Petroleum Geo-Services AS

Base Prospectus

Joint Lead Managers:

Oslo, 19 December 2023

Important information

The Base Prospectus is based on sources such as annual reports and publicly available information and forward-looking information based on current expectations, estimates and projections about global economic conditions, as well as the economic conditions of the regions and industries that are major markets for Petroleum Geo-Services AS' (the Company) and Guarantors' (including subsidiaries and affiliates) lines of business.

A prospective investor should consider carefully the factors set forth in Chapter 1 Risk factors, and elsewhere in the Prospectus, and should consult his or her own expert advisers as to the suitability of an investment in the bonds.

IMPORTANT – EEA AND UK RETAIL INVESTORS - If the Final Terms in respect of any bonds includes a legend titled "Prohibition of Sales to EEA Retail Investors" and/or "Prohibition of Sales to UK Retail Investors", the bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ('EEA') and/or in the United Kingdom (the "UK"). Consequently no key information document required by Regulation (EU) No. 1286/2014 (as amended) (the PRIIPs Regulation) (and for UK, as it forms part of domestic law by virtue of the EUWA (the UK PRIIPs Regulation)) for offering or selling the bonds or otherwise making them available to retail investors in the EEA and/or the UK has been prepared and therefore offering or selling the bonds or otherwise making them available to any retail investor in the EEA and/or the UK may be unlawful under the PRIIPs Regulation and/ or the UK PRIIPS Regulation.

MiFID II product governance and/or **UK MiFIR product governance** – The Final Terms in respect of any bonds will include a legend titled "MiFID II product governance" and/or "UK MiFIR product governance" which will outline the target market assessment in respect of the bonds and which channels for distribution of the bonds are appropriate. Any person subsequently offering, selling or recommending the bonds (a "distributor") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the bonds (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

This Base Prospectus is subject to the general business terms of the Joint Lead Managers, available at their websites (www.dnb.no and www.paretosec.com).

The Joint Lead Managers and/or any of their affiliated companies and/or officers, directors and employees may be a market maker or hold a position in any instrument or related instrument discussed in this Base Prospectus and may perform or seek to perform financial advisory or banking services related to such instruments. The Joint Lead Managers' corporate finance department may act as manager or co-manager for this Company and/or Guarantors in private and/or public placement and/or resale not publicly available or commonly known.

Copies of this Base Prospectus are not being mailed or otherwise distributed or sent in or into or made available in the United States. Persons receiving this document (including custodians, nominees and trustees) must not distribute or send such documents or any related documents in or into the United States.

Other than in compliance with applicable United States securities laws, no solicitations are being made or will be made, directly or indirectly, in the United States. Securities will not be registered under the United States Securities Act of 1933 and may not be offered or sold in the United States without registration or an applicable exemption from registration requirements.

The distribution of the Base Prospectus may be limited by law also in other jurisdictions, for example in non-EEA countries. Approval of the Base Prospectus by Finanstilsynet (the Norwegian FSA) implies that the Base Prospectus may be used in any EEA country. No other measures have been taken to obtain authorisation to distribute the Base Prospectus in any jurisdiction where such action is required.

The Base Prospectus dated 19 December 2023 together with a Final Terms and any supplements to these documents constitute the Prospectus.

The content of this Base Prospectus does not constitute legal, financial or tax advice and potential investors should seek legal, financial and/or tax advice.

Unless otherwise stated, this Base Prospectus is subject to Norwegian law. In the event of any dispute regarding the Base Prospectus, Norwegian law will apply.

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Description of the Base Prospectus

Under this Base Prospectus (as supplemented and amended from time to time), the Issuer may from time to time issue and list bonds ("Bonds") denominated in any currency agreed between the Issuer and the relevant dealer.

The Bonds will be issued on a senior basis as secured or unsecured, with fixed or floating interest rate. The Bonds may have put- and call options and they may be green or sustainability-linked.

The Bonds will be electronically registered in the Norwegian Central Securities Depository or any other CSD that allows for bonds issued in uncertificated and dematerialised book-entry form.

There is no limit with regard to the maximum aggregate nominal amount of all bonds from time to time outstanding under the prospectus. However, each issue of bonds will have either a given borrowing amount in the case where there is only one tranche, or a given borrowing limit in the case of more than one tranche.

The Bonds may be issued on a continuing basis to any dealer that the Issuer decides upon.

The Base Prospectus is valid within twelve months from the date of the Base Prospectus.

Information on website(s) mentioned in the Base Prospectus/the Final Terms does not form part of the Base Prospectus/the Final Terms unless that information is incorporated by reference into the Base Prospectus/the Final Terms.

1 Risk factors

Investing in bonds issued by Petroleum Geo-Services AS and guaranteed by the Guarantors involves inherent risks.

For the purpose of this document, the risk factors for the Company and the Guarantors are deemed to be equivalent.

The risks and uncertainties described in the Prospectus are risks of which the Company is aware and that the Company considers to be material to its business. If any of these risks were to occur, the Company's and/or the Guarantor's business, financial position, operating results or cash flows could be materially adversely affected, and the Company and/or Guarantors could be unable to pay interest, principal or other amounts on or in connection with the bonds. Prospective investors should carefully consider, among other things, the risk factors set out in this Base Prospectus, before making an investment decision.

An investment in the bonds is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of their investment.

1.1 Risks relating to the Group's business activities and industry

The demand for the Group's services and products largely depends on the level of capital expenditures in the oil and gas industry

The demand for the Group's products and services has historically been dependent upon the level of capital expenditures by oil and gas companies for exploration, production and development activities., These expenditures are significantly influenced by prevailing hydrocarbon prices and expectations regarding future hydrocarbon prices, as well as by various other factors including the availability of financing to fund these activities and societal trends towards a low carbon future. This makes the Group's market volatile.

Oil and gas prices are volatile and are impacted by changes in the supply of and demand for oil and gas, expectations regarding future supply of, and demand for, hydrocarbons. An actual decline, or the perceived risk of a decline, in oil and/or natural gas prices could cause oil and gas companies to reduce their overall level of activity or spending, in which case demand for seismic services and products provided by the Group may decline and revenue may be adversely affected.

During earlier periods of depressed commodity prices, many oil and gas exploration and production companies significantly reduced their levels of capital spending, including amounts dedicated to the purchase of marine seismic data and services, driving the volumes and prices for the Group's products and services down and consequently also the Group's profits. During the period 2014-2021, the demand for the Group's services generally weakened and, consequently, the Group reported substantial losses as well as impairments of long-term assets over those years.

Turmoil in the credit markets and specifically in the credit market for the energy sector could also adversely affect the Group and its customers. Limited access to external funding has in the past caused some customers to reduce their capital spending levels. Some companies have found their access to liquidity constrained or subject to more onerous terms. In this context, the Group's customers may not be able to borrow money on a timely basis or on reasonable terms, which could have a negative impact on their demand for the Group's products and impair the ability of the Group's customers to pay for the Group's products and services on a timely basis, or at all.

Increases in oil and natural gas prices may not increase demand for the Group's services or may otherwise not have a positive effect on the Group's financial condition or results of operations. Previously forecasted trends in oil and gas exploration and development activities may not continue, and demand for the Group's products may not reflect the level of activity in the industry. For example, the relative attractiveness of conventional versus unconventional resources and onshore versus offshore resources may change. Further, the cost of extracting unconventional resources may be reduced to a level where conventional resources are less attractive. Unconventional resources are typically extracted without using the Group's product or services. Moreover, even during periods of high commodity prices, customers may reduce their levels of capital expenditures for seismic exploration and production for a variety of reasons, including their lack of success in exploration efforts. The Group is dependent on utilizing its vessels and providing its services, and as such a change in attractiveness in the operational segments that the Group operates may have significant adverse effects on the Group.

As the Group has incurred a substantial amount of debt, the Group is more exposed to a lack of capital expenditure by the oil and gas industry and similar forms of market volatility compared to other companies in the seismic industry with lower indebtedness. Such decrease in expenditure could materially impact the Group's ability to generate sufficient cash from its operations to pay interest and amortization on its interesting bearing debt or its capability to satisfy financial covenants.

The Group is subject to rapid and unpredictable transitions in its industry
The pace and magnitude of the demand to shift from hydrocarbons to renewables remains unclear and difficult to predict. Civil society and numerous stakeholders (including governments) are increasingly encouraging the reduced consumption of carbon-based energy sources and the establishment of a more balanced energy mix, geared to low-carbon and renewable energy, to combat climate change. As social interest worldwide regarding the energy transition continues to grow, demand for renewables (as a partial or complete substitute for hydrocarbons) continues to increase. In this context, oil and gas companies may experience a shift in demand away from traditional oil and gas and toward lower-carbon sources of energy such as renewables. A major shift toward renewables could significantly impair the Group's business by reducing demand for its services and impairing the value of its MultiClient library, vessels and other assets.

As the Group mainly derives its income from activities related to hydrocarbons, the above-mentioned trends may over time reduce the demand for the Group's products and services and consequently reduce its income. Such reduction in the Group's activities will adversely affect its results of operations and thus reduce the value of the Bonds.

The Group is dependent upon a small number of key clients
The Group derives a significant amount of its revenues from a small number of clients each year. In 2022, the Group's two largest customers accounted for 13% and 8% of its consolidated revenues, compared to 10% and 7% in 2021 and 13% and 10% in 2020, respectively. However, the Group's clients that contribute the largest proportion of the Group's consolidated revenues may vary between years. This is attributable in part to the variable levels of capital expenditures, including spending for marine seismic data services, across the oil and gas industry. The absence of a stable stream of revenues from a subset of the Group's customer base from one year to the next could adversely affect the Group's business, results of operations, financial condition and cash flows, including the Group's ability to be in compliance with its debt obligations.

The Group is subject to intense competition
A majority of the Group's contracts are obtained through a competitive bidding process, which is standard for the seismic services industry in which the Group operates. Important factors in winning contracts include price, performance and timeliness of service, service quality, technological capacity, reputation, experience of personnel, customer relations and length of relationship. The Group has a number of competitors in marine 3D and 4D seismic acquisition, MultiClient data sales and imaging, and some of these competitors have greater financial and other resources than the Group. These and other competitors may be better positioned to withstand and adjust more quickly to volatile market conditions such as fluctuations in oil and gas prices and production levels, as well as changes in government regulations.

The marine seismic market is in recovery from the low levels caused by the COVID-19 pandemic and disruptions to the oil market experienced in 2020. Despite a considerable reduction in the industry's overall capacity, there is no guarantee that the capacity adjustment will result in improved pricing or profitable operations. In addition, if competitors increase their capacity (or do not further reduce capacity if demand decreases), an excess supply in the seismic services market could cause further downward pressure on prices. The competitive environment in which the Group operates could have a material adverse effect on the Group's results of operations.

Technological changes and new products and services are frequently introduced in the market
The development of seismic data acquisition, processing and interpretation equipment has been characterized by rapid technological advancements. While the Group commits substantial resources to research and development, the Group may encounter resource constraints or technical or other difficulties that could delay the introduction of new and enhanced products and services in the future. The Group could see increased interest among its customers to utilize technologies other than those the Group operates, such as ocean bottom nodes. This may result in that the Group's technology and equipment becoming obsolete. Moreover, new and enhanced products and services by the Group, if introduced, may not gain market acceptance and may be materially adversely affected by technological changes or product or service introductions by one of the Group's competitors.

The Group carries high fixed costs
The Group is subject to high fixed costs which primarily consist of depreciation, maintenance expenses associated with the Group's seismic data acquisition, processing and interpretation equipment and certain crew costs. Extended periods of significant unanticipated downtime or low productivity caused by reduced demand, weather interruptions, equipment failures, permit delays or other causes could reduce the Group's profitability and have a material adverse effect on the Group's financial condition and results of operations because the Group will not be able to reduce its fixed costs as fast as revenues decline.

The Group makes significant investment in property and equipment. As of 31 December 2022, the book value of the Group's property and equipment was USD 740.4 million. A decline in demand for the Group's services or changes in competitor capacity and technology may adversely impact the Group's ability to recover the value of the assets invested and result in an impairment of those assets. Such impairment may affect the value of the Bonds and the assets serving as collateral and thus reduce the value of any investment in the Bonds.

The Group is exposed to fuel price fluctuations
During 2022 the Group had six 3D vessels available for operation. Operation of seismic vessels requires substantial fuel purchases, thus the Group is exposed to fuel price fluctuations. In the Group's business, the Group incurred significant fuel costs, which in 2021 was approximately USD 45 million which increased to approximately USD 75 million in 2022. Fuel costs can vary significantly depending on the supply location, local regulations and the price of crude oil and the refined fuels used by the Group at a given time. The increased fuel prices seen in 2022 has led to increased fuel expenses for the Group. Of this cost increase, approximately 70% is driven by the price increase and the rest by increased activity level for the fleet.

Only a portion of the variation of the fuel prices can be contractually charged to or negotiated with the client. The Group does not hedge against this exposure. Sudden and/or significant changes in fuel price could significantly affect fuel and other costs. The additional cost relating to fuel prices that will be borne by the Group may lead to reduced profit margins.

The Group's significant investments in its MultiClient seismic data may not be recovered
The Group invests significant amounts of money in acquiring and processing seismic data that the Group owns or has (exclusive) license rights to, which is called MultiClient data. The Group's MultiClient data library has a book value of USD 300.3 million as of 31 December 2022. The Group's future MultiClient data license sales, including the timing of such licenses, are uncertain and depend on a variety of factors, many of which are beyond the Group's control. By making such investments, the Group assumes the risk that it may not fully recover the cost of acquiring and processing the data through future sales.

Subsequent to investing, technological or regulatory changes or other developments could materially adversely affect the value of the data. Regulatory changes that affect the ability of the Group's customers to develop exploration programs (such as limitation on drillings), either generally or in a specific location where the Group has acquired seismic data, could materially adversely affect the value of the seismic data contained in the Group's library. Technology changes could also make existing data obsolete.

The value of the Group's MultiClient data could be significantly adversely affected if any material adverse change occurs in the general prospects for oil and gas exploration, development and production activities in the areas where the Group acquires MultiClient data or more generally.

The Group attempts to protect its MultiClient seismic data from misuse by customers primarily through contractual provisions that permit the use of the data only by that particular customer on a non-transferable basis. Such provisions can be effective only if misuse of the data by customers or third parties can be detected and if the Group's rights can be enforced through legal action. If widespread misuse were to occur, the Group's MultiClient revenues would be adversely affected.

Any reduction in the market value of such data will require the Group to write down its recorded value, which could have a material adverse effect on the Group's results of operations and financial condition, including the Group's future ability to be compliant with the financial covenants pertaining to its financial indebtedness.

The Group performs several contracts under turnkey arrangements
Many of the Group's contracts for seismic data acquisition are turnkey contracts, where the Group's work is delivered at a predetermined fixed price. In submitting a bid on a turnkey contract, the Group estimates its costs associated with the project. However, the Group's actual costs can vary from its estimated costs because of changes in assumed operating conditions (including weather, fishing activity, interference from other seismic vessels and other operating disturbances), exchange rates, fuel prices and equipment productivity, among others. In addition, the Group may bid too low as a result of market pricing pressure. As a result, the Group may experience reduced profitability or losses on projects if the Group's bids on turnkey contracts are too low and/or actual costs exceed estimated costs. As the Group has incurred a substantial amount of debt, the Group is far more exposed to the outlined risks invariably connected with turnkey arrangements compared to similar companies in the seismic industry with lower levels of indebtedness.

The Group is subject to taxation in many jurisdictions around the world
The Group operates its vessels and production capacity in many jurisdictions around the world with increasingly complex tax laws and different laws may apply for MultiClient and contract services. The amounts of taxes the Group pays in these jurisdictions may depend on a variety of factors such as the length of a survey, legal or contractual structure, changes in laws or their interpretations by the relevant taxing authorities, which could have a material adverse effect on the Group's liquidity and results of operations. In addition, those authorities could review the Group's tax returns and impose additional taxes and penalties, which could be material. The Group has identified issues in several jurisdictions that could eventually make the Group liable to pay material amounts in taxes relating to prior years. The most significant issues are in Brazil where the Group has ongoing tax disputes relating to the charter of vessels into Brazil. The assessments, which inter alia seek to levy 15% withholding tax and 10% CIDE (service) tax, amounts to USD 38.1 million in total per 31 December 2022. Other jurisdictions where the Group has identified tax contingencies include Indonesia, Nigeria, Ghana, Colombia and Canada. In

addition, there may in the future be other claims from governmental tax authorities for unpaid tax amounts as well as additional issues identified by the Group that it is currently not aware of.

The Group's order book estimates are based on certain assumptions and are subject to unexpected adjustments and cancellations
The Group's order book estimates represent those estimated future revenues relating to projects for which a client has executed a contract, the Group has received a written letter of intent or where all major contract terms are agreed. Order book estimates are based on a number of assumptions and estimates including assumptions related to foreign exchange rates and proportionate performance of contracts and the Group's valuation of assets, such as seismic data, to be received by the Group as payment under certain agreements. The realization of the Group's order book estimates is further affected by the Group's performance under day rate contracts, as the early or late completion of a project under day rate contracts will generally result in decreased or increased, as the case may be, revenues derived from these projects.

In accordance with industry practice, contracts for the provision of seismic services typically can be cancelled at the sole discretion of the client without payment of significant cancellation costs to the service provider. As a result, even if contracts are included in the Group's order book, such contracts may not be wholly executed by the Group, generate actual revenue or not be renegotiated at a lower price, or even that the total costs already incurred by us in connection with the contract would be covered in full pursuant to any cancellation clause. Even where a project proceeds as scheduled, it is possible that the client may default and fail to pay amounts owed to the Group. Material delays, payment defaults and cancellations could reduce the amount of the Group's order book currently reported, and consequently, could inhibit the conversion of that order book into revenues.

Due to having substantial amounts of debt, breach of assumptions or clients cancelling contracts would to a greater extent impact the Group's financial condition compared to its peers within the seismic industry that have lower levels of indebtedness and are thus not as exposed to unexpected events such as clients cancelling service agreements.

1.2 Risks relating to the Group's financial situation

The Group's substantial amount of debt could adversely affect its financial health
The Group has as of 30 September 2023 a substantial amount of debt and significant debt service obligations. Such debt includes the Bond Issue in the amount of USD 450 million (the "Bonds"), a term loan B in the amount of USD 69.8 million (the "TLB"), a loan in the amount of USD 75 million (the "Notes"), a super senior loan in the amount of USD 50 million (the "Super Senior Loan"), and an export credit financing in the amount outstanding of USD 144.9 million (the "ECF"). Further, the Group may, subject to the Bond Terms and the Group's other credit agreements, incur additional indebtedness in the future.

The high level of debt could have important negative consequences for the Group. The Group will for the foreseeable future be required to dedicate a large portion of its cash flow from operations to pay interest and manage repayments on the Group's debt. This increases the Group's vulnerability to volatility in the financial markets and adverse general economic or industry conditions. It can also limit the cash flow available to fund operations, necessary capital expenditures and growth. The already high level of debt could also limit the Group's ability to raise additional debt to fund operations, if required, and restrict the Group from making strategic acquisitions or exploiting business opportunities.

In addition, a smaller portion of the Group's long-term debt bears interest at variable rates that are linked to changing market interest rates. With the variable interest rate debt portion as of 30 September 2023, an immediate increase of the variable market interest rate by 1 percentage point will increase the annual interest cost for the Group by approximately USD 2 million. As of 30 September 2023, the Group had USD 194.8 million of outstanding floating interest rate debt, with interest rates based on three to six-month SOFR rates, plus a margin. The cash balance and restricted cash for debt service was USD 188.6 million at 30 September 2023 and earning interest based on floating interest rate.

Although the Group may change its exposure to variable interest rates by entering into interest rate swaps, financial hedging products may be expensive and the Group may not be able to change its interest exposure in the future or hedge adequately. As a result, an increase in market interest rates could increase the Group's interest expense and its debt service obligations, but not to a large extent since 75% of its gross debt is on fixed interest rate and taking cash balances into account 99% of net debt is on fixed interest rate debt

The Group's credit agreements contain, and future credit agreements may contain, financial covenants which the Group could fail to meet
The Group's credit agreements and the Bond Terms require the Group to satisfy a maximum total net leverage test and a minimum liquidity test. There are also other financial covenants in the Group's credit agreements and leasing agreements. In addition, future credit agreements entered into by the Group may require it to satisfy

similar and potentially additional financial covenants. The ability of the Group to comply with these tests may be affected by events beyond their control, and the Group cannot reassure that it will continue to meet these tests. The failure of the Group to comply with these obligations could lead to a default under these credit agreements or the Bonds, unless it can obtain waivers or consents in respect of any default. The Group cannot guarantee that any such waivers or consents will be granted. In the event of any default under these credit agreements, the lenders under these agreements could elect to declare all outstanding borrowings and indebtedness, together with accrued interest, fees and other amounts due thereunder, to be immediately due and payable. Any event of default under these credit agreements or the Bonds can trigger cross default clauses in other financing arrangements. If any indebtedness of the Group (as a result of cross acceleration under the applicable agreement) were to be accelerated, the Group cannot guarantee that the Group's assets would be sufficient to repay such debt in full. This may in turn have a material adverse effect on the Group's financial position and results, and possibly lead to insolvency or insolvency related proceedings and financial restructuring.

A substantial amount of the Group's assets secures indebtedness
A substantial amount of the Group's assets is granted as security for its financial indebtedness. The key pledged assets are all of the Group's vessels and its seismic equipment, the Group's MultiClient data library (directly or indirectly), shares in most Guarantors, bank accounts and receivables under material intercompany agreements. Upon an event of default, there is a risk that the required majority creditors who, among other things, have a pledge over the shares in PGS Holding II Ltd (a holding company that indirectly owns and controls all material subsidiaries of the Group), will accelerate and enforce this and other pledges over major assets. Such enforcement would likely have implications on the continued operations for the operating companies in the Group, and there is a risk that the Issuer, as a corporate entity left without its material subsidiaries and/or assets, will then be insolvent. The lenders under the ECF may also enforce their security, including the mortgages over the four Ramform Titan-class vessels. Enforcement of the mortgages and other security interests would lead to substantial disruptions of the Group's operations.

Restrictions imposed under the Group's credit agreements may limit the Group's flexibility
Certain credit agreements governing the Group's outstanding debt, currently or in the future, may limit the Group's flexibility in operating its business. For example, these agreements do and may restrict the ability of the Group to, among other things:

- borrow money;
- pay dividends or make other distributions;
- create certain liens;
- make certain asset dispositions;
- give certain loans or make certain investments;
- issue or sell share capital of the Company's subsidiaries;
- dispose of assets;
- guarantee indebtedness;
- enter into transactions with affiliates
- merge, consolidate or enter into similar transactions; or
- sell, lease or transfer all or substantially all of the Group's assets.

It is a risk that the operating and financial restrictions and covenants in the financing arrangements of the Group's outstanding debt may adversely affect the Group's ability to finance its future operations or capital needs or engage in other business activities that may be in the Group's interest. The operating and financial restrictions and covenants pursuant to the Group's credit agreements may not permit the Group to execute its business strategy as it intends. In addition to limiting the Group's flexibility in operating its business, a breach of the covenants in any credit agreement of the Group could cause an event of default thereunder, causing all the debt under those agreements to be accelerated. If this was to occur, the Group may not have sufficient assets to repay its debt, which could lead the Issuer and/or the Group into insolvency, bankruptcy or similar proceedings.

Refinancing risk and inability to meet financing needs as they arise
The Group may be required to refinance its outstanding debt, including the amounts outstanding under the TLB and the Super Senior Loan, in order to satisfy such debt at the respective maturity dates. The TLB matures on 19 March 2024, while the Super Senior Loan matures on 18 March 2024, with an option to, against payment of a fee, extend the maturity date in the Super Senior Loan by up to one (1) year until 18 March 2025. The Group's ability to successfully refinance such debt, if required, is dependent on the financial condition of the Group and conditions of the financial markets in general at such time. As a result, the Group's access to financing sources at a particular time may not be available on favorable terms, or at all. The Group's inability to refinance its debt obligations on favorable terms, or at all, could have a material adverse effect on the Group's business, financial condition as well as its result of operations.

1.3 Risks Relating to the Merger

The Ultimate Parent, PGS ASA is in the process of merging with a 100% owned subsidiary of TGS ASA being TGS Newco AS ("TGS Newco") in accordance with the rules on triangular mergers in Section 13-2 (2) of the Norwegian Public Limited Companies Act (the "Merger"). Upon completion of the Merger, the assets, rights and obligations of the Ultimate Parent will in their entirety be continuing in TGS NewCo in accordance with the principle of continuity, while the shareholders of the Ultimate Parent will receive consideration in the form of shares in TGS ASA, the parent company of TGS NewCo. The Ultimate Parent will be dissolved upon completion of the Merger. The Merger and the process leading up to the Merger poses the following risks to the Group:

Clearances or approvals from governmental entities could delay the completion of the Merger or impose adverse conditions.

Completion of the Merger is conditioned upon the receipt of required clearances or approvals from the Norwegian and UK Competition and Market Authorities. Such clearances and approvals may take a long time and may ultimately not be obtained. During the waiting period, the two companies may be prevented from pursuing value creating initiatives. In addition, the governmental entities from which these clearances and approvals are required may impose conditions on the completion of the Merger or require changes to the terms of the Merger. If the parties become subject to any material conditions in order to obtain any clearances or approvals required to complete the Merger, the business and results of operations of the combined company may be adversely affected.

Planned synergies may not materialize.

The success of the merger will depend, in part, on ability to successfully combine the businesses of PGS and TGS and realize the anticipated benefits and cost savings from the combination of the two companies. If the combined company is not able to achieve these objectives within the anticipated time frame, or at all, the anticipated benefits and cost savings of the Merger may not be realized fully or at all or may take longer to realize than expected and the value of the combined company may be adversely affected.

Retention, motivation and recruitment of executives and key employees may be challenging.

For the Merger to be successful, during the period before the Merger is completed, both PGS and TGS must continue to retain, motivate and recruit executives and other key employees. Moreover, the combined company must be successful at retaining and motivating key employees following the completion of the Merger. Experienced employees in the oil and gas industry are in high demand and competition for their talents can be intense. Employees of both PGS and TGS may experience uncertainty about their future role with the combined company until, or even after, strategies with regard to the combined company are announced or executed. These potential distractions of the merger may adversely affect the ability of PGS, TGS or, following completion of the Merger, the combined company, to retain, motivate and recruit executives and other key employees and keep them focused on applicable strategies and goals. A failure by PGS, TGS or, following the completion of the Merger, the combined company, to attract, retain and motivate executives and other key employees during the period prior to or after the completion of the merger could have a negative impact on the business of PGS, TGS or the combined company.

Failure to complete the Merger could negatively impact the future business and financial results of PGS.

If the Merger is not completed, the ongoing businesses of PGS and TGS may be adversely affected and, without realizing any of the benefits of having completed the Merger, PGS and TGS will be subject to a number of risks, including PGS and TGS will be required to pay certain costs relating to the Merger, whether or not the Merger is completed; and matters relating to the Merger (including lawful integration planning) may require substantial commitments of time and resources by PGS and TGS management, which could otherwise have been devoted to other opportunities that may have been beneficial to PGS and TGS as independent companies, as the case may be. PGS and TGS intend to complete the Merger. However, if the Merger is not completed and any of the above risks materialize, or if TGS performs materially worse than expected, either outcome could have a material negative impact on the value of PGS.

Restrictions imposed under the Merger documents may limit PGS's flexibility

The Ultimate Parent is party to a merger agreement and have approved a merger plan containing certain operational and financial covenants and restrictions imposed until consummation of the Merger. These restrictions may limit the Group's flexibility in operating its business. For example, these documents do and may restrict the ability of the Group to, among other things:

- raise equity capital;
- borrow money;
- make certain asset dispositions; and
- make certain investments.

It is a risk that the operating and financial covenants and restrictions in the merger documents may adversely affect PGS's ability to finance its future operations or capital needs or engage in other business activities that may be in PGS's interest. The operating and financial covenants and restrictions pursuant to the merger documents may not permit PGS to execute its business strategy as it intends.

The Merger will trigger obligations and change of control provisions in the financing agreements
Prior to the Ultimate Parent agreeing to a merger, PGS must (a) under the TLB and Super Senior Loan send a notice to the lenders' agent confirming that the loans will be repaid upon consummation of the Merger, and (b) send a notice to the ECF agent requesting consent to that - in the reasonable opinion of the facility agent - the Merger will not have any material adverse effect on the financial condition of the Ultimate Parent or materially change of the nature of the Ultimate Parent's business. There is a risk that the ECF will not provide this consent, require remedy which is not available, and/or require repayment of the loans, and as a consequence PGS or the combined company not being able to pay or refinance the loans required to be repaid.

The holders under the Bond will upon consummation of the Merger be entitled to put the Bonds at 101% of par, whereas the holders of the Notes will upon consummation of the Merger before 30 June 2024 be entitled to put the Bonds at 102% of par and thereafter at par.

1.4 Risks relating to the Bonds

A trading market may not develop, and market price may be volatile
The Bonds are new securities for which there is currently no trading market. Even though the Issuer is intending to apply for a listing of the Bonds on the Oslo Stock Exchange, such listing may not be obtained, nor has the Issuer entered into any market making scheme to ensure liquidity in the Bonds. The liquidity of any market may not develop favorably to the Issuer; Bondholders may not be able to sell the Bonds, or the price at which Bondholders would be able to sell the Bonds may not be favorably to the Bondholders. If such a market was to exist, the Bonds could trade at prices that may be lower than the nominal amount or purchase price of the Bonds. If an active market does not develop or is not maintained, the price and liquidity of the Bonds may be adversely affected.

There is a risk that the value of the Bonds may decrease due to the changes in the Group, its financial position as well as relevant market risk factors. Furthermore, the price and market value of a single bond issue will, generally, fluctuate due to general developments in the financial markets, as well as, specifically, investor interest in (and, thus, the liquidity of) the Bonds and the oil service market in which the Group is engaged. In addition, in recent years, the global financial markets have experienced significant price and volume fluctuations, which, if repeated in the future, could adversely affect the market value of the Bonds without regard to the Issuer's operating results, financial condition or prospects. Accordingly, there is a risk that the value of the Bonds may decrease in spite of an underlying positive development in the Issuer's business activities.

The liquidity of the Bonds will at all times depend on the market participants view of the value of the Bonds. Potential investors should note that it may be difficult or even impossible to trade and sell the Bonds in the secondary market.

Risks relating to super-senior creditors
Under the Bond Terms, the Issuer and/or any other obligors under the Bond Issue (as applicable) are permitted to incur liabilities limited upwards to USD 75 million under the existing Super Senior Loan or other financing agreements (the "Super Senior Liabilities") which together shall rank on a super senior basis in priority to the Bonds, the TLB and the Notes with respect to the enforcement proceeds from the security. The existing intercreditor agreement contains certain provisions regulating the giving of instructions to the security agent, including instructions as to enforcement. Upon certain conditions being met, including the occurrence of an insolvency event or a delayed determination as to enforcement action by the senior creditors, such instructions may be given entirely by a defined majority of such super senior creditors (whose claims will rank in priority to the Bonds (the TLB and the Notes) with respect to enforcement proceeds from the security). The Super Senior Liabilities, the TLB and Notes creditors may have conflicting interests with the Bondholders in a default and enforcement scenario, including an incentive to take enforcement steps which may be detrimental to the value of the Bonds or the prospect of recovery for Bondholders. In general, and in these situations in particular, any enforcement proceeds may not be sufficient to cover all secured obligations.

Bondholders' possibility to control enforcement may become limited in the event of changes in the senior liabilities
The Bonds will be secured by the same security as secures the TLB, the Notes and Super Senior Liabilities, which are subject to intercreditor agreements, pursuant to which instructions relating to enforcement of such security on certain terms will be controlled by the majority senior creditors at any given time. Depending on the ratio between the amount of Bond debt and other senior secured debt at the time, the Bondholders (and the Bond debt) may not be sufficient to constitute the majority senior creditors/instructing group required to instruct and/or control enforcement and/or provide conflicting enforcement instructions, without involvement by or support from the other senior creditors. Furthermore, the enforcement of the security shared with the ECF will also be subject to the terms of an ECF intercreditor agreement under which the shared security with the ECF shall rank and

secure the obligations under the ECF and the obligations under the TLB/the Notes/Super Senior Liabilities on a pari passu basis.

Limitations on the value of the transaction security
The value of the security securing the Bonds may not be sufficient to satisfy the Issuer's obligations under the Bonds, and enforcement proceeds relating to such security will first be applied towards the Super Senior Liabilities (subject, however, to the prior pari passu treatment of proceeds from the shared security with the ECF in accordance with the ECF inter creditor agreement), before being shared between TLB debt, the Notes and the Bonds on a pari passu and pro rata basis in accordance with the Super Senior/TLB/Notes ICA. The security agent may not be able to sell the security without delay (or even at all), and if soldthe enforcement proceeds may not bel be sufficient to satisfy all of the Bond obligations in a distressed scenario.

The Issuer will be largely dependent on its subsidiaries and may not have sufficient funds to service the Bonds
The Issuer will be required to make interest payments on the Bonds during the lifetime of the Bond Issue and to repay the Bonds in full at maturity. The Issuer is subject to credit risk relating to the Group's ability to meet its payment obligations. The Group's ability to pay any amounts due under the Bonds is, to a significant extent, dependent upon the performance of the Group's operations, its financial position, and the ability of its subsidiaries to generate cash flow from operations and make distributions to the Issuer. If the Issuer does not receive sufficient distributions from its subsidiaries, it may be forced to adopt an alternative strategy that may include actions such as reducing capital expenditures, selling assets, restructuring or refinancing indebtedness or seeking new equity capital. The Issuer cannot assure investors that any of these alternative strategies could be effected on satisfactory terms, if at all, or that they would yield sufficient funds to make the required payments under the Bond Issue.

The Bonds will be structurally subordinated to liabilities of Issuer's subsidiaries
Generally, creditors under indebtedness and trade creditors of the Issuer's subsidiaries will be entitled to payments of their claims from the assets of such subsidiaries before these assets are made available for distribution to the Issuer, as a direct or indirect shareholder. Further, certain of the Group's operating subsidiaries may, from time to time, be subject to restrictions on their ability to make distributions and loans including as a result of restrictive covenants in loan agreements, foreign exchange and other regulatory restrictions and agreements with the other shareholders of such subsidiaries or associated undertakings.

Accordingly, in an enforcement scenario, creditors of the Issuer's subsidiaries, to the extent such subsidiaries are not also Guarantors of the Bonds, will generally be entitled to payment in full from the sale or other disposal of the assets of such subsidiaries before the Issuer, as a direct or indirect shareholder, will be entitled to receive any distributions.

Limitations on guarantees and security interests
The Guarantors are incorporated in different jurisdictions, where, inter alia, legal restrictions may apply to the granting of security and/or guarantees provided in connection with an acquisition of shares in companies within a group and there might also be requirements to receive corporate benefit as consideration for granting financial assistance. Furthermore, there may be certain legal limitations on the maximum secured amount of a security interest or guarantee. The Bond Terms and/or intercreditor agreements will contain several security principles pursuant to which the members of the Group will not be required to grant security and/or guarantees to the extent that would be in conflict with applicable law. The security principles will also provide that certain security and/or guarantees may be limited, cannot be perfected or are otherwise subject to limitations. It is possible that such limitations will reduce the value of the security package and negatively affect the Bondholders.

The security securing the Bonds will be shared with certain other secured parties and is mainly constituted by the collateral assets securing the TLB, the Notes and Super Senior Loan. As such, most of the security documents establishing and perfecting such security have already been entered into. While many of these documents will be amended and restated and/or supplemented or retaken to also refer to the Bond liabilities, any imperfections or flaws with respect to the establishment or perfection of such security as at the time originally established or perfected, may continue to impair the security following the accession of the Bond Trustee and the extension of such security documents to also cover the Bond liabilities.

The Issuer may have insufficient funds to make required repurchase of Bonds
Upon the occurrence of a change of control event or a delisting event (each term as defined in the Bond Terms), each individual Bondholder shall have a right (put option) to require that the Issuer re-purchase the Bonds at a price of 101% of the nominal amount (plus accrued interest). However, it is possible that the Issuer will have insufficient funds at the time of the put option event to make the required repurchase of the Bonds, which could adversely affect the Issuer, e.g. by causing insolvency or an event of default under the Bond Terms, and consequently adversely affect all Bondholders and not only those that choose to exercise the option. (see 1.3 Risk Related to the Merger)

The Issuer may exercise a call option
The Issuer may redeem the Bonds (in whole or in part) prior to the Maturity Date and any such early redemption may result in the sum of interest payments on the redeemed Bonds being less than if the Bonds had not been redeemed, but instead repaid on the Maturity Date. The Issuer may also redeem all the Bonds, but not only some, at a price of 100% of the nominal amount (plus accrued interest), in the event that the Issuer is required by law to withhold any tax from any payment in respect of the Bond under the Finance Documents as a result of a change in applicable law implemented after the date of the Bond Terms.

The Bond Terms will allow for modifications of the Bonds or security, waivers or authorizations of breaches and substitution of the Issuer which, in certain circumstances, may be effectuated without the consent of Bondholders
The Bond Trustee may agree, without the consent of the Bondholders, to certain modifications to the Bond Terms and other related Finance Documents. Pursuant to the Bond Terms, remedies afforded to the Bondholders are vested with the Bond Trustee, thus preventing individual Bondholders from taking separate action. The Bond Trustee will be required to act in accordance with instruction given by a requisite majority of Bondholders, but is also vested with discretionary powers. The Bondholders face a risk that the Bond Trustee will agree to changes or amendments, or take actions, without the explicit consent of each of the Bondholders. Further, the terms of the Bonds will contain provisions for calling for meetings of Bondholders in the event that the Issuer wishes to amend any of the terms and conditions applicable to the Bonds.

These provisions permit requisite majorities to bind all Bondholders, including Bondholders who did not attend and vote at the relevant bondholder meeting and Bondholders who vote in a manner contrary to the requisite majority. Consequently, there is a risk that the actions of the requisite majority in such matters will impact certain Bondholders' rights in a manner that is undesirable for some of the Bondholders.

No action against the Issuer and Bondholders’ representation
In accordance with the Bonds Terms, the trustee for the Bonds will represent all Bondholders in all matters relating to the Bonds and the Bondholders are prevented from taking actions on their own against the Issuer. Consequently, individual Bondholders do not have the right to take legal actions to declare any default by claiming any payment from the Issuer and may therefore lack effective remedies unless and until a requisite majority of the Bondholders agree to take such action. However, there is a risk that an individual Bondholder, in certain situations, could bring its own action against the Issuer (in breach of the Bond Terms), which could negatively impact an acceleration of the Bonds or other action against the Issuer.

To enable the Bond Trustee to represent Bondholders in court, the Bondholders and/or their nominees may have to submit a written power of attorney for legal proceedings. The failure of all Bondholders to submit such a power of attorney could have a negative effect on the legal proceedings as for instance the requisite quorum or majority for taking such legal proceedings may not be obtained. Under the Bond Terms, the trustee for the Bonds will in some cases have the right to make decisions and take measures that bind all Bondholders. Consequently, there is a risk that the actions of the trustee in such matters will impact a Bondholder's rights under the Bonds in a manner that is undesirable for some of the Bondholders.

Should any of the above risks materialize, this may have a material adverse effect on the enforcement of the rights of the Bondholders and the rights of the Bondholders to receive payments under the Bonds.

Restrictions on transferability of the Bonds
The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or any U.S. state securities laws. Subject to certain exemptions, a holder of the Bonds may not offer or sell the Bonds in or into the United States. The Issuer has not undertaken to register the Bonds under the U.S. Securities Act or any U.S. state securities laws or to effect any exchange offer for the Bonds in the future. It is each potential investor’s obligation to ensure that the offers and sales of Bonds comply with all applicable securities laws. Due to these restrictions, there is a risk that a Bondholder cannot sell its Bonds as desired. Restrictions relating to the transferability of the Bonds could have a negative effect for some of the Bondholders.

Exchange risk for non-USD investors
The Bonds are issued in USD, and any future payments of interest on the Bonds will be paid in USD. Accordingly, any investor with another reference currency in its ordinary course of business is subject to adverse movements in the USD against their local currency as such adverse movements could have a material adverse effect on the local currency equivalent of any USD payments on the Bonds.

2 Definitions

Articles of Association	The articles of association of Petroleum Geo-Services AS or the Guarantors, as amended and currently in effect.
Base Prospectus	This document dated 19 December 2023. The Base Prospectus has been approved by the Norwegian FSA, as competent authority under Regulation (EU) 2017/1129. The Norwegian FSA only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. Such approval should not be considered as an endorsement of the Issuer that is the subject of this Base Prospectus.
Board or Board of Directors	The board of directors in the Issuer or the Guarantors.
Bond Terms	Means the bond terms agreed between the Issuer and Nordic Trustee AS for each issuance of bonds, including all attachments which form an integrated part of the bond terms, in each case as amended and/or supplemented from time to time.
Companies Registry	The Norwegian Registry of Business Enterprises (*Foretaksregisteret*)
Company/Issuer	Petroleum Geo-Services AS
Final Terms	Document to be prepared for each new issue of bonds under the Prospectus. The template for Final Terms is included in the Base Prospectus as Annex 15. The template for Final Terms has been approved by the Norwegian FSA, as competent authority under Regulation (EU) 2017/1129. The Norwegian FSA only approves this template for Final Terms as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. Such approval should not be considered as an endorsement of the quality of the securities that are the subject of this template for Final Terms. Investors should make their own assessment as to the suitability of investing in the securities.
Group/PGS	Means the Ultimate Parent and its subsidiaries from time to time other than any Unrestricted Subsidiaries.
Group Company	Means any person which is a member of the Group.
Guarantor	Means the Original Guarantors and any Group Company which subsequently becomes a Material Group Company, provided that PGS Titans AS shall only be required to become a Guarantor after the Existing ECF Financing is no longer outstanding.
IFRS	International Financial Reporting Standards as adopted by the European Union
ISIN	International Securities Identification Number
Joint Lead Managers	DNB Bank ASA and Pareto Securities AS
NOK	Norwegian kroner
Multiklient Invest AS Annual Report 2022	Financial statements for Multiklient Invest AS for the year ended 31 December 2022.
Multiklient Invest AS Annual Report 2021	Financial statements for Multiklient Invest AS for the year ended 31 December 2021.

Original Guarantors	Means each of: PGS ASA, PGS Australia Pty Ltd, PGS Suporte Logistico e Servicos Ltda., PGS Egypt for Petroleum Services, PGS Holding I Ltd, PGS Holding II Ltd, Petroleum Geo-Services (UK) Ltd, PGS Exploration (UK) Ltd, PT Petroprima Geo Services Nusantara, Multiklient Invest AS, PGS Shipowner AS, PGS Falcon AS, PGS Geophysical AS, Petroleum Geo-Services, Inc., PGS Finance, Inc., Petroleum Geo-Services Asia Pacific Pte Ltd.
Petroleum Exploration (UK) Ltd Annual Report 2022	Financial statements for Petroleum Exploration (UK) Ltd for the year ended 31 December 2022.
Petroleum Exploration (UK) Ltd Annual Report 2021	Financial statements for Petroleum Exploration (UK) Ltd for the year ended 31 December 2021.
Petroleum Geo-Services AS Annual Report 2022	Financial statements for Petroleum Geo-Services AS for the year ended 31 December 2022.
Petroleum Geo-Services AS Annual Report 2021	Financial statements for Petroleum Geo-Services AS for the year ended 31 December 2021.
Petroleum Geo-Services Asia Pacific Pte Ltd. Annual Report 2022	Financial statements for Petroleum Geo-Services Asia Pacific Pte Ltd. for the year ended 31 December 2022.
Petroleum Geo-Services Asia Pacific Pte Ltd. Annual Report 2021	Financial statements for Petroleum Geo-Services Asia Pacific Pte Ltd.for the year ended 31 December 2021.
Petroleum Geo-Services (UK) Ltd Annual Report 2022	Financial statements for Petroleum Geo-Services (UK) Ltd for the year ended 31 December 2022.
Petroleum Geo-Services (UK) Ltd Annual Report 2021	Financial statements for Petroleum Geo-Services (UK) Ltd for the year ended 31 December 2021.
PGS ASA Annual Report 2022	Financial statements for PGS ASA for the year ended 31 December 2022.
PGS ASA Annual Report 2021	Financial statements for PGS ASA for the year ended 31 December 2021.
PGS Australia Pty Ltd Annual Report 2022	Financial statements for PGS Australia Pty Ltd for the year ended 31 December 2022.
PGS Australia Pty Ltd Annual Report 2021	Financial statements for PGS Australia Pty Ltd for the year ended 31 December 2021.
PGS Egypt for Petroleum Services Annual Report 2022	Financial statements for PGS Egypt for Petroleum Services for the year ended 31 December 2022.
PGS Egypt for Petroleum Services Annual Report 2021	Financial statements for PGS Egypt for Petroleum Services for the year ended 31 December 2021.
PGS Falcon AS Annual Report 2022	Financial statements for PGS Falcon AS for the year ended 31 December 2022.

PGS Falcon AS Annual Report 2021	Financial statements for PGS Falcon AS for the year ended 31 December 2021.
PGS Geophysical AS Annual Report 2022	Financial statements for PGS Geophysical AS for the year ended 31 December 2022.
PGS Geophysical AS Annual Report 2021	Financial statements for PGS Geophysical AS for the year ended 31 December 2021.
PGS Holding I Ltd Annual Report 2022	Financial statements for PGS Holding I Ltd for the year ended 31 December 2022.
PGS Holding I Ltd Annual Report 2021	Financial statements for PGS Holding I Ltd for the year ended 31 December 2021.
PGS Holding II Ltd Annual Report 2022	Financial statements for PGS Holding II Ltd for the year ended 31 December 2022.
PGS Holding II Ltd Annual Report 2021	Financial statements for PGS Holding II Ltd for the year ended 31 December 2021.
PGS Shipowner AS Annual Report 2022	Financial statements for PGS Shipowner AS for the year ended 31 December 2022.
PGS Shipowner AS Annual Report 2021	Financial statements for PGS Shipowner AS for the year ended 31 December 2021.
PGS Suporte Logistico e Servicos Ltda. Annual Report 2022	Special purpose financial statements for PGS Suporte Logistico e Servicos Ltda. for the year ended 31 December 2022.
PGS Suporte Logistico e Servicos Ltda. Annual Report 2021	Special purpose financial statements for PGS Suporte Logistico e Servicos Ltda. for the year ended 31 December 2021.
PT Petroprima Geo Services Nusantara Annual Report 2022	Financial statements for PT Petroprima Geo Services Nusantara for the year ended 31 December 2022.
PT Petroprima Geo Services Nusantara Annual Report 2021	Financial statements for PT Petroprima Geo Services Nusantara for the year ended 31 December 2021.
Ultimate Parent	Means PGS ASA, a public limited company incorporated in the Kingdom of Norway with company registration no. 916 235 291
USD	United States Dollars
VPS or VPS System	The Norwegian Central Securities Depository, Verdipapirsentralen ASA

3 Persons responsible

3.1 Persons responsible for the information

Persons responsible for the information given in the Base Prospectus are as follows:
Petroleum Geo-Services AS, P.O. Box 251 Lilleaker, N-0216 Oslo, Norway

3.2 Declaration by persons responsible

Petroleum Geo-Services AS declares that to the best of its knowledge, the information contained in the Base Prospectus is in accordance with the facts and that the Base Prospectus makes no omission likely to affect its import.

Oslo, 19 December 2023

Statements regarding Regulation (EU) 2017/1129

The Base Prospectus has been approved by the Norwegian FSA, as competent authority under Regulation (EU) 2017/1129. The Norwegian FSA only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. Such approval should not be considered as an endorsement of the Issuer that is the subject of this Base Prospectus.

The template for Final Terms has been approved by the Norwegian FSA, as competent authority under Regulation (EU) 2017/1129. The Norwegian FSA only approves the template for Final Terms as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. Such approval should not be considered as an endorsement of the quality of the securities that are the subject of the template for Final Terms. Investors should make their own assessment as to the suitability of investing in the securities.

4 Independent Auditors

The independent auditors for the Issuer and the Guarantors for the period covered by the historical financial information are given in the table below.

Company	Year	Auditor
Petroleum Geo-Services AS[1)]	2022 and 2021	Ernst & Young AS
PGS ASA[1)]	2022 and 2021	Ernst & Young AS
PGS Australia Pty Ltd[2)]	2022 and 2021	Ernst & Young
PGS Suporte Logistico e Servicos Ltda.[3)]	2022 and 2021	Ernst & Young AS (special purpose financial statements)
PGS Egypt for Petroleum Services LLC[4)]	2022 and 2021	Allied for Accounting & Auditing
PGS Holding I Ltd[5)]	2022 and 2021	Ernst & Young LLP
PGS Holding II Ltd[5)]	2022 and 2021	Ernst & Young LLP
Petroleum Geo-Services (UK) Ltd[5)]	2022 and 2021	Ernst & Young LLP
PGS Exploration (UK) Ltd[5)]	2022 and 2021	Ernst & Young LLP
PT Petroprima Geo Services Nusantara[6)]	2022 and 2021	KAP Purwantono, Sungkoro & Surja
Multiklient Invest AS[1)]	2022 and 2021	Ernst & Young AS
PGS Shipowner AS[1)]	2022 and 2021	Ernst & Young AS
PGS Falcon AS[1)]	2022 and 2021	Ernst & Young AS
PGS Geophysical AS[1)]	2022 and 2021	Ernst & Young AS
Petroleum Geo-Services, Inc.	N/A	N/A
PGS Finance, Inc.	N/A	N/A
Petroleum Geo-Services Asia Pacific Pte Ltd.[7)]	2022 and 2021	Ernst & Young LLP

Numbers in superscript are referencing auditors in table below.

Auditor	Auditor's address	Membership in professional body
[1)] Ernst & Young AS	Stortorvet 7, 0155 Oslo, Norway	The Norwegian Institute of Public Accountants (Den Norske Revisorforening)
[2)]Ernst & Young	11 Mounts Bay Road, Perth WA 6000, Australia	Institute of Chartered Accountants in Australia and New Zealand (CA ANZ)
[3)]Ernst & Young AS	Stortorvet 7, 0155 Oslo, Norway	The Norwegian Institute of Public Accountants (Den Norske Revisorforening)
[4)]Allied for Accounting & Auditing (EY Cairo CFC Office)	Cairo Festival City, Podium 1 - Building P4, New Cairo, Egypt.	Egyptian Society of Accountants & Auditors (ESAA)
[5)]Ernst & Young LLP	2, Marischal Square, Upperkirkgate, Aberdeen AB10 1BA, United Kingdom	Institute of Chartered Accountants in England and Wales (ICAEW)
[6)]KAP Purwantono, Sungkoro & Surja	Indonesia Stock Exchange Building Tower 2, 7th Floor Jl. Jend. Sudirman Kav. 52-53, Jakarta 12190 Indonesia	Institute of Indonesia Chartered Accountants (IAI)
[7)]Ernst & Young LLP	Level 18 North Tower One Raffles Quay,Singapore 048583	Institute of Singapore Chartered Accountants (ISCA)

5 Information about the Issuer and the Guarantors

5.1 Legal and commercial name, domicile and legal form

Legal name	Commercial name	Domicile
Petroleum Geo-Services AS	Petroleum Geo-Services	Norway
PGS ASA	PGS	Norway
PGS Australia Pty Ltd	PGS Australia Pty	Australia
PGS Suporte Logistico e Servicos Ltda.	PGS Suporte Logistico e Servicos	Brazil
PGS Egypt for Petroleum Services LLC	PGS Egypt for Petroleum Services	Egypt
PGS Holding I Ltd	PGS Holding I	England and Wales
PGS Holding II Ltd	PGS Holding II	England and Wales
Petroleum Geo-Services (UK) Ltd	Petroleum Geo-Services (UK)	England and Wales
PGS Exploration (UK) Ltd	PGS Exploration (UK)	England and Wales
PT Petroprima Geo Services Nusantara	PT Petroprima Geo Services Nusantara	Indonesia
Multiklient Invest AS	Multiklient Invest	Norway
PGS Shipowner AS	PGS Shipowner	Norway
PGS Falcon AS	PGS Falcon	Norway
PGS Geophysical AS	PGS Geophysical	Norway
Petroleum Geo-Services, Inc.	Petroleum Geo-Services, Inc	Delaware, USA
PGS Finance, Inc.	PGS Finance	Delaware, USA
Petroleum Geo-Services Asia Pacific Pte Ltd.	Petroleum Geo-Services Asia Pacific Pte	Singapore

PGS ASA is a public limited liability company, all the other companies listed above are private limited liability companies. PGS ASA is in a process of being merged (see 1.3 Risk Related to the Merger and 5.5 Recent Events).

5.2 Place of registration, registration number and LEI code

Legal name	Place of registration	Registration number	LEI Code
Petroleum Geo-Services AS	The Norwegian Companies Registry	921 675 801	213800TDSGPCJUCT4659
PGS ASA	The Norwegian Companies Registry	916 235 291	213800T66DRTE6O6BV87
PGS Australia Pty Ltd	Australian Securities & Investments Commission	077 150 415	2138003B1QEQREJOD842
PGS Suporte Logistico e Servicos Ltda.	Board of Trade of the State of Rio de Janeiro (Junta Comercial do Estado do Rio de Janeiro - JUCERJA	33.2.0763831-1	213800MD3HNSHIF4D882
PGS Egypt for Petroleum Services LLC	Ministry of Supply and Internal Trade Department of Commercial Registration (Cairo)	49463	213800BGVFTTHZJYAN64
PGS Holding I Ltd	The Registrar of Companies for England and Wales	12930687	213800RK1EN5VNFX2A63
PGS Holding II Ltd	The Registrar of Companies for England and Wales	12932266	2138003LDILTPTTO4R73
Petroleum Geo-Services (UK) Ltd	The Registrar of Companies for England and Wales	02874539	213800LL1IVMEKZ6TK36
PGS Exploration (UK) Ltd	The Registrar of Companies for England and Wales	02904391	213800HDYC4VM8MP4U16
PT Petroprima Geo Services Nusantara	BKPM (Badan Koordinasi Penanaman Modal or Indonesia Investment Coordinating Board)	9120203242781	2138007381O5MHW1VD60
Multiklient Invest AS	The Norwegian Companies Registry	971 171 537	2138007HCLN4OF32P586
PGS Shipowner AS	The Norwegian Companies Registry	923 821 368	213800JOFVLQCLMHAQ30
PGS Falcon AS	The Norwegian Companies Registry	993 442 836	213800AOEO9UBH6PAK05
PGS Geophysical AS	The Norwegian Companies Registry	960 563 085	213800B9GDWLA9UXRF88
Petroleum Geo-Services, Inc.	Delaware Companies Registry	2254084	2138005EYXSKI4T8PM89
PGS Finance, Inc.	Delaware Companies Registry	4059916	213800Q9WWM5XQHYPQ28

Petroleum Geo-Services Asia Pacific Pte Ltd.	ACRA (Accounting and Corporate Regulatory Authority)	199707194r	21380099AJMU8ZWW1B71

5.3 Country of incorporation, date of incorporation and legislation

Legal name	Country of incorporation	Date of incorporation
Petroleum Geo-Services AS	Norway	10 October 2018
PGS ASA	Norway	19 June 1962
PGS Australia Pty Ltd	Australia	20 January 1997
PGS Suporte Logistico e Servicos Ltda.	Brazil	11 January 2006
PGS Egypt for Petroleum Services LLC	Egypt	24 November 2004
PGS Holding I Ltd	England and Wales	5 October 2020
PGS Holding II Ltd	England and Wales	6 October 2020
Petroleum Geo-Services (UK) Ltd	England and Wales	23 November 1993
PGS Exploration (UK) Ltd	England and Wales	3 March 1994
PT Petroprima Geo Services Nusantara	Indonesia	29 June 1995
Multiklient Invest AS	Norway	19 September 1994
PGS Shipowner AS	Norway	29 October 2019
PGS Falcon AS	Norway	9 October 2008
PGS Geophysical AS	Norway	10 April 1991
Petroleum Geo-Services, Inc.	Delaware, United States	6 February 1991
PGS Finance, Inc.	Delaware, United Sates	14 November 2005
Petroleum Geo-Services Asia Pacific Pte Ltd.	Singapore	17 October 1997

Legal name	Legislation, including but not limited to the following acts
Petroleum Geo-Services AS	Norwegian, Private Limited Companies Act
PGS ASA	Norwegian, Public Limited Companies Act
PGS Australia Pty Ltd	Australian, the Corporations Act
PGS Suporte Logistico e Servicos Ltda.	Brazilian, the Corporation Law
PGS Egypt for Petroleum Services LLC	Egyptian, the Law Promulgating Investment Guarantees and Incentives
PGS Holding I Ltd	England and Wales, the Companies Act
PGS Holding II Ltd	England and Wales, the Companies Act
Petroleum Geo-Services (UK) Ltd	England and Wales, the Companies Act
PGS Exploration (UK) Ltd	England and Wales, the Companies Act
PT Petroprima Geo Services Nusantara	Indonesian. Law regarding Limited Liability Companies
Multiklient Invest AS	Norwegian, Private Limited Companies Act
PGS Shipowner AS	Norwegian, Private Limited Companies Act
PGS Falcon AS	Norwegian, Private Limited Companies Act
PGS Geophysical AS	Norwegian, Private Limited Companies Act
Petroleum Geo-Services, Inc.	Delaware, the General Corporations Law
PGS Finance, Inc.	Delaware, the General Corporations Law
Petroleum Geo-Services Asia Pacific Pte Ltd.	Singaporean, the Companies Act

5.4 Address, telephone and website (pgs.com)

Legal name	Address	Telephone
Petroleum Geo-Services AS	Lilleakerveien 4, N-0283 Oslo, Norway	+ 47 67 52 64 00
PGS ASA	Lilleakerveien 4, N-0283 Oslo, Norway	+ 47 67 52 64 00
PGS Australia Pty Ltd	Level 28, QV1, 250 St Georges Terrace Perth WA 6000, AUSTRALIA	+61 8 9320 9000
PGS Suporte Logistico e Servicos Ltda.	Rua do Passeio 38/40,Tower 2 Office 1602 Ed. Passeio Corporate 20.021-290 Centro Rio de Janeiro BRAZIL	+ 55 21 2421 8400

PGS Egypt for Petroleum Services LLC	39, Road 83 P O Box 114, 11431 Maadi, Cairo, EGYPT	+202 2 378 4949
PGS Holding I Ltd	Building 4, The Heights, Brooklands, Weybridge, Surrey, KT13 0NY, UK	+ 44 1932 37 6000
PGS Holding II Ltd	Lilleakerveien 4, N-0283 Oslo, Norway	+ 47 67 52 64 00
Petroleum Geo-Services (UK) Ltd	Building 4, The Heights, Brooklands, Weybridge, Surrey, KT13 0NY, UK	+ 44 1932 37 6000
PGS Exploration (UK) Ltd	Building 4, The Heights, Brooklands, Weybridge, Surrey, KT13 0NY, UK	+ 44 1932 37 6000
PT Petroprima Geo Services Nusantara	Pondok Indah Tower 3, 17th floor,Unit M59 Jalan Sultan Iskandar Muda, Kav V-TA Jakarta 12310, INDONESIA	+62 21 296 59040
Multiklient Invest AS	Lilleakerveien 4, N-0283 Oslo, Norway	+ 47 67 52 64 00
PGS Shipowner AS	Lilleakerveien 4, N-0283 Oslo, Norway	+ 47 67 52 64 00
PGS Falcon AS	Lilleakerveien 4, N-0283 Oslo, Norway	+ 47 67 52 64 00
PGS Geophysical AS	Lilleakerveien 4, N-0283 Oslo, Norway	+ 47 67 52 64 00
Petroleum Geo-Services, Inc.	West Memorial Place I, 15375 Memorial Drive, Suite 100, Houston, TX 77079, USA	+1 281 509 8000
PGS Finance, Inc.	West Memorial Place I, 15375 Memorial Drive, Suite 100, Houston, TX 77079, USA	+1 281 509 8000
Petroleum Geo-Services Asia Pacific Pte Ltd.	9 Raffles Place,#26-01 Republic Plaza Singapore 048619	+65 6236-3333

Both the Issuer and the Guarantors have website PGS.COM.

The information on the website does not form part of the Base Prospectus unless that information is incorporated by reference into the Base Prospectus.

5.5 Recent events

In 2022, the Group recognized approximately $30 million of transfer fee revenues relating to a change of control event. The transfer fees are disputed by the client, and as of September 30, 2023, the amounts were not paid. Given the inability to timely conclude the matter, the Group earlier initiated two separate arbitration proceedings under the dispute resolution provisions of the agreements. In October 2023, the tribunal in the first arbitration issued a decision in the Group's favor, including late payment interest and reasonable legal costs. The amount due to the Group, net of any revenue share to third parties, is estimated to be approximately $43 million and is expected to be received late Q4 2023 or early Q1 2024. The decision relates to agreements where the Group already recognized $18.2 million as revenues in 2022. As a result of the decision, the Group has recognized additional $16.8 million of late sales revenues and $7.6 million of interest income in Q3 2023. The second arbitration proceeding is expected to be concluded during the second half of 2024, unless settled earlier. The Group has only recognized revenues that, based on PGS's best estimate and external legal advice, are expected to be due to the Group.

On July 19, 2023, the Issuer received commitments for a loan facility of $75 million to be issued as Notes. The new Notes was drawn September 18, 2023, with the net proceeds used to reduce the existing TLB. The Notes has an interest rate of SOFR + 7.00% and matures December 15, 2026. Beginning on June 30, 2024, the Notes will have a quarterly amortization at a rate of 6.25% of the original principal amount. The Notes can be prepaid without a premium starting from June 30, 2024. The Notes is subject to the same financial covenants and have the same guarantors and security as the $450 million Bonds.

PGS ASA announced on September 18, 2023, an intention to merge with TGS ASA or one of its subsidiaries ("TGS"). PGS and TGS announced on October 25, 2023, that their respective Board of Directors have approved a merger plan and called for extraordinary general meetings. December 1, 2023, the shareholders in PGS ASA and TGS ASA, respectively, voted in favor of the proposed merger. The parties expect that the merger will be completed during first half of 2024. The merger plan contains customary mutual restrictions for both parties until the merger is completed, as well as certain unilateral restrictions for PGS in relation to investments, equity transactions and financing.

In Q3 2023 PGS successfully completed an equity private placement of approximately $40.6 million. The proceeds will be used to increase liquidity and enable a financially robust combined entity following the merger with TGS.

5.6 Credit ratings

The following credit ratings have been assigned to PGS ASA:

Moody’s Deutschland GmbH: B2
S&P Global Ratings Europe Limited (S&P): B-

S&P is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the "CRA Regulation").

Moody's is not established in the European Union and has not applied for registration under the CRA Regulation. The ratings are endorsed by Moody’s Deutschland GmbH in accordance with the CRA Regulation.

Credit ratings have not been assigned to any of the other Guarantors or the Issuer.

6 Business overview

PGS is a fully integrated marine geophysical company that provides a broad range of seismic and reservoir services, including acquisition, imaging, interpretation, and field evaluation. The Group'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.

PGS has a significant MultiClient data library with modern 3D coverage in significant offshore hydrocarbon provinces of the world. Headquartered in Oslo, Norway, the Group currently manages a fleet of 11 high-end (i.e. 3D seismic vessels capable of towing 12 or more streamers) seismic acquisition vessels, of which seven are currently operated in the seismic acquisition market, one vessel is used for offshore wind site characterization and one vessel is used as a seismic source vessel. Two vessels are stacked. The fleet is dominated by the unique Ramform design vessels. The Group has offices in 12 countries around the world.

6.1 Main categories of products sold and/or services performed

The core activity of PGS' business units is to provide seismic data that describes the geology beneath the ocean floor, which energy companies rely on to find oil and gas reserves worldwide. To widen it business footprint, PGS established New Energy in early 2021. Since 2021, the Group has 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. PGS entered the carbon storage market in 2022. In 2023 PGS established a presence in the offshore wind site characterization market. Within the *marine minerals* industry, PGS intends to stay relevant without further significant investments and continues to monitor the market development.

PGS' main products and services include:

- Seismic data acquisition
- MultiClient data library
- Seismic imaging
- Geoscience data integration and analysis
- Offshore wind site characterization

Contract Acquisition Services

Contract 3D acquisition 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. 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 Group completed several 4D baseline surveys for development of carbon storage 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 Group 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 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 clients regarding exploration and production areas of interest. The PGS MultiClient data library provides information about the geology in several of 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 geographically diverse 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 Group 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 several 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 reimaging 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 Group 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 carbon storage projects, PGS has made several MultiClient sales for the same purpose.

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 Group'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.

Reservoir Characterization

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.

Offshore Wind Site Characterization

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. The Group's' P-Cable achieves UHR imaging of the subsurface by sampling the seismic wavefield at a high spatial and temporal rate.

Carbon Storage

There is a broad consensus that carbon capture and storage ("CCS") 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.

Judging by the carbon storage needs prognosed in reports published by institutions such as the Global CCS Institute, International Energy Agency (IEA) and The Intergovernmental Panel on Climate Change (IPCC) to mention a few, 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 has an established position in the carbon storage geoservices market by completion of four acquisition projects in 2022 and one in 2023. The Group is well positioned to bid for additional tenders coming to the market.

PGS has a comprehensive MultiClient data library, that can provide useful insights into geological properties over many prospective storage sites. The Group'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.

7 Organizational structure

7.1 Description of Issuer

Petroleum Geo-Services AS is a private limited liability company, incorporated and domiciled in Norway. The Company is a wholly owned indirect subsidiary of PGS ASA.

Organizational structure
The overview of the Group's organizational structure is set forth in Annex 16.

7.2 Dependence upon other entities

The Company receives interest and loan repayments from loans provided to its subsidiaries, as well as income from investments in its subsidiaries. Therefore, the Company is dependent on the results of the operations of the Company's subsidiaries.

The Guarantors receive funding from the Company and utilize as principals a bank guarantee facility in the name of the Company. Therefore, the Guarantors are dependent on the results of the operations of the Company.

8 Trend information

8.1 Prospects and financial performance

There has been no material adverse change in the prospects of the Issuer or the Guarantors since the date of its last published audited financial statements.

There has been no significant change in the financial performance of the Group since the end of the last financial period for which financial information has been published to the date of the Base Prospectus.

9 Administrative, management and supervisory bodies

9.1 Information about persons

For the members of the Board of Directors and the Management of the Company and the Guarantors the description below sets out the names, business address and functions within the Issuer and the Guarantors, and gives an indication of the principal activities performed by them outside the Issuer and the Guarantors where these are significant with respect to the Issuer or the Guarantor.

The business address of the Board of Directors and the Management of the Company and the Guarantors can be seen in clause 5.4.

9.1.1 Petroleum Geo-Services AS

Board of Directors

Name	Position
Rune Olav Pedersen	Chairperson
Gottfred Langseth	Board member
Merethe Bryn	Board member

Rune Olav Pedersen (1970) joined PGS in October 2010 and became President and CEO in 2017.

Before assuming his current responsibilities, he was PGS' General Counsel and Head of Legal, combined with leading PGS' communication, strategic customer relations, marketing, and corporate development functions.

Before joining PGS, he served for four years as a partner in the law firm Arntzen de Besche, specializing in oil and gas; he previously worked as an attorney and associate in the same firm.

Rune started his career as a junior research fellow at the University of Oslo and has served as a deputy judge at the district court level in Norway.

He is a member of the board of directors of E&P company OKEA and Seacrest Petroleo.

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) joined PGS in November 2003 and was appointed Executive Vice President and Chief Financial Officer in January 2004.

From 2000 to 2003, he was the Chief Financial Officer of the information technology company Ementor ASA. From 1997 to 2000, he was Senior Vice President of Finance and Control at the offshore engineering and construction company Aker Maritime ASA; and from 1991 to 1997 worked at Arthur Andersen Norway.

Gottfred is a certified Norwegian state-authorized public accountant (1993) and holds a Master of Business Administration degree from the Norwegian School of Economics and Business Administration.

Merethe Bryn (1973) joined PGS in June 2013 and became VP Global Tax in 2020.

Before joining PGS she was the Tax Manager for Fugro's global seismic business for 2 years. She has also worked as an attorney at Deloitte law firm, and as a senior tax lawyer at the Norwegian Oil Taxation Office.

Merethe holds a law degree from the University of Tromsø.

Management

Name	Position
Robert James Adams	General Manager

Robert James Adams (1976) joined PGS in 1998 and has been our Executive Vice President for Operations since January 2020.

Rob 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 Senior Vice President for New Ventures (2018 – 2020), he was responsible for building new MultiClient projects across all continents. Rob was also involved in framing PGS initiatives for reducing turnaround and future visioning.

Rob holds a BSc in Geology and Geophysics from the University of Durham.

9.1.2 PGS ASA

Board of Directors

Name	Position
Walter Qvam	Chairperson
Anne Grethe Dalane	Vice Chairperson
Richard Herbert	Board member
Trond Brandsrud	Board member
Ebrahim Attarzadeh	Board member
Shona Grant	Board member
Emiliana Dallan Rice-Oxley	Board member
Anette Valbø	Board member
Eivind Vesterås	Board member
Carine Roalkvam	Board member

Walter Qvam has held leading positions in various prominent Norwegian and international businesses in a variety of fields, including as the president and chief executive officer of Kongsberg Group ASA, oil and gas and shipping (Det Norske Veritas), IT (Capgemini), transportation (the Norwegian state railway) and consultancy (Gemini Consulting). Mr. Qvam chairs the boards of the cybersecurity company mnemonic, the robotics company wheel.me, and the innovation hub DigitalNorway. He is also a board member of the energy and infrastructure company CapeOmega. Mr. Qvam graduated Master of Science from the Norwegian University of Science and Technology (NTNU).

Anne Grethe Dalane is VP of Finance Data & Development at Yara International and has held a number of senior positions at Norsk Hydro. 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 for Latin America, and country manager of Argentina at Yara. She serves as a director of BW LPG and Arendal Fossekompani ASA. Ms. Dalane’s background is in economics, and she holds a business degree from the Norwegian School of Economics NHH.

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

Trond Brandsrud is an advisor, a board member, and a non-executive director of several listed and private-equity companies, including Aker BP, where he chairs the audit and risk committee, and Lowell, where he chairs both the audit the risk committees and serves as a member of the remuneration committee. Brandsrud has 30 years of experience in the oil and gas industry, serving as group chief financial officer at Aker and Seadrill and in a range of senior financial positions at Royal Dutch Shell. He is the chairperson of Lowell Finans AS and a non-executive director of Lowell Group and Waterise AS. Brandsrud is a Norwegian citizen with a master’s degree from the Norwegian School of Economics (NHH).

Ebrahim 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 and at ONTEX. Mr. Attarzadeh holds a master's in economic science from Ruprecht-Karls-Universität Heidelberg. He is a German citizen residing in Switzerland.

Shona Grant is the chairperson at qWave AS and at Saferock 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.

Emiliana Dallan Rice-Oxley has more than 35 years of experience from the oil & gas industry and has during this period held senior and executive roles within Shell and Petronas, and recently retired from the position of Vice President Exploration in Petronas. Currently, she is a board member in Hibiscus Petroleum Berhad and an advisory board member of Heriot Watt University, Malaysia. She is a Malaysian citizen residing in Kuala Lumpur. .Ms.Rice-Oxley holds a B.sc Geology from University of South Carolina, USA along with various management degrees from Harvard Business School and Stanford University, USA.

Anette 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 at Frontline Ltd. and DNB. Ms. Valbø holds a bachelor’s degree in accounting and auditing from Molde University College, Norway.

Eivind 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 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.

Carine Roalkvam joined PGS in 2013 and is Regional Geophysical Advisor and Geophysical Support Manager in our Sales & Services business area. Her breadth of seismic industry experience, which spans survey design, operational geophysics including project delivery responsibility, and seismic imaging, is matched by a profound technical understanding. She has served in a variety of roles within PGS and in Fugro where she began her seismic career offshore, processing field data. Carine holds an M.Sc. in Geophysics from the School and Observatory of Earth Sciences in Strasbourg.

Management

Name	Position
Rune Olav Pedersen	CEO
Gottfred Langseth	EVP and CFO
Nathan Oliver	EVP Sales and Services
Berit Osnes	EVP New Energy
Rob Adams	EVP Operations

Rune Olav Pedersen, please see description in clause 9.1.1.

Gottfred Langseth, please see description in clause 9.1.1.

Nathan Oliver (1966) joined PGS in 1993 and was appointed Executive Vice President of Sales and Services in September 2020.

Nathan has served PGS globally in various locations, managing international teams in London, Houston, Singapore, and Kuala Lumpur, 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.

Before joining PGS, he worked at Digicon Geophysical.

Nathan holds an MSc in Geoscience from the University of Sheffield and a BSc in Geology from Kingston University.

Berit Osnes (1964) joined PGS in 2006 and assumed her current position as Executive Vice President of New Energy in April 2021.
Berit has served in various sales management roles within our MultiClient business, including Vice President of Geophysics for Europe, Africa, Middle East, Vice President of MultiClient Europe, Senior Vice President of MultiClient, SVP Strategic Projects, and SVP Eurasia.

In both 2015 and 2016, she was an employee-elected member of the PGS Board of Directors.

Before joining PGS, she held technical management positions with Geoteam AS and Veritas DGC Ltd. Before this, she spent 11 years with Norsk Hydro working in field development, exploration, and geophysical operations.

Berit holds an MSc in Geophysics from the Norwegian University of Science and Technology (NTNU).

Rob Adams, please see description in clause 9.1.1.

9.1.3 PGS Australia Pty Ltd

Board of Directors

Name	Position
Gottfred Langseth	Board member
Merethe Bryn	Board member
Rune Olav Pedersen	Board member
Rick Irving	Board member

Rune Olav Pedersen, please see description in clause 9.1.1.

Gottfred Langseth, please see description in clause 9.1.1.

Merethe Bryn, please see description in clause 9.1.1.

Rick Irving joined PGS in 1997. His current position is Vice President Australasia located in Perth.
Rick has worked for PGS in several countries (Perth, Egypt, UK and Singapore), originally performing technical roles and later moving into sales and business development.
Rick holds a Bachelor of Science degree in Geophysics from Curtin University in Western Australia.

Management

Name	Position
n/a	

9.1.4 PGS Suporte Logistico e Servicos Ltda.

Board of Directors

Name	Position
n/a	

Management

Name	Position
Adrian Burke	General Manager

Adrian Burke joined PGS in 1996. His current position is Vice President Brazil.
He has held a variety of technical and managerial positions within PGS covering the Imaging, Marine Contract and MultiClient business areas across several geomarkets including Europe, CIS, Middle East, North Africa and Mediterranean, West Africa and now Brazil.
Mr Burke holds a bachelor's degree in Applied Geology from Staffordshire University, UK.

