liabilities	24	104.2	80.5
Deferred revenues	5	154.4	123.4
Income taxes payable	12	20.4	16.7
Total current liabilities		**724.6**	**464.4**
Non-current liabilities			
Interest bearing debt	21, 22	659.7	973.5
Lease liabilities	21, 22	54.3	79.0
Deferred tax liabilities	12	0.1	0.1
Other non-current liabilities	25	4.3	30.7
Total non-current liabilities		**718.4**	**1,083.3**
Shareholders' equity			
Share capital; par value NOK 3; issued and outstanding 909,549,714 shares	27	313.2	158.9
Treasury shares; par value	27	(0.1)	-
Additional paid-in capital	27	1,035.8	933.1
Total paid-in capital		**1,349.0**	**1,092.0**
Accumulated earnings		(834.6)	(840.2)
Other capital reserves		(4.1)	(6.7)
Total shareholders' equity		**510.3**	**245.1**
Total liabilities and shareholders' equity		**1,953.3**	**1,792.8**

Weybridge, March 1, 2023

Board of Directors

PGS ASA

Walter Qvam
Chairperson

Anne Grethe Dalane
Vice Chairperson

Marianne Kah
Board Member

Richard Herbert
Board Member

Trond Brandsrud
Board Member

Anette Valbø
Board Member

Eivind Vesterås
Board Member

Gunhild Myhr
Board Member

Shona Grant
Board Member

Ebrahim Attarzadeh
Board Member

Rune Olav Pedersen
President & Chief Executive Officer

PGS ASA

Consolidated Statements of Cash Flows

		Year ended December 31,	
(In millions of US dollars)	Note	**2022**	**2021**
Income (loss) before income tax expense (a)		***(6.7)***	***(163.8)***
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, amortization, impairment	8	354.2	494.5
Share of results in associated companies	19	4.9	(1.1)
Interest expense	10	110.3	99.4
Interest income	11	(7.0)	(0.3)
Loss (gain) on sale and retirement of assets		(1.0)	(0.3)
Income taxes paid	12	(22.5)	(11.7)
Other items		6.6	(0.8)
(Increase) decrease in accounts receivables, accrued revenues & other receivables		(124.7)	(32.8)
Increase (decrease) in deferred revenues	5	31.0	(65.2)
Increase (decrease) in accounts payable		1.2	15.2
Change in other current items related to operating activities		36.1	(5.2)
Change in other non-current items related to operating activities		(11.1)	(1.3)
Net cash provided by operating activities		**371.3**	**326.6**
Investment in MultiClient library	18	(106.4)	(127.3)
Investment in property and equipment	17	(48.6)	(35.4)
Investment in other intangible assets	20	(9.8)	(10.2)
Investment in other current -and non-current assets		1.8	-
Proceeds from sale and disposal of assets	17	1.2	1.0
Net cash provided by (used in) investing activities		**(161.8)**	**(171.9)**
Proceeds, net of deferred loan costs, from issuance of long-term debt	21	47.1	(19.5)
Interest paid on interest bearing debt		(90.5)	(80.8)
Repayment of interest bearing debt	21	(170.1)	-
Proceeds from share issue (a)		241.4	-
Share buy-back		(0.4)	-
Payment of lease liabilities (recognized under IFRS 16)	21, 23	(36.1)	(40.3)
Payments of leases classified as interest	23	(6.4)	(8.9)
Decrease (increase) in restricted cash related to debt service		(0.7)	8.1
Net cash provided by (used in) financing activities		**(15.7)**	**(141.4)**
Net increase (decrease) in cash and cash equivalents		193.8	13.3
Cash and cash equivalents as of January 1		170.0	156.7
Cash and cash equivalents as of December 31		**363.8**	**170.0**

a) Net of approximately 2% transaction cost and at the NOK/USD exchange rate at the date of receiving funds.

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

General information

PGS ASA is a public limited liability company established under the laws of the Kingdom of Norway in 1991. Unless stated otherwise, references herein to the "Company", the "Group" and "PGS" refer to PGS ASA 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 March 1, 2023.

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.

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 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 ment. The cost of internally generated intangible assets, other than those specified below, is expensed as incurred.

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 is 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 is 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 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 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 8.

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 8.

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.

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 and operations equipment, incl. 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 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 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.

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 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 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 ("PRSUs") 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 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 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 have 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 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 Restricted Stock Units and Performance Restricted Stock Units is reflected as additional share dilution in the computation of earnings per share.

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 1 January 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Conceptual Framework for Financial Reporting issued on 29 March 2018
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 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.

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 1 January 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 1 January 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 techniquesand inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 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 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 1 January 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, 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.

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.

Impairment of seismic vessel 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 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 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 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 economical 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).

As of December 31, 2022, aggregate unrecorded deferred tax assets of the Company amount to $381.5 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 12 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 22 for further information.

Note 4 – Segment Reporting

PGS has one operating segment focused on delivery of seismic data and services, which matches the internal reporting to the Company's executive management.

Following the implementation of the new accounting standard for revenues, IFRS 15, in 2018, MultiClient pre-funding revenues are no longer recognized under the previously applied percentage-of-completion ("POC") method. Instead, all such revenues are generally recognized at the "point in time" when the customer receives access to, or delivery of, the finished data which often will take place a year or more after the acquisition of data due to the time required to complete data processing.

PGS management did, for the purpose of its internal reporting, continue to report according to the principle applied in 2017 and earlier years, where MultiClient pre-funding revenue is recognized on a POC basis, and the related amortization of MultiClient library based upon the ratio of aggregate capitalized survey costs to forecasted sales. This differs from IFRS reporting which recognizes revenue from MultiClient pre-funding agreements and related amortization at the "point in time" when the customer receives access to, or delivery of, the finished data.

From January 1, 2022, PGS changed its Segment Reporting measurement to simplify external and internal reporting. In Q4 2022, PGS re-introduced revenues recognized under the POC method as its basis for internal reporting as this is more aligned with activity level and was ultimately concluded to be a preferred measurement of performance and basis for decision making.

The table below provides a reconciliation of the Company's segment numbers ("Produced") against the financial statements prepared in accordance with IFRS ("As Reported"):

	Year ended December 31,					
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
(In millions of US dollars)	Produced		Adjustments		As Reported	
Total revenues and other income*	817.2	590.9	7.9	113.8	825.1	703.8
Net operating expenses	(370.5)	(269.8)	-	-	(370.5)	(269.8)
EBITDA	**446.7**	**320.2**	**7.9**	**113.8**	**454.6**	**434.0**

*Includes Other Income of nil and $6.0 million from US government grants in 2022 and 2021, respectively. See note 6.

	Year ended December 31,					
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
(In millions of US dollars)	Produced		Adjustments		As Reported	
-Contract seismic	336.3	207.8	-	-	336.3	207.8
-MultiClient pre-funding	131.5	133.9	7.9	113.8	139.4	247.7
-MultiClient late sales	326.7	220.4	-	-	326.7	220.4
-Imaging	22.7	21.7	-	-	22.7	21.7
-Other Income*	-	6.2	-	-	-	6.2
Total Revenues and Other Income	**817.2**	**590.0**	**7.9**	**113.8**	**825.1**	**703.8**

*Includes Other Income of nil and $6.0 million from US government grants in 2022 and 2021, respectively. See note 6.

For the year ended December 31, 2022 MultiClient pre-funding revenues, As Reported, were higher than Produced pre-funding revenues.

Set out below is the reconciliation of the Company's segment numbers with the amounts disclosed in revenues from contracts with customers (note 5):

	Year ended December 31,	
(In millions of US dollars)	**2022**	**2021**
Revenues, Produced*	**817.2**	**584.0**
Produced MultiClient revenue for projects not yet delivered	(94.0)	(82.3)
Produced MultiClient revenue from previous years relating to projects delivered with revenue recognized under IFRS	101.9	196.1
Revenues, As Reported	**825.1**	**697.8**

*Excluding government grants presented at Other income (see note 6)

The difference is related to timing of recognition of MultiClient pre-funding revenues. Refer to note 2 for further information.

Because the Company provides services worldwide to the oil and gas industry, a substantial portion of the property and equipment is mobile, and their respective locations at the end of each period are not necessarily indicative of the earnings generated by the related property and equipment during the period. Property and equipment and other non-current assets are classified based upon location of ownership. The geographic classification of statements of profit and loss items is based upon location of performance or, in the case of MultiClient seismic data sales, the geographic area covered by the data being licensed.

Geographical markets (In millions of US dollars)	Year ended December 31, 2022 Produced	2021 Produced	2022 As Reported	2021 As Reported
Norway	181.1	178.7	136.5	199.0
Asia/Pacific	111.7	70.8	103.5	92.3
Americas* (excluding Brazil and Canada)	107.0	56.0	107.0	56.7
Brazil	79.7	24.3	108.2	13.7
Africa (excluding Angola, South Africa)	66.3	8.7	45.6	38.3
Angola	64.9	49.6	94.5	70.6
Canada	61.5	68.2	69.0	71.7
United Kingdom	37.1	43.8	43.5	44.8
Greece	33.6	-	25.1	-
Cyprus	32.4	-	32.4	-
Middle East/Other (excluding Egypt)	28.9	1.5	28.9	1.4
Egypt	11.9	57.2	29.8	84.1
Ukraine	1.1	30.0	1.1	30.0
South Africa	-	1.2	-	1.2
Total Revenues and Other Income	**817.2**	**590.0**	**825.1**	**703.8**

* Includes Other Income of $6.0 million in government grants in 2021. See note 6.

Total non-current assets (a) (In millions of US dollars)	December 31, 2022	2021
Norway	836.9	974.6
Americas (excluding Brazil)	104.6	98.1
Brazil	54.2	92.5
Africa	51.9	60.8
Asia/Pacific	47.8	46.8
Middle East/Other	14.5	13.6
Europe (excluding Norway)	10.7	13.4
Total	**1,120.6**	**1 299.8**

(a) Consists of Property and equipment, MultiClient library, Investments in associated companies (note 19) and Other intangible assets.

Note 5 — 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	336.3	207.8
MultiClient pre-funding	139.4	247.7
MultiClient late sales	326.7	220.4
Imaging	22.7	21.7
Other	-	0.2
Total revenues from contracts with customers	**825.1**	**697.8**

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 partner.

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	440.2	433.1
Services transferred over time	384.9	264.7
Total revenues from contracts with customers	**825.1**	**697.8**

*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

	December 31,	
(In millions of US dollars)	**2022**	**2021**
Accounts receivables from contracts with customers	169.4	134.6
Accounts receivables	**169.4**	**134.6**

Contract balances

Balances related to customer contracts consists of the following;

	December 31,		January 1,
(In millions of US dollars)	**2022**	**2021**	**2021**
Accounts receivables	169.4	134.6	100.6
Accrued revenues (note 15)	143.1	52.8	55.7
Total assets from contracts with customers	**312.5**	**187.4**	**156.3**
Deferred revenues	154.4	123.4	188.6
Total liabilities from contracts with customers	**154.4**	**123.4**	**188.6**

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:

	Year ended December 31,	
(In millions of US dollars)	**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 preformed 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 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:

	Year ended December 31,	
(In millions of US dollars)	**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 6 – Other Income

	Year ended December 31,	
(In millions of US dollars)	**2022**	**2021**
Government grants	-	6.0
Total Other income	**-**	**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 7 – Cost of Sales

	Year ended December 31,	
(In millions of US dollars)	**2022**	**2021**
Vessel costs & direct project cost	(342.4)	(275.5)
New Ventures, project porfolio & Imaging	(78.8)	(62.3)
Technology/ digitalization & other	(12.7)	(13.5)
Total cost of sales, gross	**(433.9)**	**(351.3)**
Steaming deferral, net	2.8	(3.2)
Less amount capitalized to MultiClient library	106.4	127.3
Total cost of sales, net	**(324.7)**	**(227.2)**

Note 8 – Depreciation, Amortization and Impairments of Non-current Assets

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

	Year ended December 31,	
(In millions of US dollars)	**2022**	**2021**
Amortization of MultiClient library (note 18)	(135.7)	(151.2)
Accelerated amortization of MultiClient library (note 18)	(105.9)	(214.2)
Impairment of MultiClient library (note 18)	(11.5)	(13.6)
Amortization and impairment of MultiClient library	**(253.1)**	**(379.0)**

Total amortization of the MultiClient library in 2022 was $241.6 million, compared to $365.4 million in 2021. The decrease is mainly driven by less MultiClient projects 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.

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 30% 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:

	Year ended December 31,	
(In millions of US dollars)	**2022**	**2021**
Gross depreciation and amortization *	(122.2)	(142.4)
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)	**(95.9)**	**(100.6)**

* 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:

	Year ended December 31,	
(In millions of US dollars)	**2022**	**2021**
Impairment of property and equipment (note 17)	-	(15.0)
Impairment of other intangible assets (note 20)	(5.7)	-
Gain (loss) from sale of non-current assets	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.

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 9 – Other Charges, Net

Other charges, net consist of the following:

	Year ended December 31,	
(In millions of US dollars)	**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 10 – Interest Expense

Interest expense consists of the following:

	Year ended December 31,	
(In millions of US dollars)	**2022**	**2021**
Interest on debt, gross	(109.4)	(98.0)
Imputed interest cost on lease agreements (note 23)	(6.4)	(8.7)
Interest capitalized to the MultiClient library (note 18)	5.5	7.3
Total	**(110.3)**	**(99.4)**

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 $11.4 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.

Note 11 – Other Financial Expense, Net

Other financial expense, net, consists of the following:

	Year ended December 31,	
(In millions of US dollars)	2022	2021
Interest income	7.0	0.3
Currency exchange gain/(loss)	4.3	(1.0)
Loss related to modification of debt	-	(7.7)
Net gain related to extinguishment of debt	-	9.4
Net gain/(loss) on separate derivative financial instrument	(7.6)	0.9
Other	(1.1)	(1.3)
Total	**2.6**	**0.6**

Interest income for 2022 increased by $6.7 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 $4.7 million compared to a gross increase of $11.4 million (see Note 10).

Currency gain for 2022 was $4.3 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.

In 2022, the $7.6 million loss on separate derivative financial instrument at fair value relates to the conversion right in the convertible bond and the increase of the share price until settlement. The derivative instrument was settled August 25, 2022, through conversion of the remaining amount of the bond to shares. Refer to Note 21 and 22 for more information

Note 12 – Income Taxes

Income tax consists of the following:

	Year ended December 31,	
(In millions of US dollars)	2022	2021
Current taxes	(26.1)	(15.6)
Deferred taxes	-	-
Total income tax expense	**(26.1)**	**(15.6)**

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.

	Year ended December 31,	
(In millions of US dollars)	2022	2021
Income (loss) before income tax	(6.7)	(163.8)
Norwegian statutory rate	22%	22%
Provision for income taxes at statutory rate	1.5	36.0
Increase (reduction) in income taxes from:		
Effect of tax rates other than statutory tax rate in Norway	2.1	1.8
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 (a)	(39.0)	(11.7)
Changes in unrecognized deferred tax assets	48.4	(15.3)
Prior period adjustments	(17.2)	(21.2)
Other permanent items	0.4	(0.5)
Income tax	**(26.1)**	**(15.6)**

(a) 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	(288.6)	(336.0)
Property and equipment	(45.8)	(56.3)
Other	(59.7)	(36.0)
Deferred tax assets, gross	**(394.1)**	**(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	(381.4)	(429.8)
Deferred tax assets not recognized in the consolidated statements of financial position	381.5	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.

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 deferred tax assets	Unrecognized deferred tax assets
Norway	1,049.6	None	-	230.9
UK	77.1	None	-	14.6
Other	57.2	Various	-	43.1
	1,183.9		**-**	**288.6**

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

Provisions for uncertain tax positions

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 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.

Total provision for uncertain tax positions is recognized as follows:

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

Note 13 – Earnings Per Share Information

Specification of average number of shares:

	Year ended December 31,	
	2022	**2021**
Weighted average basic shares outstanding (a)	592,416,941	394,943,744
Dilutive potential shares	8,090,417	29,779,850
Weighted average diluted shares outstanding	**600,507,358**	**424,723,594**

(a) Weighted average basic shares outstanding for each year is reduced by the average number of treasury shares owned by the Company during the year (see Note 27).

Note 14 – Restricted Cash

Restricted cash consists of the following:

	December 31,	
(In millions of US dollars)	**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 tax disputes (note 12)	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 15 – Accrued Revenues and Other Receivables

Accrued revenues and other receivables consist of the following:

	December 31,	
(In millions of US dollars)	**2022**	**2021**
Accrued revenues	143.1	52.8
Other receivables	1.8	3.1
Total	**144.9**	**55.9**

Note 16 – Other Current Assets

Other current assets consist of the following:

(In millions of US dollars)	December 31, 2022	2021
Consumables, supplies and fuel inventory	29.4	26.8
Deferred steaming and project costs	8.3	5.0
Prepaid operating expenses	9.1	10.8
Withholding taxes and taxes receivable	7.0	8.0
Prepaid insurance	3.8	4.0
Other	4.1	1.8
Total	**61.7**	**56.4**

Note 17 – 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**

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:

(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**
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.

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

Note 18 – MultiClient Library

The changes in the MultiClient library are as follows:

(In millions of US dollars)	2022	2021
Balance as of January 1,	**415.6**	**616.1**
Capitalized cash costs	106.4	127.2
Capitalized interest	5.5	7.3
Capitalized depreciation	25.9	43.9
Amortization expense	(135.7)	(151.2)
Accelerated amortization	(105.9)	(214.2)
Impairments (see note 7)	(11.5)	(13.6)
Other	-	0.1
Balance as of December 31,	**300.3**	**415.6**

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

	December 31,	
(In millions of US dollars)	2022	2021
Completed surveys:		
Completed during 2018	-	13.9
Completed during 2019	20.8	53.6
Completed during 2020	30.8	49.3
Completed during 2021	73.9	117.7
Completed during 2022	81.6	-
Completed surveys	**207.1**	**234.6**
Surveys in progress	**93.2**	**181.0**
MultiClient library	**300.3**	**415.6**

Note 19 – Other Non-Current Assets

Other non-current assets consist of the following:

	December 31,	
(In millions of US dollars)	2022	2021
Investments in associated companies	6.5	12.3
Pension Fund surplus (note 26) *	21.8	-
Other	0.3	2.4
Total	**28.6**	**14.7**

* Change is related to the Pension Fund moving from a deficit at the start of the year, to a surplus at the end of the year. Refer to note 26 for further information.

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

		December 31, 2022					
		PGS				Associated companys total	
(In millions of US dollars)	Jurisdiction	Ownership	Net book value	Share of profit and loss	Impairment	Profit (loss) for the year*	Equity*
Azimuth II Ltd	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)**		

		December 31, 2022					
		PGS				Associated companys total	
(In millions of US dollars)	Jurisdiction	Ownership	Net book value	Share of profit and loss	Impairment	Profit (loss) for the year*	Equity*
Azimuth II Ltd	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:

	December 31,	
(In millions of US dollars)	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**

Note 20 – 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	**284.4**	**-**	**284.4**
Amortization expense	15.1	-	15.1
Impairments	-	-	-
Reclassification	2.0	-	2.0
Amortization as of December 31, 2021	**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	**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.

Note 21 – Debt and Guarantees

Interest bearing debt consists of the following:

	December 31,	
(In millions of US dollars)	**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
Unsecured		
Convertible bond 5%, due 2024	-	8.6
Total loans and bonds, gross	**1,051.3**	**1 180.1**
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	(4.6)	(9.3)
Less effect from separate derivative financial instrument convertible bond	-	(5.1)
Non-current interest bearing debt	**659.7**	**973.5**

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.

The effect from a separate derivative financial instrument, the convertible bond, changed by $5.1 million in 2022 and is linked to the convertible bond debt component measured at fair value as of December 31, 2021. The convertible bond was settled in Q3 2022.

