

Petroleum Geo-Services AS
Consolidated Financial Statements
Q1-2023

Strong Acquisition Revenues in a Recovering Seismic Market

Note: Petroleum Geo-Services AS is a holding company ultimately wholly owned by its listed parent PGS ASA , and owning directly or indirectly the absolute majority, of the subsidiaries in the PGS ASA group of companies. Petroleum Geo-Services AS is the issuer of the \$450 million Nordic bond and is pursuant to the bond terms required to file unaudited consolidated interim quarterly financial statements in accordance with IFRS within 2 months after the end of the relevant quarter.

Highlights Q1 2023

- Revenues and Other Income of \$141.5 million, compared to \$137.1 million in Q1 2022
- Cash flow from operations of \$133.8 million, compared to \$75.1 million in Q1 2022
- Cash and cash equivalents of \$151.5 million
- Completed refinancing and reduced interest-bearing debt by \$245 million
- Awarded the first ultra-high resolution offshore windfarm site characterization project, sealing the entry into a strategically important new energy market
- Rigging *Ramform Victory* for seismic data acquisition in Brazil

In Q1 2023 our Total Revenues and Other Income increased year-over-year, driven by higher contract revenues and strong pre-funding for ongoing MultiClient acquisition projects. We used a majority of vessel time on attractive contract work with pricing continuing on a positive trend.

MultiClient late sales fluctuate between quarters and were low in Q1, primarily due to delays in completing several sales transactions. However, we expect these processes to close in the coming quarters and our late sales expectations for the full year are unchanged.

We completed our refinancing in Q1 by issuing a new \$450 million senior secured bond with a 4-year tenor. The proceeds, together with cash on the balance sheet, were used to repay \$600 million of our Term Loan B. In total we have reduced interest-bearing debt by \$245 million in the quarter. We have a strong liquidity reserve and cash flow generation, and are confident we will continue to improve our capital structure going forward.

The seismic market is in recovery, and we are increasingly benefiting from the improving market fundamentals.

Outlook

Petroleum Geo-Services AS and its subsidiaries (the “Company”) expects global energy consumption to continue to increase over the longer term with oil and gas remaining an important part of the energy mix, as the global energy transition evolves. 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.

Condensed Consolidated Statements of Profit and Loss and Other Comprehensive Income

(In millions of US dollars)	Note	Quarter ended March 31,		Year ended December 31,
		2023	2022	2022
Revenues and Other Income	1	139.4	136.2	804.9
Revenues from group companies		2.1	0.9	20.1
Total revenues and other income		141.5	137.1	825.0
Cost of sales	2	(87.2)	(72.9)	(319.4)
Research and development costs	2	(1.8)	(1.7)	(6.9)
Selling, general and administrative costs	2	(9.7)	(8.9)	(34.5)
Amortization and impairment of MultiClient library	3	(36.4)	(42.3)	(245.7)
Depreciation and amortization of non-current assets (excl. MultiClient library)	3	(20.6)	(28.3)	(95.8)
Impairment and gain/(loss) on sale of non-current assets (excl. MultiClient library)	3	-	-	(5.3)
Other charges, net	3	(0.0)	(3.0)	5.7
Total operating expenses		(155.7)	(157.1)	(701.9)
Operating profit (loss)/EBIT		(14.2)	(20.0)	123.1
Share of results from associated companies	4	0.4	(0.1)	(5.0)
Interest expense	5	(30.7)	(23.9)	(108.2)
Interest and other financial gain (expense) within group companies		(3.9)	(0.6)	(10.6)
Other financial expense, net	6	(7.5)	2.9	9.0
Income (loss) before income tax expense		(55.9)	(41.7)	8.3
Income tax	7	(4.9)	(4.9)	(24.2)
Net income (loss)		(60.8)	(46.6)	(15.9)
Other comprehensive income				
Items that will not be reclassified to profit and loss	11	0.6	12.4	38.4
Items that may be subsequently reclassified to profit and loss	11	(0.4)	2.0	2.1
Other comprehensive income (loss) for the period, net of tax		0.2	14.4	40.5
Total comprehensive income (loss) to equity holders		(60.6)	(32.2)	24.6