9.1.5 PGS Egypt for Petroleum Services LLC

Board of Directors

Name	Position
Merv Malati	Chairperson

Mervat Malati joined PGS in 1996, her current position is General Manager PGS Egypt, covering both Egypt and North Africa.
Mervat previously held a position in Sales & Services Africa, Mediterranean and Middle East as Business Development Manager for the region.
Before joining PGS, she started a Middle East branch of IHRDC based in Cairo.
Mervat studied in the USA at Louisiana Tech University, (BS) Professional Aviation.

Management

Name	Position
Gottfred Langseth	General Manager

Gottfred Langseth, please see description in clause 9.1.1.

9.1.6 PGS Holding I Ltd

Board of Directors

Name	Position
Gottfred Langseth	*Board member*
Merethe Bryn	*Board member*
Rune Olav Pedersen	*Board member*

Rune Olav Pedersen, please see description in clause 9.1.1.

Gottfred Langseth, please see description in clause 9.1.1.

Merethe Bryn, please see description in clause 9.1.1.

Management

Name	Position
n/a	

9.1.7 PGS Holding II Ltd

Board of Directors

Name	Position
Gottfred Langseth	Board member
Merethe Bryn	Board member
Rune Olav Pedersen	Board member

Rune Olav Pedersen, please see description in clause 9.1.1.

Gottfred Langseth, please see description in clause 9.1.1.

Merethe Bryn, please see description in clause 9.1.1.

Management

Name	Position
n/a	

9.1.8 Petroleum Geo-Services (UK) Ltd

Board of Directors

Name	Position
Gottfred Langseth	Board member
Merethe Bryn	Board member
Rune Olav Pedersen	Board member

Rune Olav Pedersen, please see description in clause 9.1.1.

Gottfred Langseth, please see description in clause 9.1.1.

Merethe Bryn, please see description in clause 9.1.1.

Management

Name	Position
n/a	

9.1.9 PGS Exploration (UK) Ltd

Board of Directors

Name	Position
Gottfred Langseth	Board member
Merethe Bryn	Board member
Rune Olav Pedersen	Board member

Rune Olav Pedersen, please see description in clause 9.1.1.

Gottfred Langseth, please see description in clause 9.1.1.

Merethe Bryn, please see description in clause 9.1.1.

Management

Name	Position
n/a	

9.1.10 PT Petroprima Geo Services Nusantara

Board of Directors

Name	Position
Alex Vartan	Chairperson
Gottfred Langseth	Board member
Risman Setia Putra	Board member

Alex Vartan joined PGS in 1998. His current position is Vice President AsiaPacific.
He has previously held positions in Sales and Services business areas including Vice President AMME, Vice President South America and Managing Director, Brasil and Country Manager, Nigeria with those roles including Business Development and Sales functions.
Prior to joining the Company, Alex worked offshore with Western Geophysical.
Alex holds a Bachelor of Science degree in Physics with Geophysics from the University of Bath, UK and a Master of Science Postgraduate Degree in Marine Geotechnics from Bangor, UCNW.

Gottfred Langseth, please see description in clause 9.1.1.

Risman Setia Putra joined PGS in 2001. His current position is Director at PT Petroprima Geo Services Nusantra. He has previously held the position Financial Manager & Tax in Indonesia. Prior to joining the Company, he worked for PT, Nusantara & Western Geo Physical Joint Operation, as Financial Manager, Tax, Legal at Bandung and Jakarta Indonesia.
Risman holds a Bachelor of Business Administration at University of Administrasi Niaga Bandung, Indonesia.

Management

Name	Position
n/a	

9.1.11 Multiklient Invest AS

Board of Directors

Name	Position
Rune Olav Pedersen	Chairperson
Gottfred Langseth	Board member
Merethe Bryn	Board member

Rune Olav Pedersen, please see description in clause 9.1.1.

Gottfred Langseth, please see description in clause 9.1.1.

Merethe Bryn, please see description in clause 9.1.1.

Management

Name	Position
Berit Osnes	General Manager

Berit Osnes, please see description in clause 9.1.2.

9.1.12 PGS Shipowner AS

Board of Directors

Name	Position
Rune Olav Pedersen	Chairperson
Gottfred Langseth	Board member
Merethe Bryn	Board member

Rune Olav Pedersen, please see description in clause 9.1.1.

Gottfred Langseth, please see description in clause 9.1.1.

Merethe Bryn, please see description in clause 9.1.1.

Management

Name	Position
Robert James Adams	General Manager

Robert James Adams, please see description in clause 9.1.1.

9.1.13 PGS Falcon AS

Board of Directors

Name	Position
Rune Olav Pedersen	Chairperson
Gottfred Langseth	Board member
Merethe Bryn	Board member

Rune Olav Pedersen, please see description in clause 9.1.1.

Gottfred Langseth, please see description in clause 9.1.1.

Merethe Bryn, please see description in clause 9.1.1.

Management

Name	Position
Robert James Adams	General Manager

Robert James Adams, please see description in clause 9.1.1.

9.1.14 PGS Geophysical AS

Board of Directors

Name	Position
Gottfred Langseth	Chairperson
Merethe Bryn	Board member

Kristian Hagset Hoddevik	Board member
Anette Valbø	Board member
Eivind Rødnes Vesterås	Board member
Carine Roalkvam	Board member

Gottfred Langseth, please see description in clause 9.1.1.

Merethe Bryn, please see description in clause 9.1.1.

Kristian Hagset Hoddevik joined PGS in 2017 as responsible for IFRS and group financial reporting. His current position is Corporate Controller responsible for the business controller function. Prior to joining PGS Kristian, has worked with PwC as an auditor and Höegh LNG as part of the group accounting team. Kristian holds a Master of Professional Accountancy from BI Norwegian Business School.

Anette Valbø, please see description in clause 9.1.2.

Carine Roalkvam, please see description in clause 9.1.2.

Eivind Rødnes Vesterås, please see description in clause 9.1.2.

Management

Name	Position
Robert James Adams	General Manager

Robert James Adams, please see description in clause 9.1.1.

9.1.15 Petroleum Geo-Services, Inc.

Board of Directors

Name	Position
Gottfred Langseth	Board member
Merethe Bryn	Board member
Rune Olav Pedersen	Board member

Rune Olav Pedersen, please see description in clause 9.1.1.

Gottfred Langseth, please see description in clause 9.1.1.

Merethe Bryn, please see description in clause 9.1.1.

Management

Name	Position
n/a	

9.1.16 PGS Finance, Inc.

Board of Directors

Name	Position
Gottfred Langseth	Board member
Merethe Bryn	Board member

Rune Olav Pedersen	Board member

Rune Olav Pedersen, please see description in clause 9.1.1.

Gottfred Langseth, please see description in clause 9.1.1.

Merethe Bryn, please see description in clause 9.1.1.

Management

Name	Position
n/a	

9.1.17 Petroleum Geo-Services Asia Pacific Pte Ltd.

Board of Directors

Name	Position
Gottfred Langseth	Board member
Merethe Bryn	Board member
Rune Olav Pedersen	Board member
Alex Vartan	Board member
Wee Choo Peng	Board member

Rune Olav Pedersen, please see description in clause 9.1.1.

Gottfred Langseth, please see description in clause 9.1.1.

Merethe Bryn, please see description in clause 9.1.1.

Alex Vartan, please see description in clause 9.1.10

Wee Choo Peng was appointed as a nominee director of Petroleum Geo-Services Asia Pacific Pte Ltd (Singapore incorporated company) on 4 October 2020. Mr Wee's last position was Regional Internal Audit Manager of Wilmar Group. He has previously held various positions in finance and audit such as Vice President of Finance and Head of Internal Audit as well as external auditor of Big 4.
Mr Wee qualified as a Chartered Accountant of the Institute of England and Wales.

Management

Name	Position
n/a	

9.2 Administrative, management and supervisory bodies conflicts of interest

There are no potential conflicts of interest between any duties to the Issuer or the Guarantors of the persons referred to in item 9.1 and their private interests and/or other duties.

10 Major shareholders

10.1 Ownership

Petroleum Geo-Services AS
The company is wholly owned by PGS ASA through PGS Holding II Ltd (UK) and PGS Holding I Ltd (UK), both wholly owned subsidiaries of PGS ASA.

PGS ASA
Major shareholders as of 22 November 2023 is shown below:

	Shareholder	Shares	% ownership	Country	Division
1	Interactive Brokers LLC	51 005 651	5.34	USA	Nominee
2	Morgan Stanley & Co LLC	42 530 228	4.45	USA	Nominee
3	Bank of New York Mellon	41 037 539	4.30	GBR	Nominee
4	State Street Bank	38 619 045	4.04	USA	Nominee
5	Bank of New York Mellon	36 750 398	3.85	GBR	Nominee
6	Bank of New York Mellon	29 827 515	3.12	USA	Nominee
7	Goldman Sachs International	29 490 257	3.09	GBR	Nominee
8	HSBC Bank	24 486 276	2.56	LUX	Nominee
9	Goldman Sachs & Co LLC	18 544 491	1.94	USA	Nominee
10	State Street Bank	17 835 984	1.87	USA	Nominee
11	Bank of New York Mellon	14 617 494	1.53	GBR	Nominee
12	Verdipapirfondet DNB SMB	13 010 105	1.36	NOR	Ordinary
13	Verdipapirfondet First Generator	10 134 447	1.06	NOR	Ordinary
14	State Street Bank	9 967 371	1.04	USA	Nominee
15	State Street Bank	9 937 641	1.04	USA	Nominee
16	Bank of New York Mellon	9 744 816	1.02	GBR	Nominee
17	Nordnet Livsforsikring AS	8 849 610	0.93	NOR	Ordinary
18	MP Pensjon PK	8 686 203	0.91	NOR	Ordinary
19	SEB	8 577 051	0.90	SWE	Ordinary
20	Verdipapirfondet DNB Global	8 248 595	0.86	NOR	Ordinary
20 largest shareholders		431 900 717	45.21		
Total shares		955 310 440	100		

PGS Australia Pty Ltd
The company is wholly owned by Petroleum Geo-Services AS.

PGS Suporte Logistico e Servicos Ltda.
The company is owned 26.26 % by Petroleum Geo-Services AS and 73.74 % by PGS Geophysical AS.

PGS Egypt for Petroleum Services LLC
The company is owned 99.99 % by Petroleum Geo-Services Asia Pacific Pte. Ltd., which is wholly owned by Petroleum Geo-Services AS.

PGS Holding I Ltd
The company is wholly owned by PGS ASA.

PGS Holding II Ltd
The company is wholly owned by PGS Holding I Ltd, which is wholly owned by PGS ASA.

Petroleum Geo-Services (UK) Ltd
The company is wholly owned by Petroleum Geo-Services AS.

PGS Exploration (UK) Ltd

The company is wholly owned by Petroleum Geo-Services (UK) Ltd., which is wholly owned by Petroleum Geo-Services AS.

PT Petroprima Geo Services Nusantara
The company is owned 93.4 % by PGS ASA and 0.96% by PGS Geophysical AS which is wholly owned by Petroleum Geo-Services AS.

Multiklient Invest AS
The company is wholly owned by Petroleum Geo-Services AS.

PGS Shipowner AS
The company is wholly owned by PGS Falcon AS, which is wholly owned by Petroleum Geo-Services AS.

PGS Falcon AS
The company is wholly owned by Petroleum Geo-Services AS.

PGS Geophysical AS
The company is wholly owned by Petroleum Geo-Services AS.

Petroleum Geo-Services, Inc.
The company is owned 98 % by Petroleum Geo-Services AS, 1 % by PGS Shipowner AS (wholly owned by PGS Falcon AS) and 1 % by PGS Falcon AS (wholly owned by Petroleum Geo-Services AS).

PGS Finance, Inc.
The company is wholly owned by Petroleum Geo-Services AS.

Petroleum Geo-Services Asia Pacific Pte Ltd.
The company is wholly owned by Petroleum Geo-Services AS.

10.2 Change of control of the company

18 September 2023 PGS ASA and TGS ASA ("TGS") announced a combination of the two companies (the "Merger") to establish the premier energy data company.

25 October 2023 PGS and TGS jointly announced that their respective boards of directors have approved and decided upon a definitive merger agreement, in line with the terms previously announced.

1 December 2023 extraordinary general meetings ("EGM") in TGS ASA and PGS ASA approved the Merger.

The Merger is to be structured as a statutory, triangular merger between TGS Newco AS ("TGS NewCo"), a newly established wholly owned subsidiary of TGS designated for such purpose. TGS and PGS in accordance with Chapter 13 of the Norwegian Companies Act. TGS NewCo will be the surviving entity and merger consideration will be provided to the PGS shareholders in the form of 0.06829 ordinary shares of TGS for each PGS share held. Future TGS dividend payments declared after EGM approval and up to completion of the Merger will be compensated to PGS shareholders in cash upon completion.

Following the completion of the Merger, TGS and PGS shareholders will own approximately 2/3 and 1/3 of the combined company, respectively, on the basis of the current share capital of each of the companies.
Completion of the Merger is subject to customary closing conditions such as relevant regulatory approvals and consents, compliance with applicable covenants and expiry of statutory waiting periods. The transaction is not subject to further due diligence or financing.

For further information on the Merger, including strategic rationale, information about PGS and TGS, and the terms and conditions for the Merger, please see the announcement of 18 September 2023 and the Merger Plan. The Merger Plan is available on www.tgs.com and www.pgs.com.

Prior to the Ultimate Parent agreeing to a merger, PGS must (a) under the TLB and Super Senior Loan send a notice to the lenders' agent confirming that the loans will be repaid upon consummation of the Merger, and (b) send a notice to the ECF agent requesting consent to that - in the reasonable opinion of the facility agent - the Merger will not have any material adverse effect on the financial condition of the Ultimate Parent or materially change of the nature of the Ultimate Parent's business. There is a risk that the ECF will not provide this consent, require remedy which is not available, and/or require repayment of the loans, and as a consequence PGS or the combined company not being able to pay or refinance the loans required to be repaid.

The holders under the Bond will upon consummation of the Merger be entitled to put the Bonds at 101% of par, whereas the holders of the Notes will upon consummation of the Merger before 30 June 2024 be entitled to put the Bonds at 102% of par and thereafter at par.

11 Financial information concerning the Company's and the Guarantors' assets and liabilities, financial position and profits and losses

11.1 Historical Financial Information

Petroleum Geo-Services AS
Petroleum Geo-Services AS's consolidated financial statements for 2022 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"). The Group's accounting policies are shown in the Petroleum Geo-Services AS Annual Report 2022, note 2, pages 17-31.

Petroleum Geo-Services AS' financial statements 2022 and 2021 have been prepared in accordance with the Norwegian Accounting Act and simplified IFRS, ref. the Norwegian Accounting Act § 3.9 5th paragraph. The company's accounting policies are shown in Petroleum Geo-Services AS Annual Report 2022, note 1 page 79-82.

According to the Regulation (EU) 2017/1129 of the European Parliament and of the Council, the historical financial information and financial statements is incorporated by reference to the Petroleum Geo-Services AS Annual Report 2022.

Petroleum Geo-Services AS Annual Report 2021 is attached as Annex 1a. Historical financial information is available on the pages shown below.

	Petroleum Geo-Services AS Annual Report	
	2022	2021
	Page(s)	Page(s)
Petroleum Geo-Services AS Consolidated		
Statements of Profit and Loss	12	N/A
Statements of Financial Position	14	N/A
Notes to the financial statements	16-72	N/A
Petroleum Geo-Services AS		
Statements of Profit and Loss	74	6
Statements of Financial Position	75-76	7-8
Notes to the financial statements	79-88	11-21

The financial information included in the Base Prospectus has not been prepared in accordance with IFRS as endorsed in the EU based on Regulation (EC) No 1606/2002. Petroleum Geo-Services AS has prepared its unconsolidated financial statements in accordance with the regulations on simplified application of the International Financial Reporting Standards ("Simplified IFRS") (FOR-2014-11-03-1415), ref. the Norwegian Accounting Act § 3.9 5th paragraph.

The main differences between and "IFRS" and "Simplified IFRS" are: (i) reduced disclosure requirements; (ii) simplified measurement of certain assets and liabilities; and (iii) fewer accounting options and exemptions from certain complex standards.

The company's significant accounting principles are consistent with the accounting principles of the Group, with the exception of the treatment of dividends and group contributions. In accordance with the Accounting Act, dividends are recognized in the reporting period corresponding to the financial year in which they pertain, even if the decision to distribute them occurs in the subsequent year as part of the financial statement approval process. As of 31 December 2021 and 2022, the company had no receivable or liability relating to any group contributions. As a result, there would be no differences in the Statements of Profit and Loss or the Statements of Financial Position in the financial information had Regulation (EC) No 1606/2002 been applied to the historical financial information for 2021 and 2022.

PGS ASA
PGS ASA's consolidated financial statements for 2022 and 2021 have been prepared in accordance IFRS as adopted by EU. The Group's accounting policies are shown in the PGS ASA Annual Report 2022, note 2, pages 70-75.

PGS ASA's financial statements for 2022 and 2021 have been prepared in accordance with the Norwegian

Accounting Act and accounting principles generally accepted in Norway ("NGAAP"). PGS ASA's accounting policies are shown in the PGS ASA Annual Report 2022, note 1, page 113.

According to the Regulation (EU) 2017/1129 of the European Parliament and of the Council, the historical financial information and financial statements is incorporated by reference to the PGS ASA Annual Report 2022 and the PGS ASA Annual Report 2021, see Cross Reference List for complete web address.

	PGS ASA Annual Report	
	2022	2021
	Page(s)	Page(s)
PGS ASA Consolidated		
Consolidated Statements of Profit and Loss	66	62
Consolidated Statements of Financial Position	68	64
Notes to the consolidated financial statements	70-108	66-105
PGS ASA		
Statements of Profit and Loss	110	107
Statements of Financial Position	111	108
Notes to the financial statements	113-117	110-115

The financial information included in the Base Prospectus has not been prepared in accordance with IFRS as endorsed in the EU based on Regulation (EC) No 1606/2002. PGS ASA has prepared its unconsolidated financial statements in accordance with the Norwegian Accounting Act and accounting principles generally accepted in Norway ("NGAAP").

The main differences between and "IFRS" and the Norwegian Accounting Act are: (i) reduced disclosure requirements; (ii) simplified measurement of certain assets and liabilities; and (iii) fewer accounting options and exemptions from certain complex standards.

The company's significant accounting principles are consistent with the accounting principles of the Group, with the exception of the treatment of dividends and group contributions. In accordance with the Accounting Act, dividends are recognized in the reporting period corresponding to the financial year in which they pertain, even if the decision to distribute them occurs in the subsequent year as part of the financial statement approval process. As of 31 December 2021 and 2022, the company had no receivable or liability relating to any group contributions. As a result, there would be no differences in the Statements of Profit and Loss or the Statements of Financial Position in the financial information had Regulation (EC) No 1606/2002 been applied to the historical financial information for 2021 and 2022.

PGS Australia Pty Ltd ("PGS Australia")

PGS Australia's financial statements for 2022 and 2021 have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures.

The company's accounting policies are shown in the PGS Australia Annual Report 2022, note 2 pages 10-20.

The PGS Australia Annual Report 2022 and PGS Australia Annual Report 2021 are attached as Annex 2a and b. Historical financial information is available on the pages shown below.

	PGS Australia Pty Ltd's Annual Report	
	2022	2021
	Page(s)	Page(s)
PGS Australia Pty Ltd		
Statements of Profit and Loss	6	6
Statements of Financial Position	7	7
Notes to the financial statements	10-34	10-34

The financial information included in the Base Prospectus has not been prepared in accordance with IFRS as endorsed in the EU based on Regulation (EC) No 1606/2002. PGS Australia has applied Australian Accounting Standards – Simplified Disclosures in its financial statements, the recognition and measurement criteria of which are consistent with IFRS but with reduced disclosures. All material accounting policies applied by PGS Australia are consistent with the accounting policies implemented in the consolidated financial statements of the Group and there would be no differences in the Statements of Profit and Loss or the Statements of Financial Position in the financial information had Regulation (EC) No 1606/2002 been applied to the historical financial information.

PGS Suporte Logistico e Servicos Ltda. ("PGS Suporte")

PGS Suporte's statutory financial statements for 2022 and 2021 were prepared in accordance with accounting practices adopted in Brazil. These statutory financial statements do not conform to IFRS and have not undergone an audit by an audit firm registered with the Norwegian Financial authorities. There are material differences, in particular revenue recognition and amortization of intangible assets. Consequently, PGS has prepared special purpose financial statements for PGS Suporte for the years 2022 and 2021. These special purpose financial statements are prepared in accordance with IFRS and aligned with the financial information of PGS Suporte as included in the consolidated financial statements for the Group. Ernst & Young AS (Norway) have issued an opinion on these special purpose financial statements in compliance with International Standard on Assurance Engagements 800 (ISA 800).

The 2022 and 2021 special purpose financial statements for PGS Suporte are attached as Annex 3a and b. Financial information is available on the pages shown below.

	PGS Suporte Logistico e Servicos Ltda.'s Report	
	2022	2021
	Page(s)	Page(s)
PGS Suporte Logistico e Servicos Ltda.		
Statements of Profit and Loss	2	2
Statements of Financial Position	3-4	3-4
Notes to the financial statements	7-17	7-17

PGS Egypt for Petroleum Services LLC ("PGS Egypt")

PGS Egypt's financial statements for 2022 and 2021 have been prepared in accordance with Egyptian Accounting Standards.

The company's accounting policies are shown in PGS Egypt for Petroleum Services Annual Report 2022, note 2 pages 9-19.

The 2022 and 2021 Annual Reports for PGS Egypt are attached as Annex 4a and b. Historical financial information is available on the pages shown below.

	PGS Egypt for Petroleum Services LLC Annual Report	
	2022	2021
	Page(s)	Page(s)
PGS Egypt for Petroleum Services		
Statements of Profit and Loss	5	6
Statements of Financial Position	4	5
Notes to the financial statements	9-30	10-28

The financial information included in the Base Prospectus has not been prepared in accordance with IFRS as endorsed in the EU based on Regulation (EC) No 1606/2002.

PGS Egypt financial statements are prepared in accordance with Egyptian Accounting Standards, which for the most part align with IFRS in a substantial manner. However, certain variations exist.

For certain Multiclient contracts, the classification adopted in the statutory financial statements for PGS Egypt is different from IFRS as applied in the consolidated financial statements of the Group. For these contracts the company records the estimated portion of survey costs related to the pre-funding as inventory (work in progress or finished data under IAS 2) instead of intangible assets. Similarly, at the time of recognizing the pre-funding as revenues, the survey costs are classified as vessel cost in the statements of profit and loss. These classification differences do not have any impact on net income, total assets or shareholders' equity. The table below shows the differences compared to IFRS as applied in the consolidated financial statements of the Group:

	Year ended December 31,					
	2022			2021		
(In USD thousands)	PGS Egypt Financial Statements	Adjustment	IFRS as applied by Group	PGS Egypt Financial Statements	Adjustment	IFRS as applied by Group
Statement of Financial Position						
Intagible Assets -MultiClient	-	4,715	4,715	-	24,285	24,285
Inventories	4,715	-4,715	-	24,285	-24,285	-
Effect on Total Assets - no differences	**4,715**	**-**	**4,715**	**24,285**	**-**	**24,285**
Statement of Profit and Loss						
Cost of sales	-20,767	20,767	-	-44,766	44,766	-
Amortization and impairment of MultiClient Library	-	-20,767	-20,767	-	-44,766	-44,766
Effect on profit for the year - no differences	**-20,767**	**-**	**-20,767**	**-44,766**	**-**	**-44,766**

PGS Holding I Ltd
PGS Holding I Ltd's financial statements for 2022 and 2021 have been prepared in accordance with the UK Accounting Standards (Financial Reporting Standard 101 'Reduced Disclosure Framework').

The company's accounting policies are shown in PGS Holding I Ltd Annual Report 2022, note 2 and 3, page 14-15.

The PGS Holding I Ltd Annual Report 2022 and PGS Holding I Ltd Annual Report 2021 are attached as Annex 5 a and b. Historical financial information is available on the pages shown below.

	PGS Holding I Ltd Annual Report	
	2022	2021
	Page(s)	Page(s)
PGS Holding I Ltd		
Statements of Profit and Loss	N/A	12
Statements of Financial Position	12	13
Notes to the financial statements	14-18	15-19

The financial information included in the Base Prospectus has not been prepared in accordance with IFRS as endorsed in the EU based on Regulation (EC) No 1606/2002. PGS Holding I Ltd has prepared its financial statements under UK Financial Reporting Standard 101 'Reduced Disclosure Framework'. This framework, while maintaining recognition and measurement criteria that align with IFRS, incorporates specific disclosure exemptions. All material accounting policies applied by PGS Holding I Ltd. are consistent with the accounting policies implemented in the consolidated financial statements of the Group and there would be no differences in the Statements of Profit and Loss or the Statements of Financial Position in the financial information had Regulation (EC) No 1606/2002 been applied to the historical financial information.

PGS Holding II Ltd
PGS Holding II Ltd's financial statements 2022 and 2021 have been prepared in accordance with the UK Accounting Standards (Financial Reporting Standard 101 'Reduced Disclosure Framework').

The company's accounting policies are shown in PGS Holding II Ltd Annual Report 2022, note 2 and 3, page 14-15.

The PGS Holding II Ltd Annual Report 2022 and PGS Holding II Ltd Annual Report 2021 are attached as Annex 6a and b. Historical financial information is available on the pages shown below.

	PGS Holding II Ltd Annual Report	
	2022	2021
	Page(s)	Page(s)
PGS Holding II Ltd		
Statements of Profit and Loss	N/A	12
Statements of Financial Position	12	13
Notes to the financial statements	14-17	15-18

The financial information included in the Base Prospectus has not been prepared in accordance with IFRS as endorsed in the EU based on Regulation (EC) No 1606/2002. PGS Holding II Ltd has prepared its financial statements under UK Financial Reporting Standard 101 'Reduced Disclosure Framework'. This framework, while maintaining recognition and measurement criteria that align with IFRS, incorporates specific disclosure exemptions. All material accounting policies applied by PGS Holding II Ltd. are consistent with the accounting policies implemented in the consolidated financial statements of the Group and there would be no differences in the Statements of Profit and Loss or the Statements of Financial Position in the financial information had Regulation (EC) No 1606/2002 been applied to the historical financial information.

Petroleum Geo-Services (UK) Limited

Petroleum Geo-Services (UK) Limited's financial statements 2022 and 2021 have been prepared in accordance with UK Accounting Standards (Financial Reporting Standard 101 'Reduced Disclosure Framework').

The company's accounting policies are shown in Petroleum Geo-Services (UK) Limited Annual Report 2022, note 2 and 3, page 16.

The Petroleum Geo-Services (UK) Limited Annual Report 2022 and Petroleum Geo-Services (UK) Limited Annual Report 2021 are attached as Annex 7a and b. Historical financial information is available on the pages shown below.

	Petroleum Geo-Services (UK) Limited Annual Report	
	2022	2021
	Page(s)	Page(s)
Petroleum Geo-Services (UK) Limited		
Statements of Profit and Loss	13	12
Statements of Financial Position	14	13
Notes to the financial statements	16-30	15-29

The financial information included in the Base Prospectus has not been prepared in accordance with IFRS as endorsed in the EU based on Regulation (EC) No 1606/2002. Petroleum Geo-Services (UK) Limited has prepared its financial statements under UK Financial Reporting Standard 101 'Reduced Disclosure Framework'. This framework, while maintaining recognition and measurement criteria that align with IFRS, incorporates specific disclosure exemptions. All material accounting policies applied by Petroleum Geo-Services (UK) Limited. are consistent with the accounting policies implemented in the consolidated financial statements of the Group and there would be no differences in the Statements of Profit and Loss or the Statements of Financial Position in the financial information had Regulation (EC) No 1606/2002 been applied to the historical financial information.

PGS Exploration (UK) Limited

PGS Exploration (UK) Limited's ffinancial statements 2022 and 2021 have been prepared in accordance with UK Accounting Standards (Financial Reporting Standard 101 'Reduced Disclosure Framework').

The company's accounting policies are shown in PGS Exploration (UK) Limited Annual Report 2022, note 2 and 3, page 17.

The PGS Exploration (UK) Limited Annual Report 2022 and PGS Exploration (UK) Limited Annual Report 2021 are attached as Annex 8a and b. Historical financial information is available on the pages shown below.

	PGS Exploration (UK) Limited Annual Report	
	2022	2021
	Page(s)	Page(s)
PGS Exploration (UK) Limited		
Statements of Profit and Loss	14	13
Statements of Financial Position	15	14
Notes to the financial statements	17-33	16-32

The financial information included in the Base Prospectus has not been prepared in accordance with IFRS as endorsed in the EU based on Regulation (EC) No 1606/2002. PGS Exploration (UK) Limited has prepared its financial statements under UK Financial Reporting Standard 101 'Reduced Disclosure Framework'. This framework, while maintaining recognition and measurement criteria that align with IFRS, incorporates specific disclosure exemptions. All material accounting policies applied by PGS Exploration (UK) Limited are consistent with the accounting policies implemented in the consolidated financial statements of the Group and there would be no differences in the Statements of Profit and Loss or the Statements of Financial Position in the financial information had Regulation (EC) No 1606/2002 been applied to the historical financial information.

PT Petroprima Geo Servis Nusantara ("PGS Indonesia")
PGS Indonesia's financial statements for 2022 and 2021 have been prepared in accordance with the Indonesian Financial Accounting Standards.

The company's accounting policies are shown in PGS Indonesia's Annual Report 2022, note 2 pages 6-16.

The 2021 and 2022 annual reports for PGS Indonesia are attached as Annex 9a and b. Historical financial information is available on the pages shown below.

	PT Petroprima Geo Services Nusantara Annual Report	
	2022	2021
	Page(s)	Page(s)
PT Petroprima Geo Services Nusantara		
Statements of Profit and Loss	3	3
Statements of Financial Position	1-2	1-2
Notes to the financial statements	6-28	6-30

The financial information included in the Base Prospectus has not been prepared in accordance with IFRS as endorsed in the EU based on Regulation (EC) No 1606/2002. PGS Indonesia prepares its financial statements using Indonesian Financial Accounting Standards (SAK), which for all material aspects, are in alignment with IFRS. Notable differences between SAK and IFRS relate to equity method accounting exemptions, investment property and tax amnesty balances, which are not applicable to the financial statements of PGS Indonesia. Consequently, all material accounting policies applied by PGS Indonesia are consistent with the accounting policies implemented in the consolidated financial statements of the Group and there would be no differences in the Statements of Profit and Loss or the Statements of Financial Position in the financial information had Regulation (EC) No 1606/2002 been applied to the historical financial information.

Multiklient Invest AS
Multiklient Invest AS' financial statements for 2022 and 2021 have been prepared in accordance with the Norwegian Accounting Act and simplified IFRS.

The company's accounting policies are shown in Multiklient Invest AS Annual Report 2022, note 1 pages 11-15.

The Multiklient Invest AS Annual Report 2022 and Multiklient Invest AS Annual Report 2021 are attached as Annex 10a and b. Historical financial information is available on the pages shown below.

	Multiklient Invest AS Annual Report	
	2022	2021
	Page(s)	Page(s)
Multiklient Invest AS		
Statements of Profit and Loss	6	6
Statements of Financial Position	7-8	7-8
Notes to the financial statements	11-20	11-19

The financial information included in the Base Prospectus has not been prepared in accordance with IFRS as endorsed in the EU based on Regulation (EC) No 1606/2002. Multiklient Invest AS has prepared its financial statements in accordance with the regulations on simplified application of the International Financial Reporting Standards ("Simplified IFRS") (FOR-2014-11-03-1415), ref. the Norwegian Accounting Act § 3.9 5th paragraph.

The main differences between and "IFRS" and "Simplified IFRS" are: (i) reduced disclosure requirements; (ii) simplified measurement of certain assets and liabilities; and (iii) fewer accounting options and exemptions from certain complex standards.

The company's significant accounting principles are consistent with the accounting principles of the Group, with the exception of the treatment of dividends and group contributions. In accordance with the Accounting Act, dividends are recognized in the reporting period corresponding to the financial year in which they pertain, even if the decision to distribute them occurs in the subsequent year as part of the financial statement approval process. For the financial years ending on 31 December, 2021 and 2022, group contributions to companies within the group were recognized based on decisions made after year-end. These group contributions are recorded as a reduction of shareholders' equity and a corresponding liability to group companies with the amounts NOK 508.4 million at 31 December 2021 and NOK 1,121.0 million at 31 December 2022. Under IFRS, these contributions would have been recognized in the subsequent years, 2022 and 2023, respectively, and the reported shareholders' equity would have been higher by the same amounts.

PGS Shipowner AS

PGS Shipowner AS' financial statements for 2022 and 2021 have been prepared in accordance the Norwegian Accounting Act and simplified IFRS.

The company's accounting policies are shown in PGS Shipowner AS Annual Report 2022, note 1 page 11-13.

The PGS Shipowner AS Annual Report 2022 and PGS Shipowner AS Annual Report 2021 are attached as Annex 11a and b. Historical financial information is available on the pages shown below.

	PGS Shipowner AS Annual Report	
	2022	2021
	Page(s)	Page(s)
PGS Shipowner AS		
Statements of Profit and Loss	6	6
Statements of Financial Position	7-8	7-8
Notes to the financial statements	11-17	11-19

The financial information included in the Base Prospectus has not been prepared in accordance with IFRS as endorsed in the EU based on Regulation (EC) No 1606/2002. PGS Shipowner AS has prepared its financial statements in accordance with the regulations on simplified application of the International Financial Reporting Standards ("Simplified IFRS") (FOR-2014-11-03-1415), ref. the Norwegian Accounting Act § 3.9 5th paragraph.

The main differences between and "IFRS" and "Simplified IFRS" are: (i) reduced disclosure requirements; (ii) simplified measurement of certain assets and liabilities; and (iii) fewer accounting options and exemptions from certain complex standards.

The company's significant accounting principles are consistent with the accounting principles of the Group, with the exception of the treatment of dividends and group contributions. In accordance with the Accounting Act, dividends are recognized in the reporting period corresponding to the financial year in which they pertain, even if the decision to distribute them occurs in the subsequent year as part of the financial statement approval process. As of 31 December 2021 and 2022, the company had no receivable or liability relating to any group contributions. As a result, there would be no differences in the Statements of Profit and Loss or the Statements of Financial Position in the financial information had Regulation (EC) No 1606/2002 been applied to the historical financial information for 2021 and 2022.

PGS Falcon AS

PGS Falcon AS' financial statements for 2022 and 2021 have been prepared in accordance the Norwegian Accounting Act and simplified IFRS.

The company's accounting policies are shown in PGS Falcon AS Annual Report 2022, note 1 page 11-14.

The PGS Falcon AS Annual Report 2022 and PGS Falcon AS Annual Report 2021 are attached as Annex 12a and b. Historical financial information is available on the pages shown below.

	PGS Falcon AS Annual Report	
	2022	2021
	Page(s)	Page(s)
PGS Falcon AS		
Statements of Profit and Loss	6	6
Statements of Financial Position	7-8	7-8
Notes to the financial statements	11-19	11-20

The financial information included in the Base Prospectus has not been prepared in accordance with IFRS as endorsed in the EU based on Regulation (EC) No 1606/2002. PGS Falcon AS has prepared its financial statements in accordance with the regulations on simplified application of the International Financial Reporting Standards ("Simplified IFRS") (FOR-2014-11-03-1415), ref. the Norwegian Accounting Act § 3.9 5th paragraph.

The main differences between and "IFRS" and "Simplified IFRS" are: (i) reduced disclosure requirements; (ii) simplified measurement of certain assets and liabilities; and (iii) fewer accounting options and exemptions from certain complex standards.

The company's significant accounting principles are consistent with the accounting principles of the Group, with the exception of the treatment of dividends and group contributions. In accordance with the Accounting Act, dividends are recognized in the reporting period corresponding to the financial year in which they pertain, even if the decision to distribute them occurs in the subsequent year as part of the financial statement approval process. As of 31 December 2021 and 2022, the company had no receivable or liability relating to any group contributions. As a result, there would be no differences in the Statements of Profit and Loss or the Statements of Financial Position in the financial information had Regulation (EC) No 1606/2002 been applied to the historical financial information for 2021 and 2022.

PGS Geophysical AS

PGS Geophysical AS' financial statements for 2022 and 2021 have been prepared in accordance the Norwegian Accounting Act and simplified IFRS.

The company's accounting policies are shown in PGS Geophysical AS Annual Report 2022, note 1 pages 12-19.

The PGS Geophysical AS Annual Report 2022 and PGS Geophysical AS Annual Report 2021 are attached as Annex 13a and b. Historical financial information is available on the pages shown below.

	PGS Geophysical AS Annual Report	
	2022	2021
	Page(s)	Page(s)
PGS Geophysical AS		
Statements of Profit and Loss	6	6
Statements of Financial Position	7-8	7-8
Notes to the financial statements	12-26	12-26

The financial information included in the Base Prospectus has not been prepared in accordance with IFRS as endorsed in the EU based on Regulation (EC) No 1606/2002. PGS Geophysical AS has prepared its financial statements in accordance with the regulations on simplified application of the International Financial Reporting Standards ("Simplified IFRS") (FOR-2014-11-03-1415), ref. the Norwegian Accounting Act § 3.9 5th paragraph.

The main differences between and "IFRS" and "Simplified IFRS" are: (i) reduced disclosure requirements; (ii) simplified measurement of certain assets and liabilities; and (iii) fewer accounting options and exemptions from certain complex standards.

The company's significant accounting principles are consistent with the accounting principles of the Group, with the exception of the treatment of dividends and group contributions. In accordance with the Accounting Act, dividends are recognized in the reporting period corresponding to the financial year in which they pertain, even if the decision to distribute them occurs in the subsequent year as part of the financial statement approval process. For the financial years ending on 31 December, 2021 and 2022, group contributions from companies within the group were recognized based on decisions made after year-end. These group contributions are recorded as an increase of shareholders' equity and a corresponding receivable from group companies with the amounts NOK 362.8 million at 31 December 2021 and NOK 633.5 million at 31 December 2022. Under IFRS, these contributions would have been recognized in the subsequent years, 2022 and 2023, respectively, and the reported shareholders' equity would have been lower by the same amounts.

Petroleum Geo-Services, Inc.

Petroleum Geo-Services, Inc. is primarily the management company for the PGS Group in Americas region. While the primary focus of operations lies in delivering intercompany management services, the company may hold contracts with external customers but historically and for the reporting periods in question this have been limited. For the year ended December 31st, 2021 and 2022 respectively, external revenue amounted to $6 million and $16million where the company acted as the contracting party for seismic acquisition surveys. All necessary input factors/project resources were procured from group companies. As a result, the profit margin and exposure Petroleum Geo-Services, Inc remained limited. The company essentially served as an intermediary, contracting and facilitating seismic acquisition surveys.

Petroleum Geo-Services, Inc. is not required to file financial statements in the US. As a result, such stand-alone financial statements have not been prepared or audited. Summary financial information are provided below:

Statements of Profit and Loss and Comprehensive income

(In USD thousands)	Year ended December 31, 2022	2021
Revenue charged to group companies	35,973	31,268
Other Revenue	15,842	5,959
Total Revenue and other income	51,814	37,227
Cost charged from group companies	-14,532	-
Other operating expenses	-32,789	-29,227
Total operating expenses	-47,320	-29,227
Operating profit	**4,494**	**8,000**
Interest charge from group companies	-	-
Other Finance expence	-1,116	-1,250
Total Finance expense	-1,116	-1,250
Finance income	14	-
Income before tax	**3,392**	**6,750**
Income tax	-	-
Profit for the year	**3,392**	**6,750**
Other comprehensive income	-	-
Total comprehensive income (loss)	**3,392**	**6,750**

Statements of Financial Position

(In USD thousands)	Year ended December 31, 2022	2021
Assets		
Receivables towards group companies	44,410	24,801
Other current assets	5,403	2,462
Total current assets	49,813	27,263
Receivables towards group companies	-	-
Other non-current assets	23,504	18,372
Total non-current assets	23,504	18,372
Total assets	**73,317**	**45,634**
Current liabilities to group companies	122,355	85,709
Lease liabilities	15,333	15,776
Other current liabilities	17,179	13,294
Total current liabilities	154,867	114,778
Total shareholders equity	-81,550	-69,144
Total equity and liabilities	**73,317**	**45,634**

PGS Finance, Inc.

The entity, incorporated in Delaware 14 November 2005, was established for the sole purpose of being a co-borrower under certain credit facilities, specifically the US Term Loan B where a US domiciled borrower is a requirement. The entity is dormant and has not had any economic activity, nor held any assets except for authority to issue 100 shares at a par value of one cent each.

PGS Finance, Inc. is not required to file financial statements in the US. As a result, such stand-alone financial statements have not been prepared or audited. Summary financial information:

Statements of Profit and Loss and Comprehensive income

(In USD)	Year ended December 31, 2022	2021
Revenue charged to group companies	-	-
Other Revenue	-	-
Total Revenue and other income	-	-
Cost charged from group companies	-	-
Other operating expenses	-	-
Total operating expenses	-	-
Operating profit	-	-
Interest charge from group companies	-	-
Other Finance expence	-	-
Total Finance expense	-	-
Finance income	-	-
Income before tax	-	-
Income tax	-	-
Profit for the year	-	-
Other comprehensive income	-	-
Total comprehensive income (loss)	-	-

Statements of Financial Position

(In USD)	Year ended December 31, 2022	2021
Assets		
Receivables towards group companies	-	-
Other current assets	-	-
Total current assets	-	-
Receivables towards group companies	-	-
Other non-current assets	100	100
Total non-current assets	100	100
Total assets	**100**	**100**
Current liabilities to group companies	-	-
Lease liabilities	-	-
Other current liabilities	-	-
Total current liabilities	-	-
Total shareholders equity	100	100
Total equity and liabilities	**100**	**100**

Petroleum Geo-Services Asia Pacific Pte Ltd. ("PGS Singapore")
PGS Singapore's financial statements for 2022 and 2021 have been prepared in accordance with the Singapore Financial Reporting Standards.

The company's accounting policies are shown in PGS Singapore Annual Report 2022, note 4 pages 12-22.

The PGS Singapore Annual Report 2022 and PGS Singapore Annual Report 2021 are attached as Annex 14a and b. Historical financial information is available on the pages shown below.

	Petroleum Geo-Services Asia Pacific Pte Ltd.Annual Report	
	2022	2021
	Page(s)	Page(s)
Petroleum Geo-Services Asia Pacific Pte Ltd.		
Statements of Profit and Loss	8	8
Statements of Financial Position	7	7
Notes to the financial statements	11-33	11-34

The financial information included in the Base Prospectus has not been prepared in accordance with International Financial Reporting Standards as endorsed in the Union based on Regulation (EC) No 1606/2002. PGS Singapore prepares its financial statements using Singapore Financial Reporting Standards (FRS), which are consistent with IFRS in all material respects. All material accounting policies applied by PGS Singapore are consistent with the accounting policies implemented in the consolidated financial statements of the Group and there would be no differences in the Statements of Profit and Loss or the Statements of Financial Position in the financial information had Regulation (EC) No 1606/2002 been applied to the historical financial information.

11.2 Auditing of historical annual financial information

11.2.1 Statement of audited historical financial information

Petroleum Geo-Services AS
The historical financial information for 2022 and 2021 has been audited. The audit has been conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs).

A statement of audited historical financial information is given in the Annual Report Petroleum Geo-Services AS 2022, pages 89-92 by reference to the Petroleum Geo-Services AS' Annual Report 2022 and the Annual Report Petroleum Geo-Services AS 2021, pages 22-25, attached as Annex 1a. The audit report for financial year 2021 contains an additional section for material uncertainty relating to going concern. The audit opinion is not modified in respect of this matter.

The additional disclosure in 2021 was as follows:

'Material Uncertainty relating to Going Concern

We draw attention to note 1 of the financial statements, which describes the risk that the Company might not generate sufficient liquidity to repay the 2022 loan maturities whilst also meeting the other requirements of the main credit agreement. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.'

The audit report for 2022 do not contain any qualifications, modifications or other amendments.

PGS ASA
The historical financial information for 2022 and 2021 has been audited. The audit has been conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs).

A statement of audited historical financial information is given in the Annual Report PGS ASA Annual Report 2022, pages 118-123 and the Annual Report PGS ASA 2021, pages 116-120 by reference to the PGS ASA Annual Report 2022 and the PGS ASA Annual Report 2021, see Cross Reference List for complete web address. The audit report for financial year 2021 contains an additional section for material uncertainty relating to going concern. The audit opinion is not modified in respect of this matter.

The additional disclosure in 2021 was as follows:

'**Material Uncertainty relating 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.'

The audit report for 2022 do not contain any qualifications, modifications or other amendments.

PGS Australia Pty Ltd
The historical financial information for 2022 and 2021 has been audited. The audit has been conducted in accordance with Australian Auditing Standards. There would be no differences in the audit opinions if Directive 2006/43/EC and Regulation (EU) No 537/2014 had been applied to the historical financial information for 2021 and 2022.

A statement of audited historical financial information is given in the PGS Australia Pty Ltd Annual Report 2022, pages 37-40 and PGS Australia Pty Ltd Annual Report 2021, pages 37-40, attached as Annex 2a and b. The audit report for 2021 contains an additional section for material uncertainty relating to going concern, in relation to the company's reliance on PGS ASA for financial support, and also an emphasis of matter paragraph in relation to preparation of the financial statements under reduced disclosure framework for private companies that are not publicly accountable. The additional disclosure is as follows:

Material uncertainty related to going concern
We draw attention to Note 2b in the financial report, which describes the principal conditions that raise doubt about the Company's ability to continue as a going concern. These events or conditions indicate that a material uncertainty

exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of matter - basis of accounting and restriction on use
We draw attention to Note 2a to the financial statements, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the Corporations Act 2001 and to meet Section 3CA of the Taxation Administration Act 1953. Our report is intended solely for the Company and its members and should not be used by parties other than the Company and its members. Our opinion is not modified in respect of this matter.

The audit report for 2022 does not contain any qualifications, modifications or other amendments.

PGS Suporte Logistico e Servicos Ltda. -special purpose financial statements
The audit has been conducted in accordance with International Standards on Auditing (ISAs).

A statement of audited historical financial information is given in the PGS Suporte Logistico e Servicos Ltda. Special Purpose financial information, Annex 3a page 18-20, and 3b page 18-20. The audit report for the financial years 2022 and 2021 contains additional sections regarding emphasis of matter – basis of accounting and restriction on distribution and use, and other matters. The audit opinions are not modified in respect of this matter.

The additional disclosures in 2021 was as follows:

'Emphasis of matter – basis of accounting and restriction on distribution and use
We draw attention to note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Company in complying with the simplified IFRS. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Company and to be included in the listing prospectus to the Norwegian Financial Supervisory Authority and should not be distributed to or used by other parties. Our opinion is not modified in respect of this matter.

The additional disclosure in 2022 was as follows:

'Emphasis of matter – basis of accounting and restriction on distribution and use
We draw attention to note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Company in complying with the simplified IFRS. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Company and to be included in the listing prospectus to the Norwegian Financial Supervisory Authority and should not be distributed to or used by other parties. Our opinion is not modified in respect of this matter.'

PGS Egypt for Petroleum Services LLC
The historical financial information for 2022 and 2021 has been audited. The audit has been conducted in accordance with Egyptian Standards on Auditing and applicable Egyptian laws. There would be no differences, other than described in 11.1, in the audit opinions if Directive 2006/43/EC and Regulation (EU) No 537/2014 had been applied to the historical financial information for 2021 and 2022.

A statement of audited historical financial information is given in the PGS Egypt for Petroleum Services Annual Report 2022, pages 2-3 and PGS Egypt for Petroleum Services Annual Report 2021, pages 3-4, attached as Annex 4a and b. The audit report for 2022 contains an emphasis of matter paragraph in relation to a restatement of prior year comparatives. The additional disclosure is as follows:

'Without qualifying our opinion, we draw attention to note (26) to financial statements, which shows the correction of an error in accordance with EAS 5: "Accounting policies, changes in accounting estimates and errors".'

The audit report for 2021 did not contain any qualifications, modifications or other amendments.

PGS Holding I Ltd
The historical financial information for 2022 and 2021 has been audited. The audit has been conducted in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. There would be no differences in the audit opinions if Directive 2006/43/EC and Regulation (EU) No 537/2014 had been applied to the historical financial information for 2021 and 2022.

A statement of audited historical financial information is given in the PGS Holding I Ltd Annual Report 2022, pages 9-11 and PGS Holding I Ltd Annual Report 2021, pages 9-11, attached as Annex 5a and b. The audit reports for financial years 2022 and 2021 contain an additional section for material uncertainty relating to going concern, in relation to the company's reliance on PGS ASA for financial support. The audit opinion is not modified in respect of this matter.

The additional disclosure in 2022 is as follows:

'Material uncertainty relating to going concern

We draw attention to Note 3 in the financial statements, which indicates that the company is dependent on financial support from PGS ASA, the ultimate parent, to allow the company to continue its operations to 30 April 2024.

A material uncertainty around the availability of support from PGS ASA exists due to:

- the liquidity of the Group and potential covenant breaches; should any unexpected operational risks materialise, or plausible downside scenarios occur, there may be a need for additional funding to be secured or covenant waivers to be received.

This could result in the in the parent's inability to provide financial support if required.

As stated in Note 3, this condition indicates that a material uncertainty exists that may cast a significant doubt on the company's ability to continue as a Going Concern. In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our opinion is not modified in respect of this matter.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.'

The corresponding disclosure in 2021 was as follows:

'Conclusions relating to going concern

We draw attention to Note 3 in the financial statements, which indicates that the company is dependent on financial support from subsidiaries of PGS ASA, the ultimate parent, to allow the company to continue its operations for the going concern period, and it is not certain that this support will be available. As stated in Note 3, this condition states that a material uncertainty exists that may cast a significant doubt on the company's ability to continue as a Going Concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's/group's ability to continue as a going concern.'

PGS Holding II Ltd

The historical financial information for 2022 and 2021 has been audited. The audit has been conducted in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. There would be no differences in the audit opinions if Directive 2006/43/EC and Regulation (EU) No 537/2014 had been applied to the historical financial information for 2021 and 2022.

A statement of audited historical financial information is given in the PGS Holding II Ltd Annual Report 2022, pages 9-11 and PGS Holding II Ltd Annual Report 2021, pages 9-11, attached as Annex 6a and b. The audit reports for financial years 2022 and 2021 contain an additional section for material uncertainty relating to going concern, in relation to the company's reliance on PGS ASA for financial support. The audit opinion is not modified in respect of this matter.

The additional disclosure is as follows:

'Material uncertainty relating to going concern

We draw attention to Note 3 in the financial statements, which indicates that the company is dependent on financial support from PGS ASA, the ultimate parent, to allow the company to continue its operations to 30 April 2024.

A material uncertainty around the availability of support from PGS ASA exists due to:

- the liquidity of the Group and potential covenant breaches; should any unexpected operational risks materialise, or plausible downside scenarios occur, there may be a need for additional funding to be secured or covenant waivers to be received.

This could result in the in the parent's inability to provide financial support if required.

As stated in Note 3, this condition indicates that a material uncertainty exists that may cast a significant doubt on the company's ability to continue as a Going Concern. In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our opinion is not modified in respect of this matter.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.'

The corresponding disclosure in 2021 was as follows:

'Conclusions relating to going concern

We draw attention to Note 3 in the financial statements, which indicates that the company is dependent on financial support from subsidiaries of PGS ASA, the ultimate parent, to allow the company to continue its operations for the going concern period, and it is not certain that this support will be available. As stated in Note 3, this condition states that a material uncertainty exists that may cast a significant doubt on the company's ability to continue as a Going Concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's/group's ability to continue as a going concern.'

Petroleum Geo-Services (UK) Ltd

The historical financial information for 2022 and 2021 has been audited. The audit has been conducted in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. There would be no differences in the audit opinions if Directive 2006/43/EC and Regulation (EU) No 537/2014 had been applied to the historical financial information for 2021 and 2022.

A statement of audited historical financial information is given in the Petroleum Geo-Services (UK) Ltd Annual Report 2022, pages 10-12, and Petroleum Geo-Services (UK) Ltd Annual Report 2021, pages 9-11, attached as Annex 7a and b. The audit report for financial year 2022 contains an additional section for material uncertainty relating to going concern, in relation to the company's reliance on PGS ASA for financial support. The audit opinion is not modified in respect of this matter.

The additional disclosure in 2022 was as follows:

'Material Uncertainty relating to Going Concern

We draw attention to Note 3 in the financial statements, which indicates that the company is dependent on financial support from PGS ASA, the ultimate parent, to allow the company to continue its operations to 30 June 2024.

A material uncertainty around the availability of support from PGS ASA exists due to:

- the liquidity of the Group and potential covenant breaches; should any unexpected operational risks materialise, or plausible downside scenarios occur, there may be a need for additional funding to be secured or covenant waivers to be received.

This could result in the in the parent's inability to provide financial support if required.

As stated in Note 3, this condition indicates that a material uncertainty exists that may cast a significant doubt on the company's ability to continue as a Going Concern. In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our opinion is not modified in respect of this matter.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.'

The audit report for 2021 did not contain any qualifications, modifications or other amendments.

PGS Exploration (UK) Ltd

The historical financial information for 2022 and 2021 has been audited. The audit has been conducted in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. There would be no differences in the audit opinions if Directive 2006/43/EC and Regulation (EU) No 537/2014 had been applied to the historical financial information for 2021 and 2022.

A statement of audited historical financial information is given in the PGS Exploration (UK) Ltd Annual Report 2022, pages 11-13 and PGS Exploration (UK) Ltd Annual Report 2021, pages 10-12, attached as Annex 8a and b. . The audit report for financial year 2022 contains an additional section for material uncertainty relating to going concern, in relation to the company's reliance on PGS ASA for financial support. The audit opinion is not modified in respect of this matter.

The additional disclosure in 2022 was as follows:

'Material Uncertainty relating to Going Concern

We draw attention to Note 3 in the financial statements, which indicates that the company is dependent on financial support from PGS ASA, the ultimate parent, to allow the company to continue its operations to 30 June 2024.

A material uncertainty around the availability of support from PGS ASA exists due to:

- the liquidity of the Group and potential covenant breaches; should any unexpected operational risks materialise, or plausible downside scenarios occur, there may be a need for additional funding to be secured or covenant waivers to be received.

This could result in the in the parent's inability to provide financial support if required.

As stated in Note 3, this condition indicates that a material uncertainty exists that may cast a significant doubt on the company's ability to continue as a Going Concern. In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our opinion is not modified in respect of this matter.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.'

The audit report for 2021 did not contain any qualifications, modifications or other amendments.

PT Petroprima Geo Servis Nusantara

The historical financial information for 2022 and 2021 has been audited. The audit has been conducted in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. There would be no differences in the audit opinions if Directive 2006/43/EC and Regulation (EU) No 537/2014 had been applied to the historical financial information for 2021 and 2022.

A statement of audited historical financial information is given in the PT Petroprima Geo Servis Nusantara Annual Report 2022, pages 30-32 and PT Petroprima Geo Servis Nusantara Annual Report 2021, pages 32-33, attached as Annex 9a and b. The audit reports for 2022 and 2021 do not contain any qualifications, modifications or other amendments.

Multiklient Invest AS
The historical financial information for 2022 and 2021 has been audited. The audit has been conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs).

A statement of audited historical financial information is given in the Annual Report Multiklient Invest AS 2022, pages 21-23 and the Annual Report Multiklient Invest AS 2021, pages 21-23, attached as Annex 10a and b. The audit reports for 2022 and 2021 do not contain any qualifications, modifications or other amendments.

PGS Shipowner AS
The historical financial information for 2022 and 2021 has been audited. The audit has been conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs).

A statement of audited historical financial information is given in the Annual Report PGS Shipowner AS 2022, pages 18-20 and the Annual Report PGS Shipowner AS 2021, pages 20-22, attached as Annex 11a and b. The audit reports for 2022 and 2021 do not contain any qualifications, modifications or other amendments.

PGS Falcon AS
The historical financial information for 2022 and 2021 has been audited. The audit has been conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs).

A statement of audited historical financial information is given in the Annual Report PGS Falcon AS 2022, pages 20-22, and the Annual Report PGS Falcon AS 2021, pages 21-24, attached as Annex 12a and b. The audit report for financial year 2021 contains an additional section for material uncertainty relating to going concern, in relation to the company's reliance on PGS ASA for financial support. The audit opinion is not modified in respect of this matter.

The additional disclosure in 2021 was as follows:

'Material Uncertainty relating to Going Concern

We draw attention to note 1 of the financial statements, which describes the risk that the Company might not generate sufficient liquidity to repay the 2022 loan maturities whilst also meeting the other requirements of the main credit agreement. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.'

The audit report for 2022 do not contain any qualifications, modifications or other amendments.

PGS Geophysical AS
The historical financial information for 2022 and 2021 has been audited. The audit has been conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs).

A statement of audited historical financial information is given in the Annual Report PGS Geophysical AS 2022, pages 27-29, and the Annual Report PGS Geophysical AS 2021, pages 27-29, attached as Annex 13a and b. The audit reports for 2022 and 2021 do not contain any qualifications, modifications or other amendments.

Petroleum Geo-Services Asia Pacific Pte Ltd.
The historical financial information for 2022 and 2021 has been audited. The audit has been conducted in accordance with Singapore Standards on Auditing ("SSAs"). There would be no differences in the audit opinions if Directive 2006/43/EC and Regulation (EU) No 537/2014 had been applied to the historical financial information for 2021 and 2022.

A statement of audited historical financial information is given in the Petroleum Geo-Services Asia Pacific Pte Ltd. Annual Report 2022, pages 4-6 and Petroleum Geo-Services Asia Pacific Pte Ltd. Annual Report 2021, pages 4-6, attached as Annex 14a and b. The audit reports for 2022 and 2021 do not contain any qualifications, modifications or other amendments.

11.2.2 Other audited information

No other information in this Base Prospectus has been audited.

11.3 Age of latest financial information

11.3.1 Last year of audited financial information

The last year of audited financial information is as follow:

Company	Year
Petroleum Geo-Services AS	2022
PGS ASA	2022
PGS Australia Pty Ltd	2022
PGS Suporte Logistico e Servicos Ltda. special purpose financial statements	2022
PGS Egypt for Petroleum Services LLC	2022
PGS Holding I Ltd	2022
PGS Holding II Ltd	2022
Petroleum Geo-Services (UK) Ltd	2022
PGS Exploration (UK) Ltd	2022
PT Petroprima Geo Services Nusantara	2022
Multiklient Invest AS	2022
PGS Shipowner AS	2022
PGS Falcon AS	2022
PGS Geophysical AS	2022
Petroleum Geo-Services, Inc.	N/A
PGS Finance, Inc.	N/A
Petroleum Geo-Services Asia Pacific Pte Ltd.	2022

11.4 Legal and arbitration proceedings

PGS has following a change of control event been in a dispute with clients relating to a change of control event where the clients have disputed the transfer fees. PGS has initiated two separate arbitration proceedings under the dispute resolution provisions of the relevant agreements. In October 2023, the tribunal in the first arbitration issued a decision in PGS' favor, including late payment interest and reasonable legal costs. The amount due to PGS, net of any revenue share to third parties, is estimated to be approximately $43 million and is expected to be received late Q4 2023 or early Q1 2024. The second arbitration proceeding is expected to be concluded during the second half of 2024, unless settled earlier.

Otherwise, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer or the guarantors are aware), during a period covering at least the previous 12 months which may have or have had in the recent past significant effects on the issuer and/or group's financial position or profitability.

11.5 Significant change in the Company's or the Guarantors' financial position

There has been no significant change in the financial position of the Group which has occurred since the end of the last financial period for which either audited financial information or interim financial information have been published.

12 Documents available

The following documents (or copies thereof) may be inspected for the life of the Base Prospectus at the headquarters of the Company, Lilleakerveien 4C, N-0283 Oslo, Norway, or at https://www.pgs.com:

(a) the up-to-date memorandum and articles of association of the Company and the Guarantors;

(b) all reports, letters, and other documents, valuations and statements prepared by any expert at the Company's or the Guarantors' request, any part of which is included or referred to in the Base Prospectus.

13 Financial instruments that can be issued under the Base Prospectus

The Base Prospectus, as approved in accordance with the EU Prospectus Regulation 2017/1129, allows for Bonds to be offered to the public or admitted to trading on a regulated market situated or operating within any EEA country.

This chapter describes the form, type, definitions, general terms and conditions, return and redemption mechanisms, rating and template for Final Terms associated with the Bonds.

Risk factors related to the Bonds are described in Chapter 1 Risk Factors.

13.1 Securities Form

A Bond is a financial instrument as defined in the Norwegian Securities Trading Act (Verdipapirhandelloven) § 2-2.

The Bonds are electronically registered in book-entry form with the Securities Depository.

13.2 Security Type

Borrowing limit – tap issue
The Loan may be either open or closed for increase of the Borrowing Amount during the tenor. A tap issue can take place until five banking days before the Maturity Date. If the issue is open, the First Tranche and Borrowing Limit will be specified in the Applicable Final Terms.

Return
Fixed Rate (FIX)
A Bond issue with a fixed Interest Rate will bear interest at a fixed rate as specified in the applicable Final Terms.

The Interest Rate will be payable annually or semi-annually on the Interest Payment Dates as specified in the applicable Final Terms.

Floating Rate (FRN)
A Bond issue with a floating Interest Rate will bear interest equal to a Reference Rate plus a fixed Margin for a specified period (3, 6 or 12 months). Interest Rate or Reference Rate may be deemed to be zero. The period lengths are equal throughout the term of the Loan, but each Interest Payment Date is adjusted in accordance with the Business Day Convention. The Interest Rate for each forthcoming period is determined two Business Days prior to each Interest Payment Date based on the then current value of the Reference Rate plus the Margin.

The Interest Rate will be payable quarterly, semi-annually or annually on the Interest Payment Dates as specified in the applicable Final Terms.

The relevant Reference Rate, the Margin, the Interest Payment Dates and the then current Interest Rate will be specified in the applicable Final Terms.

Redemption
The Loan will mature in full at the Maturity Date at a price equal to 100 per cent. of the nominal amount.

The Issuer may have the option to prematurely redeem the Loan in full at terms specified in the applicable Final Terms.

The Bondholders may have the right to require that the Issuer purchases all or some of the Bonds held by that Bondholder at terms specified in the applicable Final terms.

Security
The Bonds may be either secured or unsecured. Details will be specified in the applicable Final Terms.

Negative pledge
The Bonds may have negative pledge clause. Details will be specified in the applicable Final Terms.

13.3 Definitions

This section includes a summary of the definitions set out in any Bond Terms as well as certain other definitions relevant for this Prospectus. The Bond Trustee may amend the definitions in the Bond Terms for any new issue of bonds during the tenor of this Base Prospectus. This may cause the definitions in this Base Prospectus to be incorrect and no longer valid for such new issues of bonds. If the definitions in this Base Prospectus at any point in time no longer represents the correct understanding of the definitions set out in the Bond Terms, the Bond Terms shall prevail. The Bond Terms are attached to the Final Terms.

Additional Bonds:	Means the debt instruments issued under a Tap Issue, including any Temporary Bonds.
Attachment:	Means any schedule, appendix or other attachment to the Bond Terms.
Base Prospectus:	This document. Describes the Issuer and predefined features of Bonds that can be listed under the Base prospectus, as specified in the Prospectus Regulation (EU) 2017/1129. Valid for 12 months after it has been published. In this period, a prospectus may be constituted by the Base Prospectus, any supplement(s) to the Base Prospectus and a Final Terms for each new issue.
Bond Issue/Bonds/ Notes/the Loan:	Means (i) the debt instruments issued by the Issuer pursuant to the Bond Terms, including any Additional Bonds, and (ii) any overdue and unpaid principal which has been issued under a separate ISIN in accordance with the regulations of the CSD from time to time.
Bond Obligations:	Means all present and future liabilities and obligations at any time due, owing or incurred by any Group Company to any Bond Party under the Finance Documents, both actual and contingent.
Bond Terms:	The terms and conditions, including all Attachments which form an integrated part of the Bond Terms, in each case as amended and/or supplemented from time to time.
Bondholder:	A person who is registered in the CSD as directly registered owner or nominee holder of a Bond, subject however to the Bondholders' rights in the Bond Terms.
Bondholders' decisions:	The Bondholders' Meeting represents the supreme authority of the Bondholders community in all matters relating to the Bonds and has the power to make all decisions altering the terms and conditions of the Bonds, including, but not limited to, any reduction of principal or interest and any conversion of the Bonds into other capital classes. At the Bondholders' meeting each Bondholder may cast one vote for each voting bond owned at close of business on the day prior to the date of the Bondholders' meeting in the records registered in the Securities Depository. In order to form a quorum, at least half (1/2) of the voting bonds must be represented at the Bondholders' meeting (with no quorum requirements for repeat meetings where the quorum initially was not obtained). However, for the supra majority matters at least 80% representation is required (with 65% quorum requirements for repeat meetings where the quorum initially was not obtained). See also the clause for repeated Bondholders' meeting in the Bond Terms. Resolutions shall be passed by simple majority of the votes at the Bondholders' Meeting, however, a majority of at least 2/3 of the voting bonds represented at the Bondholders' Meeting is required for any waiver or amendment of any terms of the Bond Terms, save for the supra majority matters where at least 90% of the voting bonds represented at the Bondholders' Meeting is required to pass such resolutions. (For more details, see also the clause for Bondholders' decisions in the Bond Terms)
Bondholders rights:	Bondholders' rights are specified in the Bond Terms. By virtue of being registered as a Bondholder (directly or indirectly) with the CSD, the Bondholders are bound by the Bond Terms.
Bond Trustee:	Nordic Trustee AS, Postboks 1470 Vika, 0116 Oslo, or its successor(s) Website: https://nordictrustee.com

	The Bond Trustee has power and authority to act on behalf of, and/or represent, the Bondholders in all matters, including but not limited to taking any legal or other action, including enforcement of the Bond Terms, and the commencement of bankruptcy or other insolvency proceedings against the Issuer, or others. The Bond Trustee shall represent the Bondholders in accordance with the finance documents. The Bond Trustee is not obligated to assess or monitor the financial condition of the Issuer or any other obligor unless to the extent expressly set out in the Bond Terms, or to take any steps to ascertain whether any event of default has occurred. The Bond Trustee is entitled to take such steps that it, in its sole discretion, considers necessary or advisable to protect the rights of the Bondholders in all matters pursuant to the terms of the finance documents.
Borrowing Limit – Tap Issue and Borrowing Amount/First Tranche	Borrowing Limit is the maximum issue amount for an open Bond issue. Borrowing Amount/First Tranche is the borrowing amount for a closed Bond Issue, eventually the borrowing amount for the first tranche of an open Bond Issue. Borrowing Limit – Tap Issue and Borrowing Amount/First Tranche will be specified in the Final Terms.
Business Day:	Means a day on which both the relevant CSD settlement system is open, and the relevant settlement system for the Bond Currency is open.
Business Day Convention:	If the last day of any Interest Period originally falls on a day that is not a Business Day, the Interest Payment Date will be as follow: If Fixed Rate, the Interest Payment Date shall be postponed to the next day which is a Business Day (Following Business Day convention). If FRN, the Interest Period will be extended to include the first following Business Day unless that day falls in the next calendar month, in which case the Interest Period will be shortened to the first preceding Business Day (Modified Following Business Day convention).
Calculation Agent:	The Bond Trustee, if not otherwise stated in the applicable Final Terms.
Call Option:	The Final Terms may specify that the Issuer is entitled to redeem (all or some of) the Outstanding Bonds prior to the Maturity Date. In such case the Call Date(s), the Call Price(s) and the Call Notice Period will be specified in the Final Terms.
Change of Control Event:	Means that any person or group of persons acting in concert owns or controls (directly or indirectly) more than 50.00 per cent. of the shares or the voting rights in the Ultimate Parent.
Currency:	The currency in which the bond issue is denominated. Currency will be specified in the Final Terms.
Day Count Convention:	The convention for calculation of payment of interest a) If Fixed Rate, the interest shall be calculated on the basis of a 360-day year comprised of twelve months of 30 days each and, in case of an incomplete month, the actual number of days elapsed (30/360-days basis), unless: (i) the last day in the relevant Interest Period is the 31st calendar day but the first day of that Interest Period is a day other than the 30th or the 31st day of a month, in which case the month that includes that last day shall not be shortened to a 30–day month; or (ii) the last day of the relevant Interest Period is the last calendar day in February, in which case February shall not be lengthened to a 30-day month. (b) If FRN, the interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis).
Decisive Influence:	Means a person having, as a result of an agreement or through the ownership of shares or interests in another person (directly or indirectly):

	(a) a majority of the voting rights in that other person; or (b) a right to elect or remove a majority of the members of the board of directors of that other person.
Delisting Event:	Means an event whereby the shares in the Ultimate Parent cease to be listed on the Oslo Stock Exchange.
Denomination – Each Bond:	The nominal amount of each Bond. Denomination of each bond will be specified in the Final Terms.
Disbursement Date / Issue Date	Date of bond issue. On the Issue Date the bonds will be delivered to the Bondholder's VPS-account against payment or to the Bondholder's custodian bank if the Bondholder does not have his/her own VPS-account. The Issue Date will be specified in the Final Terms.
Early redemption option due to a tax event:	The Final Terms may specify that the Issuer is entitled to redeem all (but not only some) of the Outstanding Bonds prior to the Maturity Date due to a tax event. In such case the terms of the early redemption option will be specified in the Final Terms.
Event of Default	Means any of the events or circumstances specified in the Bond Terms (Events of Default).
Exchange:	Means: (a) Oslo Børs (the Oslo Stock Exchange); or (b) any regulated market as such term is understood in accordance with the Markets in Financial Instruments Directive 2014/65/EU (MiFID II) and Regulation (EU) No. 600/2014 on markets in financial instruments (MiFIR).
Final Terms:	Document describing securities as specified in Prospectus Regulation (EU) 2017/1129, prepared as part of the Prospectus. Final Terms will be prepared for each new security as specified in Prospectus Regulation (EU) 2017/1129, issued by the Issuer.
Guarantee:	Means the joint and several unconditional and irrevocable Norwegian law guarantee and indemnity (Norwegian: "selvskyldnerkausjon") issued by each Guarantor in respect of the Bond Obligations, and which shall constitute senior obligations of each Guarantor.
Guarantor:	Means the Original Guarantors and any Group Company which subsequently becomes a Material Group Company, provided that PGS Titans AS shall only be required to become a Guarantor after the Existing ECF Financing is no longer outstanding.
Interest Determination Date(s):	In the case of NIBOR: Means, in relation to any period for which Interest Rate is to be determined, 2 Quotation Business Days before the first day of the relevant Interest Period. Interest Determination Date(s) for other Reference Rates, see Final Terms.
Interest Payment Date(s):	The Interest Rate is paid in arrears on the last day of each Interest Period. Any adjustment will be made according to the Business Day Convention. The Interest Payment Date(s) will be specified in the Final Terms.
Interest Period:	The first Interest Period runs from and including the Issue Date to but excluding the first Interest Payment Date. The subsequent Interest Periods run from and including an Interest Payment Date to but excluding the next Interest Payment Date. The last Interest Payment Date corresponds to the Maturity Date.
Interest Rate:	Rate of interest applicable to the Bonds; (i) If Fixed Rate, the Bonds shall bear interest at the percentage rate per annum (based on the Day Count Convention)

	(ii) If FRN, the Bonds shall bear interest at a rate per annum equal to the Reference Rate plus a Margin (based on the Day Count Convention). Interest Rate or Reference Rate may be deemed to be zero. The Interest Rate is specified in Final Terms.
Interest Rate Adjustment Date:	Date(s) for adjusting of the interest rate for bond issue with floating interest rate. The Interest Rate Adjustment Date will coincide with the Interest Payment Date.
ISIN:	International Securities Identification Number for the Bond Issue. ISIN is specified in Final Terms.
Issuer:	Petroleum Geo-Services AS is the Issuer under the Base Prospectus.
Issuer's Bonds:	Means any Bonds which are owned by the Issuer or any affiliate of the Issuer.
Issue Price:	The price in percentage of the Denomination, to be paid by the Bondholders at the Issue Date. Issue price will be specified in Final Terms.
Joint Lead Manager:	The bond issue's joint lead manager(s), as specified in the Final Terms.
LEI-code:	Legal Entity Identifier (LEI), is a 20-character reference code to uniquely identify legally distinct entities that engage in financial transactions. LEI-code is specified in Final Terms.
Listing:	Listing of a bond issue on an Exchange is due to the Base Prospectus, any supplement(s) to the Base Prospectus and a Final Terms. An application for listing will be sent after the Disbursement Date and as soon as possible after the Prospectus has been approved by the Norwegian FSA. Bonds listed on an Exchange are freely negotiable. See also Market Making.
Mandatory repurchase due to a Material Asset Sale:	The Final Terms may specify that upon the occurrence of a material asset sale, each Bondholder will have the right to require that the Issuer purchases the Bonds held by that Bondholder. In such case the exercise procedures, the repayment date and redemption price will be specified in the Final Terms.
Market Making:	For Bonds listed on an Exchange, a market-maker agreement between the Issuer and a Joint Lead Manager may be entered into. This will be specified in the Final Terms.
Margin:	The margin, specified in percentage points, to be added to the Reference rate. Margin will be specified in the Final terms.
Material Group Company:	Means the Issuer, each Original Guarantor, PGS Titan AS and any Subsidiary of the Ultimate Parent which has subsequently been designated as a Material Group Company by the Issuer pursuant to the Bond Terms.
Maturity Date:	The date the bond issue is due for payment, if not already redeemed pursuant to Call Option, Put Option, Early redemption option due to a tax event or Mandatory repurchase due to a Material Asset Sale. The Maturity Date coincides with the last Interest Payment Date and is adjusted in accordance with the Business Day Convention. The Maturity Date is specified in the Final Terms.
Obligors:	Means the Issuer and each Guarantor.