Undrawn facilities consists of:

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

Summary of net interest-bearing debt:

	December 31,	
(In millions of US dollars)	**2022**	**2021**
Loans and bonds gross	(1,051.3)	(1 180.1)
Cash and cash equivalents	363.8	170.0
Restricted cash (current and non-current)	70.8	73.7
Net interest bearing debt, excluding lease liabilities	**(616.7)**	**(936.4)**
Lease liabilities current	(32.9)	(35.9)
Lease liabilities non-current	(54.3)	(79.0)
Net interest bearing debt, including lease liabilities	**(703.9)**	**(1 051.3)**

Reconciliation of debt arising from financing activities:

(In millions of US dollars)	January 1, 2022	Cash flows: Repayment of interest bearing debt	Cash flows: Payment of lease liabilities	Cash flows: Proceeds, net of deferred loan costs, from issuance of non-current debt	Non-cash changes: Foreign exchange movement	Non-cash changes: Other	December 31, 2022
Secured debt	1,132.7	(170.1)	-	47.1	-	17.1	1,026.8
Bond debt	3.5	-	-	-	-	(3.5)	-
Lease liabilities	114.8	-	(36.1)	-	(2.4)	10.9	87.2
Total liabilities from financing activities	**1,251.0**	**(170.1)**	**(36.1)**	**47.1**	**(2.4)**	**24.5**	**1,114.0**

(In millions of US dollars)	January 1, 2021	Cash flows: Repayment of interest bearing debt	Cash flows: Payment of lease liabilities	Cash flows: Proceeds, net of deferred loan costs, from issuance of non-current debt	Non-cash changes: Foreign exchange movement	Non-cash changes: Other	December 31, 2021
Secured debt	1 150.4	-	-	(25.1)	-	7.4	1 132.7
Bond debt	-	-	-	5.7	(0.4)	(1.8)	3.5
Lease liabilities	158.6	-	(40.3)	-	(1.3)	(2.2)	114.8
Total liabilities from financing activities	**1 309.0**	**-**	**(40.3)**	**(19.4)**	**(1.7)**	**3.4**	**1 251.0**

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 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 will be 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 agreement.

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 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.

Convertible Bond

As part of the Transaction closed February 9, 2021, PGS issued convertible bond of NOK 116.2 million with 3 years tenor and 5% coupon paid semi-annually. The unsecured convertible bond ("CB") had PGS ASA as borrower and could from issuance and during the life of the bond be converted into new PGS shares at NOK 3 per share (corresponding to 38,720,699 shares, equaling 10% of the then currently outstanding PGS shares). As part of the Transaction certain lenders to the RCF and TLB facilities subscribed for the CB against conversion of a corresponding amount of their existing secured loans (~NOK 67.1 million/~$7.8 million) and for cash (~NOK 49.1 million/~$5.7 million). PGS was able to require that bondholders converted the CB into shares when the PGS share price exceeded NOK 6 for 30 consecutive trading days.

During 2021 bondholders representing NOK 40.4 million of the bond were converted into 13.5 million shares. In August 2022 the remainder of the bond representing NOK 75.7 million was converted into 25.2 million shares.

The right to convert the bond into shares is treated as a separate derivative financial instrument and accounted for as a liability measured at fair value. The equity conversion option was at inception on February 9, 2021, valued at $9.9 million and the debt component valued at $3.5 million. As of December 31, 2021, the remaining nominal amount of the CB was $8.6 million and the derivative financial instrument (relating to the conversion option) was valued at $5.1 million. For further information on accounting for a conversion right in a different currency (NOK), see Note 2.

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 14). Drawings under this facility represent the outstanding letters of credit and similar guarantees not reflected in the accompanying consolidated statements of financial position.

PGS ASA has guaranteed the payment obligation under the lease of PGS Apollo (see Note 23).

Note 22 – 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.

Nominal value and fair values of financial assets and liabilities

(In millions of US dollars)	Hierarchy Level	December 31, 2022 Nominal value	December 31, 2022 Fair values	December 31, 2021 Nominal value	December 31, 2021 Fair values
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)
Convertible Bond	2	-	-	(8.6)	(7.7)
Lease liabilities	2	(87.2)	(87.2)	(114.9)	(114.9)
At fair value through profit and loss					
Interest rate swaps	2	-	-	(0.5)	(0.5)
Option conversion	2	-	-	(4.1)	(4.1)
Derivatives designated as hedging instruments					
Interest rate swaps	2	-	-	(2.2)	(2.2)
Total		**(1,138.5)**	**(1,102.7)**	**(1 301.8)**	**(1 213.8)**

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 $363.8 million and 170,0 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 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%	265.2	3.09%
Debt at variable interest rate based on US dollar plus a margin	761.8	10.94%	689.9	7.43%
Variable interest rate debt with interest fixed	50.0	1.36%	225.0	1.93%

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 $4.8 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.

	December 31, 2022			December 31, 2021		
(in millions, local currency)	NOK	GBP	BRL	NOK	GBP	BRL
Restricted cash	33.4	-	99.7	32.6	-	99.7
Cash held as hedges	242.2	1.9	-	104.3	21.9	-
Current assets	49.4	0.9	57.3	19.6	0.8	23.0
Current liabilities	(177.3)	(2.1)	(152.4)	(139.0)	(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 non-current liabilities	-	(1.2)	-	(67.6)	(1.0)	-
Net statements of financial position exposure	**(9.8)**	**12.3**	**2.6**	**(337.1)**	**(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.

	December 31, 2022			December 31, 2021		
(in millions, local currency)	NOK	GBP	BRL	NOK	GBP	BRL
Impact on profit before tax: Gain / (loss)	0.1	(1.5)	(0.1)	(4.2)	(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:

	December 31,	
(In millions of US dollars)	**2022**	**2021**
Cash and cash equivalents	363.8	170.0
Restricted cash (note 13)	70.8	73.7
Accounts receivable	169.4	134.6
Accrued revenues and other receivables (note 15)	144.9	55.9
Total	**748.9**	**434.2**

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:

	December 31,	
(In millions of US dollars)	**2022**	**2022**
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:

December 31, 2022			Contractual cash flows*						
(In millions of US dollars)	**Nominal value**	**Notional value**	**Total**	**0-1 years**	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**Thereafter**
Non-derivative financial liabilities									
Trade payables	(45.6)	-	(45.6)	(45.6)	-	-	-	-	-
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	**(1,096.9)**	**-**	**(1,216.4)**	**(509.2)**	**(616.9)**	**(44.5)**	**(27.7)**	**(18.1)**	**-**
Derivative financial assets/liabilities									
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 21 for further information on debt classification.

December 31, 2021

(In millions of US dollars)	Nominal value	Notional value	Contractual cash flows Total	0-1 years	1-2 years	2-3 years	3-4 years	4-5 years	Thereafter
Non-derivative financial liabilities									
Trade payables	(45.3)	-	(45.3)	(45.3)	-	-	-	-	-
Debt with fixed interest rates	(265.1)	-	(288.9)	(20.0)	(118.6)	(60.0)	(44.6)	(27.7)	(18.1)
Debt with variable interest rates	(914.9)	-	(1,053.8)	(218.8)	(322.5)	(512.4)	-	-	-
Total	**(1,225.3)**	**-**	**(1,388.0)**	**(284.1)**	**(441.2)**	**(572.4)**	**(44.6)**	**(27.7)**	**(18.1)**
Derivative financial assets/liabilities									
Interest rate swaps hedge accounted	(2.2)	225.0	(2.2)	(2.1)	(0.1)	-	-	-	-
Forward exchange contracts used for hedging	-	-	-	-	-	-	-	-	-
Other foreign exchange contracts	-	-	-	-	-	-	-	-	-
Total	**(2.2)**	**225.0**	**(2.2)**	**(2.1)**	**(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 $319.7 million ($347.4 million including lease liabilities). Net interest-bearing debt amounted to $616.7 million on December 31, 2022, compared to $936.4 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 $363.8 million, compared to $170.0 million as of December 31, 2021. With the strong liquidity position and improving cash flow generation, the Company expects to be able to manage all scheduled amortization of debt in 2023. However, PGS will have to refinance before the final maturity of its Term Loan B in March 2024.

With improved financial performance and the strong reduction of net interest-bearing debt, PGS is well positioned to refinance ahead of the 2024 debt maturities. The debt market was challenging and volatile over the last year but has during the early parts of 2023 shown signs of improvement. However, market volatility remains a risk with respect to the cost and interest rate ultimately achievable in a refinancing. The Company expects to complete a refinancing during the first half of 2023.

The Company expects to be able to manage the above-mentioned risks. However, if unsuccessful, the Company may become unable to settle maturities or amortization on the agreed payment dates or breach a financial covenant in the main credit agreements. This would represent a default under the relevant agreements. In such 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. An event of default in one facility may represent an event of default in other facilities and agreements. Upon an event of default, there is a risk that the Term Loan B lenders inter alia having a pledge over the shares in PGS Holding II Ltd (a holding company that indirectly owns and controls all material subsidiaries of the group), by 50% majority can accelerate and enforce this and other pledges over all major assets. The ECF lenders may also enforce their pledges, including those over the four Titan class vessels. Such enforcement would likely imply continued operations for the operating companies in the group, but there is a risk PGS ASA, as a company left without its' material subsidiaries, will then enter insolvency.

Interest rate hedge accounting

The Company entered into interest rate swaps totaling a notional amount of $225 million 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 $175 million matured during 2022. The interest rate swaps had a positive fair value of $0.4 million and a negative fair value of $2.2 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 23 – 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:

(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 17)	-	0.2	0.2
Remeasurement/Other (note 17)	-	(3.2)	(3.2)
Impairment expense (note 17)	-	-	-
Depreciation expense (note 17)	(9.2)	(13.5)	(22.7)
Balance as of December 31, 2021	**31.4**	**23.3**	**54.7**
Additions (note 17)	-	11.6	11.6
Remeasurement/Other (note 17)	-	(0.3)	(0.3)
Impairment expense (note 17)	-	-	-
Depreciation expense (note 17)	(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:

	2022			**2021**		
(In millions of US dollars)	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 can be analysed as follows:

	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**

	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**	**59.8**	**128.7**

The following are the amounts recognised in profit and loss:

(In millions of US dollars)	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.

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 vessel for a price of $5.5 million per vessel 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 (2023).

Extension and termination options
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:

	December 31, 2022		
(In millions of US dollars)	Within five years	More than five years	Total
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**

	December 31, 2021		
(In millions of US dollars)	Within five years	More than five years	Total
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**

Note 24 – Accrued Expenses and Other Current Liabilities

Accrued expenses consist of the following:

	December 31,	
(In millions of US dollars)	2022	2021
Accrued capex	3.0	-
Accrued commissions	0.2	0.6
Accrued employee benefits	32.5	25.5
Accrued interest expenses	1.6	1.3
Accrued legal expenses	7.9	10.6
Accrued revenue share	19.2	2.0
Accrued sales tax and VAT	14.2	1.0
Accrued vessel operating expenses	23.3	13.2
Provision for onerous customer contracts	-	11.0
Other	2.3	15.3
Total	**104.2**	**80.5**

Note 25 – Other Non-Current Liabilities

Other non-current liabilities consist of the following:

	December 31,	
(In millions of US dollars)	2022	2021
Pension liability (note 26)	2.3	28.3
Other	2.0	2.4
Total	**4.3**	**30.7**

Note 26 – Pension Obligations

Defined benefits 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 30, 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.

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:

	December 31,	
(In millions of US dollars)	**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 25).

The net amount recognized as accrued pension surplus is presented as other non-current assets (see Note 19).

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

	Year ended December 31,	
(In millions of US dollars)	**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:

	Year ended December 31,	
(In millions of US dollars)	**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 acturial 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:

	December 31,	
(In millions of US dollars)	**2022**	**2021**
Fair value plan assets	136.9	194.2
Plan assets at fair value with quoted prices in active markets for identical assets		
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

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 27 — Shareholder Information

At the Annual General Meeting ("AGM") held on April 27, 2022, the following authorizations were given for the Board of Directors:

i. authorization to acquire treasury shares

ii. authorization to increase the share capital

iii. authorization to issue convertible loans

The Annual General Meeting held on April 27, 2022 is available for download at the PGS website.

As of December 31, 2021, PGS ASA had a share capital of NOK 1,202,003,091 comprising of 400,667,697 shares of par value NOK 3 each, all fully paid.

In Q2 2022, PGS successfully completed a private placement raising gross proceeds of NOK 800 million through the allocation of 216,216,216 new shares in the Company, each at a subscription right of NOK 3.70 per new share. Completion of the private placement and a subsequent offering was approved by an extraordinary general meeting approximately three weeks later.

In Q3 2022, the Company exercised and settled its issuer conversion option under the convertible bond whereby all outstanding bonds with an aggregate nominal amount of NOK 75,7 million were converted into 25,237,631 shares. As a part of the bond settlement NOK 68.9 million was credited to additional paid-in capital.

In Q4 2022, PGS successfully completed another private placement raising gross proceeds of NOK 1,536 million through the allocation of 229,250,000 new shares in the Company, each at a subscription right of NOK 6.70 per new share. Completion of the private placement was approved at an extraordinary general meeting approximately three weeks later.

The Company issued in total 483,622,019 new shares following the two private placements and a subsequent offering, raising approximately NOK 2,477.2 million (corresponding to USD 241.4 million) as equity.

As of December 31, 2022 PGS ASA had a share capital of NOK 2,728,649,142 comprising of 909,549,714 shares of par value NOK 3 each, all fully paid.

All shares have equal voting rights and equal rights to dividends. Any distribution of the Company's equity is dependent on the approval of the shareholders, and the ability to make distributions is limited by certain debt covenants and Norwegian Corporate Law. The ordinary shares are listed on the Oslo Stock Exchange.

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

The Company's holding of treasury shares reconciles as follows:

	Treasury shares	% of total shares outstanding
Balance as of January 1, 2021	**6,404**	**0.00%**
Share buy-back for settlement of PRSU's granted under 2018 LTI Plan	0	0.00%
Shares used in settlement of PRSU's granted under 2018 LTI Plan	(1,149)	0.00%
Balance as of December 31, 2021	**5,255**	**0.00%**
Share buy-back for settlement of PRSU's granted under 2019 LTI Plan	500,000	0.05%
Shares used in settlement of PRSU's granted under 2019 LTI Plan	(230,169)	(0.03%)
Balance as of December 31, 2022	**275,086**	**0.03%**

The 20 largest shareholders (a) in PGS ASA were as follows:

	December 31, 2022	
	Total shares	Ownership percent
Coltrane Asset Management, L.P.	147,725,792	16.2
DNB Asset Management AS	55,229,324	6.1
Interactive Brokers, L.L.C.	40,694,043	4.5
M & G Investment Management Ltd.	36,642,894	4.0
UBS AG London	29,808,558	3.3
MH Capital AS	25,871,562	2.8
BofA Global Research (UK)	16,714,543	1.8
Dimensional Fund Advisors, L.P.	16,454,694	1.8
Vicama Capital AS	12,845,121	1.4
Nordnet Livsforsikring AS	11,011,230	1.2
FIRST Fondene NCP	10,850,000	1.2
VICAMA AS	10,000,000	1.1
Morgan Stanley & Co. International Plc	9,536,064	1.0
Dinosaur Merchant Bank, Ltd.	9,500,000	1.0
BA5 Invest AS	9,360,796	1.0
Langebru AS	8,500,000	0.9
Oppenheimer & Co. Inc.	6,000,000	0.7
J.P. Morgan Securities plc	5,569,439	0.6
Acadian Asset Management LLC	5,531,519	0.6
Crèdit Andorrà Asset Management	5,242,443	0.6
Other	436,461,692	48.2
Total	**909,549,714**	**100.00**

(a) The data in this table is provided by Nasdaq IR Insight and is obtained through an analysis of beneficial ownership and fund manager information provided in replies to disclosure of ownership notices issued to all custodians in relation to the PGS share register provided by the Norwegian Central Securities Depository (VPS). Every reasonable effort has been made to verify the data, however neither PGS nor Nasdaq IR Insight can guarantee the accuracy of the analysis.

Shares owned or controlled by members of the Board of Directors, Chief Executive Officer and Other Executive Officers were as follows:

	December 31, 2022	
	Total shares	Ownership percent
Board of Directors		
Walter Qvam, Chairperson	135,000	(a)
Anne Grethe Dalane	73,000	(a)
Marianne Kah	68,589	(a)
Richard Herbert	116,000	(a)
Trond Brandsrud	110,000	(a)
Shona Grant	75,000	(a)
Ebrahim Attarzadeh	140,000	(a)
Eivind Vesterås	158,500	(a)
Anette Valbø	13,354	(a)
Gunhild Myhr	-	-
Chief Executive Officer and Other Executive Officers		
Rune Olav Pedersen, President and Chief Executive Officer	644,365	(a)
Gottfred Langseth, Executive Vice President and Chief Financial Officer	1,268,297	(a)
Rob Adams, Executive Vice President of Operations	16,126	(a)
Berit Osnes, Executive Vice President New Energy	54,377	(a)
Nathan Oliver, Executive Vice President of Sales & Services	15,000	(a)

(a) Less than 1% of the Company's shares as of December 31, 2022

Note 28 – Related Party Transactions

The following transactions were carried out with related parties:

	Year ended December 31,	
(In millions of US dollars)	**2022**	**2021**
Sale of goods and services		
Associates – MultiClient data	-	-
Associates – Other services	33.7	36.4

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

The Company has $0.2 million and $1.6 million in outstanding balances with related parties as of December 31, 2022 and 2021, respectively.

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

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.

Note 29 – 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.

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

Year ended December 31, 2022

Grant date	PRSUs as of December 31, 2021	PRSUs granted 2022	PRSUs forfeited	PRSUs settled relating to 2019 PRSU grant	PRSUs lapsed relating to 2019 PRSU grant	PRSUs 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	PRSUs as of December 31, 2020	PRSUs granted 2021	PRSUs forfeited	PRSUs settled relating to 2018 PRSU grant	PRSUs lapsed relating to 2018 PRSU grant	PRSUs 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 and PRSU outstanding December 31,2021	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.

Note 30 – 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:

	Year ended December 31,	
(In millions of US dollars)	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") and Senior Executives

In 2022, the Company paid compensation to its President and CEO and other executive officers as follows:

	Total compensation paid in 2022 (a)					
Name	Fixed salary	Bonus (b)	PRSUs (c)	Other benefits (d)	Total paid salary and compensation (in dollars)	Pension benefits (e)
Rune Olav Pedersen						
President and Chief Executive Officer	575,803	306,452	31,550	17,083	984,860	164,899
Gottfred Langseth						
Executive Vice President and Chief Financial Officer	423,734	111,449	14,085	22,374	609,347	92,315
Nathan Oliver						
Executive Vice President of Sales & Services	365,690	130,450	14,085	41,699	586,201	35,082
Berit Osnes						
Executive Vice President of New Energy (e)	365,690	102,751	14,085	12,052	528,855	43,862
Rob Adams						
Executive Vice President of Operations	366,961	130,450	5,634	17,533	554,856	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.

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

Name	PRSUs as of December 31, 2021	PRSUs granted 2022	PRSUs settled relating to 2019 PRSU grant	Market value PRSUs settled relating to 2019 PRSU grant (USD)	PRSUs lapsed relating to 2019 PRSU grant	PRSUs as of December 31, 2022	Weighted average remaining contractual term
Rune Olav Pedersen	756,000	469,000	(40,748)	31,550	(127,252)	1,057,000	1.79
Gottfred Langseth	325,000	196,000	(18,191)	14,085	(56,809)	446,000	1.76
Nathan Oliver	325,000	196,000	(18,191)	14,085	(56,809)	446,000	1.76
Berit Osnes	250,000	140,000	(18,191)	14,085	(56,809)	315,000	1.97
Rob Adams	280,000	196,000	(7,276)	5,634	(22,724)	446,000	1.66

In 2021, the Company paid compensation to its President and CEO and other executive officers as follows:

	Total compensation paid in 2021 (a)					
Name	**Fixed salary**	**Bonus (b)**	**PRSUs**	**Other benefits (c)**	**Total paid salary and compensation (in dollars)**	**Pension benefits (d)**
Rune Olav Pedersen						
President and Chief Executive Officer	612,364	-	-	18,800	631,164	174,332
Gottfred Langseth						
Executive Vice President and Chief Financial Officer	458,588	-	-	24,847	483,435	99,050
Nathan Oliver						
Executive Vice President of Sales & Services	397,978	-	-	45,989	443,967	38,281
Berit Osnes						
Executive Vice President of New Ventures (f)	307,467	-	-	9,751	317,218	35,594
Rob Adams						
Executive Vice President of Operations	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.

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

Name	PRSUs as of December 31, 2020	PRSUs granted 2021	PRSUs settled relating to 2018 PRSU grant	Market value PRSUs settled relating to 2018 PRSU grant (USD)	PRSUs lapsed relating to 2018 PRSU grant	PRSUs as of December 31, 2021	Weighted average remaining contractual term
Rune Olav Pedersen	462,000	420,000	-	-	(126,000)	756,000	1.79
Gottfred Langseth	210,000	175,000	-	-	(60,000)	325,000	1.76
Nathan Oliver	180,000	175,000	-	-	(30,000)	325,000	1.76
Berit Osnes	149,000	125,000			(24,000)	250,000	1.97
Rob Adams	135,000	175,000	-	-	(30,000)	280,000	1.66

See note 27 for shares held by the Company's CEO and other executive officers and note 29 for further information on the share- based payments programs.

Rune Olav Pedersen, President and CEO of the Company, had an annual fixed salary of NOK 4,966,000 in 2022. The CEO has a mutual 6-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.

Other executive officers have similar provisions in their employment terms, with periods of notice of twelve months or less.

Further information on compensation of the CEO and other executive officers are provided in the Board of Directors' Policy on Remuneration to the Company's CEO and Senior Executives below.