Condensed Consolidated Statements of Financial Position

(In millions of US dollars)	Note	Quarter ended		Year ended
		March 31, 2023	March 31, 2022	December 31, 2022
ASSETS				
Cash and cash equivalents	10	151.5	163.7	358.3
Restricted cash	10	6.9	13.5	11.6
Accounts receivables		177.0	122.6	169.4
Accrued revenues and other receivables		84.4	49.9	124.7
Other current assets		67.8	52.9	60.6
Receivables from group companies		-	-	8.6
Total current assets		487.6	402.6	733.2
Property and equipment	8	751.9	776.0	740.4
MultiClient library	9	298.1	386.6	291.5
Restricted cash	10	57.3	59.2	59.2
Other non-current assets		28.3	14.7	28.6
Other intangible assets		73.5	83.1	73.4
Receivables from group companies		-	13.1	-
Total non-current assets		1,209.1	1,332.7	1,193.1
Total assets		1,696.7	1,735.3	1,926.3
LIABILITIES AND SHAREHOLDERS' EQUITY				
Interest-bearing debt	10	185.2	209.8	367.1
Lease liabilities	10	28.2	36.0	32.9
Accounts payable		58.0	26.7	33.4
Accrued expenses and other current liabilities		98.4	91.2	110.2
Deferred revenues		213.1	130.7	154.4
Income taxes payable		19.8	19.4	18.9
Liabilities to group companies		0.3	0.6	-
Total current liabilities		603.0	514.4	716.9
Interest-bearing debt	10	595.6	927.0	659.7
Lease liabilities	10	56.7	70.5	54.3
Deferred tax liabilities		0.1	0.1	0.1
Other non-current liabilities		4.8	10.6	4.3
Liabilities to group companies		227.1	-	221.0
Total non-current liabilities		884.3	1,008.2	939.4
Shareholders' equity				
Share capital, par value		1.3	1.3	1.3
Treasury shares, par value		-	-	-
Additional paid-in capital		237.5	237.5	237.5
Total paid-in capital		238.8	238.8	238.8
Accumulated earnings and other equity		(29.4)	(26.1)	31.2
Other capital reserves		-	-	-
Total shareholders' equity		209.4	212.7	270.0
Total liabilities and shareholders' equity		1,696.7	1,735.3	1,926.3

Condensed Consolidated Statements of Changes in Shareholders' Equity

For the three months ended March 31, 2023 and the year ended December 31, 2022

(In millions of US dollars)	Attributable to equity holders			Shareholders' equity
	Share capital par value	Additional paid-in capital	Accumulated earnings and other equity	
Balance as of January 1, 2022	1.3	237.5	6.3	245.1
Profit (loss) for the period	-	-	(15.9)	(15.9)
Other comprehensive income (loss)	-	-	40.5	40.5
Earlier year adjustment	-	-	0.3	0.3
Balance as of December 31, 2022	1.3	237.5	31.2	270.0
Profit (loss) for the period	-	-	(60.8)	(60.8)
Other comprehensive income (loss)	-	-	0.2	0.2
Balance as of March 31, 2023	1.3	237.5	(29.4)	209.4

For the three months ended March 31, 2022

(In millions of US dollars)	Attributable to equity holders			Shareholders' equity
	Share capital par value	Additional paid-in capital	Accumulated earnings	
Balance as of January 1, 2022	1.3	237.5	6.3	245.1
Profit (loss) for the period	-	-	(46.6)	(46.6)
Other comprehensive income (loss)	-	-	14.4	14.4
Earlier year adjustment	-	-	(0.2)	(0.2)
Balance as of March 31, 2022	1.3	237.5	(26.1)	212.7