Original Guarantor:	Means each of: PGS ASA, PGS Australia Pty Ltd, PGS Suporte Logistico e Servicos Ltda., PGS Egypt for Petroleum Services, PGS Holding I Ltd, PGS Holding II Ltd, Petroleum Geo-Services (UK) Ltd, PGS Exploration (UK) Ltd, PT Petroprima Geo Services Nusantara, Multiklient Invest AS, PGS Shipowner AS, PGS Falcon AS, PGS Geophysical AS, Petroleum Geo-Services, Inc., PGS Finance, Inc., Petroleum Geo-Services Asia Pacific Pte Ltd.
Outstanding Bonds:	Means any Bonds not redeemed or otherwise discharged. The Issuer will issue on the Issue date the first tranche of the bond issue as specified in Final Terms. During the term of the bond issue, new tranches may be issued up to the Borrowing Limit, as specified in Final Terms.
Paying Agent:	The entity designated by the Issuer to manage (maintain the Issuer Account for) the bond issue in the Securities Depository. The Paying Agent is specified in the Final Terms.
Prospectus:	The Prospectus consists of the Base Prospectus, any supplement(s) to the Base Prospectus and the relevant Final Terms prepared in connection with application for listing on an Exchange.
Put Option:	The Final Terms may specify that upon the occurrence of a Put Option Event, each Bondholder will have the right to require that the Issuer purchases all or some of the Bonds held by that Bondholder. In such case the exercise procedures, the repayment date and redemption price will be specified in the Final Terms.
Put Option Event:	Means a Change of Control Event or a Delisting Event.
Redemption:	The Outstanding Bonds will mature in full on the Maturity Date and shall be redeemed by the Issuer on the Maturity Date at a price equal to 100 per cent. of the Nominal Amount, if not already redeemed pursuant to Call Option, Put Option, Early redemption option due to a tax event or Mandatory repurchase due to a Material Asset Sale.
Redemption Price:	The price determined as a percentage of the Denomination to which the bond issue is to be redeemed at the Maturity Date. Redemption Price is 100 per cent of Denomination – Each Bond.
Reference Rate:	For FRN, the Reference Rate shall be NIBOR or any other rate as specified in the Final Terms, which appears on the Relevant Screen Page as at the specified time on the Interest Determination Date in question. The Reference Rate, the Relevant Screen Page, the specified time, information about the past and future performance and volatility of the Reference Rate and any fallback provisions will be specified in Final Terms.
Relevant Screen Page:	For FRN, an internet address or an electronic information platform belonging to a renowned provider of Reference Rates. The Relevant Screen Page will be specified in the Final Terms.
Securities Depository /CSD:	The securities depository in which the bonds are registered, in accordance with the Norwegian Act of 2019 no. 6 regarding Securities depository. Unless otherwise specified in the Final Terms, the following Securities Depository will be used: Norwegian Central Securities Depository (“Verdipapirsentralen” or ”VPS”), P.O. Box 4, 0051 Oslo.
Tap Issues:	The Issuer may, provided that the conditions set out in the Bond Terms are met, at one or more occasions up until, but excluding, the Maturity Date or any earlier date when the Bonds have been redeemed in full, issue Additional Bonds until the aggregate nominal amount of the Bonds outstanding equals in aggregate the maximum issue amount (less the aggregate nominal amount of any previously redeemed Bonds)

	If N/A is specified in the Borrowing Limit in the Final Terms, the Issuer may not make Tap issues under the Bond Terms.
Temporary Bonds:	If the Bonds are listed on an Exchange and there is a requirement for a new prospectus in order for the Additional Bonds to be listed together with the Bonds, the Additional Bonds may be issued under a separate ISIN (such Bonds referred to as the "Temporary Bonds"). Upon the approval of the prospectus, the Issuer shall (i) notify the Bond Trustee, the Exchange and the Paying Agent and (ii) ensure that the Temporary Bonds are converted into the ISIN for the Bonds.
Ultimate Parent:	Means PGS ASA, a public limited company incorporated in the Kingdom of Norway with company registration no. 916 235 291
Yield:	Dependent on the Market Price for bond issue with floating rate. Yield for the first interest period can be determined when the interest is known, normally two Business Days before the Issue Date. For bond issue with fixed rate, yield is dependent on the market price and number of Interest Payment Date. The yield is calculated in accordance with «Anbefaling til Konvensjoner for det norske sertifikat- og obligasjonsmarkedet» prepared by Forening for finansfag in March 2022: https://finansfag.no/wp-content/uploads/2022/06/Rentekonvensjon_oppdatert2022.pdf Yield is specified in Final Terms.

13.4 General terms and conditions

These general terms and conditions summarize and describe the general terms and conditions set out in any Bond Terms. The Bond Trustee may amend the general terms and conditions in the Bond Terms for any new issue of bonds during the tenor of this Base Prospectus. This may cause the general terms and conditions in this Base Prospectus to be incorrect and no longer valid for such new issues of bonds. If the general terms and conditions in this Base Prospectus at any point in time no longer represents the correct understanding of the general terms and conditions set out in the Bond Terms, the Bond Terms shall prevail. The Bond Terms are attached to the Final Terms.

13.4.1 Use of proceeds

Use of proceeds will be specified in the Final Terms.

13.4.2 Publication

The Base Prospectus, any supplement(s) to the Base Prospectus and the Final Terms will be published on Issuer's website https://www.pgs.com, or on the Issuer's visit address, Lilleakerveien 4C, N-0283 Oslo, Norway, or their successor (s).

The Prospectus will be published by a stock exchange announcement.

13.4.3 Redemption

Matured interest and matured principal will be credited each Bondholder directly from the Securities Registry. Claims for interest and principal shall be limited in time pursuant the Norwegian Act relating to the Limitation Period Claims of 18 May 1979 no 18, p.t. 3 years for interest rates and 10 years for principal.

13.4.4 Fees, Expenses and Tax legislation

The tax legislation of the investor's Member State and of the Issuer's country of incorporation may have an impact on the income received from the securities.

The Issuer shall pay any stamp duty and other public fees in connection with the loan. Any public fees or taxes on sales of Bonds in the secondary market shall be paid by the Bondholders, unless otherwise decided by law or regulation. The Issuer is responsible for withholding any withholding tax imposed by Norwegian law.

13.4.5 Security Depository and secondary trading

The Bonds are electronically registered in book-entry form with the Securities Depository, see also the definition of "Securities Depository". Securities Depository is specified in the Final Terms.

Secondary trading will be made over an Exchange for Bonds listed on a marketplace. See also definition of “Market Making”.

Prospectus fee for the Base Prospectus including templates for Final Terms is NOK 134,000. In addition, there is a listing fee for listing of the Bonds in accordance with the current price list of the Exchange. The listing fees will be specified in the Final Terms.

13.4.6 Status of the Bonds and Security

The Bonds will constitute senior debt obligations of the Issuer. The Bonds will rank *pari passu* between themselves.

Further information about status of the bonds and security will be specified in the Final Terms.

13.4.7 Bond Terms

The Bond Terms has been entered into between the Issuer and the Bond Trustee. The Bond Terms regulates the Bondholders’ rights and obligations in relations with the bond issue. The Bond Trustee enters into the Bond Terms on behalf of the Bondholders and is granted authority to act on behalf of the Bondholders to the extent provided for in the Bond Terms.

By virtue of being registered as a Bondholder (directly or indirectly) with the CSD, the Bondholders are bound by the Bond Terms and any other Finance Document, without any further action required to be taken or formalities to be complied with by the Bond Trustee, the Bondholders, the Issuer or any other party.

The Bond Terms will be attached to the Final Terms for each Bond issue and is also available through the Joint Lead Manager(s), the Issuer and the Bond Trustee.

13.4.8 Legislation

The Bond Terms is governed by and construed in accordance with Norwegian law.

The Issuer and the Guarantors are subject to the following legislation:

Legal name	Legislation	Most relevant laws
Petroleum Geo-Services AS	Norwegian	Private Limited Liability Companies Act
PGS ASA	Norwegian	Public Limited Liability Companies Act
PGS Australia Pty Ltd	Australian	Corporations Act 2001
PGS Suporte Logistico e Servicos Ltda.	Brazilian	Law No. 10.406 of the Civil Code of Brazil
PGS Egypt for Petroleum Services	Egyptian	Law No. 8 of 1997
PGS Holding I Ltd	England and Wales	Companies Act 2006
PGS Holding II Ltd	England and Wales	Companies Act 2006
Petroleum Geo-Services (UK) Ltd	England and Wales	Companies Act 1985, Companies Act 2006
PGS Exploration (UK) Ltd	England and Wales	Companies Act 1985, Companies Act 2006
PT Petroprima Geo Services Nusantara	Indonesian	Law No. 25/2007 regarding Investment, Law No. 40/2007 regarding Limited Liability Companies
Multiklient Invest AS	Norwegian	Private Limited Liability Companies Act
PGS Shipowner AS	Norwegian	Private Limited Liability Companies Act
PGS Falcon AS	Norwegian	Private Limited Liability Companies Act
PGS Geophysical AS	Norwegian	Private Limited Liability Companies Act
Petroleum Geo-Services, Inc.	Delaware	The General Corporate Law of the State of Delaware

PGS Finance, Inc.	Delaware	The General Corporate Law of the State of Delaware
Petroleum Geo-Services Asia Pacific Pte Ltd.	Singaporean	The Companies Act

13.4.9 Approvals

The Bonds were issued in accordance with the Issuer's Board of Directors approval.

The date of the Issuer's Board of Directors approval is specified in the Final Terms.

The Base Prospectus has been submitted to the Norwegian Financial Supervisory Authority (Finanstilsynet) before listing of the Bonds takes place.

Final Terms will be submitted to Finanstilsynet for information purposes in connection with an application for listing of a Bond Issue.

The Base prospectus will not be the basis for offers for subscription in bonds that are not subject to a prospectus obligation.

13.4.10 Restrictions on the free transferability of the securities

Any restrictions on the free transferability of the securities will be specified in the Final Terms.

13.5 Return and redemption

Bonds may have return and redemption mechanisms as explained below. The relevant Final Terms refer to these mechanisms and provide relevant parameter values for the specific bond issue.

13.5.1 Bonds with floating rate

13.5.1.a Return (interest)
The Interest Rate is specified in Interest Rate ii). Payment of the Interest Rate is calculated on basis of the Day Count Convention (b).

Interest Rate or Reference Rate may be deemed to be zero.

The period lengths are equal throughout the term of the Loan, but each Interest Payment Date is adjusted in accordance with the Business Day Convention. The Interest Rate for each forthcoming period are determined two Business Days prior to each Interest Payment Date based on the then current value of the Reference Rate plus the Margin.

The Interest Rate is paid in arrears on each Interest Payment Date. The first Interest Period runs from and including the Issue Date to but excluding the first Interest Payment Date. The subsequent Interest Periods run from and including an Interest Payment Date to but excluding the next Interest Payment Date. The last Interest Payment Date corresponds to the Maturity Date.

The relevant Reference Rate, the Margin, the Interest Payment Dates and the then current Interest Rate will be specified in the applicable Final Terms.

Interest calculation method for secondary trading is given by act/360, modified following.

13.5.1.b Redemption
Redemption is made in accordance with Redemption.

13.5.2 Bonds with fixed rate

13.5.2.a Return (interest)
The interest rate is specified in Interest Rate (i). Payment of the Interest Rate is calculated on basis of the Day Count Convention (a).

The Interest Rate is paid in arrears on each Interest Payment Date. The first Interest Period runs from and including the Issue Date to but excluding the first Interest Payment Date. The subsequent Interest Periods run from and including an Interest Payment Date to but excluding the next Interest Payment Date. The last Interest Payment Date corresponds to the Maturity Date.

The Interest Rate and the Interest Payment Dates will be specified in the applicable Final Terms.

Interest calculation method for secondary trading is given by act/365 for bond issue with fixed rate.

13.5.2.b Redemption
Redemption is made in accordance with Redemption.

13.6 Rating

The following credit ratings have been assigned to PGS ASA:

Moody's Deutschland GmbH (Moody's): B2 stable, Review for Upgrade
S&P Global Ratings Europe Limited (S&P): B-, CreditWatch positive

The following credit ratings have been assigned to the securities:
Moody's Deutschland GmbH (Moody's):: B2, Review for Upgrade
S&P Global Ratings Europe Limited (S&P): B, CreditWatch positive

13.7 Final Terms

Template for Final Terms for fixed and floating bond issue, see Appendix 15.

Cross reference list

Reference in Base Prospectus	Refers to	Details
11.1 Financial statements	PGS ASA Annual Report 2022, available at https://www.pgs.com/company/investor-relations/reports-and-results/annual-reports/	PGS ASA's consolidated accounting policies, note 2, pages 70-75 PGS ASA's accounting policies, note 1, page 113
	PGS ASA Annual Report 2022, available at https://www.pgs.com/company/investor-relations/reports-and-results/annual-reports/	**PGS ASA Consolidated** Consolidated Statements of Profit and Loss page 66 Consolidated Statements of Financial Position page 68 Notes to the consolidated financial statements pages 70-108 **PGS ASA** Statements of Profit and Loss page 110 Statements of Financial Position page 111 Notes to the financial statements pages 113-117
	PGS ASA Annual Report 2021, available at https://www.pgs.com/company/investor-relations/reports-and-results/annual-reports/	**PGS ASA Consolidated** Consolidated Statements of Profit and Loss page 62 Consolidated Statements of Financial Position page 64 Notes to the consolidated financial statements pages 66-105 **PGS ASA** Statements of Profit and Loss page 107 Statements of Financial Position page 108 Notes to the financial statements pages 110-115
	Petroleum Geo-Services AS Annual Report 2022 available at https://www.pgs.com/company/investor-relations/debt-financing/	**Petroleum Geo-Services AS Consolidated** Consolidated Statements of Profit and Loss page 12 Consolidated Statements of Financial Position page 14 Notes to the consolidated financial statements pages 16-72 **Petroleum Geo-Services AS** Statements of Profit and Loss page 74 Statements of Financial Position page 75-76 Notes to the financial statements pages 79-92
11.2 Auditing of historical annual financial information	PGS ASA Annual Report 2022, available at https://www.pgs.com/company/investor-relations/reports-and-results/annual-reports/	Auditors report pages 118-122
	PGS ASA Annual Report 2021, available at https://www.pgs.com/company/investor-relations/reports-and-results/annual-reports/	Auditors report pages 116-120
	Petroleum Geo-Services AS Annual Report 2022 available at https://www.pgs.com/company/investor-relations/debt-financing/	Auditors report pages 89-92

References to the documents mentioned above are limited to information given in "Details", e.g. that the non-incorporated parts are either not relevant for the investor or covered elsewhere in the prospectus.]

Joint Lead Managers' disclaimer

DNB Bank ASA and Pareto Securities AS, the Joint Lead Managers, have assisted the Company in preparing the Base Prospectus. The Joint Lead Managers have not verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and the Joint Lead Managers expressly disclaim any legal or financial liability as to the accuracy or completeness of the information contained in this Base Prospectus or any other information supplied in connection with the issuance or distribution of bonds by Petroleum Geo-Services AS.

This Base Prospectus is subject to the general business terms of the Joint Lead Managers, available at their respective websites. Confidentiality rules and internal rules restricting the exchange of information between different parts of the Joint Lead Managers may prevent employees of the Joint Lead Managers who are preparing this Base Prospectus from utilizing or being aware of information available to the Joint Lead Managers and/or any of their affiliated companies and which may be relevant to the recipient's decisions.

Each person receiving this Base Prospectus acknowledges that such person has not relied on the Joint Lead Managers, nor on any person affiliated with it in connection with its investigation of the accuracy of such information or its investment decision.

Oslo, 19 December 2023

DNB Bank ASA (www.dnb.no)	Pareto Securities AS www.paretosec.com

Annex 1a-14b Financial Information

Annex 1a

Petroleum Geo-Services AS Annual Report 2021

Petroleum Geo-Services AS

The Board of Directors' Report 2021

Nature of the business

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

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

The Company is located at Lilleaker in Oslo.

Equality, Health, Safety and Environment

As of December 31, 2021, the Company had no employees. The Company's Board of Directors consists of one woman and two men.

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

The PGS organization (core fleet vessels and PGS offices) had the following health and safety incident levels in 2021 and 2020:

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

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

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

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

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

Going concern

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

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

Rescheduling of debt

Due to the dramatic negative market change caused by the Covid-19 pandemic, PGS renegotiated its main credit agreements to extend near-term debt maturities and amortization profiles to preserve liquidity. On February 2, 2021, a UK Scheme of Arrangement (the "Scheme") was sanctioned by an English court allowing the implementation of the financing transaction. With the Transaction PGS extended its current near-term maturity and amortization profile under its RCF/TLB and ECF facilities by approximately two years. Together with the cost saving initiatives previously announced by PGS, the Transaction strengthens PGS's liquidity profile in the currently challenging operating environment.
In Q1 2021 PGS ASA contributed the majority of its assets and liabilities to Petroleum Geo-Services AS. The capital contribution amounted to NOK 976.4 million, including $872.4 million in transferred debt. Petroleum Geo-Services AS is replacing PGS ASA as the Norwegian borrower, PGS Finance Inc. continues as US Borrower and PGS Holding II Ltd enters as UK Co-Borrower. The TLB facility is guaranteed by all material subsidiaries except PGS Titans AS, holding the four titan-class vessels financed by four export credit loans. PGS ASA has guaranteed the loans financing for the Ramform Titan and the Ramform Atlas, and each of PGS Holding I Ltd, PGS Holding II Ltd and Petroleum Geo-Services AS has guaranteed for the loans financing for the Ramform Titan, Ramform Atlas, Ramform Tethys, and Ramform Hyperion.

Financial risk

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

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

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

The seismic market recovery has been slower than assumed in the debt rescheduling business plan from 2020. As a result, there is a risk that the Company will not generate sufficient liquidity to make the 2022 amortization payments whilst also meeting the other requirements of the main credit agreements. The Company has started preparations for assessing alternative ways to address this and have engaged advisors to assist the Company in this respect.

The Company and the PGS Group expects to be able to manage the above-mentioned risk. However, if unsuccessful, the Company may become unable to settle maturities or amortization on the agreed payment dates or breach a financial covenant in the main credit agreements. This would represent a default under the relevant agreements. In such case, the Company may be able to continue without repayment or acceleration if it achieves a standstill agreement (or, in the case of a financial covenant breach, a waiver) from the relevant lenders, agents or lender groups. Should a payment default or financial covenant breach continue without a standstill agreement or waiver, this would be an event of default under the relevant agreements. An event of default in one facility may represent an event of default in other facilities and agreements. Upon an event of default, there is a risk that the TLB lenders inter alia having a pledge over the shares in PGS Holding II Ltd (a holding company that indirectly owns and controls the Company), by 50% majority can accelerate and enforce. Such an enforcement would likely imply continued operations for the operating companies in the group, including the Company. The lenders may however also enforce its pledges overall major assets of the Company. Consequently, there is a risk that the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

Further, even with the debt rescheduling, the Group remains highly leveraged and may become financially challenged should it not comply with the applicable financial maintenance covenants or ultimately fail to generate sufficient cash flow and/or refinance to address the amended amortization and maturity profiles. The Group believes it would have several viable alternatives such as negotiating further extensions with its lenders.

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

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

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

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

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

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

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

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

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

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

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

The Company has no research and development costs.

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

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

Oslo, April 29th 2022

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Rune Olav Pedersen
Chair person

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Gottfred Langseth
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Gottfred Langseth
Board member

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Christin Steen-Nilsen
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Christin Steen-Nilsen
Board member

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Robert James Adams
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Robert James Adams
General Manager

Petroleum Geo-Services AS
Financial Statements - 2021

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

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

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

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

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

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

Oslo, April 29th 2022

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Rune Olav Pedersen
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Rune Olav Pedersen
Chairperson

DocuSigned by:
Gottfred Langseth
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Gottfred Langseth
Board member

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Christin Steen-Nilsen
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Christin Steen-Nilsen
Board member

DocuSigned by:
Robert James Adams
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Robert James Adams
General Manager

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

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

Petroleum Geo-Services AS
Statements of Cash Flows

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

Petroleum Geo-Services AS
Notes to the financial statements

Note 1 Accounting principles

General

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

Basis of presentation

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

Going Concern

Pursuant to section 3-3a of the Norwegian Accounting Act, the Board confirms that the 2021 financial statements have been prepared based on the going concern basis which, the Directors believe to be appropriate. As described in "Financing status" section, there is a risk that the Company might not generate sufficient liquidity to repay the 2022 maturities whilst also meeting the other requirements of the main credit agreement. Whilst the Company expects to be able to manage the above-mentioned risks and that PGS continued operations should not be impacted, the Directors concluded that the current situation constitutes a material uncertainty. See Note 10 "Financing status" for further information.

Summary of significant accounting policies:

Main principles for assessing and classifying assets and liabilities

Assets determined for lasting ownership or use are classified as non-current assets. Other assets are classified as current assets. Receivables to be paid within one year are classified as current assets. The same criteria are applied in the classification of liabilities.

Non-current assets are valued at cost, but written down to the recoverable amount when the impairment is not expected to be temporary. Non-current assets with a limited economic lifetime are depreciated on a straight line basis. Non-current debt is recognized at its nominal value when incurred.

Current assets are valued at the lower of cost and fair value. Current liabilities are recognized at nominal value when incurred. Pursuant to the Accounting Act, some items are assessed in accordance with specific valuation guidelines which are summarized below.

Proposed dividend income from subsidaries is recognized as financial income at year end because it is considered more likely than not that the dividend will be approved by the General Assembly the following year. Proposed dividend to shareholders for the year is recognized as a liability at year end because it is considered more likely than not that the dividend will be approved by the General Assembly the following year.

Cash and cash equivalents and restricted cash

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

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

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

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

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

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

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

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

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

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

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

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.

Cash flow hedges

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

Statements of cash flow

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

Changes in accounting policies and disclosures

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

Petroleum Geo-Services AS
Notes to the financial statements

Note 2 Share capital, shareholders and parent company information

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

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

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

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

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

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

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

Note 3 Shares in subsidiaries

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

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

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

(b) Preliminary numbers where subsidiary financials not completed

(c) Remaining shareholding is held by PGS Geophysical AS

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

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

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

Petroleum Geo-Services AS
Notes to the financial statements

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

The Company had no employees during the year.

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

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

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

Note 5 Restricted cash

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

Note 6 Income taxes

Income tax consists of the following:

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

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

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

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

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

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

Note 7 Transactions with related parties

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

Financial Items from group companies

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

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

Related party balances:

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

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

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

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

Note 8 Other financial items

Other financial items consists of the following:

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

Note 9 Debt

Non-current interest bearing debt consists of the following:

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

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

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

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

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

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

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

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

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

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

Petroleum Geo-Services AS
Notes to the financial statements

Note 10 Finacial Instruments

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

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

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

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

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

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

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

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

Interest risk management

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

Exposure to liquidity risk

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

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

Financing Status

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

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

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

The seismic market recovery has been slower than assumed in the debt rescheduling business plan from 2020. As a result, there is a risk that the Company will not generate sufficient liquidity to make the 2022 amortization payments whilst also meeting the other requirements of the main credit agreements. The Company has started preparations for assessing alternative ways to address this and have engaged advisors to assist the Company in this respect.

The Company and the PGS Group expects to be able to manage the above-mentioned risk. However, if unsuccessful, the Company may become unable to settle maturities or amortization on the agreed payment dates or breach a financial covenant in the main credit agreements. This would represent a default under the relevant agreements. In such case, the Company may be able to continue without repayment or acceleration if it achieves a standstill agreement (or, in the case of a financial covenant breach, a waiver) from the relevant lenders, agents or lender groups. Should a payment default or financial covenant breach continue without a standstill agreement or waiver, this would be an event of default under the relevant agreements. An event of default in one facility may represent an event of default in other facilities and agreements. Upon an event of default, there is a risk that the TLB lenders inter alia having a pledge over the shares in PGS Holding II Ltd (a holding company that indirectly owns and controls the Company), by 50% majority can accelerate and enforce. Such an enforcement would likely imply continued operations for the operating companies in the group, including the Company. The lenders may however also enforce its pledges overall major assets of the Company. Consequently, there is a risk that the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

Statsautoriserte revisorer
Ernst & Young AS

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of Petroleum Geo-Services AS (the Company), which comprise the statement of financial position as at 31 December 2021, the statement of comprehensive income, statement of cash flows and statement of changes in shareholder's equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 1 of the financial statements, which describes the risk that the Company might not generate sufficient liquidity to repay the 2022 loan maturities whilst also meeting the other requirements of the main credit agreement. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

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

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

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

Building a better working world

Responsibilities of management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Building a better
working world

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Oslo, 29. April 2022
ERNST & YOUNG AS

The auditor's report is signed electronically

Johan Lid Nordby
State Authorised Public Accountant (Norway)

The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

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

Johan Nordby
Statsautorisert revisor
Serial number: 9578-5997-4-729076
IP: 77.16.xxx.xxx
2022-04-29 16:31:19 UTC

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Annex 2a

PGS Australia Pty Annual Report 2022

PGS Australia Pty Ltd

ABN 46 077 150 415

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

DIRECTORS' REPORT

The directors present their report together with the financial statements of PGS Australia Pty Ltd (the "Company") for the financial year ended 31 December 2022 and the auditor's report thereon.

1 Directors

The directors of the Company at any time during or since the end of the financial year were:

- Christin Steen-Nilsen
- Gottfred Langseth
- Rune Olav Pedersen
- Rick Irving

The directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

2 Principal activities

The Company provides various forms of seismic services connected to exploration activities in the oil and gas industry. Services that have been provided over the course of the year include:

- MultiClient 3D business development and marketing;
- Marine acquisition and operations support; and
- Seismic data processing and interpretation.

The Company provides these services to third parties and affiliated companies within the Asia Pacific region. In the prior year, the data processing centre was closed and the majority of the Company's employees made redundant. Revenue in 2022 related primarily to Multiclient sales, plus $3,145,070 in transfer fees resulting from the change in control of data licensed to a customer. No impairment of the MultiClient library was recorded in 2022 (2021: $4,803,770).

3 Results and dividends

The operating profit after income tax of the Company for the year ended 31 December 2022 was $1,878,217 (2021: loss after income tax of $3,357,821).

No dividend has been proposed, declared or paid during the financial year and until the date of this report.

4 Review of operations

Revenue totalled $5,173,378 for the year ended 31 December 2022 (2021: $6,208,718), primarily due to transfer fees on an existing licence of MultiClient data. The Company reported a profit after tax of $1,878,217 (2021: loss after tax of $3,357,821) due to a combination of sales of MultiClient library data, and no associated impairment charge necessary in 2022.

5 Significant changes in state of affairs

There were no significant changes in affairs of the Company in 2022 that affect the operations of the Company or the financial statements.

6 Events subsequent to reporting date

In the directors' opinion, there have not been any events or transactions arising between the end of the financial year and the date of this report that are likely to materially affect the operations or state of affairs of the Company.

7 Likely developments

During 2022, the seismic industry saw increased activity, as energy companies renewed their focus on exploration to meet future energy demands. The company expects growth in the sector to continue into 2023, although revenue is therefore subject to fluctuation depending on the outcome of the licencing round and customer interest.

The Company does not expect to initiate any new acquisition projects in 2023.

8 Environmental regulations

The Company's operations are subject to significant environmental regulations under both Commonwealth and State legislation including:

- *Environmental Protection and Biodiversity Conservation Act 1999* (Commonwealth); and
- *Environmental Protection Act 1986 WA.*

The directors believe the Company has adequate systems in place for managing its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Company. No circumstances arose during the financial year that resulted in an incident to be reported under environmental legislation.

9 Indemnification and insurance of directors and officers

During the financial year, PGS ASA, the ultimate parent of the Company, has paid a premium in respect of a contract of insurance to insure directors and officers of the Company and related bodies corporate against those liabilities for which insurance is permitted under Section 199B Insurance premiums for certain liabilities of the director of the *Corporations Act 2001.*

10 Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

11 Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 35 and forms part of the directors' report for the financial year ended 31 December 2022.

The directors' report is signed in accordance with a resolution of the directors made pursuant to s.298(2) of the *Corporations Act 2001.*

On behalf of the Directors

DocuSigned by:

Rick Irving

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Rick Irving, Director

29 April 2023

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of PGS Australia Pty Ltd, (the "Company"), we state that:

In the opinion of the directors:

(a) the financial statements and notes of the Company for the financial year ended 31 December 2022 are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company's financial position as at 31 December 2022 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards - Simplified Disclosure, and the *Corporations Regulations 2001*; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Rick Irving

Director

Perth

29 April 2023

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 $	2021 $
Revenue from contracts with customers	4	5,173,378	6,208,718
Cost of sales		(3,072,495)	(4,117,757)
Gross profit		**2,100,883**	**2,090,961**
Administrative expenses		(629,993)	(626,843)
Impairment expenses	5	-	(4,803,770)
Other operating income	6	424,202	2,668
Profit/(loss) from operating activities		**1,895,092**	**(3,336,984)**
Finance income	7	1,580	1,483
Finance costs	7	(18,455)	(22,320)
Net finance costs		**(16,875)**	**(20,837)**
Profit/(loss) before income tax		**1,878,217**	**(3,357,821)**
Income tax	8	-	-
Profit/(loss) for the year after tax		**1,878,217**	**(3,357,821)**
Other comprehensive income			
Other comprehensive income, net of tax		-	-
Total comprehensive income, net of tax		**1,878,217**	**(3,357,821)**

The above Statement of Profit and Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	2022 $	2021 $
Assets			
Cash and cash equivalents	9	847,689	464,054
Trade and other receivables	10	1,750,996	2,336,331
Other assets	12	62,684	25,226
Total current assets		**2,661,369**	**2,825,611**
MultiClient library	14	638,440	711,912
Property, plant and equipment	13	110,020	317,271
Total non-current assets		**748,460**	**1,029,183**
Total assets		**3,409,829**	**3,854,794**
Liabilities			
Trade and other payables	15	(192,397)	(338,735)
Amount due to holding company	17	(72,708,230)	(74,597,433)
Contract liabilities	11	-	(387,472)
Employee benefits	18	(545,099)	(349,124)
Lease liabilities	16	(78,997)	(94,099)
Total current liabilities		**(73,524,723)**	**(75,766,863)**
Employee benefits	18	(13,460)	(9,849)
Lease liabilities	16	-	(84,653)
Total non-current liabilities		**(13,460)**	**(94,502)**
Total liabilities		**(73,538,183)**	**(75,861,365)**
Net liabilities		**(70,128,354)**	**(72,006,571)**
Equity			
Share capital	19	6,863,947	6,863,947
Accumulated losses		(76,992,301)	(78,870,518)
Total deficiency		**(70,128,354)**	**(72,006,571)**

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2022

	Share Capital $	Accumulated losses $	Total deficiency $
Balance at 1 January 2021	**6,863,947**	**(75,512,697)**	**(68,648,750)**
Loss for the year	-	(3,357,821)	(3,357,821)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	-	**(3,357,821)**	**(3,357,821)**
Balance at 31 December 2021	**6,863,947**	**(78,870,518)**	**(72,006,571)**
Balance at 1 January 2022	**6,863,947**	**(78,870,518)**	**(72,006,571)**
Profit for the year	-	1,878,217	1,878,217
Other comprehensive income	-	-	-
Total comprehensive loss for the year	-	**1,878,217**	**1,878,217**
Balance at 31 December 2022	**6,863,947**	**(76,992,301)**	**(70,128,354)**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS AS AT 31 DECEMBER 2022

	Note	2022 $	2021 $
Cash flows from operating activities			
Cash receipts from customers		8,730,728	6,377,539
Cash paid to suppliers and employees		(2,735,718)	(2,593,637)
Net cash (used in)/from operating activities	9	**5,995,010**	**3,783,902**
Cash flows from investing activities			
Interest paid		1,580	1,487
Acquisition of property, plant and equipment		-	-
Proceeds from sale of fixed assets		-	3,500
Investment in MultiClient library		(830,493)	(265,485)
Net cash used in investing activities		**(828,913)**	**(260,498)**
Cash flows from financing activities			
Payment of principle portion of lease obligation		(98,606)	(127,415)
Payments to related parties		(4,647,257)	(3,398,706)
Net cash (used in)/from financing activities		**(4,745,863)**	**(3,526,121)**
Net increase/(decrease) in cash and cash equivalents		420,234	(2,717)
Cash and cash equivalents at 1 January		464,054	497,182
Effect of exchange rate fluctuations on cash held		(36,599)	(30,411)
Cash and cash equivalents at 31 December	**9**	**847,689**	**464,054**

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. Corporate information

The financial statements of PGS Australia Pty Ltd (the "Company") for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on 29 April 2023.

The Company is a proprietary limited company incorporated and domiciled in Australia. The ultimate parent entity of the Company is PGS ASA in Norway.

The Company's registered office is Level 28, QV1, 250 St Georges Terrace, WA 6000, Australia. The Company provides various seismic services connected to exploration activities in the oil and gas industry.

2. Summary of significant accounting policies

(a) Basis of Preparation

These general purpose financial statements have been prepared in compliance with the requirements of the *Corporations Act 2001* and to meet Section 3CA Reporting of information by significant global entities of the Taxation Administration Act 1953, Australian Accounting Standards – Simplified Disclosures and other authoritative pronouncements of the Australian Accounting Standards Board. The Company is a for-profit, private sector entity which is not publicly accountable for the purposes of preparing these financial statements

The Company has adopted AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities in the current year. Other than the change in disclosure requirements, the adoption of AASB 1060 has no significant impact on the consolidated financial statements because the Group's previous consolidated financial statements complied with Australian Accounting Standards – Reduced Disclosure Requirements.

The financial statements have been prepared on a historical cost basis, where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements are presented in US Dollars, which is the Company's functional and presentation currency, unless otherwise stated.

(b) Liquidity

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Company has reported a profit after tax of $1,878,217 (2021: loss after tax of $3,357,821) and has a working capital deficit of $70,863,354 (2021: $72,941,252) which includes $847,689 (2021: $464,054) of cash and cash equivalents.

The Company's ultimate parent company, PGS ASA, has provided a letter of financial support and will continue to contribute funds as necessary to ensure the Company is at all times capable of meeting its liabilities as and when they fall due and carrying on its business, for a period of at least 12 months from the signing of the annual financial report.

The ability of the Company to continue as a going concern and therefore realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report is dependent upon the ongoing financial support of PGS ASA.

The Directors believe that at the date of signing the financial statements there are reasonable grounds to believe that this ongoing support will be provided and have therefore prepared the financial statements on a going concern basis.

(c) Changes in accounting policy, disclosures, standards, and interpretations

(i) New accounting standards and interpretations

There are no new or amended standards and interpretations adopted by the Company during the period.

(d) Foreign currencies

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the year. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

(e) Revenue recognition

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 recognised 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 recognised 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 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 recognised. 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 recognises pre-funding revenue as “right to use” licenses and the revenue is to be recognised 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 recognised at this same “point in time” for each of these two types of licenses in accordance with AASB 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 recognises 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 kilometres or time progressed. Progress for imaging services are 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 recognised when the triggering event has taken place.

Contract assets

Contract assets are initially recognised for revenue earned, but not yet invoiced. This is generally related to projects where the condition to invoice is not yet satisfied.

Contract liabilities

Contract liabilities consist of revenue billed, not yet earned. Contract liabilities are recognised on MultiClient pre-funding projects where revenue is generally recognised at completion of final data.

(f) Other Income - Government Grants

Government Grants are recognised 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 recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

(g) Finance income and costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

(h) Taxes

Income tax expense is comprised of current and deferred tax. Income tax is recognised in the statement of profit and loss, except to the extent that it relates to items recorded directly to the 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 realisation 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 recognised 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 recognised 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 utilised.

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.

Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the acquisition of the asset or as part of the expense.

Receivable and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(i) Cash and short term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company’s cash management.

(j) Trade and other receivables

Trade receivables represent the Company's right to an amount of consideration that is unconditional.

Trade receivables, which generally have 30-day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amount. 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.

(k) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance is expensed when incurred.

Depreciation

Items of property, plant and equipment are depreciated on a straight-line and/or diminishing basis in profit or loss over the estimated useful lives of each component. Land is not depreciated.

Items of property, plant and equipment are depreciated from the date that they are installed and ready for use, or in respect of internally constructed assets, from the date the asset is completed and ready for use.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

- Plant and Equipment 3 - 8 years
- Buildings and Leasehold Improvements 2 -3 years
- Office computers & software 3 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(l) MultiClient Library

The MultiClient library consists of seismic data surveys to be licensed to customers on a non-exclusive basis. Costs directly incurred in acquiring, processing and otherwise completing seismic surveys are capitalised to the MultiClient library. Also included are costs incurred while relocating or “steaming” a vessel or crew from one location to another and capitalisation of borrowing costs.

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

Impairment assessment 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 “impairment expenses” in the Statement of profit or loss and other comprehensive income. The assumptions used for the impairment assessment are included in Note 3 and note 14.

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

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

This accelerated amortisation is included in " impairment of MultiClient library".

Straight-line amortisation- Upon completion of a survey, straight-line amortisation commences over its estimated useful life which is generally over a period of 4 years from the date it is transferred to completed surveys.

(m) Leases

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 recognise a lease liability measured at present value of lease payments due to 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 measured 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 low value leases

The Company has elected to apply the recognition exemption to lease contracts with a duration of less than 12 months, or that related to assets with an underlying low value. Lease payments associated with short-term leases and leases of low-value assets are expensed on a straight-line basis.

(n) Trade and other payables

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of those goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

Payables to related entities are carried at the principal amount.

(o) Provisions

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in provision resulting from the passage of time is recognised in finance costs.

Restructuring provision

Restructuring provisions are recognised only when the Company has a constructive obligation, which is when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs and an appropriate timeline and the employees affected have been notified of the plan's main features.

Wages, salaries, sick leave and other short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

Long service leave and annual leave

The Company does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting date. The Company recognises a liability for long service leave and annual leave measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

Termination benefits

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

(p) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(q) Financial instruments

Financial assets and financial liabilities are recognised 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 amortised cost. The Company determines the classification of financial instruments at initial recognition.

Financial instruments at amortised cost

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

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 recognises 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 recognised in the consolidated statement of profit and loss.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Company's general purpose financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of MultiClient library

Discount rate

The Company applied a pre-tax discount rate of 12% for the years ended 31 December 2022 and 2021 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.

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 amortisation for surveys which have licensed disproportionately sooner than implied by the 4-year amortisation life; and for surveys that are completed at which time prefunding revenue is recognised. 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. Because of the inherent difficulty in forecasting sales and future developments, it is possible that the amount of impairment and amortisation 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.

4. Revenue from contracts with customers

	2022 $	2021 $
Type of goods or service		
MultiClient pre-funding	1,484,340	-
MultiClient late sales	3,389,038	5,083,718
Proprietary contract revenue	300,000	-
Intellectual property licences	-	1,125,000
	5,173,378	**6,208,718**
Timing of revenue recognition		
Licences transferred at a point in time	5,173,378	6,208,718
Services transferred over time	-	-
	5,173,378	**6,208,718**

5. Impairment

	2022 $	2021 $
Impairment of MultiClient library	-	4,803,770

6. Other operating income

	2022 $	2021 $
Intercompany recharges	452,025	-
Foreign exchange (loss)/gain	(27,823)	2,668
	424,202	2,668

7. Finance income and finance cost

	2022 $	2021 $
Interest income	1,580	1,483
Finance income	1,580	1,483
Finance costs	(18,455)	(22,320)
	(18,455)	(22,320)
Net finance costs	**(16,875)**	**(20,837)**

8. Tax expense

a) Income tax expense

	2022 $	2021 $
Current tax expense		
Current year	-	-
	-	-
Deferred tax expense		
Current year	-	-
	-	-
Total income tax expense	-	-

Reconciliation of tax expense and the accounting profit multiplied by Australia's domestic tax rate:

	2022	2021
Profit/(loss) excluding income tax	**1,878,217**	**(3,357,821)**
Income tax using the Company's domestic tax rate of 30% (2021: 30%)	563,465	(1,007,346)
Non-deductible expenses	4,453	7,950
Other	(38,959)	(48,497)
Current year losses and deductible temporary differences for which no deferred tax asset was recognised	(528,959)	1,047,893
Total income tax expense	-	-

b) Deferred tax assets

Deferred tax relates to the following:

	Consolidated statement of profit and loss and other comprehensive income		Consolidated statement of financial position	
	2022	**2021**	**2022**	**2021**
	$	**$**	**$**	**$**
Tax losses	**(131,470)**	(315,561)	**25,766,225**	25,897,696
Property, plant and equipment	**(461,700)**	1,368,291	**4,490,980**	4,952,680
Provisions and accruals	**54,661**	(4,486)	**183,193**	128,532
Foreign exchange	**9,550**	6,705	**(259,486)**	(269,036)
Deferred tax expense	**(528,959)**	1,054,949		
Net deferred tax assets			**30,180,913**	30,709,872
Reflected in the statement of financial position as follows:				
Deferred tax assets			**30,440,399**	30,985,720
Deferred tax liabilities			**(259,486)**	(275,848)
Net deferred tax assets			**30,180,913**	30,709,872
Net deferred tax assets not recognised			**30,180,913**	30,709,872
Reconciliation of net deferred tax				
As of 1 January			**30,709,872**	29,661,979
Deferred tax (expense)/income			**(528,959)**	1,047,893
As at 31 December			**30,180,913**	30,709,872
Deferred tax not recognised			**30,180,913**	30,709,872

Deferred tax assets have not been recognised in respect of the tax losses and deductible temporary differences because it is not sufficiently probable that future taxable profit will be available against which the Company can utilise the benefits therefrom.

In September 2019, the ATO issued a Taxation Ruling TR 2019/4: Income tax: capital allowances: expenditure incurred by a service provider in collecting and processing MultiClient seismic data, providing ATO's views of the Australian tax treatment of MultiClient library. The Company has adopted the ATO's approach from 1 January 2019 by amortising the newly capitalised MultiClient library over 15 years.

9. Cash and cash equivalents

	2022 $	2021 $
Cash on hand	-	-
Cash at bank	847,689	464,054
	847,689	**464,054**

	2022 $	2021 $
Reconciliation of net profit after income tax to net cash flows from operating activities		
Profit/(loss) after income tax	1,878,217	(3,357,821)
Depreciation and amortisation	1,111,216	2,670,073
Impairment of MultiClient library	-	4,803,770
Write off of property plant and equipment	-	14,676
Unrealised foreign exchange (gain)/loss	(16,994)	(30,411)
Net finance costs	16,875	20,837
	2,989,314	**4,121,124**
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	717,835	(1,930,204)
(Increase)/decrease in other assets	(169,958)	193,924
Increase/(decrease) in trade and other payables	(146,338)	63,616
Increase/(decrease) in contract liabilities	(387,473)	387,473
(Increase)/decrease in intercompany	2,758,056	1,178,897
Increase/(decrease) in employee benefits	199,586	(230,927)
Net cash flow from operating activities	**5,995,010**	**3,783,902**

10. Trade and other receivables

	2022 $	2021 $
Trade receivables (i)	1,669,055	2,248,521
Other receivables	81,941	87,810
	1,750,996	**2,336,331**

(i) Trade receivables are non-interest bearing and are generally on terms of 30 days, and have been received in full subsequent to year-end. All trade and other receivables are considered to be fully recoverable. All trade receivables are classified as current as at the reporting date.

11. Contract balances

	2022 $	2021 $
Contract liabilities	-	(387,472)

Contract assets relate to proprietary contract revenues not yet invoiced. In the prior year, contract liabilities related to customer advance payments on MultiClient data delivered in 2022.

12. Other assets

	2022 $	2021 $
Current		
Prepayments	-	21,816
Related party receivables	59,502	-
Other	3,182	3,410
	62,684	**25,226**

13. Property, plant and equipment

	Buildings $	Plant and equipment $	Right of use assets $	Total $
Cost				
Balance at 1 January 2021	162,414	549,002	465,936	1,177,352
Additions	-	-	-	-
Write off	-	(128,263)	(101,865)	(230,128)
Balance at 31 December 2021	162,414	420,739	364,071	947,224
Balance at 1 January 2022	162,414	420,739	364,071	947,224
Additions	-	-	-	-
Write off	-	-	-	-
At 31 December 2022	**162,414**	**420,739**	**364,071**	**947,224**
Accumulated depreciation				
Balance at 1 January 2021	(42,372)	(343,521)	(152,499)	(538,392)
Depreciation for the year	(42,371)	(110,465)	(109,458)	(262,294)
Disposals	-	108,480	62,253	170,733
Balance at 31 December 2021	(84,743)	(345,506)	(199,704)	(629,953)
Balance at 1 January 2022	(84,743)	(345,506)	(199,704)	(629,953)
Depreciation for the year	(42,366)	(75,233)	(89,652)	(207,251)
Disposals	-	-	-	-
At 31 December 2022	**(127,109)**	**(420,739)**	**(289,356)**	**(837,204)**
Net book value				
At 1 January 2021	120,042	205,481	313,437	638,960
At 31 December 2021	77,671	75,233	164,367	317,271
At 1 January 2022	77,671	75,233	164,367	317,271
At 31 December 2022	**35,305**	**-**	**74,715**	**110,020**

14. MultiClient library

	2022 $	2021 $
Cost		
At 1 January	220,646,371	220,380,886
Additions	830,493	265,485
At 31 December	**221,476,864**	**220,646,371**
Accumulated amortisation		
At 1 January	(161,122,179)	(158,714,400)
Amortisation for the year	(903,965)	(2,407,779)
At 31 December	**(162,026,144)**	**(161,122,179)**
Impairment		
At 1 January	(58,812,280)	(54,008,510)
Impairment for the year	-	(4,803,770)
At 31 December	**(58,812,280)**	**(58,812,280)**
Carrying amounts		
At 1 January	711,912	7,657,976
At 31 December	**638,440**	**711,912**

In accordance with the Company's accounting policies and processes, the MultiClient library was reviewed for indicators of impairment at 31 December 2022, and a forecast for future sales for each survey was prepared by management.

The recoverable amount of the MultiClient library is calculated as its value in use, which is based on expected future sales from each project discounted to present value. Sales forecasts are obtained from the five-year financial prognosis approved by senior management, and a discount rate of 12% has been applied. As a result of this analysis, it was determined that no impairment of survey value was required (2021: impairment charge of $4,803,770).

The recoverable amount calculation is most sensitive to the timing of expected cash flows. There would not be a material effect on the balance caused by either a delay in all expected sales by 1 year, or a 2% increase in the discount rate, due to the low carrying value of project data.

15. Trade and other payables

	2022	2021
	$	$
Current		
Trade payables	(82,421)	(70,578)
Accrued operating expenses	(81,188)	(103,117)
Amounts due to related corporations	(10,868)	(150,688)
VAT	(17,920)	(14,352)
	(192,397)	**(338,735)**

Trade payables are non-interest bearing and are normally settled on 7 to 30 day terms.

16. Lease Liabilities

	2022	2021
	$	$
Current		
Lease liabilities	(78,997)	(94,099)
Total current lease liabilities	**(78,997)**	**(94,099)**
Non-current		
Lease liabilities	-	(84,653)
Total non-current lease liabilities	**-**	**(84,653)**
Total lease liabilities	**(78,997)**	**(178,752)**

Lease liabilities relate to a building lease that is due to expire during 2023.

Presented below is a maturity analysis of future lease payments:

	2022	2021
	$	$
No later than 1 year	81,621	102,607
Later than 1 year and not later than 5 years	-	87,415
Total current lease liabilities		**246,352**

The amount of expense relating to short-term leases and leases of low-value assets recognised in profit or loss during the year ended 31 December 2022 was $21,816 (2021: $5,908).

17. Amounts due to ultimate holding company

	2022 $	2021 $
Current		
Amounts due to holding company	(72,708,230)	(74,597,433)
	(72,708,230)	**(74,597,433)**

Amounts due to related corporations are interest-free and repayable on demand.

The shares in the Company are pledged as part security for the credit facility and a term loan of the holding company. Further the Company has pledged its Multiclient library assets in favour of its parent.

The holding company, Petroleum Geo-Services AS, has resolved not to demand repayment of its loan in circumstances that would result in the Company not being able to pay its debts as and when they fall due for 12 months from the date of annual report.

18. Employee benefits

	2022 $	2021 $
Current		
Provision for bonus	(325,183)	(121,230)
Provision for annual leave	(87,940)	(72,274)
Provision for long service leave	(131,976)	(155,620)
	(545,099)	**(349,124)**

	2022 $	2021 $
Non-current		
Provision for long service leave	(13,460)	(9,849)
	(13,460)	**(9,849)**

19. Capital

	2022	2021
On issue at 1 January	9,600,241	9,600,241
On issue at 31 December	9,600,241	9,600,241

Balance at 1 January	6,863,947	6,863,947
Balance at 31 December	6,863,947	6,863,947

Ordinary shares

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. Ordinary shareholders are entitled to one vote per share at meetings of the Company.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and, in the event of the winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

20. Commitment and contingencies

Short term/ low value leases

Future minimum rentals payable under non-cancellable operating leases at balance sheet date are:

	2022 $	2021 $
Within one year	-	8,450
After one year but not more than five years	-	16,900
	-	**25,350**

Capital commitments

The Company has no capital commitments as at the reporting date (FY21: NIL).

Contingent liabilities

The Company has no contingent liabilities as at the reporting date (FY21: NIL).

Contingent assets

The Company has no contingent assets as at the reporting date (FY21: NIL).

21. Related party transactions

		Recharges to related parties	Expenses charged by related parties	Amounts owed by related parties*	Amounts owed to related parties*
PGS Geophysical AS	2022	471,008	(1,095,073)	59,240	-
	2021	440,380	(917,269)	-	(149,696)
Other related parties**	2022	(3,120)	-	262	(10,868)
	2021	(23,672)	(367)	-	(5,393)

* The amounts are classified as other receivables and trade payables respectively.

** Other related parties include subsidiaries of PGS ASA.

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions.

		Interest paid $	Amounts owed to related parties $
Loans from/to related parties			
Petroleum Geo-Services AS	2022	-	(72,708,230)
Petroleum Geo-Services AS	2021	-	(74,597,433)

Amounts due related to corporations are interest-free and repayable on demand.

Key management personnel remuneration

The remuneration paid to key management personnel during the year was $202,068 (FY21: $177,812).

22. Segment reporting

All revenues, assets and liabilities are considered to be derived and held in one geographical area, being Australia.

23. Remuneration of auditors

	2022 $	2021 $
Audit services		
Audit and review of financial reports	61,000	51,000
	61,000	**51,000**
Other		
Other services	15,000	15,000
	15,000	**15,000**

24. Financial instruments

Financial risk management objectives and policies

The Company's principal financial instruments comprise cash and cash equivalents, receivables, trade and other payables and interest bearing loans and borrowings. The Company did not have any financial derivatives, hedges or other off balance sheet products in place at 31 December 2022 or 2021.

The Company's activities expose it to a variety of financial risks; credit risk, liquidity risk, interest rate risk and foreign currency risk. The Company uses different methods to measure and manage different types of risk to which it is exposed. These include analysis of aging reports to monitor and manage credit risk, analysis of future cash flow forecasts to monitor and manage liquidity risk, monitoring levels of exposure to interest rate risk and assessments of market forecasts for interest rate movement and monitoring of foreign currency transactions.

Credit risk

Credit risk represents the loss that would be recognised if counter parties failed to perform as contracted. The Company's maximum exposure to credit risk at reporting date in relation to each class of financial asset is limited to the carrying amount of those assets as indicated in the Statement of financial position. The significant concentration of credit risk is in relation to trade receivables and cash and cash equivalents.

Liquidity risk

The liquidity position of the Company is managed to ensure sufficient liquid funds are available to meet financial commitments in a timely and cost-effective manner. This is done by continually reviewing business and cash flow forecasts, to determine the forecast liquidity position and requirements in advance. The contractual maturities of the Group's financial liabilities are as per the table below:

	2022 $	2021 $
Less than one year	1,406,604	1,902,681
More than one year	(72,708,230)	(74,682,084)
	(71,301,626)	**(72,779,403)**

2022	**Less than 1 year**	**1-5 years**	**No set repayment date**	**Total**
Financial assets				
Trade and other receivables	1,618,496	-	-	1,618,496
Related party receivables	59,502	-	-	59,502
	1,677,998	-	-	1,677,998
Financial liabilities				
Trade and other payables	(192,397)	-	-	(192,397)
Amounts due to holding company	-	-	(72,708,230)	(72,708,230)
Lease liabilities	(78,997)	-	-	(78,997)
	(271,394)	-	(72,708,230)	(72,979,624)
Net inflow/(outflow)	**1,406,604**	**-**	(72,708,230**)**	**(71,301,626)**

2021	**Less than 1 year**	**1-5 years**	**No set repayment date**	**Total**
Financial assets				
Trade and other receivables	2,336,331	-	-	2,336,331
Related party receivables	-	-	-	-
	2,336,331	-	-	2,336,331
Financial liabilities				
Trade and other payables	(338,737)	-	-	(338,737)
Amounts due to holding company	-	-	(74,597,431)	(74,597,431)
Lease liabilities	(94,099)	(84,653)	-	(178,752)
	(432,836)	(84,653)	(74,597,431)	(75,114,920)
Net inflow/(outflow)	**1,903,495**	**(84,653)**	**(74,597,431)**	**(72,778,589)**

Interest rate risk

The company is not exposed to any material interest rate risk.

Foreign currency risk

As a result of certain transactions in the Company being denominated in Australian dollars, the Company's cash flows can be affected by movements in the US dollar/Australian dollar exchange rate. The majority of its revenues and costs, as well as financing are in USD and the exposure is therefore, within a reasonable possible range, not material to the financial position of the company. The Company do not enter into any derivatives or similar to secure any net exposure.

Net fair values of financial assets and liabilities

The carrying amount of financial assets and financial liabilities recorded in the Financial Report approximates their respective fair values, determined in accordance with the accounting policies disclosed in Note 2.

AUDITOR'S INDEPENDENCE DECLARATION

INDEPENDENT AUDITOR'S REPORT

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

Auditor's independence declaration to the directors of PGS Australia Pty Ltd

As lead auditor for the audit of the financial report of PGS Australia Pty Ltd for the financial year ended 31 December 2022, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

Ernst & Young

Ernst & Young

J K Newton

J K Newton
Partner
29 April 2023

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Independent auditor's report to the members of PGS Australia Pty Ltd

Opinion

We have audited the financial report of PGS Australia Pty Ltd (the Company), which comprises the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the Company's financial position as at 31 December 2022 and of its financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards – Simplified Disclosures and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report 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, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Simplified Disclosures and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards 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 this financial report.

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

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

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- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the 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.

Ernst & Young

Ernst & Young

J K Newton

J K Newton
Partner
Perth
29 April 2023

Annex 2b

PGS Australia Pty Annual Report 2021

PGS Australia Pty Ltd

ABN 46 077 150 415

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

DIRECTORS' REPORT

The directors present their report together with the financial statements of PGS Australia Pty Ltd (the "Company") for the financial year ended 31 December 2021 and the auditor's report thereon.

1 Directors

The directors of the Company at any time during or since the end of the financial year were:

- Christin Steen-Nilsen
- Gottfred Langseth
- Rune Olav Pedersen
- Rick Irving

The directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

2 Principal activities

The Company provides various forms of seismic services connected to exploration activities in the oil and gas industry. Services that have been provided over the course of the year include:

- MultiClient 3D business development and marketing;
- Marine acquisition and operations support; and
- Seismic data processing and interpretation.

The Company provides these services to third parties and affiliated companies within the Asia Pacific region. In the prior year, the data processing centre was closed and the majority of the Company's employees made redundant. Revenues in 2021 related primarily to existing MultiClient library data sales and uplift fees. An impairment of $4,803,770 was recognised in relation to the MultiClient library (2020: nil).

During 2020 the Company received Government Support arising from the *Coronavirus Economic Response Package (Payments and Benefits) Rules 2020*, equivalent to $172,907. Despite the recovery of oil and gas prices in 2021, energy companies remained cautious with spending during the second year of the COVID-19 pandemic.

3 Results and dividends

The operating loss after income tax of the Company for the year ended 31 December 2021 was $3,357,821 (2020: $4,107,657).

No dividend has been proposed, declared or paid during the financial year and until the date of this report.

4 Review of operations

Revenue increased to $6,208,718 for the year ended 31 December 2021 (2020: $2,199,768), primarily due to late sales and uplift fees on existing MultiClient data. The Company incurred a loss after tax of $3,357,821 (2020: $4,107,657) as a result of impairment charges of $4,803,770 in relation to the MultiClient library.

5 Significant changes in state of affairs

During 2021, the Company's ultimate parent company, PGS ASA, completed a refinancing process, extending debt maturities up to two years. As part of this process, PGS ASA transferred its shareholding in the Company to Petroleum Geo-Services AS. The Company is a guarantor under the agreement and have pledged its MultiClient library in favour of the lenders.

6 Events subsequent to reporting date

In the directors' opinion, there have not been any events or transactions arising between the end of the financial year and the date of this report that are likely to materially affect the operations or state of affairs of the Company.

7 Likely developments

During 2021 the oil price rose significantly, and increased activity in the seismic industry is expected in 2022. However, the Company has invested in a relatively low number of projects and its revenue is therefore subject to fluctuation depending on the outcome of the licencing round and customer interest.

The Company does not expect to initiate any new projects for 2022.

8 Environmental regulations

The Company's operations are subject to significant environmental regulations under both Commonwealth and State legislation including:

- *Environmental Protection and Biodiversity Conservation Act 1999* (Commonwealth); and
- *Environmental Protection Act 1986 WA.*

The directors believe the Company has adequate systems in place for managing its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Company. No circumstances arose during the financial year that resulted in an incident to be reported under environmental legislation.

9 Indemnification and insurance of directors and officers

During the financial year, PGS ASA, the ultimate parent of the Company, has paid a premium in respect of a contract of insurance to insure directors and officers of the Company and related bodies corporate against those liabilities for which insurance is permitted under Section 199B Insurance premiums for certain liabilities of the director of the *Corporations Act 2001.*

10 Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

11 Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 35 and forms part of the directors' report for the financial year ended 31 December 2021.

The directors' report is signed in accordance with a resolution of the directors made pursuant to s.298(2) of the *Corporations Act 2001.*

On behalf of the Directors

Rick Irving

Rick Irving, Director

2 May 2022

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of PGS Australia Pty Ltd, (the "Company"), we state that:

In the opinion of the directors:

(a) the financial statements and notes of the Company for the financial year ended 31 December 2021 are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company's financial position as at 31 December 2021 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards Reduced Disclosure Requirements, and the *Corporations Regulations 2001*; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

DocuSigned by:

Rick Irving

5D1B59A9EDFB452...

Rick Irving

Director

Perth

2 May 2022

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	2021 $	2020 $
Revenue from contracts with customers	4	6,208,718	2,199,768
Cost of sales		(4,117,757)	(6,088,503)
Gross Profit/(Loss)		**2,090,961**	**(3,888,735)**
Other income	5	-	172,907
Administrative expenses		(626,843)	(361,618)
Impairment expenses	6	(4,803,770)	-
Other operating income/(expenses)		2,668	(7,196)
Loss from operating activities		**(3,336,984)**	**(4,084,642)**
Finance income	7	1,483	5,121
Finance costs	7	(22,320)	(28,136)
Net finance costs		**(20,837)**	**(23,015)**
Loss before income tax		**(3,357,821)**	**(4,107,657)**
Income tax benefit	8	-	-
Loss for the year after tax		(3,357,821)	(4,107,657)
Other comprehensive income			
Other comprehensive income, net of tax		-	-
Total comprehensive loss for the year, net of tax		**(3,357,821)**	**(4,107,657)**

The above Statement of Profit and Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Note	2021	2020
		$	$
Assets			
Cash and cash equivalents	9	464,054	497,182
Trade and other receivables	10	2,336,331	406,127
Contract assets	11	-	-
Other assets	12	25,226	219,149
Total current assets		**2,825,611**	**1,122,458**
Other assets		-	-
MultiClient library	14	711,912	7,657,976
Property, plant and equipment	13	317,271	638,960
Total non-current assets		**1,029,183**	**8,296,936**
Total assets		**3,854,794**	**9,419,394**
Liabilities			
Trade and other payables	15	(338,735)	(275,119)
Amount due to ultimate holding company	17	(74,597,433)	(76,848,538)
Contract liabilities	11	(387,472)	-
Employee benefits	18	(349,124)	(570,479)
Lease liabilities	16	(94,099)	(168,714)
Total current liabilities		**(75,766,863)**	**(77,862,850)**
Employee benefits	18	(9,849)	(19,421)
Lease liabilities	16	(84,653)	(185,873)
Total non-current liabilities		**(94,502)**	**(205,294)**
Total liabilities		**(75,861,365)**	**(78,068,144)**
Net liabilities		**(72,006,571)**	**(68,648,750)**
Equity			
Share capital	19	6,863,947	**6,863,947**
Accumulated losses		(78,870,518)	**(75,512,697)**
Total deficiency		**(72,006,571)**	**(68,648,750)**

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2021

	Share Capital $	Accumulated losses $	Total deficiency $
Balance at 1 January 2020	**6,863,947**	**(71,405,040)**	**(64,541,093)**
Total comprehensive loss for the year			
Loss for the year	-	(4,107,657)	(4,107,657)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	-	**(4,107,657)**	**(4,107,657)**
Balance at 31 December 2020	**6,863,947**	**(75,512,697)**	**(68,648,750)**
Balance at 1 January 2021	**6,863,947**	**(75,512,697)**	**(68,648,750)**
Total comprehensive loss for the year			
Loss for the year	-	(3,357,821)	(3,357,821)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	-	**(3,357,821)**	**(3,357,821)**
Balance at 31 December 2021	**6,863,947**	**(78,870,518)**	**(72,006,571)**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS AS AT 31 DECEMBER 2021

	Note	2021 $	2020 $
Cash flows from operating activities			
Cash receipts from customers		6,377,539	2,384,462
Cash paid to suppliers and employees		(2,593,637)	(2,899,820)
Cash from Government grants		-	172,907
Net cash (used in)/from operating activities	9	**3,783,902**	**(342,451)**
Cash flows from investing activities			
Interest paid		1,487	(64)
Acquisition of property, plant and equipment	13	-	(46,289)
Proceeds from sale of fixed assets		3,500	-
Investment in MultiClient library	14	(265,485)	(132,598)
Net cash used in investing activities		**(260,498)**	**(178,951)**
Cash flows from financing activities			
Payment of principle portion of lease obligation		(127,415)	(78,140)
(Payments of related party loans)/proceeds from related parties		(3,398,706)	533,162
Net cash (used in)/from financing activities		**(3,526,121)**	**455,022**
Net decrease in cash and cash equivalents		(2,717)	(66,380)
Cash and cash equivalents at 1 January		497,182	546,183
Effect of exchange rate fluctuations on cash held		(30,411)	17,379
Cash and cash equivalents at 31 December	9	**464,054**	**497,182**

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. Corporate information

The financial statements of PGS Australia Pty Ltd (the "Company") for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on 29 April 2022.

The Company is a proprietary limited company incorporated and domiciled in Australia. The ultimate parent entity of the Company is PGS ASA in Norway.

The Company's registered office is Level 28, QV1, 250 St Georges Terrace, WA 6000, Australia. The Company provides various seismic services connected to exploration activities in the oil and gas industry.

2. Summary of significant accounting policies

(a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, and to meet Section 3CA Reporting of information by significant global entities of the *Taxation Administration Act 1953*, Australian Accounting Standards - Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB"). The Company is a for-profit, private sector entity which is not publicly accountable. Therefore, the financial statements for the Company are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements (AASB - RDRs).

The financial statements have been prepared on a historical cost basis, where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements are presented in US Dollars, which is the Company's functional and presentation currency, unless otherwise stated.

(b) Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Company has incurred a loss after tax of $3,357,821 (2020: loss after tax of $4,107,657) and has a working capital deficit of $72,941,252 (2020: $76,743,744) which includes $464,054 (2020: $497,182) of cash and cash equivalents.

The Company's ultimate parent company, PGS ASA, has provided a letter of financial support and will continue to contribute funds as necessary to ensure the Company is at all times capable of meeting its liabilities as and when they fall due and carrying on its business, for a period of at least 12 months from the signing of the annual financial report.

The ability of the Company to continue as a going concern and therefore realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report is dependent upon the ongoing financial support of PGS ASA.

The Directors believe that at the date of signing the financial statements there are reasonable grounds to believe that this ongoing support will be provided and have therefore prepared the financial statements on a going concern basis.

Should this ongoing financial support not be provided there is a material uncertainty as to whether the Company will be able to meet its debts as and when they fall due and thus continue as a going concern.

(c) Changes in accounting policy, disclosures, standards, and interpretations

(i) New accounting standards and interpretations

New and amended standards and interpretations adopted by the Company:

Amendments to AASB 101 and AASB 108 Definition of materiality

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 did not impact the financial statements.

(d) Foreign currencies

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the year. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

(e) Revenue recognition

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 recognised 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 recognised 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 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 recognised. 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 recognises pre-funding revenue as "right to use" licenses and the revenue is to be recognised 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 recognised at this same "point in time" for each of these two types of licenses in accordance with AASB 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 recognises 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 kilometres or time progressed. Progress for imaging services are 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 recognised when the triggering event has taken place.

Contract assets

Contract assets are initially recognised for revenue earned, but not yet invoiced. This is generally related to projects where the condition to invoice is not yet satisfied.

Contract liabilities

Contract liabilities consist of revenue billed, not yet earned. Contract liabilities are recognised on MultiClient pre-funding projects where revenue is generally recognised at completion of final data.

(f) Other Income - Government Grants

Government Grants are recognised 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 recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

(g) Finance income and costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

(h) Taxes

Income tax expense is comprised of current and deferred tax. Income tax is recognised in the statement of profit and loss, except to the extent that it relates to items recorded directly to the 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 realisation 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 recognised 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 recognised 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 utilised.

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.

Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the acquisition of the asset or as part of the expense.

Receivable and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(i) Cash and short term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

(j) Trade and other receivables

Trade receivables represent the Company's right to an amount of consideration that is unconditional.

Trade receivables, which generally have 30-day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amount. 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.

(k) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance is expensed when incurred.

Depreciation

Items of property, plant and equipment are depreciated on a straight-line and/or diminishing basis in profit or loss over the estimated useful lives of each component. Land is not depreciated.

Items of property, plant and equipment are depreciated from the date that they are installed and ready for use, or in respect of internally constructed assets, from the date the asset is completed and ready for use.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

• Plant and Equipment	3 - 8 years
• Buildings and Leasehold Improvements	2 -3 years
• Office computers & software	3 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(l) MultiClient Library

The MultiClient library consists of seismic data surveys to be licensed to customers on a non-exclusive basis. Costs directly incurred in acquiring, processing and otherwise completing seismic surveys are capitalised to the MultiClient library. Also included are costs incurred while relocating or "steaming" a vessel or crew from one location to another and capitalisation of borrowing costs.

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

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 "impairment expenses" in the Statement of profit or loss and other comprehensive income. The assumptions used for the impairment assessment are included in Note 3 and note 14.

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

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

This accelerated amortisation is included in " impairment of MultiClient library".

Straight-line amortisation- Upon completion of a survey, straight-line amortisation commences over its estimated useful life which is generally over a period of 4 years from the date it is transferred to completed surveys.

(m) Leases

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 recognise a lease liability measured at present value of lease payments due to 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 measured 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 low value leases

The Company has elected to apply the recognition exemption to lease contracts with a duration of less than 12 months, or that related to assets with an underlying low value. Lease payments associated with short-term leases and leases of low-value assets are expensed on a straight-line basis.

(n) Trade and other payables

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of those goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

Payables to related entities are carried at the principal amount.

(o) Provisions

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in provision resulting from the passage of time is recognised in finance costs.

Restructuring provision

Restructuring provisions are recognised only when the Company has a constructive obligation, which is when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs and an appropriate timeline and the employees affected have been notified of the plan's main features.

Wages, salaries, sick leave and other short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

Long service leave and annual leave

The Company does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting date. The Company recognises a liability for long service leave and annual leave measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

Termination benefits

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

(p) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(q) Financial instruments

Financial assets and financial liabilities are recognised 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 amortised cost. The Company determines the classification of financial instruments at initial recognition.

Financial instruments at amortised cost

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

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 recognises 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 recognised in the consolidated statement of profit and loss.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Company's general purpose financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of MultiClient library

Discount rate

The Company applied a pre-tax discount rate of 12% for the years ended 31 December 2021 and 2020 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.

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 amortisation for surveys which have licensed disproportionately sooner than implied by the 4-year amortisation life; and for surveys that are completed at which time prefunding revenue is recognised. 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. Because of the inherent difficulty in forecasting sales and future developments, it is possible that the amount of impairment and amortisation 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.

4. Revenue from contracts with customers

	2021	2020
	$	$
Type of goods or service		
MultiClient pre-funding	-	972,902
MultiClient late sales	5,083,718	372,895
External imaging revenue	-	160,824
Related party imaging revenue	-	693,147
Intellectual property licences	1,125,000	-
	6,208,718	**2,199,768**
Timing of revenue recognition		
Licenses transferred at a point in time	6,208,718	1,345,797
Services transferred over time	-	853,971
	6,208,718	**2,199,768**

5. Other Income -Government Grants

In the prior year, the company received Government Support arising from the *Coronavirus Economic Response Package (Payments and Benefits) Rules 2020*, equivalent to $ 172,907. No amounts were received during 2021.

6. Impairment

	2021	2020
	$	$
Impairment of MultiClient library	4,803,770	-

7. Finance income and finance cost

	2021 $	2020 $
Interest income	1,483	5,121
Finance income	**1,483**	**5,121**
Finance costs	(22,320)	(28,136)
Finance costs	**(22,320)**	**(28,136)**
Net finance (costs)/income	**(20,837)**	**(23,015)**

8. Tax expense

a) Income tax expense

	2021 $	2020 $
Current tax expense		
Current year	-	-
	-	-
Deferred tax expense		
Current year	-	-
	-	-
Total income tax expense	-	-

Reconciliation of tax expense and the accounting profit multiplied by Australia's domestic tax rate:

	2021	2020
(Loss)/Profit excluding income tax	**(3,357,821)**	(4,107,657)
Income tax using the Company's domestic tax rate of 30% (2020: 30%)	**(1,007,346)**	(1,232,297)
Non-deductible expenses	**7,950**	9,903
Other	**(48,497)**	90,135
Current year losses and deductible temporary differences for which no deferred tax asset was recognised	**1,047,893**	1,132,259
	-	-

b) Deferred tax assets

Deferred tax relates to the following:

	Consolidated statement of profit and loss and other comprehensive income		Consolidated statement of financial position	
	2021	2020	2021	2020
	$	$	$	$
Tax losses	**(315,561)**	588,553	**25,897,696**	26,216,197
Property, Plant and Equipment	**1,368,291**	625,696	**4,952,680**	3,584,389
Provisions and accruals	**(4,486)**	(67,808)	**128,532**	139,830
Foreign exchange gains and losses	**6,705**	(14,182)	**(269,036)**	(278,437)
Deferred tax expense	**1,054,949**	1,132,259		
Net deferred tax assets			**30,709,872**	29,661,979
Reflected in the statement of financial position as follows:				
Deferred tax assets			**30,985,720**	29,940,416
Deferred tax liabilities			**(275,848)**	(278,437)
Net deferred tax assets			**30,709,872**	29,661,979
Net deferred tax assets not recognised			**30,709,872**	29,661,979
Reconciliation of net deferred tax				
As of 1 January			**29,661,979**	28,529,720
Deferred tax income			**1,047,893**	1,132,259
As at 31 December			**30,709,872**	29,661,979
Deferred tax not recognised			**30,709,872**	29,661,979

Deferred tax assets have not been recognised in respect of the tax losses and deductible temporary differences because it is not sufficiently probable that future taxable profit will be available against which the Company can utilise the benefits therefrom.

In September 2019, the ATO issued a Taxation Ruling TR 2019/4: Income tax: capital allowances: expenditure incurred by a service provider in collecting and processing MultiClient seismic data, providing ATO's views of the Australian tax treatment of MultiClient library. The Company has adopted the ATO's approach from 1 January 2019 by amortising the newly capitalised MultiClient library over 15 years.

9. Cash and cash equivalents

	2021	2020
	$	$
Cash on hand	-	-
Cash at bank	464,054	497,182
	464,054	**497,182**

	2021	2020
	$	$
Reconciliation of net profit after income tax to net cash flows from operating activities		
Loss after income tax	(3,357,821)	(4,107,657)
Depreciation and amortisation	2,670,073	4,169,253
Impairment of MultiClient library	4,803,770	-
Write off of property plant and equipment	14,676	6,809
Unrealised foreign exchange (gain)/loss	(30,411)	(17,379)
Net finance costs	20,837	23,015
	4,121,124	74,041
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(1,930,204)	(145,749)
(Increase)/decrease in contract assets	-	1,044,250
(Increase)/decrease in other assets	193,924	2,292
Increase/(decrease) in trade and other payables	63,616	(770,926)
Increase/(decrease) in contract liabilities	387,472	(606,342)
(Increase)/decrease in intercompany	1,178,897	-
Increase/(decrease) in employee benefits	(230,927)	59,983
Net cash flow from operating activities	**3,783,902**	(342,451)

10. Trade and other receivables

	2021	2020
	$	$
Trade receivables (i)	2,248,521	312,895
Other receivables	87,810	93,232
	2,336,331	**406,127**

(i) Trade receivables are non-interest bearing and are generally on terms of 30 days, and have been received in full subsequent to year-end. All trade and other receivables are considered to be fully recoverable. All trade receivables are classified as current as at the reporting date.

11. Contract balances

	2021	2020
	$	$
Contract assets	-	-
Contract liabilities	(387,472)	-

Contract liabilities relate to customer advance payments on MultiClient data due to be delivered in Q2 2022.