Board of Directors

None of our Directors has any contract with the Company providing benefits upon termination of service.

The table below provides information about our Directors and compensation for 2022:

Name	Position	Director since	Term expire	Compensation (In dollars) (a)
Walter Qvam	Chairperson	2013	2023	109,118
Anne Grethe Dalane	Vice Chairperson	2013	2023	73,858
Marianne Kah	Director	2018	2023	73,928
Richard Herbert	Director	2017	2023	75,004
Trond Brandsrud	Director	2019	2023	68,932
Shona Grant	Director	2022	2023	33,548
Ebrahim Attarzadeh	Director	2022	2023	39,754
Eivind Vesterås	Director (Empl.rep)	2021	2023	12,569
Anette Valbø	Director (Empl.rep)	2015	2023	12,569
Gunhild Myhr	Director (Empl.rep)	2021	2023	12,569
			Total	**511,849**

(a) Amounts in NOK have been translated to US Dollars using average exchange rate for 2022 of NOK/USD 9.5472. None of the members or deputy members of the board received compensation from any other Group companies, except for the employee representatives. Their remuneration as employees is not included above.

The table below provides information about our Directors and compensation for 2021:

Name	Position	Director since	Term expire	Compensation (In dollars) (a)
Walter Qvam	Chairperson	2013	2022	110,070
Anne Grethe Dalane	Vice Chairperson	2013	2022	73,380
Marianne Kah	Director	2018	2022	68,422
Richard Herbert	Director	2017	2022	67,847
Trond Brandsrud	Director	2019	2022	67,510
Eivind Vesterås	Director (Empl.rep)	2021	2023	7,752
Anette Valbø	Director (Empl.rep)	2015	2023	11,629
Gunhild Myhr	Director (Empl.rep)	2021	2023	7,752
			Total	**414,362**

(a) Amounts in NOK have been translated to US Dollars using average exchange rate for 2021 of NOK/USD 8.5991. None of the members or deputy members of the board received compensation from any other Group companies, except for the employees.

See note 27 for shares held by the Company's Board of Directors.

Board of Directors' Policy on Remuneration to the CEO and Senior Executives

Pursuant to the Norwegian Public Limited Liability Companies Act, section 6-16 a(2), the Board prepares guidelines for executive remuneration. In accordance with this, PGS has prepared a Senior Executive Remuneration Report that is released alongside the Annual Report.

The Senior Executive Remuneration Report describes:

- The total remuneration paid to the CEO and Senior Executives during the previous fiscal year:
- Share based remuneration,
- Remuneration vs policy, voting and performance criteria, and
- CEO and Senior Executive remuneration – comparisons.

The Remuneration and Corporate Governance Committee of the Board is responsible for reviewing executive remuneration and making recommendations to the Board. The Board ensures that remuneration objectives reflect the convergence of the financial interests of executive personnel and shareholders.

The Senior Executive Remuneration Report is available for download at the PGS website.

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):

	Year ended December 31,	
(In millions of US dollars)	2022	2021
Audit fees	1.4	1.3
Tax services	0.2	0.2
All other fees	-	0.1
Total	**1.6**	**1.6**

Note 31 – 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 Logistico e Servicos 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%
PT Petroprima Geo-Servis Nusantara	Indonesia	94%
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%
Petroleum Geo-Services AS	Norway	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 Holding I Ltd	United Kingdom	100%
PGS Holding II Ltd	United Kingdom	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.

PARENT COMPANY FINANCIAL STATEMENTS

PGS ASA (Parent Company)

Statements of Profit and Loss

		Year ended December 31,	
(In millions of NOK)	Note	**2022**	**2021**
Revenue	2	**-**	**3.1**
Selling, general, administrative and other costs	2	(72.9)	(49.1)
Total operating expenses		**(72.9)**	**(49.1)**
Operating loss		(72.9)	(46.0)
Intercompany interest income (expense)	2	102.8	(16.9)
Other interest income (expense)	3	(18.4)	(26.1)
Dividends/group contributions received from subsidiaries	2	-	145.6
Other financial items, net	2, 4	(45.7)	(9.0)
Income (loss) before income taxes		**(34.2)**	**81.3**
Income tax	5	-	-
Net income (loss)		**(34.2)**	**81.3**

PGS ASA (Parent Company)

Statements of Financial Position

(In millions of NOK)	Note	December 31, 2022	2021
ASSETS			
Non-current assets:			
Shares in subsidiaries	1, 6	2 262.8	2 262.8
Intercompany receivables	1, 2	2 762.0	-
Total non-current assets		**5 024.8**	**2 262.8**
Current assets:			
Intercompany receivables	2	2.5	260.3
Other current assets		5.9	7.2
Restricted cash	7	0.3	0.5
Cash and cash equivalents	7	43.4	35.8
Total current assets		**52.1**	**303.9**
Total assets		**5 076.9**	**2 566.6**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity:			
Common stock; par value NOK 3; issued and outstanding 909,549,714 shares	8	2 718.6	1 202.0
Additional paid-in capital	8	(2.0)	-
Additional paid-in capital	8	7 040.2	5 994.4
Total paid in capital		**9 756.8**	**7 196.4**
Other equity	8	(4 799.0)	(4 764.9)
Total shareholders' equity		**4 957.8**	**2 431.5**
Non-current liabilities:			
Interest bearing debt	9, 10	-	30.5
Other non-current liabilities	10, 11	-	40.4
Total non-current liabilities		**-**	**70.9**
Current liabilities:			
Intercompany debt	2	13.5	-
Accrued expenses and other short-term liabilities	12	105.6	64.2
Total current liabilities		**119.1**	**64.2**
Total liabilities and shareholders' equity		**5 076.9**	**2 566.6**

Weybridge, March 1, 2023

Board of Directors

PGS ASA

Walter Qvam
Chairperson

Anne Grethe Dalane
Vice Chairperson

Marianne Kah
Board Member

Richard Herbert
Board Member

Trond Brandsrud
Board Member

Anette Valbø
Board Member

Eivind Vesterås
Board Member

Gunhild Myhr
Board Member

Shona Grant
Board Member

Ebrahim Attarzadeh
Board Member

Rune Olav Pedersen
President & Chief Executive Officer

PGS ASA (Parent Company)

Statements of Cash Flows

		Year ended December 31,	
(In millions of NOK)	Note	**2022**	**2021**
Cash flows provided by (used in) operating activities:			
Net income (loss)		(34.2)	81.3
Adjustments to reconcile net income to net cash used in operating activities:			
Dividends/group contributions	2	-	(145.6)
Foreign exchange (gain) loss, unrealized	4	(1.0)	(17.2)
Changes in current assets and current liabilities		301.9	(26.4)
Other items		67.6	36.1
Net cash provided by (used in) operating activities		**334.3**	**(71.8)**
Cash flows provided by (used in) investing activities:			
Investment in subsidiaries, net	2, 6	-	(1,038.6)
Received dividends from subsidaries	2	-	145.6
Reduced (increased) intercompany receivables	2	(2 762.0)	17.6
Increased (reduced) intercompany debt	2	13.2	15.7
Change in restricted cash	7	0.2	0.7
Net cash provided by (used in) investing activities		**(2 748.6)**	**(859.0)**
Cash flows provided by (used in) financing activities:			
Proceeds, net of deferred loan costs, from issuance of long-term debt	9	-	30.5
Share buy-back		(2.0)	-
Proceeds from share issue (a)	8	2 423.9	-
Net cash provided by (used in) financing activities		**2 421.9**	**30.5**
Net increase (decrease) in cash and cash equivalents		**7.6**	**(900.3)**
Cash and cash equivalents at beginning of year		35.8	936.1
Cash and cash equivalents at end of year		**43.4**	**35.8**

a) Net of approximately 2% transaction cost.

Note 1 — Summary of Significant Accounting Policies

PGS ASA (or "the Company") and its subsidiaries prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, while the Company prepares its financial statements in accordance with the Norwegian Accounting Act and accounting principles generally accepted in Norway ("N GAAP"). The Company's headquarters is at Oslo, Norway. The address is Lilleakerveien 4C, 0283 Oslo.

The Company applies the same accounting policies as described in note 2 in the notes to the consolidated financial statements where relevant, except that unrealized foreign exchange gain (loss) on non-current intercompany loans is recognized in the statements of profit and loss. The functional currency is Norwegian kroner ("NOK") for the financial statements prepared in accordance with the Norwegian Accounting Act and accounting principles generally accepted in Norway ("N GAAP").

Shares in subsidiaries (see note 6) 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. There is no fixed plan for repayment of long-term intercompany receivables and payables.

The statement of cash flows is set up using the indirect method.

Note 2 — Intercompany Transactions

Transactions with subsidiaries are mainly related to guarantees and financing activities. In 2022, there was no charge out of management fee, while NOK 3.1 million in management fee were charged to PGS Geophysical AS in 2021. Guarantee fee income is NOK 2.8 million and NOK 3.4 million in 2022 and 2021, respectively. No dividends or group contributions in 2022, while dividends and group contributions from subsidiaries amounted to NOK 145.6 million in 2021.

Intercompany transactions in the statements of profit and loss consist of:

Subsidiaries	**Year ended December 31, 2022**	
(In millions of NOK)	**Net interest**	**Net Receivables/ (Liabilities)**
Petroleum Geo-Services AS	102.8	2 761.8
PGS Geophysical AS	-	(13.5)
PGS Titans AS	-	0.8
Petroleum Geo-Services, Inc.	-	0.6
PGS Exploration (UK) Ltd.	-	0.7
PGS Suporte Logistico e Servicos Ltda.	-	0.5
Other	-	0.1
Sum transactions intercompany	102.8	2 751.0
Accumulated impairment		-
Net transactions intercompany		**2 751.0**

Subsidiaries	**Year ended December 31, 2021**	
(In millions of NOK)	**Net interest**	**Net Receivables/ (Liabilities)**
Petroleum Geo-Services AS	16.9	259.1
Petroleum Geo-Services, Inc.	-	0.2
PGS Exploration (UK) Ltd.	-	0.6
PGS Suporte Logistico e Servicos Ltda.	-	0.3
PGS Imaging, Inc.	-	0.1
Sum transactions intercompany	16.9	260.3
Accumulated impairment		-
Net transactions intercompany		**260.3**

Note 3 – Interest Expense, Net

Interest expense, net, consists of:

	Year ended December 31,	
(In millions of NOK)	2022	2021
Interest income, external	0.6	0.1
Interest expense, external	(19.0)	(26.2)
Total	**(18.4)**	**(26.1)**

Note 4 – Other Financial Items, Net

Other financial items, net, consist of:

	Year ended December 31,	
(In millions of NOK)	2022	2021
Foreign currency (loss) gain, realized and unrealized	(40.0)	(7.4)
Guarantee fee	2.8	3.4
Other	(8.6)	(5.1)
Total	**(45.7)**	**(9.0)**

Note 5 – Income Taxes

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

	Year ended December 31,	
(In millions of NOK)	2022	2021
Income before income taxes	(34.2)	81.3
Norwegian statutory tax rate	22%	22%
Provision for income taxes at the statutory rate	7.5	(17.9)
(Increase) reduction in income taxes from:		
Other permanent items	-	31.6
Correction previous year	-	(12.8)
Changes in unrecognized deferred tax assets	-	(0.9)
Income tax (expense) benefit	**-**	**-**

	Year ended December 31,	
(In millions of NOK)	2022	2021
Temporary differences relate to:		
Property plant and equipment	0.1	0.1
Tax losses carried forward	4 845.5	4 811.3
Deferred tax assets, net	1 066.0	1 058.5
Deferred tax assets not recognized in the statement of financial position	(1 066.0)	(1 058.5)
Net recognized Deferred tax assets	**-**	**-**

Note 6 – Shares in Subsidiaries

Shares in subsidiaries are recognized in PGS ASA balance sheet at cost less any impairment.

			As of December 31, 2022			
(In millions of NOK)	Registered office	Shareholding (a)	Book value (b)	Equity (b)	Impairments 2022	Net income/ (loss) 2022
PGS Holding I Ltd (UK)	Oslo	100%	2 262.8	2 252.1	-	-
PT Petroprima Geo-Servis Nusantara	Indonesia	93%	-	(31.2)	-	(85.7)
Total			**2 262.8**		**-**	

(a) Voting rights are equivalent to shareholding for all companies.
(b) The numbers are preliminary and statutory audit has not been completed.

As of 31 December 2022, PGS ASA has accumulated impairments related to shares in subsidiaries totaling NOK 2.7 million. This is entirely related to the company PT Petroprima Geo-Servis Nusantara.

For additional information on impairment of shares in subsidiaries and intercompany receivables, see note 1.

Note 7 – Restricted Cash

Restricted cash consists of:

	December 31,	
(In millions of NOK)	2022	2021
Payroll withholding taxes	0.3	0.5
Total	**0.3**	**0.5**

Note 8 – Shareholders' Equity

Changes in shareholders' equity for the years ended December 31, 2022 and 2021 are as follows:

	Paid-in capital				
(In millions of NOK)	Share capital	Treasury shares, par value	Additional paid-in capital	Other equity	Shareholders' equity
Balance as of December 31, 2020	**1 161.6**	**(0.0)**	**5 958.3**	**(4 846.1)**	**2 273.8**
Share based payments	-	-	21.7	-	21.7
Shares issued at conversion of convertible bond (a)	40.4	-	14.4	-	54.8
Net income (loss)	-	-	-	81.3	81.3
Balance as of December 31, 2021	**1 202.0**	**(0.0)**	**5 994.4**	**(4 764.8)**	**2 431.5**
Share based payments	-	-	10.1	-	10.1
Shares issued at conversion of convertible bond (a)	65.8	-	59.7	-	125.5
Shares issued for cash consideration (b)	1 450.8	-	973.1	-	2 423.9
Acquired treasury shares (c)	-	(2.0)	(1.6)	-	(3.6)
Interest rate swap (net of tax)	-	-	4.6	-	4.6
Net income (loss)	-	-	-	(34.2)	(34.2)
Balance as of December 31, 2022	**2 718.6**	**(2.0)**	**7 040.3**	**(4 799.0)**	**4 957.8**

(a) In 2021, PGS ASA received conversion notices from holders of the convertible bond representing NOK 40.4 million that have been converted into 13 460 701 shares. In 2022 the Company exercised and settled its issuer conversion option under the convertible bond whereby all outstanding bonds with an aggregate nominal amount of NOK 75.7 million were converted into 25 237 631 shares.

(b) In 2022, the Company issued 483 622 019 new shares following private placements and a subsequent offering raising approximately NOK 2 477.2 million as equity. Transaction costs amounting to NOK 53.3 million were recognized against additional paid-in capital.

(c) In 2022, the Company initiated and complated a share buy-back program to cover settlement of Performance based Restricted Stock Units ("PRSU's") granted under the Company's 2019 Long Term Incentive Plan for employees. 500 000 shares were bought back under the programme.

Note 9 – Debt and Guarantees

Long term debt consists of the following:

	December 31,	
(In millions of NOK)	2022	2021
Unsecured:		
Convertible bond 5%, due 2024	-	75.7
Total	**-**	**75.7**
Less effect from separate derivative financial instrument convertible bond	-	(45.3)
Total non-current interest bearing debt	**-**	**30.5**

In 2022, the Company exercised and settled its issuer conversion option under the convertible bond whereby all outstanding bonds with an aggregate nominal amount of NOK 75.7 million were converted into 25,237,631 shares.

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 of cash and cash equivalents, restricted cash, accounts receivable, accrued revenues and other receivables, other current assets, accounts payable and accrued expenses classified at amortized cost approximate their respective fair values because of the short maturities of those instruments.

The fair values of the non-current debt instruments, forward exchange contracts and interest rate swaps are estimated using quotes obtained from dealers in such financial instruments or latest quoted prices or indexes at Reuters or Bloomberg. Where market prices are not observed or quotes from dealers are not obtained, an indirect method is used by use of implied credit spread from debt instrument with similar risk characteristics.

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

		December 31, 2022		December 31, 2021	
(In millions of NOK)		Nominal value	Fair value	Nominal value	Fair value
Financial liabilities					
Financial liabilities at amortised cost					
Debt with fixed interest rate	2	-	-	-	-
Debt with variable interest rate	2	-	-	-	-
Convertible bond	2	-	-	(75.8)	(67.6)
At fair value through profit and loss					
Foreign exchange contracts	2	-	-	-	-
Interest rate swaps	2	-	-	(4.5)	(4.5)
Convertible bond option conversion	2	-	-	(35.9)	(35.9)
Derivatives designated as hedging instruments					
Interest rate swaps	2	-	-	-	-
Foreign exchange contracts	2	-	-	-	-
Total		**-**	**-**	**(116.2)**	**(107.9)**

Note 11 – Other Long-term Liabilities

Other long-term liabilities consist of:

	December 31,	
(In millions of NOK)	2022	2021
Unrealized loss hedge contracts (note 10)	-	40.4
Other non-current liabilities	-	-
Total	**-**	**40.4**

Note 12 – Accrued Expenses and Other Short-term Liabilities

Accrued expenses and other short-term liabilities consist of the following:

	December 31,	
(In millions of NOK)	2022	2021
Foreign taxes	0.0	0.2
Account payables	104.3	61.1
Accrued employee benefits	1.2	0.5
Accrued interest expense	-	1.5
Other	0.1	0.9
Total	**105.6**	**64.2**

Note 13 – 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 and selling and general and administrative costs consist of:

	Year ended December 31,	
(In millions of NOK)	2022	2021
Salaries, bonus and board members compensation	5.4	8.9
Social security	0.8	1.3
Pension	-	0.2
Other benefits	0.1	0.1
Total	**6.4**	**10.6**

As of December 31, 2022, PGS ASA had 0 employees. Man-years were 0 and 1 for the years 2022 and 2021, respectively.

In 2022 the members of the board were compensated with NOK 5.4 million. For a full listing of Board of Directors, CEO and Other Executive Officers and their compensation, see note 28 in the consolidated financial statements.

PGS ASA has not provided loans or guarantees to the Board of Directors as of December 31, 2022.

Remuneration of auditor

Fees for audit and other services provided by PGS ASA's auditor EY who was elected in May 2014, are as follows (exclusive VAT and inclusive out of pocket expenses):

	Year ended December 31,	
(In millions of NOK)	2022	2021
Audit fees	4.4	3.9
Fees for tax services	0.0	0.3
All other fees	0.1	0.3
Total	**4.5**	**4.5**

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of PGS ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of PGS ASA (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 comprise of the statement of financial position as at 31 December 2022 and statement of profit and loss and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise of the statement of financial position as at 31 December 2022, statement of profit and loss, statement of comprehensive income, statement of changes in equity and statement of cash flows 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 the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway,
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee.

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.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 9 years from the election by the general meeting of the shareholders on 8 May 2014 for the accounting year 2014.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Impairment evaluation of MultiClient library

Basis for the key audit matter

MultiClient library accounts for $300.3 million or approximately 15 % of total assets of the Group as at 31 December 2022. The Group performed impairment testing to determine value in use and recorded an impairment loss of $11.5 million in 2022.

Management has identified impairment indicators. The Group uses forecasts of future sales when determining value in use. These forecasts are based on budgets and assumptions, thus requiring considerable insight and judgment by management about future market conditions and spending on exploration and production by oil and gas companies, including licensing activities and farm-ins. Impairment evaluation of MultiClient library is a key audit matter due to the significant management judgment involved and the continued uncertain market conditions.

Our audit response

We evaluated management's assessment of impairment indicators for the MultiClient library. Our audit procedures included inquiries of management, including senior sales personnel and test of controls. Our audit procedures also included analyses and evaluation of historical accuracy of prior year's forecast. We further evaluated the assumptions used in the sales forecasting process based on the current market situation, expectations about oil prices, licensing rounds and exploration activities. Furthermore, we considered the valuation methodology and the discount rate applied in the value in use model. We also tested the mathematical accuracy of the value in use calculations and performed sensitivity analysis of key assumptions. We used a valuation specialist to assist us in evaluating the calculation and components of the applied discount rate. We also assessed the Group's disclosures regarding those assumptions and the recorded impairment losses of MultiClient library.

We refer to notes 3 and 18 of the consolidated financial statements.

Impairment evaluation of vessels and seismic equipment

Basis for the key audit matter

Vessels and related seismic equipment accounts for $674.5 million or approximately 35 % of total assets of the Group as at 31 December 2022. The Group performed impairment tests to determine the recoverable amounts and concluded that no impairment should be recognized in 2022. The evaluation is sensitive to forward looking assumptions. As there are limited remaining headroom, any negative changes to these assumptions would result in impairment.

Management has identified impairment indicators. The Group assessed the recoverable amount by determining value in use for each vessel.