Condensed Consolidated Statements of Cash Flows

(In millions of US dollars)	Quarter ended		Year ended
	March 31,		December 31,
	2023	2022	2022
Income (loss) before income tax expense	(55.9)	(41.7)	8.3
Depreciation, amortization, impairment	57.0	70.6	346.8
Share of results in associated companies	(0.4)	0.1	5.0
Interest expense	30.7	23.9	101.2
Loss (gain) on sale and retirement of assets	-	-	(1.0)
Income taxes paid	(5.8)	(2.0)	(23.6)
Other items	11.8	(0.5)	6.6
(Increase) decrease in accounts receivables, accrued revenues & other receivables	52.9	(1.4)	(104.4)
Increase (decrease) in deferred revenues	58.7	7.0	31.0
Increase (decrease) in accounts payable	3.2	(13.9)	(4.7)
Change in other current items related to operating activities	(17.6)	39.1	45.2
Change in other long-term items related to operating activities	(0.8)	(6.1)	(11.1)
Net cash provided by operating activities	133.8	75.1	399.3
Investment in MultiClient library	(34.9)	(21.5)	(106.4)
Investment in property and equipment	(20.1)	(15.8)	(48.6)
Investment in other intangible assets	(2.9)	(2.4)	(9.8)
Investment in other current -and non-current assets	-	-	1.8
Proceeds from sale and disposal of assets	-	-	1.2
Net change in intercompany balances	3.5	(102.1)	215.9
Net cash used in investing activities	(54.4)	(141.8)	54.1
Interest paid on interest-bearing debt	(25.7)	(19.9)	(90.5)
Proceeds from issuance of long-term debt (a)	441.7	-	47.1
Repayment of interest-bearing debt	(694.9)	-	(170.1)
Proceeds from share issue	-	98.5	-
Payment of lease liabilities (recognized under IFRS 16)	(8.1)	(9.4)	(36.1)
Payments of leases classified as interest	(1.7)	(1.8)	(6.4)
Decrease (increase) in restricted cash related to debt service	2.5	1.4	(0.7)
Net cash (used in) provided by financing activities	(286.2)	68.8	(256.7)
Net increase (decrease) in cash and cash equivalents	(206.8)	2.1	196.7
Cash and cash equivalents at beginning of period	358.3	161.6	161.6
Cash and cash equivalents at end of period	151.5	163.7	358.3

(a) Proceeds from issuance of a \$450 million bond, net of issuance discount. Estimated \$8.6 in debt issuance cost will be settled in Q2 2023.

Notes to the Condensed Interim Consolidated Financial Statements

First Quarter 2023 Results

Note 1 – Revenues

Revenues and Other Income by service type:

	Quarter ended		Year ended
	March 31,		December 31,
	2023	2022	2022
-Contract	90.4	61.5	316.9
-MultiClient pre-funding	16.4	14.8	139.4
-MultiClient late sales	25.6	54.8	325.9
-Imaging	6.9	5.1	22.7
-Other Income	0.1	-	(0.0)
-Revenues from group companies	2.1	0.9	20.1
Total Revenues and Other Income	141.5	137.1	825.0

Vessel Allocation(1):

	Quarter ended		Year ended
	March 31,		December 31,
	2023	2022	2022
Contract	50%	39%	51%
MultiClient	23%	16%	20%
Steaming	11%	8%	11%
Yard	2%	6%	5%
Stacked/standby	14%	31%	13%

(1) The statistics exclude cold-stacked vessels. The Q1 2023 vessel statistics is based on 6 active 3D vessels. The comparative periods Q1 2022 and full year 2022 is based on 6 vessels.

Total revenues and Other Income

Revenues amounted to \$141.5 million in Q1 2023, an increase of \$4.4 million, or 3%, compared to Q1 2022. The increase is driven by higher contract revenues, partially offset by lower MultiClient late sales.

Contract revenues

Contract revenues in Q1 2023 increased by \$28.9 million, or 47%, compared to Q1 2022. The increase is driven by higher rates and more vessel capacity used for contract acquisition work. Vessel utilization was significantly higher in Q1 2023 compared to Q1 2022 as shown in the table above.

MultiClient late sales

MultiClient late sales revenues decreased by \$29.2 million, or 53%, compared Q1 2022. MultiClient late sales fluctuate significantly between quarters and were low in Q1 2023, primarily due to delays in completing several sales transactions before quarter-end. The Company's late sales expectations for the full year are unchanged and the Company believes that the demand for MultiClient data will benefit from the recovering seismic market. Late sales were highest in Europe and South America.

MultiClient pre-funding revenues

MultiClient pre-funding revenues in Q1 2023 increased by \$1.6 million, or 11%, compared to Q1 2022.

Note 2 – Net Operating Expenses

Net operating expenses consist of the following:

	Quarter ended		Year ended
	March 31,		December 31,
	2023	2022	2022
(In millions of US dollars)			
Cost of sales including investment in MultiClient library	(123.0)	(93.3)	(428.6)
Research and development costs before capitalized development costs	(4.1)	(3.7)	(15.0)
Selling, general and administrative costs	(9.7)	(8.9)	(34.5)
Cash Cost, gross	(136.8)	(105.9)	(478.1)
Steaming deferral, net	0.9	(1.1)	2.8
Cash investment in MultiClient library	34.9	21.5	106.4
Capitalized development costs	2.3	2.0	8.1
Net operating expenses	(98.7)	(83.5)	(360.8)

Gross cash cost in Q1 2023 increased by \$30.9 million, or 29%, compared to Q1 2022. The increase is primarily due to a significantly higher 3D vessel utilization and activity level, *Sanco Swift* acquiring 2D MultiClient survey, more project related costs and rigging of *Ramform Victory*.