12. Other assets

	2021	2020
	$	$
Current		
Prepayments	21,816	2,176
Related party receivables	-	213,352
Other	3,410	3,621
	25,226	**219,149**

13. Property, plant and equipment

	Buildings	Plant and equipment	Right of use assets	Total
	$	$	$	$
Cost				
Balance at 1 January 2020	162,414	537,565	457,437	1,157,416
Additions	-	29,654	8,499	38,153
Write off	-	(18,217)	-	(18,217)
Impairment	-	-	-	-
Balance at 31 December 2020	162,414	549,002	465,936	1,177,352
Balance at 1 January 2021	**162,414**	**549,002**	**465,936**	**1,177,352**
Additions	-	-	-	-
Disposals	-	(128,263)	(101,865)	(230,128)
At 31 December 2021	162,414	420,739	364,071	947,224
Accumulated depreciation				
Balance at 1 January 2020	-	(206,427)	(29,699)	(236,126)
Depreciation for the year	(42,372)	(148,502)	(122,800)	(313,674)
Write-off	-	11,408	-	11,408
Balance at 31 December 2020	(42,372)	(343,521)	(152,499)	(538,392)
Balance at 1 January 2021	(42,372)	(343,521)	(152,499)	(538,392)
Depreciation for the year	(42,371)	(110,465)	(109,458)	(262,294)
Disposals	-	108,480	62,253	170,733
Balance at 31 December 2021	(84,743)	(345,506)	(199,704)	(629,953)
Net book value				
At 1 January 2020	162,414	331,138	427,738	921,290
At 31 December 2020	120,042	205,481	313,437	638,960
At 1 January 2021	120,042	205,481	313,437	638,960
At 31 December 2021	77,671	75,233	164,367	317,271

14. MultiClient library

	2021	2020
	$	$
Cost		
Balance at 1 January	220,380,886	220,248,288
Additions	265,485	132,598
Balance at 31 December	220,646,371	220,380,886
Accumulated amortisation		
Balance at 1 January	(158,714,400)	(154,858,821)
Amortisation for the year	(2,407,779)	(3,855,579)
Balance at 31 December	(161,122,179)	(158,714,400)
Impairment		
Balance at 1 January	(54,008,510)	(54,008,510)
Impairment for the year	(4,803,770)	-
Balance at 31 December	(58,812,280)	(54,008,510)
Carrying amounts		
At 1 January	7,657,976	11,380,957
At 31 December	711,912	7,657,976

In accordance with the Company's accounting policies and processes, the MultiClient library was reviewed for indicators of impairment at 31 December 2021.

The recoverable amount of the MultiClient library is determined through a discounted cash flow model (value in use), which is based on expected future sales from each project discounted to present value. Sales forecasts are obtained from the five-year financial prognosis approved by senior management, and a discount rate of 12% has been applied. As a result of this analysis, the Mawson project has been written down to zero in 2021, resulting in an impairment charge of $4,803,770 (2020: nil).

15. Trade and other payables

	2021	2020
	$	$
Current		
Trade payables	(70,578)	(84,857)
Accrued operating expenses	(103,117)	(129,995)
Amounts due to related corporations	(150,688)	-
VAT	(14,352)	(60,267)
	(338,735)	(275,119)

Trade payables are non-interest bearing and are normally settled on 7 to 30 day terms.

16. Lease Liabilities

	2021	2020
	$	$
Current		
Lease liabilities	(94,099)	(168,714)
Total current lease liabilities	(94,099)	(168,714)
Non-current		
Lease liabilities	(84,653)	(185,873)
Total non-current lease liabilities	(84,653)	(185,873)
Total lease liabilities	(178,752)	(354,587)

17. Amounts due to ultimate holding company

	2021	2020
	$	$
Current		
Amounts due to holding company	(74,597,433)	(76,848,538)
	(74,597,433)	**(76,848,538)**

Amounts due to related corporations are interest-free and repayable on demand.

The shares in the Company are pledged as part security for the credit facility and a term loan of the holding company. Further the Company has pledged its Multiclient library assets in favour of its parent.

The holding company has resolved not to demand repayment of its loan in circumstances that would result in the Company not being able to pay its debts as and when they fall due for 12 months from the date of annual report.

During 2021, the loan arrangement was transferred from PGS ASA, the ultimate holding company, to Petroleum Geo-Services AS, the immediate holding company, under the same terms.

18. Employee benefits

	2021	2020
	$	$
Current		
Provision for bonus	(121,230)	-
Provision for annual leave	(72,274)	(148,860)
Provision for long service leave	(155,620)	(180,117)
Provision for termination benefits	-	(241,502)
	(349,124)	**(570,479)**
Non-current		
Provision for long service leave	(9,849)	(19,421)
Provision for termination benefits	-	-
	(9,849)	**(19,421)**

19. Capital

	2021	2020
	$	$
On issue at 1 January	9,600,241	9,600,241
On issue at 31 December	9,600,241	9,600,241
Balance at 1 January	6,863,947	6,863,947
Balance at 31 December	6,863,947	6,863,947

Ordinary shares

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. Ordinary shareholders are entitled to one vote per share at meetings of the Company.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and, in the event of the winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

20. Commitment and contingencies

Short term/ low value leases

Future minimum rentals payable under non-cancellable operating leases at balance date are:

	2021	2020
	$	$
Within one year	8,450	3,721
After one year but not more than five years	16,900	11,164
	25,350	**14,885**

Capital commitments

The Company has no capital commitments as at the reporting date (FY20: NIL).

Contingent liabilities

The Company has no contingent liabilities as at the reporting date (FY20: NIL).

Contingent assets

The Company has no contingent assets as at the reporting date (FY20: NIL).

21. Related party transactions

		Recharges to related parties	Expenses charged by related parties	Amounts owed by related parties*	Amounts owed to related parties*
Entities with control or significant influence over the Company:					
PGS Geophysical AS	**2021**	440,380	(917,269)	-	(149,696)
	2020	(3,737,157)	(1,398,411)	237,599	-
Other related parties**:	**2021**	(23,672)	(367)	-	(5,393)
	2020	-	(903,329)	5,403	(29,649)

* The amounts are classified as other receivables and trade payables respectively.

** Other related parties include subsidiaries of PGS ASA.

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions.

Loans from/to related parties:		Interest paid	Amounts owed to related parties
Petroleum Geo-Services AS	**2021**	**-**	**(74,597,433)**
PGS ASA	2020	-	(76,848,538)

Amounts due related to corporations are interest-free and repayable on demand.

22. Segment reporting

All revenues, assets and liabilities are considered to be derived and held in one geographical area, being Australia.

23. Remuneration of auditors

	2021	2020
	$	$
Audit services		
Audit and review of financial reports	51,000	53,500
- EY Australia	51,000	53,500
Other		
Other services	15,000	-
- EY Australia	15,000	-

24. Financial instruments

Financial risk management objectives and policies

The Company's principal financial instruments comprise cash and cash equivalents, receivables, trade and other payables and interest bearing loans and borrowings. The Company does not have any financial derivatives, hedges or other off balance sheet products in place at 31 December 2021.

The Company's activities expose it to a variety of financial risks; credit risk, liquidity risk, interest rate risk and foreign currency risk. The Company uses different methods to measure and manage different types of risk to which it is exposed. These include analysis of aging reports to monitor and manage credit risk, analysis of future cash flow forecasts to monitor and manage liquidity risk, monitoring levels of exposure to interest rate risk and assessments of market forecasts for interest rate movement and monitoring of foreign currency transactions.

Credit risk

Credit risk represents the loss that would be recognised if counter parties failed to perform as contracted. The Company's maximum exposure to credit risk at reporting date in relation to each class of financial asset is limited to the carrying amount of those assets as indicated in the Statement of financial position. The significant concentration of credit risk is in relation to trade receivables and cash and cash equivalents.

Liquidity risk

The liquidity position of the Company is managed to ensure sufficient liquid funds are available to meet financial commitments in a timely and cost-effective manner. This is done by continually reviewing business and cash flow forecasts, to determine the forecast liquidity position and requirements in advance. The contractual maturities of the Group's financial liabilities are as per the table below:

	2021 $	2020 $
Less than one year	1,902,681	175,647
More than one year	(74,682,084)	(77,034,411)
	(72,779,403)	**(76,858,764)**

	Less than 1 year	1-5 years	No set repayment date	Total
Financial assets				
Trade and other receivables	2,336,331	-	-	2,336,331
Related party receivables	-	-	-	-
Other non-current asset	-	-	-	-
	2,336,331	-	-	2,336,331
Financial liabilities				
Trade and other payables	(338,737)	-	-	(338,737)
Amount due to holding company	-	-	(74,597,431)	(74,597,431)
Lease liabilites	(94,099)	(84,653)	-	(178,752)
	(432,836)	(84,653)	(74,597,431)	(75,114,920)
Net inflow/(outflow)	**1,903,495**	**(84,653)**	**(74,597,431)**	**(72,778,589)**

2020	**Les than 1 year**	**1-5 years**	**No set repayment date**	**Total**
Financial assets				
Trade and other receivables	406,127		-	406,127
Related party receivables	213,353		-	213,353
Other non-current asset			-	-
	619,480	-	-	619,480
Financial liabilities				
Trade and other payables	(275,119)	-	-	(275,119)
Amount due to ultimate company	-	-	(76,848,538)	(76,848,538)
Lease liabilites	(168,714)	(185,873)	-	(354,587)
	(443,833)	(185,873)	(76,848,538)	(77,478,244)
Net inflow/(outflow)	**175,647**	**(185,873)**	**(76,848,538)**	**(76,858,764)**

Interest rate risk

The company is not exposed to any material interest rate risk.

Foreign currency risk

As a result of certain transactions in the Company being denominated in Australian dollars, the Company's cash flows can be affected by movements in the US dollar/Australian dollar exchange rate. The majority of its revenues and costs, as well as financing are in USD and the exposure is therefore, within a reasonable possible range, not material to the financial position of the company. The Company do not enter into any derivatives or similar to secure any net exposure.

Net fair values of financial assets and liabilities

The carrying amount of financial assets and financial liabilities recorded in the Financial Report approximates their respective fair values, determined in accordance with the accounting policies disclosed in Note 2.

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Auditor's independence declaration to the directors of PGS Australia Pty Ltd

As lead auditor for the audit of the financial report of PGS Australia Pty Ltd for the financial year ended 31 December 2021, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

Ernst & Young

Ernst & Young

J K Newton

J K Newton
Partner
2 May 2022

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Independent auditor's report to the members of PGS Australia Pty Ltd

Opinion

We have audited the financial report of PGS Australia Pty Ltd (the Company), which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the Company's financial position as at 31 December 2021 and of its financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2b in the financial report, which describes the principal conditions that raise doubt about the Company's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of matter - Basis of accounting and restriction on use

We draw attention to Note 2a to the financial statements, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001* and to meet Section 3CA of the *Taxation Administration Act 1953*. Our report is intended solely for the Company and its members and should not be used by parties other than the Company and its members. Our opinion is not modified in respect of this matter.

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Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report 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, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards 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 this financial report.

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

► Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the 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.

Ernst & Young

Ernst & Young

J K Newton

J K Newton
Partner
Perth
2 May 2022

Annex 3a

PGS Suporte Logistico e Servicos Ltda. 2022

Pgs Suporte Logistico E Servicos Ltda
Financial Statements 2022

Revenue statement

Pgs Suporte Logistico E Servicos Ltda

Values in USD	Note	2022	2021
Operating income and operating expenses			
Revenue		111 036 735	11 776 394
Total income		**111 036 735**	**11 776 394**
Employee benefits expense	3	(2 134 128)	(2 104 620)
Depreciation and amortisation expenses	7, 8, 9	(51 602 569)	(11 820 274)
Other expenses	6	(62 428 818)	(12 181 612)
Total expenses		**(116 165 514)**	**(26 106 506)**
Operating profit		**(5 128 779)**	**(14 330 111)**
Financial income and expenses			
Other interest income		84 522	12 852
Other financial income	6	4 989 783	3 050 408
Other interest expenses	9	(37 759)	(40 700)
Other financial expenses	6	(613 360)	(3 993 598)
Net financial items		**4 423 187**	**(971 038)**
Net profit before tax		(705 592)	(15 301 150)
Income tax (expense) / benefit	4	-	(2 308 353)
Net profit or loss		**(705 592)**	**(17 609 502)**
Attributable to			
Other equity		(705 592)	(17 609 502)
Total		**(705 592)**	**(17 609 502)**

Balance sheet

Pgs Suporte Logistico E Servicos Ltda

Values in USD	Note	2022	2021
Assets			
Fixed and intangible assets			
Intangible assets	8	53 945 628	93 076 719
Right-of-use assets (leasing)	9	425 844	479 485
Fixed assets	7	263	3 424
Total fixed and intangible assets		**54 371 735**	**93 559 628**
Other non-current assets			
Long-term deposits	5	18 892 920	17 904 609
Prepaid expences		43 537	38 620
Total other non-current assets		**18 936 457**	**17 943 229**
Total non-current assets		**73 308 191**	**111 502 857**
Current assets			
Accounts receivables		28 805 403	4 692 513
Other short-term receivables		3 448 194	1 835 815
Receivables from group companies	6	10 216 083	8 409 732
Total current assets		**42 469 679**	**14 938 060**
Cash and cash equivalents	5	6 332 076	1 118 311
Total assets		**122 109 946**	**127 559 227**

Balance sheet

Pgs Suporte Logistico E Servicos Ltda

Values in USD	Note	2022	2021
Equity			
Paid-in capital			
Share capital	2	5 950 003	5 950 003
Total paid-up equity		**5 950 003**	**5 950 003**
Other equity			
Other equity		(19 934 882)	(14 496 414)
Total other equity		**(19 934 882)**	**(14 496 414)**
Total equity		**(13 984 879)**	**(8 546 411)**
Other non-current liabilities			
Non-current lease liabilities	9	160 894	95 276
Non-current liabilities to group companies	6	92 229 601	79 228 653
Other non-current liabilities		10 272	3 808
Total non-current liabilities		**92 400 767**	**79 327 738**
Current liabilities			
Current lease liabilities	9	226 699	239 732
Trade payables		1 174 791	149 373
Public duties payable		9 457 589	7 109 115
Current liabilities to group companies	6	17 433 479	9 031 754
Other current liabilities		15 401 500	40 247 926
Total current liabilities		**43 694 058**	**56 777 900**
Total liabilities		**136 094 825**	**136 105 637**
Total equity and liabilities		**122 109 946**	**127 559 227**

22.11.2023

DocuSigned by:
Gottfred Langseth
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Gottfred Langseth
Member of the board

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Rune Olav Pedersen
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Rune Olav Pedersen
Chairman of the board

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Merethe Bryn
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Merethe Bryn
Member of the board

Pgs Suporte Logistico E Servicos Ltda
Statements of Changes in Shareholders' Equity

(In USD)	Share capital	Other equity	Total
Equity at 1 January 2021	**5,950,003**	**3,113,089**	**9,063,092**
Profit (loss) for the period	-	(17,609,503)	**(17,609,503)**
Group contribution net	-	-	**-**
Equity at 31 December 2021	**5,950,003**	**(14,496,414)**	**(8,546,411)**
Profit (loss) for the period	-	(705,592)	**(705,592)**
Group contribution net	-	(4,732,876)	**(4,732,876)**
Equity at 31 December 2022	**5,950,003**	**(19,934,882)**	**(13,984,879)**

Pgs Suporte Logistico E Servicos Ltda
Statement of cash flows 01.01 - 31.12

(In USD)	Note	2022	2021
Cash flow from operating activities			
Net income		(705,592)	(17,609,502)
Ordinary depreciation and impairment of property and equipment	7, 9	388,474	568,987
Amortization and impairment of Multiclient data library	8	51,214,095	11,251,287
Interest expense	9	37,759	30,860
Foreign exchange (gain) loss, unrealized		(973,229)	1,273,280
Change in accounts receivable		(24,112,889)	20,425,055
Change in accounts payable		1,025,418	(278,876)
Net change current intercompany balances		19,596,322	(401,856)
Change in other accruals		(24,058,050)	16,362,039
Net cash flow from operating activities		**22,412,308**	**31,621,274**
Cash flow from investing activities			
Investments in multiclient library	8	(12,083,004)	(31,915,232)
Net cash flow from investing activities		**(12,083,004)**	**(31,915,232)**
Cash flow from financing activities			
Payment of dividend		(4,732,877)	-
Payment lease	9	(344,904)	(425,891)
Payment lease interests	9	(37,759)	(30,860)
Net cash flow from financing activities		**(5,115,540)**	**(456,751)**
Cash and cash equivalents			
Net change in cash and cash equivalents for the year		5,213,764	(750,709)
Cash and cash equivalents as of 1 January		1,118,311	1,869,020
Cash and cash equivalents as of 31 December		**6,332,076**	**1,118,311**

Pgs Suporte Logistico E Servicos Ltda
Notes to the financial statements 2022

Note 1 Accounting principles

General
The financial statements of Pgs Suporte Logistico E Servicos Ltda ("the Company") are included in the PGS ASA consolidated financial statements.

Basis of presentation
Pgs Suporte Logistico E Servicos Ltda financial statements for 2022 have been prepared and presented in accordance with the regulations on simplified application of the International Financial Reporting Standards (IFRS) (FOR-2014-11-03-1415), ref. the Norwegian Accounting Act § 3.9 5th paragraph, with comparative figures for 2021.

Going concern
Pursuant to section 3-3a of the Norwegian Accounting Act, the Board confirms that the 2022 financial statements have been prepared based on the assumption of a going concern and that it believes that this assumption is appropriate. Refer to "Note 10 - Debt, Guarantees and Going Concern" for further information.

The Company's ultimate parent company, PGS ASA, has provided a letter of financial support and will continue to contribute funds as necessary to ensure the Company is at all times capable of meetings its liabilities as and when they fall due and carrying on its business, for a period of at least 12 months from the signing of the annual financial report.

Summary of significant accounting policies:

Main principles for assessing and classifying assets and liabilities
Assets determined for lasting ownership or use are classified as non-current assets. Other assets are classified as current assets. Receivables to be paid within one year are classified as current assets. The same criteria are applied in the classification of liabilities.

Non-current assets are valued at cost, but written down to the recoverable amount when the impairment is not expected to be temporary. Non-current assets with a limited economic lifetime are depreciated on a straight line basis. Non-current debt is recognized at its nominal value when incurred.

Current assets are valued at the lower of cost and fair value. Current liabilities are recognized at nominal value when incurred. Pursuant to the Accounting Act, some items are assessed in accordance with specific valuation guidelines which are summarized below.

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

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

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

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.

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 component of 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 value of the project.

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.

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.

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 inflows from the projects to which the vessel will steam are sufficient to recover the cost of the steam. The recoverable steaming cost associated with MultiClient surveys is capitalized as a part of the MultiClient library (see above). The recoverable steaming costs associated with exclusive contract surveys is deferred and charged to the statements of profit and loss based upon the percentage of completion of the surveys.

Property and equipment
Property and equipment are recognized at cost less ordinary depreciation and impairments. Depreciation is calculated on a straight-line basis considering the estimated useful life and residual value.

Receivables
Trade receivables and other receivables are recognized at their nominal value less a provision for expected losses.

Bank deposits
The Company's liquid assets are included in the PGS Group's cash pool and are settled against intercompany balances on a current basis.

Intercompany balances
Short-term balances with other group subsidiaries are settled against the parent company on a regular basis. The long-term balance has no fixed due date.

Transactions in foreign currencies
Transactions in foreign currencies are recorded at the transaction date exchange rate. Monetary items in foreign currencies are translated to Norwegian kroner at the exchange rate on the balance sheet date. Net realized and unrealized currency loss/gain is recognized as financial expense/income in the income statement.

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.

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 a lease liability 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 low value leases
The Company has elected to apply the recognition exemption to lease contracts with a duration of less than 12 months, or that relate to assets with an underlying low value. Lease payments associated with short-term leases and leases of low-value assets are expensed on a straight-line basis.

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

Goodwill does not generate cash flows independently of other assets or groups of assets and is allocated to the cash-generating units expected to benefit from the synergies of the combination that gave rise to the goodwill.

Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.
Goodwill (and the cash-generating unit to which goodwill is allocated) and intangible assets not yet available for use are evaluated for impairment annually, or whenever there is an indication that the asset may be impaired. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit (including goodwill allocation), the impairment is applied first to reduce the carrying amount of goodwill and then to reduce the carrying amount of the other assets in the unit pro-rata, based on their relative carrying amounts.

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

Revenue from contracts with customers
Revenue from contracts with customers arise primarily from 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, consideration is allocated among the performance obligations based on their estimated relative fair values.

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.

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 no longer exists.

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 have “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 the right to 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 “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.

See below for information on the impact of change in accounting policy related to MultiClient prefunding licenses.

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 are measured based on a model taking into account both working hours and processing.

Other services
Revenue is recognized over time as the Company satisfies the performance obligation and is entitled to the compensation under the contract.

Contingent liabilities
Contingent liabilities are expensed if the probability of payment is greater than 50%. A best estimate is applied when calculating the value of the settlement.

Income taxes
Income tax expense is comprised of the sum of current tax expense (or benefit) plus the change in deferred tax liabilities and assets during the period, except for current and deferred income tax relating to items recognized in the consolidated statements of other comprehensive income, in which case the tax is also recognized in the consolidated statements of other comprehensive income.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.
Deferred tax assets and liabilities are calculated using the liability method for all temporary differences between the carrying amount of assets and liabilities in the financial statements and for tax purposes, including tax losses carried forward. A deferred tax liability is not recognized on temporary differences arising from the initial recognition of goodwill.

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent it is no longer probable that estimated future taxable profit will be sufficient to recover all or part of the deferred tax assets. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent it has become probable that estimated future taxable profit is sufficient to recover the deferred tax assets. The probability assessment is based on Management's judgment and estimates of future taxable income, including the estimated effect of tax planning opportunities (see note 4).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the estimated year of realization or settlement, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if 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 long-term in the statements of financial position.

Employee benefits

Pension obligations

The Company operates various pension plans. The plans are funded through payments to insurance companies or trustee-administered funds. The Company has both defined benefit and defined contribution plans. 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 and reduced by the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using estimated interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Past service costs, which is an increase in the present value of the defined benefit obligation for employee services in prior periods due to current period changes to a defined benefit plan, are recognized immediately in the consolidated statements of profit and loss unless the changes to the defined benefit plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the 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 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.

Statements of cash flow
The Company applies the indirect method in the presentation of cash flows.

New and amended standards and interpretations
Several other amendments and interpretations apply for the first time in 2022, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Pgs Suporte Logistico E Servicos Ltda
Notes to the financial statements 2022

Note 2 Share capital, shareholders and parent company information

The Company's capital stock is USD 5,950,003 fully subscribed and paid in and divided into 25,760,832 non-certificate shares or ownership units ("quotas") broken down as follows:

Shareholders	Number of Shares	Amount in USD
PGS Geophysical AS	18,997,019	4,387,759
Petroleum Geo-Service AS	6,763,813	1,562,244
	25,760,832	**5,950,003**

Pgs Suporte Logistico E Servicos Ltda is included in the consolidated financial statements of PGS ASA ("PGS Group"). The consolidated financial statements can be downloaded at www.pgs.com

The company's address is PGS Suporte Logístico e, Serviços Ltda., Rua do Passeio 38/40, Tower 2 Off. 1602 , Ed. Passeio Corporate, 20.021-290 Centro, Rio de Janeiro.

Note 3 Salaries, other personnel expenses and remuneration to the General Manager, Board of Directors and auditor

The Company employed 16 and 15 man-years in 2022 and 2021, respectively.

(all figures in USD)	2022	2021
Salary	1,265,622	1,323,382
Payroll tax	380,647	296,765
Pension	142,543	128,628
Insurances	135,574	90,606
Share option cost	15,979	32,261
Other	193,763	232,977
Total employee benefits expense	**2,134,128**	**2,104,620**

The Company offers its employees such benefits as medical coverage and meal vouchers, among others. These benefits are recorded under the accrual accounting method, and they cease upon termination of the employment relationship.

The remuneration paid to the Company's administrators during the year ended December 31, 2022, was $166,871 (in 2021 it amounted to $76,527 (6 months only, due to no general manager for the period Jan 1 - June 30)). As of 31.12.2022, no loans or collateral are given to the General Manager, Board of Directors etc.

Share based payments
The Restricted Stock Unit programs ("RSU") awarded under long term incentive plans ("LTI Plans") approved by the AGM, requires the participant's continued employment with the company (or a subsidiary) and is settled three years after grant. Upon settlement, the participant will receive at no charge a number of shares in the Company which equals the number of RSUs awarded. Per December 31, 2022 and 2021, the Company had 35,000 and 33,000 outstanding RSU's respectively.

Ordinary audit fees for 2022 are $117,944 ex. VAT, and are related entirely to the audit of the financial statements.
Other audit fees for 2022 are $11,825 ex. VAT, and are related to tax and other services.

Note 4 Income Tax

(all figures in USD)

	2022	2021
Specification of income tax expense		
Corporate income tax (IRPJ)	-	1,694,270
Social contribution on net income (CSLL)	-	614,083
Earlier year adjustments IRPJ and CSLL	-	-
Income tax expense for the year	**-**	**2,308,353**
Reconciliation of income tax expense		
IRPJ tax rate (15% / 10%)	25%	25%
CSLL tax rate (9%)	9%	9%
Taxes at statutory rate and additional tax IRPJ	-	1,694,270
Taxes at statutory rate and additional tax CSLL	-	614,083
Changes in unrecognized deferred tax assets	-	-
Earlier year adjustments IRPJ and CSLL	-	-
Calculated income tax expense for the year	**-**	**2,308,353**
Calculation of taxable income		
Ordinary result before tax	(705,592)	(15,301,150)
Change in temporary differences	-	-
Allocation of loss to be brought forward	-	-
Taxable income	**(705,592)**	**(15,301,150)**
Foreign tax and WHT payable	-	(2,308,353)
Total tax payable	**-**	**(2,308,353)**

Summary of temporary differences as of 31.12	2022	2021
Temporary differences	-	-
Tax losses	-	-
Deferred tax assets base	**-**	**-**
Recognized deferred tax liability (asset)	-	-

Note 5 Restricted Cash / Long-Term Deposits

The Company's deposits in court are broken down as follows in relation to the Federal Authorities, as well as sundry other taxes:

	2022	2021
Federal taxes - CIDE	18,892,920	17,904,609
	18,892,920	**17,904,609**

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 $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.

Note 6 Intercompany Transactions and Balances

The Company is part of the PGS group, and has significant transactions with other companies within the group. Intercompany transactions are mainly related to continuing operations and financing activities.

(all figures in USD)	2022	2021
Revenues from related parties	-	-
Other operating expenses to related parties	(52,234,802)	(28,509,997)
Other financial income (expenses) to related parties	3,532,430	2,465,020
IC mark-up fee income (expenses), charterhire rate adjustment and operations standard cost adj. (net)	(3,455,200)	(883,999)
Dividends and group contribution from (to) Group Companies (net)	(4,732,876)	-
Interest expenses on equity distribution	(488,765)	-

Intercompany operating expenses consist mainly of cost allocations of operational services delivered from other companies within the PGS Group and group shared services.

Related party balances as of 31 December:

(all figures in USD)	2022	2021
Current intercompany receivables	10,216,083	8,409,732
Current intercompany liabilities	(17,433,479)	(9,031,754)
Long-term intercompany liabilities	(92,229,601)	(79,228,653)
Net intercompany balances Group companies	**(99,446,997)**	**(79,850,675)**

Current intercompany receivables and payables towards other group companies are offset against the parent Petroleum Geo-Services AS on a regular basis. Long-term intercompany liabilities are entirely towards the parent company Petroleum Geo-Services AS, and are offset continuously with no fixed due date. As per intercompany agreement, there are no interests calulated on intercompany balances. The Company has the possibility to borrow up to USD 75 million from Petroleum Geo-Services AS.

Note 7 Fixed Assets

The changes in property and equipment are as follows:

(all figures in USD)	Office computers and software	Imaging equipment	Total
Cost as of January 1, 2021	**322,535**	**540,704**	**863,239**
Additions	-	-	-
Transfers, disposals and reclassifications	-	-	-
Cost as of December 31, 2021	**322,535**	**540,704**	**863,239**
Additions	-	-	-
SkatteFunn R&D deduction	-	-	-
Transfers, disposals and reclassifications	-	(27,307)	(27,307)
Cost as of December 31, 2022	**322,535**	**513,397**	**835,932**
(In millions of NOK)			
Accumulated depreciation and impairment as of January 1, 2021	**(312,797)**	**(524,344)**	**(837,141)**
Depreciation and impairment	(9,738)	(12,936)	(22,674)
Disposals and reclassifications	-	-	-
Accumulated depreciation and impairment of December 31, 2021	**(322,535)**	**(537,280)**	**(859,815)**
Depreciation and impairment	-	(3,161)	(3,161)
Disposals and reclassifications	-	27,307	27,307
Accumulated depreciation and impairment of December 31, 2022	**(322,535)**	**(513,134)**	**(835,669)**
Balance as of December 31, 2021	**-**	**3,424**	**3,424**
Balance as of December 31, 2022	**-**	**263**	**263**
Estimated useful life	3 years	4 years	

Note 8 Intangible Assets - Multiclient data library

The changes in the MultiClient Library are as follows:

(all figures in USD)	2022	2021
Balance as of 01.01	**93,076,719**	**72,412,774**
Capital expenditures	12,083,004	31,915,232
Amortization expense	(51,214,095)	(11,251,287)
Impairments	-	-
Balance as of 31.12	**53,945,628**	**93,076,719**

Note 9 Lease Agreements

The amortization and interest of the leases are recognized directly as P&L monthly, being the amortization on administrative expenses accounting group and interest on financial expenses one, considering the lease agreements terms.

	Office space and leasehold improvement	
	Assets	**Liabilities**
Recognition in January 1, 2021	**825,660**	**(579,463)**
Interest	-	(30,860)
Payments	-	425,891
Contract inflationary increase	200,138	(179,330)
Amortization	(546,313)	-
Currency effects	-	28,754
Balance as at December 31.2021	**479,485**	**(335,008)**
Short-term lease liability		*(239,732)*
Long-term lease liability		*(95,276)*
Recognition in January 1, 2022	**479,485**	**(335,008)**
Interest	-	(37,759)
Renewal Contract	400,887	(400,887)
Adjustment contract termination	(69,215)	56,241
Payments	-	344,904
Amortization	(385,313)	-
Currency effects	-	(15,082)
Balance as at December 31,2022	**425,844**	**(387,592)**
Short-term lease liability		*(226,699)*
Long-term lease liability		*(160,892)*

Note 10 Debt, Guarantees and Going Concern

The company is dependent for its working capital on funds provided to it by PGS ASA, the company's ultimate parent undertaking. The directors have considered the financial position of PGS ASA, including centralised treasury arrangements.

During 2022, the improving seismic market improved cash flow generation, and the PGS Group's liquidity position was further strengthened by strong shareholder support in two private placements raising close to $250 million of new equity. In March 2023, PGS successfully placed a new $450 million senior secured bond with 4-year tenor, the proceeds of which were, together with cash held on balance sheet, used to repay $600 million of the Group's Term Loan B (the "TLB") maturing in March 2024. PGS expects to repay the remaining $138 million TLB from operational cash flows, supported by a separate $75million term loan facility secured in July 2023.

On 18 September 2023, PGS ASA and TGS ASA, a seismic company based in Norway, announced that principal terms had been agreed to perform a statutory merger of the two companies, with completion expected in the first half of 2024. The transaction remains subject to certain conditions, including a confirmatory due diligence by both parties, finalising and executing a definitive merger plan, as well as customary closing conditions such as relevant regulatory approvals and consents and expiry of statutory waiting periods and no material adverse change occurring. The transaction is also subject to approval by extraordinary general meetings in both TGS and PGS with at least two-thirds majority. In connection with the planned transaction, PGS obtained an additional $40 million of equity in September 2023 which was not conditional upon the merger completing.

The directors are confident that the PGS Group will generate sufficient cash flows to repay the TLB balance by March 2024 and remain within financial covenants for the period, and have obtained a letter of support from the PGS Group confirming that support will be provided for the company to meet its liabilities up to 30 November 2024.

The directors have obtained sufficient information in terms of the financial situation of PGS ASA until 30 November 2024, they consider it appropriate to continue to adopt the going concern basis of accounting in preparing these financial statements for the year ended 31 December 2022.

The financial statements do not contain the adjustments that would result if the company was unable to continue as a going concern.

The equity as of December 31, 2022 is negative $13,984,879. The Company has $48,304,992 in loans from the parent companies that plans to be converted to equity during 2023-2024. The Company has only intercompany debt and possible measures include further conversion of debt.

As part of the PGS Group financing arrangements, Kroll Trustee Services Limited holds a floating charge over the undertaking and assets of the company. The company is a guarantor for the $450 million senior secured bond and the $138 million Term Loan B.

Note 11 Subsequent events

Other than the developments in the PGS Group financing arrangements as described in the going concern disclosures, there are no events subsequent to the year end requiring disclosure.

Statsautoriserte revisorer
Ernst & Young AS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Petroleum Geo-Services AS

Report on the audit of financial statements prepared in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act (simplified IFRS).

Opinion

We have audited the financial statements of PGS Suporte Logistico e Servicos Ltda (the Company), which comprise the balance sheet as at 31 December 2022, the revenue statement and statements of cash flows and changes in 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 of the Company for the year ended 31 December 2022 are prepared, in all material respects, in accordance with the simplified IFRS.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our 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.

Emphasis of matter – basis of accounting and restriction on distribution and use

We draw attention to note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Company in complying with the simplified IFRS. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Company and to be included in the listing prospectus to the Norwegian Financial Supervisory Authority and should not be distributed to or used by other parties. Our opinion is not modified in respect of this matter.

Responsibilities of management for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with the simplified IFRS 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Oslo, 22 November 2023
ERNST & YOUNG AS

The auditor's report is signed electronically.

Terje Havn
State Authorised Public Accountant (Norway)

PENNEO

The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

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

Terje Havn
Statsautorisert revisor
On behalf of: Ernst & Young AS
Serial number: 9578-5994-4-464108
IP: 147.161.xxx.xxx
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Annex 3b

PGS Suporte Logistico e Servicos Ltda. 2021

Pgs Suporte Logistico E Servicos Ltda
Financial Statements 2021

Revenue statement

Pgs Suporte Logistico E Servicos Ltda

Values in USD	Note	2021	2020
Operating income and operating expenses			
Revenue		11 776 394	28 613 430
Total income		**11 776 394**	**28 613 430**
Employee benefits expense	3	(2 104 620)	(2 736 116)
Depreciation and amortisation expenses	7, 8, 9	(11 820 274)	(10 482 229)
Other expenses	6	(12 181 612)	(4 590 766)
Total expenses		**(26 106 506)**	**(17 809 112)**
Operating profit		**(14 330 111)**	**10 804 318**
Financial income and expenses			
Other interest income		12 852	52 418
Other financial income	6	3 050 408	1 711 592
Other interest expenses	9	(40 700)	(40 342)
Other financial expenses	6	(3 993 598)	(7 107 742)
Net financial items		**(971 038)**	**(5 384 074)**
Net profit before tax		(15 301 150)	5 420 244
Income tax (expense) / benefit	4	(2 308 353)	(8 990 082)
Net profit or loss		**(17 609 502)**	**(3 569 838)**
Attributable to			
Other equity		(17 609 502)	(3 569 838)
Total		**(17 609 502)**	**(3 569 838)**

Balance sheet

Pgs Suporte Logistico E Servicos Ltda

Values in USD	Note	2021	2020
Assets			
Fixed and intangible assets			
Intangible assets	8	93 076 719	72 412 774
Right-of-use assets (leasing)	9	479 485	825 660
Fixed assets	7	3 424	26 098
Total fixed and intangible assets		**93 559 628**	**73 264 532**
Other non-current assets			
Long-term deposits	5	17 904 609	19 206 643
Prepaid expences		38 620	27 944
Total other non-current assets		**17 943 229**	**19 234 587**
Total non-current assets		**111 502 857**	**92 499 119**
Current assets			
Accounts receivables		4 692 513	25 117 568
Other short-term receivables		1 835 815	1 107 422
Receivables from group companies	6	8 409 732	3 763 458
Total current assets		**14 938 060**	**29 988 448**
Cash and cash equivalents	5	1 118 311	1 869 020
Total assets		**127 559 227**	**124 356 587**

Balance sheet

Pgs Suporte Logistico E Servicos Ltda

Values in USD	Note	2021	2020
Equity			
Paid-in capital			
Share capital	2	5 950 003	5 950 003
Total paid-up equity		**5 950 003**	**5 950 003**
Other equity			
Other equity		(14 496 414)	3 113 089
Total other equity		**(14 496 414)**	**3 113 089**
Total equity		**(8 546 411)**	**9 063 092**
Other non-current liabilities			
Non-current lease liabilities	9	95 276	245 846
Non-current liabilities to group companies	6	79 228 653	73 974 793
Other non-current liabilities		3 808	8 149
Total non-current liabilities		**79 327 738**	**74 228 788**
Current liabilities			
Current lease liabilities	9	239 732	333 617
Trade payables		149 373	428 249
Public duties payable		7 109 115	7 275 924
Current liabilities to group companies	6	9 031 754	10 041 195
Other current liabilities		40 247 926	22 985 722
Total current liabilities		**56 777 900**	**41 064 707**
Total liabilities		**136 105 637**	**115 293 495**
Total equity and liabilities		**127 559 227**	**124 356 587**

22.11.2023

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Gottfred Langseth	Rune Olav Pedersen	Merethe Bryn
Member of the board	Chairman of the board	Member of the board

Pgs Suporte Logistico E Servicos Ltda
Statements of Changes in Shareholders' Equity

(In USD)	Share capital	Other equity	Total
Equity at 1 January 2020	**5,950,003**	**6,682,927**	**12,632,930**
Profit (loss) for the period	-	(3,569,838)	**(3,569,838)**
Group contribution net	-	-	**-**
Equity at 31 December 2020	**5,950,003**	**3,113,089**	**9,063,092**
Profit (loss) for the period	-	(17,609,503)	**(17,609,503)**
Group contribution net	-	-	**-**
Equity at 31 December 2021	**5,950,003**	**(14,496,414)**	**(8,546,411)**

Pgs Suporte Logistico E Servicos Ltda
Statement of cash flows 01.01 - 31.12

(In USD)	Note	2021	2020
Cash flow from operating activities			
Net income		(17,609,502)	(3,569,838)
Ordinary depreciation and impairment of property and equipment	7, 9	568,987	597,793
Amortization and impairment of Multiclient data library	8	11,251,287	9,884,436
Interest expense	9	30,860	40,342
Foreign exchange (gain) loss, unrealized		1,273,280	50,114
Change in accounts receivable		20,425,055	(16,118,000)
Change in accounts payable		(278,876)	126,840
Net change current intercompany balances		(401,856)	41,847,978
Change in other accruals		16,362,039	13,162,783
Net cash flow from operating activities		**31,621,274**	**46,022,448**
Cash flow from investing activities			
Purchase of property and equipment		-	(9,473)
Investments in multiclient library	8	(31,915,232)	(43,802,204)
Net cash flow from investing activities		**(31,915,232)**	**(43,811,677)**
Cash flow from financing activities			
Payment lease	9	(425,891)	(594,386)
Payment lease interests	9	(30,860)	(40,342)
Net cash flow from financing activities		**(456,751)**	**(634,728)**
Cash and cash equivalents			
Net change in cash and cash equivalents for the year		(750,709)	1,576,043
Cash and cash equivalents as of 1 January		1,869,020	292,977
Cash and cash equivalents as of 31 December		**1,118,311**	**1,869,020**

Pgs Suporte Logistico E Servicos Ltda
Notes to the financial statements 2021

Note 1 Accounting principles

General
The financial statements of PGS Suporte Logistico E Servicos Ltda ("the Company") are included in the PGS ASA consolidated financial statements.

Basis of presentation
PGS Suporte Logistico E Servicos Ltda financial statements for 2021 have been prepared and presented in accordance with the regulations on simplified application of the International Financial Reporting Standards (IFRS) (FOR-2014-11-03-1415), ref. the Norwegian Accounting Act § 3.9 5th paragraph, with comparative figures for 2020.

Going concern
Pursuant to section 3-3a of the Norwegian Accounting Act, the Board confirms that the 2021 financial statements have been prepared based on the assumption of a going concern and that it believes that this assumption is appropriate. Refer to "Note 10 - Debt, Guarantees and Going Concern" for further information.

The Company's ultimate parent company, PGS ASA, has provided a letter of financial support and will continue to contribute funds as necessary to ensure the Company is at all times capable of meetings its liabilities as and when they fall due and carrying on its business, for a period of at least 12 months from the signing of the annual financial report.

Summary of significant accounting policies:

Main principles for assessing and classifying assets and liabilities
Assets determined for lasting ownership or use are classified as non-current assets. Other assets are classified as current assets. Receivables to be paid within one year are classified as current assets. The same criteria are applied in the classification of liabilities.

Non-current assets are valued at cost, but written down to the recoverable amount when the impairment is not expected to be temporary. Non-current assets with a limited economic lifetime are depreciated on a straight line basis. Non-current debt is recognized at its nominal value when incurred.

Current assets are valued at the lower of cost and fair value. Current liabilities are recognized at nominal value when incurred. Pursuant to the Accounting Act, some items are assessed in accordance with specific valuation guidelines which are summarized below.

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

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

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

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.

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 component of 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 value of the project.

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.

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.

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 inflows from the projects to which the vessel will steam are sufficient to recover the cost of the steam. The recoverable steaming cost associated with MultiClient surveys is capitalized as a part of the MultiClient library (see above). The recoverable steaming costs associated with exclusive contract surveys is deferred and charged to the statements of profit and loss based upon the percentage of completion of the surveys.

Property and equipment
Property and equipment are recognized at cost less ordinary depreciation and impairments. Depreciation is calculated on a straight-line basis considering the estimated useful life and residual value.

Receivables
Trade receivables and other receivables are recognized at their nominal value less a provision for expected losses.

Bank deposits
The Company's liquid assets are included in the PGS Group's cash pool and are settled against intercompany balances on a current basis.

Intercompany balances
Short-term balances with other group subsidiaries are settled against the parent company on a regular basis. The long-term balance has no fixed due date.

Transactions in foreign currencies
Transactions in foreign currencies are recorded at the transaction date exchange rate. Monetary items in foreign currencies are translated to Norwegian kroner at the exchange rate on the balance sheet date. Net realized and unrealized currency loss/gain is recognized as financial expense/income in the income statement.

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.

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 a lease liability 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 low value leases
The Company has elected to apply the recognition exemption to lease contracts with a duration of less than 12 months, or that relate to assets with an underlying low value. Lease payments associated with short-term leases and leases of low-value assets are expensed on a straight-line basis.

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

Goodwill does not generate cash flows independently of other assets or groups of assets and is allocated to the cash-generating units expected to benefit from the synergies of the combination that gave rise to the goodwill.

Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.
Goodwill (and the cash-generating unit to which goodwill is allocated) and intangible assets not yet available for use are evaluated for impairment annually, or whenever there is an indication that the asset may be impaired. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit (including goodwill allocation), the impairment is applied first to reduce the carrying amount of goodwill and then to reduce the carrying amount of the other assets in the unit pro-rata, based on their relative carrying amounts.

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

Revenue from contracts with customers
Revenue from contracts with customers arise primarily from 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, consideration is allocated among the performance obligations based on their estimated relative fair values.

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.

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 no longer exists.

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 have "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 the right to 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 "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.

See below for information on the impact of change in accounting policy related to MultiClient prefunding licenses.

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 are measured based on a model taking into account both working hours and processing.

Other services
Revenue is recognized over time as the Company satisfies the performance obligation and is entitled to the compensation under the contract.

Contingent liabilities
Contingent liabilities are expensed if the probability of payment is greater than 50%. A best estimate is applied when calculating the value of the settlement.

Income taxes
Income tax expense is comprised of the sum of current tax expense (or benefit) plus the change in deferred tax liabilities and assets during the period, except for current and deferred income tax relating to items recognized in the consolidated statements of other comprehensive income, in which case the tax is also recognized in the consolidated statements of other comprehensive income.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.
Deferred tax assets and liabilities are calculated using the liability method for all temporary differences between the carrying amount of assets and liabilities in the financial statements and for tax purposes, including tax losses carried forward. A deferred tax liability is not recognized on temporary differences arising from the initial recognition of goodwill.

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent it is no longer probable that estimated future taxable profit will be sufficient to recover all or part of the deferred tax assets. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent it has become probable that estimated future taxable profit is sufficient to recover the deferred tax assets. The probability assessment is based on Management's judgment and estimates of future taxable income, including the estimated effect of tax planning opportunities (see note 4).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the estimated year of realization or settlement, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if 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 long-term in the statements of financial position.

Employee benefits

Pension obligations

The Company operates various pension plans. The plans are funded through payments to insurance companies or trustee-administered funds. The Company has both defined benefit and defined contribution plans. 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 and reduced by the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using estimated interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Past service costs, which is an increase in the present value of the defined benefit obligation for employee services in prior periods due to current period changes to a defined benefit plan, are recognized immediately in the consolidated statements of profit and loss unless the changes to the defined benefit plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the 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 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.

Statements of cash flow
The Company applies the indirect method in the presentation of cash flows.

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

Pgs Suporte Logistico E Servicos Ltda
Notes to the financial statements 2021

Note 2 Share capital, shareholders and parent company information

The Company's capital stock is USD 5,950,003 fully subscribed and paid in and divided into 25,760,832 non-certificate shares or ownership units ("quotas") broken down as follows:

Shareholders	Number of Shares	Amount in USD
PGS Geophysical AS	18,997,019	4,387,759
Petroleum Geo-Service AS	6,763,813	1,562,244
	25,760,832	**5,950,003**

Pgs Suporte Logistico E Servicos Ltda is included in the consolidated financial statements of PGS ASA. The consolidated financial statements can be downloaded at www.pgs.com

The company's address is PGS Suporte Logístico e, Serviços Ltda., Rua do Passeio 38/40, Tower 2 Off. 1602 , Ed. Passeio Corporate, 20.021-290 Centro, Rio de Janeiro.

Note 3 Salaries, other personnel expenses and remuneration to the General Manager, Board of Directors and auditor

The Company employed 15 and 11 man-years in 2021 and 2020, respectively.

(all figures in USD)	2021	2020
Salary	1,323,382	1,582,388
Payroll tax	296,765	419,032
Pension	128,628	303,699
Insurances	90,606	135,876
Share option cost	32,261	31,072
Other	232,977	264,051
Total employee benefits expense	**2,104,620**	**2,736,116**

The Company offers its employees such benefits as medical coverage and meal vouchers, among others. These benefits are recorded under the accrual accounting method, and they cease upon termination of the employment relationship.

The remuneration paid to the Company's administrator during the year ended December 31, 2021, was $76,527 (July-Dec), and in 2020 it amounted to $79,744 (Jan-Nov). There was no Company administrator for the period December 1, 2020, to June 30, 2021.

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

Share based payments
The Restricted Stock Unit programs ("RSU") awarded under long term incentive plans ("LTI Plans") approved by the AGM, requires the participant's continued employment with the company (or a subsidiary) and is settled three years after grant. Upon settlement, the participant will receive at no charge a number of shares in the Company which equals the number of RSUs awarded. Per December 31, 2021 and 2020, the Company had 33,000 and 18,000 outstanding RSU's respectively.

Ordinary audit fees for 2021 are $214,651 ex. VAT, and are related entirely to the audit of the financial statements.
Other audit fees for 2021 are $7,545 ex. VAT, and are related to tax and other services.

Note 4 Income tax

(all figures in USD)	2021	2020
Specification of income tax expense		
Corporate income tax (IRPJ)	1,694,270	6,705,879
Social contribution on net income (CSLL)	614,083	2,352,423
Earlier year adjustments IRPJ and CSLL	-	(68,220)
Income tax expense for the year	**2,308,353**	**8,990,082**
Reconciliation of income tax expense		
IRPJ tax rate (15% / 10%)	25%	25%
CSLL tax rate (9%)	9%	9%
Income taxes at statutory rate and additional tax IRPJ	1,694,270	6,705,879
Income taxes at statutory rate and additional tax CSLL	614,083	2,352,423
Changes in unrecognized deferred tax assets	-	-
Earlier year adjustments IRPJ and CSLL	-	(68,220)
Calculated income tax expense for the year	**2,308,353**	**8,990,082**
Calculation of taxable income		
Ordinary result before tax	(15,301,150)	5,420,244
Change in temporary differences	-	-
Allocation of loss to be brought forward	-	-
Taxable income	**(15,301,150)**	**5,420,244**
Foreign tax and WHT payable	(2,308,353)	(8,990,082)
Total tax payable	**(2,308,353)**	**(8,990,082)**

Summary of temporary differences as of 31.12	**2022**	**2021**
Temporary differences	-	-
Tax losses	-	-
Deferred tax assets base	**-**	**-**
Recognized deferred tax liability (asset)	**-**	**-**

Note 5 Restricted cash / Long Term deposits

The Company's deposits in court are broken down as follows in relation to the Federal Authorities, as well as sundry other taxes:

	2021	2020
Federal taxes - CIDE	17,904,609	19,206,643
	17,904,609	**19,206,643**

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 $33.9 million in total. The Company holds a legal deposit amounting to $17.9 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.

Note 6 Intercompany transactions and balances

The Company is part of the PGS group, and has significant transactions with other companies within the group. Intercompany transactions are mainly related to continuing operations and financing activities.

(all figures in USD)	2021	2020
Revenues from related parties	-	-
Other operating expenses to related parties	(28,509,997)	(39,057,440)
Other financial income (expenses) to related parties	2,465,020	1,641,845
IC mark-up fee income (expenses), charterhire rate adjustment and operations standard cost adj. (net)	(883,999)	808,512
Dividends and group contribution from (to) Group Companies (net)	-	-
Interest expenses on equity distribution	-	-

Intercompany operating expenses consist mainly of cost allocations of operational services delivered from other companies within the PGS Group and group shared services.

Related party balances as of 31 December:

(all figures in USD)	2021	2020
Current intercompany receivables	8,409,732	3,763,459
Current intercompany liabilities	-9,031,754	-10,041,195
Long-term intercompany liabilities	-79,228,653	-73,974,793
Net intercompany balances Group companies	**-79,850,675**	**-80,252,530**

Current intercompany receivables and payables towards other group companies are offset against the parent Petroleum Geo-Services AS on a regular basis. Long-term intercompany liabilities are entirely towards the parent company Petroleum Geo-Services AS, and are offset continuously with no fixed due date. As per intercompany agreement, there are no interests calulated on intercompany balances. The Company has the possibility to borrow up to USD 75 million from Petroleum Geo-Services AS.

Note 7 Fixed Assets

The changes in property and equipment are as follows:

(all figures in USD)	Office computers and software	Imaging equipment	Total
Cost as of January 1, 2020	**322,535**	**531,231**	**853,766**
Additions	-	9,473	9,473
Transfers, disposals and reclassifications	-	-	-
Cost as of December 31, 2020	**322,535**	**540,704**	**863,239**
Additions	-	-	-
Transfers, disposals and reclassifications	-	-	-
Cost as of December 31, 2021	**322,535**	**540,704**	**863,239**
(In millions of NOK)			
Accumulated depreciation and impairment as of January 1, 2020	**(293,006)**	**(408,922)**	**(701,928)**
Depreciation and impairment	(19,791)	(115,422)	(135,213)
Disposals and reclassifications	-	-	-
Accumulated depreciation and impairment of December 31, 2020	**(312,797)**	**(524,344)**	**(837,141)**
Depreciation and impairment	(9,738)	(12,936)	(22,674)
Disposals and reclassifications	-	-	-
Accumulated depreciation and impairment of December 31, 2021	**(322,535)**	**(537,280)**	**(859,815)**
Balance as of December 31, 2020	**9,738**	**16,360**	**26,098**
Balance as of December 31, 2021	**-**	**3,424**	**3,424**
Estimated useful life	3 years	4 years	

Note 8 Intangible Assets - Multiclient data library

The changes in the MultiClient Library are as follows:

(all figures in USD)	2021	2020
Balance as of 01.01	**72,412,774**	**38,495,005**
Capital expenditures	31,915,232	43,802,204
Amortization expense	-11,251,287	-9,884,436
Impairments	-	-
Balance as of 31.12	**93,076,719**	**72,412,774**

Note 9 Lease Agreements

The amortization and interest of the leases are recognized directly as P&L monthly, being the amortization on administrative expenses accounting group and interest on financial expenses one, considering the lease agreements terms.

	Office space and leasehold improvement	
	Assets	**Liabilities**
Recognition in January 1, 2020	**1,241,346**	**(1,083,394)**
Interest	-	(40,342)
Payments	-	594,386
Contract inflationary increase	46,894	-
Amortization	(462,580)	-
Currency effects	-	(50,114)
Balance as at December 31.2020	**825,660**	**(579,463)**
Short-term lease liability		*(333,617)*
Long-term lease liability		*(245,846)*
Recognition in January 1, 2021	**825,660**	**(579,463)**
Interest	-	(30,860)
Payments	-	425,891
Contract inflationary increase	200,138	(179,330)
Amortization	(546,313)	-
Currency effects	-	28,754
Balance as at December 31.,2021	**479,485**	**(335,008)**
Short-term lease liability		*(239,732)*
Long-term lease liability		*(95,276)*

Note 10 Going concern

The company is dependent for its working capital on funds provided to it by PGS ASA, the company's ultimate parent undertaking. The directors have considered the financial position of PGS ASA, including centralised treasury arrangements.

During 2022, the improving seismic market improved cash flow generation, and the PGS Group's liquidity position was further strengthened by strong shareholder support in two private placements raising close to $250 million of new equity. In March 2023, PGS successfully placed a new $450 million senior secured bond with 4-year tenor, the proceeds of which were, together with cash held on balance sheet, used to repay $600 million of the Group's Term Loan B (the "TLB") maturing in March 2024. PGS expects to repay the remaining $138 million TLB from operational cash flows, supported by a separate $75million term loan facility secured in July 2023.

On 18 September 2023, PGS ASA and TGS ASA, a seismic company based in Norway, announced that principal terms had been agreed to perform a statutory merger of the two companies, with completion expected in the first half of 2024. The transaction remains subject to certain conditions, including a confirmatory due diligence by both parties, finalising and executing a definitive merger plan, as well as customary closing conditions such as relevant regulatory approvals and consents and expiry of statutory waiting periods and no material adverse change occurring. The transaction is also subject to approval by extraordinary general meetings in both TGS and PGS with at least two-thirds majority. In connection with the planned transaction, PGS obtained an additional $40 million of equity in September 2023 which was not conditional upon the merger completing.

The directors are confident that the PGS Group will generate sufficient cash flows to repay the TLB balance by March 2024 and remain within financial covenants for the period, and have obtained a letter of support from the PGS Group confirming that support will be provided for the company to meet its liabilities up to 30 November 2024.

The directors have obtained sufficient information in terms of the financial situation of PGS ASA until 30 November 2024, they consider it appropriate to continue to adopt the going concern basis of accounting in preparing these financial statements for the year ended 31 December 2021.

The financial statements do not contain the adjustments that would result if the company was unable to continue as a going concern.

The equity as of December 31, 2021 is negative $8.546.411. The Company has $41,958,145 in loans from the parent companies that plans to be converted to equity during 2023-2024. The Company has only intercompany debt and possible measures include further conversion of debt.

As part of the PGS Group financing arrangements, Kroll Trustee Services Limited holds a floating charge over the undertaking and assets of the company. The company is a guarantor for the $450 million senior secured bond and the $138 million Term Loan B.

Note 11 Subsequent events

Other than the developments in the PGS Group financing arrangements as described in the going concern disclosures, there are no events subsequent to the year end requiring disclosure.

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Ernst & Young AS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Petroleum Geo-Services AS

Report on the audit of financial statements prepared in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act (simplified IFRS).

Opinion

We have audited the financial statements of PGS Suporte Logistico e Servicos Ltda (the Company), which comprise the balance sheet as at 31 December 2021, the revenue statement and statements of cash flows and changes in 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 of the Company for the year ended and 31 December 2021 are prepared, in all material respects, in accordance with the simplified IFRS.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our 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.

Emphasis of matter – basis of accounting and restriction on distribution and use

We draw attention to note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Company in complying with the simplified IFRS. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Company and to be included in the listing prospectus to the Norwegian Financial Supervisory Authority and should not be distributed to or used by other parties. Our opinion is not modified in respect of this matter.

Other matters

The financial statements for the year ended 31 December 2020 were not audited. Our opinion is not modified in respect of this matter.

Responsibilities of management for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with the simplified IFRS 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Oslo, 22 November 2023
ERNST & YOUNG AS

The auditor’s report is signed electronically.

Terje Havn
State Authorised Public Accountant (Norway)

PENN30

The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

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

Terje Havn
Statsautorisert revisor
On behalf of: Ernst & Young AS
Serial number: 9578-5994-4-464108
IP: 147.161.xxx.xxx
2023-11-22 14:53:53 UTC

bank ID

Annex 4a

PGS Egypt for Petroleum Services Annual Report 2022

PGS EGYPT FOR PETROLEUM SERVICES
(A LIMITED LIABILTY COMPANY)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
TOGETHER WITH AUDITOR'S REPORT

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Translation of
Auditor's Report
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Arabic

AUDITOR'S REPORT
TO THE QUOTA HOLDERS OF PGS EGYPT FOR PETROLEUM SERVICES
(A LIMITED LIABILITY COMPANY)

Report on the Financial Statements
We have audited the accompanying financial statements of **PGS Egypt For Petroleum Services (A Limited Liability Company)**, represented in the statement of financial position as of 31 December 2022, and the related statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements
These financial statements are the responsibility of the Company's Management, as Management is responsible for the preparation and fair presentation of the financial statements in accordance with Egyptian Accounting Standards and applicable Egyptian laws. Management responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. This responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Egyptian Standards on Auditing and applicable Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these financial statements.

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Translation of Auditor's Report
Originally issued in Arabic

AUDITOR'S REPORT
TO THE QUOTA HOLDERS OF PGS EGYPT FOR PETROLEUM SERVICES
(A LIMITED LIABILITY COMPANY)

Opinion

In our opinion, the financial statements referred to above, give a true and fair view, in all material respects, of the financial position of **PGS Egypt For Petroleum Services (A Limited Liability Company)**, as of 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the related applicable Egyptian laws and regulations.

Emphasis of matter:

Without qualifying our opinion, We draw attention to note (26) to financial statements, which shows the correction of an error in accordance with EAS 5: "Accounting policies, changes in accounting estimates and errors".

Report on Other Legal and Regulatory Requirements

The Company maintains proper accounting records that comply with the laws and the Company's articles of association and the financial statements agree with the Company's records.

The financial information included in the General Manager's report, prepared in accordance with Law No. 159 of 1981 and its executive regulation, is in agreement with the books of the Company insofar as such information is recorded therein.

Allied For Accounting & Auditing
A Member of Ernst & Young Global
المتضامنون للمحاسبة والمراجعة

Ahmed Amin Hafez
R.A.A. 20904

Cairo: 23 November 2023

PGS Egypt For Petroleum Services (A Limited Liability Company)

STATEMENT OF FINANCIAL POSITION
As of 31 December 2022

	Note	*2022 USD*	*2021 USD (Restated)*
ASSETS			
Non-Current assets			
Intangible assets	(4)	**-**	-
Inventories	(7)	**4,714,555**	24,285,356
Right of use lease assets	(5-1)	**20,933**	33,307
Total non-current assets		**4,735,488**	24,318,663
Current assets			
Accounts receivable	(6)	**49,583**	1,260,904
Due from related parties	(23 b)	**8,607,940**	469
Net credit facility due from the related party (intermediate parent)	(23 c)	**89,972,260**	117,184,089
Income tax receivables	(21)	**6,834,956**	3,140,099
Prepayments and other receivables	(8)	**3,049,923**	4,001,349
Cash at bank	(9)	**2,940,498**	6,559,498
Total current assets		**111,455,160**	132,146,408
TOTAL ASSETS		**116,190,648**	156,465,071
EQUITY AND LIABILITIES			
Equity			
Capital	(13)	**87,566**	87,566
Legal reserve		**26,270**	26,270
Retained earnings		**18,184,368**	14,225,842
Total equity		**18,298,204**	14,339,678
LIABILITIES			
Non-current liabilities			
Lease liability – non-current	(5-2)	**3,559**	20,022
Total non-current liabilities		**3,559**	20,022
Current liabilities			
Provisions	(10)	**272,148**	478,895
Lease liability – current portion	(5-2)	**8,342**	12,407
Accounts payable	(11)	**19,364**	-
Due to related parties	(23 b)	**95,973,556**	124,165,393
Income tax payables	(21)	**-**	-
Accrued expenses and other payables	(12)	**1,615,475**	17,448,676
Total current liabilities		**97,888,885**	142,105,371
TOTAL LIABILITIES		**97,892,444**	142,125,393
TOTAL LIABILITIES AND EQUITY		**116,190,648**	156,465,071

PGS Egypt for Petroleum
Tax Card: 210-0
Comm. Reg.: 49463

General Manager **Manager of Finance**

The accompanying notes from (1) to (27) are an integral part of these financial statements.

PGS Egypt For Petroleum Services (A Limited Liability Company)

STATEMENT OF PROFIT OR LOSS
As of 31 December 2022

	Note	*2022* *USD*	*2021* *USD* *(Restated)*
Service revenues		**28,704,202**	83,284,008
Cost of service revenues	(15)	**(22,379,639)**	(81,353,438)
GROSS PROFIT		**6,324,563**	1,930,570
General and administrative expenses	(16)	**(219,320)**	(3,170,090)
Provisions charged	(10)	**(130,165)**	(478,895)
Provision no longer required	(10)	**336,912**	-
Finance income	(17)	**3,287,059**	6,608,670
Finance expense	(18)	**(1,013,983)**	(85,749)
Other expenses	(19)	**(4,626,540)**	(2,460,667)
PROFITS BEFORE INCOME TAXES		**3,958,526**	2,343,839
Income taxes	(21)	**-**	-
PROFITS FOR THE YEAR		**3,958,526**	2,343,839
Earnings per share	(14)	**7.13**	4.22

PGS Egypt for Petroleum Serv.s
بي جي إس إيجيبت لخدمات البترول
Tax Card: 210-044-144
Comm. Reg.: 49463

General Manager

Manager of Finance

PGS Egypt For Petroleum Services (A Limited Liability Company)

STATEMENT OF COMPREHENSIVE INCOME
As of 31 December 2022

	2022	*2021*
	USD	*USD*
		(Restated)
PROFITS FOR THE YEAR	**3,958,526**	2,343,839
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME	**3,958,526**	2,343,839

The accompanying notes from (1) to (27) are an integral part of these financial statements.

PGS Egypt For Petroleum Services (A Limited Liability Company)

STATEMENT OF CHANGES IN EQUITY
For The Year Ended 31 December 2022

	Capital	*Legal reserve*	*Retained earnings*	*Total*
	USD	*USD*	*USD*	*USD*
Balance as 1 January 2021-restated	87,566	26,270	11,882,003	11,995,839
Losses for the year	-	-	(4,106,776)	(4,106,776)
Restatement (Note 26)	-	-	6,450,615	6,450,615
2021 losses-restated	-	-	2,343,839	2,343,839
Balance as of 31 December 2021	87,566	26,270	14,225,842	14,339,678
Profits for the year	-	-	**3,958,526**	**3,958,526**
Balance as of 31 December 2022	**87,566**	**26,270**	**18,184,368**	**18,298,204**

The accompanying notes from (1) to (27) are an integral part of these financial statements.

PGS Egypt For Petroleum Services (A Limited Liability Company)

STATEMENT OF CASH FLOWS
For The Year Ended 31 December 2022

	Note	**2022 USD**	*2021 USD (Restated)*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profits before income taxes		**3,958,526**	2,343,839
Amortization of intangible assets	(4)	-	3,964,589
Impairment of inventory	(15)	**1,143,170**	
Depreciation of right-of-use asset	(5-1)	**12,374**	10,472
Foreign currency exchange (gain)/ loss on lease liability	(5-2)	**(9,399)**	64
Provisions	(10)	**130,165**	478,895
Provisions no longer required	(10)	**(336,912)**	(9,235,000)
Credit interests	(15)	**(3,287,059)**	(6,608,670)
Debit interests	(16)	**1,578**	2,396
Operating profits (losses) before changes in working capital		**1,612,443**	(9,043,415)
Change in accounts receivable	(6)	**1,211,321**	(1,260,904)
Change in due from related parties	(23 b)	**(8,607,471)**	1,567,774
Change in prepayments and other receivables	(8)	**951,426**	(3,943,715)
Change in inventories	(7)	**18,427,635**	24,406,897
Change in income tax receivables	(21)	**(363,513)**	(1,757,617)
Change in accounts payable	(11)	**19,364**	(4,289)
Change in due to related parties	(23b)	**(28,191,837)**	49,082,251
Change in accrued expenses and other payables	(12)	**(15,833,201)**	(19,393,030)
CASH FLOWS (USED IN) PROVIDED FROM OPERATING ACTIVITIES		**(30,773,833)**	39,653,952
Income tax paid	(21)	**(3,331,344)**	-
NET CASH FLOWS (USED IN) PROVIDED FROM OPERATING ACTIVITIES		**(34,105,177)**	39,653,952
CASH FLOWS FROM INVESTING ACTIVITIES			
Credit interest collected	(17)	**3,287,059**	6,608,670
Change in net credit facility due from the Parent Company	(23 c-2)	**27,211,829**	(50,597,351)
NET CASH FLOWS PROVIDED FROM (USED IN) INVESTING ACTIVITIES		**30,498,888**	(43,988,681)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities	(5-2)	**(12,711)**	(14,172)
NET CASH FLOWS (USED IN) FINANCING ACTIVITIES		**(12,711)**	(14,172)
Net change in cash and cash equivalent during the year		**(3,619,000)**	(4,348,901)
Cash and cash equivalent – beginning of the year		**6,559,498**	10,908,399
CASH AND CASH EQUIVALENT – END OF THE YEAR	(9)	**2,940,498**	6,559,498

The accompanying notes from (1) to (27) are an integral part of these financial statements

1 BACKGROUND

PGS Egypt For Petroleum Services (A Limited Liability Company) established on 24 November 2004 under the provisions of Law number 8 of 1997 and its executive regulation.

The Company was registered in the commercial registry under no. 49463 on 24 November 2004.

The Company started its activity on 12 November 2007.

The Company's parent is Petroleum Geo-Services AS – Norway, and its ultimate parent is PGS ASA – Norway.

The Company's Head office is located in Zahraa El Maadi, Cairo, Egypt.

The Company's main objective is services related to petroleum exploration including seismic services by drilling water wells and deep wells necessary for petroleum purposes and services related to landing packaging pipes, production pipes and services related to petroleum explorations.

The financial statements of the Company for the year ended 31 December 2022 were authorized and approved for issuance by Company's General Manager dated 23 November 2023.

2 SIGNIFICANT ACCOUNTING POLICIES

2 - 1 BASIS OF PREPARATION

The financial statements have been prepared under the going concern assumption on a historical cost basis.

The financial statements are prepared and presented in United States dollars, which is the Company's functional currency.

Statement of compliance

The financial statements of the Company have been prepared in accordance with the Egyptian accounting standards and the applicable laws and regulations.

2 - 2 CHANGE IN ACCOUNTING POLICIES

The accounting policies adopted this year are consistent with those of the previous year.

2 - 3 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these financial statements requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

The key judgements and estimates that have a significant impact on the financial statement of the Company are discussed below:

2-3-1 Judgments

Revenue recognition for rendering services

In making their judgment, management considered the detailed criteria for the recognition of revenue from the services rendered as set out in" EAS 48 Revenue".

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-3 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

2-3-2 Estimates

Impairment of trade and other receivables

An estimate of the collectible amount of trade and other receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimate is performed on an individual basis.
Amounts which are not individually significant, but are past due, are assessed collectively and a provision is applied according to the length of time past due, based on historical recovery rates.

Taxes

The Company is subject to income taxes in Egypt. Significant judgment is required to determine the total provision for current and deferred taxes. The Company establishes provision, based on reasonable estimates, for possible consequences of audits by the tax authorities in Egypt. The amount of such provision is based on various factors, such as experience of previous tax audits and different interpretations of tax regulations by the Company and the responsible tax authority. Such differences of interpretations may be on a wide variety of issues depending on the conditions prevailing in Egypt.

Deferred tax assets are recognised for unused accumulated tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

2 - 4 SUMMARY SIGNIFICANT ACCOUNTING POLICIES

Foreign currency translation

Transactions in foreign currencies are initially recorded using the exchange rates prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated using the exchange rates prevailing at the financial position date. All differences are recognized in the statement of profit or loss.

Nonmonetary items that are measured at historical cost in foreign currencies are translated using the exchange rates prevailing at the date of the initial recognition.

Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates prevailing at the date when the fair value is determined.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-4 SUMMARY SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets
Intangible assets acquired are measured on initial recognition at cost.
After initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

Intangible assets comprise the Multi-Client library.

The Multi-Client library consists of completed and in-progress seismic data surveys, to be licensed to customers on a non-exclusive basis. During the data acquisition and processing phase of a survey, directly attributable costs are capitalized as surveys-in-progress, which are not subject to amortization. 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.

When a project is completed, the survey is transferred to completed surveys.

Straight-line amortization of a survey commences over its estimated useful life, which is generally a period of 4 years from the date it is transferred to completed surveys.

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 value of the project.

For Multi-Client surveys that are pre-funded by a single customer and meets the criteria of a Hybrid contract as explained below, project completion aligns with the recognition of substantially all the revenues related to these hybrid contracts. The survey cost for these projects is released on completion and residual value transferred to inventories.

Inventory
Inventory of hybrid contracts are accounted for at the inception of the contract as work in progress Inventory which is carried at the lower of cost (historical cost) or NRV.

Hybrid contracts have the following characteristics:

- Surveys are pre-funded by a single customer, who has a definitive commercial involvement in the survey area.
- The customer has substantial involvement in setting the specifications of the acquisition with PGS.
- Future late sale potential from the acquired data is low.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-4 SUMMARY SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The customer's commercial engagement in the specific area means that potential late sales to unrelated parties is expected to be low, which differs from standard Multiclient which typically covers an area that is of commercial interest to many potential customers.

Inventory costs includes costs that are directly attributable to data acquisition, processing, and includes vessel costs, payroll costs and allocated share of manufacturing overhead excluding borrowing cost.

Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to complete the sale.

The amount of any write down of inventories to net realizable value and all losses of inventories shall be recognized in cost of sales in the statement of profit or loss in the period the write down or loss occurs. The amount of any reversal of any write down of inventories, arising from an increase in net realizable value, shall be recognized as reduction from cost of sales in the statement of profit or loss in the period in which the reversal occurs.

Accounts and other receivables
These accounts receivable are recognized initially at fair value. After initial measurement, such financial assets are subsequently measured at amortized cost less impairment, for impairment measurement refer to impairment of financial assets policy 2-4-"Impairment of financial assets".

Accounts and notes payable, accrued expenses and other payables
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions
Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at the financial position date and adjusted to reflect the current best estimate.

Where the effect of the time value of money is material, the amount of a provision should be the present value of the expected expenditures required to settle the obligation. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance expense.

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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-4 SUMMARY SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 a lease liability 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.

Short term leases and low value leases

The Company has elected to apply the recognition exemption to lease contracts with a duration of less than 12 months, or that relate to assets with an underlying low value. Lease payments associated with short-term leases and leases of low-value assets are recognized as an expense on a straight line basis over the lease term.

Social insurance

The Company makes contributions to the Social Insurance Authority calculated as a percentage of the employees' salaries. The Company's obligations are limited to these contributions, which are expensed when due.

Legal reserve

According to the Company's articles of association, 5% of the net profits of the year is transferred to the legal reserve until this reserve reaches 30% of the issued capital. The reserve is used upon a decision from the general assembly meeting based on the proposal of the General Manager.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-4 SUMMARY SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Borrowings
Borrowings are initially recognized at the value of the consideration received. Amounts maturing within one year are classified as current liabilities, unless the Company has the right to postpone the settlement for a period exceeding one year after the financial position date, then the loan balance should be classified as non-current liabilities.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance expenses in the statement of profit or loss.

Income taxes
Income tax is calculated in accordance with the Egyptian tax law.

Current income tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority.

Deferred income tax
Deferred income tax is recognized using the liability method on temporary differences between the amount attributed to an asset or liability for tax purposes (tax base) and its carrying amount in the financial position (accounting base) using the applicable tax rate.

Deferred tax asset is recognized when it is probable that the asset can be utilized to reduce future taxable profits and the asset is reduced by the portion that will not create future benefit.

Current and deferred tax shall be recognized as income or an expense and included in the statement of profit or loss for the period, except to the extent that the tax arises from a transaction or an event which is recognized, in the same or a different period, directly in equity.

Revenue recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognized:

- ***Multiclient Revenue from contracts with customers***
  Revenue from contracts with customers arise primarily from 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. Revenue is recognised over the contract time. If a contract has multiple performance obligations, consideration is allocated among the performance obligations based on their estimated relative fair values.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-4 SUMMARY SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.
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 no longer exists.
Where the Company have satisfied its performance obligations and has a right to consideration, an accrued revenue is recognized.

(a) Late sales of Multiclient library data & Hybrid contracts
The Company grants a license to a customer, which entitles the customer to have "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 the right to access the licensed portion of the data.

(b)Pre-funding arrangements of Multiclient library data
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 "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 EAS 48.

- ***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 kilometres or time progressed. Progress for imaging services are measured based on a model taking into account both working hours and processing.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-4 SUMMARY SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- ***Hybrid contracts***
  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 revenue at the point in time when the right to use the inventory license is transferred to the customer.

- ***Interest income***
  Interest income is recognized as interest accrues using the effective interest "EIR" method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

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

Expenses
All expenses including cost of service revenues, general and administrative expenses and other expenses are recognized and charged to the statement of profit or loss in the financial year in which these expenses were incurred.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Related party transactions
Related parties represent associated companies, major quota holders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the General Manager.

Contingent Liabilities and Assets
Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.
Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-4 SUMMARY SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For assets traded in an active market, fair value is determined by reference to quoted market bid prices.

The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.

For unquoted assets, fair value is determined by reference to the market value of a similar asset or is based on the expected discounted cash flows.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- *Level 1 – Fair value measurements* are those derived from quoted prices in an active market (that are unadjusted) for identical assets or liabilities.
- *Level 2 – Fair value measurements* are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3 – Fair value measurements* are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-4 SUMMARY SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment

Impairment of financial assets
The Company's is recording allowance for expected credit losses ("ECL") for financial assets not held at FVTPL.

The Company recognises a loss allowance based on 12mECL at each reporting date. To estimate the PD, the Company uses credit ratings assigned by external rating agencies. The PD is determined based on the average PD rates as reported by the external rating agency Moody's. The LGD is determined based on the average corporate debt recovery rates for senior unsecured bonds as reported by the external rating agency Moody's.

Impairment of non financial assets
The Company assesses at each financial position date whether there is an indication that an asset may be impaired. Where the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the statement of profit or loss.

A previously recognized impairment loss is only reversed if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

Statement of cash flows
The statement of cash flows is prepared using the indirect method.

Cash and cash equivalent
For the purpose of preparing the statement of cash flows, the cash and cash equivalent comprise cash on hand, current accounts with banks and time deposits maturing within three months.

3 SEGMENT INFORMATION

Currently the Company's main business segment is services related to petroleum exploration. The Company's revenues during the year ended 31 December 2022 were reported under one segment in the financial statements.