Our audit response

Our procedures included assessing the assumptions and methods used by management in the impairment evaluation. We tested the key assumptions and underlying data by comparing them to external market information and historical data, and by analyzing sensitivities. We also assessed the historical accuracy of management's estimates and tested the mathematical accuracy of the impairment model. We involved a valuation specialist to assist us in evaluating the calculation and components of the applied discount rate. We also assessed the disclosures regarding the assumptions applied by

Estimating the value in use requires management judgment when estimating future revenues, operating expenses, growth rates, useful lives and capital expenditures and determining the discount rate. Management's impairment evaluation is a key audit matter due to the multiple variables and the significant management judgement involved in estimating future cash.

management and verified the arithmetical accuracy of the sensitivity analysis.

We refer to notes 3 and 17 of the consolidated financial statements.

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, the statement on corporate governance and the statement on corporate social responsibility contain the information required by applicable 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 the other information is materially inconsistent with the financial statements, there is a material misstatement in this other information or that the information required by applicable legal requirements is not included in the board of directors' report, the statement on corporate governance or the statement on corporate social responsibility, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility are consistent with the financial statements and contain 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.

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.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirement

Report on compliance with regulation on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of PGS ASA we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name 213800T66DRTE6O6BV87-2022-12-31-en.zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF Regulation.

Management's responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's responsibilities

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation. We conduct our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.

As part of our work, we perform procedures to obtain an understanding of the company's processes for preparing the financial statements in accordance with the ESEF Regulation. We test whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 1 March 2023
ERNST & YOUNG AS

The auditor's report is signed electronically

Finn Ole Edstrøm
State Authorised Public Accountant (Norway)

Finn Ole Stephansen-Smith Edstrøm
Statsautorisert revisor
På vegne av: Ernst & Young AS
Serienummer: 9578-5995-4-951045
IP: 88.95.xxx.xxx
2023-03-01 20:50:35 UTC

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2022 ANNUAL REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of PGS ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of PGS ASA (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 comprise of the statement of financial position as at 31 December 2022 and statement of profit and loss and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise of the statement of financial position as at 31 December 2022, statement of profit and loss, statement of comprehensive income, statement of changes in equity and statement of cash flows 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 the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway,
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee.

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.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 9 years from the election by the general meeting of the shareholders on 8 May 2014 for the accounting year 2014.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Impairment evaluation of MultiClient library

Basis for the key audit matter
MultiClient library accounts for $300.3 million or approximately 15 % of total assets of the Group as at 31 December 2022. The Group performed impairment testing to determine value in use and recorded an impairment loss of $11.5 million in 2022.

Management has identified impairment indicators. The Group uses forecasts of future sales when determining value in use. These forecasts are based on budgets and assumptions, thus requiring considerable insight and judgment by management about future market conditions and spending on exploration and production by oil and gas companies, including licensing activities and farm-ins. Impairment evaluation of MultiClient library is a key audit matter due to the significant management judgment involved and the continued uncertain market conditions.

Our audit response
We evaluated management's assessment of impairment indicators for the MultiClient library. Our audit procedures included inquiries of management, including senior sales personnel and test of controls. Our audit procedures also included analyses and evaluation of historical accuracy of prior year's forecast. We further evaluated the assumptions used in the sales forecasting process based on the current market situation, expectations about oil prices, licensing rounds and exploration activities. Furthermore, we considered the valuation methodology and the discount rate applied in the value in use model. We also tested the mathematical accuracy of the value in use calculations and performed sensitivity analysis of key assumptions. We used a valuation specialist to assist us in evaluating the calculation and components of the applied discount rate. We also assessed the Group's disclosures regarding those assumptions and the recorded impairment losses of MultiClient library.

We refer to notes 3 and 18 of the consolidated financial statements.

Impairment evaluation of vessels and seismic equipment

Basis for the key audit matter
Vessels and related seismic equipment accounts for $674.5 million or approximately 35 % of total assets of the Group as at 31 December 2022. The Group performed impairment tests to determine the recoverable amounts and concluded that no impairment should be recognized in 2022. The evaluation is sensitive to forward looking assumptions. As there are limited remaining headroom, any negative changes to these assumptions would result in impairment.

Management has identified impairment indicators. The Group assessed the recoverable amount by determining value in use for each vessel.

Our audit response
Our procedures included assessing the assumptions and methods used by management in the impairment evaluation. We tested the key assumptions and underlying data by comparing them to external market information and historical data, and by analyzing sensitivities. We also assessed the historical accuracy of management's estimates and tested the mathematical accuracy of the impairment model. We involved a valuation specialist to assist us in evaluating the calculation and components of the applied discount rate. We also assessed the disclosures regarding the assumptions applied by

Estimating the value in use requires management judgment when estimating future revenues, operating expenses, growth rates, useful lives and capital expenditures and determining the discount rate. Management's impairment evaluation is a key audit matter due to the multiple variables and the significant management judgement involved in estimating future cash.

management and verified the arithmetical accuracy of the sensitivity analysis.

We refer to notes 3 and 17 of the consolidated financial statements.

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, the statement on corporate governance and the statement on corporate social responsibility contain the information required by applicable 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 the other information is materially inconsistent with the financial statements, there is a material misstatement in this other information or that the information required by applicable legal requirements is not included in the board of directors' report, the statement on corporate governance or the statement on corporate social responsibility, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility are consistent with the financial statements and contain 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.

Building a better working world

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.

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.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Building a better
working world

Report on other legal and regulatory requirement

Report on compliance with regulation on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of PGS ASA we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name 213800T66DRTE6O6BV87-2022-12-31-en.zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF Regulation.

Management's responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's responsibilities

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation. We conduct our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.

As part of our work, we perform procedures to obtain an understanding of the company's processes for preparing the financial statements in accordance with the ESEF Regulation. We test whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 1 March 2023
ERNST & YOUNG AS

The auditor's report is signed electronically

Finn Ole Edstrøm
State Authorised Public Accountant (Norway)

Q2 - 2023
EARNINGS RELEASE

Continued Increase in Contract Rates

Highlights Q2 2023

- Produced Revenues of $186.4 million, compared to $209.7 million in Q2 2022
- Produced EBITDA of $113.1 million, compared to $129.4 million in Q2 2022
- Produced EBIT (ex. Impairments and other charges, net) of $23.2 million, compared to $50.1 million in Q2 2022
- Revenues and Other Income according to IFRS of $156.0 million, compared to $273.6 million in Q2 2022
- Cash flow from operations of $99.4 million, compared to $43.7 million in Q2 2022
- Commenced acquisition of PGS first offshore wind site characterization survey
- Secured another multi-season MultiClient project in the Norwegian Sea, evidencing renewed exploration interest in the region

“We achieved a MultiClient pre-funding level of 127% of capitalized cash cost in the quarter, and we continue to deliver improving rates and margins on our contract work. The strong acquisition revenues are achieved despite weather related challenges for our vessels working on the Norwegian continental shelf in the early part of the Europe season, and a delayed yard stay for the Ramform Sovereign. Further, I am pleased to see a meaningful increase in MultiClient late sales, which more than doubled from the first quarter this year.

Our New Energy business continues to progress and in Q2 we commenced acquisition of our first offshore wind site characterization survey in the Irish Sea. Our offshore wind site characterization offering has attracted considerable client interest, and we recently announced another large contract in the US by a leading renewable energy company with mobilization scheduled for August and completion scheduled for February next year.

Our order book remains at a high level, and we are now in the process of booking capacity for the early part of the winter season. We expect the contract bidding activity to increase driven by the highest volume of sales leads since December 2014.

We refinanced earlier this year deliberately leaving $138 million of our Term Loan B to be repaid in March 2024. According to our estimates we can manage this repayment with our liquidity reserve and the cash flow we expect to generate over the next quarters. However, to further increase the liquidity headroom and financial robustness we announced today that we have secured commitments of $75 million from supportive creditors for a separate facility to refinance parts of the March 2024 Term Loan B maturity.”

Rune Olav Pedersen,
President and Chief Executive Officer

Outlook

As the global energy transition evolves, PGS expects global energy consumption to continue to increase over the longer term with oil and gas remaining an important part of the energy mix. Offshore reserves will be vital for future energy supply and support demand for marine seismic services. The seismic market is recovering on the back of increased focus on energy security, several years of low investment in new oil and gas supplies, and higher oil and gas prices.

Offshore investments in oil and gas exploration and production are expected to increase in 2023. The seismic acquisition market is likely to benefit from the higher exploration and production spending, and a limited supply of seismic vessels.

PGS expects full year 2023 gross cash costs to be approximately $550 million. The increase from 2022 is primarily due to the higher activity level and more capacity in operation.

2023 MultiClient cash investments are expected to be approximately $180 million.

Approximately 50% of 2023 active 3D vessel time is expected to be allocated to contract work.

Capital expenditures for 2023 is expected to be approximately $100 million.

The order book amounted to $341 million on June 30, 2023. On March 31, 2023, and June 30, 2022, the Order book was $377 million and $311 million, respectively.

Key Financial Figures

(In millions of US dollars, except per share data)	Quarter ended June 30, 2023	Quarter ended June 30, 2022	Year to date June 30, 2023	Year to date June 30, 2022	Year ended December 31, 2022
Segment reporting					
Produced Revenues	186.4	209.7	358.5	350.0	817.2
Produced EBITDA	113.1	129.4	184.5	185.3	446.7
Produced EBIT ex. impairment and other charges, net	23.2	50.1	3.3	18.6	108.8
Profit and loss numbers, As Reported					
Revenues and Other Income	156.0	273.6	299.1	409.9	825.1
EBIT ex. impairment and other charges, net	25.1	57.8	8.9	37.3	117.1
Net financial items	(23.1)	(32.7)	(60.7)	(53.4)	(112.7)
Income (loss) before income tax expense	(4.2)	28.0	(58.0)	(16.2)	(6.7)
Income tax expense	(5.1)	(9.3)	(10.2)	(14.3)	(26.1)
Net income (loss) to equity holders	(9.3)	18.7	(68.2)	(30.5)	(32.8)
Basic earnings per share ($ per share)	(0.01)	0.04	(0.08)	(0.07)	(0.06)
Other key numbers					
Net cash provided by operating activities	99.4	43.7	233.8	107.0	371.3
Cash investment in MultiClient library	42.9	26.2	77.8	47.7	106.4
Capital expenditures (whether paid or not)	23.0	16.2	52.7	35.1	50.2
Total assets	1,688.9	1,822.6	1,688.9	1,822.6	1,953.3
Cash and cash equivalents	137.1	219.8	137.1	219.8	363.8
Net interest-bearing debt	592.3	887.2	592.3	887.2	616.7
Net interest-bearing debt, including lease liabilities following IFRS 16	674.3	985.8	674.3	985.8	703.9

Condensed Consolidated Statements of Profit and Loss and Other Comprehensive Income

(In millions of US dollars)	Note	Quarter ended June 30, 2023	Quarter ended June 30, 2022	Year to date June 30, 2023	Year to date June 30, 2022	Year ended December 31, 2022
Revenues and Other Income	2	156.0	273.6	299.1	409.9	825.1
Cost of sales	3	(61.7)	(69.0)	(150.0)	(142.0)	(324.7)
Research and development costs	3	(1.4)	(1.5)	(3.2)	(3.2)	(6.9)
Selling, general and administrative costs	3	(10.2)	(9.8)	(20.8)	(19.5)	(38.9)
Amortization and impairment of MultiClient library	4	(42.6)	(114.3)	(80.5)	(158.4)	(253.1)
Depreciation and amortization of non-current assets (excl. MultiClient library)	4	(15.0)	(21.2)	(35.7)	(49.5)	(95.9)
Impairment and gain/(loss) on sale of non-current assets (excl. MultiClient library)	4	(6.3)	0.4	(6.3)	0.4	(5.3)
Other charges, net	4	0.1	2.5	0.1	(0.5)	5.7
Total operating expenses		(137.1)	(212.9)	(296.4)	(372.7)	(719.1)
Operating profit (loss)/EBIT		18.9	60.7	2.7	37.2	106.0
Share of results from associated companies	5	0.2	1.0	0.5	0.7	(5.0)
Interest expense	6	(26.1)	(27.3)	(56.8)	(52.1)	(110.3)
Other financial expense, net	7	2.8	(6.4)	(4.4)	(2.0)	2.6
Income (loss) before income tax expense		(4.2)	28.0	(58.0)	(16.2)	(6.7)
Income tax	8	(5.1)	(9.3)	(10.2)	(14.3)	(26.1)
Net income (loss) to equity holders of PGS ASA		**(9.3)**	**18.7**	**(68.2)**	**(30.5)**	**(32.8)**
Other comprehensive income						
Items that will not be reclassified to profit and loss	13	0.7	19.8	1.3	32.1	38.4
Items that may be subsequently reclassified to profit and loss	13	-	0.9	(0.4)	2.8	2.6
Other comprehensive income (loss) for the period, net of tax		0.7	20.7	0.9	34.9	41.0
Total comprehensive income (loss) to equity holders of PGS ASA		**(8.6)**	**39.4**	**(67.3)**	**4.4**	**8.2**
Earnings per share attributable to equity holders of the parent during the period						
-Basic and diluted earnings per share	12	(0.01)	0.04	(0.08)	(0.07)	(0.06)

Condensed Consolidated Statements of Financial Position

(In millions of US dollars)	Note	Quarter ended June 30, 2023	Quarter ended June 30, 2022	Year ended December 31, 2022
ASSETS				
Cash and cash equivalents	11	137.1	219.8	363.8
Restricted cash	11	7.3	16.1	11.6
Accounts receivables		135.2	180.1	169.4
Accrued revenues and other receivables		107.0	82.0	144.9
Other current assets		74.5	68.1	61.7
Total current assets		461.1	566.1	751.4
Property and equipment	9	748.7	765.6	740.4
MultiClient library	10	317.6	321.6	300.3
Restricted cash	11	58.1	56.0	59.2
Other non-current assets		29.3	31.4	28.6
Other intangible assets		74.1	81.9	73.4
Total non-current assets		1,227.8	1,256.5	1,201.9
Total assets		**1,688.9**	**1,822.6**	**1,953.3**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Interest-bearing debt	11	185.2	263.3	367.1
Lease liabilities	11	26.6	35.5	32.9
Accounts payable		51.5	50.3	45.6
Accrued expenses and other current liabilities		53.7	97.0	104.2
Deferred revenues		264.7	77.8	154.4
Income taxes payable		17.8	17.2	20.4
Total current liabilities		599.5	541.1	724.6
Interest-bearing debt	11	585.9	881.8	659.7
Lease liabilities	11	55.4	63.1	54.3
Deferred tax liabilities		0.1	0.1	0.1
Other non-current liabilities		4.4	4.1	4.3
Total non-current liabilities		645.8	949.1	718.4
Common stock; par value NOK 3;				
issued and outstanding 909.549.714 shares		313.2	227.7	313.2
Treasury shares, par value		(0.1)	(0.1)	(0.1)
Additional paid-in capital		1,036.5	947.3	1,035.8
Total paid-in capital		1,349.6	1,174.9	1,349.0
Accumulated earnings		(901.5)	(838.6)	(834.6)
Other capital reserves		(4.5)	(3.9)	(4.1)
Total shareholders' equity		443.6	332.4	510.3
Total liabilities and shareholders' equity		**1,688.9**	**1,822.6**	**1,953.3**

Condensed Consolidated Statements of Changes in Shareholders' Equity

For the six months ended June 30, 2023 and the year ended December 31, 2022

(In millions of US dollars)	Share capital par value	Treasury shares par value	Additional paid-in capital	Accumulated earnings	Other capital reserves	Shareholders' equity
	Attributable to equity holders of PGS ASA					
Balance as of January 1, 2022	**158.9**	**-**	**933.1**	**(840.2)**	**(6.7)**	**245.1**
Profit (loss) for the period	-	-	-	(32.8)	-	(32.8)
Other comprehensive income (loss)	-	-	-	38.4	2.6	41.0
Shares issued at conversion of convertible bond	7.7	-	7.0	-	-	14.8
Share based payments	-	-	1.2	-	-	1.2
Shares issued for cash consideration	146.6	-	94.8	-	-	241.4
Acquired treasury shares	-	(0.2)	(0.2)	-	-	(0.4)
Share based payments, equity settled	-	0.1	(0.1)	-	-	-
Balance as of December 31, 2022	**313.2**	**(0.1)**	**1,035.8**	**(834.6)**	**(4.1)**	**510.3**
Profit (loss) for the period	-	-	-	(68.2)	-	(68.2)
Other comprehensive income (loss)	-	-	-	1.3	(0.4)	0.9
Share based payments	-	-	1.0	-	-	1.0
Other equity changes	-	-	(0.3)	-	-	(0.3)
Balance as of June 30, 2023	**313.2**	**(0.1)**	**1,036.5**	**(901.5)**	**(4.5)**	**443.6**

For the six months ended June 30, 2022

(In millions of US dollars)	Share capital par value	Treasury shares par value	Additional paid-in capital	Accumulated earnings	Other capital reserves	Shareholders' equity
	Attributable to equity holders of PGS ASA					
Balance as of January 1, 2022	**158.9**	**-**	**933.1**	**(840.2)**	**(6.7)**	**245.1**
Profit (loss) for the period	-	-	-	(30.5)	-	(30.5)
Other comprehensive income (loss)	-	-	-	32.1	2.8	34.9
Share based payments	-	-	0.2	-	-	0.2
Share capital increase	68.8	-	14.3	-	-	83.1
Acquired treasury shares	-	(0.2)	(0.2)	-	-	(0.4)
Shared based payments, equity settled	-	0.1	(0.1)	-	-	-
Balance as of June 30, 2022	**227.7**	**(0.1)**	**947.3**	**(838.6)**	**(3.9)**	**332.4**

Condensed Consolidated Statements of Cash Flows

(In millions of US dollars)	Quarter ended June 30, 2023	Quarter ended June 30, 2022	Year to date June 30, 2023	Year to date June 30, 2022	Year ended December 31, 2022
Income (loss) before income tax expense	(4.2)	28.0	(58.0)	(16.2)	(6.7)
Depreciation, amortization, impairment	64.0	135.1	122.5	207.5	354.2
Share of results in associated companies	(0.2)	(1.0)	(0.5)	(0.8)	4.9
Interest expense	26.1	27.3	56.8	52.1	110.3
Loss (gain) on sale and retirement of assets	-	(0.5)	-	(0.5)	(1.0)
Income taxes paid	(8.0)	(11.5)	(12.8)	(13.8)	(22.5)
Other items	-	3.2	11.8	2.7	6.6
(Increase) decrease in accounts receivables, accrued revenues & other receivables	23.2	(89.1)	72.2	(71.0)	(124.7)
Increase (decrease) in deferred revenues	51.6	(52.9)	110.3	(45.6)	31.0
Increase (decrease) in accounts payable	1.8	21.0	7.1	5.8	1.2
Change in other current items related to operating activities	(53.4)	(15.0)	(73.3)	(2.2)	29.1
Change in other long-term items related to operating activities	(1.5)	(0.9)	(2.3)	(11.0)	(11.1)
Net cash provided by operating activities	**99.4**	**43.7**	**233.8**	**107.0**	**371.3**
Investment in MultiClient library	(42.9)	(26.2)	(77.8)	(47.7)	(106.4)
Investment in property and equipment	(33.1)	(11.0)	(53.2)	(26.8)	(48.6)
Investment in other intangible assets	(2.3)	(2.5)	(5.2)	(4.9)	(9.8)
Investment in other current -and non-current assets	-	-	-	-	1.8
Proceeds from sale and disposal of assets	-	0.4	-	0.4	1.2
Net cash used in investing activities	**(78.3)**	**(39.3)**	**(136.2)**	**(79.0)**	**(161.8)**
Interest paid on interest-bearing debt	(7.4)	(21.9)	(33.1)	(41.8)	(90.5)
Proceeds, net of deferred loan costs, from issuance of long-term debt (a)	(9.2)	-	432.5	-	47.1
Repayment of interest-bearing debt	(11.7)	-	(706.6)	-	(170.1)
Proceeds from share issue	-	83.1	-	83.1	241.4
Share buy-back	-	(0.4)	-	(0.4)	(0.4)
Payment of lease liabilities (recognized under IFRS 16)	(8.1)	(9.0)	(16.2)	(18.4)	(36.1)
Payments of leases classified as interest	(1.7)	(1.7)	(3.4)	(3.5)	(6.4)
Decrease (increase) in restricted cash related to debt service	-	1.4	2.5	2.8	(0.7)
Net cash (used in) provided by financing activities	**(38.1)**	**51.5**	**(324.3)**	**21.8**	**(15.7)**
Net increase (decrease) in cash and cash equivalents	(17.0)	55.9	(226.7)	49.8	193.8
Cash and cash equivalents at beginning of period	154.1	163.9	363.8	170.0	170.0
Cash and cash equivalents at end of period	**137.1**	**219.8**	**137.1**	**219.8**	**363.8**

a) Proceeds from issuance of a $450 million bond, net of issuance discount and $8.6 million in debt issuance cost settled in Q2 2023

Notes to the Condensed Interim Consolidated Financial Statements
Second Quarter and First Half 2023 Results

Note 1 – Segment Reporting

PGS has one operating segment focused on delivery of seismic data and services, which matches the internal reporting to the Company's executive management.