Cash costs capitalized to the MultiClient library in Q1 2023 increased by \$13.4 million, or 62%, compared to Q1 2022. The increase is mainly due to more 3D vessel capacity allocated to MultiClient acquisition.

Note 3 – Amortization, Depreciation, Impairments and Other Charges, net

Amortization and impairment of MultiClient library consist of the following:

(In millions of US dollars)	Quarter ended March 31,		Year ended December 31,
	2023	2022	2022
As Reported			
Amortization of MultiClient library	(36.4)	(38.4)	(128.2)
Accelerated amortization of MultiClient library	-	(3.9)	(105.9)
Impairment of MultiClient library	-	-	(11.5)
Total	(36.4)	(42.3)	(245.7)

Total IFRS amortization of the MultiClient library in Q1 2023 decreased by \$5.9 million, or 14%, compared to Q1 2022. The decrease is mainly driven by a gradual reduction of straight-line amortization for the library of completed MultiClient surveys and less accelerated amortization. Amortization was 87% of MultiClient revenues in Q1 2023, compared to 61% in Q1 2022. The higher amortization rate reflects a lower proportion of late sales in the mix.

Depreciation, amortization and impairment of non-current assets

Depreciation and amortization of non-current assets (excl. MultiClient library) consist of the following:

(In millions of US dollars)	Quarter ended March 31,		Year ended December 31,
	2023	2022	2022
Gross depreciation*	(27.9)	(33.9)	(122.1)
Deferred Steaming depreciation, net	(0.3)	(0.8)	0.4
Depreciation capitalized to the MultiClient library	7.6	6.4	25.9
Total	(20.6)	(28.3)	(95.8)

*includes depreciation of right-of-use assets amounting to \$4.2 million and \$4.8 million for the quarter ended March 31, 2023 and 2022 respectively. For the full year 2022, depreciation of right-of-use assets amounts to \$17.6 million.

Gross depreciation in Q1 2023 decreased by \$6.0 million, or 18%, compared to Q1 2022. The decrease comes from a generally low investment level in property and equipment over recent years.

Depreciation capitalized to the MultiClient library in Q1 2023 increased by \$1.2 million, or 19%, compared to Q1 2022

Impairment and gain/(loss) on sale of non-current assets (excluding MultiClient library) consist of the following:

(In millions of US dollars)	Quarter ended March 31,		Year ended December 31,
	2023	2022	2022
Property and equipment	-	-	0.4
Other Intangible assets	-	-	(5.7)
Total	-	-	(5.3)

There were no impairments recorded in Q1 2023. 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 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:

(In millions of US dollars)	Quarter ended		Year ended
	March 31,		December 31,
	2023	2022	2022
Onerous contracts with customers	-	1.0	11.0
Provision for bad debt	-	(4.0)	(3.4)
Gain (loss) sale subsidiaries	-	-	(2.0)
Other	(0.0)	(0.0)	0.1
Total	(0.0)	(3.0)	5.7

As of March 31, 2023, the Company has no remaining provision for onerous customer contracts. This is a decrease from the \$10.0 million provision as of March 31, 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 4 – Share of Results from Associated Companies

In Q1 2023, the share of results from associated companies was a gain of \$0.4 million, compared to a loss of \$0.1 million in Q1 2022.

Note 5 – Interest Expense

Interest expense consists of the following:

(In millions of US dollars)	Quarter ended		Year ended
	March 31,		December 31,
	2023	2022	2022
Interest on debt, gross	(29.5)	(23.6)	(107.3)
Imputed interest cost on lease agreements	(1.7)	(1.8)	(6.4)
Capitalized interest, MultiClient library	0.5	1.5	5.5
Total	(30.7)	(23.9)	(108.2)

Gross interest expense in Q1 2023 increased by \$5.9 million, compared to Q1 2022. The cause for the increase is a considerable increase of Libor interest rates, year on year, which increases the cost of floating rate debt. This is partially offset by reduced debt balances and increased interest income (see note 6).