4 INTANGIBLE ASSETS

Intangible assets represent the Multi-Client library. This is amortized, after the effect of any impairments, using straight-line over a period of 4 years from the date it is transferred to completed surveys.

	2022 *USD*	*2021* *USD* *(Restated)*
Cost		
As of 1 January	**25,203,740**	25,203,740
Capitalized costs during the year	-	-
As of 31 December	**25,203,740**	25,203,740
Amortization and impairment		
As of 1 January	**(25,203,740)**	(21,239,150)
Amortization during the year (note 15)	-	(3,964,590)
As of 31 December	**(25,203,740)**	(25,203,740)
Net book value	-	-

5 LEASES

5-1 RIGHT OF USE LEASE ASSETS

	2022 *USD*	*2021* *USD*
Cost		
Beginning balance	**57,107**	57,107
Ending balance	**57,107**	57,107
Accumulated depreciation		
Beginning balance	**(23,800)**	(13,328)
Amortization charged	**(12,374)**	(10,472)
Ending balance	**(36,174)**	(23,800)
Net book value at 31 December	**20,933**	33,307

Leased assets represent the long-term lease of office building for 5 years.

Amortization is allocated over 60 months.

5 LEASES (CONTINUED)

5-2 LEASE LIABILITIES

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

	2022 USD	*2021 USD*
Balance at 1 January	**32,429**	44,141
Interest charged	**1,578**	2,396
Foreign currency exchange	**(9,395)**	64
Payments	**(12,711)**	(14,172)
Balance at 31 December	**11,901**	32,429
Current	**8,342**	12,407
Non- current	**3,559**	20,022
Total lease liabilities	**11,901**	32,429

The following are the amounts recognized in statement of profit or loss:

	2022 USD	*2021 USD*
Amortization expense of right-of-use assets (Note 16)	**12,374**	10,472
Interest expense (Note 18)	**1,578**	2,396
Foreign currency exchange (gain) / loss	**(9,395)**	64
Total amount recognized in profit or loss	**4,557**	12,932

The Company has used its incremental borrowing rate of 6% to discount its future lease payments.

6 ACCOUNTS RECEIVABLE

	2022 USD	*2021 USD*
Accounts receivable	**49,583**	1,260,904
	49,583	1,260,904

At 31 December, the ageing analysis of net accounts receivable is as follows:

	Total USD	*Less than 30 days USD*	*30 to 60 days USD*	*Between 60 to 90 days USD*	*More than 90 days USD*
2022	**49,583**	-	**49,583**	-	-
2021	1,260,904	1,257,521	3,383	-	-

Refer to (***note 24a***) on credit risks of trade receivable, which discusses how the Company manages and measures credit quality of trade receivables that are past due nor impaired.

7 INVENTORIES

	2022 USD	2021 USD (Restated)
Seismic data library		
Work in progress	-	21,174,088
Completed data	**4,714,555**	3,111,268
	4,714,555	24,285,356

8 PREPAYMENTS AND OTHER RECEIVABLES

	2022 USD	2021 USD
Tax authority – withholding taxes	-	-
Accrued revenue	**2,966,550**	3,890,929
Prepayments	**3,229**	-
Other receivables	**80,144**	110,420
	3,049,923	4,001,349

9 CASH AT BANK

	2022 USD	2021 USD
a) US dollar		
Current account	**1,033,052**	6,550,883
	1,033,052	6,550,883
b) Other currencies		
Current account	**1,907,446**	8,615
	1,907,446	8,615
	2,940,498	6,559,498

Bank balances are denominated in the following currencies:

	2022 USD	2021 USD
US Dollar (USD)	**1,033,052**	6,550,883
Egyptian Pound (EGP)	**1,907,446**	8,615
	2,940,498	6,559,498

10 PROVISIONS

	Balance as of 1/1/2022 USD	Charged during the year USD	No longer required USD	Balance as of 31/12/2022 USD
Provision for expected claims	**478,895**	**130,165**	**(336,912)**	**272,148**
	478,895	**130,165**	**(336,912)**	**272,148**

11 ACCOUNTS PAYABLE

	2022	*2021*
	USD	*USD*
Accounts payable - US dollar	**19,364**	-
	19,364	-

Accounts payable are non-interest bearing and for explanations on the Company's liquidity risk management process, refer to (***note 24 c)***.

12 ACCRUED EXPENSES AND OTHER PAYABLES

	2022	*2021*
	USD	*USD*
Deferred revenues	**1,206,601**	16,857,324
Accrued expenses	**5,437**	87,968
Tax authority – withholding taxes	**221,413**	223,948
Accrued commission	**83,064**	49,412
Accrued professional fees	**21,445**	21,701
Accrued Bonus	**524**	113
Medical health contribution	**76,991**	208,210
	1,615,475	17,448,676

Accrued expenses and other payables are non-interest bearing and for explanations on the Company's liquidity risk management process, refer to (***note 24 c)***.

13 CAPITAL

The Company's authorized, issued and paid up capital amounts to EGP 500,000 equivalent to USD 87,566 at the rate of payment (1 USD = EGP 5.71) divided over 500000 quotas of par value EGP 1 each as follows:

	%	***No of Quotas***	***EGP***	***Equivalent in USD***
Petroleum Geo-Services Asia- Pacific Pte Ltd. - Singaporean	99.999 %	499995	499,995	87,565
Ms. Mervat Mounir Malati – Egyptian	0.001%	5	5	1
	100%	**500000**	**500,000**	**87,566**

14 EARNINGS PER SHARE

Earnings per share amounts are calculated by dividing profit for the year after estimating board of directors' remuneration and employees share from profit, the earnings per share for the year ending on 31 December 2022 amounted to USD per share.

	2022 USD	2021 USD
Net profits for the year	**3,958,526**	2,343,839
Estimated Employee share	**(395,853)**	(234,384)
	3,562,673	2,109,455
Number of Share	**500,000**	500,000
Earnings per share	**7.13**	4.22

15 COST OF SERVICE REVENUES

	2022 USD	2021 USD (Restated)
Vessels Overhead	**19,623,774**	78,190,863
Intercompany charges (note 23 a)	**534,369**	-
Reversal of Provision for losses on contracts made in year 2020	-	(9,235,000)
Intangible assets amortization and impairment (note 4)	-	3,964,590
Inventory write-off	**1,143,170**	-
Steaming cost	-	5,612,723
Imaging processing	**268,743**	808,466
Commissions	**799,744**	1,150,765
Miscellaneous expenses	**9,839**	861,031
	22,379,639	81,353,438

16 GENERAL AND ADMINISTRATIVE EXPENSES

	2022 USD	2021 USD
Salary tax on crew salaries	-	1,813,723
Professional fees	**46,516**	89,865
Intercompany charges (note 23 a)	**48,000**	52,522
Payroll	**15,258**	16,451
Medical health contribution	**60,868**	211,490
Right to use depreciation (Note 5-1)	**12,374**	10,472
Others	**36,304**	975,567
	219,320	3,170,090

17 FINANCE INCOME

	2022 USD	2021 USD
Credit interests – credit facility due from shareholder (note 23c)	**3,277,032**	6,608,459
Credit interest – time deposits	**10,027**	211
	3,287,059	6,608,670

18 FINANCE EXPENSE

	2022 USD	2021 USD
Foreign exchange differences losses	**1,012,405**	83,353
Interest expenses on lease liability (note 5-2)	**1,578**	2,396
	1,013,983	85,749

19 OTHER EXPENSES

	2022 USD	2021 USD
Intercompany Mark-up (note 23a)	**4,626,540**	2,460,667
	4,626,540	2,460,667

20 CONTINGENT LIABILITIES

The Company is acting as a security provider with other entities in the group to provide security interests to Kroll Trustee Services Limited (Collateral Agent) to secure certain loans & facilities extended between PGS group members with a total principal amount of up USD 1,146,250,000 as well as interest & related ancillary payments.

The security interests are as follows:

A- An account pledge & assignment agreement of the bank accounts of the company opened with Credit Agricole Egypt S.A.E

B- A security assignment over intragroup receivables.

Petroleum Geo-Services Asia- Pacific Pte Ltd. – Singaporean have pledged the quotas it owns in the Company.

21 INCOME TAXES

	2022 *USD*	*2021* *USD* *(Restated)*
Current income tax	-	-
Deferred income tax	-	-
Income tax expense	-	-

RECONCILIATION OF THE EFFECTIVE INCOME TAX RATE

	2022 *USD*	*2021* *USD* *(Restated)*
Profits before income taxes	**3,958,526**	2,343,839
Accounting depreciation		3,964,590
Inventory write off	**1,143,172**	-
Tax depreciation and amortization	**(2,520,374)**	(2,520,374)
Provisions	**130,165**	478,895
Provisions no longer required	**(336,912)**	(9,235,000)
Health Medical Contribution	**60,868**	211,490
Deductible expenses	**(12,711)**	(14,070)
Non- deductible expenses	**13,952**	12,868
Unrealized foreign exchange gains	**1,275,624**	71,465
Realized foreign exchange gain related to prior year	-	-
Carry forward losses	**(8,917,684)**	(4,231,390)
Taxable (Losses)Income	**(5,205,374)**	(8,917,684)
Income taxes at 22.5%	-	-

Income tax (receivable)/payable movement during the year is shown as follows:

	2022 *USD*	*2021* *USD* *(Restated)*
Beginning balance	**3,140,099**	1,382,482
Withholding taxes receivables	**363,513**	1,757,617
Paid during the year	**3,331,344**	-
Ending balance	**6,834,956**	3,140,099

DEFERRED INCOME TAX

	Statement of financial position	
	2022 *USD*	*2021* *USD* *(Restated)*
Depreciation and amortization	**2,963,837**	3,530,921
Unrealized foreign exchange gain	**303,095**	16,080
Provision	-	-
Carry forward tax losses	**2,035,637**	981,220
Net deferred taxes – assets	**5,302,569**	4,528,221

The Company did not record the deferred tax assets amounting to USD 5,302,569 as of 31 December 2022 (2021: USD 4,528,221) since no future tax profits are expected to recover the assets.

22 TAX SITUATION

The Company had no operating activity for the years from 2004 till 2007 and started its activity on 12 November 2007.

a. Corporate taxes
- The Company's records were inspected for the years from 2008 till 2012 and the taxes due were paid.
- No tax inspection took place for the Company's records for the years from 2013 till 2022.

b. Salary taxes
- No tax inspection took place for the Company's records for the years 2004 and 2005.
- The Company's records were inspected for the years from 2006 till 2012 and the taxes due were paid.
- Tax inspection took place on the Company's records for the years from 2013 to 2017 and the Company received the assessment and had recorded provision for it.
- For the years 2018 till 2022 the company has formed a provision amounting to USD 130,165.

c. Stamp Taxes
- The Company's records were inspected for the years from 2008 till 2012 and the taxes due were paid.
- No tax inspection took place for the Company's records for the years from 2013 till 2017 and the Company had recorded estimated provision for these years.
- No tax inspection took place for the Company's records for the years from 2013 till 2022.

d. Value Added Taxes
- The Company has been registered in value added taxes on 9 October 2016.
- No tax inspection took place for the Company's records for the year 2016 till 2022.

e. Withholding Tax
- No tax inspection took place for the Company's records for the years 2004 till 2006.
- The Company's records were inspected for the years from 2006 till 2018 and the taxes due were paid.
- No tax inspection took place for the Company's records for the years 2019 till 2022.

23 RELATED PARTIES DISCLOSURES

For the purpose of these financial statements, parties are considered to be related to the Company, if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control. Related parties may be individuals or other entities.

a. Related parties' transactions
During the year, the following were the significant related party transactions, which were carried out in the normal course of business on terms agreed between the parties.

As of 31 December 2022	*Services revenues*	*Inter-company charges*	*Inter-company Mark-up**	*Vessel Costs*	*Steaming costs*	*Finance income*
	USD	*USD*	*USD*	*USD*	*USD*	*USD*
Petroleum Geo-Services AS (Norway)	-	-	-	-	-	3,277,032
PGS Data Processing Middle East	-	(1,391,190)	(83,342)	-	-	-
PGS Geophysical AS	-	(534,369)	(4,543,198)	-	-	-
PGS Falcon AS	-	-	-	-	-	-
	-	(1,925,559)	(4,626,540)	-	-	3,277,032

23 RELATED PARTIES DISCLOSURES (CONTINUED)

As of 31 December 2021	*Services revenues*	*Inter-company charges*	*Inter-company Mark-up**	*Vessel Costs*	*Steaming costs*	*Finance income*
	USD	*USD*	*USD*	*USD*	*USD*	*USD*
Petroleum Geo-Services AS (Norway)	-	-	-	-	-	6,608,459
PGS Data Processing Middle East	7,509,493	(52,523)	(423,234)	-	-	-
PGS Geophysical AS	-	-	(2,037,433)	(28,703,704)	(4,999,864)	-
PGS Falcon AS	-	-	-	(4,721,142)	(612,859)	-
	7,509,493	(52,523)	(2,460,667)	(33,424,846)	(5,612,723)	6,608,459

*Intercompany Mark-up represents intercompany mark-up charges range from 2.5% to 10% on services provided by the PGS Group to the Company during the year.

The related parties' transactions described above resulted in the following balances:

b. Related party balances:

	2022		*2021*	
	Due from	***Due to***	*Due from*	*Due to*
	USD	***USD***	*USD*	*USD*
PGS Geophysical AS (Norway)	-	**95,962,605**		113,877,905
PGS Data Processing Middle East (Egypt)	-	**8,307**		9,871,187
PGS Exploration (UK) Ltd.	**8,607,940**	-	-	413,386
Petroleum Geo-Services, Inc.	-	**417**	-	417
PGS EM Ltd	-	-	469	-
Petroleum Geo-Services Asia Pacific Pte. Ltd. (main Quota holder)	-	**2,227**	-	2,498
	8,607,940	**95,973,556**	469	124,165,393

c) Net Credit Facility Due from / to the Parent Company

On 19 September 2008, the Company entered into a credit facility agreement with "PGS ASA - Norway" (the Parent Company), with an effective date from 1 September 2008. The credit facility balance is shown as a net figure of any debit balance due from the Parent Company.

The net balance due from / to "PGS ASA-Norway" will be charged an interest of three-month LIBOR plus a margin of 3% and is due on demand.

On 25 September 2014, the two parties have agreed to amend the maximum amount of the net credit facility to be provided to the Company (net due to the Parent Company) to be net USD 5,000,000, while the maximum amount of the net credit facility to be provided to PGS ASA-Norway by the Company (net due from the Parent Company) to be net USD 20,000,000 and the net balance is payable on demand.

On 9 February 2021, the two parties have agreed to amend the maximum amount of the net credit facility to be provided to the Company (net due to the Parent Company) to be net USD 150,000,000, while the maximum amount of the net credit facility to be provided to PGS ASA-Norway by the Company (net due from the Parent Company) to be net USD 100,000,000 and the net balance is payable on demand.

The net balance due from / to "PGS ASA-Norway" will be charged an interest of three-month LIBOR plus a margin of 7.5% and is due on demand.

During 2021, the credit facility agreement was transferred from PGS ASA – Norway to Petroleum Geo-Services AS – Norway, under the same terms.

23 RELATED PARTIES DISCLOSURES (CONTINUED)

On 1 January 2022, the two parties have agreed to amend the maximum amount of the net credit facility to be provided to the Company (net due to the Parent Company) to be net USD 150,000,000, while the maximum amount of the net credit facility to be provided Petroleum Geo-Services AS – Norway by the Company (net due from the Parent Company) to be net USD 150,000,000 and the net balance is payable on demand.

The net balance due to "PGS ASA-Norway" will be charged an interest of three-month LIBOR plus a margin of 7.5% and is due on demand and if The net balance due from "Petroleum Geo-Services AS – Norway" will be charged an interest of three-month LIBOR plus a margin of 0.5% and is due on demand

The net credit facility is represented as follows:

	2022 *USD*	*2021* *USD*
Due from Petroleum Geo-Services AS (Intermediate Parent)	**392,709,110**	393,123,111
Due to Petroleum Geo-Services AS (Intermediate Parent)	**(302,736,850)**	(275,939,022)
Net credit facility due from Petroleum Geo-Services AS (Intermediate Parent)	**89,972,260**	117,184,089

Compensation of key management personnel
The remuneration of directors and other members of key management during the year was as follows:

	2022 *USD*	*2021* *USD*
Payroll	**20,599**	2,454
	20,599	2,454

24 24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Overview

The Company has exposure to the following risks from its use of financial instruments:

a) Credit risk,
b) Market risk, and
c) Liquidity risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The General Manager of the Company has overall responsibility for the establishment and oversight of the Company's risk

management framework. The Company's senior management are responsible for developing and monitoring the risk management policies and report regularly to the General Manager on their activities.

The Company's current financial risk management framework is a combination of formally documented risk management policies in certain areas and informal risk management policies in other areas.

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk principally from its receivables from customers, due from related parties, other receivables and from its financing activities, including deposits with banks and financial institutions.

Trade receivables

The customer credit risk is established by the Company' policies, procedures and controls relating to customer credit risk management. Credit quality of a customer is assessed based on extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date on an individual basis.

Other financial assets and cash deposits

With respect to credit risk arising from the other financial assets of the Company, which comprise mainly bank balances and cash, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these assets.

Credit risk from balances with banks and financial institutions is managed by local Company's treasury supported by the Parent Company. The Company limits its exposure to credit risk by only placing balances with international banks and local banks of good reputation. Given the profile of its bankers, management does not expect any counterparty to fail to meet its obligations.

Due from related parties

Due from related parties relates to transactions arising in the normal course of business with minimal credit risk, with a maximum exposure equal to the carrying amount of these balances.

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as currency risk and interest rate risk, which will affect the Company's income. Financial instruments affected by market risk include interest-bearing loans and borrowings and deposits. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company does not hold or issue derivative financial instruments.

Exposure to interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's obligations with floating interest rates and interest-bearing time deposits.

Interest on financial instruments having floating rates is re-priced at intervals of less than one year.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Company's profit before tax (through the impact on floating rate borrowings).

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

There is no impact on the Company's equity other than the profit impact stated below.

	Change in rate	*2022 Effect on profit before tax USD*	*Change in rate*	*2021 Effect on profit before tax USD*
Financial asset	**+1%**	**899,723**	+1%	1,171,841
	- 1%	**(899,723)**	- 1%	(1,171,841)

Interest rates on loans and credit facilities from / to related parties are disclosed in (Note 20 c) to the financial statements.

Exposure to foreign currency risk

The foreign currency risk is the risk that the value of the financial assets and liabilities and the related cash inflows and outflows in foreign currencies will fluctuate due to changes in foreign currency exchange rates. The following tables demonstrate the sensitivity to a reasonably possible change in EGP, GBP, Euro and NOK exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

	Change in rate	*2022* **Effect on profit before tax** *USD*	Change in rate	*2021* Effect on profit before tax *USD*
EGP	**+10%**	**248,582**	+10%	309,225
	-10%	**(248,582)**	-10%	(309,225)
GBP	**+10%**	**(15,158)**	+10%	(14,777)
	-10%	**15,158**	-10%	14,777
EUR	**+10%**	-	+10%	(192)
	-10%	-	-10%	192
NOK	**+10%**	**(1,565)**	+10%	(1,756)
	-10%	**1,565**	-10%	1,756

The cash flows, funding requirements and liquidity of the Company are monitored by the Company's management supported by the Parent Company. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of related parties credit facilities. The Company manages liquidity risk by maintaining adequate reserves and borrowing facilities, by continuously monitoring forecasted and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company currently has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

c) Liquidity risk
Financial liabilities

	Less than 3 Months USD	*3 to 12 months USD*	*1 to 5 Years USD*	*Over 5 years USD*	*Total USD*
As at 31 December 2022					
Accounts payable	-	**19,364**	-	-	**19,364**
Due to related parties	-	**95,973,556**	-	-	**95,973,556**
Lease liability	-	**8,975**	**4,488**	-	**13,463**
Accrued expenses and other payables	-	**1,615,176**	-	-	**1,615,176**
Total undiscounted financial liabilities	-	**97,617,071**	**4,488**	-	**97,621,559**

	Less than 3 Months USD	*3 to 12 months USD*	*1 to 5 Years USD*	*Over 5 years USD*	*Total USD*
As at 31 December 2021					
Accounts payable	-	-	-	-	-
Due to related parties	-	124,165,393	-	-	124,165,393
Lease liability	-	14,153	21,229	-	35,382
Accrued expenses and other payables	-	17,448,676	-	-	17,448,676
Total undiscounted financial liabilities	-	141,628,222	21,229	-	141,649,451

25 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.
Financial assets of the Company include cash at bank, accounts receivable, loans due from related party, due from related parties, net credit facility due from Parent Company and other receivables. Financial liabilities of the Company include accounts payable, due to related parties and other payables.
The fair values of the financial assets and liabilities are not materially different from their carrying value unless stated otherwise.

26 RESTATEMENT OF PRIOR YEAR COMPARATIVES

During 2022, the Company identified Hybrid contracts that had been incorrectly accounted for as standard MultiClient contracts in the financial statements for the year ended 31 December 2022. Therefore prior years adjustments has been made for these contracts, resulting in a restatement of the opening balances of the comparative figures.

The comparative figures for the financial statements for the year ended 31 December 2022 and prior years have been restated based on the management interpretation on the nature of the proprietary contracts including late sales agreements which is referred to as Hybrid Contract and the related accounting memo prepared by the Company management. The restatement was made to correct prior years errors identified during the year in accordance with Egyptian Accounting Standard EAS No. (5) and its effect is as below:

1 January 2021:

Statement of Financial Position	*Balance before restatement 1 January 2021 USD*	*Restatement USD*	*Balance after restatement 1 January 2021 USD*
Intangible assets	48,691,782	(48,691,782)	-
Inventories	-	48,691,782	48,691,782

26 RESTATEMENT OF PRIOR YEAR COMPARATIVES (CONTINUED)

31 December 2021:

Statement of Financial Position	*Balance before restatement 31 December 2021 USD*	*Restatement USD*	*Balance after restatement 31 December 2021 USD*
Intangible assets	24,285,356	(24,285,356)	-
Inventories	-	24,285,356	24,285,356
Income tax payable	(6,450,615)	6,450,615	-

Statement of Profit or Loss	*Balance before restatement 31 December 2021 USD*	*Restatement USD*	*Balance after restatement 31 December 2021 USD*
Cost of service revenues – Vessels overhead	33,424,846	44,766,017	78,190,863
Cost of service revenues – intangible assets amortization	48,730,606	(44,766,017)	3,964,589
Income tax expense	6,450,615	(6,450,615)	-

27 COMPARATIVE FIGURES

Certain comparative figures for the year ended 31 December 2022 have been reclassified to conform to the current year's presentation.

Annex 4b

PGS Egypt for Petroleum Services Annual Report 2021

PGS EGYPT FOR PETROLEUM SERVICES
(A LIMITED LIABILTY COMPANY)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
TOGETHER WITH AUDITOR'S REPORT

PGS Egypt for Petroleum Services
(A Limited Liability Company)

Financial statements
For the year ended 31 December 2021

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Building a better working world

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Translation of Auditor's Report
Originally issued in Arabic

AUDITOR'S REPORT

TO THE QUOTA HOLDERS OF PGS EGYPT FOR PETROLEUM SERVICES
(A LIMITED LIABILITY COMPANY)

Report on the Financial Statements

We have audited the accompanying financial statements of **PGS Egypt For Petroleum Services (A Limited Liability Company)**, represented in the statement of financial position as of 31 December 2021, and the related statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

These financial statements are the responsibility of the Company's Management, as Management is responsible for the preparation and fair presentation of the financial statements in accordance with Egyptian Accounting Standards and applicable Egyptian laws. Management responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. This responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Egyptian Standards on Auditing and applicable Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these financial statements.

Opinion

In our opinion, the financial statements referred to above, give a true and fair view, in all material respects, of the financial position of **PGS Egypt For Petroleum Services (A Limited Liability Company),** as of 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the related applicable Egyptian laws and regulations.

Report on Other Legal and Regulatory Requirements

The Company maintains proper accounting records that comply with the laws and the Company's articles of association and the financial statements agree with the Company's records.

The financial information included in the General Manager's report, prepared in accordance with Law No. 159 of 1981 and its executive regulation, is in agreement with the books of the Company insofar as such information is recorded therein.

Allied For Accounting & Auditing
A Member of Ernst & Young Global
المتضامنون للمحاسبة والمراجعة

Ahmed Amin Hafez
R.A.A. 20904

Cairo: 3 November 2022

PGS Egypt For Petroleum Services (A Limited Liability Company)

STATEMENT OF FINANCIAL POSITION
As of 31 December 2021

	Note	2021 USD	2020 USD
ASSETS			
Non-Current assets			
Intangible assets	(4)	**24,285,356**	52,656,373
Right of use lease assets	(5-1)	**33,307**	43,779
Total non-current assets		**24,318,663**	52,700,152
Current assets			
Accounts receivable	(6)	**1,260,904**	-
Due from related parties	(20 b)	**469**	1,568,243
Net credit facility due from the related party	(20 c)	**117,184,089**	66,586,738
Prepayments and other receivables	(7)	**7,141,448**	1,440,116
Cash at bank	(8)	**6,559,498**	10,908,399
Total current assets		**132,146,408**	80,503,496
TOTAL ASSETS		**156,465,071**	133,203,648
EQUITY AND LIABILITIES			
Equity			
Capital	(12)	**87,566**	87,566
Legal reserve		**26,270**	26,270
Retained earnings		**7,775,227**	11,882,003
Total equity		**7,889,063**	11,995,839
LIABILITIES			
Non-current liabilities			
Lease liability – non-current	(5-2)	**20,022**	32,454
Total non-current liabilities		**20,022**	32,454
Current liabilities			
Provisions	(9)	**478,895**	9,235,000
Lease liability – current portion	(5-2)	**12,407**	11,687
Accounts payable	(10)	-	4,289
Due to related parties	(20 b)	**124,165,393**	75,082,673
Income tax payables	(18)	**6,450,615**	-
Accrued expenses and other payables	(11)	**17,448,676**	36,841,706
Total current liabilities		**148,555,986**	121,175,355
TOTAL LIABILITIES		**148,576,008**	121,207,809
TOTAL LIABILITIES AND EQUITY		**156,465,071**	133,203,648

General Manager **Financial Controller**

- The accompanying notes from (1) to (22) are an integral part of these financial statements.
- Auditor's report attached.

PGS Egypt For Petroleum Services (A Limited Liability Company)

STATEMENT OF PROFIT OR LOSS
As of 31 December 2021

	Note	**2021 USD**	2020 USD
Service revenues		**83,284,008**	3,091,488
Cost of service revenues	(13)	**(81,353,438)**	(19,603,179)
GROSS PROFIT (LOSS)		**1,930,570**	(16,511,691)
General and administrative expenses	(14)	**(3,170,090)**	(2,346,933)
Provisions	(9)	**(478,895)**	-
Finance income	(15)	**6,608,670**	3,549,710
Finance expense	(16)	**(85,749)**	(106,809)
Other expenses	(17)	**(2,460,667)**	(1,784,215)
PROFITS (LOSSES) BEFORE INCOME TAXES		**2,343,839**	(17,199,938)
Income taxes	(18)	**(6,450,615)**	-
LOSSES FOR THE YEAR		**(4,106,776)**	(17,199,938)

General Manager **Financial Controller**

- The accompanying notes from (1) to (22) are an integral part of these financial statements.

PGS Egypt For Petroleum Services (A Limited Liability Company)

STATEMENT OF COMPREHENSIVE INCOME
As of 31 December 2021

	2021 USD	2020 USD
(LOSSES) FOR THE YEAR	**(4,106,776)**	(17,199,938)
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME	**(4,106,776)**	(17,199,938)

- The accompanying notes from (1) to (22) are an integral part of these financial statements.

PGS Egypt For Petroleum Services (A Limited Liability Company)

STATEMENT OF CHANGES IN EQUITY
For The Year Ended 31 December 2021

	Capital	Legal reserve	Retained earnings	Total
	USD	USD	USD	USD
Balance as 1 January 2020	87,566	26,270	29,081,941	29,195,777
Losses for the year	-	-	(17,199,938)	(17,199,938)
Balance as of 31 December 2020	**87,566**	**26,270**	**11,882,003**	**11,995,839**
Losses for the year	-	-	**(4,106,776)**	**(4,106,776)**
Balance as of 31 December 2021	**87,566**	**26,270**	**7,775,227**	**7,889,063**

- The accompanying notes from (1) to (22) are an integral part of these financial statements.

PGS Egypt For Petroleum Services (A Limited Liability Company)

STATEMENT OF CASH FLOWS
For The Year Ended 31 December 2021

	Note	2021 USD	2020 USD
CASH FLOWS FROM OPERATING ACTIVITIES			
Profits /(Losses) before income taxes		**2,343,839**	(17,199,938)
Amortization and impairment of intangible assets	(4)	**48,730,606**	5,076,984
Amortisation of right-of-use asset	(5-1)	**10,472**	11,424
Foreign currency exchange loss on lease liability	(5-2)	**64**	(5)
Provisions	(9)	**478,895**	9,235,000
Provisions no longer required	(9)	**(9,235,000)**	
Credit interests	(15)	**(6,608,670)**	(3,549,710)
Debit interests	(16)	**2,396**	3,092
Operating profits (losses) before changes in working capital		**35,722,602**	(6,423,153)
Change in accounts receivable	(6)	**(1,260,904)**	10,409,816
Change in due from related parties	(20 b)	**1,567,774**	937,583
Change in prepayments and other receivables	(7)	**(5,701,332)**	16,824,985
Change in accounts payable	(10)	**(4,289)**	(363,547)
Change in due to related parties	(20 b)	**49,082,720**	46,428,239
Change in accrued expenses and other payables	(11)	**(19,393,030)**	26,933,699
NET CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES		**60,013,541**	94,747,622
Income tax paid	(18)	**-**	(6,663,154)
NET CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES		**60,013,541**	88,084,468
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for intangible assets	(4)	**(20,359,589)**	(48,691,782)
Credit interest collected	(15)	**6,608,670**	3,549,710
Change in net credit facility due from the Parent Company	(20 c)	**(50,597,351)**	(33,429,811)
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		**(64,348,270)**	(78,571,883)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities	(5-2)	**(14,172)**	(11,770)
NET CASH FLOWS (USED IN) FINANCING ACTIVITIES		**(14,172)**	(11,770)
Net change in cash and cash equivalent during the year		**(4,348,901)**	9,500,815
Cash and cash equivalent – beginning of the year		**10,908,399**	1,407,584
CASH AND CASH EQUIVALENT – END OF THE YEAR	(8)	**6,559,498**	10,908,399

***Non-Cash Transactions:**
The following has not been included in the statement of cash flow as these are non-cash transactions:

	2021 USD	2020 USD
Change in prepayments and other receivables	-	**1,305,527**
Income taxes paid	-	**(1,305,527)**

- The accompanying notes from (1) to (22) are an integral part of these financial statements

1 BACKGROUND

PGS Egypt For Petroleum Services (A Limited Liability Company) established on 24 November 2004 under the provisions of Law number 8 of 1997 and its executive regulation.

The Company was registered in the commercial registry under no. 49463 on 24 November 2004.

The Company started its activity on 12 November 2007.

The Company's parent is Petroleum Geo-Services AS – Norway, and its ultimate parent is PGS ASA – Norway.

The Company's Head office is located in Zahraa El Maadi, Cairo, Egypt.

The Company's main objective is services related to petroleum exploration.

2 SIGNIFICANT ACCOUNTING POLICIES

2 - 1 BASIS OF PREPARATION

The financial statements have been prepared under the going concern assumption on a historical cost basis.

The financial statements are prepared and presented in United States dollars, which is the Company's functional currency.

Statement of compliance

The financial statements of the Company have been prepared in accordance with the Egyptian accounting standards and the applicable laws and regulations.

2 - 2 CHANGE IN ACCOUNTING POLICIES

The accounting policies adopted this year are consistent with those of the previous year except for adoption of the new standards mentioned in note 2-3.

2 - 3 NEW STANDARD ISSUED AND ADOPTED BY THE COMPANY

EAS 47: Financial Instruments

EAS 47 Financial Instruments that replaces EAS 26 Financial Instruments: Recognition and Measurement. EAS 47 is issued in April 2019 and is effective for annual periods beginning on or after 1 January 2021 in Egypt, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. The Company elected not to early adopt EAS 47.

The new impairment model according to EAS 47 requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under EAS 26. It applies to financial assets classified at amortized cost, debt instruments measured at fair value through other comprehensive income, contract assets under EAS 48 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts.

The standard has no impact of allowance for expected credit losses on the Company's financial statements for the current year.

2 - 4 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these financial statements requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

The key judgements and estimates that have a significant impact on the financial statement of the Company are discussed below:

2-4-1 Judgments

Revenue recognition for rendering services

In making their judgment, management considered the detailed criteria for the recognition of revenue from the services rendered as set out in" EAS 48 Revenue".

2-4-2 Estimates

Impairment of trade and other receivables

Loss allowances for financial assets are based on assumptions about the risk of default and expected loss rates. The Company uses a range of significant judgements in making these assumptions and selecting the impact to the impairment calculation based on the Company's history and current market conditions as well as future estimates at the end of each year.

Taxes

The Company is subject to income taxes in Egypt. Significant judgment is required to determine the total provision for current and deferred taxes. The Company establishes provision, based on reasonable estimates, for possible consequences of audits by the tax authorities in Egypt. The amount of such provision is based on various factors, such as experience of previous tax audits and different interpretations of tax regulations by the Company and the responsible tax authority. Such differences of interpretations may be on a wide variety of issues depending on the conditions prevailing in Egypt.

Deferred tax assets are recognised for unused accumulated tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

2-5 SUMMARY SIGNIFICANT ACCOUNTING POLICIES

Foreign currency translation

Transactions in foreign currencies are initially recorded using the exchange rates prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated using the exchange rates prevailing at the financial position date. All differences are recognized in the statement of profit or loss.

Nonmonetary items that are measured at historical cost in foreign currencies are translated using the exchange rates prevailing at the date of the initial recognition.

Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates prevailing at the date when the fair value is determined.

Intangible assets

Intangible assets acquired are measured on initial recognition at cost.
After initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

Intangible assets represent Multi-Client library.

Multi-Client 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 Multi-Client library. A project remains in surveys-in-progress until imaging is complete, at which point it is transferred to completed surveys. 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.

2-5 SUMMARY SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts and other receivables
These accounts receivable are recognized initially at fair value. After initial measurement, such financial assets are subsequently measured at amortized cost less impairment, for impairment measurement refer to impairment of financial assets policy.

Accounts and notes payable, accrued expenses and other payables
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions
Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at the financial position date and adjusted to reflect the current best estimate.

Where the effect of the time value of money is material, the amount of a provision should be the present value of the expected expenditures required to settle the obligation. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance expense.

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 a lease liability 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.

2-5 SUMMARY SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Short term leases and low value leases
The Company has elected to apply the recognition exemption to lease contracts with a duration of less than 12 months, or that relate to assets with an underlying low value. Lease payments associated with short-term leases and leases of low-value assets are recognized as an expense on a straight line basis over the lease term.

Social insurance
The Company makes contributions to the Social Insurance Authority calculated as a percentage of the employees' salaries. The Company's obligations are limited to these contributions, which are expensed when due.

Legal reserve
According to the Company's articles of association, 5% of the net profits of the year is transferred to the legal reserve until this reserve reaches 30% of the issued capital. The reserve is used upon a decision from the general assembly meeting based on the proposal of the General Manager.

Borrowings
Borrowings are initially recognized at the value of the consideration received. Amounts maturing within one year are classified as current liabilities, unless the Company has the right to postpone the settlement for a period exceeding one year after the financial position date, then the loan balance should be classified as non-current liabilities.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance expenses in the statement of profit or loss.

Income taxes
Income tax is calculated in accordance with the Egyptian tax law.

Current income tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority.

Deferred income tax
Deferred income tax is recognized using the liability method on temporary differences between the amount attributed to an asset or liability for tax purposes (tax base) and its carrying amount in the financial position (accounting base) using the applicable tax rate.

Deferred tax asset is recognized when it is probable that the asset can be utilized to reduce future taxable profits and the asset is reduced by the portion that will not create future benefit.

Current and deferred tax shall be recognized as income or an expense and included in the statement of profit or loss for the period, except to the extent that the tax arises from a transaction or an event which is recognized, in the same or a different period, directly in equity.

Revenue recognition

- ***Revenue from contracts with customers***
Revenue from contracts with customers arise primarily from 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, consideration is allocated among the performance obligations based on their estimated relative fair values.

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.

2-5 SUMMARY SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 of the compensation is delayed until such uncertainty no longer exists.

Where the Company has 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:

Late sales of Multiclient library data
The Company grants a license to a customer, which entitles the customer to have "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 the right to access the licensed portion of the data.

Pre-funding arrangements of Multiclient library data
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 "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 EAS 48.

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.
Depending on nature of the contract, progress is measured either based on square kilometres or time progressed. Progress for imaging services are measured based on a model taking into account both working hours and processing.

- ***Interest income***
  Interest income is recognized as interest accrues using the effective interest "EIR" method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Deferred revenue
The Company defers the unearned component of payments received from customers for which the revenue recognition requirements have not been met.

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

Expenses
All expenses including cost of service revenues, general and administrative expenses and other expenses are recognized and charged to the statement of profit or loss in the financial year in which these expenses were incurred.

2-5 SUMMARY SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Related party transactions
Related parties represent associated companies, major quota holders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the General Manager.

Contingent Liabilities and Assets
Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.
Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

Fair value measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For assets traded in an active market, fair value is determined by reference to quoted market bid prices.

The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.

For unquoted assets, fair value is determined by reference to the market value of a similar asset or is based on the expected discounted cash flows.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- *Level 1 – Fair value measurements* are those derived from quoted prices in an active market (that are unadjusted) for identical assets or liabilities.
- *Level 2 – Fair value measurements* are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3 – Fair value measurements* are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2-5 SUMMARY SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment

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 and the default days are 60 days as per the Company's Policy.

Related party with whom the Company has credit facility due from has enough cash and cash equivalents to settle the outstanding balances and the probability of default is close to zero.

Impairment of non financial assets
The Company assesses at each financial position date whether there is an indication that an asset may be impaired. Where the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the statement of profit or loss.

A previously recognized impairment loss is only reversed if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

Statement of cash flows
The statement of cash flows is prepared using the indirect method.

Cash and cash equivalent
For the purpose of preparing the statement of cash flows, the cash and cash equivalent comprise cash on hand, current accounts with banks and time deposits maturing within three months.

3 SEGMENT INFORMATION

Currently the Company's main business segment is services related to petroleum exploration. The Company's revenues during the year ended 31 December 2021 were reported under one segment in the financial statements.

4 INTANGIBLE ASSETS

Intangible assets represent the Multi-Client library, which is amortized using straight-line over a period of 4 years from the date it is transferred to completed surveys.

	2021	2020
	USD	USD
Cost		
As of 1 January	**73,895,522**	25,203,740
Capitalized costs during the year	**20,359,589**	48,691,782
As of 31 December	**94,255,111**	73,895,522
Amortization and impairment		
As of 1 January	**(21,239,149)**	(16,162,165)
Amortization during the year (note 13)	**(48,730,606)**	(2,280,677)
Impairment during the year (note 13)	**-**	(2,796,307)
As of 31 December	**(69,969,755)**	(21,239,149)
Net book value	**24,285,356**	52,656,373

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

	2021	2020
	USD	USD
Completed in 2017	-	58,155
Completed in 2018	-	-
Completed in 2019	-	3,906,436
Completed in 2020	-	-
Completed in 2021	**3,111,268**	-
Completed surveys	**3,111,268**	3,964,591
Surveys in progress	**21,174,088**	48,691,782
Balance at 31 December 2021	**24,285,356**	52,656,373

5 LEASES

5-1 RIGHT OF USE LEASE ASSETS

	2021 USD	2020 USD
Cost		
Beginning balance	**57,107**	57,107
Ending balance	**57,107**	57,107
Accumulated depreciation		
Beginning balance	**(13,328)**	(1,904)
Amortization charged	**(10,472)**	(11,424)
Ending balance	**(23,800)**	(13,328)
Net book value at 31 December	**33,307**	43,779

Leased assets represent the long-term lease of office building for 5 years.

Amortization is allocated over 60 months.

5-2 LEASE LIABILITIES

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

	2021 USD	2020 USD
Balance at 1 January	**44,141**	52,824
Interest charged	**2,396**	3,092
Foreign currency exchange	**64**	(5)
Payments	**(14,172)**	(11,770)
Balance at 31 December	**32,429**	44,141
Current	**12,407**	11,687
Non- current	**20,022**	32,454
Total lease liabilities	**32,429**	44,141

The following are the amounts recognized in statement of profit or loss:

	2021 USD	2020 USD
Amortization expense of right-of-use assets (Note 14)	**10,472**	11,424
Interest expense (Note 16)	**2,396**	3,092
Foreign currency exchange	**64**	(5)
Total amount recognized in profit or loss	**12,932**	14,511

The Company has used its incremental borrowing rate of 6% to discount its future lease payments.

For further details about lease maturity, please refer to note 21.

Type te

6 ACCOUNTS RECEIVABLE

	2021	2020
	USD	USD
Accounts receivable	**1,260,904**	-
	1,260,904	-

At 31 December, the ageing analysis of net accounts receivable is as follows:

	Total	Less than 30 days	30 to 60 days	Between 60 to 90 days	More than 90 days
	USD	USD	USD	USD	USD
2021	**1,260,904**	**1,257,521**	**3,383**	-	
2020	-	-	-	-	-

Refer to (***note 21 a***) on credit risks of trade receivable, which discusses how the Company manages and measures credit quality of trade receivables that are past due nor impaired.

7 PREPAYMENTS AND OTHER RECEIVABLES

	2021	2020
	USD	USD
Tax authority – withholding taxes	**3,141,076**	1,382,482
Accrued revenue	**3,890,929**	-
Other receivables	**109,443**	57,634
	7,141,448	1,440,116

8 CASH AT BANK

	2021	2020
	USD	USD
a) US dollar		
Current account	**6,550,883**	10,615,232
	6,550,883	10,615,232
b) Other currencies		
Current account	**8,615**	293,167
	8,615	293,167
	6,559,498	10,908,399

Bank balances are denominated in the following currencies:

	2021	2020
	USD	USD
US Dollar (USD)	**6,550,883**	10,615,232
Egyptian Pound (EGP)	**8,615**	293,167
	6,559,498	10,908,399

9 PROVISIONS

	Balance as of 1/1/2021	**Charged during the year**	**No longer required**	**Balance as of 31/12/2021**
	USD	**USD**	**USD**	**USD**
Provision for expected claims	-	**478,895**	-	**478,895**
Provision for expected losses on customer's contract	**9,235,000**	-	**(9,235,000)**	-
	9,235,000	**478,895**	**(9,235,000)**	**478,895**

10 ACCOUNTS PAYABLE

	2021 USD	2020 USD
Accounts payable - US dollar	-	4,289
	-	4,289

Accounts payable are non-interest bearing and for explanations on the Company's liquidity risk management process, refer to (*note 21 c*).

11 ACCRUED EXPENSES AND OTHER PAYABLES

	2021 USD	2020 USD
Deferred revenues	**16,857,324**	34,573,047
Accrued expenses	**87,968**	1,247,405
Tax authority – withholding taxes	**223,948**	453,339
Accrued commission	**49,412**	529,931
Accrued professional fees	**21,701**	21,637
Accrued Bonus	**113**	-
Medical health contribution	**208,210**	16,347
	17,448,676	36,841,706

Accrued expenses and other payables are non-interest bearing and for explanations on the Company's liquidity risk management process, refer to (*note 21 c*).

12 CAPITAL

The Company's authorized, issued and paid up capital amounts to EGP 500,000 equivalent to USD 87,566 at the rate of payment (1 USD = EGP 5.71) divided over 500000 quotas of par value EGP 1 each as follows:

	%	**No of Quotas**	**EGP**	**Equivalent in USD**
Petroleum Geo-Services Asia- Pacific Pte Ltd. - Singaporean	99.999%	499995	499,995	87,565
Ms. Mervat Mounir Malati – Egyptian	0.001%	5	5	1
	100%	**500000**	**500,000**	**87,566**

13 COST OF SERVICE REVENUES

	2021 USD	2020 USD
Vessels Overhead (note 20 a)	**33,424,846**	1,267,663
Reversal / Provision for losses on contracts	**(9,235,000)**	9,235,000
Intangible assets amortization and impairment (note 4)	**48,730,606**	5,076,984
Steaming cost (Note 20 a)	**5,612,723**	1,603,351
Imaging processing	**808,466**	751,761
Commissions	**1,150,765**	535,870
Miscellaneous expenses	**861,032**	1,132,550
	81,353,438	19,603,179

14 GENERAL AND ADMINISTRATIVE EXPENSES

	2021 USD	2020 USD
Salary tax	**1,813,723**	1,414,935
Professional fees	**89,865**	129,604
Intercompany charges (note 20 a)	**52,522**	50,222
Payroll	**16,451**	22,521
Medical health contribution	**211,490**	17,438
Severance charges	**-**	15,978
Right to use depreciation (Note 6)	**10,472**	11,424
Others	**975,567**	684,811
	3,170,090	2,346,933

15 FINANCE INCOME

	2021 USD	2020 USD
Credit interests - credit facility due from related party (note 20 a)	**6,608,459**	3,545,090
Credit interest - time deposits	**211**	4,620
	6,608,670	3,549,710

16 FINANCE EXPENSE

	2021 USD	2020 USD
Foreign exchange differences losses	**83,353**	103,717
Interest expenses on lease liability (note 5-2)	**2,396**	3,092
	85,749	106,809

17 OTHER EXPENSES

	2021 USD	2020 USD
Intercompany Mark-up (note 20 a)	**2,460,667**	1,784,215
	2,460,667	1,784,215

18 INCOME TAXES

	2021 USD	2020 USD
Current income tax	**6,450,615**	-
Deferred income tax	-	-
Income tax expense	**6,450,615**	-

RECONCILIATION OF THE EFFECTIVE INCOME TAX RATE

	2021 USD	2020 USD
Profits (losses) before income taxes	**2,343,839**	(17,199,938)
Accounting amortization	**48,730,606**	5,076,984
Tax amortization	**(8,729,730)**	(3,237,708)
Provisions	**478,895**	9,235,000
Provisions no longer required	**(9,235,000)**	-
Health Medical Contribution	-	16,347
Deductible expenses	**(14,070)**	(11,836)
Non- deductible expenses	**12,868**	14,516
Unrealized foreign exchange losses (gains)	**71,465**	(85,328)
Realized foreign exchange gain related to prior year	**85,328**	1,113,645
Carry forward losses	**(5,074,799)**	-
Taxable Income (losses)	**28,669,402**	(5,078,318)
Income taxes at 22.5%	**6,450,615**	-

INCOME TAX PAYABLE MOVEMENT DURING THE YEAR IS SHOWN AS FOLLOWS

	2021 USD	2020 USD
Beginning balance	-	7,968,681
Withholding taxes receivables	-	(1,305,527)
Paid during the year	-	6,663,154
Income tax Payable	**6,450,615**	-
Ending balance	**6,450,615**	-

DEFERRED INCOME TAX

	Statement of financial position	
	2021 USD	2020 USD
Depreciation and amortization	**11,759,879**	3,766,654
Unrealized foreign exchange loss /(gain)	**16,080**	(19,199)
Provision	-	2,077,875
Carry forward tax losses	-	1,142,622
Net deferred taxes – assets	**11,775,959**	6,967,952

The Company did not record the deferred tax assets amounting to USD 11,775,958 as of 31 December 2021 (2020: USD 6,967,952) since no future tax profits are expected to recover the assets.

19 TAX SITUATION

The Company had no operating activity for the years from 2004 till 2007 and started its activity on 12 November 2007.

a. Corporate taxes

- The Company's records were inspected for the years from 2008 till 2012 and the taxes due were paid.
- No tax inspection took place for the Company's records for the years from 2013 till 2020.

b. Salary taxes

- No tax inspection took place for the Company's records for the years 2004 and 2005.
- The Company's records were inspected for the years from 2006 till 2012 and the taxes due were paid.
- Tax inspection took place on the Company's records for the years from 2013 till 2017 and the Company received the assessment and had recorded provision for it.
- No tax inspection took place for the Company's records for the years from 2018 till 2021.

c. Stamp Taxes

- The Company's records were inspected for the years from 2008 till 2012 and the taxes due were paid.
- No tax inspection took place for the Company's records for the years from 2013 till 2017 and the Company had recorded estimated provision for these years.
- No tax inspection took place for the Company's records for the years from 2018 till 2021.

d. Value Added Taxes

- The Company has been registered in value added taxes on 9 October 2016.
- No tax inspection took place for the Company's records for the year 2016 till 2021.

e. Withholding tax

- No tax inspection took place for the years 2004 till 2006.
- The Company's records were inspected for the years from 2006 till 2018 and the taxes due were paid.
- No tax inspection took place for the Company's records for the years from 2019 till 2021.

20 RELATED PARTIES DISCLOSURES

For the purpose of these financial statements, parties are considered to be related to the Company, if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control. Related parties may be individuals or other entities.

a. Related parties' transactions

During the year, the following were the significant related party transactions, which were carried out in the normal course of business on terms agreed between the parties.

As of 31 December 2021	**Services revenues**	**Inter-company charges**	**Inter-company Mark-up***	**Vessel Costs**	**Steaming costs**	**Finance income**
	USD	**USD**	**USD**	**USD**	**USD**	**USD**
Petroleum Geo-Services AS (Norway)	-	-	-	-	-	**6,608,459**
PGS Data Processing Middle East	**7,509,493**	**(52,523)**	**(423,234)**	-	-	-
PGS Geophysical AS	-	-	**(2,037,433)**	**(28,703,704)**	**(4,999,864)**	
PGS Falcon AS	-	-	-	**(4,721,142)**	**(612,859)**	-
	7,509,493	**(52,523)**	**(2,460,667)**	**(33,424,846)**	**(5,612,723)**	**6,608,459**

As of 31 December 2020	Services revenues	Inter-company charges	Inter-company Mark-up*	Vessel Costs	Steaming costs	Finance income
	USD	USD	USD	USD	USD	USD
PGS ASA (Norway) (Ultimate Parent Company)	-	-	-	-	-	3,545,090
PGS Data Processing Middle East	1,741,117	(50,222)	(96,943)	-	-	-
PGS Geophysical AS	-	-	(1,687,272)	3,648,351	8,941,702	-
PGS Falcon AS	-	-	-	(4,916,014)	-	-
	1,741,117	(50,222)	(1,784,215)	(1,267,663)	8,941,702	3,545,090

*Intercompany Mark-up represents intercompany mark-up charges range from 2.5% to 10% on services provided by the PGS Group to the Company during the year.

The related parties' transactions described above resulted in the following balances:

b. Related party balances:

	2021		2020	
	Due from	**Due to**	Due from	Due to
	USD	**USD**	USD	USD
PGS Geophysical AS (Norway)	-	**113,877,905**	-	72,362,374
PGS Data Processing Middle East (Egypt)	-	**9,871,187**	-	1,886,224
PGS Falcon AS (Norway)	-	-	1,567,770	-
PGS ASA (Norway) (Parent Company)	-	-	-	416,582
PGS Exploration (UK) Ltd.	-	**413,386**	-	414,551
Petroleum Geo-Services, Inc.	-	**417**	-	417
PGS EM Ltd	**469**	-	473	-
Petroleum Geo-Services Asia Pacific Pte. Ltd. (main Quota holder)	-	**2,498**	-	2,525
	469	**124,165,393**	1,568,243	75,082,673

Type te

c) Net Credit Facility Due from / to the related party (Intermediate Parent)

On 19 September 2008, the Company entered into a credit facility agreement with "PGS ASA - Norway" (the Parent Company), with an effective date from 1 September 2008. The credit facility balance is shown as a net figure of any debit balance due from the Parent Company.

The net balance due from / to "PGS ASA-Norway" will be charged an interest of three-month LIBOR plus a margin of 3% and is due on demand.

On 25 September 2014, the two parties have agreed to amend the maximum amount of the net credit facility to be provided to the Company (net due to the Parent Company) to be net USD 5,000,000, while the maximum amount of the net credit facility to be provided to PGS ASA-Norway by the Company (net due from the Parent Company) to be net USD 20,000,000 and the net balance is payable on demand.

During 2021, the credit facility agreement was transferred from PGS ASA – Norway to Petroleum Geo-Services AS – Norway, under the same terms.

The net credit facility is represented as follows:

	2021 USD	2020 USD
Due from Petroleum Geo-Services AS (Intermediate Parent)	**393,123,111**	-
Due to Petroleum Geo-Services AS (Intermediate Parent)	**(275,939,022)**	-
Net credit facility due from Petroleum Geo-Services AS (Intermediate Parent)	**117,184,089**	-
Due from PGS ASA Norway (Ultimate Parent)	-	345,723,112
Due to PGS ASA Norway (Ultimate Parent)	-	(279,136,374)
Net credit facility due from PGS ASA Norway (Ultimate Parent)	-	66,586,738

21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Overview

The Company has exposure to the following risks from its use of financial instruments:

a) Credit risk,
b) Market risk, and
c) Liquidity risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The General Manager of the Company has overall responsibility for the establishment and oversight of the Company's risk

management framework. The Company's senior management are responsible for developing and monitoring the risk management policies and report regularly to the General Manager on their activities.

The Company's current financial risk management framework is a combination of formally documented risk management policies in certain areas and informal risk management policies in other areas.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk principally from its receivables from customers, due from related parties, other receivables and from its financing activities, including deposits with banks and financial institutions.

Trade receivables

The customer credit risk is established by the Company' policies, procedures and controls relating to customer credit risk management. Credit quality of a customer is assessed based on extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date on an individual basis.

Other financial assets and cash deposits

With respect to credit risk arising from the other financial assets of the Company, which comprise mainly bank balances and cash, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these assets.

Credit risk from balances with banks and financial institutions is managed by local Company's treasury supported by the Parent Company. The Company limits its exposure to credit risk by only placing balances with international banks and local banks of good reputation. Given the profile of its bankers, management does not expect any counterparty to fail to meet its obligations.

21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Due from related parties
Due from related parties relates to transactions arising in the normal course of business with minimal credit risk, with a maximum exposure equal to the carrying amount of these balances.

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as currency risk and interest rate risk, which will affect the Company's income. Financial instruments affected by market risk include interest-bearing loans and borrowings and deposits. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company does not hold or issue derivative financial instruments.

Exposure to interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's obligations with floating interest rates and interest-bearing time deposits.

Interest on financial instruments having floating rates is re-priced at intervals of less than one year.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Company's profit before tax (through the impact on floating rate borrowings).
There is no impact on the Company's equity other than the profit impact stated below.

	2021		*2020*	
	Change in rate	***Effect on profit before tax USD***	*Change in rate*	*Effect on profit before tax USD*
Financial asset	**+1%**	**926,690**	+1%	665,867
	- 1%	**(926,690)**	- 1%	(665,867)

Interest rates on loans and credit facilities from / to related parties are disclosed in (Note 20 c) to the financial statements.

Exposure to foreign currency risk
The foreign currency risk is the risk that the value of the financial assets and liabilities and the related cash inflows and outflows in foreign currencies will fluctuate due to changes in foreign currency exchange rates. The following tables demonstrate the sensitivity to a reasonably possible change in EGP, GBP, Euro, DKK and NOK exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

	2021		*2020*	
	Change in rate	**Effect on profit before tax *USD***	Change in rate	Effect on profit before tax *USD*
EGP	**+10%**	**309,225**	+10%	32,746
	-10%	**(309,225)**	-10%	(32,746)
GBP	**+10%**	**(14,777)**	+10%	(23,395)
	-10%	**14,777**	-10%	23,395
EUR	**+10%**	**(192)**	+10%	(256)
	-10%	**192**	-10%	256
DKK	**+10%**	**-**	+10%	(118)
	-10%	**-**	-10%	118
NOK	**+10%**	**(1,756)**	+10%	(212)
	-10%	**1,756**	-10%	212

21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

The cash flows, funding requirements and liquidity of the Company are monitored by the Company's management supported by the Parent Company. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of related parties credit facilities. The Company manages liquidity risk by maintaining adequate reserves and borrowing facilities, by continuously monitoring forecasted and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company currently has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

c) Liquidity risk
Financial liabilities

	Less than 3 Months USD	*3 to 12 months USD*	*1 to 5 Years USD*	*Over 5 years USD*	*Total USD*
As at 31 December 2021					
Due to related parties	**-**	**124,165,393**	**-**	**-**	**124,165,393**
Lease liability	**-**	**14,153**	**21,229**	**-**	**35,382**
Accrued expenses and other payables	**-**	**17,448,676**	**-**	**-**	**17,448,676**
Total undiscounted financial liabilities	**-**	**141,628,222**	**21,229**	**-**	**141,649,451**

	Less than 3 Months USD	*3 to 12 months USD*	*1 to 5 Years USD*	*Over 5 years USD*	*Total USD*
As at 31 December 2020					
Accounts payable	4,289	-	-	-	4,289
Due to related parties	-	75,082,673	-	-	75,082,673
Lease liability	-	14,136	35,339	-	49,475
Accrued expenses and other payables	-	36,841,706	-	-	36,841,706
Total undiscounted financial liabilities	4,289	111,938,515	35,339	-	111,978,143

22 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets of the Company include cash at bank, accounts receivable, net credit facility due from related party and other receivables. Financial liabilities of the Company include due to related parties, income tax payable and other payables.

The fair values of the financial assets and liabilities are not materially different from their carrying value unless stated Otherwise.

Annex 5a

PGS Holding I Ltd Annual Report 2022

PGS HOLDING I LTD
REPORT AND FINANCIAL STATEMENTS
COMPANY INFORMATION

Directors	G Langseth R Pedersen C Steen-Nilsen
Auditor	Ernst & Young LLP 4th Floor 2 Marischal Square Broad Street Aberdeen AB10 1BL
Registered office	4, The Heights Brooklands Weybridge Surrey KT13 0NY
Registered number	12930687

PGS HOLDING I LTD
STRATEGIC REPORT

The directors present their Strategic Report for the year ended 31 December 2022.

Principal activities

The principal activity of the company is an intermediate holding company for the PGS Group.

The company is a member of the PGS Group ("the group"), a Norwegian registered oil services group providing geophysical services worldwide. The group provides a broad range of geophysical and reservoir services, including seismic data acquisition, processing, interpretation and field evaluation. It also possesses a substantial international MultiClient seismic data library.

Business review and future developments

The company did not trade during the year and the profit for the year after taxation is $nil.

The directors do not anticipate any change in the holding company activities of the company in the foreseeable future.

Principal risks and uncertainties of the company

From the perspective of the company, the principal risks and uncertainties are so integrated with the principal risks of the group that they are not managed separately. Accordingly, the principal risks and uncertainties of the PGS Group, which include those of the company, are discussed below.

Principal risks and uncertainties of the group

Financial Market Risk
The Group 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 Group's risk management policies are approved by the Board of Directors. The treasury function reports regularly to Group 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.

Currency Exchange Risk
PGS conducts business primarily in US dollars but also in several other currencies. 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. The Company did not have any open foreign currency forward contracts as of 31 December in 2022 or 2021.

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 Group's banking partners, including derivatives counterparties and the institutions in which cash is held on deposit.

Liquidity Risk
Liquidity risk is the risk that the group will encounter difficulty in meeting its financial obligations as they fall due. As of 31 December 2022, PGS had cash and cash equivalents totalling $363.8 million, compared to $170.0 million as of 31 December 2021. 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, and the Company is close to reaching its targeted maximum level for net interest-bearing debt (excluding lease liabilities) of $500 to $600 million. Additionally, in Q1 2023 PGS placed a new $450 million senior secured bond which will be used to repay $600 million of the group's Term Loan B maturing in March 2024. PGS expects to repay the remaining $138 million Term Loan B from operational cash flows, however there

is a risk that sufficient cash flows will not be achieved and further financing will be required. The directors have considered this risk in their assessment of going concern.

Commodity Risk
Operation of seismic vessels requires substantial fuel purchases, thus PGS is exposed to fuel price fluctuations. 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 Group 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 Group's strategy is based on market scenario analysis and positioning of PGS for the energy transition by establishing the 'New Energy' business unit, which is a core component of the Group'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 Group 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 Group'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 Group is subject to many risk factors including, but not limited to the demand for seismic services, the demand for data from the Group'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.

The principal risks and uncertainties of the PGS Group, which include those of the company, are discussed in more detail on pages 52 to 53 of the group's annual report.

Key performance indicators ("KPIs")

The directors of the PGS Group manage the group's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of PGS Holding I Ltd. The development, performance and position of the group, which includes the company, is discussed on pages 46 to 56 of the group's annual report which does not form part of this report.

Signed on behalf of the Board by:

DocuSigned by:
Gottfred Langseth
.....3FF93C1EC860404..............

G Langseth
Director

27 April 2023

PGS HOLDING I LTD
DIRECTORS' REPORT

The directors present their Report and the financial statements for the year ended 31 December 2022.

Results and dividends

As the company did not trade during the year or the prior period no Statement of Profit and Loss and Other Comprehensive Income has been prepared, and the profit for the year after taxation is $nil. The directors do not recommend payment of a dividend (2021: $nil).

Future developments

The future development of the business has been outlined in the Strategic Report.

Directors of the company

The directors who held office during the year, and to the date of this report, were as follows:

G Langseth

R Pedersen

C Steen-Nilsen

Indemnification of directors

In accordance with the Articles of Association, the directors have the benefit of indemnity provisions. In addition, the PGS Group maintains a directors' and officers' liability insurance policy throughout the financial year, and up to the date of approval of the financial statements.

Charitable and political donations

The company made no political or charitable donations during the year (2021: nil).

Section 172(1) statement

In accordance with section 172 of the Companies Act 2006, the Board of Directors of the company act in a way that they consider in good faith would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard to a range of matters when making decisions for the short and long-term.

The directors have had regard, amongst others, to the matters set out in section 172(1) (a)-(f) of the Companies Act 2006 to effectively discharge their section 172 duties. The board believes governance of the company is best achieved by delegation of its authority for the executive management of the PGS Group, subject to defined limits and monitoring by the board. The board routinely monitors the delegation of authority, ensuring that it is regularly updated, while retaining ultimate responsibility.

The PGS Group manage the group's operations on a divisional basis and the company's directors therefore see their main function as monitoring and ensuring the compliance of UK regulations and ensuring the stand-alone interests of the company and its stakeholders.

This includes the following responsibilities;

- implementing the Group's values and code of conduct, including ensuring any additional UK requirements
- Overseeing the company's compliance with financial reporting and disclosure obligations.
- Overseeing the risk management of the PGS Group, ensuring it is sufficient for the company
- Determining its own composition, subject to the provisions of the Company's Articles of incorporation
- Setting and approving policies specific to UK.
- Review and approve non-routine or significant transactions.
- Specific consideration of issues for employees, customers and suppliers arising from the Covid-19 pandemic, including information in relation to government guidelines, workplace planning and staff wellbeing.

Section 172(1) statement ***(continued)***

Responsibilities during the year

The board of directors do not have a set schedule for meetings, but will convene as needed and receives regular reporting from management about compliance and business activities of the company.

Risk management and internal control

The Board of Directors 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 company mainly relies on a system applied by all companies in the PGS Group. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable, but not absolute assurance against material financial misstatements or loss.

Group 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 by the Group Board of Directors at least once a year. The result is shared with the directors of the company.

Group 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.

PGS Group 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 Group Audit Committee. In addition, the Internal Audit Department regularly monitors and reports status of management's actions to respond to identified risks or weaknesses. All reports are available to the directors of PGS Holding I Ltd.

Communication with stakeholders

The company consists of various departments and functions contributing to the PGS Group. As the PGS Group is managed on a divisional basis, all departments and functions report to their respective global department heads. Decision-making is delegated by the PGS Group's authorization matrix. The Board regularly review material decisions made on behalf of the company.

Customers

The PGS Group have relatively few, but large customers. Consistently delivering high quality products and building long-term relationships to our main customers is a key priority. As most of our key customers operates globally, the directors have delegated the main responsibility for customer relations to Group Management.

Suppliers

Similar to customers, we aim to develop long-lasting relationships with our key suppliers by engaging with them on a regular basis. PGS Group has a global purchasing and contracting department that handles all key suppliers on behalf of all PGS Group entities.

PGS Group

PGS operates its vessels globally and is a highly integrated group of companies aimed at carrying out the Seismic projects in the best possible manner. Close cooperation with other group companies is therefore paramount to the company.

Section 172(1) statement *(continued)*

Communities and the environment

The company strives to be actively engaged with our communities. We continually look to support local causes and create opportunities through recruitment.

The seismic industry has a role in enabling a reliable supply of energy now and in the future through the sustainable transition to greener energy. PGS remains devoted to conducting our operations with minimal impact on the oceans and those that are reliant upon them for their living or sustenance.

Our commitment is to leave the oceans as we find them, and our ambition is to contribute to healthier marine environment - for the benefit of all. We have therefore refocused our support to the UN Sustainable Development Goals with strong focus on Climate Action and Life Below Water. These will be the pillars of our environmental strategies and actions going forward.

We are committed to:

- Carefully planning and executing surveys to minimize any disturbance
- Immediately ceasing operations if marine mammals are observed in close proximity
- Respecting local communities and fishermen
- Not throwing anything overboard and leaving nothing behind.

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business review section of the Strategic Report.

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate.

The Directors have obtained a letter of support from the Group confirming that if required, support will be provided up to 30 April 2024. The directors have considered the financial position of PGS ASA, including centralised treasury arrangements.

The company is a guarantor for all material interest bearing debt within the group, including having pledged its shareholding in PGS Holding II Ltd. During 2022, the improving seismic market improved cash flow generation, and the PGS Group's liquidity position was further strengthened by strong shareholder support in two private placements raising close to $250 million of new equity. In March 2023, PGS successfully placed a new $450 million senior secured bond with 4-year tenor, the proceeds of which were, together with cash held on balance sheet, used to repay $600 million of the Group's Term Loan B (the "TLB") maturing in March 2024. PGS expects to repay the remaining $138 million TLB from operational cash flows.

Whilst the directors are confident that the PGS Group will generate sufficient cash flows to repay the TLB balance by March 2024, the directors have concluded that the risk of shortfall and or breaching the financial covenant of minimum liquidity of $75m could represent an event of default under the loan and other loan agreements. In such case, PGS Group may be able to obtain a waiver of the breach, however if not, certain creditors of the group may, by 50% majority demand immediate repayment of the loan balances, which could represent an event of default in other loan arrangements and debt instruments in the Group. Alternatively, certain creditors of the group may, by 50% majority accelerate and enforce the share pledge over PGS Holding II Ltd, a subsidiary of the company, and other pledges over all major assets of the group. Such enforcement would likely imply the company, left without any material assets, will then then enter insolvency. Therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors have obtained sufficient information in terms of the financial situation of PGS ASA to conclude that the going concern assumption is still appropriate, thus they continue to adopt the going concern basis of accounting in preparing these financial statements until 30 April 2024.

Information to the auditor

Each of the directors at the date of approval of this report confirms that:

1. So far as the director is aware, there is no relevant audit information of which the auditor is unaware; and
2. the director has taken all steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Events since the balance sheet date

There have been no events subsequent to the year end which require adjustment of or disclosure in the financial statements.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and Ernst & Young LLP will therefore continue in office.

Signed on behalf of the Board by:

DocuSigned by:

Gottfred Langseth

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G Langseth
Director

27 April 2023

PGS HOLDING I LTD
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PGS HOLDING I LTD

Opinion

We have audited the financial statements of PGS Holding I Ltd for the year ended 31 December 2022 which comprise the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 13, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework".

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2022
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to Note 3 in the financial statements, which indicates that the company is dependent on financial support from PGS ASA, the ultimate parent, to allow the company to continue its operations to 30 April 2024.

A material uncertainty around the availability of support from PGS ASA exists due to:

- the liquidity of the Group and potential covenant breaches; should any unexpected operational risks materialise, or plausible downside scenarios occur, there may be a need for additional funding to be secured or covenant waivers to be received.

This could result in the in the parent's inability to provide financial support if required.

As stated in Note 3, this condition indicates that a material uncertainty exists that may cast a significant doubt on the company's ability to continue as a Going Concern. In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our opinion is not modified in respect of this matter.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the Report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Other information *(continued)*

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have 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 (UK) 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulation, including anti-bribery and corruption in the United Kingdom and any other areas of operation.
- We understood how PGS Holding I Ltd is complying with those frameworks by making enquiries of management to understand how the company maintains and communicates its policies and procedures in these areas and corroborated this by reviewing supporting documentation. We also reviewed correspondence with relevant authorities.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override. Our procedures involved testing journal entries identified by specific risk criteria.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures included a focus on compliance with the accounting and regulatory frameworks and obtaining sufficient audit evidence in line with the level of risk identified, in conjunction with compliance with relevant legislation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Gordon Edwards (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Aberdeen

28 April 2023

PGS HOLDING I LTD
BALANCE SHEET
YEAR ENDED 31 DECEMBER 2022

	Note	2022 $ 000	2021 $ 000
Fixed assets			
Investments	8	260,305	260,305
Net assets		**260,305**	**260,305**
Capital and reserves			
Called up share capital	9	-	-
Share premium	9	260,305	260,305
Profit and loss account		-	-
Shareholders' funds		**260,305**	**260,305**

These financial statements were approved by the Board on 27 April 2023, and signed on its behalf by:

DocuSigned by:

Christin Steen-Nilsen

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C Steen-Nilsen

Director

Registered number: 12930687

The notes on pages 14 to 18 form an integral part of these financial statements

PGS HOLDING I LTD
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2022

	Share capital $ 000	Share Premium $ 000	Profit and loss account $ 000	Total $ 000
At incorporation on 5 October 2020	-	-	-	-
Issue of shares (Note 9)	-	260,305	-	260,305
Profit for the year	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	-	-
At 31 December 2021	**-**	**260,305**	**-**	**260,305**
At 1 January 2022	-	260,305	-	260,305
Profit for the year	**-**	**-**	**-**	**-**
Other comprehensive income	**-**	**-**	**-**	**-**
Total comprehensive income	**-**	**-**	**-**	**-**
At 31 December 2022	**-**	**260,305**	**-**	**260,305**

The notes on pages 14 to 18 form an integral part of these financial statements

1 General information

PGS Holding I Ltd is a private company and is incorporated and domiciled in England and Wales. The address of its registered office is 4, The Heights, Brooklands, Weybridge, Surrey KT13 0NY.

2 Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of PGS Holding I Ltd (the “company”) for the year ended 31 December 2022 were authorised for issue by the board of directors on 27 April 2023 and the Balance Sheet was signed on the board’s behalf by C Steen-Nilsen.

These financial statements were prepared in accordance with Financial Reporting Standard 101 ‘Reduced Disclosure Framework’ (‘FRS 101’) and in accordance with applicable accounting standards. The company’s financial statements are presented in US dollars as this is the currency in which the company operates.

3 Accounting policies

The following accounting policies have been consistently applied in deciding the items which are considered material in relation to the financial statements.

Basis of preparation

The company has been determined to meet the criteria of a 'qualifying entity' under the definition in FRS 101. The financial statements in which the company is consolidated are available from the ultimate parent company as detailed in note 12.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2022.

Summary of disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment, because the share based payment arrangement concerns the instruments of another group entity;
- the requirements of IFRS 7 Financial Instruments: Disclosures,
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement,
- the requirement in paragraph 38 of IAS 1 ‘Presentation of Financial Statements’ to present comparative information in respect of:
    - (i) paragraph 79(a)(iv) of IAS 1;
    - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
    - (iii) paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

3 Accounting policies *(continued)*

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business review section of the Strategic Report.

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate.

The Directors have obtained a letter of support from the Group confirming that if required, support will be provided up to 30 April 2024. The directors have considered the financial position of PGS ASA, including centralised treasury arrangements.

The company is a guarantor for all material interest bearing debt within the group, including having pledged its shareholding in PGS Holding II Ltd. During 2022, the improving seismic market improved cash flow generation, and the PGS Group's liquidity position was further strengthened by strong shareholder support in two private placements raising close to $250 million of new equity. In March 2023, PGS successfully placed a new $450 million senior secured bond with 4-year tenor, the proceeds of which were, together with cash held on balance sheet, used to repay $600 million of the Group's Term Loan B (the "TLB") maturing in March 2024. PGS expects to repay the remaining $138 million TLB from operational cash flows.

Whilst the directors are confident that the PGS Group will generate sufficient cash flows to repay the TLB balance by March 2024, the directors have concluded that the risk of shortfall and or breaching the financial covenant of minimum liquidity of $75m could represent an event of default under the loan and other loan agreements. In such case, PGS Group may be able to obtain a waiver of the breach, however if not, certain creditors of the group may, by 50% majority demand immediate repayment of the loan balances, which could represent an event of default in other loan arrangements and debt instruments in the Group. Alternatively, certain creditors of the group may, by 50% majority accelerate and enforce the share pledge over PGS Holding II Ltd, a subsidiary of the company, and other pledges over all major assets of the group. Such enforcement would likely imply the company, left without any material assets, will then then enter insolvency. Therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors have obtained sufficient information in terms of the financial situation of PGS ASA to conclude that the going concern assumption is still appropriate, thus they continue to adopt the going concern basis of accounting in preparing these financial statements until 30 April 2024.

The directors have obtained sufficient information in terms of the financial situation of PGS ASA to conclude that the going concern assumption is still appropriate, thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

Group accounts

The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in the consolidated financial statements of its ultimate parent undertaking, PGS ASA, a company registered in Norway.

The financial statements contain information about PGS Holding I Ltd as an individual company and do not contain consolidated financial information as the parent of a group.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the USD exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into USD at the rates prevailing on the reporting period date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of realised and unrealised monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Investments

Investments are held at cost less accumulated impairment losses.

4 Critical accounting judgements, estimates and assumptions

The preparation of financial statements in accordance with FRS 101 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.

Investments

Investments in subsidiary undertakings are stated at cost are reviewed at least annually to assess whether there is objective evidence to indicate that either the carrying values are impaired or impairments recognised in prior periods need to be reversed. See note 8 for carrying values and details of subsidiaries.

5 Auditor’s remuneration

Auditor’s remuneration of $8,000 (2021: $8,000) was settled by a fellow group company.

6 Directors' remuneration

None of the directors received any fees or remunerations for services as a director of the company during the financial year (2021: Nil).

The remuneration of the directors is paid by another group company, which makes no recharges to the company. The directors act in a group capacity only and do not allocate specific time to the company and therefore it is not possible to make an accurate apportionment of their emoluments in respect of the company.