Following the implementation of the new accounting standard for revenues, IFRS 15, in 2018, MultiClient pre-funding revenues are no longer recognized under the previously applied percentage-of-completion ("POC") method. Instead, all such revenues are generally recognized at the "point in time" when the customer receives access to, or delivery of, the finished data which often will take place a year or more after the acquisition of data due to the time required to complete data processing.

PGS management has, for the purpose of its internal reporting, continued to report according to the principle applied in 2017 and earlier years, where MultiClient pre-funding revenue is recognized on a POC basis, and the related amortization of MultiClient library based upon the ratio of aggregate capitalized survey costs to forecasted sales. This differs from IFRS reporting which recognizes revenue from MultiClient pre-funding agreements and related amortization at the "point in time" when the customer receives access to, or delivery of, the finished data. See Note 14 for further description of the principles applied.

The table below provides a reconciliation of the Group's segment numbers ("Produced") against the financial statements prepared in accordance with IFRS ("As Reported"):

	Quarter ended June 30,					
	2023	2022	2023	2022	2023	2022
(In millions of US dollars)	Produced		Adjustments		As Reported	
Revenues and Other Income	186.4	209.7	(30.4)	63.9	156.0	273.6
Cost of sales	(61.7)	(69.0)	-	-	(61.7)	(69.0)
Research and development costs	(1.4)	(1.5)	-	-	(1.4)	(1.5)
Selling, general and administrative costs	(10.2)	(9.8)	-	-	(10.2)	(9.8)
Amortization of MultiClient library	(74.9)	(58.1)	32.3	(56.2)	(42.6)	(114.3)
Depreciation and amortization (excl. MultiClient library)	(15.0)	(21.2)	-	-	(15.0)	(21.2)
Operating profit (loss)/ EBIT, ex impairment and other charges, net	**23.2**	**50.1**	**1.9**	**7.7**	**25.1**	**57.8**

	Year to date June 30,					
	2023	2022	2023	2022	2023	2022
(In millions of US dollars)	Produced		Adjustments		As Reported	
Revenues and Other Income	358.5	350.0	(59.4)	59.9	299.1	409.9
Cost of sales	(150.0)	(142.0)	-	-	(150.0)	(142.0)
Research and development costs	(3.2)	(3.2)	-	-	(3.2)	(3.2)
Selling, general and administrative costs	(20.8)	(19.5)	-	-	(20.8)	(19.5)
Amortization of MultiClient library	(145.5)	(117.2)	65.0	(41.3)	(80.5)	(158.5)
Depreciation and amortization (excl. MultiClient library)	(35.7)	(49.5)	-	-	(35.7)	(49.5)
Operating profit (loss)/ EBIT, ex impairment and other charges, net	**3.3**	**18.6**	**5.6**	**18.6**	**8.9**	**37.2**

	Year ended December 31, 2022		
(In millions of US dollars)	Produced	Adjustments	As Reported
Revenues and Other Income	817.2	7.9	825.1
Cost of sales	(324.7)	-	(324.7)
Research and development costs	(6.9)	-	(6.9)
Selling, general and administrative costs	(38.9)	-	(38.9)
Amortization of MultiClient library	(242.0)	0.4	(241.6)
Depreciation and amortization (excl. MultiClient library)	(95.9)	-	(95.9)
Operating profit (loss)/ EBIT, ex impairment and other charges, net	**108.8**	**8.3**	**117.1**

Note 2 – Revenues

Revenues and Other Income by service type:

	Quarter ended June 30,			
	2023	2022	2023	2022
	Produced		As Reported	
-Contract seismic	70.5	62.8	70.5	62.8
-MultiClient pre-funding	54.4	32.6	24.0	96.5
-MultiClient late sales	54.6	108.2	54.6	108.2
-Imaging	6.8	6.1	6.8	6.1
-Other Income	0.1	-	0.1	-
Total Revenues and Other Income	**186.4**	**209.7**	**156.0**	**273.6**

	Year to date June 30,				Year ended December 31,	
	2023	2022	2023	2022	2022	2022
	Produced		As Reported		Produced	As Reported
-Contract seismic	164.7	124.3	164.7	124.3	336.3	336.3
-MultiClient pre-funding	99.7	51.5	40.3	111.4	131.4	139.3
-MultiClient late sales	80.2	162.9	80.2	162.9	326.7	326.7
-Imaging	13.7	11.3	13.7	11.3	22.7	22.7
-Other Income	0.2	-	0.2	-	0.1	0.1
Total Revenues and Other Income	**358.5**	**350.0**	**299.1**	**409.9**	**817.2**	**825.1**

Vessel Allocation(1):

	Quarter ended June 30,		Year to date June 30,		Year ended December 31,
	2023	2022	2023	2022	2022
Contract	33%	41%	42%	40%	51%
MultiClient	43%	24%	33%	20%	20%
Steaming	12%	14%	11%	11%	11%
Yard	10%	9%	6%	8%	5%
Stacked/standby	2%	12%	8%	21%	13%

(1) The statistics exclude cold-stacked vessels. The Q2 2023 vessel statistics is based on 6 active 3D vessels. From Q3 2023 the Company will be operating 7 active vessels. The comparative periods Q2 2022 and full year 2022 is based on 6 vessels.

Total Revenues and Other Income according to IFRS

In the first half 2023, As Reported revenues according to IFRS amounted to $299.1 million, compared to $409.9 million in the first half 2022, a decrease of $110.8 million, or 27%. The decrease is driven by lower MultiClient revenues, partially offset by higher Contract revenues.

In Q2 2023, As Reported revenues according to IFRS amounted to $156.0 million, compared to $273.6 million in Q2 2022, a decrease of $117.6 million or 43%.

The reduction of MultiClient revenues in Q2 and the first half 2023 relate both to lower MultiClient late sales, where the Company had significant transfer fees revenues in 2022, and lower pre-funding revenues due to a low volume of MultiClient projects finalized and delivered to clients.

Total Produced Revenues (according to Percentage of Completion)

In the first half 2023, Produced Revenues amounted to $358.5 million, compared to $350.0 million in the first half 2022, an increase of $8.5 million, or 2%. The increase is driven by higher MultiClient pre-funding and Contract revenues, partially offset by lower MultiClient late sales.

In Q2 2023, Produced Revenues amounted to $186.4 million, compared to $209.7 million in Q2 2022, a decrease of $23.3 million or 11%.

Contract revenues

In the first half 2023, Contract revenues increased by $40.4 million, or 33%, compared to the first half 2022. The increase is mainly driven by higher rates.

In Q2 2023, Contract revenues increased by $7.7 million, or 12%, compared to Q2 2022. The increase is driven by higher rates, partially offset by less 3D vessel capacity used for contract acquisition work. Contract revenue for Q2 2023 include $5.5 million related to an offshore wind survey.

MultiClient late sales
In the first half 2023, MultiClient late sales revenues decreased by $82.7 million, or 51%, compared to the first half 2022 when the Company benefitted from significant transfer fees. Late sales were highest in South America and Europe.

In Q2 2023, MultiClient late sales revenues decreased by $53.6 million, or 50%, compared to Q2 2022, when the Company recorded significant transfer fees. The highest late sales were achieved from data in South America and Europe.

MultiClient pre-funding revenues
In the first half 2023, As Reported MultiClient pre-funding revenues according to IFRS decreased by $71.1 million, or 64%, compared to the first half 2022. The decrease is a result of a lower volume of MultiClient projects finalized and delivered to clients.

In Q2 2023, As Reported MultiClient pre-funding revenues according to IFRS decreased by $72.5 million, or 75%, compared to Q2 2022.

In the first half 2023, Produced MultiClient pre-funding revenues increased by $48.2 million, or 94%, compared to the first half 2022. The increase is due to more 3D vessel capacity allocated to MultiClient acquisition projects and a stronger pre-funding level.

In Q2 2023, Produced MultiClient pre-funding revenues increased by $21.8 million, or 67%, compared to Q2 2022.

Note 3 – Net Operating Expenses

Net operating expenses consist of the following:

	Quarter ended June 30,		Year to date June 30,		Year ended December 31,
(In millions of US dollars)	2023	2022	2023	2022	2022
Cost of sales including investment in MultiClient library	(111.3)	(102.4)	(235.4)	(195.8)	(433.9)
Research and development costs before capitalized development costs	(3.5)	(3.7)	(7.6)	(7.5)	(15.0)
Selling, general and administrative costs	(10.2)	(9.8)	(20.8)	(19.5)	(38.9)
Cash Cost, gross	**(125.0)**	**(115.9)**	**(263.8)**	**(222.8)**	**(487.8)**
Steaming deferral, net	6.7	7.2	7.6	6.1	2.8
Cash investment in MultiClient library	42.9	26.2	77.8	47.7	106.4
Capitalized development costs	2.1	2.2	4.4	4.3	8.1
Net operating expenses	**(73.3)**	**(80.3)**	**(174.0)**	**(164.7)**	**(370.5)**

In the first half 2023, gross cash cost increased by $41.0 million, or 18%, compared to the first half 2022. The increase is primarily due to higher 3D vessel utilization and activity level, *Sanco Swift* being rigged and used as an offshore wind site characterization vessel, more project related costs and rigging of *Ramform Victory*.

In Q2 2023, gross cash cost increased by $9.1 million, or 8%, compared to Q2 2022.

In the first half 2023, cash costs capitalized to the MultiClient library increased by $30.1 million, or 63%, compared to the first half 2022. The increase is mainly due to more 3D vessel capacity allocated to MultiClient acquisition.

In Q2 2023, cash cost capitalized to the MultiClient library increased by $16.7 million, or 64%, compared to Q2 2022.

Note 4 – Amortization, Depreciation, Impairments and Other Charges, net

Amortization and impairment of MultiClient library consist of the following:

	Quarter ended June 30,		Year to date June 30,		Year ended December 31,
(In millions of US dollars)	2023	2022	2023	2022	2022
As Reported					
Amortization of MultiClient library	(40.4)	(34.8)	(78.3)	(75.1)	(135.7)
Accelerated amortization of MultiClient library	(2.2)	(79.5)	(2.2)	(83.4)	(105.9)
Impairment of MultiClient library	-	-	-	-	(11.5)
Total	**(42.6)**	**(114.3)**	**(80.5)**	**(158.4)**	**(253.1)**
Segment reporting					
Amortization of MultiClient library	(74.9)	(58.1)	(145.5)	(117.2)	(242.0)
Total	**(74.9)**	**(58.1)**	**(145.5)**	**(117.2)**	**(242.0)**

In the first half 2023, total IFRS amortization of the MultiClient library decreased by $78.0 million, or 49%, compared to the first half 2022. The decrease is mainly driven by significantly lower accelerated amortization, partially offset by a small increase of straight-line amortization for the library of completed MultiClient surveys. Amortization was 67% of MultiClient revenues in the first half 2023, compared to 58% in the first half 2022. The higher amortization rate reflects a lower proportion of late sales in the mix.

In Q2 2023, total IFRS amortization of the MultiClient library decreased by $71.7 million, or 63%, compared to Q2 2022. Amortization was 54% of MultiClient revenues in Q2 2023, compared to 56% in Q2 2022.

Depreciation, amortization and impairment of non-current assets

Depreciation and amortization of non-current assets (excl. MultiClient library) consist of the following:

	Quarter ended June 30,		Year to date June 30,		Year ended December 31,
(In millions of US dollars)	2023	2022	2023	2022	2022
Gross depreciation*	(27.2)	(30.5)	(55.2)	(64.4)	(122.2)
Deferred Steaming depreciation, net	0.9	1.9	0.6	1.0	0.4
Depreciation capitalized to the MultiClient library	11.3	7.4	18.9	13.9	25.9
Total	**(15.0)**	**(21.2)**	**(35.7)**	**(49.5)**	**(95.9)**

*includes depreciation of right-of-use assets amounting to $4.3 million and $4.4 million for the quarter ended June 30, 2023 and 2022 respectively.
For the full year 2022, depreciation of right-of-use assets amounts to $17.6 million.

In the first half 2023, gross depreciation decreased by $9.2 million, or 14%, compared to the first half 2022. The decrease comes from a generally low investment level in property and equipment over recent years.

In Q2 2023, gross depreciation decreased by 3.3 million, or 11%, compared to Q2 2022.

In the first half 2023, depreciation capitalized to the MultiClient library increased by $5.0 million, or 36%, compared to the first half 2022. The increase is mainly because of more vessel days allocated to MultiClient, partially offset by lower gross depreciation.

In Q2 2023, depreciation capitalized to the MultiClient library increased by $3.9 million, or 53%, compared to Q2 2022.

Impairment and gain/(loss) on sale of non-current assets (excluding MultiClient library) consist of the following:

	Quarter ended June 30,		Year to date June 30,		Year ended December 31,
(In millions of US dollars)	2023	2022	2023	2022	2022
Property and equipment	(6.3)	0.4	(6.3)	0.4	0.4
Other Intangible assets	-	-	-	-	(5.7)
Total	**(6.3)**	**0.4**	**(6.3)**	**0.4**	**(5.3)**

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. The Company has in Q2 2023 performed an impairment review following an increase of the estimated weighted average cost of capital. The review did not result in impairment charges relating to seismic acquisition vessels. The Company did however recognize a $6.3 million impairment in Q2 2023 of vessel equipment which is not expected to be taken into use.

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.

Other charges, net

Other charges, net consist of the following:

	Quarter ended June 30,		Year to date June 30,		Year ended December 31,
(In millions of US dollars)	2023	2022	2023	2022	2022
Onerous contracts with customers	-	2.4	-	3.4	11.0
Provision for bad debt	-	-	-	(4.0)	(3.4)
Gain (loss) sale subsidiaries	-	-	-	-	(2.0)
Other	0.1	0.1	0.1	0.1	0.1
Total	**0.1**	**2.5**	**0.1**	**(0.5)**	**5.7**

As of June 30, 2023, the Company has no provision for onerous customer contracts. This is a decrease from the $7.6 million provision as of June 30, 2022. 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 5 – Share of Results from Associated Companies

In Q2 2023, the share of results from associated companies was a gain of $0.2 million, compared to a gain of $1.0 million in Q2 2022.

Note 6 – Interest Expense

Interest expense consists of the following:

	Quarter ended June 30,		Year to date June 30,		Year ended December 31,
(In millions of US dollars)	2023	2022	2023	2022	2022
Interest on debt, gross	(25.0)	(26.9)	(54.5)	(51.4)	(109.4)
Imputed interest cost on lease agreements	(1.7)	(1.7)	(3.4)	(3.5)	(6.4)
Capitalized interest, MultiClient library	0.6	1.3	1.1	2.8	5.5
Total	**(26.1)**	**(27.3)**	**(56.8)**	**(52.1)**	**(110.3)**

In the first half 2023, gross interest expense increased by $3.1 million, or 6%, compared to the first half 2022. The increase is due to a considerable increase of Libor interest rates year-over-year, which increases the cost of floating rate debt, and the higher interest rate on the new $450 million bonds. This is partially offset by a reduction of interest-bearing debt and reduced imputed interest cost.

In Q2 2023, gross interest expense decreased by $1.9 million, or 7%, compared to Q2 2022. While the average interest rate on debt has increased, this is more than offset by the reduction of gross interest-bearing debt and a reduction of imputed interest cost relating to debt that the Company refinanced in Q1 2023.

Note 7 – Other Financial Expense, net

Other financial expense, net consists of the following:

	Quarter ended June 30,		Year to date June 30,		Year ended December 31,
(In millions of US dollars)	2023	2022	2023	2022	2022
Interest income	2.0	0.7	5.7	0.8	7.0
Currency exchange gain (loss)	2.0	1.9	2.6	4.4	4.3
Write off deferred and other loan cost	-	-	(11.2)	-	-
Net gain/(loss) on separate derivative financial instrument	-	(9.0)	-	(7.1)	(7.6)
Other	(1.2)	-	(1.5)	(0.1)	(1.1)
Total	**2.8**	**(6.4)**	**(4.4)**	**(2.0)**	**2.6**

The currency exchange gain in the first half and Q2 2023 primarily arises from the NOK's depreciation against the USD, resulting in a gain on lease liabilities, as well as the strengthening of the BRL against the USD resulting in a gain on restricted cash deposits.

In the first half 2023, interest income increased by $4.9 million, compared to the first half 2022. The increase can be attributed to a substantial increase of floating interest rates earned on cash and cash equivalents.

In Q2 2023, interest income increased by $1.3 million, compared to Q2 2022.

Note 8 – Income Tax and Contingencies

Income tax consists of the following:

	Quarter ended June 30,		Year to date June 30,		Year ended December 31,
(In millions of US dollars)	2023	2022	2023	2022	2022
Current tax	(5.1)	(9.3)	(10.2)	(14.3)	(26.1)
Change in deferred tax	-	-	-	-	-
Total	**(5.1)**	**(9.3)**	**(10.2)**	**(14.3)**	**(26.1)**

In the first half 2023, the current tax expense decreased by $4.1 million, compared to the first half 2022. Current tax expense relates to foreign withholding tax and corporate tax on profits in certain countries where PGS has executed projects or made MultiClient sales, primarily in South America.

In Q2 2023, the current tax expense decreased by $4.2 million, compared to Q2 2022.

Tax Contingencies

The Company has 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 $42.8 million in total. The Company holds a legal deposit amounting to $20.5 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.

Note 9 – Property and Equipment

Capital expenditures, whether paid or not, consist of the following:

	Quarter ended June 30,		Year to date June 30,		Year ended December 31,
(In millions of US dollars)	2023	2022	2023	2022	2022
Seismic equipment	7.4	6.6	25.4	21.7	33.3
Vessel upgrades/Yard	13.4	2.4	23.4	5.1	11.0
Compute infrastructure/ technology	1.4	2.6	2.3	3.1	5.5
Other	0.8	4.6	1.6	5.2	0.4
Total addition to property and equipment, whether paid or not	**23.0**	**16.2**	**52.7**	**35.1**	**50.2**
Change in working capital	10.1	(5.2)	0.5	(8.3)	(1.6)
Investment in property and equipment	**33.1**	**11.0**	**53.2**	**26.8**	**48.6**

In addition, PGS recognized additions to property and equipment relating to new or changed lease arrangements of $5.8 million and $4.6 million for the quarter ended June 30, 2023, and 2022, respectively. For the full year 2022, PGS recognized additions to property and equipment relating to new or changed lease arrangements of $11.4 million.

Note 10 – MultiClient Library

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

	June 30,		December 31,
(In millions of US dollars)	2023	2022	2022
Completed during 2018		4.6	
Completed during 2019	6.1	37.4	20.8
Completed during 2020	21.0	39.7	30.8
Completed during 2021	58.5	96.8	73.9
Completed during 2022	70.6	37.7	81.6
Completed during 2023	3.0	-	-
Completed surveys	159.2	216.2	207.1
Surveys in progress	158.4	105.4	93.2
MultiClient library	317.6	321.6	300.3

Key figures MultiClient library:

	Quarter ended June 30,		Year to date June 30,		Year ended December 31,
(In millions of US dollars)	2023	2022	2023	2022	2022
MultiClient pre-funding revenue *	24.0	96.5	40.3	111.4	139.3
MultiClient late sales	54.6	108.2	80.2	162.9	326.7
Cash investment in MultiClient library	42.9	26.2	77.8	47.7	106.4
Capitalized interest in MultiClient library	0.6	1.3	1.1	2.8	5.5
Capitalized depreciation (non-cash)	11.3	7.4	18.9	13.9	25.9
Amortization of MultiClient library	(40.4)	(34.8)	(78.3)	(75.1)	(135.7)
Accelerated amortization of MultiClient library	(2.2)	(79.5)	(2.2)	(83.4)	(105.9)
Impairment of MultiClient library	-	-	-	-	(11.5)
Segment reporting					
MultiClient pre-funding revenue, produced	54.4	32.6	99.7	51.5	131.4
Prefunding as a percentage of MultiClient cash investment	127%	124%	128%	108%	123%

* Includes revenue from sale to joint operations in the amount of $19.4 and $8.4 million for the quarter ended June 30, 2023 and 2022 respectively.
Year to date 2023 and 2022, revenue from sale to joint operations amounts to $35.4 million and $17.6 million, respectively.

In the first half 2023, Produced MultiClient pre-funding revenues corresponded to 128% of capitalized MultiClient cash investment (excluding capitalized interest), compared to 108% in the first half 2022. The increased pre-funding level is mainly due to higher client exploration activity and more demand for new MultiClient surveys.