Note 6 – Other Financial Expense, net

Other financial expense, net consists of the following:

(In millions of US dollars)	Quarter ended		Year ended
	March 31,		December 31,
	2023	2022	2022
Interest income	3.7	0.1	6.9
Currency exchange gain (loss)	0.2	2.8	2.4
Write off deferred and other loan cost	(11.2)	-	-
Other	(0.2)	-	(0.3)
Total	(7.5)	2.9	9.0

Interest income in Q1 2023 increased by \$3.6 million, compared to Q1 2022. A higher cash balance through Q1 2023, compared to Q1 2022 has benefited from higher interest rates.

The \$11.2 million loss related to extinguishment of debt is due to early repayment of \$600 million Term Loan B in Q1 and includes a proportionate write-off of deferred loan cost and the fair value adjustment from modification of debt treated as extinguishment in 2021.

Note 7 – Income Tax and Contingencies

Income tax consists of the following:

(In millions of US dollars)	Quarter ended		Year ended
	March 31,		December 31,
	2023	2022	2022
Current tax	(4.9)	(4.9)	(24.2)
Change in deferred tax	-	-	-
Total	(4.9)	(4.9)	(24.2)

No change in current tax expense in Q1 2023, compared to Q1 2022. Current tax expense relates to foreign withholding tax and corporate tax on profits in certain countries where the Company has executed projects or made MultiClient sales, primarily in Africa and South America.

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 \$40.1 million in total. The Company holds a legal deposit amounting to \$19.6 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 8 – Property and Equipment

Capital expenditures, whether paid or not, consist of the following:

(In millions of US dollars)	Quarter ended		Year ended
	March 31,		December 31,
	2023	2022	2022
Seismic equipment	18.0	15.1	33.3
Vessel upgrades/Yard	10.0	2.7	11.0
Compute infrastructure/ technology	0.9	0.5	5.5
Other	0.8	0.2	0.4
Total addition to property and equipment, whether paid or not	29.7	18.5	50.2
Change in working capital	(9.6)	(2.7)	(1.6)
Investment in property and equipment	20.1	15.8	48.6

In addition, the Company recognized additions to property and equipment relating to new or changed lease arrangements of \$5.3 million and \$0.4 million for the quarter ended March 31, 2023, and 2022, respectively. For the full year 2022, the Company recognized additions to property and equipment relating to new or changed lease arrangements of \$11.4 million.

Note 9 – MultiClient Library

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

(In millions of US dollars)	March 31,		December 31,
	2023	2022	2022
Completed during 2018		8.0	
Completed during 2019	10.8	39.0	17.0
Completed during 2020	24.7	42.2	28.9
Completed during 2021	63.5	104.8	70.8
Completed during 2022	76.1	17.0	81.6
Completed during 2023	2.8	-	-
Completed surveys	177.9	211.0	198.3
Surveys in progress	120.2	175.6	93.2
MultiClient library	298.1	386.6	291.5

Key figures MultiClient library:

(In millions of US dollars)	Quarter ended		Year ended
	March 31,	2022	December 31,
	2023		2022
MultiClient pre-funding revenue *	16.4	14.8	139.4
MultiClient late sales	25.6	54.8	325.9
Cash investment in MultiClient library	34.9	21.5	106.4
Capitalized interest in MultiClient library	0.5	1.5	5.5
Capitalized depreciation (non-cash)	7.6	6.4	25.9
Amortization of MultiClient library	(36.4)	(38.4)	(128.2)
Accelerated amortization of MultiClient library	-	(3.9)	(105.9)
Impairment of MultiClient library	-	-	(11.5)

* Includes revenue from sale to joint operations in the amount of \$16.0 and \$9.3 million for the quarter ended March 31, 2023 and 2022 respectively. For the full year 2023 and 2022, revenue from sale to joint operations amounts to \$25.9 million and \$35.2 million, respectively.

MultiClient cash investment in Q1 2023 increased by \$13.4 million, or 62%, compared to Q1 2022, due to more 3D vessel capacity allocated to MultiClient projects.

The Company did not recognize any accelerated amortization of the MultiClient library in Q1 2023, compared to \$3.9 million in Q1 2022.

Note 10 – Liquidity and Financing

Net cash provided by operating activities in Q1 2023 was \$133.8 million, compared to \$75.1 million in Q1 2022.

In 2022, the Company recorded revenues of approximately \$30 million of transfer fees relating to a change of control event. The amount is still not agreed with the client. Given the inability to timely conclude the negotiations, the Company has initiated two arbitration proceedings under the dispute resolution provisions of the agreements, the first of which is expected to be concluded during Q2 or Q3 2023. The Company has only recognized revenues that, based on the Company's best estimate and external legal advice, are conservatively expected to be due to the Company, 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 March 31, 2023.