7 Income tax

The company is domiciled in Norway for taxation purposes. There is no tax due in the United Kingdom or in Norway for the year ended 31 December 2022 (2021: Nil).

8 Investments

Shares in subsidiary undertakings	$ 000
Cost	
At 1 January 2022 and 31 December 2022	260,305
Carrying amount	
At 31 December 2022	260,305
At 31 December 2021	260,305

On 6 October 2020, the company purchased 100 shares of £1 each on the incorporation of PGS Holding II Ltd.

On 22 February 2021, PGS Holding I Ltd issued an additional 100 shares with a nominal value of £1 each to its parent company, PGS ASA, for a non-cash consideration of £190,100,700. The consideration was settled by the transfer of the entire share capital of Petroleum Geo-Services AS, a fellow group company incorporated in Norway.

Also on 22 February 2021, the company acquired an additional 100 shares of £1 each in PGS Holding II Ltd, in exchange for the investment in Petroleum Geo-Services AS.

Details of the subsidiaries at 31 December 2022 are included in the appendix to these financial statements.

9 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	No.	$ 000	No.	$ 000
Share capital				
Ordinary shares of £1 each	200	-	200	-

On 5 October 2020, 100 ordinary shares of £1 each were issued at nominal value. On 22 February 2021, a further 100 shares of £1 each were issued, in consideration for 100% of the share capital of a fellow group company, Petroleum Geo-Services AS, totalling £190,100,700 ($260,305,000).

The called up share capital and share premium that is denominated in pounds sterling has been translated into US$ at the historic rate ruling on the date the share was issued.

10 Foreign exchange

The financial statements are presented in US Dollars. The exchange rate at 31 December 2022 applied was 1.20 USD to 1.0 GBP.

11 Related party transactions

As a wholly owned subsidiary of PGS ASA the company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with other wholly owned group companies. There were no other related party transactions.

12 Ultimate parent undertaking

The company's immediate and ultimate parent and controlling party is PGS ASA, a company incorporated in Norway.

The smallest and largest group in which the results of the company are consolidated is that headed by PGS ASA. These financial statements are available upon request from PGS ASA, Lilleakerveien 4C, P.O. Box 251 Lilleaker, 0216 Oslo, Norway.

13 Events since the balance sheet date

There have been no events subsequent to the year end which require adjustment of or disclosure in the financial statements.

PGS HOLDING I LTD
APPENDIX TO THE FINANCIAL STATEMENTS

Subsidiary companies

Subsidiaries of the company at 31 December 2022 are as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership and voting rights held
PGS Holding II Ltd	Intermediate holding company	United Kingdom	100%
PGS Australia Pty	Geophysical services	Australia	100%*
Seahouse Insurance Ltd	Insurance activities	Bermuda	100%*
PGS Suporte Logistico e Servicos Ltda.	Geophysical services	Brazil	100%*
PGS Overseas Operation (Cyprus) Limited	In liquidation	Cyprus	90%*
PGS Data Processing Middle East SAE	Geophysical services	Egypt	100%*
PGS Egypt for Petroleum Services	Geophysical services	Egypt	100%*
PGS Ghana Limited	Geophysical services	Ghana	90%*
PT Petroprima Geo-Servis Nusantara	Geophysical services	Indonesia	94%*
PGS Japan K.K.	Geophysical services	Japan	100%*
Petroleum Geo-Services Asia Pacific Labuan Ltd	In liquidation	Malaysia	100%*
Petroleum Geo-Services Exploration (M) Sdn. Bhd	Geophysical services	Malaysia	100%*
PGS Geophysical Nigeria Ltd	Geophysical services	Nigeria	100%*
Petroleum Geo-Services AS	Intermediate holding company and group treasury services	Norway	100%*
PGS Shipowner AS	Seismic vessel owner	Norway	100%*
Multiklient Invest AS	MultiClient data sales	Norway	100%*
PGS Falcon AS	Leasing of seismic vessels	Norway	100%*
PGS Geophysical AS	Geophysical services	Norway	100%*
PGS Titans AS	Seismic vessel owner	Norway	100%*
Natuna Ventures Pte. Ltd	Geophysical services	Singapore	100%*
Petroleum Geo-Services Asia Pacific Pte. Ltd	Geophysical services	Singapore	100%*
PGS Geophysical (UK) Ltd	Non-trading	United Kingdom	100%*
Panoceanic Energy Limited	Hold and operate exploration licences	United Kingdom	100%*
Petroleum Geo-Services (UK) Ltd.	Intermediate holding company	United Kingdom	100%*
PGS Exploration (UK) Ltd	Geophysical services	United Kingdom	100%*
PGS Geophysical (Angola) Ltd	Geophysical services	United Kingdom	100%*
PGS Pension Trustee Ltd	Trustee of the PGS (UK) Pension Plan	United Kingdom	100%*
Petroleum Geo-Services, Inc	Geophysical services	United States	100%*
PGS Imaging, Inc.	Geophysical services	United States	100%*
PGS Finance, Inc	Non-trading	United States	100%*
PGS Imaging, S.A. de C.V	In liquidation	Mexico	100%*

*denotes indirect shareholdings

The registered office of the companies registered in the United Kingdom is 4, The Heights, Brooklands, Weybridge, Surrey, KT13 0NY, United Kingdom.

The registered office of the companies registered in Norway is Lilleakerveien 4C, 0283 Oslo, Norway.

The registered office of the company registered in Australia is QV 1 Level 28, 250 St Georges Terrace, Perth WA 6000, Australia.

The registered office of the company registered in Bermuda is 25 Church Street, Hamilton HM12, Bermuda.

The registered office of the company registered in Brazil is Rua do Passeio, 38, Suite 1602 and 1603, sector 2, Edifico Passeio Corporate, Centro, Zip Code 20021-290 Rio de Janeiro - RJ 22.775-044 Brazil.

The registered office of the company registered in Cyprus is Lampousas 1 PC 1095 Nicosia, Cyprus.

The registered office of PGS Data Processing Middle East SAE is Block B-1, Road 14, Public Free Zone, Nasr City Cairo, Egypt.

The registered office of PGS Egypt for Petroleum Services is 39, Road 83 P O Box 114 11431 Maadi, Cairo, Egypt.

The registered office of the company registered in Ghana is Imperial Square Building, Airport Residential Area, 6th Senchi Street, Accra, Greater Accra, Ghana.

The registered office of the company registered in Indonesia is Pondok Indah Office Tower 3, 17th Floor, Suite M59, Jl. Sultan Iskandar Muda Kav. V TA Pondok Indah, Jakarta 12310, Indonesia.

The registered office of the company registered in Japan is 5th Floor, UD Hibiya Building, 1-1-2 Uchisaiwaicho, Chiyoda-ku, Tokyo 100-0011, Japan.

The registered office of the companies registered in Malaysia is Level 33, Suite E, Menera Maxis, Kuala Lumpur City Centre, 50088 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia.

The registered office of the company registered in Nigeria is Landmark Towers, 5B Water Corporation Rd, Victoria Island, Lagos, Nigeria.

The registered office of the companies registered in Singapore is 80 Robinson Road #02-00 Singapore (068898).

The registered office of Petroleum Geo-Services, Inc. and PGS Imaging, Inc. is C.T. Corp System, 1999 Bryan Street, Suite 900, Dallas, TX. 75201 – 3136, United States.

The registered office of PGS Finance Inc. is The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801, United States.

The registered office of the company registered in Mexico is Salomon No. 388 Interior 3, Colonia Libertad, 02050 Mexico, D.F.

Annex 5b

PGS Holding I Ltd Annual Report 2021

PGS HOLDING I LTD
REPORT AND FINANCIAL STATEMENTS
COMPANY INFORMATION

Directors	G Langseth R Pedersen C Steen-Nilsen
Auditor	Ernst & Young LLP 4th Floor 2 Marischal Square Broad Street Aberdeen AB10 1BL
Registered office	4, The Heights Brooklands Weybridge Surrey KT13 0NY
Registered number	12930687

PGS HOLDING I LTD
STRATEGIC REPORT

The directors present their Strategic Report for the period from incorporation of the company on 5 October 2020 to 31 December 2021.

Incorporation

The company was incorporated in England and Wales on 5 October 2020, with an initial share capital of 100 shares with a nominal value of £1 each. The financial statements cover the first accounting period for the company and consequently no prior period comparative figures have been shown. An extended accounting period has been prepared in order to bring the company's accounting reference date in line with that of its parent company, PGS ASA.

Principal activities

The principal activity of the company is an intermediate holding company for the PGS Group.

The company is a member of the PGS Group ("the group"), a Norwegian registered oil services group providing geophysical services worldwide. The group provides a broad range of geophysical and reservoir services, including seismic data acquisition, processing, interpretation and field evaluation. It also possesses a substantial international MultiClient seismic data library.

Business review and future developments

The profit for the period after taxation is $nil. The directors do not recommend payment of a dividend.

On 6 October 2020, the company purchased 100 shares of £1 each on the incorporation of PGS Holding II Ltd.

On 22 February 2021, PGS Holding I Ltd issued an additional 100 shares with a nominal value of £1 each to its parent company, PGS ASA, for a non-cash consideration of £190,100,700 ($260,305,000). The consideration was settled by the transfer of the entire share capital of Petroleum Geo-Services AS, a fellow group company incorporated in Norway.

Also on 22 February 2021, the company acquired an additional 100 shares of £1 each in PGS Holding II Ltd, in exchange for the investment in Petroleum Geo-Services AS.

The directors do not anticipate any change in the activities of the company in the foreseeable future. There have been no subsequent events that would suggest future changes.

Principal risks and uncertainties of the company

From the perspective of the company, the principal risks and uncertainties are so integrated with the principal risks of the group that they are not managed separately. Accordingly, the principal risks and uncertainties of the PGS Group, which include those of the company, are discussed below.

Principal risks and uncertainties of the group

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.

A portion of the group's foreign currency exchange risk on cash flows related to sales, expenses, financing and investing transactions in currencies other than the US dollar are hedged through forward currency exchange contracts.

Credit risk relating to the group's trade receivables is relatively limited due to the nature of the customer base and the historic low level of losses on trade receivables. Ongoing credit evaluations of customers are used to manage exposure to this type of risk.

Liquidity risk is the risk that the group will encounter difficulty in meeting its financial obligations as they fall due. The PGS Group had cash and cash equivalents of $170.0 million as of 31 December 2021, which can be used to meet the group's funding commitments if called upon.

Principal risks and uncertainties of the group *(continued)*

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 group 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 group has started preparations for assessing the group's options in this respect.

By operating seismic vessels, the group is exposed to commodity risk in the form of fuel price fluctuations. The group seeks to pass fuel price risk to customers on a majority of contract work.

PGS is exposed to both transition risk and physical risks associated with climate change. The group monitors the development of the of the seismic exploration market and opportunities created by the transition to renewable energy sources globally. Physical risks are mitigated 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 our Ramform fleet and GeoStreamer technology.

Demand for the group's products and services are heavily influenced by oil and gas prices and the focus areas of oil and gas companies' spending. The profitability of the group is subject to a number of operational risks, including increased competition, attractiveness of technology, changes in governmental regulations, licences and permits and adverse weather conditions.

The principal risks and uncertainties of the PGS Group, which include those of the company, are discussed in more detail on pages 49 to 51 of the group's annual report.

As the global economy is impacted by the health and economic crisis following the outbreak of the Covid-19 pandemic, Management continues to monitor the potential operational and financial impacts for the company.

Key performance indicators ("KPIs")

The directors of the PGS Group manage the group's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of PGS Holding I Ltd. The development, performance and position of the group, which includes the company, is discussed on pages 42 to 53 of the group's annual report which does not form part of this report.

Signed on behalf of the Board by:

DocuSigned by:
Gottfred Langseth
3FF93C1EC880404...........

G Langseth
Director

29 April 2022

The directors present their Report and the financial statements for the period from incorporation of the company on 5 October 2020 to 31 December 2021.

Results and dividends

The profit for the period after taxation is $nil. The directors do not recommend payment of a dividend.

Future developments

The future development of the business has been outlined in the Strategic Report.

Directors of the company

The directors who held office during the period and to the date of this report were as follows:

G Langseth

R Pedersen

C Steen-Nilsen

Indemnification of directors

In accordance with the Articles of Association, the directors have the benefit of indemnity provisions. In addition the PGS Group maintains a directors' and officers' liability insurance policy throughout the financial year, and up to the date of approval of the financial statements.

Charitable and political donations

The company made no political or charitable donations during the period.

Section 172(1) statement

In accordance with section 172 of the Companies Act 2006, the Board of Directors of the company act in a way that they consider in good faith would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard to a range of matters when making decisions for the short and long-term.

The directors have had regard, amongst others, to the matters set out in section 172(1) (a)-(f) of the Companies Act 2006 to effectively discharge their section 172 duties. The board believes governance of the company is best achieved by delegation of its authority for the executive management of the PGS Group, subject to defined limits and monitoring by the board. The board routinely monitors the delegation of authority, ensuring that it is regularly updated, while retaining ultimate responsibility.

The PGS Group *manage the group's operations on a divisional basis and the company's directors therefore see* their main function as monitoring and ensuring the compliance of UK regulations and ensuring the stand-alone interests of the company and its stakeholders.

This includes the following responsibilities;

- implementing the Group's values and code of conduct, including ensuring any additional UK requirements
- Overseeing the company's compliance with financial reporting and disclosure obligations.
- Overseeing the risk management of the PGS Group, ensuring it is sufficient for the company
- Determining its own composition, subject to the provisions of the Company's Articles of incorporation
- Setting and approving policies specific to UK.
- Review and approve non-routine or significant transactions.
- Specific consideration of issues for employees, customers and suppliers arising from the Covid-19 pandemic, including information in relation to government guidelines, workplace planning and staff wellbeing.

Section 172(1) statement *(continued)*

Responsibilities during the year

The board of directors do not have a set schedule for meetings, but will convene as needed and receives regular reporting from management about compliance and business activities of the company.

Risk management and internal control

The Board of Directors 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 company mainly relies on a system applied by all companies in the PGS Group. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable, but not absolute assurance against material financial misstatements or loss.

Group 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 by the Group Board of Directors at least once a year. The result is shared with the directors of the company.

Group 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.

PGS Group 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 Group Audit Committee. In addition, the Internal Audit Department regularly monitors and reports status of management's actions to respond to identified risks or weaknesses. All reports are available to the directors of PGS Holding I Ltd.

Communication with stakeholders

The company consists of various departments and functions contributing to the PGS Group. As the PGS Group is managed on a divisional basis, all departments and functions report to their respective global department heads. Decision-making is delegated by the PGS Group's authorization matrix. The Board regularly review material decisions made on behalf of the company.

Customers

The PGS Group have relatively few, but large customers. Consistently delivering high quality products and building long-term relationships to our main customers is a key priority. As most of our key customers operates globally, the directors have delegated the main responsibility for customer relations to Group Management.

Suppliers

Similar to customers, we aim to develop long-lasting relationships with our key suppliers by engaging with them on a regular basis. PGS Group has a global purchasing and contracting department that handles all key suppliers on behalf of all PGS Group entities.

PGS Group

PGS operates its vessels globally and is a highly integrated group of companies aimed at carrying out the Seismic projects in the best possible manner. Close cooperation with other group companies is therefore paramount to the company.

Section 172(1) statement *(continued)*

Communities and the environment

The company strives to be actively engaged with our communities. We continually look to support local causes and create opportunities through recruitment.

The seismic industry has a role in enabling a reliable supply of energy now and in the future through the sustainable transition to greener energy. PGS remains devoted to conducting our operations with minimal impact on the oceans and those that are reliant upon them for their living or sustenance.

Our commitment is to leave the oceans as we find them, and our ambition is to contribute to healthier marine environment - for the benefit of all. We have therefore refocused our support to the UN Sustainable Development Goals with strong focus on Climate Action and Life Below Water. These will be the pillars of our environmental strategies and actions going forward.

We are committed to:

- Carefully planning and executing surveys to minimize any disturbance
- Immediately ceasing operations if marine mammals are observed in close proximity
- Respecting local communities and fishermen
- Not throwing anything overboard and leaving nothing behind.

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business review section of the Strategic Report.

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate.

The company is a guarantor for all material interest bearing debt within the group, including having pledged its shareholding in PGS Holding II Ltd. PGS ASA has notified the company that it may not be able to meet its 2022 maturities.

The seismic market recovery in 2021 has been slower than assumed in the debt rescheduling business plan from 2021. As a result, there is a risk that the PGS Group 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. In the event that it cannot, PGS believes it would have several viable alternatives such as negotiating further extensions with its lenders, new equity or conversion of debt.

Whilst they are confident that the rescheduling of the PGS ASA debt will be achieved, the directors have concluded that the risk constitutes a material uncertainty which may cast significant doubt on the ability of the Company to continue as a going concern. Certain creditors of the group may, by 50% majority accelerate and enforce the share pledge over PGS Holding II Ltd, a subsidiary of the Company, and other pledges over all major assets of the group. Such enforcement would likely imply the Company, left without any material assets, will then then enter insolvency. Therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors have obtained sufficient information in terms of the financial situation of PGS ASA to conclude that the going concern assumption is still appropriate, thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

Information to the auditor

Each of the directors at the date of approval of this report confirms that:

1. So far as the director is aware, there is no relevant audit information of which the auditor is unaware; and
2. the director has taken all steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and Ernst & Young LLP will therefore continue in office.

Signed on behalf of the Board by:

DocuSigned by:
Gottfred Langseth
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G Langseth
Director

29 April 2022

PGS HOLDING I LTD
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PGS HOLDING I LTD

Opinion

We have audited the financial statements of PGS Holding I Ltd for the period from incorporation on 5 October 2020 to 31 December 2021 which comprise the Statement of Profit and Loss and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 13, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework".

In our opinion, the financial statements:

- *give a true and fair view of the company's affairs as at 31 December 2021 and of its profit for the year* then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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.

Conclusions relating to going concern

We draw attention to Note 3 in the financial statements, which indicates that the company is dependent on financial support from subsidiaries of PGS ASA, the ultimate parent, to allow the company to continue its operations for the going concern period, and it is not certain that this support will be available. As stated in Note 3, this condition states that a material uncertainty exists that may cast a significant doubt on the company's ability to continue as a Going Concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's/group's ability to continue as a going concern.

Other information

The other information comprises the information included in the Report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, 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 other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have 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 (UK) 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulation, including anti-bribery and corruption in the United Kingdom and any other areas of operation.
- We understood how PGS Holding I Ltd is complying with those frameworks by making enquiries of management to understand how the company maintains and communicates its policies and procedures in these areas and corroborated this by reviewing supporting documentation. We also reviewed correspondence with relevant authorities.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud *(continued)*

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override. Our procedures involved testing journal entries identified by specific risk criteria.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures included a focus on compliance with the accounting and regulatory frameworks and obtaining sufficient audit evidence in line with the level of risk identified, in conjunction with compliance with relevant legislation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Kenneth MacLeod Hall (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Aberdeen

29 April 2022

PGS HOLDING I LTD
STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
PERIOD ENDED 31 DECEMBER 2021

	Note	For the period from incorporation on 5 October 2020 to 31 December 2021 $ 000
Administrative expenses		-
Impairment of investment		-
Profit before taxation		-
Taxation	7	-
Profit for the year		-
Other comprehensive income		-
Total comprehensive income		-

The notes on pages 15 to 19 form an integral part of these financial statements

PGS HOLDING I LTD
BALANCE SHEET
31 DECEMBER 2021

	Note	2021 $ 000
Fixed assets		
Investments	8	260,305
Net assets		**260,305**
Capital and reserves		
Called up share capital	9	-
Share premium	9	260,305
Profit and loss account		-
Shareholders' funds		**260,305**

These financial statements were approved by the Board on 29 April 2022, and signed on its behalf by:

DocuSigned by:
Christin Steen-Nilsen
53F8F3970D884AF...

C Steen-Nilsen

Director

Registered number: 12930687

The notes on pages 15 to 19 form an integral part of these financial statements

PGS HOLDING I LTD
STATEMENT OF CHANGES IN EQUITY
PERIOD ENDED 31 DECEMBER 2021

	Share capital $ 000	Share Premium $ 000	Profit and loss account $ 000	Total $ 000
At incorporation on 5 October 2020	-	-	-	-
Issue of shares (Note 9)	-	260,305	-	260,305
Profit for the year	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	-	-
At 31 December 2021	**-**	**260,305**	**-**	**260,305**

The notes on pages 15 to 19 form an integral part of these financial statements

PGS HOLDING I LTD
NOTES TO THE FINANCIAL STATEMENTS

1 General information

PGS Holding I Ltd is a private company and is incorporated and domiciled in England and Wales. The address of its registered office is 4, The Heights, Brooklands, Weybridge, Surrey KT13 0NY.

2 Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of PGS Holding I Ltd (the "company") for the period from incorporation on 5 October 2020 to 31 December 2021 were authorised for issue by the board of directors on 29 April 2022 and the Balance Sheet was signed on the board's behalf by C Steen-Nilsen.

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101') and in accordance with applicable accounting standards. The company's financial statements are presented in US dollars as this is the currency in which the company operates.

3 Accounting policies

The following accounting policies have been consistently applied in deciding the items which are considered material in relation to the financial statements.

Basis of preparation

The company has been determined to meet the criteria of a 'qualifying entity' under the definition in FRS 101. The financial statements in which the company is consolidated are available from the ultimate parent company as detailed in note 12.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the period from incorporation on 5 October 2020 to 31 December 2021.

Summary of disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment, because the share based payment arrangement concerns the instruments of another group entity;
- the requirements of IFRS 7 Financial Instruments: Disclosures,
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement,
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
    - (i) paragraph 79(a)(iv) of IAS 1;
    - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
    - (iii) paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

3 Accounting policies *(continued)*

Going concern

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate.

The company is a guarantor for all material interest bearing debt within the group, including having pledged its shareholding in PGS Holding II Ltd. PGS ASA has notified the company that it may not be able to meet its 2022 maturities.

The seismic market recovery in 2021 has been slower than assumed in the debt rescheduling business plan from 2021. As a result, there is a risk that the PGS Group 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. In the event that it cannot, PGS believes it would have several viable alternatives such as negotiating further extensions with its lenders, new equity or conversion of debt.

Whilst they are confident that the rescheduling of the PGS ASA debt will be achieved, the directors have concluded that the risk constitutes a material uncertainty which may cast significant doubt on the ability of the Company to continue as a going concern. Certain creditors of the group may, by 50% majority accelerate and enforce the share pledge over PGS Holding II Ltd, a subsidiary of the Company, and other pledges over all major assets of the group. Such enforcement would likely imply the Company, left without any material assets, will then then enter insolvency. Therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors have obtained sufficient information in terms of the financial situation of PGS ASA to conclude that the going concern assumption is still appropriate, thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

Group accounts

The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in the consolidated financial statements of its ultimate parent undertaking, PGS ASA, a company registered in Norway.

The financial statements contain information about PGS Holding I Ltd as an individual company and do not contain consolidated financial information as the parent of a group.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the USD exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into USD at the rates prevailing on the reporting period date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of realised and unrealised monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Investments

Investments are held at cost less accumulated impairment losses.

4 Critical accounting judgements, estimates and assumptions

The preparation of financial statements in accordance with FRS 101 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.

Investments

Investments in subsidiary undertakings are stated at cost are reviewed at least annually to assess whether there is objective evidence to indicate that either the carrying values are impaired or impairments recognised in prior periods need to be reversed. See note 8 for carrying values and details of subsidiaries.

5 Auditor's remuneration

Auditor's remuneration of $8,000 was settled by a fellow group company.

6 Directors' remuneration

None of the directors received any fees or remunerations for services as a director of the company during the period from incorporation on 5 October 2020 to 31 December 2021.

The remuneration of the directors is paid by another group company, which makes no recharges to the company. The directors act in a group capacity only and do not allocate specific time to the company and therefore it is not possible to make an accurate apportionment of their emoluments in respect of the company.

7 Income tax

The company is domiciled in Norway for taxation purposes. There is no tax due in the United Kingdom or in Norway for the period ended 31 December 2021.

PGS HOLDING I LTD
NOTES TO THE FINANCIAL STATEMENTS

8 Investments

Shares in subsidiary undertakings	$ 000
Cost	
At incorporation	-
Additions	520,610
Disposals	(260,305)
At 31 December 2021	260,305

On 6 October 2020, the company purchased 100 shares of £1 each on the incorporation of PGS Holding II Ltd.

On 22 February 2021, PGS Holding I Ltd issued an additional 100 shares with a nominal value of £1 each to its parent company, PGS ASA, for a non-cash consideration of £190,100,700. The consideration was settled by the transfer of the entire share capital of Petroleum Geo-Services AS, a fellow group company incorporated in Norway.

Also on 22 February 2021, the company acquired an additional 100 shares of £1 each in PGS Holding II Ltd, in exchange for the investment in Petroleum Geo-Services AS.

Details of the subsidiaries as at 31 December 2021 are included in the appendix to these financial statements.

9 Share capital

Allotted, called up and fully paid shares

	2021	
	No.	$ 000
Share capital		
Ordinary shares of £1 each	200	-

On 5 October 2020, 100 ordinary shares of £1 each were issued at nominal value. On 22 February 2021, a further 100 shares of £1 each were issued, in consideration for 100% of the share capital of a fellow group company, Petroleum Geo-Services AS, totalling £190,100,700 ($260,305,000).

The called up share capital and share premium that is denominated in pounds sterling has been translated into US$ at the historic rate ruling on the date the share was issued.

10 Foreign exchange

The financial statements are presented in US Dollars. The exchange rate at 31 December 2021 applied was 1.35 USD to 1.0 GBP.

11 Related party transactions

As a wholly owned subsidiary of PGS ASA the company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with other wholly owned group companies. There were no other related party transactions.

12 Ultimate parent undertaking

The company's immediate and ultimate parent and controlling party is PGS ASA, a company incorporated in Norway.

The smallest and largest group in which the results of the company are consolidated is that headed by PGS ASA. These financial statements are available upon request from PGS ASA, Lilleakerveien 4C, P.O. Box 251 Lilleaker, 0216 Oslo, Norway.

13 Events since the balance sheet date

There have been no events subsequent to period end which require adjustment of or disclosure in the financial statements.

PGS HOLDING I LTD
APPENDIX TO THE FINANCIAL STATEMENTS

Subsidiary companies

Subsidiaries of the company at 31 December 2021 are as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership and voting rights held
PGS Holding II Ltd	Intermediate holding company	United Kingdom	100%
PGS Australia Pty	Geophysical services	Australia	100%*
Seahouse Insurance Ltd	Insurance activities	Bermuda	100%*
PGS Suporte Logistico e Servicos Ltda.	Geophysical services	Brazil	100%*
PGS Overseas Operation (Cyprus) Limited	In liquidation	Cyprus	90%*
PGS Data Processing Middle East SAE	Geophysical services	Egypt	100%*
PGS Egypt for Petroleum Services	Geophysical services	Egypt	100%*
PGS Ghana Limited	Geophysical services	Ghana	90%*
PT Petroprima Geo-Servis Nusantara	Geophysical services	Indonesia	94%*
PGS Marine Services (Isle of Man) Ltd	In liquidation	Isle of Man	100%*
PGS Japan K.K.	Geophysical services	Japan	100%*
Petroleum Geo-Services Asia Pacific Labuan Ltd	In liquidation	Malaysia	100%*
Petroleum Geo-Services Exploration (M) Sdn. Bhd	Geophysical services	Malaysia	100%*
PGS Geophysical Nigeria Ltd	Geophysical services	Nigeria	100%*
Petroleum Geo-Services AS	Intermediate holding company and group treasury services	Norway	100%*
PGS Shipowner AS	Seismic vessel owner	Norway	100%*
Multiklient Invest AS	MultiClient data sales	Norway	100%*
PGS Falcon AS	Leasing of seismic vessels	Norway	100%*
PGS Geophysical AS	Geophysical services	Norway	100%*
PGS Titans AS	Seismic vessel owner	Norway	100%*
Natuna Ventures Pte. Ltd	Geophysical services	Singapore	100%*
Petroleum Geo-Services Asia Pacific Pte. Ltd	Geophysical services	Singapore	100%*
PGS Geophysical (UK) Ltd	Non-trading	United Kingdom	100%*
Panoceanic Energy Limited	Hold and operate exploration licences	United Kingdom	100%*
Petroleum Geo-Services (UK) Ltd.	Intermediate holding company	United Kingdom	100%*
PGS EM Ltd	In liquidation	United Kingdom	100%*
PGS Exploration (UK) Ltd	Geophysical services	United Kingdom	100%*
PGS Geophysical (Angola) Ltd	Geophysical services	United Kingdom	100%*
PGS Pension Trustee Ltd	Trustee of the PGS (UK) Pension Plan	United Kingdom	100%*
Petroleum Geo-Services, Inc	Geophysical services	United States	100%*
PGS Imaging, Inc.	Geophysical services	United States	100%*
PGS Finance, Inc	Non-trading	United States	100%*
PGS Imaging, S.A. de C.V	In liquidation	Mexico	100%*

*denotes indirect shareholdings

The registered office of the companies registered in the United Kingdom is 4, The Heights, Brooklands, Weybridge, Surrey, KT13 0NY, United Kingdom.

The registered office of the companies registered in Norway is Lilleakerveien 4C, 0283 Oslo, Norway.

The registered office of the company registered in Australia is QV 1 Level 28, 250 St Georges Terrace, Perth WA 6000, Australia.

The registered office of the company registered in Bermuda is 25 Church Street, Hamilton HM12, Bermuda.

The registered office of the company registered in Brazil is Rua do Passeio, 38, Suite 1602 and 1603, sector 2, Edifico Passeio Corporate, Centro, Zip Code 20021-290 Rio de Janeiro - RJ 22.775-044 Brazil.

The registered office of the company registered in Cyprus is Lampousas 1 PC 1095 Nicosia, Cyprus.

The registered office of PGS Data Processing Middle East SAE is Block B-1, Road 14, Public Free Zone, Nasr City Cairo, Egypt.

The registered office of PGS Egypt for Petroleum Services is 39, Road 83 P O Box 114 11431 Maadi, Cairo, Egypt.

The registered office of the company registered in Ghana is Imperial Square Building, Airport Residential Area, 6th Senchi Street, Accra, Greater Accra, Ghana.

The registered office of the company registered in Indonesia is Pondok Indah Office Tower 3, 17th Floor, Suite M59, Jl. Sultan Iskandar Muda Kav. V TA Pondok Indah, Jakarta 12310, Indonesia.

The registered office of the company registered in Isle of Man is 12-14 Finch Road, Douglas IM1 2PT, Isle of Man.

The registered office of the company registered in Japan is 5th Floor, UD Hibiya Building, 1-1-2 Uchisaiwaicho, Chiyoda-ku, Tokyo 100-0011, Japan.

The registered office of the companies registered in Malaysia is Level 33, Suite E, Menera Maxis, Kuala Lumpur City Centre, 50088 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia.

The registered office of the company registered in Nigeria is Landmark Towers, 5B Water Corporation Rd, Victoria Island, Lagos, Nigeria.

The registered office of the companies registered in Singapore is 80 Robinson Road #02-00 Singapore (068898).

The registered office of Petroleum Geo-Services, Inc. and PGS Imaging, Inc. is C.T. Corp System, 1999 Bryan Street, Suite 900, Dallas, TX. 75201 – 3136, United States.

The registered office of PGS Finance Inc. is The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801, United States.

The registered office of the company registered in Mexico is Salomon No. 388 Interior 3, Colonia Libertad, 02050 Mexico, D.F.

Annex 6a

PGS Holding II Ltd Annual Report 2022

PGS HOLDING II LTD
REPORT AND FINANCIAL STATEMENTS
COMPANY INFORMATION

Directors	G Langseth R Pedersen C Steen-Nilsen
Auditor	Ernst & Young LLP 4th Floor 2 Marischal Square Broad Street Aberdeen AB10 1BL
Registered office	4, The Heights Brooklands Weybridge Surrey KT13 0NY
Registered number	12932266

PGS HOLDING II LTD
STRATEGIC REPORT

The directors present their Strategic Report for the year ended 31 December 2022.

Principal activities

The principal activity of the company is an intermediate holding company for the PGS Group.

The company is a member of the PGS Group ("the group"), a Norwegian registered oil services group providing geophysical services worldwide. The group provides a broad range of geophysical and reservoir services, including seismic data acquisition, processing, interpretation and field evaluation. It also possesses a substantial international MultiClient seismic data library.

Business review and future developments

The directors do not anticipate any change in the holding company activities of the company in the foreseeable future.

Principal risks and uncertainties of the company

From the perspective of the company, the principal risks and uncertainties are so integrated with the principal risks of the group that they are not managed separately. Accordingly, the principal risks and uncertainties of the PGS Group, which include those of the company, are discussed below.

Principal risks and uncertainties of the group

Financial Market Risk
The Group 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 Group's risk management policies are approved by the Board of Directors. The treasury function reports regularly to Group 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.

Currency Exchange Risk
PGS conducts business primarily in US dollars but also in several other currencies. 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. The Company did not have any open foreign currency forward contracts as of 31 December in 2022 or 2021.

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 Group's banking partners, including derivatives counterparties and the institutions in which cash is held on deposit.

Liquidity Risk
Liquidity risk is the risk that the group will encounter difficulty in meeting its financial obligations as they fall due. As of 31 December 2022, PGS had cash and cash equivalents totaling $363.8 million, compared to $170.0 million as of 31 December 2021. 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, and the Company is close to reaching its targeted maximum level for net interest-bearing debt (excluding lease liabilities) of $500 to $600 million. Additionally, in Q1 2023 PGS placed a new $450 million senior secured bond which will be used to repay $600 million of the group's Term Loan B maturing in March 2024. PGS expects to repay the remaining $138 million Term Loan B from operational cash flows, however there is a risk that sufficient cash flows will not be achieved and further financing will be required. The directors have considered this risk in their assessment of going concern.

Commodity Risk
Operation of seismic vessels requires substantial fuel purchases, thus PGS is exposed to fuel price fluctuations. 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 Group 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 Group's strategy is based on market scenario analysis and positioning of PGS for the energy transition by establishing the 'New Energy' business unit, which is a core component of the Group'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 Group 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 Group'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 Group is subject to many risk factors including, but not limited to the demand for seismic services, the demand for data from the Group'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 behaviour, 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.

The principal risks and uncertainties of the PGS Group, which include those of the company, are discussed in more detail on pages 52 to 53 of the group's annual report.

Key performance indicators ("KPIs")

The directors of the PGS Group manage the group's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of PGS Holding I Ltd. The development, performance and position of the group, which includes the company, is discussed on pages 46 to 56 of the group's annual report which does not form part of this report.

Signed on behalf of the Board by:

DocuSigned by:
Gottfred Langseth
3FF93C1EC860404...

G Langseth
Director

27 April 2023

The directors present their Report and the financial statements for the year ended 31 December 2022.

Results and dividends

The directors do not recommend payment of a dividend (2021: $nil).

Future developments

The future development of the business has been outlined in the Strategic Report.

Directors of the company

The directors who held office during the year, and to the date of this report, were as follows:

G Langseth

R Pedersen

C Steen-Nilsen

Indemnification of directors

In accordance with the articles of association, the directors have the benefit of indemnity provisions. In addition the PGS Group maintains a directors' and officers' liability insurance policy throughout the financial year, and up to the date of approval of the financial statements.

Charitable and political donations

The company made no political or charitable donations during the year (2021: $nil).

Section 172(1) statement

In accordance with section 172 of the Companies Act 2006, the Board of Directors of the company act in a way that they consider in good faith would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard to a range of matters when making decisions for the short and long-term.

The directors have had regard, amongst others, to the matters set out in section 172(1) (a)-(f) of the Companies Act 2006 to effectively discharge their section 172 duties. The board believes governance of the company is best achieved by delegation of its authority for the executive management of the PGS Group, subject to defined limits and monitoring by the board. The board routinely monitors the delegation of authority, ensuring that it is regularly updated, while retaining ultimate responsibility.

The PGS Group manage the group's operations on a divisional basis and the company's directors therefore see their main function as monitoring and ensuring the compliance of UK regulations and ensuring the stand-alone interests of the company and its stakeholders.

This includes the following responsibilities;

- implementing the Group's values and code of conduct, including ensuring any additional UK requirements
- Overseeing the company's compliance with financial reporting and disclosure obligations.
- Overseeing the risk management of the PGS Group, ensuring it is sufficient for the company
- Determining its own composition, subject to the provisions of the Company's Articles of incorporation
- Setting and approving policies specific to UK.
- Review and approve non-routine or significant transactions.
- Specific consideration of issues for employees, customers and suppliers arising from the Covid-19 pandemic, including information in relation to government guidelines, workplace planning and staff wellbeing.

Section 172(1) statement *(continued)*

Responsibilities during the year

The board of directors do not have a set schedule for meetings, but will convene as needed and receives regular reporting from management about compliance and business activities of the company.

Risk management and internal control

The Board of Directors 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 company mainly relies on a system applied by all companies in the PGS Group. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable, but not absolute assurance against material financial misstatements or loss.

Group 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 by the Group Board of Directors at least once a year. The result is shared with the directors of the company.

Group 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.

PGS Group 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 Group Audit Committee. In addition, the Internal Audit Department regularly monitors and reports status of management's actions to respond to identified risks or weaknesses. All reports are available to the directors of PGS Holding II Ltd.

Communication with stakeholders

The company consists of various departments and functions contributing to the PGS Group. As the PGS Group is managed on a divisional basis, all departments and functions report to their respective global department heads. Decision-making is delegated by the PGS Group's authorization matrix. The Board regularly review material decisions made on behalf of the company.

Customers

The PGS Group have relatively few, but large customers. Consistently delivering high quality products and building long-term relationships to our main customers is a key priority. As most of our key customers operates globally, the directors have delegated the main responsibility for customer relations to Group Management.

Suppliers

Similar to customers, we aim to develop long-lasting relationships with our key suppliers by engaging with them on a regular basis. PGS Group has a global purchasing and contracting department that handles all key suppliers on behalf of all PGS Group entities.

PGS Group

PGS operates its vessels globally and is a highly integrated group of companies aimed at carrying out the Seismic projects in the best possible manner. Close cooperation with other group companies is therefore paramount to the company.

Section 172(1) statement *(continued)*

Communities and the environment

The company strives to be actively engaged with our communities. We continually look to support local causes and create opportunities through recruitment.

The seismic industry has a role in enabling a reliable supply of energy now and in the future through the sustainable transition to greener energy. PGS remains devoted to conducting our operations with minimal impact on the oceans and those that are reliant upon them for their living or sustenance.

Our commitment is to leave the oceans as we find them, and our ambition is to contribute to healthier marine environment - for the benefit of all. We have therefore refocused our support to the UN Sustainable Development Goals with strong focus on Climate Action and Life Below Water. These will be the pillars of our environmental strategies and actions going forward.

We are committed to:

- Carefully planning and executing surveys to minimize any disturbance
- Immediately ceasing operations if marine mammals are observed in close proximity
- Respecting local communities and fishermen
- Not throwing anything overboard and leaving nothing behind.

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business review section of the Strategic Report.

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate.

The Directors have obtained a letter of support from the Group confirming that if required, support will be provided up to 30 April 2024. The directors have considered the financial position of PGS ASA, including centralised treasury arrangements.

The company is a guarantor for all material interest bearing debt within the group, including having pledged its shareholdings. During 2021, the improving seismic market improved cash flow generation, and the PGS Group's liquidity position was further strengthened by strong shareholder support in two private placements raising close to $250 million of new equity. In March 2023, PGS successfully placed a new $450 million senior secured bond with 4-year tenor, the proceeds of which were, together with cash held on balance sheet, used to repay $600 million of the Group's Term Loan B (the "TLB") maturing in March 2024. PGS expects to repay the remaining $138 million TLB from operational cash flows.

Whilst the directors are confident that the PGS Group will generate sufficient cash flows to repay the TLB balance by March 2024, the directors have concluded that the risk of shortfall and or breaching the financial covenant of minimum liquidity of $75m could represent an event of default under the loan and other loan agreements. In such case, PGS maybe able to obtain a waiver of the breach, however if not certain creditors of the group may, by 50% majority demand immediate repayment of the loan balances, which could represent an event of default in other loan arrangements and debt instruments in the Group. Alternatively, certain creditors of the group may, by 50% majority accelerate and enforce the share pledge over subsidiaries of the company, and other pledges over all major assets of the group. Such enforcement would likely imply the company, left without any material assets, will then then enter insolvency. Therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors have obtained sufficient information in terms of the financial situation of PGS ASA to conclude that the going concern assumption is still appropriate, thus they continue to adopt the going concern basis of accounting in preparing these financial statements until 30 April 2024.

Information to the auditor

Each of the directors at the date of approval of this report confirms that:

1. So far as the director is aware, there is no relevant audit information of which the auditor is unaware; and
2. the director has taken all steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Events since the balance sheet date

There have been no events subsequent to the year end which require adjustment of or disclosure in the financial statements.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and Ernst & Young LLP will therefore continue in office.

Signed on behalf of the Board by:

DocuSigned by:

Gottfred Langseth

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G Langseth
Director

27 April 2023

PGS HOLDING II LTD
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PGS HOLDING II LTD

Opinion

We have audited the financial statements of PGS Holding II Ltd for the year ended 31 December 2022 which comprise the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 13, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework".

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2022
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to Note 3 in the financial statements, which indicates that the company is dependent on financial support from PGS ASA, the ultimate parent, to allow the company to continue its operations to 30 April 2024.

A material uncertainty around the availability of support from PGS ASA exists due to:

- the liquidity of the Group and potential covenant breaches; should any unexpected operational risks materialise, or plausible downside scenarios occur, there may be a need for additional funding to be secured or covenant waivers to be received.

This could result in the in the parent's inability to provide financial support if required.

As stated in Note 3, this condition indicates that a material uncertainty exists that may cast a significant doubt on the company's ability to continue as a Going Concern. In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our opinion is not modified in respect of this matter.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the Report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Other information *(continued)*

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have 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 (UK) 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PGS HOLDING II LTD *(continued)*

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulation, including anti-bribery and corruption in the United Kingdom and any other areas of operation.
- We understood how PGS Holding II Ltd is complying with those frameworks by making enquiries of management to understand how the company maintains and communicates its policies and procedures in these areas and corroborated this by reviewing supporting documentation. We also reviewed correspondence with relevant authorities.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override. Our procedures involved testing journal entries identified by specific risk criteria.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures included a focus on compliance with the accounting and regulatory frameworks and obtaining sufficient audit evidence in line with the level of risk identified, in conjunction with compliance with relevant legislation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

G J C Edwards

Gordon Edwards (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Aberdeen

28 April 2023

PGS HOLDING II LTD
BALANCE SHEET
31 DECEMBER 2022

	Note	2022 $ 000	2021 $ 000
Fixed assets			
Investments	8	260,305	260,305
Net assets		**260,305**	**260,305**
Capital and reserves			
Called up share capital	9	-	-
Share premium	9	260,305	260,305
Profit and loss account		-	-
Shareholders' funds		**260,305**	**260,305**

These financial statements were approved by the Board on 27 April 2023, and signed on its behalf by:

DocuSigned by:
Christin Steen-Nilsen
53F8F3970D684AF...

C Steen-Nilsen

Director

Registered number: 12932266

The notes on pages 14 to 17 form an integral part of these financial statements

PGS HOLDING II LTD
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2022

	Share capital $ 000	Share Premium $ 000	Profit and loss account $ 000	Total $ 000
At incorporation on 6 October 2020	-	-	-	-
Issue of shares (Note 9)	-	260,305	-	260,305
Profit for the year	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	-	-
At 31 December 2021	**-**	**260,305**	**-**	**260,305**
At 1 January 2022	-	260,305	-	260,305
Profit for the year	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	-	-
At 31 December 2022	**-**	**260,305**	**-**	**260,305**

The notes on pages 14 to 17 form an integral part of these financial statements

1 General information

PGS Holding II Ltd is a private company and is incorporated and domiciled in England and Wales. The address of its registered office is 4, The Heights, Brooklands, Weybridge, Surrey KT13 0NY.

2 Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of PGS Holding I Ltd (the “company”) for the year ended 31 December 2022 were authorised for issue by the board of directors on 27 April 2023 and the Balance Sheet was signed on the board’s behalf by C Steen-Nilsen.

These financial statements were prepared in accordance with Financial Reporting Standard 101 ‘Reduced Disclosure Framework’ (‘FRS 101’) and in accordance with applicable accounting standards. The company’s financial statements are presented in US dollars as this is the currency in which the company operates.

3 Accounting policies

The following accounting policies have been consistently applied in deciding the items which are considered material in relation to the financial statements.

Basis of preparation

The company has been determined to meet the criteria of a 'qualifying entity' under the definition in FRS 101. The financial statements in which the company is consolidated are available from the ultimate parent company as detailed in note 12.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2022.

Summary of disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment, because the share based payment arrangement concerns the instruments of another group entity;
- the requirements of IFRS 7 Financial Instruments: Disclosures,
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement,
- the requirement in paragraph 38 of IAS 1 ‘Presentation of Financial Statements’ to present comparative information in respect of:
    - (i) paragraph 79(a)(iv) of IAS 1;
    - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
    - (iii) paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

3 Accounting policies *(continued)*

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business review section of the Strategic Report.

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate.

The Directors have obtained a letter of support from the Group confirming that if required, support will be provided up to 30 April 2024. The directors have considered the financial position of PGS ASA, including centralised treasury arrangements.

The company is a guarantor for all material interest bearing debt within the group, including having pledged its shareholdings. During 2021, the improving seismic market improved cash flow generation, and the PGS Group's liquidity position was further strengthened by strong shareholder support in two private placements raising close to $250 million of new equity. In March 2023, PGS successfully placed a new $450 million senior secured bond with 4-year tenor, the proceeds of which were, together with cash held on balance sheet, used to repay $600 million of the Group's Term Loan B (the "TLB") maturing in March 2024. PGS expects to repay the remaining $138 million TLB from operational cash flows.

Whilst the directors are confident that the PGS Group will generate sufficient cash flows to repay the TLB balance by March 2024, the directors have concluded that the risk of shortfall and or breaching the financial covenant of minimum liquidity of $75m could represent an event of default under the loan and other loan agreements. In such case, PGS maybe able to obtain a waiver of the breach, however if not certain creditors of the group may, by 50% majority demand immediate repayment of the loan balances, which could represent an event of default in other loan arrangements and debt instruments in the Group. Alternatively, certain creditors of the group may, by 50% majority accelerate and enforce the share pledge over subsidiaries of the company, and other pledges over all major assets of the group. Such enforcement would likely imply the company, left without any material assets, will then then enter insolvency. Therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors have obtained sufficient information in terms of the financial situation of PGS ASA to conclude that the going concern assumption is still appropriate, thus they continue to adopt the going concern basis of accounting in preparing these financial statements until 30 April 2024.

Group accounts

The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in the consolidated financial statements of its ultimate parent undertaking, PGS ASA, a company registered in Norway.

The financial statements contain information about PGS Holding II Ltd as an individual company and do not contain consolidated financial information as the parent of a group.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the USD exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into USD at the rates prevailing on the reporting period date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of realised and unrealised monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Investments

Investments are held at cost less accumulated impairment losses.

4 Critical accounting judgements, estimates and assumptions

The preparation of financial statements in accordance with FRS 101 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.

Investments

Investments in subsidiary undertakings are stated at cost and are reviewed at least annually to assess whether there is objective evidence to indicate that either the carrying values are impaired or impairments recognised in prior periods need to be reversed. See note 8 for carrying values and details of subsidiaries.

5 Operating loss

Auditor's remuneration of $8,000 (2021: $8,000) was settled by a fellow group company.

6 Directors' remuneration

None of the directors received any fees or remunerations for services as a director of the company during the financial year (2021: $nil).

The remuneration of the directors is paid by another group company, which makes no recharges to the company. The directors act in a group capacity only and do not allocate specific time to the company and therefore it is not possible to make an accurate apportionment of their emoluments in respect of the company.

7 Income tax

The company is domiciled in Norway for taxation purposes. There is no tax due in the United Kingdom or in Norway for the year ended 31 December 2022 (2021: $nil).

8 Investments

Shares in subsidiary undertakings	**$ 000**
Cost	
At 1 January 2022 and 31 December 2022	260,305
Carrying amount	
At 31 December 2021 and 31 December 2022	260,305

PGS Holding II Ltd acquired 100% of the share capital of Petroleum Geo-Services AS on 22 February 2021.

Details of the subsidiaries at 31 December 2022 are included in the appendix to these financial statements.

9 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	No.	**$ 000**	**No.**	**$ 000**
Share capital				
Ordinary shares of £1 each	200	-	200	-

On 6 October 2020, 100 ordinary shares of £1 each were issued at nominal value. On 22 February 2021, a further 100 shares of £1 each were issued, in consideration for 100% of the share capital of a fellow group company, Petroleum Geo-Services AS, totalling £190,100,700 ($260,305,000).

The called up share capital and share premium that is denominated in pounds sterling has been translated into US$ at the historic rate ruling on the date the share was issued.

10 Foreign exchange

The financial statements are presented in US Dollars. The exchange rate at 31 December 2022 applied was 1.20 USD to 1.0 GBP.

11 Related party transactions

As a wholly owned subsidiary of PGS ASA the company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with other wholly owned group companies. There were no other related party transactions.

12 Ultimate parent undertaking

The company's immediate parent is PGS Holding I Ltd, a company incorporated in England & Wales. The ultimate parent and controlling party is PGS ASA, a company incorporated in Norway.

The smallest and largest group in which the results of the company are consolidated is that headed by PGS ASA. These financial statements are available upon request from PGS ASA, Lilleakerveien 4C, P.O. Box 251 Lilleaker, 0216 Oslo, Norway.

13 Events since the balance sheet date

There have been no events subsequent to the year end which require adjustment of or disclosure in the financial statements.

Subsidiary companies

Subsidiaries of the company at 31 December 2022 are as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership and voting rights held
Petroleum Geo-Services AS	Intermediate holding company and group treasury services	Norway	100%
PGS Australia Pty	Geophysical services	Australia	100%*
Seahouse Insurance Ltd	Insurance activities	Bermuda	100%*
PGS Suporte Logistico e Servicos Ltda.	Geophysical services	Brazil	100%*
PGS Overseas Operation (Cyprus) Limited	In liquidation	Cyprus	90%*
PGS Data Processing Middle East SAE	Geophysical services	Egypt	100%*
PGS Egypt for Petroleum Services	Geophysical services	Egypt	100%*
PGS Ghana Limited	Geophysical services	Ghana	90%*
PT Petroprima Geo-Servis Nusantara	Geophysical services	Indonesia	94%*
PGS Japan K.K.	Geophysical services	Japan	100%*
Petroleum Geo-Services Asia Pacific Labuan Ltd	In liquidation	Malaysia	100%*
Petroleum Geo-Services Exploration (M) Sdn. Bhd	Geophysical services	Malaysia	100%*
PGS Geophysical Nigeria Ltd	Geophysical services	Nigeria	100%*
PGS Shipowner AS	Seismic vessel owner	Norway	100%*
Multiklient Invest AS	MultiClient data sales	Norway	100%*
PGS Falcon AS	Leasing of seismic vessels	Norway	100%*
PGS Geophysical AS	Geophysical services	Norway	100%*
PGS Titans AS	Seismic vessel owner	Norway	100%*
Natuna Ventures Pte. Ltd	Geophysical services	Singapore	100%*
Petroleum Geo-Services Asia Pacific Pte. Ltd	Geophysical services	Singapore	100%*
PGS Geophysical (UK) Ltd	Non-trading	United Kingdom	100%*
Panoceanic Energy Limited	Hold and operate exploration licences	United Kingdom	100%*
Petroleum Geo-Services (UK) Ltd.	Intermediate holding company	United Kingdom	100%*
PGS EM Ltd	In liquidation	United Kingdom	100%*
PGS Exploration (UK) Ltd	Geophysical services	United Kingdom	100%*
PGS Geophysical (Angola) Ltd	Geophysical services	United Kingdom	100%*
PGS Pension Trustee Ltd	Trustee of the PGS (UK) Pension Plan	United Kingdom	100%*
Petroleum Geo-Services, Inc	Geophysical services	United States	100%*
PGS Imaging, Inc.	Geophysical services	United States	100%*
PGS Finance, Inc	Non-trading	United States	100%*
PGS Imaging, S.A. de C.V	In liquidation	Mexico	100%*

*denotes indirect shareholdings

PGS HOLDING II LTD
APPENDIX TO THE FINANCIAL STATEMENTS

The registered office of the companies registered in the United Kingdom is 4, The Heights, Brooklands, Weybridge, Surrey, KT13 0NY, United Kingdom.

The registered office of the companies registered in Norway is Lilleakerveien 4C, 0283 Oslo, Norway.

The registered office of the company registered in Australia is QV 1 Level 28, 250 St Georges Terrace, Perth WA 6000, Australia.

The registered office of the company registered in Bermuda is 25 Church Street, Hamilton HM12, Bermuda.

The registered office of the company registered in Brazil is Rua do Passeio, 38, Suite 1602 and 1603, sector 2, Edifico Passeio Corporate, Centro, Zip Code 20021-290 Rio de Janeiro - RJ 22.775-044 Brazil.

The registered office of the company registered in Cyprus is Lampousas 1 PC 1095 Nicosia, Cyprus.

The registered office of PGS Data Processing Middle East SAE is Block B-1, Road 14, Public Free Zone, Nasr City Cairo, Egypt.

The registered office of PGS Egypt for Petroleum Services is 39, Road 83 P O Box 114 11431 Maadi, Cairo, Egypt.

The registered office of the company registered in Ghana is Imperial Square Building, Airport Residential Area, 6th Senchi Street, Accra, Greater Accra, Ghana.

The registered office of the company registered in Indonesia is Pondok Indah Office Tower 3, 17th Floor, Suite M59, Jl. Sultan Iskandar Muda Kav. V TA Pondok Indah, Jakarta 12310, Indonesia.

The registered office of the company registered in Japan is 5th Floor, UD Hibiya Building, 1-1-2 Uchisaiwaicho, Chiyoda-ku, Tokyo 100-0011, Japan.

The registered office of the companies registered in Malaysia is Level 33, Suite E, Menera Maxis, Kuala Lumpur City Centre, 50088 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia.

The registered office of the company registered in Nigeria is Landmark Towers, 5B Water Corporation Rd, Victoria Island, Lagos, Nigeria.

The registered office of the companies registered in Singapore is 80 Robinson Road #02-00 Singapore (068898).

The registered office of Petroleum Geo-Services, Inc. and PGS Imaging, Inc. is C.T. Corp System, 1999 Bryan Street, Suite 900, Dallas, TX. 75201 – 3136, United States.

The registered office of PGS Finance Inc. is The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801, United States.

The registered office of the company registered in Mexico is Salomon No. 388 Interior 3, Colonia Libertad, 02050 Mexico, D.F.

Annex 6b

PGS Holding II Ltd Annual Report 2021

PGS HOLDING II LTD
REPORT AND FINANCIAL STATEMENTS
COMPANY INFORMATION

Directors	G Langseth R Pedersen C Steen-Nilsen
Auditor	Ernst & Young LLP 4th Floor 2 Marischal Square Broad Street Aberdeen AB10 1BL
Registered office	4, The Heights Brooklands Weybridge Surrey KT13 0NY
Registered number	12932266

PGS HOLDING II LTD
STRATEGIC REPORT

The directors present their Strategic Report for the period from incorporation of the company on 6 October 2020 to 31 December 2021.

Incorporation

The company was incorporated in England and Wales on 6 October 2020, with an initial share capital of 100 shares with a nominal value of £1 each. The financial statements cover the first accounting period for the company and consequently no prior period comparative figures have been shown. An extended accounting period has been prepared in order to bring the company's accounting reference date in line with that of its ultimate parent company, PGS ASA.

Principal activities

The principal activity of the company is an intermediate holding company for the PGS Group.

The company is a member of the PGS Group ("the group"), a Norwegian registered oil services group providing geophysical services worldwide. The group provides a broad range of geophysical and reservoir services, including seismic data acquisition, processing, interpretation and field evaluation. It also possesses a substantial international MultiClient seismic data library.

Business review and future developments

The profit for the period after taxation is $nil. The directors do not recommend payment of a dividend.

On 22 February 2021, PGS Holding II Ltd issued an additional 100 shares with a nominal value of £1 each to its parent company, PGS Holding I Ltd, for a non-cash consideration of £190,100,700 ($260,305,000). The consideration was settled by the transfer of the entire share capital of Petroleum Geo-Services AS, a company incorporated in Norway. The directors do not anticipate any change in the activities of the company in the foreseeable future. There have been no subsequent events that would suggest future changes.

Principal risks and uncertainties of the company

From the perspective of the company, the principal risks and uncertainties are so integrated with the principal risks of the group that they are not managed separately. Accordingly, the principal risks and uncertainties of the PGS Group, which include those of the company, are discussed below.

Principal risks and uncertainties of the group

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.

A portion of the group's foreign currency exchange risk on cash flows related to sales, expenses, financing and investing transactions in currencies other than the US dollar are hedged through forward currency exchange contracts.

Credit risk relating to the group's trade receivables is relatively limited due to the nature of the customer base and the historic low level of losses on trade receivables. Ongoing credit evaluations of customers are used to manage exposure to this type of risk.

Liquidity risk is the risk that the group will encounter difficulty in meeting its financial obligations as they fall due. The PGS Group had cash and cash equivalents of $170.0 million as of 31 December 2021, which can be used to meet the group's funding commitments if called upon.

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 group 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 group has started preparations for assessing the group's options in this respect.

By operating seismic vessels, the group is exposed to commodity risk in the form of fuel price fluctuations. The group seeks to pass fuel price risk to customers on a majority of contract work.

PGS is exposed to both transition risk and physical risks associated with climate change. The group monitors the development of the of the seismic exploration market and opportunities created by the transition to renewable energy sources globally. Physical risks are mitigated 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 our Ramform fleet and GeoStreamer technology.

Demand for the group's products and services are heavily influenced by oil and gas prices and the focus areas of oil and gas companies' spending. The profitability of the group is subject to a number of operational risks, including increased competition, attractiveness of technology, changes in governmental regulations, licences and permits and adverse weather conditions.

The principal risks and uncertainties of the PGS Group, which include those of the company, are discussed in more detail on pages 49 to 51 of the group's annual report.

As the global economy is impacted by the health and economic crisis following the outbreak of the Covid-19 pandemic, Management continues to monitor the potential operational and financial impacts for the company.

Key performance indicators ("KPIs")

The directors of the PGS Group manage the group's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of PGS Holding II Ltd. The development, performance and position of the group, which includes the company, is discussed on pages 42 to 53 of the group's annual report which does not form part of this report.

Signed on behalf of the Board by:

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Gottfred Langseth
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G Langseth
Director

29 April 2022

The directors present their Report and the financial statements for the period from incorporation of the company on 6 October 2020 to 31 December 2021.

Results and dividends

The profit for the period after taxation is $nil. The directors do not recommend payment of a dividend.

Future developments

The future development of the business has been outlined in the Strategic Report.

Directors of the company

The directors who held office during the period were as follows:

G Langseth

R Pedersen

C Steen-Nilsen

Indemnification of directors

In accordance with the articles of association, the directors have the benefit of indemnity provisions. In addition the PGS Group maintains a directors' and officers' liability insurance policy throughout the financial year, and up to the date of approval of the financial statements.

Charitable and political donations

The company made no political or charitable donations during the period from incorporation on 6 October 2020 to 31 December 2021.

Section 172(1) statement

In accordance with section 172 of the Companies Act 2006, the Board of Directors of the company act in a way that they consider in good faith would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard to a range of matters when making decisions for the short and long-term.

The directors have had regard, amongst others, to the matters set out in section 172(1) (a)-(f) of the Companies Act 2006 to effectively discharge their section 172 duties. The board believes governance of the company is best achieved by delegation of its authority for the executive management of the PGS Group, subject to defined limits and monitoring by the board. The board routinely monitors the delegation of authority, ensuring that it is regularly updated, while retaining ultimate responsibility.

The PGS Group manage the group's operations on a divisional basis and the company's directors therefore see their main function as monitoring and ensuring the compliance of UK regulations and ensuring the stand-alone interests of the company and its stakeholders.

This includes the following responsibilities;

- implementing the Group's values and code of conduct, including ensuring any additional UK requirements
- Overseeing the company's compliance with financial reporting and disclosure obligations.
- Overseeing the risk management of the PGS Group, ensuring it is sufficient for the company
- Determining its own composition, subject to the provisions of the Company's Articles of incorporation
- Setting and approving policies specific to UK.
- Review and approve non-routine or significant transactions.
- Specific consideration of issues for employees, customers and suppliers arising from the Covid-19 pandemic, including information in relation to government guidelines, workplace planning and staff wellbeing.

Section 172(1) statement *(continued)*

Responsibilities during the year

The board of directors do not have a set schedule for meetings, but will convene as needed and receives regular reporting from management about compliance and business activities of the company.

Risk management and internal control

The Board of Directors 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 company mainly relies on a system applied by all companies in the PGS Group. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable, but not absolute assurance against material financial misstatements or loss.

Group 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 by the Group Board of Directors at least once a year. The result is shared with the directors of the company.

Group 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.

PGS Group 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 Group Audit Committee. In addition, the Internal Audit Department regularly monitors and reports status of management's actions to respond to identified risks or weaknesses. All reports are available to the directors of PGS Holding II Ltd.

Communication with stakeholders

The company consists of various departments and functions contributing to the PGS Group. As the PGS Group is managed on a divisional basis, all departments and functions report to their respective global department heads. Decision-making is delegated by the PGS Group's authorization matrix. The Board regularly review material decisions made on behalf of the company.

Customers

The PGS Group have relatively few, but large customers. Consistently delivering high quality products and building long-term relationships to our main customers is a key priority. As most of our key customers operates globally, the directors have delegated the main responsibility for customer relations to Group Management.

Suppliers

Similar to customers, we aim to develop long-lasting relationships with our key suppliers by engaging with them on a regular basis. PGS Group has a global purchasing and contracting department that handles all key suppliers on behalf of all PGS Group entities.

PGS Group

PGS operates its vessels globally and is a highly integrated group of companies aimed at carrying out the Seismic projects in the best possible manner. Close cooperation with other group companies is therefore paramount to the company.

Section 172(1) statement *(continued)*

Communities and the environment

The company strives to be actively engaged with our communities. We continually look to support local causes and create opportunities through recruitment.

The seismic industry has a role in enabling a reliable supply of energy now and in the future through the sustainable transition to greener energy. PGS remains devoted to conducting our operations with minimal impact on the oceans and those that are reliant upon them for their living or sustenance.

Our commitment is to leave the oceans as we find them, and our ambition is to contribute to healthier marine environment - for the benefit of all. We have therefore refocused our support to the UN Sustainable Development Goals with strong focus on Climate Action and Life Below Water. These will be the pillars of our environmental strategies and actions going forward.

We are committed to:

- Carefully planning and executing surveys to minimize any disturbance
- Immediately ceasing operations if marine mammals are observed in close proximity
- Respecting local communities and fishermen
- Not throwing anything overboard and leaving nothing behind.

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business review section of the Strategic Report.

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate.

The company is a guarantor for all material interest bearing debt within the group, including having pledged its shares. PGS ASA has notified the company that it may not be able to meet its 2022 maturities.

The seismic market recovery in 2021 has been slower than assumed in the debt rescheduling business plan from 2021. As a result, there is a risk that the PGS Group 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. In the event that it cannot, PGS believes it would have several viable alternatives such as negotiating further extensions with its lenders, new equity or conversion of debt.

Whilst they are confident that the rescheduling of the PGS ASA debt will be achieved, the directors have concluded that the risk constitutes a material uncertainty which may cast significant doubt on the ability of the Company to continue as a going concern. Certain creditors of the group may, by 50% majority accelerate and enforce pledges over all major assets of the group. Therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors have obtained sufficient information in terms of the financial situation of PGS ASA to conclude that the going concern assumption is still appropriate, thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

Information to the auditor

Each of the directors at the date of approval of this report confirms that:

1. So far as the director is aware, there is no relevant audit information of which the auditor is unaware; and
2. the director has taken all steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and Ernst & Young LLP will therefore continue in office.

Signed on behalf of the Board by:

DocuSigned by:

Gottfried Langseth

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G Langseth
Director

29 April 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PGS HOLDING II LTD

Opinion

We have audited the financial statements of PGS Holding II Ltd for the period from incorporation on 6 October 2020 to 31 December 2021 which comprise the Statement of Profit and Loss and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 13, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework".

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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.

Conclusions relating to going concern

We draw attention to Note 3 in the financial statements, which indicates that the company is dependent on financial support from subsidiaries of PGS ASA, the ultimate parent, to allow the company to continue its operations for the going concern period, and it is not certain that this support will be available. As stated in Note 3, this condition states that a material uncertainty exists that may cast a significant doubt on the company's ability to continue as a Going Concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's/group's ability to continue as a going concern.

Other information

The other information comprises the information included in the Report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, 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 other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PGS HOLDING II LTD *(continued)*

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have 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 (UK) 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulation, including anti-bribery and corruption in the United Kingdom and any other areas of operation.
- We understood how PGS Holding II Ltd is complying with those frameworks by making enquiries of management to understand how the company maintains and communicates its policies and procedures in these areas and corroborated this by reviewing supporting documentation. We also reviewed correspondence with relevant authorities.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud *(continued)*

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override. Our procedures involved testing journal entries identified by specific risk criteria.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures included a focus on compliance with the accounting and regulatory frameworks and obtaining sufficient audit evidence in line with the level of risk identified, in conjunction with compliance with relevant legislation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Kenneth MacLeod Hall (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Aberdeen

29 April 2022

PGS HOLDING II LTD

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

PERIOD ENDED 31 DECEMBER 2021

	Note	For the period from incorporation on 6 October 2020 to 31 December 2021 $ 000
Administrative expenses		-
Impairment of investment		-
Profit before taxation		-
Taxation	7	-
Profit for the year		-
Other comprehensive income		-
Total comprehensive income		-

The notes on pages 15 to 18 form an integral part of these financial statements

PGS HOLDING II LTD
BALANCE SHEET
31 DECEMBER 2021

	Note	2021 $ 000
Fixed assets		
Investments	8	260,305
Net assets		**260,305**
Capital and reserves		
Called up share capital	9	-
Share premium	9	260,305
Profit and loss account		-
Shareholders' funds		**260,305**

These financial statements were approved by the Board on 29 April 2022, and signed on its behalf by:

DocuSigned by:

Christin Steen-Nilsen

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C Steen-Nilsen

Director

Registered number: 12932266

The notes on pages 15 to 18 form an integral part of these financial statements

PGS HOLDING II LTD
STATEMENT OF CHANGES IN EQUITY
PERIOD ENDED 31 DECEMBER 2021

	Share capital $ 000	Share Premium $ 000	Profit and loss account $ 000	Total $ 000
At incorporation on 6 October 2020	-	-	-	-
Issue of shares (Note 9)	-	260,305	-	260,305
Profit for the year	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	-	-
At 31 December 2021	**-**	**260,305**	**-**	**260,305**

The notes on pages 15 to 18 form an integral part of these financial statements

PGS HOLDING II LTD
NOTES TO THE FINANCIAL STATEMENTS

1 General information

PGS Holding II Ltd is a private company and is incorporated and domiciled in England and Wales. The address of its registered office is 4, The Heights, Brooklands, Weybridge, Surrey KT13 0NY.

2 Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of PGS Holding I Ltd (the "company") for the period from incorporation on 6 October 2020 to 31 December 2021 were authorised for issue by the board of directors on 29 April 2022 and the Balance Sheet was signed on the board's behalf by C Steen-Nilsen.

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101') and in accordance with applicable accounting standards. The company's financial statements are presented in US dollars as this is the currency in which the company operates.

3 Accounting policies

The following accounting policies have been consistently applied in deciding the items which are considered material in relation to the financial statements.

Basis of preparation

The company has been determined to meet the criteria of a 'qualifying entity' under the definition in FRS 101. The financial statements in which the company is consolidated are available from the ultimate parent company as detailed in note 12.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the period from incorporation on 6 October 2020 to 31 December 2021.

Summary of disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment, because the share based payment arrangement concerns the instruments of another group entity;
- the requirements of IFRS 7 Financial Instruments: Disclosures,
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement,
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
    - (i) paragraph 79(a)(iv) of IAS 1;
    - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
    - (iii) paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

3 Accounting policies *(continued)*

Going concern

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate.

The company is a guarantor for all material interest bearing debt within the group, including having pledged its shares. PGS ASA has notified the company that it may not be able to meet its 2022 maturities.

The seismic market recovery in 2021 has been slower than assumed in the debt rescheduling business plan from 2021. As a result, there is a risk that the PGS Group 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. In the event that it cannot, PGS believes it would have several viable alternatives such as negotiating further extensions with its lenders, new equity or conversion of debt.

Whilst they are confident that the rescheduling of the PGS ASA debt will be achieved, the directors have concluded that the risk constitutes a material uncertainty which may cast significant doubt on the ability of the Company to continue as a going concern. Certain creditors of the group may, by 50% majority accelerate and enforce pledges over all major assets of the group. Therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors have obtained sufficient information in terms of the financial situation of PGS ASA to conclude that the going concern assumption is still appropriate, thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

Group accounts

The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in the consolidated financial statements of its ultimate parent undertaking, PGS ASA, a company registered in Norway.

The financial statements contain information about PGS Holding II Ltd as an individual company and do not contain consolidated financial information as the parent of a group.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the USD exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into USD at the rates prevailing on the reporting period date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of realised and unrealised monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Investments

Investments are held at cost less accumulated impairment losses.

4 Critical accounting judgements, estimates and assumptions

The preparation of financial statements in accordance with FRS 101 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.

Investments

Investments in subsidiary undertakings are stated at cost and are reviewed at least annually to assess whether there is objective evidence to indicate that either the carrying values are impaired or impairments recognised in prior periods need to be reversed. See note 8 for carrying values and details of subsidiaries.

5 Operating loss

Auditor's remuneration of $8,000 was settled by a fellow group company.

6 Directors' remuneration

None of the directors received any fees or remunerations for services as a director of the company during the period from incorporation on 6 October 2020 to 31 December 2021.

The remuneration of the directors is paid by another group company, which makes no recharges to the company. The directors act in a group capacity only and do not allocate specific time to the company and therefore it is not possible to make an accurate apportionment of their emoluments in respect of the company.

7 Income tax

The company is domiciled in Norway for taxation purposes. There is no tax due in the United Kingdom or in Norway for the period ended 31 December 2021.

8 Investments

Shares in subsidiary undertakings	**$ 000**
Cost	
At incorporation	-
Additions	260,305
At 31 December 2021	260,305

PGS Holding II Ltd acquired 100% of the share capital of Petroleum Geo-Services AS on 22 February 2021.

Details of the subsidiaries as at 31 December 2021 are included in the appendix to these financial statements.

9 Share capital

Allotted, called up and fully paid shares

	2021	
	No.	**$ 000**
Share capital		
Ordinary shares of £1 each	200	-

On 6 October 2020, 100 ordinary shares of £1 each were issued at nominal value. On 22 February 2021, a further 100 shares of £1 each were issued, in consideration for 100% of the share capital of a fellow group company, Petroleum Geo-Services AS, totalling £190,100,700 ($260,305,000).

The called up share capital and share premium that is denominated in pounds sterling has been translated into US$ at the historic rate ruling on the date the share was issued.

10 Foreign exchange

The financial statements are presented in US Dollars. The exchange rate at 31 December 2021 applied was 1.35 USD to 1.0 GBP.

11 Related party transactions

As a wholly owned subsidiary of PGS ASA the company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with other wholly owned group companies. There were no other related party transactions.

12 Ultimate parent undertaking

The company's immediate parent is PGS Holding I Ltd, a company incorporated in England & Wales. The ultimate parent and controlling party is PGS ASA, a company incorporated in Norway.

The smallest and largest group in which the results of the company are consolidated is that headed by PGS ASA. These financial statements are available upon request from PGS ASA, Lilleakerveien 4C, P.O. Box 251 Lilleaker, 0216 Oslo, Norway.

13 Events since the balance sheet date

There have been no other events subsequent to period end which require adjustment of or disclosure in the financial statements.

PGS HOLDING I LTD
APPENDIX TO THE FINANCIAL STATEMENTS

Subsidiary companies

Subsidiaries of the company at 31 December 2021 are as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership and voting rights held
Petroleum Geo-Services AS	Intermediate holding company and group treasury services	Norway	100%*
PGS Australia Pty	Geophysical services	Australia	100%*
Seahouse Insurance Ltd	Insurance activities	Bermuda	100%*
PGS Suporte Logistico e Servicos Ltda.	Geophysical services	Brazil	100%*
PGS Overseas Operation (Cyprus) Limited	In liquidation	Cyprus	90%*
PGS Data Processing Middle East SAE	Geophysical services	Egypt	100%*
PGS Egypt for Petroleum Services	Geophysical services	Egypt	100%*
PGS Ghana Limited	Geophysical services	Ghana	90%*
PT Petroprima Geo-Servis Nusantara	Geophysical services	Indonesia	94%*
PGS Marine Services (Isle of Man) Ltd	In liquidation	Isle of Man	100%*
PGS Japan K.K.	Geophysical services	Japan	100%*
Petroleum Geo-Services Asia Pacific Labuan Ltd	In liquidation	Malaysia	100%*
Petroleum Geo-Services Exploration (M) Sdn. Bhd	Geophysical services	Malaysia	100%*
PGS Geophysical Nigeria Ltd	Geophysical services	Nigeria	100%*
PGS Shipowner AS	Seismic vessel owner	Norway	100%*
Multiklient Invest AS	MultiClient data sales	Norway	100%*
PGS Falcon AS	Leasing of seismic vessels	Norway	100%*
PGS Geophysical AS	Geophysical services	Norway	100%*
PGS Titans AS	Seismic vessel owner	Norway	100%*
Natuna Ventures Pte. Ltd	Geophysical services	Singapore	100%*
Petroleum Geo-Services Asia Pacific Pte. Ltd	Geophysical services	Singapore	100%*
PGS Geophysical (UK) Ltd	Non-trading	United Kingdom	100%*
Panoceanic Energy Limited	Hold and operate exploration licences	United Kingdom	100%*
Petroleum Geo-Services (UK) Ltd.	Intermediate holding company	United Kingdom	100%*
PGS EM Ltd	In liquidation	United Kingdom	100%*
PGS Exploration (UK) Ltd	Geophysical services	United Kingdom	100%*
PGS Geophysical (Angola) Ltd	Geophysical services	United Kingdom	100%*
PGS Pension Trustee Ltd	Trustee of the PGS (UK) Pension Plan	United Kingdom	100%*
Petroleum Geo-Services, Inc	Geophysical services	United States	100%*
PGS Imaging, Inc.	Geophysical services	United States	100%*
PGS Finance, Inc	Non-trading	United States	100%*
PGS Imaging, S.A. de C.V	In liquidation	Mexico	100%*

*denotes indirect shareholdings

PGS HOLDING I LTD
APPENDIX TO THE FINANCIAL STATEMENTS

The registered office of the companies registered in the United Kingdom is 4, The Heights, Brooklands, Weybridge, Surrey, KT13 0NY, United Kingdom.