In Q2 2023, Produced MultiClient pre-funding revenues corresponded to 127% of capitalized MultiClient cash investment (excluding capitalized interest), compared to 124% in Q2 2022.

In the first half 2023, MultiClient cash investment increased by $30.1 million, or 63%, compared to the first half 2022, due to more 3D vessel capacity allocated to MultiClient projects.

In Q2 2023, MultiClient cash investment increased by $16.7 million, or 64%, compared to Q2 2022.

Note 11 – Liquidity and Financing

In the first half 2023, net cash provided by operating activities was $233.8 million, compared to $107.0 million in the first half 2022. The increase is primarily due to a more favorable payment profile on acquisition projects and the phasing of revenues through the first half 2023 compared to 2022, combined with cash inflow from a higher receivable balance at the start of 2023 compared to the start of 2022.

In Q2 2023, net cash provided by operating activities was $99.4 million, compared to $43.7 million in Q2 2022.

In 2022, PGS recorded revenues of approximately $30 million of transfer fees relating to a change of control event where the amount is still not agreed with the client. Given the inability to timely conclude the negotiations, PGS has initiated two arbitration proceedings under the dispute resolution provisions of the agreements. The proceedings are expected to be concluded during the second half of 2023 and 2024 respectively, unless settled earlier. PGS has only recognized revenues that, based on PGS's best estimate and external legal advice, are conservatively expected to be due to PGS, and the resolution of the dispute may result in additional revenues. The delay in settling this matter impacts the Company's working capital as of June 30, 2023.

The liquidity reserve, including cash and cash equivalents, was $137.1 million as of June 30, 2023, compared to $219.8 million as of June 30, 2022, and $154.1 million as of March 31, 2023.

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. The Company's Super Senior Loan of $50 million has a scheduled maturity on March 18, 2024, which at the Company's option can be extended by one year.

The TLB agreements have a liquidity sweep requirement where liquidity reserve in excess of $175 million at quarter-end shall be used to repay the TLB.

Interest-bearing debt consists of the following:

	June 30,		December 31,
(In millions of US dollars)	2023	2022	2022
Secured			
Term loan B, Libor + 6-750 basis points (linked to total leverage ratio ("TLR")), due 2024	137.9	873.0	737.9
Super Senior Loan, Libor + 675 Basis points, due 2024	50.0	-	50.0
Export credit financing, due 2025	46.9	109.4	100.3
Export credit financing, due 2027	110.0	189.1	163.1
Senior notes, Coupon 13.5%, due 2027	450.0	-	-
Unsecured			
Convertible bond 5%, due 2024	-	7.6	-
Total loans and bonds, gross (1)	**794.8**	**1,179.1**	**1,051.3**
Less current portion	(185.2)	(263.3)	(367.1)
Less deferred loan costs, net of debt premiums	(23.2)	(23.6)	(20.0)
Less modification of debt treated as extinguishment	(0.5)	(6.9)	(4.6)
Less effect from separate derivative financial instrument convertible bond	-	(3.5)	-
Non-current interest-bearing debt	**585.9**	**881.8**	**659.7**

(1) The estimated fair value of total loans and bonds, gross was $ 780.9 million as of June 30, 2023, compared to $1,105.3 million as of June 30, 2022.

Modification of debt treated as extinguishment is linked to the Q1 2021 rescheduling of the $135 million revolving credit facility. The remaining balance was reduced by $3.9 million in Q1 2023 due to the $600 million repayment of the TLB and further reduced by $0.2 million in Q2 2023 due to time elapsed.

Undrawn facilities consists of the following:

(In millions of US dollars)	June 30, 2023	2022	December 31, 2022
Secured			
Performance bond	24.7	17.1	22.0
Total	**24.7**	**17.1**	**22.0**

Summary of net interest-bearing debt:

(In millions of US dollars)	June 30, 2023	2022	December 31, 2022
Loans and bonds gross	(794.8)	(1,179.1)	(1,051.3)
Cash and cash equivalents	137.1	219.8	363.8
Restricted cash (current and non-current)	65.4	72.1	70.8
Net interest-bearing debt, excluding lease liabilities	**(592.3)**	**(887.2)**	**(616.7)**
Lease liabilities current	(26.6)	(35.5)	(32.9)
Lease liabilities non-current	(55.4)	(63.1)	(54.3)
Net interest-bearing debt, including lease liabilities	**(674.3)**	**(985.8)**	**(703.9)**

Restricted cash of $65.4 million includes $37.4 million held in debt service reserve and retention accounts related to the export credit financing ("ECF") loans for *Ramform Titan*, *Ramform Atlas, Ramform Tethys and Ramform Hyperion*.

On June 30, 2023, the Company had approximately 76% of its debt (excluding lease liabilities) at fixed interest rates. The weighted average cash interest rate was approximately 11.2%, including credit margins, as of June 30, 2023, compared to 7.92% and 8.98% as of June 30, 2022, and December 31, 2022, respectively.

The main credit agreements contain minimum liquidity and maximum leverage ratio covenants. The TLB and Super Senior Loan require a minimum liquidity of $75 million a maximum Total Net Leverage Ratio* ("TNLR") of 2.75:1. The bond terms have a minimum liquidity covenant of $50 million and a maximum leverage ratio (Net Interest Bearing Debt to last twelve months IFRS EBITDA) of 3.00:1 from Q1 2023 to Q4 2024 and 2.50:1 thereafter. On June 30, 2023, the TNLR was 1.48:1 and leverage ratio calculated according to the bond terms was 2.09:1. The Company expects to comply with the financial covenants in its loan agreements going forward.

New $450 million Bonds

On March 31, 2023, PGS issued Bonds of $450 million at 98% of par. The Bonds have a 4-year tenor, maturing March 31, 2027, with a coupon of 13.5% paid semiannually. The Bonds are non-callable for 2 years and can thereafter be called at 106.75 per cent of par between March 31, 2025, and September 29, 2025, 105.06 per cent of par between September 30, 2025, and March 30, 2026, 103.38 per cent of par between March 31, 2026, and September 29, 2026, and thereafter 100.50 per cent of par.

The bond terms have restrictions on incurrence of further indebtedness, but with certain baskets and exceptions. The most important exception is that the Company can either issue an additional $50 million of bonds (a so called "tap issue") or issue other secured debt, on a pari passu basis with the Bonds, to refinance up to $75 million of the outstanding TLB. Further, the at any time outstanding gross amount under the ECF loans can be refinanced as pari passu debt with the Bonds. The bond terms further permit a super senior (priority in right of payments to the Bonds) facility of up to $75 million of which no more than $60 million can be in the form of cash drawings.

PGS is permitted to pay dividends of up to 50 per cent of net profit (after tax) when the TLB is repaid in full and leverage ratio is below 1.0:1.0.

New loan facility

On July 19, 2023, PGS received commitments for a loan facility of $75 million. The new loan will be issued at 95% of par and will, subject to customary conditions, be drawn in Q3 with net proceeds used for partial prepayment of the existing TLB. The new loan matures December 15, 2026, with an interest rate of SOFR + 7.00%. The new loan has a quarterly amortization of 6.25% of the original principal amount, starting June 30, 2024. The loan can be prepaid at par from June 2024.

*The Total Net Leverage Ratio ("TNLR") is calculated as the consolidated indebtedness, net of restricted cash held for debt service in respect of the ECF and unrestricted cash and cash equivalents, divided by adjusted Produced EBITDA less non-pre-funded MultiClient library investments.

Note 12 – Earnings per Share

Earnings per share, to ordinary equity holders of PGS ASA:

	Quarter ended June 30,		Year to date June 30,		Year ended December 31,
	2023	2022	2023	2022	2022
- Basic	(0.01)	0.04	(0.08)	(0.07)	(0.06)
- Diluted	(0.01)	0.04	(0.08)	(0.07)	(0.06)
Weighted average basic shares outstanding	909,279,293	474,316,768	909,279,293	437,705,893	592,416,941
Weighted average diluted shares outstanding	920,837,821	506,299,751	921,095,288	468,065,787	600,507,358

Note 13 – Other Comprehensive Income

Other Comprehensive Income

	Quarter ended June 30,		Year to date June 30,		Year ended December 31,
(In millions of US dollars)	2023	2022	2023	2022	2022
Actuarial gains (losses) on defined benefit pension plans	0.7	19.8	1.3	32.1	38.4
Income tax effect on actuarial gains and losses	-	-	-	-	-
Items that will not be reclassified to profit and loss	**0.7**	**19.8**	**1.3**	**32.1**	**38.4**
Gains (losses) on hedges	-	0.9	(0.4)	2.8	2.6
Other comprehensive income (loss) of associated companies	-	-	-	-	-
Items that may be subsequently reclassified to profit and loss	**-**	**0.9**	**(0.4)**	**2.8**	**2.6**

Note 14 – Basis of Presentation and changes in Accounting Principles

Basis of Presentation

The Company is a Norwegian public limited liability company which prepares its annual consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU. These consolidated condensed interim financial statements have been prepared in accordance with international Accounting Standards ("IAS") No. 34 "Interim Financial Reporting". The consolidated condensed interim financial statements are presented in millions of US Dollars (”$” or “dollars”), unless otherwise indicated. The interim financial information has not been subject to audit or review.

Profit and loss for the interim period are not necessarily indicative of the results that may be expected for any subsequent interim period or year. The condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2022.

The accounting policies adopted in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the Company’s consolidated financial statements for the year ended December 31, 2022.

Amortization of MultiClient library

Upon completion of a survey, straight-line amortization commences over its estimated useful life which is generally over a period of 4 years from the data is transferred to completed surveys. If a project is jointly owned, the Company amortizes the portion of capitalized costs representing partners share of ownership.

In addition, with the straight-line amortization policy there is an accelerated amortization at the point of time when a MultiClient survey is completed and delivered to pre-funding customers. In addition, with the straight-line amortization policy for completed surveys, recognition of additional or accelerated amortization 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.

Extinguishment of debt

IFRS 9 requires an entity to derecognize a financial liability when, and only when, it is ‘extinguished’, that is, when the obligation specified in the contract is discharged, cancelled, or expires. IFRS 9 requires an exchange between an existing borrower and lender of debt instruments with ‘substantially different’ terms to be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability, or a part of it, should be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Segment Reporting Principles

Although IFRS provides a fair presentation of the profit and loss of the Company, for purposes of Segment and internal reporting management applies the revenue recognition principle used prior to 2018 and IFRS 15. MultiClient pre-funding revenue is recognized using the percentage of completion method. Management believes this method makes revenues coincide better with activities and resources used by the Company and provides useful information as to the progress made on MultiClient surveys in process and resultant value generation during the period.

In determining the percentage of completion, progress is measured in a manner generally consistent with the physical progress of the project, and revenue is recognized based on the ratio of the project's progress to date, provided that all other revenue recognition criteria are satisfied. Accordingly, MultiClient pre-funding revenues and related MultiClient amortization are generally recognized earlier for purposes of segment reporting as compared to IFRS reporting.

While a survey is in progress, the Company amortizes each MultiClient survey based on the ratio of aggregate capitalized survey costs to forecasted sales for segment purposes. At completion the remaining balance is amortized on a straight-line basis over four years.

Change in Accounting Principles

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended December 31, 2022, except for the adoption of new standards effective as of January 1, 2023. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments and interpretations apply for the first time in 2023, but do not have an impact on the Company's interim condensed consolidated financial statements.

Note 15 - Risk Factors

The Company emphasizes that the information included herein contains certain forward-looking statements that address activities, events or developments that the Company expects, projects, believes or anticipates will or may occur in the future. These statements are based on various assumptions made by the Company, many of which are beyond its control and all of which are subject to risks and uncertainties. The Company is subject to many risk factors including but not limited to the demand for seismic services, the demand for data from the Company's MultiClient library, the attractiveness of PGS' technology, changes in governmental regulations affecting markets, the speed and impact of the energy transition and its effect on customer behavior, technical downtime, licenses and permitting, currency and fuel price fluctuations, and extreme weather conditions.

Contracts for services are occasionally modified by mutual consent and in certain instances may be cancelled by customers at short notice without compensation. Consequently, the order book as of any date may not be indicative of actual operating results for any succeeding period.

For a further description of other relevant risk factors, we refer to the Annual Report for 2022. As a result of these and other risk factors, actual events and actual results may differ materially from those indicated in or implied by such forward-looking statements.

Appendix I – Alternative Performance Measures

EBIT ex. impairment and other charges, net

(In millions of US dollars)	Quarter ended June 30, 2023	Quarter ended June 30, 2022	Year to date June 30, 2023	Year to date June 30, 2022	Year ended December 31, 2022
Operating profit (loss) as reported	**18.9**	**60.7**	**2.7**	**37.2**	**106.0**
Other charges, net	(0.1)	(2.5)	(0.1)	0.4	(5.7)
Impairment of MultiClient library	-	-	-	-	11.5
Impairment and loss on sale of long-term assets (excl. MultiClient library)	6.3	(0.4)	6.3	(0.4)	5.3
EBIT ex. impairment and other charges, net	**25.1**	**57.8**	**8.9**	**37.2**	**117.1**

Produced EBITDA

(In millions of US dollars)	Quarter ended June 30, 2023	Quarter ended June 30, 2022	Year to date June 30, 2023	Year to date June 30, 2022	Year ended December 31, 2022
Operating profit (loss) as reported	**18.9**	**60.7**	**2.7**	**37.2**	**106.0**
Produced revenue adjustment to revenue as reported	30.4	(63.9)	59.4	(59.9)	(7.9)
Other charges, net	(0.1)	(2.5)	(0.1)	0.5	(5.7)
Amortization and impairment of MultiClient library	42.6	114.3	80.5	158.4	253.1
Depreciation and amortization of long term assets (excl. MultiClient library)	15.0	21.2	35.7	49.5	95.9
Impairment and loss on sale of long-term assets (excl. MultiClient library)	6.3	(0.4)	6.3	(0.4)	5.3
Produced EBITDA	**113.1**	**129.4**	**184.5**	**185.3**	**446.7**

Produced EBIT ex. impairment and other charges, net

(In millions of US dollars)	Quarter ended June 30, 2023	Quarter ended June 30, 2022	Year to date June 30, 2023	Year to date June 30, 2022	Year ended December 31, 2022
Operating profit (loss) as reported	**18.9**	**60.7**	**2.7**	**37.2**	**106.0**
Produced revenue adjustment to revenue as reported	30.4	(63.9)	59.4	(59.9)	(7.9)
Other charges, net	(0.1)	(2.5)	(0.1)	0.4	(5.7)
Segment adjustment to Amortization As Reported	(32.3)	56.2	(65.0)	41.3	(0.4)
Impairment of MultiClient library	-	-	-	-	11.5
Impairment and loss on sale of long-term assets (excl. MultiClient library)	6.3	(0.4)	6.3	(0.4)	5.3
Produced EBIT ex. impairment and other charges, net	**23.2**	**50.1**	**3.3**	**18.6**	**108.8**

The European Securities and Markets Authority ("ESMA") issued guidelines on Alternative Performance Measures ("APMs") that came into force on July 3, 2016. The Company has defined and explained the purpose of the APMs in the paragraphs below.

PGS has introduced alternative performance measures ("APMs") on a POC basis. Such APMs include Produced Revenues, Produced EBITDA, Produced EBIT, excluding impairments and other charges and Order book. PGS measures its revenues on a POC basis for its internal management reporting and consequently this will also be the basis for Segment Reporting in financial statements. PGS believes that the introduction of these APMs will improve transparency and provide better information to financial statement users.

EBIT, excluding impairments and other charges
PGS believes that EBIT, excluding impairments and other charges, is a useful measure in that it provides 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. EBIT, excluding impairments and other charges is reconciled above.

Produced Revenues
Produced Revenues, when used by the Company, means revenues and other income based on recognition of MultiClient pre-funding revenues on a Percentage-of-completion (POC) basis. Produced Revenues is reconciled in Note 1.

Produced EBITDA
Produced EBITDA, when used by the Company, means as reported operating profit (loss), adjusted for produced revenues to revenues as reported and produced amortization to amortization as reported, and excluding impairments and other charges. Produced EBITDA may not be comparable to other similarly titled measures from other companies. The Company has included Produced 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. Produced EBITDA is reconciled above.

Produced EBIT, excluding impairments and other charges
PGS believes that Produced EBIT, excluding impairments and other charges, is a useful measure in that it provides 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. Produced EBIT, excluding impairments and other charges is reconciled above.

MultiClient pre-funding level
The MultiClient pre-funding level is calculated by dividing the MultiClient pre-funding revenues, as per segment reporting, by the cash investment in MultiClient library, as reported, in the Statements of Cash Flows. PGS believes that the MultiClient pre-funding percentage is a useful measure in that provides some indication of the extent to which the Company's financial risk is reduced on new MultiClient investments.

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. Net interest- bearing debt is reconciled in Note 11 above. PGS believes that net interest-bearing debt 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.

Order book
Order book is defined as the aggregated estimated value of future revenues, measured on a basis consistent with our Segment reporting principles. This includes signed customer contracts, letters of award or where all major contract terms are agreed. For long-term contracted service agreements, the order book includes estimated revenues for the nearest 12-month period. PGS believes that the Order book figure is a useful measure in that it provides an indication of the amount of customer backlog and committed activity in the coming periods.

Order book information disclosed in earlier financial reports are as follows:

Order book comparables

(In millions of US dollars)	Order book including production aleready performed on MultiClient surveys	Order book related to production already performed on MultiClient surveys	Order book
December 31, 2022	517.1	100.8	416.3
September 30, 2022	319.9	66.8	253.1
June 30, 2022	359.3	48.7	310.6
March 31, 2022	315.0	112.6	202.4

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.

Liquidity reserve
Liquidity reserve is defined in Note 11. PGS 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.

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 operating cash costs capitalized as investments in the MultiClient library as well as capitalized development costs. Gross cash costs are reconciled in Note 3. 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 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 and is reconciled in Note 3. 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.

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 costs.

Appendix II - IFRS MultiClient pre-funding guidance

The following is the Company's best estimate for recognition of secured MultiClient pre-funding revenues according to IFRS. Please note that this estimate is subject to uncertainty when it comes to the exact time of delivery to customers. In addition, any additional pre-funding commitments relating to ongoing projects before delivery, if any, is not included.

Estimated delivery and revenue recognition of IFRS pre-funding:

(In millions of US dollars)	2023 Q3	2023 Q4	Later	**Total**
IFRS Pre-funding	66	17	215	**298**

Responsibility statement

We confirm that, to the best of our knowledge, the condensed set of financial statements for the first half year 2023, which has been prepared in accordance with IAS 34 Interim Financial reporting gives a true and fair view of the Company's consolidated assets, liabilities, financial position and result of operations, and that the first half 2023 report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 fourth paragraph.

Oslo, July 19, 2023

Walter Qvam
Chairperson

Richard Herbert
Director

Anne Grethe Dalane
Director

Trond Brandsrud
Director

Shona Grant
Director

Ebrahim Attarzadeh
Director

Emeliana Dallan Rice-Oxley
Director

Anette Valbø
Director

Carine Roalkvam
Director

Eivind Vesterås
Director

Rune Olav Pedersen
President & Chief Executive Officer

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PGS ASA and its subsidiaries ("PGS" or "the Company") is an integrated marine geophysics company, which operates on a world-wide basis. PGS business supports the energy industry, including oil and gas, offshore renewables, carbon capture and storage. The Company's headquarter is in Oslo, Norway and the PGS share is listed on the Oslo stock exchange (OSE: PGS). For more information on PGS visit www.pgs.com.

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The information included herein contains certain forward-looking statements that address activities, events or developments that the Company expects, projects, believes or anticipates will or may occur in the future. These statements are based on various assumptions made by the Company, which are beyond its control and are subject to certain additional risks and uncertainties. The Company is subject to a large number of risk factors including but not limited to the demand for seismic services, the demand for data from our multi-client data library, the attractiveness of our technology, unpredictable changes in governmental regulations affecting our markets and extreme weather conditions. For a further description of other relevant risk factors, we refer to our Annual Report for 2022. As a result of these and other risk factors, actual events and our actual results may differ materially from those indicated in or implied by such forward-looking statements. The reservation is also made that inaccuracies or mistakes may occur in the information given above about current status of the Company or its business. Any reliance on the information above is at the risk of the reader, and PGS disclaims any and all liability in this respect.

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Board of Directors:

Walter Qvam (Chairperson)
Anne Grethe Dalane
Richard Herbert
Emiliana Dallan Rice-Oxley
Anette Valbø (employee elected)
Trond Brandsrud
Ebrahim Attarzadeh
Shona Grant
Carine Roalkvam (employee elected)
Eivind Vesterås (employee elected)

Executive Officers:

Rune Olav Pedersen	President & CEO
Gottfred Langseth	EVP & CFO
Nathan Oliver	EVP Sales & Services
Rob Adams	EVP Operations
Berit Osnes	EVP New Energy

Other Corporate Management:

Erik Ewig	SVP Technology & Digitalization
Lars Mysen	General Counsel
Kristin Omreng	SVP HR
Kai Reith	SVP Corporate Development
Sandy Spørck	SVP Sustainability & Quality
Bård Stenberg	VP IR & Communication

Web-Site:
www.pgs.com

Financial Calendar:

Q2 2023 report	July 20, 2023
Q3 2023 report	October 25, 2023
Q4 2023 report	January 25, 2024

The dates are subject to change.