The liquidity reserve, including cash and cash equivalents, was \$151.5 million as of March 31, 2023, compared to \$163.7 million as of March 31, 2022, and \$358.3 million as of December 31, 2022.

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

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:

(In millions of US dollars)	March 31,		December 31,
	2023	2022	2022
<i>Secured</i>			
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	52.1	109.4	100.3
Export credit financing, due 2027	116.4	189.1	163.1
Senior notes, Coupon 13.5%, due 2027	450.0	-	-
Total loans and bonds, gross (1)	806.4	1,171.5	1,051.3
Less current portion	(185.2)	(209.8)	(367.1)
Less deferred loan costs, net of debt premiums	(24.9)	(26.6)	(20.0)
Less modification of debt treated as extinguishment	(0.7)	(8.1)	(4.6)
Non-current interest-bearing debt	595.6	927.0	659.7

(1) Fair value of total loans and bonds, gross was \$ 801.3 million as of March 31, 2023, compared to \$1,089.9 million as of March 31, 2022.

Undrawn facilities consists of the following:

(In millions of US dollars)	March 31,		December 31,
	2023	2022	2022
<i>Secured</i>			
Performance bond	26.0	19.6	22.0
Total	26.0	19.6	22.0

Modification of debt treated as extinguishment is linked to the Q1 2021 rescheduling of the \$135 million RCF. The remaining balance was reduced by \$3.9 million in Q1 2023 due to the \$600 million repayment of the TLB.

Summary of net interest-bearing debt:

(In millions of US dollars)	March 31,		December 31,
	2023	2022	2022
Loans and bonds gross	(806.4)	(1,171.5)	(1,051.3)
Cash and cash equivalents	151.5	163.7	358.3
Restricted cash (current and non-current)	64.2	72.6	70.8
Net interest-bearing debt, excluding lease liabilities	(590.7)	(935.2)	(622.2)
Lease liabilities current	(28.2)	(36.0)	(32.9)
Lease liabilities non-current	(56.7)	(70.5)	(54.3)
Net interest-bearing debt, including lease liabilities	(675.6)	(1,041.7)	(709.4)

Restricted cash of \$64.2 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 March 31, 2023, the Company had approximately 77% of its debt (excluding lease liabilities) at fixed interest rates. The weighted average cash interest rate was approximately 11.1%, including credit margins, as of March 31, 2023, compared to 7.24% and 8.98 % as of March 31, 2022, and December 31, 2022, respectively.

The main credit agreements contain a Minimum Consolidated Liquidity and a Maximum Total Net Leverage Ratio* ("TNLR") covenant. For the TLB and Super Senior Loan the liquidity covenant requires that the consolidated unrestricted cash and cash equivalents shall not be less than \$75 million, while the TNLR covenant cannot exceed 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 March 31, 2023, the TNLR was 1.42:1 and leverage ratio calculated according to the bond terms 1.57:1. The Company expects to comply with the financial covenants in its loan agreements going forward.

New \$450 million Bonds

On March 31, 2023, the Company 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 for a total of up to \$75 million, the Company can either issue 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.

The Company is permitted to pay dividend 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.

*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 11 – Other Comprehensive Income

Other Comprehensive Income	Quarter ended		Year ended
	March 31,	2022	December 31,
(In millions of US dollars)	2023		2022
Actuarial gains (losses) on defined benefit pension plans	0.6	12.4	38.4
Income tax effect on actuarial gains and losses	-	-	-
Items that will not be reclassified to profit and loss	0.6	12.4	38.4
Gains (losses) on hedges	(0.4)	2.0	2.1
<i>Other comprehensive income (loss) of associated companies</i>	-	-	-
Items that may be subsequently reclassified to profit and loss	(0.4)	2.0	2.1

Note 12 – Basis of Presentation and changes in Accounting Principles

Basis of Presentation

The Company is a Norwegian 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 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.

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 13 - 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 the Company' 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 of PGS ASA and its subsidiaries 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

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.

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 10 above. The Company 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.

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 10. The Company 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 2. The Company 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 2. The Company 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.

Oslo, May 31, 2023

**Board of Directors
Petroleum Geo-Services AS**

Rune Olav Pedersen
Chairperson

Rob Adams
General Manager

Gottfred Langseth
Director

Christin Steen-Nilsen
Director

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 of PGS ASA and its subsidiaries 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 the Company disclaims any and all liability in this respect.