The registered office of the companies registered in Norway is Lilleakerveien 4C, 0283 Oslo, Norway.

The registered office of the company registered in Australia is QV 1 Level 28, 250 St Georges Terrace, Perth WA 6000, Australia.

The registered office of the company registered in Bermuda is 25 Church Street, Hamilton HM12, Bermuda.

The registered office of the company registered in Brazil is Rua do Passeio, 38, Suite 1602 and 1603, sector 2, Edifico Passeio Corporate, Centro, Zip Code 20021-290 Rio de Janeiro - RJ 22.775-044 Brazil.

The registered office of the company registered in Cyprus is Lampousas 1 PC 1095 Nicosia, Cyprus.

The registered office of PGS Data Processing Middle East SAE is Block B-1, Road 14, Public Free Zone, Nasr City Cairo, Egypt.

The registered office of PGS Egypt for Petroleum Services is 39, Road 83 P O Box 114 11431 Maadi, Cairo, Egypt.

The registered office of the company registered in Ghana is Imperial Square Building, Airport Residential Area, 6th Senchi Street, Accra, Greater Accra, Ghana.

The registered office of the company registered in Indonesia is Pondok Indah Office Tower 3, 17th Floor, Suite M59, Jl. Sultan Iskandar Muda Kav. V TA Pondok Indah, Jakarta 12310, Indonesia.

The registered office of the company registered in Isle of Man is 12-14 Finch Road, Douglas IM1 2PT, Isle of Man.

The registered office of the company registered in Japan is 5th Floor, UD Hibiya Building, 1-1-2 Uchisaiwaicho, Chiyoda-ku, Tokyo 100-0011, Japan.

The registered office of the companies registered in Malaysia is Level 33, Suite E, Menera Maxis, Kuala Lumpur City Centre, 50088 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia.

The registered office of the company registered in Nigeria is Landmark Towers, 5B Water Corporation Rd, Victoria Island, Lagos, Nigeria.

The registered office of the companies registered in Singapore is 80 Robinson Road #02-00 Singapore (068898).

The registered office of Petroleum Geo-Services, Inc. and PGS Imaging, Inc. is C.T. Corp System, 1999 Bryan Street, Suite 900, Dallas, TX. 75201 – 3136, United States.

The registered office of PGS Finance Inc. is The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801, United States.

The registered office of the company registered in Mexico is Salomon No. 388 Interior 3, Colonia Libertad, 02050 Mexico, D.F.

Annex 7a

Petroleum Geo-Services (UK) Limited Annual Report 2022

PETROLEUM GEO-SERVICES (UK) LIMITED
REPORT AND FINANCIAL STATEMENTS
COMPANY INFORMATION

Directors	C Steen-Nilsen G Langseth R Pedersen
Auditor	Ernst & Young LLP 4th Floor 2 Marischal Square Broad Street Aberdeen AB10 1BL
Registered office	4, The Heights Brooklands Weybridge Surrey KT13 0NY
Registered number	02874539

PETROLEUM GEO-SERVICES (UK) LIMITED
STRATEGIC REPORT

The directors present their Strategic Report for the year ended 31 December 2022.

Principal activities

The principal activity of the company is to hold the defined benefit pension plan for UK employees. The pension fund closed for future accruals of benefits with effect from 31 December 2015.

The company also acts as a holding company for some of the UK group companies.

The company is a member of the PGS ASA Group (PGS/ "the group"), a Norwegian registered oil services group providing geophysical services worldwide. The group provides a broad range of geophysical and reservoir services, including seismic data acquisition, processing, interpretation and field evaluation. It also possesses a substantial international MultiClient seismic data library.

Business review and future developments

The profit for the year after taxation is £9,513,000 (2021: £4,203,000). In December 2022, the directors declared and paid a dividend of £29,082,000 (2021: £nil).

Following the results of the actuarial valuation at 31 December 2021, the net defined benefit liability has been eliminated and the valuation now shows an asset. This is due to significantly increased corporate bond yields increasing the discount rate used to value the defined benefit obligation, placing a lower value on the liabilities; only partially offset by a fall in the value of the Fund's assets, resulting in a net improvement in the position. Contributions paid into the Fund by the Company have increased the net defined benefit asset further.

As a result, the company has agreed with the Trustee that no further deficit reduction contributions are required; however further contributions will be payable during the period to 31 December 2024 contingent upon certain events. Firstly, if, for two consecutive calendar quarter ends, the funding on a Technical Provisions basis is below 97%, the Employer will start to make monthly contributions of the amount required to remediate the deficit over a 4-year 2 period, subject to a maximum of £275,000 per month. These contributions will be suspended if the Technical Provisions basis is greater than or equal to 99% at the end of two consecutive calendar quarter ends. Additionally, if a dividend is paid by the ultimate parent company, PGS ASA, in a period where the funding on a Technical Provisions basis is below 97%, the Employer will make a payment equivalent to 1% of the total dividend value up to a maximum of £500,000.

In 2022 the company paid additional pension contributions of £6,863,000 (2021: £2,502,000) to the UK pension fund. This cost is recharged to certain group companies.

The directors do not anticipate any changes to the company's principal activities in the foreseeable future.

Principal risks and uncertainties of the company

Pension scheme risks
The company is the principal employer of the PGS (UK) Pension Fund. The Fund invests scheme assets with the objective of generating sufficient investment returns to meet the liabilities of the scheme as they fall due. The Fund typically exposes the company to actuarial risks such as investment risk, interest rate risk, mortality risk and longevity risk. A decrease in corporate bond yields, a rise in inflation or an increase in life expectancy would result in an increase to plan liabilities, which would detrimentally impact the balance sheet position and may give rise to increased charges in future profit or loss. To mitigate these risks, the Fund has an investment strategy in place, determined after taking advice from a professional investment adviser. Risks are managed and monitored within agreed risk limits, and implemented via the scheme's investment managers.

From the perspective of the company, other principal risks and uncertainties are so integrated with the principal risks of the group that they are not managed separately. Accordingly, the principal risks and uncertainties of the PGS Group, which include those of the company, are discussed below.

Principal risks and uncertainties of the group

Financial Market Risk
The group 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 group's risk management policies are approved by the Board of Directors. The treasury function reports regularly to group 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.

Currency Exchange Risk
PGS conducts business primarily in US dollars but also in several other currencies. 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. The company did not have any open foreign currency forward contracts as of 31 December in 2022 or 2021.

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 group's banking partners, including derivatives counterparties and the institutions in which cash is held on deposit.

Liquidity Risk
Liquidity risk is the risk that the group will encounter difficulty in meeting its financial obligations as they fall due. As of 31 December 2022, PGS had cash and cash equivalents totalling $363.8 million, compared to $170.0 million as of 31 December 2021. 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, and PGS is close to reaching its targeted maximum level for net interest-bearing debt (excluding lease liabilities) of $500 to $600 million. Additionally, in Q1 2023 PGS placed a new $450 million senior secured bond which will be used to repay $600 million of the group's Term Loan B maturing in March 2024. PGS expects to repay the remaining $138 million Term Loan B from operational cash flows, however there is a risk that sufficient cash flows will not be achieved and further financing will be required. The directors have considered this risk in their assessment of going concern.

Commodity Risk
Operation of seismic vessels requires substantial fuel purchases, thus PGS is exposed to fuel price fluctuations. 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 group 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 group's strategy is based on market scenario analysis and positioning of PGS for the energy transition by establishing the 'New Energy' business unit, which is a core component of the group'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 group 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 group'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 group is subject to many risk factors including, but not limited to the demand for seismic services, the demand for data from the group'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 behaviour, 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.

The principal risks and uncertainties of the PGS Group, which include those of the company, are discussed in more detail on pages 52 to 53 of the group's annual report.

Key performance indicators ("KPIs")

The most relevant key performance indicators monitored by the company are:

	2022	**2021**
	£ 000	**£ 000**
Defined benefit pension asset/(liability)	18,095	(18,728)
Profit before taxation	9,513	4,203

The directors receive regular information from the pension scheme trustees and the scheme actuary. The directors are satisfied with the performance and results of the company for the year.

Section 172(1) statement

The section 172(1) statement has been included within the Directors' Report. The full statement can be found on pages 4 to 6.

Signed on behalf of the Board by:

DocuSigned by:
Gottfred Langseth
3FF93C1EC860404...

G Langseth
Director

30 June 2023

DIRECTORS' REPORT

The directors present their Report and the financial statements for the year ended 31 December 2022.

Results and dividends

The profit for the year after taxation is £9,513,000 (2021: £4,203,000). In December 2022, the directors declared and paid a dividend of £29,082,000 (2021: £nil).

Future developments

The company has chosen, as permitted under section 414C(11) of the Companies Act 2006, to include certain matters in the Strategic Report that would otherwise be disclosed in the Directors' Report, as the directors consider them to be of strategic importance. These are as follows:

- A summary of the company's trading activities;
- Principal risks and uncertainties; and
- Future developments of the company.

Directors of the company

The directors who held office during the year, and to the date of this report were as follows:

C Steen-Nilsen

G Langseth

R Pedersen

Indemnification of directors

In accordance with the Articles of Association, the directors have the benefit of indemnity provisions. In addition the PGS Group maintains a directors' and officers' liability insurance policy throughout the financial year, and up to the date of approval of the financial statements.

Charitable and political donations

The company made no political or charitable donations during 2022 (2021: £nil).

Section 172(1) statement

In accordance with section 172 of the Companies Act 2006, the Board of Directors of the company act in a way that they consider in good faith would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard to a range of matters when making decisions for the short and long-term.

The directors have had regard, amongst others, to the matters set out in section 172(1) (a)-(f) of the Companies Act 2006 to effectively discharge their section 172 duties. The board believes governance of the company is best achieved by delegation of its authority for the executive management of the PGS Group, subject to defined limits and monitoring by the board. The board routinely monitors the delegation of authority, ensuring that it is regularly updated, while retaining ultimate responsibility.

The PGS Group manage the group's operations on a divisional basis and the company's directors therefore see their main function as monitoring and ensuring the compliance of UK regulations and ensuring the stand-alone interests of the company and its stakeholders.

This includes the following responsibilities;

- implementing the group's values and code of conduct, including ensuring any additional UK requirements
- Overseeing the company's compliance with financial reporting and disclosure obligations.
- Overseeing the risk management of the PGS Group, ensuring it is sufficient for the company
- Determining its own composition, subject to the provisions of the Company's Articles of Association
- Setting and approving policies specific to UK.
- Review and approve non-routine or significant transactions.
- Specific consideration of issues for employees, customers and suppliers arising from the Covid-19 pandemic, including information in relation to government guidelines, workplace planning and staff wellbeing.

Section 172(1) statement ***(continued)***

Responsibilities during the year

The board of directors do not have a set schedule for meetings, but will convene as needed and receives regular reporting from management about compliance and business activities of the company.

Risk management and internal control

The Board of Directors 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 company mainly relies on a system applied by all companies in the PGS Group. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable, but not absolute assurance against material financial misstatements or loss.

Group 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 by the Group Board of Directors at least once a year. The result is shared with the directors of the company.

Group 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.

PGS Group 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 Group Audit Committee. In addition, the Internal Audit Department regularly monitors and reports status of management's actions to respond to identified risks or weaknesses. All reports are available to the directors of Petroleum Geo-Services (UK) Limited.

Communication with stakeholders

The company consists of various departments and functions contributing to the PGS Group. As the PGS Group is managed on a divisional basis, all departments and functions report to their respective global department heads. Decision-making is delegated by the PGS Group's authorization matrix. The Board regularly review material decisions made on behalf of the company.

Customers

The PGS Group have relatively few, but large customers. Consistently delivering high quality products and building long-term relationships to our main customers is a key priority. As most of our key customers operates globally, the directors have delegated the main responsibility for customer relations to Group Management.

Suppliers

Similar to customers, we aim to develop long-lasting relationships with our key suppliers by engaging with them on a regular basis. PGS Group has a global purchasing and contracting department that handles all key suppliers on behalf of all PGS Group entities.

PGS Group

PGS operates its vessels globally and is a highly integrated group of companies aimed at carrying out the seismic projects in the best possible manner. Close cooperation with other group companies is therefore paramount to the company.

Section 172(1) statement ***(continued)***

Communities and the environment

The company strives to be actively engaged with our communities. We continually look to support local causes and create opportunities through recruitment.

The seismic industry has a role in enabling a reliable supply of energy now and in the future through the sustainable transition to greener energy. PGS remains devoted to conducting our operations with minimal impact on the oceans and those that are reliant upon them for their living or sustenance.

Our commitment is to leave the oceans as we find them, and our ambition is to contribute to healthier marine environment – for the benefit of all. We have therefore refocused our support to the UN Sustainable Development Goals with strong focus on Climate Action and Life Below Water. These will be the pillars of our environmental strategies and actions going forward.

We are committed to:

- Carefully planning and executing surveys to minimize any disturbance
- Immediately ceasing operations if marine mammals are observed in close proximity
- Respecting local communities and fishermen
- Not throwing anything overboard and leaving nothing behind.

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business review section of the Strategic Report.

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate.

The Directors have obtained a letter of support from the Group confirming that if required, support will be provided up to 30 June 2024. The directors have considered the financial position of PGS ASA, including centralized treasury arrangements.

During 2022, the improving seismic market improved cash flow generation, and the PGS Group's liquidity position was further strengthened by strong shareholder support in two private placements raising close to $250 million of new equity. In March 2023, PGS successfully placed a new $450 million senior secured bond with 4-year tenor, the proceeds of which were, together with cash held on balance sheet, used to repay $600 million of the Group's Term Loan B (the "TLB") maturing in March 2024. PGS expects to repay the remaining $138 million TLB from operational cash flows.

Whilst the directors are confident that the PGS Group will generate sufficient cash flows to repay the TLB balance by March 2024, the directors have concluded that the risk of shortfall and or breaching the financial covenant of minimum liquidity of $75m could represent an event of default under the loan and other loan agreements. In such case, PGS Group may be able to obtain a waiver of the breach, however if not, certain creditors of the group may, by 50% majority demand immediate repayment of the loan balances, which could represent an event of default in other loan arrangements and debt instruments in the Group. Alternatively, certain creditors of the group may, by 50% majority accelerate and enforce pledges over all major assets of the group. The Directors consider that this represents a material uncertainty which casts significant doubt on the company's ability to continue as a going concern.

Notwithstanding the material uncertainty, on the basis of the assessment described above, as the directors have obtained sufficient information in terms of the financial situation of PGS ASA until 30 June 2024, they consider it appropriate to continue to adopt the going concern basis of accounting in preparing these financial statements for the year ended 31 December 2022.

Information to the auditor

Each of the directors at the date of approval of this report confirms that:

1. So far as the directors are aware, there is no relevant audit information of which the auditor is unaware; and
2. the directors have taken all steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and Ernst & Young LLP will therefore continue in office.

Signed on behalf of the Board by:

DocuSigned by:

Gottfred Langseth

……3FF93C1EC860404…………

G Langseth
Director

30 June 2023

PETROLEUM GEO-SERVICES (UK) LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PETROLEUM GEO-SERVICES (UK) LIMITED

Opinion

We have audited the financial statements of Petroleum Geo-Services (UK) Limited for the year ended 31 December 2022 which comprise the Statement of Profit and Loss and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 21, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework".

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty relating to Going Concern

We draw attention to Note 3 in the financial statements, which indicates that the company is dependent on financial support from PGS ASA, the ultimate parent, to allow the company to continue its operations to 30 June 2024.

A material uncertainty around the availability of support from PGS ASA exists due to:

- the liquidity of the Group and potential covenant breaches; should any unexpected operational risks materialise, or plausible downside scenarios occur, there may be a need for additional funding to be secured or covenant waivers to be received.

This could result in the in the parent's inability to provide financial support if required.

As stated in Note 3, this condition indicates that a material uncertainty exists that may cast a significant doubt on the company's ability to continue as a Going Concern. In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our opinion is not modified in respect of this matter.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Other information *(continued)*

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have 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 (UK) 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulation, including anti-bribery and corruption in the United Kingdom and any other areas of operation.
- We understood how Petroleum Geo-Services (UK) Limited is complying with those frameworks by making enquiries of management to understand how the company maintains and communicates its policies and procedures in these areas and corroborated this by reviewing supporting documentation. We also reviewed correspondence with relevant authorities.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures included a focus on compliance with the accounting and regulatory frameworks and obtaining sufficient audit evidence in line with the level of risk identified, in conjunction with compliance with relevant legislation.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override. Our procedures involved testing journal entries identified by specific risk criteria.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Gordon Edwards (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Aberdeen

30 June 2023

PETROLEUM GEO-SERVICES (UK) LIMITED
STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2022

	Note	2022 £ 000	2021 £ 000
Revenue	5	6,863	2,683
Cost of sales		(10)	(22)
Gross profit		**6,853**	**2,661**
Operating profit	6	**6,853**	**2,661**
Interest receivable and similar income	8	2,950	1,951
Other finance costs	9	(290)	(409)
Profit before taxation		**9,513**	**4,203**
Taxation	10	-	-
Profit for the year		**9,513**	**4,203**
Other comprehensive income			
Actuarial gain recognised in pension plan	15	30,249	10,445
Deferred tax on pension scheme asset		(4,376)	-
Exchange differences on translation to presentation currency		7,068	540
Total comprehensive income		**42,454**	**15,188**

The company's results are derived from continuing operations.

The notes on pages 16 to 30 form an integral part of these financial statements

PETROLEUM GEO-SERVICES (UK) LIMITED
BALANCE SHEET
31 DECEMBER 2022

	Note	2022 £ 000	2021 £ 000
Fixed assets			
Investments	11	59,484	53,029
Current assets			
Debtors	12	565	22,348
Creditors: Amounts falling due within one year	13	(3,602)	-
Net current (liabilities)/assets		**(3,037)**	**22,348**
Net assets excluding pension asset		**56,447**	**75,377**
Defined benefit pension asset/(liability)	15	13,574	(18,728)
Net assets		**70,021**	**56,649**
Capital and reserves			
Called up share capital	14	1	1
Profit and loss account		70,020	56,648
Shareholders' funds		**70,021**	**56,649**

These financial statements were approved by the Board on 30 June 2023, and signed on its behalf by:

DocuSigned by:

Christin Steen-Nilsen

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C Steen-Nilsen

Director

Registered number: 02874539

The notes on pages 16 to 30 form an integral part of these financial statements

PETROLEUM GEO-SERVICES (UK) LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2022

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2021	1	41,460	41,461
Profit for the year	-	4,203	4,203
Other comprehensive income	-	10,985	10,985
Total comprehensive income	-	15,188	15,188
At 31 December 2021	**1**	**56,648**	**56,649**
Profit for the year	-	9,513	9,513
Other comprehensive income	-	32,941	32,941
Total comprehensive income	-	42,454	42,454
Dividends paid (note 16)	**-**	(29,082)	(29,082)
At 31 December 2022	**1**	**70,020**	**70,021**

The notes on pages 16 to 30 form an integral part of these financial statements

1 General information

Petroleum Geo-Services (UK) Limited is a private company and is incorporated and domiciled in England and Wales. The address of its registered office is 4, The Heights, Brooklands, Weybridge, Surrey KT13 0NY.

2 Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Petroleum Geo-Services (UK) Limited (the "company") for the year ended 31 December 2022 were authorised for issue by the board of directors on 30 June 2023 and the balance sheet was signed on the board's behalf by C Steen-Nilsen.

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101') and in accordance with applicable accounting standards. The company's financial statements are presented in US dollars as this is the currency in which the company operates.

3 Accounting policies

The following accounting policies have been consistently applied in deciding the items which are considered material in relation to the financial statements.

Basis of preparation

The company has been determined to meet the criteria of a 'qualifying entity' under the definition in FRS 101. The financial statements in which the company is consolidated are available from the ultimate parent company as detailed in note 21.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2022.

Summary of disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment, because the share based payment arrangement concerns the instruments of another group entity;
- the requirements of IFRS 7 Financial Instruments: Disclosures,
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement,
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
    I. paragraph 79(a)(iv) of IAS 1;
    II. paragraph 73(e) of IAS 16 Property, Plant and Equipment;
    III. paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

3 Accounting policies *(continued)*

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business review section of the Strategic Report.

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate.

The Directors have obtained a letter of support from the Group confirming that if required, support will be provided up to 30 June 2024. The directors have considered the financial position of PGS ASA, including centralised treasury arrangements.

During 2022, the improving seismic market improved cash flow generation, and the PGS Group's liquidity position was further strengthened by strong shareholder support in two private placements raising close to $250 million of new equity. In March 2023, PGS successfully placed a new $450 million senior secured bond with 4-year tenor, the proceeds of which were, together with cash held on balance sheet, used to repay $600 million of the Group's Term Loan B (the "TLB") maturing in March 2024. PGS expects to repay the remaining $138 million TLB from operational cash flows.

Whilst the directors are confident that the PGS Group will generate sufficient cash flows to repay the TLB balance by March 2024, the directors have concluded that the risk of shortfall and or breaching the financial covenant of minimum liquidity of $75m could represent an event of default under the loan and other loan agreements. In such case, PGS Group may be able to obtain a waiver of the breach, however if not, certain creditors of the group may, by 50% majority demand immediate repayment of the loan balances, which could represent an event of default in other loan arrangements and debt instruments in the Group. Alternatively, certain creditors of the group may, by 50% majority accelerate and enforce pledges over all major assets of the group. The Directors consider that this represents a material uncertainty which casts significant doubt on the company's ability to continue as a going concern.

Notwithstanding the material uncertainty, on the basis of the assessment described above, as the directors have obtained sufficient information in terms of the financial situation of PGS ASA until 30 June 2024, they consider it appropriate to continue to adopt the going concern basis of accounting in preparing these financial statements for the year ended 31 December 2022.

Group accounts

The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in the consolidated financial statements of its ultimate parent undertaking, PGS ASA, a company registered in Norway. These financial statements may be obtained from the group's website, at www.pgs.com/company/investor-relations.

The financial statements contain information about Petroleum Geo-Services (UK) Limited as an individual company and do not contain consolidated financial information as the parent of a group.

3 Accounting policies *(continued)*

Revenue Recognition

The company receives revenue from recharges to other group companies. Revenue from providing group services is recognised in the accounting period in which the services are rendered. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and sales-related taxes.

Foreign currency transactions and balances

The functional currency of the company is USD. Transactions in foreign currencies are initially recorded at the USD exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into USD at the rates prevailing on the reporting period date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of realised and unrealised monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

The presentational currency of the company is GBP, to align with the reporting of the pension scheme which is managed in GBP. The Balance Sheet has been translated at the year end USD:GBP rate, and profit and loss transactions have been translated at the transactional or average USD:GBP rate, with the resulting difference on translation being reported within the Statement of Other Comprehensive Income.

Taxation

Income tax expense is comprised of current and deferred tax. Income tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items taken directly to the Statement 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 realisation 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 recognised 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 utilised.

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 long-term in the Balance Sheet.

Investments

Investments are held at cost less accumulated impairment losses, and translated at the USD:GBP foreign exchange rate at the year end.

3 Accounting policies *(continued)*

Defined benefit pension obligation

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 asset or liability recognised 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 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 recognised immediately in the 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 recognised on a straight line basis over the vesting period.

Actuarial gains and losses due to current period changes in assumptions applied are recognised immediately in Other Comprehensive Income. Remeasurements are not reclassified through the income statement in future periods.

Financial assets and liabilities

Financial assets and financial liabilities are recognised 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.

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 Statement of Profit and Loss. Realised and unrealised gains and losses arising from changes in the fair value are included in the Statement 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 recognised at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognised in other comprehensive income.

Financial instruments at amortised cost

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

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 recognises 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 recognised in the Statement of Profit and Loss.

3 Accounting policies *(continued)*

New and amended standards and interpretations

There are no new standards or interpretations which have had an impact on the financial statements.

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

There are no amendments issued and not yet effective which will have a significant impact on the financial statements.

4 Critical accounting judgements, estimates and assumptions

The preparation of financial statements in accordance with FRS 101 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.

Defined benefit pension obligations

The cost of defined benefit pension plan and the present value of the plan liabilities are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details about the assumptions are given in note 17.

Investments

Investments in subsidiary undertakings are recognized initially at cost. Judgement is required in the annual assessment of the carrying value of these investments, and objective evidence such as the award of revenue contracts in the UK and prevailing economic conditions is used to indicate that either the carrying values are impaired or impairments recognised in prior periods need to be reversed.

5 Revenue

Revenue recognised in the Statement of Profit and Loss and Other Comprehensive Income is analysed as follows:

	2022	**2021**
	£ 000	**£ 000**
Revenue from group recharges	6,863	2,683

6 Operating loss

Arrived at after charging:

	2022 £ 000	2021 £ 000
Auditor's remuneration		
- Audit of the financial statements	22	22

7 Directors' remuneration

None of the directors received any fees or remunerations for services as a director of the company during the financial year (2021: Nil).

The remuneration of the directors is paid by the parent company, which makes no recharges to the company. The directors act in a group capacity only and do not allocate specific time to the company and therefore it is not possible to make an accurate apportionment of their emoluments in respect of the company.

8 Interest receivable and similar income

	2022 £ 000	2021 £ 000
Interest receivable on group loans	812	1,474
Foreign exchange gains on pension plan and related tax	2,138	477
	2,950	1,951

9 Other finance costs

	2022 £ 000	2021 £ 000
Expected return on pension plan assets (note 17)	2,761	1,862
Interest on pension liabilities (note 17)	(3,051)	(2,271)
	(290)	(409)

10 Taxation

(a) Analysis of tax charge

	2022 £ 000	2021 £ 000
Current taxation		
UK corporation tax	-	-
Total current income tax	-	-
Deferred taxation		
Current year charge	-	-
Tax charge	-	-

(b) Factors affecting current tax charge

The tax on profit before tax for the year differs from the standard rate of corporation tax in the UK of 19% (2021 – 19%). The differences are reconciled below:

	2022 £ 000	2021 £ 000
Profit before tax	9,513	4,203
Corporation tax at standard rate	1,807	799
Expenses not deductible for tax purposes	55	75
Relief for interest payable by other UK group companies	-	(372)
Movements in temporary differences on which no deferred tax asset has been recognised	(1,304)	(376)
Non-taxable foreign exchange (gain)/loss on pension plan valuation	(2)	(126)
Group relief surrendered/(claimed) for nil consideration	(80)	-
Utilisation of tax losses on which no deferred tax asset has been recognised	(476)	-
Total tax charge	-	-

10 Taxation *(continued)*

(c) Deferred tax

The company has carried forward temporary differences as shown below that are available indefinitely to be offset against future taxable profits. Deferred tax assets have been recognised in relation to those losses and other temporary differences where they satisfy the recognition criteria for deferred tax assets in line with FRS 101 'Reduced Disclosure Framework'.

A deferred tax liability of £4,376,000 has been recognized at 31 December 2022 in respect of the defined benefit pension asset. The value of the unrecognised deferred tax assets at 31 December 2021 was £4,803,000 in relation to the pension scheme deficit. Unrelieved tax losses at 31 December 2022 amounted to nil (2021: £593,000).
At 31 December 2022 and 31 December 2021, the UK tax rates that had been substantively enacted were 19% (effective from 1 April 2017) and 25% (effective from 1 April 2023). The tax rate used for the deferred tax asset calculations at the balance sheet date is 25% (2021: 19%).

11 Investments

	£ 000
Subsidiaries	
Cost	
At 1 January 2022	95,158
Disposals	-
Translation to reporting currency	11,583
At 31 December 2022	106,741
Impairment	
At 1 January 2022	42,129
Disposals	-
Translation to reporting currency	5,128
At 31 December 2022	(47,257)
Carrying amount	
At 31 December 2022	**59,484**
At 31 December 2021	**53,029**

During 2022, subsidiary company PGS Marine Services (Isle of Man) Ltd was dissolved.

11 Investments *(continued)*

Details of the subsidiaries as at 31 December 2022 are as follows:

Name of subsidiary	Principal activity	Proportion of ownership and voting rights held
PGS Exploration (UK) Limited	Provision of geophysical services to the oil and gas industry	100%
PGS Geophysical (Angola) Ltd	Provision of geophysical services, including seismic data processing to the African oil and gas market.	100%
PGS Pension Trustee Limited	Trustee of the PGS (UK) Pension Plan	100%
Panoceanic Energy Limited	Hold and operate exploration licences	100%

The registered office of the subsidiary companies above is 4 The Heights, Weybridge, Surrey, KT13 0NY, United Kingdom.

12 Debtors

	2022 £ 000	2021 £ 000
Amounts receivable from immediate parent undertaking	-	22,007
Amounts receivable from group undertakings	442	223
Prepayments	112	117
Other debtors	11	1
	565	22,348

Amounts receivable from the immediate parent undertaking, Petroleum Geo-Services AS, were repayable on demand, unsecured, and bear interest at 3-month LIBOR plus 7.5% per annum (2021: LIBOR plus 6.5% per annum). Amounts receivable from other group undertakings are treated as trading balances and do not bear interest.

13 Creditors

	2022 £ 000	2021 £ 000
Trade creditors	57	-
Amounts payable to parent undertaking	3,545	-
	3,602	-

Amounts payable to the immediate parent undertaking, Petroleum Geo-Services AS, are repayable on demand, unsecured, and bear interest at 3-month LIBOR plus 7.5% per annum.

14 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	No.	£ 000	No.	£ 000
Ordinary shares of £1 each	1,000	1	1,000	1

15 Pension and other plans

PGS (UK) Pension Fund (the plan)

The company sponsors the plan which is a funded defined benefit arrangement. This is a separate trustee administered fund holding the pension plan assets to meet long term pension liabilities for 571 past and present members. The level of retirement benefit is principally based on salary earned in the last three years of employment prior to leaving active service, and is linked to changes in inflation up to retirement. Accrual ceased from 31 December 2015, after which active members became deferred members of the plan with no further salary link.

The plan is subject to the funding legislation, which came into force on 30 December 2005, outlined in the Pensions Act 2004. This, together with documents issued by the Pensions Regulator, and Guidance Notes adopted by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension plans in the UK.

The trustees of the plan are required to act in the best interest of the plan's beneficiaries. The appointment of the trustees is determined by the plan's trust documentation. It is policy that one third of all trustees should be nominated by the members.

A full actuarial valuation was carried out as at 31 December 2021 in accordance with the plan funding requirements of the Pensions Act 2004 and the funding of the plan is agreed between the company and the trustees in line with those requirements. These, in particular, require the surplus / deficit to be calculated using prudent, as opposed to best estimate actuarial assumptions.

For the purposes of IAS19, the actuarial valuation as at 31 December 2021, which was carried out by a qualified independent actuary, has been updated on an approximate basis to 31 December 2022.

The net defined benefit liability has been eliminated and the valuation now shows an asset. This is due to significantly increased corporate bond yields increasing the discount rate used to value the defined benefit obligation, placing a lower value on the liabilities; this was only partially offset by a fall in the value of the Fund's assets resulting in a net improvement in the position. Additional contributions paid into the Fund by the Company have increased the net defined benefit asset further.

15 Pension and other plans *(continued)*

As a result, the company has agreed with the Trustee that no further deficit reduction contributions are required; however further contributions will be payable during the period to 31 December 2024 contingent upon certain events. Firstly, if, for two consecutive calendar quarter ends, the funding on a Technical Provisions basis is below 97%, the Employer will start to make monthly contributions of the amount required to remediate the deficit assuming a 4-year amortisation period, subject to a maximum of £275,000 per month. These contributions will be suspended if the Technical Provisions basis is greater than or equal to 99% at the end of two consecutive calendar quarter ends. Additionally, if a dividend is paid by the ultimate parent company, PGS ASA, in a period where the funding on a Technical Provisions basis is below 97%, the Employer will make a payment equivalent to 1% of the total dividend value up to a maximum of £500,000.

In 2022 the company paid additional pension contributions of £6,863,000 (2021: £2,502,000) to the UK pension fund. This cost is recharged to certain group companies.

Risks

The plan typically exposes the company to actuarial risks such as investment risk, interest rate risk, mortality risk and longevity risk. A decrease in corporate bond yields, a rise in inflation or an increase in life expectancy would result in an increase to plan liabilities. This would detrimentally impact the balance sheet position and may give rise to increased charges in future profit or loss. This effect would be partially offset by an increase in the value of the plan's bond holdings. Additionally, caps on inflationary increases are in place to protect the plan against extreme inflation.

Reconciliation of plan assets and liabilities to assets and liabilities recognised

The amounts recognised in the balance sheet are as follows:

	2022 **£ 000**	**2021** **£ 000**
Fair value of plan assets	113,795	143,956
Present value of defined benefit obligation	(95,700)	(162,684)
Surplus/(deficit) in plan	18,095	(18,728)
Impact of asset ceiling	-	-
Asset/(liability) to be recognised	18,095	(18,728)
Deferred tax liability	(4,521)	-
Net asset/(liability) recognised	13,574	(18,728)

15 Pension and other plans *(continued)*

Plan assets

Changes in the fair value of plan assets are as follows:

	2022 £ 000	2021 £ 000
Fair value at start of year	143,956	136,766
Interest income (note 10)	2,761	1,862
Return on plan assets, excluding amounts included in interest income	(37,228)	5,083
Employer contributions	6,863	2,683
Benefits paid	(2,557)	(2,438)
Fair value at end of year	113,795	143,956

Analysis of assets

The major categories of plan assets are as follows:

	2022 £ 000	2021 £ 000
Cash and cash equivalents	487	756
Diversified Growth Funds	1,592	13,679
Overseas Equities	12,722	28,755
Corporate Bonds	45,377	54,122
Insured Assets	1,753	2,740
Government bonds	49,928	28,486
Property	1,936	15,618
	113,795	143,956

None of the fair values of the assets shown above include any direct investments in the company’s own financial instruments or any property occupied by, or other assets used by, the company. All of the plan assets have a quoted market price in an active market with the exception of the trustee's bank account balance.

It is the policy of the trustees and the company to review the investment strategy at the time of each funding valuation. The trustees’ investment objectives and the processes undertaken to measure and manage the risks inherent in the plan investment strategy.

The liabilities and corresponding assets of the insured pensions held in the name of the plan have been included within the disclosures. The asset value of the insured pensioners as at 31 December 2022 is higher than the calculated liabilities of the corresponding pensioners and has been calculated in line with the insured benefits and the assumptions at the current year end.

15 Pension and other plans *(continued)*

Plan liabilities

Changes in the present value of plan liabilities are as follows:

	2022 £ 000	2021 £ 000
Present value at start of year	(162,684)	(168,213)
Actuarial gains arising from changes in financial assumptions	75,205	6,593
Actuarial gains arising from changes in demographic assumptions	265	339
Actuarial (losses) arising from experience adjustments	(7,992)	(1,570)
Interest cost (note 10)	(3,051)	(2,271)
Benefits paid	2,557	2,683
Present value at end of year	(95,700)	(162,684)

Principal actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the Balance Sheet date are as follows:

	2022 %	2021 %
Discount rate	4.83	1.89
Inflation (RPI)	3.29	3.40
Inflation (CPI)	2.79	2.85

Post retirement mortality assumptions

	2022 Years	2021 Years
Current UK pensioners at retirement age - male	23.2	23.2
Current UK pensioners at retirement age - female	24.8	24.8
Future UK pensioners at retirement age - male	24.4	24.4
Future UK pensioners at retirement age - female	26.2	26.1

Amounts recognised in the income statement

	2022 £ 000	2021 £ 000
Amounts recognised in other finance costs		
Interest on net defined benefit liability (note 10)_	290	409
Total recognised in the Statement of Profit and Loss	**290**	**409**

15 Pension and other plans *(continued)*

Amounts taken to the Statement of Other Comprehensive Income:

	2022 £ 000	2021 £ 000
Actuarial gains arising from changes in financial assumptions	75,205	6,593
Actuarial gains arising from changes in demographic assumptions	265	339
Actuarial(losses) arising from experience adjustments	(7,993)	(1,570)
Return on plan assets, excluding amounts included in interest income	(37,228)	5,083
Amounts recognised in the Statement of Other Comprehensive Income	30,249	10,445

Sensitivity analysis

A sensitivity analysis outlining the impact on the plan liabilities of changes in the principal assumptions used to measure plan liabilities is set out below:

	2022 Change %	2021 Change %
1% p.a. reduction in discount rate	19.6%	26.0%
1% p.a. increase in discount rate	(15.3%)	(19.5%)
1% p.a. increase in inflation rate	11.7%	15.8%
Pensions payable for 1 year longer due to mortality assumptions	2.6%	3.9%

The sensitivities shown above are approximate. Each sensitivity considers one change in isolation. The inflation sensitivity includes the impact of changes to the assumptions for revaluation, pension increases and salary growth. The weighted average duration of the defined benefit obligation at the period ended 31 December 2022 is approximately 18 years.

16 Dividends

In December 2022, the directors declared and paid an interim dividend of USD 35,000 per share, totalling USD 35,000,000, to the company's shareholder.

17 Foreign exchange

The financial statements are presented in GBP. The exchange rate at 31 December 2022 applied was 1.20 USD to 1.0 GBP.

18 Related party transactions

As a wholly owned subsidiary of PGS ASA the company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with other wholly owned group companies. There were no other related party transactions.

19 Contingent liabilities

As part of the PGS Group financing arrangements, Kroll Trustee Services Limited holds a floating charge over the undertaking and assets of the company. The company is a guarantor for the $450 million senior secured bond and the $138 million Term Loan B.

20 Subsequent events

Other than the developments in the PGS Group financing arrangements as described in the going concern disclosures, there are no events subsequent to the year end requiring disclosure.

21 Ultimate parent undertaking

The company's immediate parent undertaking is Petroleum Geo-Services AS, a company incorporated in Norway. The ultimate parent and controlling party is PGS ASA, a company registered in Norway.

The smallest and largest group in which the results of the company are consolidated is that headed by PGS ASA. These financial statements are available upon request from PGS ASA, Lilleakerveien 4C, P.O. Box 251 Lilleaker, 0216 Oslo, Norway.

Annex 7b

Petroleum Geo-Services (UK) Limited Annual Report 2021

PETROLEUM GEO-SERVICES (UK) LIMITED
REPORT AND FINANCIAL STATEMENTS
COMPANY INFORMATION

Directors	C Steen-Nilsen G Langseth R Pedersen
Auditor	Ernst & Young LLP 4th Floor 2 Marischal Square Broad Street Aberdeen AB10 1BL
Registered office	4, The Heights Brooklands Weybridge Surrey KT13 0NY
Registered number	02874539

PETROLEUM GEO-SERVICES (UK) LIMITED
STRATEGIC REPORT

The directors present their Strategic Report for the year ended 31 December 2021.

Principal activities

The principal activity of the company is to hold the defined benefit pension plan for UK employees. The pension fund closed for future accruals of benefits with effect from 31 December 2015.

The company also acts as a holding company for some of the UK group companies.

The company is a member of the PGS ASA Group ("the group"), a Norwegian registered oil services group providing geophysical services worldwide. The group provides a broad range of geophysical and reservoir services, including seismic data acquisition, processing, interpretation and field evaluation. It also possesses a substantial international MultiClient seismic data library.

Business review and future developments

The profit for the year after taxation is £4,203,000 (2020: £5,401,000). The directors do not recommend payment of a dividend (2020: £35,000,000).

Following the results of the actuarial valuation at 31 December 2018, the company agreed to pay additional contributions to fund the pension deficit. In respect of the previous Recovery Plan, the company had contributed £5,423,000 for the period from 1 January 2019 to 30 June 2020. Between 1 July 2020 and 30 June 2021, the company paid a reduced contribution of £1,000,000 to allow for the impact of COVID-19 on the group. From 1 July 2021, the company has agreed to pay £3,200,000 per year, increasing at 3% per annum until 31 July 2026, and an additional £500,000 per annum was paid until a one-time contribution of £3,700,000 triggered by the refinancing of the PGS Group was settled in January 2022. Further, from 1 July 2021 monthly payments equivalent to £500,000 per annum were paid to the fund, triggered by the corporate/issuer credit rating of the ultimate parent company, PGS ASA, falling below B (S&P) and B2 (Moody's). The next full triennial valuation at 31 December 2021 is in progress.

In 2021 the company paid additional pension contributions of £2,502,000 (2020: £2,362,000) to the UK pension fund. This cost is recharged to certain group companies.

The directors do not anticipate any changes to the company's principal activities in the foreseeable future.

Principal risks and uncertainties of the company

From the perspective of the company, the principal risks and uncertainties are so integrated with the principal risks of the group that they are not managed separately. Accordingly, the principal risks and uncertainties of the PGS Group, which include those of the company, are discussed below.

Principal risks and uncertainties of the group

The group is exposed to adverse changes in interest rates, which is managed through financial instruments such as interest rate swaps.

A portion of the group's foreign currency exchange risk on cash flows related to sales, expenses, financing and investing transactions in currencies other than the US dollar are hedged through forward currency exchange contracts.

Credit risk relating to the group's trade receivables is relatively limited due to the nature of the customer base and the historic low level of losses on trade receivables. Ongoing credit evaluations of customers are used to manage exposure to this type of risk.

Liquidity risk is the risk that the group will encounter difficulty in meeting its financial obligations as they fall due. The PGS Group had cash and cash equivalents of $170.0 million as of 31 December 2021, which can be used to meet the group's funding commitments if called upon.

Principal risks and uncertainties of the group *(continued)*

By operating seismic vessels, the group is exposed to commodity risk in the form of fuel price fluctuations. The group seeks to pass fuel price risk to customers on a majority of contract work.

Demand for the group's products and services are heavily influenced by oil and gas prices and the focus areas of oil and gas companies' spending. The profitability of the group is subject to a number of operational risks, including increased competition, attractiveness of technology, changes in governmental regulations, licences and permits and adverse weather conditions.

The COVID-19 pandemic caused a major disruption in the oil market and a significant short-term reduction of the oil price. Future COVID-19 outbreaks may have a negative effect on seismic spending and PGS' ability to generate revenues, and cause disruption to vessel operations. In addition, the ongoing energy transition may cause structural changes in demand, e.g. related to frontier exploration. The principal risks and uncertainties of the PGS Group, which include those of the company, are discussed in more detail on pages 49 to 51 of the group's annual report.

As the global economy is impacted by the health and economic crisis following the outbreak of the Covid-19 pandemic, Management continues to monitor the potential operational and financial impacts for the company.

Key performance indicators ("KPIs")

The directors of the PGS Group manage the group's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of Petroleum Geo-Services (UK) Limited. The development, performance and position of the group, which includes the company, is discussed on pages 42 to 53 of the group's annual report which does not form part of this report.

Section 172(1) statement

The section 172(1) statement has been included within the Directors' Report. The full statement can be found on pages 4 to 6.

Signed on behalf of the Board by:

DocuSigned by:
Gottfred Langseth
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G Langseth
Director

20 December 2022

PETROLEUM GEO-SERVICES (UK) LIMITED
DIRECTORS' REPORT

The directors present their Report and the financial statements for the year ended 31 December 2021.

Results and dividends

The profit for the year after taxation is £4,203,000 (2020: £5,401,000). The directors do not recommend payment of a dividend (2020: £35,000,000).

Future developments

The future development of the business has been outlined in the Strategic Report.

Directors of the company

The directors who held office during the year, and to the date of this report were as follows:

C Steen-Nilsen

G Langseth

R Pedersen

Indemnification of directors

In accordance with the articles of association, the directors have the benefit of indemnity provisions. In addition the PGS Group maintains a directors' and officers' liability insurance policy throughout the financial year, and up to the date of approval of the financial statements.

Charitable and political donations

The company made no political or charitable donations during 2021 (2020: £nil).

Section 172(1) statement

In accordance with section 172 of the Companies Act 2006, the Board of Directors of the company act in a way that they consider in good faith would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard to a range of matters when making decisions for the short and long-term.

The directors have had regard, amongst others, to the matters set out in section 172(1) (a)-(f) of the Companies Act 2006 to effectively discharge their section 172 duties. The board believes governance of the company is best achieved by delegation of its authority for the executive management of the PGS Group, subject to defined limits and monitoring by the board. The board routinely monitors the delegation of authority, ensuring that it is regularly updated, while retaining ultimate responsibility.

The PGS Group manage the group's operations on a divisional basis and the company's directors therefore see their main function as monitoring and ensuring the compliance of UK regulations and ensuring the stand-alone interests of the company and its stakeholders.

This includes the following responsibilities;

- implementing the group's values and code of conduct, including ensuring any additional UK requirements
- Overseeing the company's compliance with financial reporting and disclosure obligations.
- Overseeing the risk management of the PGS Group, ensuring it is sufficient for the company
- Determining its own composition, subject to the provisions of the Company's Articles of Association
- Setting and approving policies specific to UK.
- Review and approve non-routine or significant transactions.
- Specific consideration of issues for employees, customers and suppliers arising from the Covid-19 pandemic, including information in relation to government guidelines, workplace planning and staff wellbeing.

Responsibilities during the year

The board of directors do not have a set schedule for meetings, but will convene as needed and receives regular reporting from management about compliance and business activities of the company.

Section 172(1) statement *(continued)*

Risk management and internal control

The Board of Directors 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 company mainly relies on a system applied by all companies in the PGS Group. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable, but not absolute assurance against material financial misstatements or loss.

Group 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 by the Group Board of Directors at least once a year. The result is shared with the directors of the company.

Group 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.

PGS Group 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 Group Audit Committee. In addition, the Internal Audit Department regularly monitors and reports status of management's actions to respond to identified risks or weaknesses. All reports are available to the directors of Petroleum Geo-Services (UK) Limited.

Communication with stakeholders

The company consists of various departments and functions contributing to the PGS Group. As the PGS Group is managed on a divisional basis, all departments and functions report to their respective global department heads. Decision-making is delegated by the PGS Group's authorization matrix. The Board regularly review material decisions made on behalf of the company.

Customers

The PGS Group have relatively few, but large customers. Consistently delivering high quality products and building long-term relationships to our main customers is a key priority. As most of our key customers operates globally, the directors have delegated the main responsibility for customer relations to Group Management.

Suppliers

Similar to customers, we aim to develop long-lasting relationships with our key suppliers by engaging with them on a regular basis. PGS Group has a global purchasing and contracting department that handles all key suppliers on behalf of all PGS Group entities.

PGS Group

PGS operates its vessels globally and is a highly integrated group of companies aimed at carrying out the Seismic projects in the best possible manner. Close cooperation with other group companies is therefore paramount to the company.

Section 172(1) statement *(continued)*

Communities and the environment

The company strives to be actively engaged with our communities. We continually look to support local causes and create opportunities through recruitment.

The seismic industry has a role in enabling a reliable supply of energy now and in the future through the sustainable transition to greener energy. PGS remains devoted to conducting our operations with minimal impact on the oceans and those that are reliant upon them for their living or sustenance.

Our commitment is to leave the oceans as we find them, and our ambition is to contribute to healthier marine environment - for the benefit of all. We have therefore refocused our support to the UN Sustainable Development Goals with strong focus on Climate Action and Life Below Water. These will be the pillars of our environmental strategies and actions going forward.

We are committed to:

- Carefully planning and executing surveys to minimize any disturbance
- Immediately ceasing operations if marine mammals are observed in close proximity
- Respecting local communities and fishermen
- Not throwing anything overboard and leaving nothing behind.

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business review section of the Strategic Report.

The directors have considered the financial position the company, including the arrangements with its ultimate parent company, PGS ASA. The directors have also considered the financial position of PGS ASA, including centralised treasury arrangements.

The company has received assurance from PGS ASA that it will continue to receive financial support for a period of 12 months until 31 December 2023 in order to meet its obligations as they fall due.

On 3 May 2022, PGS ASA announced a raise of approximately $85 million in equity in a private placement, followed by a $15 million equity rights issue. In addition, PGS secured a commitment of $50 million in the form of a super senior loan. On 23 November 2022, a further private placement was completed, raising an additional $150 million of equity. PGS used a portion of the net proceeds of these transactions for payment of debt amortization during 2022, with the remaining to be used for increased buffer to the minimum liquidity covenant in existing loan agreements, ongoing market recovery in the marine geophysics market, to further strengthen the company's balance sheet and for general corporate purposes.

Based on review of PGS forecasts, the directors are satisfied that PGS ASA will be able to comply with financial covenants and maturity profiles.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on their assessment, the directors have no reason to believe that a material uncertainty exists that may cast doubt on the ability of PGS ASA to continue to provide financial support. Therefore, the directors are satisfied, at the time of approving the financial statements, that it is appropriate to adopt the going concern basis in preparing the financial statements for a period until 31 December 2023.

Information to the auditor

Each of the directors at the date of approval of this report confirms that:

1. So far as the directors are aware, there is no relevant audit information of which the auditor is unaware; and
2. the directors have taken all steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and Ernst & Young LLP will therefore continue in office.

Signed on behalf of the Board by:

DocuSigned by:
Gottfried Langseth
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G Langseth
Director

20 December 2022

PETROLEUM GEO-SERVICES (UK) LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PETROLEUM GEO-SERVICES (UK) LIMITED

Opinion

We have audited the financial statements of Petroleum Geo-Services (UK) Limited for the year ended 31 December 2021 which comprise the Statement of Profit and Loss and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 21, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework".

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period from when the financial statements are authorised for issue to 31 December 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, 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 other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PETROLEUM GEO-SERVICES (UK) LIMITED *(continued)*

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have 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 (UK) 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulation, including anti-bribery and corruption in the United Kingdom and any other areas of operation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PETROLEUM GEO-SERVICES (UK) LIMITED *(continued)*

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud *(continued)*

- We understood how Petroleum Geo-Services (UK) Limited is complying with those frameworks by making enquiries of management to understand how the company maintains and communicates its policies and procedures in these areas and corroborated this by reviewing supporting documentation. We also reviewed correspondence with relevant authorities.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures included a focus on compliance with the accounting and regulatory frameworks and obtaining sufficient audit evidence in line with the level of risk identified, in conjunction with compliance with relevant legislation.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override. Our procedures involved testing journal entries identified by specific risk criteria.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Kenneth MacLeod Hall (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Aberdeen
21 December 2022

PETROLEUM GEO-SERVICES (UK) LIMITED
STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2021

	Note	2021 £ 000	2020 £ 000
Revenue	5	2,683	2,362
Cost of sales		(22)	(12)
Gross profit		**2,661**	**2,350**
Impairment of investment in subsidiaries		-	(669)
Operating profit	6	**2,661**	**1,681**
Interest receivable and similar income	8	1,951	1,861
Interest payable and similar charges	9	-	(3,405)
Other finance costs	10	(409)	(549)
Income from shares in subsidiary undertakings	11	-	5,813
Profit before taxation		**4,203**	**5,401**
Taxation	12	-	-
Profit for the year		**4,203**	**5,401**
Other comprehensive income			
Actuarial gain/(loss) recognised in pension plan	17	10,445	(6,557)
Exchange differences on translation to presentation currency		540	(949)
Total comprehensive income/(loss)		**15,188**	**(2,105)**

The company's results are derived from continuing operations.

The notes on pages 15 to 30 form an integral part of these financial statements

PETROLEUM GEO-SERVICES (UK) LIMITED
BALANCE SHEET
31 DECEMBER 2021

	Note	2021 £ 000	2020 £ 000
Fixed assets			
Investments	13	53,029	52,454
Current assets			
Debtors	14	22,348	20,454
Creditors: Amounts falling due within one year	15	-	-
Net current assets		**22,348**	**20,454**
Net assets excluding pension liability		**75,377**	**72,908**
Defined benefit pension liability	17	(18,728)	(31,447)
Net assets		**56,649**	**41,461**
Capital and reserves			
Called up share capital	16	1	1
Profit and loss account		56,648	41,460
Shareholders' funds		**56,649**	**41,461**

These financial statements were approved by the Board on 20 December 2022, and signed on its behalf by:

DocuSigned by:
Christin Steen-Nilsen
53F8F3870D684AF...............

C Steen-Nilsen

Director

Registered number: 02874539

The notes on pages 15 to 30 form an integral part of these financial statements

PETROLEUM GEO-SERVICES (UK) LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2021

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2020	1	78,565	78,566
Profit for the year	-	5,401	5,401
Other comprehensive loss	-	(7,506)	(7,506)
Total comprehensive loss	-	(2,105)	(2,105)
Dividend distribution (£35,000 per ordinary share)	-	(35,000)	(35,000)
At 31 December 2020	**1**	**41,460**	**41,461**
Profit for the year	-	4,203	4,203
Other comprehensive income	-	10,985	10,985
Total comprehensive income	-	15,188	15,188
At 31 December 2021	**1**	**56,648**	**56,649**

The notes on pages 15 to 30 form an integral part of these financial statements

PETROLEUM GEO-SERVICES (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

1 General information

Petroleum Geo-Services (UK) Limited is a private company and is incorporated and domiciled in England and Wales. The address of its registered office is 4, The Heights, Brooklands, Weybridge, Surrey KT13 0NY.

2 Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Petroleum Geo-Services (UK) Limited (the "company") for the year ended 31 December 2021 were authorised for issue by the board of directors on 20 December 2022 and the balance sheet was signed on the board's behalf by C Steen-Nilsen.

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101') and in accordance with applicable accounting standards. The company's financial statements are presented in US dollars as this is the currency in which the company operates.

3 Accounting policies

The following accounting policies have been consistently applied in deciding the items which are considered material in relation to the financial statements.

Basis of preparation

The company has been determined to meet the criteria of a 'qualifying entity' under the definition in FRS 101. The financial statements in which the company is consolidated are available from the ultimate parent company as detailed in note 21.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2021.

Summary of disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment, because the share based payment arrangement concerns the instruments of another group entity;
- the requirements of IFRS 7 Financial Instruments: Disclosures,
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement,
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - I. paragraph 79(a)(iv) of IAS 1;
  - II. paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - III. paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

3 Accounting policies *(continued)*

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business review section of the Strategic Report.

The directors have considered the financial position the company, including the arrangements with its ultimate parent company, PGS ASA. The directors have also considered the financial position of PGS ASA, including centralised treasury arrangements.

The company has received assurance from PGS ASA that it will continue to receive financial support for a period of 12 months until 31 December 2023 in order to meet its obligations as they fall due.

On 3 May 2022, PGS ASA announced a raise of approximately $85 million in equity in a private placement, followed by a $15 million equity rights issue. In addition, PGS secured a commitment of $50 million in the form of a super senior loan. On 23 November 2022, a further private placement was completed, raising an additional $150 million of equity. PGS used a portion of the net proceeds of these transactions for payment of debt amortization during 2022, with the remaining to be used for increased buffer to the minimum liquidity covenant in existing loan agreements, ongoing market recovery in the marine geophysics market, to further strengthen the company's balance sheet and for general corporate purposes.

Based on review of PGS forecasts, the directors are satisfied that PGS ASA will be able to comply with financial covenants and maturity profiles.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on their assessment, the directors have no reason to believe that a material uncertainty exists that may cast doubt on the ability of PGS ASA to continue to provide financial support. Therefore, the directors are satisfied, at the time of approving the financial statements, that it is appropriate to adopt the going concern basis in preparing the financial statements for a period until 31 December 2023.

Group accounts

The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in the consolidated financial statements of its ultimate parent undertaking, PGS ASA, a company registered in Norway.

The financial statements contain information about Petroleum Geo-Services (UK) Limited as an individual company and do not contain consolidated financial information as the parent of a group.

3 Accounting policies *(continued)*

Revenue Recognition

The company receives revenue from recharges to other group companies. Revenue from providing group services is recognised in the accounting period in which the services are rendered. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and sales-related taxes.

Foreign currency transactions and balances

The functional currency of the company is USD. Transactions in foreign currencies are initially recorded at the USD exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into USD at the rates prevailing on the reporting period date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of realised and unrealised monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

The presentational currency of the company is GBP. The Balance Sheet has been translated at the year end USD:GBP rate, and profit and loss transactions have been translated at the transactional or average USD:GBP rate, with the resulting difference on translation being reported within the Statement of Other Comprehensive Income.

Taxation

Income tax expense is comprised of current and deferred tax. Income tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items taken directly to the Statement 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 realisation 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 recognised 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 utilised.

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 long-term in the Balance Sheet.

Investments

Investments are held at cost less accumulated impairment losses, and translated at the USD:GBP foreign exchange rate at the year end.

3 Accounting policies *(continued)*

Defined benefit pension obligation

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 recognised 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 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 recognised immediately in the 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 recognised on a straight-line basis over the vesting period.

Actuarial gains and losses due to current period changes in assumptions applied are recognised immediately in Other Comprehensive Income.

Financial assets and liabilities

Financial assets and financial liabilities are recognised 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.

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 Statement of Profit and Loss. Realised and unrealised gains and losses arising from changes in the fair value are included in the Statement 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 recognised at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognised in other comprehensive income.

Financial instruments at amortised cost

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

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 recognises 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 recognised in the Statement of Profit and Loss.

3 Accounting policies *(continued)*

New and amended standards and interpretations

There are no new standards or interpretations which have had an impact on the financial statements.

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

There are no amendments issued and not yet effective which will have a significant impact on the financial statements.

4 Critical accounting judgements, estimates and assumptions

The preparation of financial statements in accordance with FRS 101 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.

Defined benefit pension obligations

The cost of defined benefit pension plan and the present value of the plan liabilities are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details about the assumptions are given in note 17.

Investments

Investments in subsidiary undertakings are stated at cost are reviewed at least annually to assess whether there is objective evidence to indicate that either the carrying values are impaired or impairments recognised in prior periods need to be reversed.

5 Revenue

Revenue recognised in the Statement of Profit and Loss and Other Comprehensive Income is analysed as follows:

	2021 £ 000	2020 £ 000
Revenue from group recharges	2,683	2,362

6 Operating loss

Arrived at after charging:

	2021 £ 000	2020 £ 000
Auditor's remuneration		
- Audit of the financial statements	22	23

7 Directors' remuneration

None of the directors received any fees or remunerations for services as a director of the company during the financial year (2020: Nil).

The remuneration of the directors is paid by the parent company, which makes no recharges to the company. The directors act in a group capacity only and do not allocate specific time to the company and therefore it is not possible to make an accurate apportionment of their emoluments in respect of the company.

8 Interest receivable and similar income

	2021 £ 000	2020 £ 000
Interest receivable on group loans	1,474	1,861
Foreign exchange gains on pension plan and related tax	477	-
	1,951	1,861

9 Interest payable and similar charges

	2021 £ 000	2020 £ 000
Foreign exchange losses on pension plan and related tax	-	3,405

10 Other finance costs

	2021 £ 000	2020 £ 000
Expected return on pension plan assets (note 17)	1,862	2,677
Interest on pension liabilities (note 17)	(2,271)	(3,226)
	(409)	(549)

11 Income from shares in subsidiary undertakings

	2021 £ 000	2020 £ 000
Dividends received from Seismic Exploration (Canada) Limited	-	920
Dividends received from PGS Reservoir Limited	-	4,893
	-	5,813

12 Taxation

(a) Analysis of tax charge

	2021 £ 000	2020 £ 000
Current taxation		
UK corporation tax	-	-
Total current income tax	-	-
Tax charge	-	-

(b) Factors affecting current tax charge

The tax on profit before tax for the year differs from the standard rate of corporation tax in the UK of 19% (2020 – 19%). The differences are reconciled below:

	2021 £ 000	2020 £ 000
Profit before tax	4,203	5,401
Corporation tax at standard rate	799	1,026
Expenses not deductible for tax purposes	75	103
Relief for interest payable by other UK group companies	(372)	(353)
Tax losses on which no deferred tax asset has been recognised	(376)	(26)
Non-taxable foreign exchange (gain)/loss on pension plan valuation	(126)	209
Loss on investment	-	144
Non taxable income - UK dividend received	-	(1,103)
Total tax charge	-	-

12 Taxation *(continued)*

(c) Deferred tax

The company has carried forward temporary differences as shown below that are available indefinitely to be offset against future taxable profits. Deferred tax assets have been recognised in relation to those losses and other temporary differences where they satisfy the recognition criteria for deferred tax assets in line with FRS 101 'Reduced Disclosure Framework'.

As at 31 December 2021 and 31 December 2020, the deferred tax assets in respect of the pension scheme deficit and unrelieved tax losses were not recognised due to the uncertainty as to when these will be recovered. The value of the unrecognised deferred tax assets being £4,803,000as at 31 December 2021 in relation to the pension scheme deficit (2020 - £5,975,000) and £593,000 as at 31 December 2021 in relation to unrelieved tax losses (2020 - £195,000).

At 31 December 2021 the UK tax rate that had been substantively enacted was 25% (2020-19%)%. The tax rate used for the deferred tax asset calculations at the balance sheet date is 25% (2020: 19%).

13 Investments

	£ 000
Subsidiaries	
Cost	
At 1 January 2021	94,757
Disposals	(637)
Translation to reporting currency	1,039
At 31 December 2021	95,158
Impairment	
At 1 January 2021	42,303
Disposals	(637)
Translation to reporting currency	464
At 31 December 2021	42,129
Carrying amount	
At 31 December 2021	**53,029**
At 31 December 2020	**52,454**

During 2021, subsidiary companies Seismic Exploration (Canada) Ltd and PGS Reservoir Limited were dissolved.

Details of the subsidiaries as at 31 December 2021 are as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership and voting rights held
PGS Exploration (UK) Ltd	Provision of geophysical services to the oil and gas industry	4, The Heights Weybridge Surrey KT13 0NY United Kingdom	100%
PGS Geophysical (Angola) Ltd	Provision of geophysical services, including seismic data processing to the African oil and gas market	4, The Heights Weybridge Surrey KT13 0NY United Kingdom	100%
PGS Pension Trustee Ltd	Trustee of the PGS (UK) Pension Plan	4, The Heights Weybridge Surrey KT13 0NY United Kingdom	100%
Panoceanic Energy Ltd	Hold and operate exploration licences	4, The Heights Weybridge Surrey KT13 0NY United Kingdom	100%
PGS Marine Services (Isle of Man) Ltd	Provision of personnel services to the oil and gas industry	12-14 Finch Road Douglas Isle of Man IM1 2PT	100%

14 Debtors

	2021 £ 000	2020 £ 000
Amounts receivable from ultimate parent undertaking	-	20,235
Amounts receivable from immediate parent undertaking	22,007	-
Amounts receivable from group undertakings	223	86
Prepayments	117	128
Other debtors	1	5
	22,348	20,454

Amounts receivable from the ultimate parent undertaking, PGS ASA, were repayable on demand, unsecured, and bear interest at 3-month LIBOR plus 3% per annum. During 2021, the loan arrangement was transferred from PGS ASA to Petroleum Geo-Services AS, the immediate holding company, under the same terms.

Amounts receivable from other group undertakings are treated as trading balances and do not bear interest.

15 Creditors

	2021 £ 000	2020 £ 000
Trade creditors	-	-

16 Share capital

Allotted, called up and fully paid shares

	2021		2020	
	No.	£ 000	No.	£ 000
Ordinary shares of £1 each	1,000	1	1,000	1

17 Pension and other plans

PGS (UK) Pension Fund (the plan)

The company sponsors the plan which is a funded defined benefit arrangement. This is a separate trustee administered fund holding the pension plan assets to meet long term pension liabilities for 571 past and present members. The level of retirement benefit is principally based on salary earned in the last three years of employment prior to leaving active service, and is linked to changes in inflation up to retirement. Accrual ceased from 31 December 2015, after which active members became deferred members of the plan with no further salary link.

The plan is subject to the funding legislation, which came into force on 30 December 2005, outlined in the Pensions Act 2004. This, together with documents issued by the Pensions Regulator, and Guidance Notes adopted by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension plans in the UK.

The trustees of the plan are required to act in the best interest of the plan's beneficiaries. The appointment of the trustees is determined by the plan's trust documentation. It is policy that one third of all trustees should be nominated by the members.

17 Pension and other plans.*(continued)*

A full actuarial valuation was carried out as at 31 December 2018 in accordance with the plan funding requirements of the Pensions Act 2004 and the funding of the plan is agreed between the company and the trustees in line with those requirements. These, in particular, require the surplus / deficit to be calculated using prudent, as opposed to best estimate actuarial assumptions.

For the purposes of IAS19, the actuarial valuation as at 31 December 2018, which was carried out by a qualified independent actuary, has been updated on an approximate basis to 31 December 2021. There have been no changes in the valuation methodology adopted for this period's disclosures compared to the previous period's disclosures.

Following the results of the actuarial valuation at 31 December 2018, the company agreed to pay additional contributions to fund the pension deficit. In respect of the previous Recovery Plan, the company had contributed £5,423,000 for the period from 1 January 2019 to 30 June 2020. Between 1 July 2020 and 30 June 2021, the company paid a reduced contribution of £1,000,000 to allow for the impact of COVID-19 on the group. From 1 July 2021, the company has agreed to pay £3,200,000 per year, increasing at 3% per annum until 31 July 2026, and an additional £500,000 per annum was paid until a one-time contribution of £3,700,000 triggered by the refinancing of the PGS Group was settled in January 2022. Further, in the event that the ultimate parent company, PGS ASA, has a corporate/issuer credit rating below B (S&P) and B2 (Moody's) a Credit Rating Payment of £500,000 per annum will become payable to the fund. The next full triennial valuation at 31 December 2021 is currently in progress.

In 2021 the company paid additional pension contributions of £2,502,000 (2020: £2,362,000) to the UK pension fund. This cost is recharged to certain group companies.

Risks

The plan typically exposes the company to actuarial risks such as investment risk, interest rate risk, mortality risk and longevity risk. A decrease in corporate bond yields, a rise in inflation or an increase in life expectancy would result in an increase to plan liabilities. This would detrimentally impact the balance sheet position and may give rise to increased charges in future profit or loss. This effect would be partially offset by an increase in the value of the plan's bond holdings. Additionally, caps on inflationary increases are in place to protect the plan against extreme inflation.

Reconciliation of plan assets and liabilities to assets and liabilities recognised

The amounts recognised in the balance sheet are as follows:

	2021 £ 000	2020 £ 000
Fair value of plan assets	143,956	136,766
Present value of defined benefit obligation	(162,684)	(168,213)
Deficit in plan	(18,728)	(31,447)
Impact of asset ceiling	-	-
Liability to be recognised	(18,728)	(31,447)
Deferred tax	-	-
Net liability recognised	(18,728)	(31,447)

17 Pension and other plans *(continued)*

Plan assets

Changes in the fair value of plan assets are as follows:

	2021 £ 000	2020 £ 000
Fair value at start of year	136,766	124,536
Interest income (note 10)	1,862	2,677
Return on plan assets, excluding amounts included in interest income	5,083	9,602
Employer contributions	2,683	2,362
Benefits paid	(2,438)	(2,411)
Fair value at end of year	143,956	136,766

Analysis of assets

The major categories of plan assets are as follows:

	2021 £ 000	2020 £ 000
Cash and cash equivalents	756	145
Diversified Growth Funds	13,679	11,920
Overseas Equities	28,755	39,797
Corporate Bonds	54,122	51,433
Insured Assets	2,740	2,838
Government bonds	28,486	18,419
Property	15,618	12,214
	143,956	136,766

None of the fair values of the assets shown above include any direct investments in the company's own financial instruments or any property occupied by, or other assets used by, the company. All of the plan assets have a quoted market price in an active market with the exception of the trustee's bank account balance.

It is the policy of the trustees and the company to review the investment strategy at the time of each funding valuation. The trustees' investment objectives and the processes undertaken to measure and manage the risks inherent in the plan investment strategy.

The liabilities and corresponding assets of the insured pensions held in the name of the plan have been included within the disclosures. The asset value of the insured pensioners as at 31 December 2021 is higher than the calculated liabilities of the corresponding pensioners and has been calculated in line with the insured benefits and the assumptions at the current year end.

17 Pension and other plans *(continued)*

Plan liabilities

Changes in the present value of plan liabilities are as follows:

	2021 £ 000	2020 £ 000
Present value at start of year	(168,213)	(151,238)
Actuarial gains/(losses) arising from changes in financial assumptions	6,593	(32,889)
Actuarial gains/(losses) arising from changes in demographic assumptions	339	14,473
Actuarial gains/(losses) arising from experience adjustments	(1,570)	2,256
Interest cost (note 10)	(2,271)	(3,226)
Benefits paid	2,683	2,411
Present value at end of year	(162,684)	(168,213)

Principal actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the Balance Sheet date are as follows:

	2021 %	2020 %
Discount rate	1.89	1.36
Inflation (RPI)	3.40	2.96
Inflation (CPI)	2.85	2.36

Post retirement mortality assumptions

	2021 Years	2020 Years
Current UK pensioners at retirement age - male	23.2	23.2
Current UK pensioners at retirement age - female	24.8	24.7
Future UK pensioners at retirement age - male	24.4	24.4
Future UK pensioners at retirement age - female	26.1	26.1

Amounts recognised in the income statement

	2021 £ 000	2020 £ 000
Amounts recognised in other finance costs		
Interest on net defined benefit liability (note 10)_	409	549
Total recognised in the Statement of Profit and Loss	**409**	**549**

17 Pension and other plans *(continued)*

Amounts taken to the Statement of Other Comprehensive Income:

	2021 £ 000	2020 £ 000
Actuarial gains/(losses) arising from changes in financial assumptions	6,593	(32,889)
Actuarial gains/(losses) arising from changes in demographic assumptions	339	14,473
Actuarial gains/(losses) arising from experience adjustments	(1,570)	2,256
Return on plan assets, excluding amounts included in interest income	5,083	9,603
Amounts recognised in the Statement of Other Comprehensive Income	10,445	(6,557)

Sensitivity analysis

A sensitivity analysis outlining the impact on the plan liabilities of changes in the principal assumptions used to measure plan liabilities is set out below:

	2021 Change %	2020 Change %
1% p.a. reduction in discount rate	26.0%	27.6%
1% p.a. increase in inflation rate	15.8%	18.9%
Pensions payable for 1 year longer due to mortality assumptions	3.9%	4.0%

The sensitivities shown above are approximate. Each sensitivity considers one change in isolation. The inflation sensitivity includes the impact of changes to the assumptions for revaluation, pension increases and salary growth. The weighted average duration of the defined benefit obligation at the period ended 31 December 2021 is approximately 22.5 years.

18 Foreign exchange

The financial statements are presented in GBP. The exchange rate at 31 December 2021 applied was 1.35 USD to 1.0 GBP.

19 Related party transactions

As a wholly owned subsidiary of PGS ASA the company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with other wholly owned group companies. There were no other related party transactions.

20 Contingent liabilities

As part of the PGS Group financing arrangements, Lucid Trustee Services Limited holds a floating charge over the undertaking and assets of the company.

21 Ultimate parent undertaking

The company's immediate parent undertaking is Petroleum Geo-Services AS, a company incorporated in Norway. The ultimate parent and controlling party is PGS ASA, a company registered in Norway.

The smallest and largest group in which the results of the company are consolidated is that headed by PGS ASA. These financial statements are available upon request from PGS ASA, Lilleakerveien 4C, P.O. Box 251 Lilleaker, 0216 Oslo, Norway.

Annex 8a

PGS Exploration (UK) Limited Annual Report 2022

PGS EXPLORATION (UK) LIMITED
REPORT AND FINANCIAL STATEMENTS
COMPANY INFORMATION

Directors	C Steen-Nilsen G Langseth R Pedersen
Auditor	Ernst & Young LLP 4th Floor 2 Marischal Square Broad Street Aberdeen AB10 1BL
Registered office	4, The Heights Brooklands Weybridge Surrey KT13 0NY
Registered number	02904391

PGS EXPLORATION (UK) LIMITED
STRATEGIC REPORT

The directors present their Strategic Report for the year ended 31 December 2022.

Principal activities

The principal activity of the company is the provision of geophysical services to the oil and gas industry.

The company is a member of the PGS ASA Group (PGS / "the group"), a Norwegian registered oil services group providing geophysical services worldwide. The company provides a broad range of geophysical and reservoir services, including seismic data acquisition, processing, interpretation and field evaluation. It also possesses a substantial international MultiClient seismic data library.

Business review and future developments

The profit for the year after taxation is $17,960,000 (2021: loss of $539,000). The directors do not recommend payment of a dividend (2021: $nil).

The main segments within the company are related to marine activities, i.e. seismic data acquisition, marine MultiClient library, data processing, and technology. The main revenue contributors are contract seismic where data is acquired under exclusive contractual agreements with a customer, and MultiClient where the company invests in seismic surveys which are then marketed to multiple customers on a non-exclusive basis. MultiClient revenues are further split into pre-funding revenues relating to ongoing surveys and late sales from the completed surveys.

Profit margins are variable from project to project and therefore fluctuate from one year to the next. The level of activity carried out by the company will vary significantly depending upon deployment of the fleet of vessels within the group. Net earnings in any year will also vary depending upon the pricing for the specific projects and productivity in project execution.

During 2022, the company achieved strong revenue growth in a recovering seismic market. Along with energy companies' growing efforts to optimize producing fields, a renewed focus on exploration, including in frontier areas, was experienced in 2022 benefiting both proprietary contract acquisition activity and MultiClient sales. Looking forward to 2023, the order book is significantly higher than previous years, reflecting higher rates and increased activity in the market, and the company expects the positive trend to continue over the next year.

Looking further out, the recovery of the offshore seismic market is expected to continue, with oil and gas remaining important in all future energy scenarios. The seismic market is expected to benefit from a period of high oil prices due to significant under-investments in the oil and gas industry over many years, in combination with a significantly reduced supply side. Furthermore, PGS has competences and assets that may be of significant value in the energy transition, and aims to build a substantial market presence in the provision of subsurface data for emerging markets related to the New Energy sector. The company's excellent reputation, unique technologies and solid market share in the higher-end market segment makes us an attractive contractor and partner now and in the future.

Principal risks and uncertainties of the company

From the perspective of the company, the principal risks and uncertainties are so integrated with the principal risks of the group that they are not managed separately. Accordingly, the principal risks and uncertainties of the PGS ASA Group, which include those of the company, are discussed below.