RAPPORT

OM FUSJON

FRA STYRET
I
PGS ASA

1. FUSJONEN

1.1 Innledning

I forbindelse med forslag om fusjon av PGS ASA ("**PGS**") og TGS NewCo AS ("**TGS NewCo**") hvor TGS NewCo ved fusjonen skal overta samtlige eiendeler, rettigheter og forpliktelser i PGS mot utstedelse av vederlagsaksjer i TGS ASA ("**TGS**") som nærmere regulert i fusjonsplan datert 25. oktober 2023 ("**Fusjonsplanen**"), har styret i PGS utarbeidet denne rapporten i henhold til allmennaksjeloven § 13-9 ("**asal.**")

PGS, TGS og TGS NewCo er i det følgende i fellesskap omtalt som "**Selskapene**".

1.2 Formål med fusjonen og dens betydning for PGS

Selskapenes styrer har inngått Fusjonsplanen som regulerer den planlagte fusjonen der PGS fusjoneres inn i et heleid datterselskap av TGS (TGS NewCo).

Begrunnelsen for den foreslåtte fusjonen er å forene to kompetente kommersielle miljøer innen seismikkindustrien, og derigjennom skape et sterkere og mer diversifisert geofysisk selskap og dataleverandør til energiverdikjeden, drevet av teknologi og innovasjon.

Fusjonen gjennomføres som en konsernfusjon etter asal. § 13-2 (2). Selskapet som utsteder vederlagsaksjer mv., er TGS, som er morselskapet til TGS NewCo som er det overtakende selskapet.

Ved gjennomføring av fusjonen vil eiendelene, rettighetene og forpliktelsene til PGS i sin helhet bli overført til TGS NewCo i henhold til kontinuitetsprinsippet, mens

UNOFFICIAL OFFICE TRANSLATION – IN CASE OF DISCREPANCIES, THE NORWEGIAN VERSION SHALL PREVAIL:

MERGER REPORT

FROM THE BOARD OF DIRECTORS
IN
PGS ASA

1. THE MERGER

1.1 Introduction

In connection with a proposed merger of PGS ASA (the "**PGS**") with TGS NewCo AS ("**TGS NewCo**"), where TGS NewCo acquires all assets, rights and obligations of PGS against the issuance of consideration shares in TGS ASA ("**TGS**") as regulated in a merger plan dated 25 October 2023 (the "**Merger Plan**"), the board of directors of PGS has prepared this report in accordance with the Norwegian Public Limited Liability Companies Act section 13-9 (the " **Companies Act"**).

PGS, TGS and TGS NewCo are in the following collectively refer to as the "**Companies**".

1.2 Reason for the mergers and its implications for PGS

The Companies' Boards of Directors have entered into the Merger Plan to regulate the proposed merger where PGS is to be merged into a wholly owned subsidiary of TGS (TGS NewCo).

The rationale for the proposed merger is to unite two competent commercial cultures in the seismic industry, and thereby creating a stronger and more diversified geophysical company and data provider to the energy value chain, driven by technology and innovation.

The merger will be conducted as a triangular merger in accordance with the Companies Act section 13-2 (2). The company issuing consideration in the merger will be TGS, being the parent company of TGS NewCo which is the acquiring company.

Upon completion of the merger, the assets, rights and obligations of PGS will in their entirety be transferred to TGS NewCo in accordance with the principle of aksjonærene i PGS vil motta vederlag i form av aksjer i TGS. PGS vil bli oppløst ved gjennomføring av fusjonen. TGS viderefører sin notering på Oslo Børs etter fusjonen, og fusjonsaksjene som utstedes av TGS i forbindelse med fusjonen vil være tatt opp til handel på Oslo Børs.

Fusjonen vil bli registrert og tre i kraft utenfor åpningstiden for handel på Oslo Børs.

1.3 Lovregulering mv.

Fusjonen gjennomføres etter bestemmelsene i asal. kapittel 13. Fusjonen vil bli gjennomført som en såkalt trekantfusjon etter fordringsmodellen, jf. den særskilte bestemmelsen i asal. § 13-2 andre ledd.

Fusjonen gjennomføres regnskapsmessig som en transaksjon i tråd med regnskapslovens regler.

Fusjonen gjennomføres med skattemessig kontinuitet etter reglene i skatteloven kapittel 11.

Fusjonen vil ikke anses som en skattemessig realisasjon for norske aksjonærer. For utenlandske aksjonærer reguleres den skattemessige behandlingen av de respektive lands skatteregler. I enkelte jurisdiksjoner kan det være at fusjonen anses som en skattemessig transaksjon. Alle aksjonærer oppfordres til å konsultere med skatteeksperter i sine respektive jurisdiksjoner.

1.4 Praktisk gjennomføring av fusjonen

Fusjonsplanen skal meldes og kunngjøres i Foretaksregisteret og gjøres tilgjengelig sammen med øvrige saksdokumenter for aksjonærene på henholdsvis PGS' og TGS' hjemmesider senest en måned før generalforsamlingene skal behandle Fusjonsplanen.

Fusjonen og Fusjonsplanen skal så behandles og godkjennes av generalforsamlingene i PGS og TGS NewCo. I tillegg må generalforsamlingen i TGS vedta den nødvendige kapitalforhøyelse for å utstede Fusjonsaksjene (som definert under). Fusjonen vil bli behandlet på ekstraordinære generalforsamlinger i henholdsvis PGS og TGS NewCo på samme dag, forventet å finne sted i Q4 2023. For at fusjonen skal godkjennes må den vedtas med minst to tredeler av de avgitte stemmer på generalforsamlingene.

continuity, while the shareholders of PGS will receive consideration in the form of shares in TGS. PGS will be dissolved upon completion of the merger. TGS will continue to be listed on Oslo Stock Exchange after the merger, and the merger shares issued by TGS in connection with the merger will be admitted to trading on Oslo Stock Exchange.

The merger will be registered and enter into force outside the trade hours of Oslo Stock Exchange.

1.4 Legal regulations etc.

The merger shall be carried out in accordance with the Companies Act chapter 13 and as a triangular merger applying the receivable model, cf. the Companies Act section 13-2 second paragraph.

The merger is carried out as a transaction for accounting purposes in accordance with the rules set out in the Norwegian Accounting Act.

The merger is implemented with full tax continuity pursuant to Chapter 11 of the Tax Act.

The merger will not be regarded as a tax realization for Norwegian shareholders. For foreign shareholders, the tax treatment is regulated by their respective countries' tax legislation. In certain jurisdictions the merger may be regarded as tax transaction. All shareholders are encouraged to consult tax advisors in their respective jurisdictions.

1.4 Practical handling of the merger

The Merger Plan shall be submitted to and published by the Norwegian Register of Business Enterprises. Additionally, it shall be made available, along with other case documents, for the shareholders on PGS' and TGS' respective website no later than one month prior to the general meetings' consideration of the Merger Plan.

The merger and the Merger Plan will thereafter be considered and approved by the general meetings of PGS and TGS NewCo. In addition, the general meeting of TGS must approve the required share capital increase in order to issue the Merger Shares (as defined below). The merger shall be handled in extraordinary general meetings of PGS and TGS NewCo, respectively, on the same day, expected during Q4 2023, The merger must be approved with at least two thirds of the votes cast at the general meetings.

Etter at Fusjonsplanen er godkjent av generalforsamlingene vil fusjonsbeslutningen bli meldt til Foretaksregisteret av begge de fusjonerende selskaper.

Foretaksregisteret vil deretter kunngjøre fusjonsbeslutningene og dermed varsle selskapenes kreditorer om at innsigelse mot fusjonen må meldes til selskapet innen seks uker fra kunngjøringen i Brønnøysundregistrenes elektroniske kunngjøringspublikasjon. I denne seks ukers kreditorvarselperioden vil kreditorene til de fusjonerende selskapene kunne komme med innsigelser mot fusjonen.

Etter utløpet av seksukers-fristen vil gjennomføringen av fusjonen bli meldt til Foretaksregisteret når betingelsene for gjennomføring av fusjonen er oppfylt eller frafalt.

På tidspunktet for registreringen av gjennomføringen av fusjonen i Foretaksregisteret vil PGS oppløses og TGS vil utstede Fusjonsaksjene til aksjonærene i PGS.

1.5 Betingelser for gjennomføring av fusjonen

Gjennomføring av fusjonen er betinget av:

(i) Godkjenning av Fusjonsplanen i Selskapenes ekstraordinære generalforsamlinger med tilslutning fra to tredeler av de avgitte stemmer.

(ii) Kreditorfristen på seks uker iht asal. § 13-15 har utløpt uten innsigelser fra kreditorer, eller dersom innsigelser fra kreditorer har blitt fremmet i løpet av kreditorfristperioden har kreditor som har fremmet innsigelser enten mottatt tilstrekkelig sikkerhet eller tingretten har avslått kravet om sikkerhet etter asal. § 13-16

(iii) Godkjennelse fra relevante konkurransemyndigheter og andre myndigheter som rimelig er påkrevd eller hensiktsmessig for gjennomføring av fusjonen, uten vilkår eller på vilkår som kan avhjelpes gjennom tiltak som etter TGS' rimelige oppfatning er akseptable eller at alle aktuelle innstillinger og andre relevante venteperioder for meldinger til slike konkurranse- og andre myndigheter har utløpt eller blitt hevet i henhold til relevant lovgivning.

After the Merger Plan is approved by the general meetings, the merger resolution will be submitted to the Norwegian Register of Business Enterprises by both merging companies.

The Norwegian Register of Business Enterprises will thereafter announce the merger resolutions and thereby notifying the companies' creditors that any objections to the merger must be served to the company within six weeks from the announcement in the Norwegian Register of Business Enterprises' electronic announcement platform. During the six weeks' creditor notice period, the creditors of the merging companies may raise objections to the merger.

Following the end of the creditors' notification period and when the conditions are fulfilled or waived, the completion of the merger will be submitted to the Register of Business Enterprises.

At the time of registration of completion of the merger in the Norwegian Register of Business Enterprises, PGS will be dissolved and TGS will issue the Merger Shares to the shareholders of PGS.

1.5 Conditions for completion of the merger

Completion of the merger is conditional upon:

(i) Approval of the Merger Plan by the Companies' extraordinary general meetings with support from two thirds of the votes cast.

(ii) The six weeks creditor notification period pursuant to Section 13-15 of the Companies Act having expired without any objections from the creditors, or if any objection has been made within this notification period, the creditor having received adequate security or the court having rejected the demand for security pursuant to Section 13-16 of the Companies Act.

(iii) Approval of the relevant competition authorities and other regulatory authorities that are reasonably required or expedient for the completion of the merger have been obtained without conditions or on conditions that can be remedied through measures that in the reasonable opinion of TGS are acceptable or that all applicable suspensions and other relevant time periods in relation to filings with such competition and other regulatory authorities have expired, lapsed or been terminated under applicable law.

(iv) Verken TGS' og PGS' gjeldsfinansiering har vært, eller kan kreves førtidig innfridd eller kansellert (eller varsel om førtidig innfrielse eller kansellering har blitt rettmessig gitt i samsvar med vilkårene i den aktuelle finansieringsavtale) som følge av mislighold (uavhengig av hvordan dette er definert i den aktuelle avtalen).

(v) Oslo Børs har bekreftet til TGS at vilkårene for fortsatt notering etter gjennomføring av fusjonen er oppfylt.

(vi) TGS og PGS har ikke vesentlig brutt noen av deres forpliktelser i Fusjonsplanen eller i fusjonsavtalen inngått mellom TGS og PGS.

(vii) Det har ikke forekommet noe vesentlig brudd på garantier gitt av TGS eller PGS avgitt i bekreftelsesskrivet avgitt før de respektive generalforsamlingenes godkjennelse av fusjonsplanen.

2. FASTSETTELSE AV FUSJONSVEDERLAGET

Fusjonsvederlaget til aksjonærene i PGS består av Fusjonsaksjene i TGS som utstedes ved kapitalforhøyelse i TGS samt kontantvederlag.

Aksjonærene i PGS skal motta 0,06829 ordinære aksjer i TGS for hver aksje de eier i PGS som vederlag for fusjonen ("**Fusjonsaksjene**").

Bytteforholdet er fremforhandlet av Selskapenes styrer i samråd med Selskapenes respektive finansielle rådgivere, dvs. mellom uavhengige parter, og er således fastsatt på markedsmessige vilkår. Det har ikke vært særlige vanskeligheter ved fastsettelsen av fusjonsvederlaget.

TGS vil utstede Fusjonsaksjene gjennom en økning av aksjekapitalen som spesifisert i Fusjonsplanen. Fusjonsaksjene anses å være tegnet ved at generalforsamlingen i PGS godkjenner Fusjonsplanen, jf. asal. § 13-3 (3).

Ved gjennomføring av fusjonen skal tegningsbeløpet for Fusjonsaksjene gjøres opp ved at TGS NewCo utsteder en fordring til TGS, i henhold til asal. § 13-2 (2) annet punktum

(iv) None of TGS' or PGS' debt financing having been, or being capable of being, accelerated or cancelled (or notice of acceleration or cancellation having been rightfully served in accordance with the terms of the applicable debt financing agreement) as a result of an event of default (however defined in the relevant finance agreement).

(v) The Oslo Stock Exchange has confirmed to TGS that the conditions for continued listing following completion of the merger are fulfilled.

(vi) TGS and PGS have not materially breached any of its obligations or covenants included in the Merger Plan or in the merger agreement entered into between TGS and PGS.

(vii) No material breach of warranties given by TGS or PGS in the bring down letter provided prior to the respective general meetings' approval of the merger plan.

2. DETERMINATION OF THE MERGER CONSIDERATION

The merger consideration to the shareholders of PGS will consist of Merger Shares in TGS that will be issued in the capital increase and a cash consideration.

The shareholders of PGS shall receive 0.06829 ordinary shares in TGS for each share they own in PGS as consideration for the merger (the "**Merger Shares**").

The exchange rate is determined through negotiations between the Companies Board of Directors with the advice from the Companies' respective financial advisors, i.e. between unrelated parties, and is thereby in accordance with market terms. There have not been any particular difficulties in connection with the determination of the merger consideration.

TGS will issue the Merger Shares through an increase of its share capital as specified in the Merger Plan. The Merger Shares are deemed to have been subscribed for by way of the general meeting of PGS approving the Merger Plan, cf. Section 13-3 (3) of the Companies Act.

Upon completion of the merger, the subscription amount for the Merger Shares shall be settled by TGS NewCo issuing a receivable to TGS, pursuant to Section 13-2 (2)

("**Fusjonsfordringen"**). Pålydende verdi av Fusjonsfordringen skal være NOK 9 185 531 520, som tilsvarer virkelig verdi av egenkapitalen tilført TGS NewCo i forbindelse med fusjonen, som er totalt antall Fusjonsaksjer multiplisert med sluttkursen på TGS-aksjer på Oslo Børs datoen før fusjonsplanen godkjennes av Selskapenes styrer. Fordringen skal stå tilbake for TGS NewCos øvrige kreditorer. TGS og TGS NewCo skal konvertere Fusjonsfordringen til egenkapital i TGS NewCo på gjennomføringsdatoen for Fusjonen.

second sentence of the Companies Act (the "**Merger Receivable"**). The par value of the Merger Receivable shall be NOK 9,185,531,520, which corresponds to the fair market value of the equity contributed to TGS NewCo in connection with the merger, being the total number of Merger Shares multiplied with the closing price of TGS shares on the Oslo Stock Exchange on the date before the merger plan is resolved by the Companies' board of directors. The receivable shall be subordinated to TGS NewCo's other creditors. TGS and TGS NewCo will convert the Merger Receivable into equity in TGS NewCo on the effective date of the Merger.

Brøkdelsaksjer vil ikke bli tildelt. For hver aksjonær vil antallet Fusjonsaksjer bli rundet ned til nærmeste hele tall. Overskytende utstedte Fusjonsaksjer, som følge av avrunding ikke vil bli tildelt, vil bli utstedt til og solgt av Sparebank 1 Markets AS. Salgsinntektene vil bli gitt til TGS, som står fritt til å gi salgsinntektene videre til veldedige formål.

Fractions of Merger Shares will not be allotted. For each shareholder the amount of Merger Shares will be rounded down to the nearest whole number. Excess Merger Shares issued, which as a result of rounding will not be allotted, will be issued to and sold by Sparebank 1 Markets AS. The sales proceeds will be given to TGS, who is free to give the sales proceeds further to charity.

Da fusjonen gjennomføres regnskapsmessig som en transaksjon, fastsettes Fusjonsfordringens størrelse til virkelig verdi av eiendelene, rettighetene og forpliktelsene i PGS og vil tilsvare NOK 9 185 531 520.

As the merger is carried out as a transaction for accounting purposes, the Merger Receivable will reflect the fair value of the assets, rights and obligations in PGS and equal NOK 9,185,531,520.

Vederlagsaksjene gir rettigheter i TGS fra tidspunktet for den selskapsrettslige ikrafttredelse av fusjonen.

The consideration shares give rights in TGS from the time of the entry into force from a corporate perspective.

Aksjeeierne i PGS skal kompenseres for ethvert utbytte erklært av TGS etter datoen for generalforsamlingen som vedtar fusjonen, og hvor ex-datoen er før gjennomføringen av fusjonen.

Shareholders in PGS shall be compensated in cash by TGS for any dividend declared by TGS after the date of the general meeting approving the merger and for which the ex-date occurs prior to completion of the merger.

Slik utbyttekompensasjon skal ved gjennomføring av fusjonen utbetales kontant til hver PGS-aksjeeier med et beløp som tilsvarer:

a. antall Fusjonsaksjer som hver PGS-aksjeeier mottar som vederlag ved fusjonen,
b. multiplisert med det samlede utbyttet som TGS har erklært for hver TGS-aksje etter datoen for generalforsamlingen som godkjenner fusjonen, og hvor ex-datoen er før gjennomføringen av fusjonen.

Such dividend compensation shall on completion of the merger be payable in cash to each PGS shareholder in an amount equal to:

a. the number of Merger Shares that each PGS shareholder receives as consideration for the merger,
b. multiplied by the aggregate dividend declared by TGS on each TGS share after the date of the general meeting and for which the ex-date occurs prior to completion of the merger.

Det vises for øvrig til vedlagte sakkyndige redegjørelser for fusjonsplanen utarbeidet av KWC Revisjon AS i anledning fusjonen.

Further reference is made to the enclosed expert statements prepared by KWC Revisjon AS in connection with the merger.

3. FORHOLDET TIL DE ANSATTE

3. EMPLOYEES

Verken TGS Newco eller PGS har ansatte.

Neither TGS NewCo nor PGS have any employees.

I forbindelse med fusjonsprosessen vil ikke det bli endringer i hvilket selskap de nåværende ansatte er ansatt

In connection with the merger process, there will not be a

i. Dermed vil nåværende ansatte kun erfare en endring i (det endelige og strukturelle) eierskapet av arbeidsgiverselskapene i PGS gruppen. Bestemmelsene i arbeidsmiljølovens kapittel 16 kommer således ikke til anvendelse. PGS har likevel til hensikt å avholde informasjons- / konsultasjonsmøte(r) med de respektive tillitsvalgte i PGS gruppen.

4. SKATTEMESSIGE KONSEKVENSER

Fusjonen er planlagt gjennomført med full skattemessig kontinuitet for norske skatteformål i samsvar med bestemmelsene i skatteloven kapittel 11. Dette gjelder både de involverte selskaper og aksjonærene. Fusjonen vil gjennomføres med skattemessig virkning fra samme tidspunkt som det regnskapsmessige virkningstidspunktet, dvs. fra og med fusjonens selskapsrettslige ikrafttredelsestidspunkt. Det legges til grunn at kontantvederlaget som ytes til aksjonærene i PGS i forbindelse med fusjonen ikke overstiger 20% av det totale vederlag som ytes.

At fusjonen gjennomføres med skattemessig kontinuitet, innebærer at alle skatteposisjoner i PGS knyttet til eiendeler, rettigheter og forpliktelser som overføres, overføres uendret og uten at det utløses skatt i PGS eller gir oppskrivningsrett for TGS NewCo.

Skattemessig kontinuitet på aksjonærnivå innebærer at fusjonen ikke anses som en skattemessig realisasjon for norske aksjonærer. Inngangsverdien på den enkelte aksjonærs aksjer i PGS vil bli overført til de vederlagsaksjene den aktuelle aksjonæren mottar i TGS. For utenlandske aksjonærer reguleres den skattemessige behandlingen av de respektive lands skatteregler. I enkelte land kan det være at fusjonen anses som en skattemessig transaksjon. Alle utenlandske aksjonærer oppfordres til å konsultere med skatteeksperter i sine respektive jurisdiksjoner.

Den del av fusjonsvederlaget som utbetales kontant er ikke omfattet av det generelle skattefritaket som gjelder for fusjoner o.l. som gjennomføres til kontinuitet. Kontantvederlag beskattes etter de alminnelige reglene i skattelovgivningen.

Skattlegging av slikt vederlag kan, alt etter forholdene, skje som uttak, utbytte eller aksjegevinst. Siden det i dette tilfellet ikke finner sted noen endringer i eierforholdet mellom aksjonærene (utover minimale justeringer som følge av brøkdelsaksjer) og kontantutdelingene er ment å stille aksjonærene i PGS som om de var aksjonærer TGS

change of employer entity for any current employees. Consequently, employees will only experience a change of (ultimate and structural) ownership of the employing entities in the PGS group. As such, the provisions in the Norwegian Working Environment Act chapter 16 are not applicable. PGS however intends to hold information/consultation meeting(s) with the respective employee representatives in the PGS group.

4. TAX CONSEQUENCES

The merger is planned completed with full tax continuity for Norwegian tax purposes in accordance with chapter 11 in the Norwegian Tax Act. This applies both to the involved companies and the shareholders. The merger will be completed with tax effect from the same time as the accounting effective time, i.e. as from the effective date of the merger from a corporate law perspective. It is assumed that the cash consideration to be distributed to the shareholders of PGS will not exceed 20% of the total consideration that is paid.

The merger being completed with tax continuity imply that all tax positions in PGS related to the transferred assets, rights and obligations, are transferred unchanged, and without triggering any tax in PGS or write up rights for TGS NewCo.

Tax continuity at shareholder-level entails that the merger will not be regarded as a tax realization for Norwegian shareholders. The acquisition value of each PGS shareholder's shares will be transferred to the consideration shares for the relevant shareholder of TGS. For foreign shareholders, the tax treatment is regulated by their respective countries' tax legislation. In some countries the merger may be regarded as tax transaction. All foreign shareholders are encouraged to consult tax advisors in their respective jurisdictions.

Such part of the consideration as is paid in cash is not covered by the general tax exemption that applies to mergers etc. that are completed in accordance with principles of continuity. Cash considerations are taxed in accordance with the ordinary tax rules.

Taxation of such consideration may, dependent on the facts and circumstances, be deemed as withdrawals, dividends or capital gains. As no changes are made to the ownership percentages between the shareholders (besides minimal adjustments to avoid fractional shares) and the cash consideration is intended to leave the på tidspunktet utbyttet ble besluttet utdelt, bør utdelingene klassifiseres som utbytteutdelinger.

Utbytte til norske selskapsaksjonærer blir gjenstand for skatt på 0,66 %, mens utbytte til norske personlige aksjonærer blir gjenstand for skatt på 37,84 %.

Utbytte til utenlandske aksjonærer er i utgangspunktet gjenstand for norsk kildeskatt på 25 %, men kildeskatten kan være redusert eller bortfalt i henhold til anvendelig skatteavtale. Utbytte utdelt til for aksjeselskaper og tilsvarende selskaper hjemmehørende innenfor EU/EØS er i utgangspunktet fritatt fra norsk kildeskatt. Utenlandske aksjonærer bes konsultere sine egne skatterådgivere.

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shareholders in PGS as if they were shareholders in TGS at the time the dividends were resolved distributed, the cash consideration should be classified as dividends.

Dividends to Norwegian corporate shareholders are subject to Norwegian tax at a rate of 0.66%. Dividends to Norwegian individual shareholders are subject to Norwegian tax at a rate of 37.84%.

Dividends to shareholders being non-tax resident in Norway are as a starting point subject to Norwegian withholding tax at a rate of 25%, but the withholding tax may be reduced or dropped pursuant to applicable tax treaty. Dividends to limited liability companies and similar corporations tax resident within the EU/EEA area is as a starting point exempt from Norwegian withholding tax. Shareholders being non-tax resident in Norway are encouraged to consult tax advisors in their respective jurisdictions.

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[signaturside følger/signature page follows]

25 October 2023

Styret i PGS / Board of Directors of PGS

Walter Hafslo Qvam Styrets leder / Chairman of the board	Anne Grethe Dalane Styremedlem / Board member
Richard Herbert Styremedlem / Board member	Emeliana Dallan Rice-Oxley Styremedlem / Board member
Anette Valbø Styremedlem / Board member	Trond Brandsrud Styremedlem / Board member
Carine Patricia Roalkvam Styremedlem / Board member	Eivind Rødnes Vesterås Styremedlem / Board member
Shona Macfarlane Grant Styremedlem / Board member	Ebrahim Attarzadeh Styremedlem / Board member

KWC REVISJON

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Til generalforsamlingen i PGS ASA

Redegjørelse for fusjonsplanen i PGS ASA

INNLEDNING

På oppdrag fra styret i PGS ASA («PGS») avgir vi som uavhengig sakkyndig, i samsvar med allmennaksjeloven § 13-10 (1) og (2), jf. § 2-6 (2), denne redegjørelse for fusjonsplanen datert 25. oktober 2023 mellom TGS NewCo AS («TGS NewCo») og PGS med TGS ASA («TGS») som aksjeutstedende selskap. Ved fusjonen overdrar PGS sine eiendeler, rettigheter og forpliktelser som helhet til TGS NewCo mot at det utstedes vederlag i aksjer i TGS ASA. PGS oppløses ved fusjonen.

Begrunnelsen for den foreslåtte fusjonen er å forene to kompetente kommersielle miljøer innen seismikkindustrien, og derigjennom skape et sterkere og mer diversifisert geofysisk selskap og dataleverandør til energiverdikjeden, drevet av teknologi og innovasjon.

STYRETS ANSVAR FOR REDEGJØRELSEN

Styret er ansvarlig for informasjonen redegjørelsen bygger på og de verdsettelser som ligger til grunn for vederlaget.

UAVHENGIG SAKKYNDIGES OPPGAVER OG PLIKTER

Vår oppgave er å utarbeide en redegjørelse om fastsettelsen av vederlaget.

Den videre redegjørelsen består av to deler. Den første delen angir hvilke fremgangsmåter som er brukt ved fastsettelsen av vederlaget til aksjeeierne i PGS. Den andre delen er vår uttalelse om vederlaget.

DEL 1: REDEGJØRELSE OM FASTSETTELSE AV VEDERLAGET

Bytteforholdet er fastsatt basert på forhandlinger mellom styrene i PGS og TGS. Både historiske og fremtidsrettede nøkkeltall for omsetning og inntjening har vært vurdert i tillegg til historisk aksjekursutvikling, historiske budpremier ved Oslo Børs samt forventede synergier. Begge selskaper har vært bistått av egne finansielle rådgivere.

Som fusjonsvederlag mottar aksjeeierne i PGS 0,06829 aksjer i TGS for hver aksje de eier i PGS. Brøkdeler av aksjer tildeles ikke slik at det for hver aksjeeier foretas en avrunding nedad til nærmeste hele aksje. Det betyr at aksjeeierne i PGS får en samlet eierandel på ca 33,3 %.

Basert på sluttkurs av TGS på Oslo Børs 24. oktober 2023, og det fremforhandlede bytteforholdet, utgjør vederlaget en verdi på NOK 9,62 pr.- aksje i PGS. Partene er da enige om å legge til grunn en kurs pr. aksje i TGS på NOK 140,80.

Videre skal aksjonærene i PGS kompenseres av TGS for utdelinger besluttet av TGS etter datoen for generalforsamlingen som godkjenner fusjonen, og der eks. datoen er før gjennomføring av fusjonen. Slik kompensasjon for utdelinger skal ved gjennomføringen av fusjonen utbetales med et kontant beløp til hver PGS aksjonær tilsvarende:

(a) Antall aksjer i TGS som hver PGS-aksjonær mottar som vederlag ved fusjonen,

(b) multiplisert med det samlede utbytte besluttet av TGS på hver TGS-aksje etter datoen for generalforsamlingen som godkjenner fusjonen, og der eks. datoen er før gjennomføring av fusjonen.

Det har ikke oppstått særlige vanskeligheter ved fastsettelse av vederlaget til aksjeeierne i PGS.

DEL 2: DEN UAVHENGIG SAKKYNDIGES UTTALELSE
Vi har utført vår kontroll og avgir vår uttalelse i samsvar med standard for attestasjonsoppdrag SA 3802-1 «Revisors uttalelser og redegjørelser etter aksjelovgivningen». Standarden krever at vi planlegger og utfører kontroller for å oppnå betryggende sikkerhet for at vederlaget til aksjeeierne i PGS er rimelig og saklig begrunnet. Arbeidet omfatter kontroll av verdsettelsen av vederlaget. Videre har vi vurdert de verdsettelsesmetoder som er benyttet, og de forutsetninger som ligger til grunn for verdsettelsen.

Etter vår oppfatning er innhentet bevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

KONKLUSJON
Etter vår mening er begrunnelsen for vederlaget til aksjeeierne i PGS rimelig og saklig basert på verdsettelsen pr. 24. oktober 2023 av selskapene som beskrevet ovenfor.

Oslo, 25. oktober 2023

KWC Revisjon AS

____

Trond Bjerge

Statsautorisert revisor

Vedtekter

Articles of association

TGS ASA

§ 1

Selskapets navn er TGS ASA.

The name of the company is TGS ASA.

§ 2

Selskapet er et allmennaksjeselskap registrert i Verdipapirsentralen.

The company is a public limited company registered in the Norwegian Securities Register.

§ 3

Selskapets hovedvirksomhet er levering av data, informasjon og kunnskap, samt teknologi, tjenester og produkter, til energiindustrien.

The principal business area of the company is the provision of data, information and knowledge, together with technology, services and products, to the energy industry.

§ 4

Selskapets forretningskontor er i Oslo kommune.

The company's business office is in the Oslo municipality.

§ 5

Selskapets aksjekapital er NOK 32 820 114,50 fordelt på 131 280 458 aksjer á NOK 0,25.

The company's share capital is NOK 32,820,114.50 divided on 131,280,458 shares of NOK 0.25.

§ 6

Styret skal bestå av fra 5-9 medlemmer. Styremedlemmer skal tjenestegjøre i ett år. Forslag til styremedlemmer og forslag til honorar til disse skal forberedes av en valgkomité som skal bestå av en formann og opp til tre medlemmer som velges av og blant aksjonærene og som skal velges for en periode på to år.

The company's board of directors shall consist of from five to nine directors. The period of service is one year. The nomination of directors to the board and the remuneration payable to the directors shall be prepared by a nomination committee consisting of one chair and up to three members elected by and amongst the shareholders and who shall serve for a period of two years.

§ 7

Den ordinære generalforsamling skal behandle:

1 Godkjennelse av årsregnskap og årsberetning, herunder utdeling av utbytte.

2 Alle andre saker som i henhold til lov eller vedtekter hører inn under generalforsamlingen.

Dokumenter som gjelder saker som skal behandles i selskapets generalforsamling, herunder dokumenter som etter lov skal inntas i eller vedlegges innkallingen til generalforsamlingen, trenger ikke sendes til aksjeeierne dersom dokumentene er tilgjengelige på selskapets hjemmeside. En aksjeeier kan likevel kreve å få tilsendt dokumenter som gjelder saker som skal behandles i generalforsamlingen.

Aksjonærer skal melde fra til selskapet om de vil være tilstede på generalforsamlingen senest to dager før dagen for generalforsamlingen.

Styret kan beslutte at aksjeeiere kan avgi skriftlig forhåndsstemme, herunder ved bruk av elektronisk kommunikasjon, i en periode før generalforsamlingen i saker som skal behandles på generalforsamlinger i selskapet. Adgangen til å avgi forhåndsstemme er betinget av at det foreligger betryggende metode for autentisering av avsenderen. Styret kan fastsette nærmere retningslinjer for forhåndsstemmer. Det skal fremgå av innkallingen til generalforsamlingen om det er gitt adgang til skriftlig stemmegivning før generalforsamlingen, og hvilke retningslinjer som eventuelt er fastsatt for slik stemmegivning.

The ordinary shareholders' meeting shall decide the following:

(1) Approval of the annual profit and loss account and the annual report, hereunder distribution of dividends.

(2) Other matters that according to the laws or these articles of association shall be dealt with by the shareholders.

Documents relating to items that are on the agenda for the shareholders' meeting of the company, including documents that according to law shall be included or attached to the notice calling the shareholders' meeting, do not have to be sent to the shareholders if the documents are available at the company's home page. A shareholder may however require that such documents are sent to him/her.

Shareholders shall notify the company about their attendance at the shareholders' meeting at the latest two days before the day of the shareholders' meeting.

The board of directors may resolve that the shareholders may, within a limited time period prior to the shareholders' meeting, deliver their votes in writing, which shall include the use of electronic means. The right to vote in writing prior to the shareholders' meeting is conditioned upon that an adequately secure method to authenticate the sender exists. The board of directors may lay down guidelines for advance voting in writing. The notice to the shareholders' meeting shall provide information about whether the shareholders may vote in advance in writing, and about the guidelines that apply to such voting.

Vedtekter

Articles of association

TGS ASA

§ 1

Selskapets navn er TGS ASA.

The name of the company is TGS ASA.

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Selskapets hovedvirksomhet er levering av data, informasjon og kunnskap, samt teknologi, tjenester og produkter, til energiindustrien.

The principal business area of the company is the provision of data, information and knowledge, together with technology, services and products, to the energy industry.

§ 4

Selskapets forretningskontor er i Oslo kommune.

The company's business office is in the Oslo municipality.

§ 5

Selskapets aksjekapital er NOK 49 129 652 fordelt på 196 518 608 aksjer á NOK 0,25.

The company's share capital is NOK 49,129,652 divided on 196,518,608 shares of NOK 0.25.

§ 6

Styret skal bestå av fra 5-9 medlemmer. Styremedlemmer skal tjenestegjøre i ett år. Forslag til styremedlemmer og forslag til honorar til disse skal forberedes av en valgkomité som skal bestå av en formann og opp til tre medlemmer som velges av og blant aksjonærene og som skal velges for en periode på to år.

The company's board of directors shall consist of from five to nine directors. The period of service is one year. The nomination of directors to the board and the remuneration payable to the directors shall be prepared by a nomination committee consisting of one chair and up to three members elected by and amongst the shareholders and who shall serve for a period of two years.

§ 7

Den ordinære generalforsamling skal behandle:

1 Godkjennelse av årsregnskap og årsberetning, herunder utdeling av utbytte.

2 Alle andre saker som i henhold til lov eller vedtekter hører inn under generalforsamlingen.

Dokumenter som gjelder saker som skal behandles i selskapets generalforsamling, herunder dokumenter som etter lov skal inntas i eller vedlegges innkallingen til generalforsamlingen, trenger ikke sendes til aksjeeierne dersom dokumentene er tilgjengelige på selskapets hjemmeside. En aksjeeier kan likevel kreve å få tilsendt dokumenter som gjelder saker som skal behandles i generalforsamlingen.

Aksjonærer skal melde fra til selskapet om de vil være tilstede på generalforsamlingen senest to dager før dagen for generalforsamlingen.

Styret kan beslutte at aksjeeiere kan avgi skriftlig forhåndsstemme, herunder ved bruk av elektronisk kommunikasjon, i en periode før generalforsamlingen i saker som skal behandles på generalforsamlinger i selskapet. Adgangen til å avgi forhåndsstemme er betinget av at det foreligger betryggende metode for autentisering av avsenderen. Styret kan fastsette nærmere retningslinjer for forhåndsstemmer. Det skal fremgå av innkallingen til generalforsamlingen om det er gitt adgang til skriftlig stemmegivning før generalforsamlingen, og hvilke retningslinjer som eventuelt er fastsatt for slik stemmegivning.

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(1) Approval of the annual profit and loss account and the annual report, hereunder distribution of dividends.

(2) Other matters that according to the laws or these articles of association shall be dealt with by the shareholders.

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KWC REVISJON

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Til generalforsamlingen i TGS ASA

Redegjørelse for tingsinnskuddet i TGS ASA

INNLEDNING

På oppdrag fra styret i TGS ASA («TGS») avgir vi som uavhengig sakkyndig, i samsvar med allmennaksjeloven § 10-2, jf. § 2-6 denne redegjørelsen.

STYRETS ANSVAR FOR REDEGJØRELSEN

Styret er ansvarlig for informasjonen redegjørelsen bygger på og de verdsettelser som ligger til grunn for vederlaget.

UAVHENGIG SAKKYNDIGES OPPGAVER OG PLIKTER

Vår oppgave er å utarbeide en redegjørelse og uttale oss om de eiendeler selskapet skal overta, har en verdi som minst svarer til vederlaget.

Den videre redegjørelsen består av to deler. Den første delen er en presentasjon av opplysninger i overensstemmelse med de krav som stilles i allmennaksjeloven § 10-2, jf. § 2-6. Den andre delen er vår uttalelse om at de eiendeler selskapet skal overta, har en verdi som minst svarer til vederlaget.

DEL 1: OPPLYSNINGER OM INNSKUDDET

Styrene i PGS ASA («PGS»), TGS NewCo AS («TGS NewCo») og TGS har foreslått å gjennomføre en såkalt trekantfusjon i henhold til allmennaksjeloven § 13-2 (2). Ved fusjonen overføres PGS' eiendeler, rettigheter og forpliktelser som helhet til TGS NewCo, som er et datterselskap av TGS. Som vederlag for dette mottar aksjeeierne i PGS 0.06829 aksjer i TGS for hver aksje de eier i PGS. Videre skal aksjonærene i PGS kompenseres av TGS for utdelinger besluttet av TGS etter datoen for generalforsamlingen som godkjenner fusjonen, og der eks. datoen er før gjennomføring av fusjonen. Slik kompensasjon for utdelinger skall på gjennomføringen av fusjonen utbetales med et kontant beløp til hver PGS aksjonær tilsvarende:

(a) Antall aksjer i TGS som hver PGS-aksjonær mottar som vederlag ved fusjonen,
(b) multiplisert med det samlede utbytte besluttet av TGS på hver TGS-aksje etter datoen for generalforsamlingen som godkjenner fusjonen, og der eks. datoen er før gjennomføring av fusjonen.

De eiendeler, rettigheter og forpliktelser som TGS NewCo skal overta, er beskrevet i fusjonsplanen mellom TGS NewCo og PGS, og med TGS som vederlagsutstedende selskap.

Pr. dagen før inngåelse av fusjonsplanen har TGS-aksjen en sluttkurs på NOK 140,80. Partene har gjennom forhandlinger blitt enige om at verdien av overdragende selskap PGS skal gjøres opp ved at TGS ved kapitalforhøyelsen utsteder 65 238 150 nye TGS-aksjer til aksjeeierne i PGS og et kontantvederlag som nevnt ovenfor. Aksjeinnskuddet for disse aksjene gjøres opp ved at TGS NewCo, idet fusjonen trer i kraft, utsteder fusjonsfordringen stor NOK 9 185 531 520,00 til TGS. Fusjonsfordringen tilsvarer verdien av den egenkapitalen som TGS NewCo tilføres ved fusjonen pr. dato for verdimålingen 24 oktober 2023.

DEL 2: DEN UAVHENGIG SAKKYNDIGES UTTALELSE

Vi har utført vår kontroll og avgir vår uttalelse i samsvar med standard for attestasjonsoppdrag SA 3802-1 "Revisors uttalelser og redegjørelser etter aksjelovgivningen". Standarden krever at vi planlegger og utfører kontroller for å oppnå betryggende sikkerhet for at de eiendeler og forpliktelser selskapet skal overta, har en verdi som minst svarer til det avtalte vederlaget. Arbeidet omfatter kontroll av verdsettelsen av innskuddet herunder vurderingsprinsippene og eksistens og tilhørighet. Videre har vi vurdert de verdsettelsesmetoder som er benyttet, og de forutsetninger som ligger til grunn for verdsettelsen.

Etter vår oppfatning er innhentet bevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

KONKLUSJON

Etter vår mening er den eiendelen TGS skal overta ved kapitalforhøyelsen i form av fordring mot overtakende selskap ved fusjonen (TGS NewCo) verdsatt pr. 24. oktober 2023 i overensstemmelse med de beskrevne prinsipper og har en verdi som minst svarer til det avtalte vederlaget fra TGS, herunder pålydende på NOK 16 309 537,50 og overkurs på NOK 9 169 221 982,50 på de nye aksjene TGS utsteder som vederlag.

Oslo, 25. oktober 2023

KWC Revisjon AS

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Trond Bjerge

Statsautorisert revisor