Principal risks and uncertainties of the group

Financial Market Risk
The group 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 group's risk management policies are approved by the Board of Directors. The treasury function reports regularly to group 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.

Currency Exchange Risk
PGS conducts business primarily in US dollars but also in several other currencies. 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. The company did not have any open foreign currency forward contracts as of 31 December in 2022 or 2021.

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 group's banking partners, including derivatives counterparties and the institutions in which cash is held on deposit.

Liquidity Risk
Liquidity risk is the risk that the group will encounter difficulty in meeting its financial obligations as they fall due. As of 31 December 2022, PGS had cash and cash equivalents totalling $363.8 million, compared to $170.0 million as of 31 December 2021. 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, and PGS is close to reaching its targeted maximum level for net interest-bearing debt (excluding lease liabilities) of $500 to $600 million. Additionally, in Q1 2023 PGS placed a new $450 million senior secured bond which will be used to repay $600 million of the group's Term Loan B maturing in March 2024. PGS expects to repay the remaining $138 million Term Loan B from operational cash flows, however there is a risk that sufficient cash flows will not be achieved and further financing will be required. The directors have considered this risk in their assessment of going concern.

Commodity Risk
Operation of seismic vessels requires substantial fuel purchases, thus PGS is exposed to fuel price fluctuations. 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 group 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 group's strategy is based on market scenario analysis and positioning of PGS for the energy transition by establishing the 'New Energy' business unit, which is a core component of the group'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 group 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 group'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 group is subject to many risk factors including, but not limited to the demand for seismic services, the demand for data from the group'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 behaviour, 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.

The principal risks and uncertainties of the PGS Group, which include those of the company, are discussed in more detail on pages 52 to 53 of the group's annual report.

Section 172(1) statement

The section 172(1) statement has been included within the Directors' Report. The full statement can be found on pages 4 to 6.

Key performance indicators ("KPIs")

The most relevant key performance indicators monitored by the company are as follows:

	2022	**2021**
	$ 000	**$ 000**
Revenue	198,222	135,515
Gross profit	29,239	3,086
Operating profit/(loss)	22,628	(2,015)
Net assets	98,565	80,605

The PGS Group manages its operations at a segmental and geographical basis, and analysis of KPIs at an individual company level is not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Group, which includes the company, is discussed in the annual report of the ultimate parent undertaking, PGS ASA.

The directors are satisfied with the performance and results of the company for the year.

Signed on behalf of the Board by:

DocuSigned by:
Gottfried Langseth
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G Langseth
Director

30 June 2023

PGS EXPLORATION (UK) LIMITED
DIRECTORS' REPORT

The directors present their Report and the financial statements for the year ended 31 December 2022.

Results and dividends

The profit for the year after taxation is $17,960,000 (2021: loss of $539,000). The directors do not recommend payment of a dividend (2021: $nil).

Future developments

The company has chosen, as permitted under section 414C(11) of the Companies Act 2006, to include certain matters in the Strategic Report that would otherwise be disclosed in the Directors' Report, as the directors consider them to be of strategic importance. These are as follows:

- A summary of the company's trading activities;
- Principal risks and uncertainties; and
- Future developments of the company.

Directors of the company

The directors who held office during the year and to the date of this report were as follows:

C Steen-Nilsen

G Langseth

R Pedersen

Indemnification of directors

In accordance with the Articles of Association, the directors have the benefit of indemnity provisions. In addition, the PGS Group maintains a directors' and officers' liability insurance policy throughout the financial year, and up to the date of approval of the financial statements.

Research and development

The company contributes to the PGS Group's worldwide research and development programmes, the aims of which are the practical application and early introduction of relevant new technologies.

Section 172(1) statement

In accordance with section 172 of the Companies Act 2006, the Board of Directors of the company act in a way that they consider in good faith would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard to a range of matters when making decisions for the short and long-term.

The directors have had regard, amongst others, to the matters set out in section 172(1) (a)-(f) of the Companies Act 2006 to effectively discharge their section 172 duties. The board believes governance of the company is best achieved by delegation of its authority for the executive management of the PGS Group, subject to defined limits and monitoring by the board. The board routinely monitors the delegation of authority, ensuring that it is regularly updated, while retaining ultimate responsibility.

The PGS Group manage the group's operations on a divisional basis and the company's directors therefore see their main function as monitoring and ensuring the compliance of UK regulations and ensuring the stand-alone interests of the company and its stakeholders.

This includes the following responsibilities;

- implementing the group's values and code of conduct, including ensuring any additional UK requirements
- Overseeing the company's compliance with financial reporting and disclosure obligations.
- Overseeing the risk management of the PGS Group, ensuring it is sufficient for the company
- Determining its own composition, subject to the provisions of the Company's Articles of Association
- Setting and approving policies specific to UK.
- Review and approve non-routine or significant transactions.

Section 172(1) statement *(continued)*

- Specific consideration of issues for employees, customers and suppliers arising from the Covid-19 pandemic, including information in relation to government guidelines, workplace planning and staff wellbeing.

Responsibilities during the year

The board of directors do not have a set schedule for meetings but will convene as needed and receive regular reporting from management about compliance and business activities of the company.

Risk management and internal control

The Board of Directors 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 company manly relies on a system applied by all companies in the PGS Group. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable, but not absolute assurance against material financial misstatements or loss.

Group 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 by the Group Board of Directors at least once a year. The result is shared with the directors of the company.

Group 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.

PGS Group 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 Group Audit Committee. In addition, the Internal Audit Department regularly monitors and reports status of management's actions to respond to identified risks or weaknesses. All reports are available to the directors of PGS Exploration (UK) Limited.

Communication with stakeholders

The company consists of various departments and functions contributing to the PGS Group. As the PGS Group is managed on a divisional basis, all departments and functions report to their respective global department heads. Decision-making is delegated by the PGS Group's authorization matrix. The Board regularly review material decisions made on behalf of the company.

Customers

The PGS Group have relatively few, but large customers. Consistently delivering high quality products and building long-term relationships to our main customers is a key priority. As most of our key customers operates globally, the directors have delegated the main responsibility for customer relations to Group Management.

Suppliers

Similar to customers, we aim to develop long-lasting relationships with our key suppliers by engaging with them on a regular basis. PGS Group has a global purchasing and contracting department that handles all key suppliers on behalf of all PGS Group entities.

Section 172(1) statement *(continued)*

PGS Group

PGS operates its vessels globally and is a highly integrated group of companies aimed at carrying out the seismic projects in the best possible manner. PGS Exploration (UK) Limited is both a provider of imaging services and administrative services to the remainder of the group, as well as a project owner dependent on the larger group to succeed with the projects initiatehd. Close cooperation with other group companies is therefore paramount to the success of the company.

Communities and the environment

The company strives to be actively engaged with our communities. We continually look to support local causes and create opportunities through recruitment.

The seismic industry has a role in enabling a reliable supply of energy now and in the future through the sustainable transition to greener energy. PGS remains devoted to conducting our operations with minimal impact on the oceans and those that are reliant upon them for their living or sustenance.

Our commitment is to leave the oceans as we find them, and our ambition is to contribute to healthier marine environment - for the benefit of all. We have therefore refocused our support to the UN Sustainable Development Goals with strong focus on Climate Action and Life Below Water. These will be the pillars of our environmental strategies and actions going forward.

We are committed to:

- Carefully planning and executing surveys to minimize any disturbance
- Immediately ceasing operations if marine mammals are observed in close proximity
- Respecting local communities and fishermen
- Not throwing anything overboard and leaving nothing behind.

Employee involvement, disabled persons, health & safety

The company has developed a network for communicating with employees, including those in remote locations or at sea. Pertinent and topical information is distributed on a regular basis and channels for feedback are clearly established. Financial information is available from the PGS ASA's web site and industry and technical news items are distributed and discussed at regular intervals.

The company will always give due consideration of job vacancies to disabled persons and, should an employee working in a harsh environment become disabled, full consideration will be given to retaining that person in alternative work wherever possible.

The company aspires to the highest standards of health, safety and regard for the environment. It participates in industry forums and maintains an active information and reporting system for areas of operation with particular risks.

Charitable and political donations

The company made no political or charitable donations during 2022 (2021: $nil).

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business review section of the Strategic Report.

The Directors have obtained a letter of support from the Group confirming that if required, support will be provided up to 30 June 2024. The directors have considered the financial position of PGS ASA, including centralised treasury arrangements.

During 2022, the improving seismic market improved cash flow generation, and the PGS Group's liquidity position was further strengthened by strong shareholder support in two private placements raising close to $250 million of new equity. In March 2023, PGS successfully placed a new $450 million senior secured bond with 4-year tenor, the proceeds of which were, together with cash held on balance sheet, used to repay $600 million of the Group's Term Loan B (the "TLB") maturing in March 2024. PGS expects to repay the remaining $138 million TLB from operational cash flows.

Whilst the directors are confident that the PGS Group will generate sufficient cash flows to repay the TLB balance by March 2024, the directors have concluded that the risk of shortfall and or breaching the financial covenant of minimum liquidity of $75m could represent an event of default under the loan and other loan agreements. In such case, PGS Group may be able to obtain a waiver of the breach, however if not, certain creditors of the group may, by 50% majority demand immediate repayment of the loan balances, which could represent an event of default in other loan arrangements and debt instruments in the Group. The Directors consider that this represents a material uncertainty which casts significant doubt on the company's ability to continue as a going concern.

Notwithstanding the material uncertainty, on the basis of the assessment described above, as the directors have obtained sufficient information in terms of the financial situation of PGS ASA until 30 June 2024, they consider it appropriate to continue to adopt the going concern basis of accounting in preparing these financial statements for the year ended 31 December 2022.

The financial statements do not contain the adjustments that would result if the company was unable to continue as a going concern.

Energy and Carbon Reporting

Under the requirements of the UK Companies Act 2006, PGS Exploration (UK) Limited is required to report on energy use and carbon emissions relating to UK operations.

PGS Exploration (UK) Limited is subsidiary of the PGS ASA Group, an integrated marine geophysical company that provides a broad range of seismic services, including acquisition and imaging. The company operates one office building in the UK, which houses an imaging data centre and employees based in sales, imaging and support functions. Therefore, the energy consumption in the UK is limited to this building in which we operate our business. The PGS fleet of vessels is operated from companies based in Norway, and therefore energy usage from vessels is outside of the scope of this report.

The company has reported on emissions from electricity and gas it has used. This has been obtained from gathering data from utility bills.

	2022	2021
kWh	1,368,989	5,536,104
Tonnes CO_2e	257	1,162
Annual emissions per employee	2.1	9.9

The company has taken guidance from the UK Government Environmental Reporting Guidelines (March 2019), the GHG Reporting Protocol - Corporate Standard, and from the UK Government GHG Conversion Factors for Company Reporting document for calculating carbon emissions. Energy usage information (gas and electricity) has been obtained directly from our energy suppliers and half-hourly (HH) data, where applicable, for the HH

PGS EXPLORATION (UK) LIMITED
DIRECTORS' REPORT *(continued)*

Energy and Carbon Reporting (continued)

supplies (there was no estimation profiling required). CO2e emissions were calculated using the appropriate emission factors from the UK Government GHG conversion information.

Electricity usage in 2021 related primarily to the operation of the imaging data centre. As part of PGS' ongoing digitalization efforts, the data centre was decommissioned during 2022 and therefore energy usage has fallen.

Information to the auditor

Each of the directors at the date of approval of this report confirms that:

1. So far as the director is aware, there is no relevant audit information of which the auditor is unaware; and
2. the director has taken all steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and Ernst & Young LLP will therefore continue in office.

Signed on behalf of the Board by:

DocuSigned by:
Gottfried Langseth
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G Langseth
Director

30 June 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PGS EXPLORATION (UK) LIMITED

Opinion

We have audited the financial statements of PGS Exploration (UK) Limited for the year ended 31 December 2022 which comprise the Statement of Profit and Loss and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 26, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework".

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty relating to Going Concern

We draw attention to Note 3 in the financial statements, which indicates that the company is dependent on financial support from PGS ASA, the ultimate parent, to allow the company to continue its operations to 30 June 2024.

A material uncertainty around the availability of support from PGS ASA exists due to:

- the liquidity of the Group and potential covenant breaches; should any unexpected operational risks materialise, or plausible downside scenarios occur, there may be a need for additional funding to be secured or covenant waivers to be received.

This could result in the in the parent's inability to provide financial support if required.

As stated in Note 3, this condition indicates that a material uncertainty exists that may cast a significant doubt on the company's ability to continue as a Going Concern. In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our opinion is not modified in respect of this matter.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PGS EXPLORATION (UK) LIMITED *(continued)*

Other information

The other information comprises the information included in the Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, 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 other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have 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 (UK) 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulation, including anti-bribery and corruption in the United Kingdom and any other areas of operation.

- We understood how PGS Exploration (UK) Limited is complying with those frameworks by making enquiries of management to understand how the company maintains and communicates its policies and procedures in these areas and corroborated this by reviewing supporting documentation. We also reviewed correspondence with relevant authorities.

- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures included a focus on compliance with the accounting and regulatory frameworks and obtaining sufficient audit evidence in line with the level of risk identified, in conjunction with compliance with relevant legislation.

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override. Our procedures involved journal entry testing designed to identify unusual activity and lower testing thresholds applied to financial statement accounts with deemed higher risk of fraud. Transactions sampled were agreed to source documentation or independent confirmation, ensuring appropriate authorisation of the transactions.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Gordon Edwards (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Aberdeen

30 June 2023

PGS EXPLORATION (UK) LIMITED
STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2022

	Note	2022 $ 000	2021 $ 000
Revenue	5	198,222	135,515
Cost of sales		(170,458)	(132,429)
Gross profit		**27,764**	**3,086**
Administrative expenses		(5,136)	(35,101)
Operating profit/(loss)	**6**	**22,628**	**(2,015)**
Interest receivable	9	1,466	2,350
Interest payable and similar charges	10	(6)	(212)
Profit before taxation		**24,088**	**123**
Taxation	11	(6,128)	(662)
Profit/(loss) for the year		**17,960**	**(539)**
Other comprehensive income		-	-
Total comprehensive income/(loss)		**17,960**	**(539)**

The company's results are derived from continuing operations.

The notes on pages 17 to 33 form an integral part of these financial statements

PGS EXPLORATION (UK) LIMITED
BALANCE SHEET
31 DECEMBER 2022

	Note	2022 $ 000	2021 $ 000
Long term assets			
Tangible fixed assets	12	7,606	3,803
Intangible assets	13	21,377	44,868
Investments	14	26	26
		29,009	48,697
Current assets			
Debtors	15	138,395	61,122
Cash at bank and in hand		729	9,431
		139,124	70,553
Creditors: Amounts falling due within one year	16	(62,867)	(35,810)
Net current assets		**76,257**	**34,743**
Total assets less current liabilities		**105,266**	**83,440**
Creditors: Amounts falling due after more than one year	17	(6,430)	(28)
Provisions	18	(271)	(2,807)
Net assets		**98,565**	**80,605**
Capital and reserves			
Called up share capital	21	106,214	106,214
Capital contribution reserve	21	4,680	4,680
Profit and loss account		(12,329)	(30,289)
Shareholders' funds		**98,565**	**80,605**

These financial statements were approved by the Board on 30 June 2023, and signed on its behalf by:

DocuSigned by:

Christin Steen-Nilsen

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C Steen-Nilsen

Director

Registered number: 02904391

The notes on pages 17 to 33 form an integral part of these financial statements

PGS EXPLORATION (UK) LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2022

	Share capital $ 000	Capital Contribution $ 000	Profit and loss account $ 000	Total $ 000
At 1 January 2021	**106,214**	**4,680**	**(29,750)**	**81,144**
Loss for the year	-	-	(539)	(539)
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	-	**(539)**	**(539)**
At 31 December 2021	**106,214**	**4,680**	**(30,289)**	**80,605**
Profit for the year	-	-	17,960	17,960
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	**17,960**	**17,960**
At 31 December 2022	**106,214**	**4,680**	**(12,329)**	**98,565**

The notes on pages 17 to 33 form an integral part of these financial statements

1 General information

PGS Exploration (UK) Limited provides geophysical services to the oil and gas industry. The company is a private company and is incorporated and domiciled in England and Wales. The address of its registered office is 4, The Heights, Brooklands, Weybridge, Surrey KT13 0NY.

2 Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of PGS Exploration (UK) Limited (the "company") for the year ended 31 December 2022 were authorised for issue by the board of directors on 30 June 2023 and the balance sheet was signed on the board's behalf by C Steen-Nilsen.

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101') and in accordance with applicable accounting standards. The company's financial statements are presented in US dollars as this is the currency in which the company operates.

3 Accounting policies

The following accounting policies have been consistently applied in deciding the items which are considered material in relation to the financial statements.

Basis of preparation

The company has been determined to meet the criteria of a 'qualifying entity' under the definition in FRS 101. The financial statements in which the company is consolidated are available from the ultimate parent company as detailed in note 26.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2022.

Summary of disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment, because the share based payment arrangement concerns the instruments of another group entity;
- the requirements of IFRS 7 Financial Instruments: Disclosures,
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement,
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
    - (i) paragraph 79(a)(iv) of IAS 1;
    - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
    - (iii) paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

3 Accounting policies *(continued)*

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business review section of the Strategic Report.

The Directors have obtained a letter of support from the Group confirming that if required, support will be provided up to 30 June 2024. The directors have considered the financial position of PGS ASA, including centralised treasury arrangements.

During 2022, the improving seismic market improved cash flow generation, and the PGS Group's liquidity position was further strengthened by strong shareholder support in two private placements raising close to $250 million of new equity. In March 2023, PGS successfully placed a new $450 million senior secured bond with 4-year tenor, the proceeds of which were, together with cash held on balance sheet, used to repay $600 million of the Group's Term Loan B (the "TLB") maturing in March 2024. PGS expects to repay the remaining $138 million TLB from operational cash flows.

Whilst the directors are confident that the PGS Group will generate sufficient cash flows to repay the TLB balance by March 2024, the directors have concluded that the risk of shortfall and or breaching the financial covenant of minimum liquidity of $75m could represent an event of default under the loan and other loan agreements. In such case, PGS Group may be able to obtain a waiver of the breach, however if not, certain creditors of the group may, by 50% majority demand immediate repayment of the loan balances, which could represent an event of default in other loan arrangements and debt instruments in the Group.

The Directors consider that this represents a material uncertainty which casts significant doubt on the company's ability to continue as a going concern.

Notwithstanding the material uncertainty, on the basis of the assessment described above, as the directors have obtained sufficient information in terms of the financial situation of PGS ASA until 30 June 2024, they consider it appropriate to continue to adopt the going concern basis of accounting in preparing these financial statements for the year ended 31 December 2022.

The financial statements do not contain the adjustments that would result if the company was unable to continue as a going concern.

Group accounts

The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in the consolidated financial statements of its ultimate parent undertaking, PGS ASA, a company registered in Norway. These financial statements may be obtained from the group's website, at www.pgs.com/company/investor-relations.

The financial statements contain information about PGS Exploration (UK) Limited as an individual company and do not contain consolidated financial information as the parent of a group.

3 Accounting policies *(continued)*

Revenue Recognition

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 recognised 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, consideration is allocated among the performance obligations based on their estimated relative fair values.

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 recognised upon satisfying the performance obligation.

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 no longer exists.

Where the company has satisfied its performance obligations and has a right to consideration, accrued revenue is recognised.

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 have "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 the right to 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 recognises pre-funding revenue as "right to use" licenses and the revenue is to be recognised at the point in time when the "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 recognised at this same "point in time" for each of these two types of licenses in accordance with IFRS 15.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the USD exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into USD at the rates prevailing on the reporting period date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of realised and unrealised monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

3 Accounting policies *(continued)*

Taxation

Income tax expense is comprised of current and deferred tax. Income tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items taken directly to the Statement 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 realisation 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 recognised 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 recognised 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 utilised.

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 long-term in the Balance Sheet.

Tangible fixed assets and depreciation

Property, plant and equipment are stated at cost, 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, plant and equipment are as follows:

	Years
Leasehold improvements	10
Computer equipment & software	3
Seismic equipment & vehicles	3
Furniture & office equipment	4 - 6

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

An item of property, plant and equipment is derecognised 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 profit or loss in the year derecognised.

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 underlying assets.

3 Accounting policies *(continued)*

Intangible assets and amortisation

Intangible assets comprise the MultiClient library, which 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 capitalised 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 capitalised 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 component of 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 amortisation — Upon completion of a survey, straight-line amortisation 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 amortisation – Following the adoption of the straight-line amortisation policy for completed surveys, recognition of impairment of library may be necessary in the event that sales on a completed survey are realised disproportionately sooner within that survey's 4-year useful life.

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

This accelerated amortisation is included in "Amortisation of MultiClient library" within cost of sales in the statement of profit and loss.

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 "Impairment of MultiClient library" within cost of sales in the statement of profit and loss.

Impairment of property, equipment and intangibles

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

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

Reversal of impairment is recognised if the circumstances that gave rise to the impairment no longer exist. The carrying amount of the asset is increased to the revised estimate of its recoverable amount. The increased carrying amount may not exceed the carrying amount that would have existed had no impairment been recognised for the asset. The reversal is presented separately in the Statement of Profit and Loss and Other Comprehensive Income.

3 Accounting policies *(continued)*

Research and development

Research costs are expensed as incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised 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 recognised 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 amortisation and accumulated impairment, on the same basis as intangible assets acquired separately. Capitalised development costs are amortised on a straight-line basis over the estimated useful life of the asset.

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 inflows from the projects to which the vessel will steam are sufficient to recover the cost of the steam. The recoverable steaming cost associated with MultiClient surveys is capitalised as a part of the MultiClient library (see above). The recoverable steaming costs associated with exclusive contract surveys is deferred and charged to the Statement of Profit and Loss and Other Comprehensive Income during the data acquisition 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 fulfilment are included in the calculation.

Defined contribution pension 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 recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit pension obligations

The company is a participating employer in the PGS (UK) Pension Fund, the assets and defined benefit obligation of which are accounted for in the financial statements of Petroleum Geo-Services (UK) Limited, a fellow subsidiary of PGS ASA.

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 recognised 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.

Accrual to the PGS (UK) Pension Fund ceased from 31 December 2015, after which active members became deferred members of the plan with no further salary link. Full details of the PGS (UK) Pension Fund and the relevant disclosures are included in the audited financial statements of Petroleum Geo-Services (UK) Limited.

3 Accounting policies *(continued)*

Defined benefit pension obligations (continued)

Contributions made to fund the PGS (UK) Pension Fund are recharged to the company and are recognised in the Statement of Profit and Loss and Other Comprehensive Income.

Risks

The plan typically exposes the PGS (UK) Pension Fund to actuarial risks such as investment risk, interest rate risk, mortality risk and longevity risk. A decrease in corporate bond yields, a rise in inflation or an increase in life expectancy would result in an increase to plan liabilities. In this event Petroleum Geo-Services (UK) Limited may be required to make additional contributions to the fund, which may be recharged to the company.

Bonus plans

The company recognises 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 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. If the rank is in the 25th percentile, 0% of the performance is met, if the rank is in the 75th percentile, 100% of the performance is met. There is a linear relationship between the percentiles. The awards are adjusted for expected future dividends. Social security tax on PRSU and RSU is based on the intrinsic value as of the end of the reporting period.

Financial assets and liabilities

Financial assets and financial liabilities are recognised 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 amortised cost. The company determines the classification of financial instruments at initial recognition.

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 Statement of Profit and Loss. Realised and unrealised gains and losses arising from changes in the fair value are included in the Statement 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 recognised at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognised in Other Comprehensive Income.

Financial instruments at amortised cost

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

3 Accounting policies *(continued)*

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 recognises 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 recognised in the Statement of Profit and Loss.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received. Grants that compensate the company for expenses incurred are recognised in the Statement of Profit or Loss in the relevant financial statement line in the periods the expenses are recognised, in order to present the net expense to the company.

Leases

A contractual arrangement contains a lease when the contract conveys the right to use an asset for a period of time in exchange for consideration. For contracts containing a lease, the company recognises a lease liability and a corresponding right of use asset at the commencement of the lease.

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 a lease liability 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 to reflect the lease payments made. 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.

Short term leases and low value leases
The company has elected to apply the recognition exemption to lease contracts with a duration of less than 12 months, or that relate to assets with an underlying low value. Lease payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

3 Accounting policies *(continued)*

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past transaction or event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised represents the best estimate of the expenditure expected to be required to settle the present obligation. Estimates are determined by the judgement of Management supplemented by the experience of similar transactions and in some cases, advice from independent experts.

Where the provision is discounted, any increase in the provision due to the passage of time is recognised as a finance cost in the Statement of Profit and Loss and Other Comprehensive Income.

New and amended standards and interpretations

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

Amendments issued and not yet effective, are not applicable for the company and/or will not have a significant impact on the financial statements.

4 Critical accounting judgements, estimates and assumptions

The preparation of financial statements in accordance with FRS 101 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 MultiClient library - Discount rate

The company applied a pre-tax discount rate of 12% 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. A reasonable increase in the discount rate would not lead to a material change to the value of the MultiClient library.

Forecast sales of MultiClient library

At least annually, management forecasts future sales for each MultiClient library survey for purposes of determining the amount of impairment, and for those surveys still in work-in-progress, the amortization rate to be applied against pre-funding revenues. 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. Because of the inherent difficulty in forecasting sales and future developments, it is possible that the amount of impairment could vary significantly between periods and the amortization rate applied to surveys in progress may also vary 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 with and/or impairment of MultiClient library surveys.

5 Revenue

Revenue recognised in the Statement of Profit and Loss and Other Comprehensive Income is analysed as follows:

	2022 $ 000	2021 $ 000
Revenue from geophysical services	175,945	121,175
MultiClient late sales	22,277	14,340
Total turnover from continuing operations	198,222	135,515

The company performs geophysical services on a project by project basis. An analysis of turnover by geographical area is given below:

	2022 $ 000	2021 $ 000
United Kingdom	25,182	60,577
Other European countries	52,398	30,481
Americas	58,380	7,963
Middle East & Africa	61,844	36,494
Other	418	-
	198,222	135,515

6 Operating loss

Arrived at after charging/(crediting)

	2022 $ 000	2021 $ 000
Depreciation expense (Note 12)	1,336	6,604
Amortisation of intangible assets (Note 13)	37,923	52,397
Impairment of intangible assets (Note 13)	208	877
Foreign exchange losses/(gains)	94	(272)
(Gain) on disposal of tangible fixed assets	(1,475)	(1,368)
Lease expense on short-term and low value leases arising under IFRS 16		
- plant and vessels	19,122	10,759
- other	827	28
Auditor's remuneration		
- Audit of the financial statements	150	150
- Taxation services	-	-

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022 $ 000	2021 $ 000
Wages and salaries	14,028	12,980
Social security costs	1,754	1,539
Pension costs, defined benefit scheme	9,026	3,608
Pension costs, defined contribution scheme	1,150	1,199
Share based payments (Note 20)	312	360
	26,270	19,686

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2022 No.	2021 No.
Operations	15	14
Selling and administration	75	75
Other departments	31	28
	121	117

8 Directors' remuneration

None of the directors received any fees or remunerations for services as a director of the company during the financial year (2021: Nil).

The remuneration of the directors is paid by the parent company, which makes no recharges to the company. The directors act in a group capacity only and do not allocate specific time to the company and therefore it is not possible to make an accurate apportionment of their emoluments in respect of the company.

9 Interest receivable

	2022 $ 000	2021 $ 000
Bank interest receivable	28	-
Interest receivable on group loans	1,438	2,350
	1,466	2,350

10 Interest payable and similar charges

	2022 $ 000	2021 $ 000
Interest payable on lease liabilities under IFRS 16	5	210
Other finance costs	1	2
	6	212

11 Income tax

(a) Analysis of tax charge

	2022 $ 000	2021 $ 000
Current taxation		
UK corporation tax – prior year	(387)	(177)
Foreign tax	6,515	840
Total current income tax	**6,128**	**662**
Tax charge	**6,128**	**662**

11 Income tax *(continued)*

(b) Factors affecting current tax charge/(credit)

The tax on profit before tax for the year differs from the standard rate of corporation tax in the UK of 19% (2021 – 19%). The differences are reconciled below:

	2022 $ 000	2021 $ 000
Profit before tax	24,088	123
Corporation tax at standard rate	4,577	23
Expenses not deductible for tax purposes	30	8
Foreign tax suffered	6,515	-
Release of provision for dilapidations	-	(277)
Foreign tax expensed	(1,464)	694
Tax losses on which no deferred tax recognised	-	119
Movement in temporary differences unrecognised for deferred tax	(1,133)	722
Utilisation of losses on which no deferred tax recognised	(2,010)	-
R&D tax credit – prior year	(387)	(177)
Claim for interest deductions disallowed in other group companies	-	(450)
Total tax charge	**6,128**	**662**

(c) Deferred tax

The company has carried forward temporary differences as shown below that are available indefinitely to be offset against future taxable profits. Deferred tax assets have been recognised in relation to those losses and other temporary differences where they satisfy the recognition criteria for deferred tax assets in line with FRS 101 'Reduced Disclosure Framework'.

As at 31 December 2022 and 31 December 2021, the deferred tax assets in respect of decelerated capital allowances, tax losses and other temporary differences were not recognised due to the uncertainty as to when these will be recovered. The value of the unrecognised deferred tax assets being $5,802,000 as at 31 December 2022 in relation to capital allowances (2021 - $6,598,000), $16,143,000 as at 31 December 2021 in relation to tax losses (2021 - $19,044,000) and nil as at 31 December 2022 in relation to other temporary differences (2021 - $nil).

At 31 December 2022 and 31 December 2021, the UK tax rates that had been substantively enacted were 19% (effective from 1 April 2017) and 25% (effective from 1 April 2023). The tax rate used for the deferred tax asset calculations at the balance sheet date is 25% (2021: 19%).

12 Tangible fixed assets

	Leasehold improvements $ 000	Computer equipment & software $ 000	Seismic equipment & vehicles $ 000	Furniture & office equipment $ 000	Right-of-use assets $ 000	Total $ 000
Cost						
At 1 January 2022	16,599	13,389	45	7,209	162	37,404
Additions	257	1,050	-	-	6,497	7,804
Disposals	(12,039)	(5,472)	(45)	(7,140)	-	(24,696)
At 31 December 2022	4,817	8,967	-	69	6,659	20,512
Depreciation						
At 1 January 2022	15,217	12,306	45	5,890	143	33,601
Charge for the year	580	630	-	59	67	1,336
Disposals	(11,403)	(4,701)	(45)	(5,882)	-	22,031
At 31 December 2022	4,394	8,235	-	67	210	12,906
Carrying amount						
At 31 December 2022	**423**	**732**	**-**	**2**	**6,449**	**7,606**
At 31 December 2021	1,381	1,083	-	1,319	19	3,803

Right of use assets consist of an office building and leased office equipment. In December 2021, the UK office lease was terminated while the building underwent landlord refurbishment, and a significant amount of leasehold improvement assets and equipment were scrapped. A new lease commenced in December 2022 when the refurbishment was completed.

13 Intangible assets

MultiClient Library	**2022 $ 000**	**2021 $ 000**
At 1 January	44,868	63,776
Additions	14,453	25,246
Capitalised interest	187	9,120
Amortisation expense	(37,923)	(52,397)
Impairments	(208)	(877)
At 31 December	21,377	44,868

In 2022, an additional impairment charge of $208,000 (2021: $877,000) was recognised to reflect the discounted cash flow of future sales on certain individual surveys.

14 Investments

The company holds a 1.25% holding in a fellow subsidiary company, PGS Data Processing Middle East SAE at a cost of $26,000.

15 Debtors

	2022 $ 000	2021 $ 000
Trade debtors	53,953	16,899
Amounts receivable from intermediate parent undertaking	46,241	28,672
Amounts receivable from group undertakings	1,163	7,754
Accrued revenue	34,249	4,626
Prepayments	1,318	1,528
Other taxes	1,471	1,626
Other debtors	-	17
	138,395	61,122

Amounts receivable from the intermediate undertaking, Petroleum Geo-Services AS, are repayable on demand and unsecured, and bear interest at 3-month LIBOR plus 7.5% per annum.

Amounts receivable from other group undertakings are treated as trading balances and do not bear any interest.

16 Creditors

	2022 $ 000	2021 $ 000
Trade creditors	823	1,151
Amounts owed to ultimate parent undertaking	400	393
Amounts owed to immediate parent undertaking	87	63
Amounts owed to other group undertakings	32,547	9,669
Accrued expenses	19,724	8,050
Social security and other taxes	2,989	515
Lease liabilities (Note 19)	20	682
Deferred revenue	6,277	15,287
	62,867	35,810

Amounts owed to the immediate parent undertaking and other group undertakings are treated as trading balances and do not bear interest.

Deferred revenue balances relate to MultiClient pre-funding licences, where revenues are deferred and recognised at completion of the survey. The majority of the deferred revenues in 2022 and 2021 were recognised in the following year.

17 Creditors payable after more than 1 year

	2022 $ 000	2021 $ 000
Lease liabilities (Note 19)	6,355	-
Long term bonuses and payroll related costs	75	28
	6,430	28

18 Provisions

	Dilapidations $ 000	Onerous contracts $ 000	Total $ 000
At 1 January 2021	3,371	-	3,371
Additional provision in year	-	2,807	2,807
Release of unused provision	(2,151)	-	(2,151)
Transfer to current liabilities	(1,350)	-	(1,350)
At 31 December 2021	**-**	**2,807**	**2,807**
Additional provision in year	271		271
Utilisation	-	(2,807)	(2,807)
At 31 December 2022	**271**	**-**	**271**

The dilapidations provision represented the company's estimate of future outflows related to the office building lease. The settlement was agreed in December 2021 and the provision transferred to current liabilities.

19 Lease liabilities

The company has lease contracts, primarily for office space and computer equipment, expiring at various dates through to 2023. 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' exemptions for these leases.

The carrying amounts of lease liabilities and movements during the year are set out below:

	Buildings, fixtures and equipment $ 000
At 1 January 2022	**682**
Additions	6,405
Lease payments	(747)
Interest	5
Revaluation	29
At 31 December 2022	**6,374**

The maturity of lease liabilities is as follows:

	2022 $ 000	2021 $ 000
Current (note 16)	20	682
Non-current (note 17)	6,354	-
At 31 December	**6,374**	**682**

In December 2022, the company entered into a new lease for an office building. The lease term is 10 years with an optional break date at 26 May 2028.

20 Share based payments

Share options and restricted stock unit awards in the company's ultimate parent PGS ASA ("the Company") are granted to senior executives.

The Restricted Stock Unit programs ("RSU") requires the participant's continued employment with the Company (or a subsidiary) and is settled three years after grant. Settlement is in equity only. Upon settlement, the participant will receive, at no charge, a number of shares in the Company which equals the number of RSUs awarded.

21 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	No.	**$ 000**	**No.**	**$ 000**
Ordinary shares of £1 each	77,229,682	106,214	77,229,682	106,214

The capital contribution reserve of $4,680,000 arose from the waiver of debt due to the ultimate parent, PGS ASA, and represents the value of historic liabilities in the discontinued Libya branch.

22 Foreign exchange

The financial statements are presented in US Dollars. The exchange rate at 31 December 2022 applied was 1.20 USD to 1.0 GBP.

23 Related party transactions

As a wholly owned subsidiary of PGS ASA the company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with other wholly owned group companies. There were no other related party transactions.

24 Contingent liabilities

As part of the PGS Group financing arrangements, Kroll Trustee Services Limited holds a floating charge over the undertaking and assets of the company. The company is a guarantor for the $450 million senior secured bond and the $138 million Term Loan B.

25 Subsequent events

Other than the developments in the PGS Group financing arrangements as described in the going concern disclosures, there are no events subsequent to the year end requiring disclosure.

26 Ultimate parent undertaking

The company's immediate parent undertaking is Petroleum Geo-Services (UK) Limited, a company incorporated in the United Kingdom. The ultimate parent and controlling party is PGS ASA, a company registered in Norway.

The smallest and largest group in which the results of the company are consolidated is that headed by PGS ASA. These financial statements are available upon request from PGS ASA, Lilleakerveien 4C, P.O. Box 251 Lilleaker, 0216 Oslo, Norway.

Annex 8b

PGS Exploration (UK) Limited Annual Report 2021

PGS EXPLORATION (UK) LIMITED
REPORT AND FINANCIAL STATEMENTS
COMPANY INFORMATION

Directors	C Steen-Nilsen G Langseth R Pedersen
Auditor	Ernst & Young LLP 4th Floor 2 Marischal Square Broad Street Aberdeen AB10 1BL
Registered office	4, The Heights Brooklands Weybridge Surrey KT13 0NY
Registered number	02904391

PGS EXPLORATION (UK) LIMITED
STRATEGIC REPORT

The directors present their Strategic Report for the year ended 31 December 2021.

Principal activities

The principal activity of the company is the provision of geophysical services to the oil and gas industry.

The company is a member of the PGS ASA Group ("the group"), a Norwegian registered oil services group providing geophysical services worldwide. The group provides a broad range of geophysical and reservoir services, including seismic data acquisition, processing, interpretation and field evaluation. It also possesses a substantial international MultiClient seismic data library.

Business review and future developments

The loss for the year after taxation is $539,000 (2020: loss of $6,566,000). The directors do not recommend payment of a dividend (2020: $nil).

The main segments within the company are related to marine activities, i.e. seismic data acquisition, marine MultiClient library, data processing, and technology. The main revenue contributors are contract seismic where data is acquired under exclusive contractual agreements with a customer, and MultiClient where the company invests in seismic surveys which are then marketed to multiple customers on a non-exclusive basis. MultiClient revenues are further split into pre-funding revenues relating to ongoing surveys and late sales from the completed surveys.

Profit margins are variable from project to project and therefore fluctuate from one year to another. The level of activity carried out by the company will vary significantly depending upon deployment of the fleet of vessels within the group. Net earnings in any year will also vary depending upon the pricing for the specific projects and productivity in project execution.

Despite the increase in the oil price from the low levels experienced in 2020, the recovery of the seismic market has been slower than expected and conditions remained challenging in 2021. An increase in demand for near-field exploration and 4D reservoir optimization resulted in a shift in capacity allocation from MultiClient to contract work, in turn leading to a recovery of pricing for contract seismic in the second half of 2021. During the year, the New Energy business unit was established to pursue opportunities in the energy transition markets, and MultiClient data sales relating to carbon storage ('CS') were secured during 2021. Looking to 2022, the activity in exploration and production markets has increased with a significant volume of contract leads and tenders in the market. Under the the New Energy area, the company has been awarded a CS acquisition project for execution during 2022.

Looking further out, the recovery of the offshore seismic market is expected to continue, with oil and gas remaining important in all future energy scenarios. The seismic market is expected to benefit from a period of high oil prices due to significant under-investments in the oil and gas industry over many years, in combination with a significantly reduced supply side. Furthermore, PGS has competences and assets that may be of significant value in the energy transition, and aims to build a substantial market presence in the provision of subsurface data for emerging markets related to the New Energy sector. The company's excellent reputation, unique technologies and solid market share in the higher-end market segment makes us an attractive contractor and partner now and in the future.

Principal risks and uncertainties of the company

From the perspective of the company, the principal risks and uncertainties are so integrated with the principal risks of the group that they are not managed separately. Accordingly, the principal risks and uncertainties of the PGS ASA Group, which include those of the company, are discussed below.

Principal risks and uncertainties of the group

The group is exposed to adverse changes in interest rates, which is managed through financial instruments such as interest rate swaps.

Principal risks and uncertainties of the group *(continued)*

A portion of the group's foreign currency exchange risk on cash flows related to sales, expenses, financing and investing transactions in currencies other than the US dollar are hedged through forward currency exchange contracts.

Credit risk relating to the group's trade receivables is relatively limited due to the nature of the customer base and the historic low level of losses on trade receivables. Ongoing credit evaluations of customers are used to manage exposure to this type of risk.

Liquidity risk is the risk that the group will encounter difficulty in meeting its financial obligations as they fall due. The PGS Group had cash and cash equivalents of $170.0 million as of 31 December 2021, which can be used to meet the group's funding commitments if called upon.

By operating seismic vessels, the group is exposed to commodity risk in the form of fuel price fluctuations. The group seeks to pass fuel price risk to customers on a majority of contract work.

Demand for the group's products and services are heavily influenced by oil and gas prices and the focus areas of oil and gas companies' spending. The profitability of the group is subject to a number of operational risks, including increased competition, attractiveness of technology, changes in governmental regulations, licences and permits and adverse weather conditions.

The COVID-19 pandemic caused a major disruption in the oil market and a significant short-term reduction of the oil price. Future COVID-19 outbreaks may have a negative effect on seismic spending and PGS' ability to generate revenues, and cause disruption to vessel operations. In addition, the ongoing energy transition may cause structural changes in demand, e.g. related to frontier exploration.

The principal risks and uncertainties of the PGS Group, which include those of the company, are discussed in more detail on pages 49 to 51 of the group's annual report.

As the global economy is impacted by the health and economic crisis following the outbreak of the Covid-19 pandemic, Management continues to monitor the potential operational and financial impacts for the company.

Section 172(1) statement

The section 172(1) statement has been included within the Directors' Report. The full statement can be found on pages 4 to 6.

Key performance indicators ("KPIs")

The directors of the PGS ASA Group manage the group's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance, or position of the business of PGS Exploration (UK) Limited. The development, performance and position of the group, which includes the company, is discussed on pages 42 to 53 of the group's annual report which does not form part of this report.

Signed on behalf of the Board by:

DocuSigned by:
Gottfred Langseth
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....

G Langseth
Director

20 December 2022

PGS EXPLORATION (UK) LIMITED
DIRECTORS' REPORT

The directors present their Report and the financial statements for the year ended 31 December 2021.

Results and dividends

The loss for the year after taxation is $539,000 (2020: loss of $6,566,000). The directors do not recommend payment of a dividend (2020: $nil).

Future developments

The future development of the business has been outlined in the Strategic Report.

Directors of the company

The directors who held office during the year and to the date of this report were as follows:

C Steen-Nilsen

G Langseth

R Pedersen

Indemnification of directors

In accordance with the articles of association, the directors have the benefit of indemnity provisions. In addition, the PGS Group maintains a directors' and officers' liability insurance policy throughout the financial year, and up to the date of approval of the financial statements.

Research and development

The company contributes to the PGS Group's worldwide research and development programmes, the aims of which are the practical application and early introduction of relevant new technologies.

Section 172(1) statement

In accordance with section 172 of the Companies Act 2006, the Board of Directors of the company act in a way that they consider in good faith would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard to a range of matters when making decisions for the short and long-term.

The directors have had regard, amongst others, to the matters set out in section 172(1) (a)-(f) of the Companies Act 2006 to effectively discharge their section 172 duties. The board believes governance of the company is best achieved by delegation of its authority for the executive management of the PGS Group, subject to defined limits and monitoring by the board. The board routinely monitors the delegation of authority, ensuring that it is regularly updated, while retaining ultimate responsibility.

The PGS Group manage the group's operations on a divisional basis and the company's directors therefore see their main function as monitoring and ensuring the compliance of UK regulations and ensuring the stand-alone interests of the company and its stakeholders.

This includes the following responsibilities;

- implementing the group's values and code of conduct, including ensuring any additional UK requirements
- Overseeing the company's compliance with financial reporting and disclosure obligations.
- Overseeing the risk management of the PGS Group, ensuring it is sufficient for the company
- Determining its own composition, subject to the provisions of the Company's Articles of Association
- Setting and approving policies specific to UK.
- Review and approve non-routine or significant transactions.
- Specific consideration of issues for employees, customers and suppliers arising from the Covid-19 pandemic, including information in relation to government guidelines, workplace planning and staff wellbeing.

Responsibilities during the year

The board of directors do not have a set schedule for meetings but will convene as needed and receives regular reporting from management about compliance and business activities of the company.

Section 172(1) statement *(continued)*

Risk management and internal control

The Board of Directors 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 company manly relies on a system applied by all companies in the PGS Group. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable, but not absolute assurance against material financial misstatements or loss.

Group 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 by the Group Board of Directors at least once a year. The result is shared with the directors of the company.

Group 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.

PGS Group 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 Group Audit Committee. In addition, the Internal Audit Department regularly monitors and reports status of management's actions to respond to identified risks or weaknesses. All reports are available to the directors of PGS Exploration (UK) Limited.

Communication with stakeholders

The company consists of various departments and functions contributing to the PGS Group. As the PGS Group is managed on a divisional basis, all departments and functions report to their respective global department heads. Decision-making is delegated by the PGS Group's authorization matrix. The Board regularly review material decisions made on behalf of the company.

Customers

The PGS Group have relatively few, but large customers. Consistently delivering high quality products and building long-term relationships to our main customers is a key priority. As most of our key customers operates globally, the directors have delegated the main responsibility for customer relations to Group Management.

Suppliers

Similar to customers, we aim to develop long-lasting relationships with our key suppliers by engaging with them on a regular basis. PGS Group has a global purchasing and contracting department that handles all key suppliers on behalf of all PGS Group entities.

PGS Group

PGS operates its vessels globally and is a highly integrated group of companies aimed at carrying out the Seismic projects in the best possible manner. PGS Exploration (UK) Limited is both a provider of imaging services and administrative services to the remainder of the group, as well as a project owner dependent on the larger group to succeed with the projects initiated. Close cooperation with other group companies is therefore paramount to the company.

Section 172(1) statement *(continued)*

Communities and the environment

The company strives to be actively engaged with our communities. We continually look to support local causes and create opportunities through recruitment.

The seismic industry has a role in enabling a reliable supply of energy now and in the future through the sustainable transition to greener energy. PGS remains devoted to conducting our operations with minimal impact on the oceans and those that are reliant upon them for their living or sustenance.

Our commitment is to leave the oceans as we find them, and our ambition is to contribute to healthier marine environment - for the benefit of all. We have therefore refocused our support to the UN Sustainable Development Goals with strong focus on Climate Action and Life Below Water. These will be the pillars of our environmental strategies and actions going forward.

We are committed to:

- Carefully planning and executing surveys to minimize any disturbance
- Immediately ceasing operations if marine mammals are observed in close proximity
- Respecting local communities and fishermen
- Not throwing anything overboard and leaving nothing behind.

Employee involvement, disabled persons, health & safety

The company has developed a network for communicating with employees, including those in remote locations or at sea. Pertinent and topical information is distributed on a regular basis and channels for feedback are clearly established. Financial information is available from the PGS ASA's web site and industry and technical news items are distributed and discussed at regular intervals.

The company will always give due consideration of job vacancies to disabled persons and, should an employee working in a harsh environment become disabled, full consideration will be given to retaining that person in alternative work wherever possible.

The company aspires to the highest standards of health, safety and regard for the environment. It participates in industry forums and maintains an active information and reporting system for areas of operation with particular risks.

Charitable and political donations

The company made no political or charitable donations during 2021 (2020: $nil).

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business review section of the Strategic Report.

The directors have considered the financial position the company, including the arrangements with its ultimate parent company, PGS ASA. The directors have also considered the financial position of PGS ASA, including centralised treasury arrangements.

The company has received assurance from PGS ASA that it will continue to receive financial support for a period of 12 months until 31 December 2023 in order to meet its obligations as they fall due.

On 3 May 2022, PGS ASA announced a raise of approximately $85 million in equity in a private placement, followed by a $15 million equity rights issue. In addition, PGS secured a commitment of $50 million in the form of a super senior loan. On 23 November 2022, a further private placement was completed, raising an additional $150 million of equity. PGS used a portion of the net proceeds of these transactions for payment of debt amortization during 2022, with the remaining to be used for increased buffer to the minimum liquidity covenant in existing loan agreements, ongoing market recovery in the marine geophysics market, to further strengthen the company's balance sheet and for general corporate purposes.

Based on review of PGS forecasts, the directors are satisfied that PGS ASA will be able to comply with financial covenants and maturity profiles.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on their assessment, the directors have no reason to believe that a material uncertainty exists that may cast doubt on the ability of PGS ASA to continue to provide financial support. Therefore, the directors are satisfied, at the time of approving the financial statements, that it is appropriate to adopt the going concern basis in preparing the financial statements for a period until 31 December 2023.

Energy and Carbon Reporting

Under the requirements of the UK Companies Act 2006, PGS Exploration (UK) Limited is required to report on energy use and carbon emissions relating to UK operations.

PGS Exploration (UK) Limited is subsidiary of the PGS Group, an integrated marine geophysical company that provides a broad range of seismic services, including acquisition and imaging. The company operates one office building in the UK, which houses an imaging data centre and employees based in sales, imaging and support functions. Therefore, the energy consumption in the UK is limited to this building in which we operate our business. The PGS fleet of vessels is operated from companies based in Norway, and therefore energy usage from vessels is outside of the scope of this report.

The company has reported on emissions from electricity and gas it has used. This has been obtained from gathering data from utility bills.

	Year ended 31 December 2021	**Year ended 31 December 2020**
kWh	5,536,104	10,429,747
Tonnes CO_2e	1,162	2,423
Annual emissions per employee	9.9	13.9

The company has taken guidance from the UK Government Environmental Reporting Guidelines (March 2019), the GHG Reporting Protocol - Corporate Standard, and from the UK Government GHG Conversion Factors for Company Reporting document for calculating carbon emissions. Energy usage information (gas and electricity) has been obtained directly from our energy suppliers and half-hourly (HH) data, where applicable, for the HH supplies (there was no estimation profiling required). CO2e emissions were calculated using the appropriate emission factors from the UK Government GHG conversion information.

Electricity usage in 2021 and 2020 relates primarily to the operation of the imaging data centre. As part of PGS' ongoing digitalization efforts, the company expects energy usage to decrease going forward.

Information to the auditor

Each of the directors at the date of approval of this report confirms that:

1. So far as the director is aware, there is no relevant audit information of which the auditor is unaware; and
2. the director has taken all steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and Ernst & Young LLP will therefore continue in office.

Signed on behalf of the Board by:

DocuSigned by:

Gottfred Langseth

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G Langseth
Director

20 December 2022

PGS EXPLORATION (UK) LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PGS EXPLORATION (UK) LIMITED

Opinion

We have audited the financial statements of PGS Exploration (UK) Limited for the year ended 31 December 2021 which comprise the Statement of Profit and Loss and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 25, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework".

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period from when the financial statements are authorised for issue to 31 December 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, 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 other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have 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 (UK) 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulation, including anti-bribery and corruption in the United Kingdom and any other areas of operation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PGS EXPLORATION (UK) LIMITED *(continued)*

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud *(continued)*

- We understood how PGS Exploration (UK) Limited is complying with those frameworks by making enquiries of management to understand how the company maintains and communicates its policies and procedures in these areas and corroborated this by reviewing supporting documentation. We also reviewed correspondence with relevant authorities.

- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures included a focus on compliance with the accounting and regulatory frameworks and obtaining sufficient audit evidence in line with the level of risk identified, in conjunction with compliance with relevant legislation.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override. Our procedures involved journal entry testing designed to identify unusual activity and lower testing thresholds applied to financial statement accounts with deemed higher risk of fraud. Transactions sampled were agreed to source documentation or independent confirmation, ensuring appropriate authorisation of the transactions.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Kenneth MacLeod Hall (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Aberdeen

21 December 2022

PGS EXPLORATION (UK) LIMITED
STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2021

	Note	2021 $ 000	2020 $ 000
Revenue	5	135,515	137,340
Cost of sales		(132,429)	(142,832)
Gross profit/(loss)		**3,086**	**(5,492)**
Administrative expenses		(5,101)	(5,862)
Operating loss	6	**(2,015)**	**(11,354)**
Interest receivable	9	2,350	2,238
Interest payable and similar charges	10	(212)	(529)
Loss before taxation		**123**	**(9,645)**
Taxation	11	(662)	3,079
Loss for the year		**(539)**	**(6,566)**
Other comprehensive income		-	-
Total comprehensive loss		**(539)**	**(6,566)**

The company's results are derived from continuing operations.

The notes on pages 16 to 32 form an integral part of these financial statements

PGS EXPLORATION (UK) LIMITED
BALANCE SHEET
31 DECEMBER 2021

	Note	2021 $ 000	2020 $ 000
Long term assets			
Tangible assets	12	3,803	13,464
MultiClient library	13	44,868	63,776
Investments	14	26	26
		48,697	77,266
Current assets			
Debtors	15	61,122	60,087
Cash at bank and in hand		9,431	7,759
		70,553	67,846
Creditors: Amounts falling due within one year	16	(35,810)	(57,167)
Net current assets		**34,743**	**10,679**
Total assets less current liabilities		**83,440**	**87,945**
Creditors: Amounts falling due after more than one year	17	(28)	(3,300)
Provisions	18	(2,807)	(3,501)
Net assets		**80,605**	**81,144**
Capital and reserves			
Called up share capital	21	106,214	106,214
Capital contribution reserve	21	4,680	4,680
Profit and loss account		(30,289)	(29,750)
Shareholders' funds		**80,605**	**81,144**

These financial statements were approved by the Board on 20 December 2022, and signed on its behalf by:

DocuSigned by:
Christin Steen-Nilsen
53F8F3970D684AF...............

C Steen-Nilsen

Director

Registered number: 02904391

The notes on pages 16 to 32 form an integral part of these financial statements

PGS EXPLORATION (UK) LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2021

	Share capital $ 000	Capital Contribution $ 000	Profit and loss account $ 000	Total $ 000
At 1 January 2020	**106,214**	**4,680**	**(23,184)**	**87,710**
Loss for the year	-	-	(6,566)	(6,566)
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	-	(6,566)	(6,566)
At 31 December 2020	**106,214**	**4,680**	**(29,750)**	**81,144**
Loss for the year	-	-	**(539)**	**(539)**
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	-	**(539)**	**(539)**
At 31 December 2021	**106,214**	**4,680**	**(30,289)**	**80,605**

The notes on pages 16 to 32 form an integral part of these financial statements

PGS EXPLORATION (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021

1 General information

PGS Exploration (UK) Limited provides geophysical services to the oil and gas industry. The company is a private company and is incorporated and domiciled in England and Wales. The address of its registered office is 4, The Heights, Brooklands, Weybridge, Surrey KT13 0NY.

2 Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of PGS Exploration (UK) Limited (the "company") for the year ended 31 December 2021 were authorised for issue by the board of directors on 20 December 2022 and the balance sheet was signed on the board's behalf by C Steen-Nilsen.

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101') and in accordance with applicable accounting standards. The company's financial statements are presented in US dollars as this is the currency in which the company operates.

3 Accounting policies

The following accounting policies have been consistently applied in deciding the items which are considered material in relation to the financial statements.

Basis of preparation

The company has been determined to meet the criteria of a 'qualifying entity' under the definition in FRS 101. The financial statements in which the company is consolidated are available from the ultimate parent company as detailed in note 25.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2021.

Summary of disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment, because the share based payment arrangement concerns the instruments of another group entity;
- the requirements of IFRS 7 Financial Instruments: Disclosures,
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement,
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1;
  - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - (iii) paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

3 Accounting policies *(continued)*

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business review section of the Strategic Report.

The directors have considered the financial position the company, including the arrangements with its ultimate parent company, PGS ASA. The directors have also considered the financial position of PGS ASA, including centralised treasury arrangements.

The company has received assurance from PGS ASA that it will continue to receive financial support for a period of 12 months until 31 December 2023 in order to meet its obligations as they fall due.

On 3 May 2022, PGS ASA announced a raise of approximately $85 million in equity in a private placement, followed by a $15 million equity rights issue. In addition, PGS secured a commitment of $50 million in the form of a super senior loan. On 23 November 2022, a further private placement was completed, raising an additional $150 million of equity. PGS used a portion of the net proceeds of these transactions for payment of debt amortization during 2022, with the remaining to be used for increased buffer to the minimum liquidity covenant in existing loan agreements, ongoing market recovery in the marine geophysics market, to further strengthen the company's balance sheet and for general corporate purposes.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on their assessment, the directors have no reason to believe that a material uncertainty exists that may cast doubt on the ability of PGS ASA to continue to provide financial support. Therefore, the directors are satisfied, at the time of approving the financial statements, that it is appropriate to adopt the going concern basis in preparing the financial statements for a period until 31 December 2023.

Group accounts

The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in the consolidated financial statements of its ultimate parent undertaking, PGS ASA, a company registered in Norway.

The financial statements contain information about PGS Exploration (UK) Limited as an individual company and do not contain consolidated financial information as the parent of a group.

3 Accounting policies *(continued)*

Revenue Recognition

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 recognised 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, consideration is allocated among the performance obligations based on their estimated relative fair values.

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 recognised upon satisfying the performance obligation.

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 no longer exists.

Where the company has 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 have "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 the right to 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 recognises pre-funding revenue as "right to use" licenses and the revenue is to be recognised at the point in time when the "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 recognised at this same "point in time" for each of these two types of licenses in accordance with IFRS 15.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the USD exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into USD at the rates prevailing on the reporting period date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of realised and unrealised monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

3 Accounting policies *(continued)*

Taxation

Income tax expense is comprised of current and deferred tax. Income tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items taken directly to the Statement 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 realisation 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 recognised 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 utilised.

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 long-term in the Balance Sheet.

Tangible fixed assets and depreciation

Property, plant and equipment are stated at cost, 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, plant and equipment are as follows:

	Years
Leasehold improvements	15
Computer equipment & software	3
Seismic equipment & vehicles	3
Furniture & office equipment	4 - 6

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

An item of property, plant and equipment is derecognised 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 profit or loss in the year derecognised.

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 underlying assets.

3 Accounting policies *(continued)*

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 capitalised 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 capitalised 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 component of 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 amortisation — Upon completion of a survey, straight-line amortisation 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 amortisation – Following the adoption of the straight-line amortisation policy for completed surveys, recognition of impairment of library may be necessary in the event that sales on a completed survey are realised disproportionately sooner within that survey's 4-year useful life.

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

This accelerated amortisation is included in "Amortisation of MultiClient library" within cost of sales in the statement of profit and loss.

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 "Impairment of MultiClient library" within cost of sales in the statement of profit and loss.

Impairment of property, equipment and intangibles

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

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

Reversal of impairment is recognised if the circumstances that gave rise to the impairment no longer exist. The carrying amount of the asset is increased to the revised estimate of its recoverable amount. The increased carrying amount may not exceed the carrying amount that would have existed had no impairment been recognised for the asset. The reversal is presented separately in the Statement of Profit and Loss and Other Comprehensive Income.

3 Accounting policies *(continued)*

Research and development

Research costs are expensed as incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised 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 recognised 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 amortisation and accumulated impairment, on the same basis as intangible assets acquired separately. Capitalised development costs are amortised on a straight-line basis over the estimated useful life of the asset.

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 inflows from the projects to which the vessel will steam are sufficient to recover the cost of the steam. The recoverable steaming cost associated with MultiClient surveys is capitalised as a part of the MultiClient library (see above). The recoverable steaming costs associated with exclusive contract surveys is deferred and charged to the Statement of Profit and Loss and Other Comprehensive Income.

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 fulfilment are included in the calculation.

Defined contribution pension 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 recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit pension obligations

The company is a participating employer in the PGS (UK) Pension Fund, the assets and defined benefit obligation of which are accounted for in the financial statements of Petroleum Geo-Services (UK) Limited, a fellow subsidiary of PGS ASA. Accrual to the PGS (UK) Pension Fund ceased from 31 December 2015, after which active members became deferred members of the plan with no further salary link. Full details of the PGS (UK) Pension Fund and the relevant disclosures are included in the audited financial statements of Petroleum Geo-Services (UK) Limited.

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 recognised 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.

3 Accounting policies *(continued)*

Defined benefit pension obligations (continued)

The amount charged to the 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 recognised immediately in the 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 recognised on a straight line basis over the vesting period.

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

Bonus plans

The company recognises 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 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. If the rank is in the 25th percentile, 0% of the performance is met, if the rank is in the 75th percentile, 100% of the performance is met. There is a linear relationship between the percentiles. The awards are adjusted for expected future dividends. Social security tax on PRSU and RSU is based on the intrinsic value as of the end of the reporting period.

Financial assets and liabilities

Financial assets and financial liabilities are recognised 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 amortised cost. The company determines the classification of financial instruments at initial recognition.

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 Statement of Profit and Loss. Realised and unrealised gains and losses arising from changes in the fair value are included in the Statement 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 recognised at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognised in Other Comprehensive Income.

Financial instruments at amortised cost

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

3 Accounting policies *(continued)*

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 recognises 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 recognised in the Statement of Profit and Loss.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received. Grants that compensate the company for expenses incurred are recognised in the Statement of Profit or Loss in the relevant financial statement line in the periods the expenses are recognised, in order to present the net expense to the company.

Leases

A contractual arrangement contains a lease when the contract conveys the right to use an asset for a period of time in exchange for consideration. For contracts containing a lease, the company recognises a lease liability and a corresponding right of use asset at the commencement of the lease.

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 a lease liability 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 to reflect the lease payments made. 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.

Short term leases and low value leases
The company has elected to apply the recognition exemption to lease contracts with a duration of less than 12 months, or that relate to assets with an underlying low value. Lease payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss.

3 Accounting policies *(continued)*

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past transaction or event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised represents the best estimate of the expenditure expected to be required to settle the present obligation. Estimates are determined by the judgement of Management supplemented by the experience of similar transactions and in some cases, advice from independent experts.

Where the provision is discounted, any increase in the provision due to the passage of time is recognised as a finance cost in the Statement of Profit and Loss and Other Comprehensive Income.

New and amended standards and interpretations

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

Amendments issued and not yet effective, are not applicable for the company and/or will not have a significant impact on the financial statements.

4 Critical accounting judgements, estimates and assumptions

The preparation of financial statements in accordance with FRS 101 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 MultiClient library - Discount rate

The company applied a pre-tax discount rate of 12% 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.

Forecast sales of MultiClient library

At least annually, management forecasts future sales for each MultiClient library survey for purposes of determining the amount of impairment, and for those surveys still in work-in-progress, the amortization rate to be applied against pre-funding revenues. 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. Because of the inherent difficulty in forecasting sales and future developments, it is possible that the amount of impairment could vary significantly between periods and the amortization rate applied to surveys in progress may also vary 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 with and/or impairment of MultiClient library surveys.

4 Critical accounting judgements, estimates and assumptions *(continued)*

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent it is probable that future taxable profit will be available against which the losses can be utilised. Significant management judgment is required to estimate the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profit. The estimates of projected future taxable profit are based on a number of factors and assumptions, many of which are subjective and outside of the company's control. Accordingly, these estimates may differ significantly from year to year, and the amount ultimately realised may differ from that which has been recognised in the balance sheet.

Provision for contingencies, claims and tax litigations

The company records accruals for contingencies, claims and other uncertain liabilities, including possible tax litigation, 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 unfavourable 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.

5 Revenue

Revenue recognised in the Statement of Profit and Loss and Other Comprehensive Income is analysed as follows:

	2021 $ 000	2020 $ 000
Revenue from geophysical services	121,175	121,178
MultiClient late sales	14,340	16,162
Total turnover from continuing operations	135,515	137,340

The company performs geophysical services on a project by project basis. An analysis of turnover by geographical area is given below:

	2021 $ 000	2020 $ 000
United Kingdom	60,577	44,823
Other European countries	30,481	1,678
Americas	7,963	25,899
Middle East & Africa	36,494	64,940
	135,515	137,340

PGS EXPLORATION (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021

6 Operating loss

Arrived at after charging/(crediting)

	2021 $ 000	2020 $ 000
Depreciation expense (Note 12)	6,604	7,326
Amortisation of MultiClient library (Note 13)	52,397	8,333
Impairment of MultiClient library (Note 13)	877	8,443
Foreign exchange (gains)	(272)	126
Gain on disposal of fixed assets	(1,368)	82
Lease expense on short-term and low value leases arising under IFRS 16		
- plant and vessels	10,759	26,806
- other	28	120
Auditor's remuneration		
- Audit of the financial statements	150	148
- Taxation services	-	30

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2021 $ 000	2020 $ 000
Wages and salaries	12,980	17,011
Social security costs	1,539	1,893
Pension costs, defined benefit scheme	3,608	3,168
Pension costs, defined contribution scheme	1,199	1,526
Share based payments (see Note 19)	360	522
	19,686	24,120

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2021 No.	2020 No.
Operations	14	46
Selling and administration	75	82
Other departments	28	30
	117	158

The amounts received under government 'furlough' schemes offset the staff costs in profit or loss. No furlough payments were received during 2021 (2020: $312,000).

8 Directors' remuneration

None of the directors received any fees or remunerations for services as a director of the company during the financial year (2020: Nil).

The remuneration of the directors is paid by the parent company, which makes no recharges to the company. The directors act in a group capacity only and do not allocate specific time to the company and therefore it is not possible to make an accurate apportionment of their emoluments in respect of the company.

9 Interest receivable

	2021 $ 000	2020 $ 000
Bank interest receivable	-	8
Interest receivable on group loans	2,350	2,230
	2,350	2,238

10 Interest payable and similar charges

	2021 $ 000	2020 $ 000
Unwinding of discount rate	-	130
Interest payable on lease liabilities under IFRS 16	210	381
Other finance costs	2	18
	212	529

11 Income tax

(a) Analysis of tax charge/(credit)

	2021 $ 000	2020 $ 000
Current taxation		
UK corporation tax – prior year	177	-
Foreign tax	(840)	(3,079)
Total current income tax	**662**	**(3,079)**
Tax charge/(credit)	**662**	**(3,079)**

11 Income tax *(continued)*

(b) Factors affecting current tax charge/(credit)

The tax on profit before tax for the year differs from the standard rate of corporation tax in the UK of 19% (2020 – 19%). The differences are reconciled below:

	2021 $ 000	2020 $ 000
Profit/(Loss) before tax	123	(9,645)
Corporation tax at standard rate	23	(1,833)
Expenses not deductible for tax purposes	8	3
Release of provision for dilapidations	(277)	-
Foreign tax expensed	694	-
Tax losses on which no deferred tax recognised	119	1,508
Movement in temporary differences unrecognised for deferred tax	722	523
Release of provision for foreign tax in relation to prior periods	-	(2,857)
R&D tax credit – prior year	(177)	-
Claim for interest deductions disallowed in other group companies	(450)	(423)
Total tax charge/(credit)	**662**	**(3,079)**

(c) Deferred tax

The company has carried forward temporary differences as shown below that are available indefinitely to be offset against future taxable profits. Deferred tax assets have been recognised in relation to those losses and other temporary differences where they satisfy the recognition criteria for deferred tax assets in line with FRS 101 'Reduced Disclosure Framework'.

As at 31 December 2021 and 31 December 2020, the deferred tax assets in respect of decelerated capital allowances, tax losses and other temporary differences were not recognised due to the uncertainty as to when these will be recovered. The value of the unrecognised deferred tax assets being $6,598,000 as at 31 December 2021 in relation to capital allowances (2020 - $4,525,000), $19,044,000 as at 31 December 2021 in relation to tax losses (2020 - $14,348,000) and nil as at 31 December 2021 in relation to other temporary differences (2020 - $8,879,000).

At 31 December 2021 the UK tax rate that had been substantively enacted was 25% (2020-19%). The tax rate used for the deferred tax asset calculations at the balance sheet date is 25% (2020: 19%).

PGS EXPLORATION (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021

12 Tangible assets

	Leasehold improvements $ 000	Computer equipment & software $ 000	Seismic equipment & vehicles $ 000	Furniture & office equipment $ 000	Right-of-use assets $ 000	Total $ 000
Cost						
At 1 January 2021	16,599	18,520	45	7,209	11,492	53,865
Additions	-	521	-	-	-	521
Disposals	-	(5,652)	-	-	(11,330)	(16,982)
At 31 December 2021	16,599	13,389	45	7,209	162	37,404
Depreciation						
At 1 January 2021	14,261	15,304	45	5,567	5,224	40,401
Charge for the year	956	2,201	-	323	3,124	6,604
Disposals	-	(5,199)	-	-	(8,205)	(13,404)
At 31 December 2021	15,217	12,306	45	5,890	143	33,601
Carrying amount						
At 31 December 2021	**1,381**	**1,083**	**-**	**1,319**	**19**	**3,803**
At 31 December 2020	2,338	3,216	-	1,642	6,268	13,464

Right of use assets consist of an office building and leased office equipment. The building lease was terminated in December 2021. Office equipment is depreciated over the 4 year lease term.

13 MultiClient Library

Seismic data library	2021 $ 000	2020 $ 000
At 1 January	63,776	37,325
Capitalised cash costs	24,946	32,242
Capitalised interest	9,120	665
Capitalised depreciation	300	10,320
Amortisation expense	(52,397)	(8,333)
Impairments	(877)	(8,443)
At 31 December	44,868	63,776

In 2021, an additional impairment charge of $877,000 (2020: $8,443,000) was recognised to reflect the discounted cash flow of future sales on certain individual surveys.

14 Investments

The company holds a 1.25% holding in a fellow subsidiary company, PGS Data Processing Middle East SAE at a cost of $26,000.

PGS EXPLORATION (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021

15 Debtors

	2021 $ 000	2020 $ 000
Trade debtors	16,899	10,334
Amounts receivable from ultimate parent undertaking	-	34,414
Amounts receivable from intermediate parent undertaking	28,672	-
Amounts receivable from immediate parent undertaking	-	4,046
Amounts receivable from group undertakings	7,754	5,800
Accrued revenue	4,626	2,703
Prepayments	1,528	1,644
Other taxes	1,626	1,132
Other debtors	17	14
	61,122	60,087

Amounts receivable from the ultimate parent undertaking, PGS ASA, were repayable on demand and unsecured, and bear interest at 3-month LIBOR plus 3% per annum. During 2021, the loan arrangement was transferred from PGS ASA to Petroleum Geo-Services AS, an intermediate holding company, under the same terms.

Amounts receivable from other group undertakings are treated as trading balances and do not bear any interest.

16 Creditors

	2021 $ 000	2020 $ 000
Trade creditors	1,151	816
Amounts owed to ultimate parent undertaking	393	-
Amounts owed to immediate parent undertaking	63	-
Amounts owed to other group undertakings	9,669	4,995
Accrued expenses	8,050	8,804
Social security and other taxes	515	461
Lease liabilities (Note 19)	682	2,628
Deferred revenue	15,287	39,463
	35,810	57,167

Amounts owed to the immediate parent undertaking and other group undertakings are treated as trading balances and do not bear interest.

Deferred revenue balances relate to MultiClient pre-funding licences, where revenues are deferred and recognized at completion of the survey. The majority of the deferred revenues in 2021 and 2020 were recognized in the following year.

17 Creditors payable after more than 1 year

	2021 $ 000	2020 $ 000
Lease liabilities (Note 19)	-	3,273
Long term bonuses and payroll related costs	28	27
	28	3,300

18 Provisions

	Dilapidations $ 000	Onerous contracts $ 000	Total $ 000
At 1 January 2020	3,371	-	3,371
Charge during the year	130	-	130
At 31 December 2020	3,501	-	3,501
Additional provision in year	-	2,807	2,807
Release of unused provision	(2,151)	-	(2,151)
Transfer to current liabilities	(1,350)	-	(1,350)
At 31 December 2021	**-**	**2,807**	**2,807**

The dilapidations provision represented the Company's estimate of future outflows related to the office building lease. The settlement was agreed in December 2021 and the provision transferred to current liabilities.

19 Lease liabilities

The company has lease contracts, primarily for office space and computer equipment, expiring at various dates through to 2023. 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' exemptions for these leases.

The carrying amounts of lease liabilities and movements during the year are set out below:

	Buildings, fixtures and equipment $ 000
At 1 January 2021	5,901
Lease payments	(2,947)
Interest	210
Remeasurements	(2,411)
Revaluation	(71)
At 31 December 2021	**682**

The maturity of lease liabilities is as follows:

	2021 $ 000	2020 $ 000
Current (note 16)	682	2,628
Non-current (note 17)	-	3,273
At 31 December 2021	**682**	**5,901**

In December 2022, the company entered into a new lease for an office building. The lease term is 10 years with an optional break date at 26 May 2028.

20 Share based payments

Share options and restricted stock unit awards in the company's ultimate parent PGS ASA ("the Company") are granted to senior executives.

The Restricted Stock Unit programs ("RSU") requires the participant's continued employment with the Company (or a subsidiary) and is settled three years after grant. Settlement is in equity only. Upon settlement, the participant will receive, at no charge, a number of shares in the Company which equals the number of RSUs awarded.

21 Share capital

Allotted, called up and fully paid shares

	2021		2020	
	No.	**$ 000**	**No.**	**$ 000**
Ordinary shares of £1 each	77,229,682	106,214	77,229,682	106,214

The capital contribution reserve of $4,680,000 arose from the waiver of debt due to the ultimate parent, PGS ASA, and represents the value of historic liabilities in the discontinued Libya branch.

22 Foreign exchange

The financial statements are presented in US Dollars. The exchange rate at 31 December 2021 applied was 1.35 USD to 1.0 GBP.

23 Related party transactions

As a wholly owned subsidiary of PGS ASA the company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with other wholly owned group companies. There were no other related party transactions.

24 Contingent liabilities

As part of the PGS Group financing arrangements, Lucid Trustee Services Limited holds a floating charge over the undertaking and assets of the company.

25 Ultimate parent undertaking

The company's immediate parent undertaking is Petroleum Geo-Services (UK) Limited, a company incorporated in the United Kingdom. The ultimate parent and controlling party is PGS ASA, a company registered in Norway.

The smallest and largest group in which the results of the company are consolidated is that headed by PGS ASA. These financial statements are available upon request from PGS ASA, Lilleakerveien 4C, P.O. Box 251 Lilleaker, 0216 Oslo, Norway.

Annex 9a

PT Petroprima Geo Services Nusantara Annual Report 2022

PT PETROPRIMA GEO SERVIS NUSANTARA
STATEMENT OF FINANCIAL POSITION
As of December 31, 2022
(Expressed in United States Dollar, unless otherwise stated)

	Notes	December 31, 2022	December 31, 2021
ASSETS			
CURRENT ASSETS			
Cash on hand and in banks	4	1,145,419	4,351,694
Trade receivables	5,15	-	3,850
Due from related parties	12	17,628	4,200
Contract assets	6	22,149,527	-
Inventories	8	587,185	-
Prepaid taxes	13a	9,143,660	9,090,339
Claim for tax refund	13c	937,284	-
Prepaid expenses	7	18,990	-
Other current assets		3,102	3,390
TOTAL CURRENT ASSETS		**34,002,795**	**13,453,473**
NON-CURRENT ASSETS			
MultiClient library - net	9	8,631,976	16,062,414
TOTAL NON-CURRENT ASSETS		**8,631,976**	**16,062,414**
TOTAL ASSETS		**42,634,771**	**29,515,887**

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

PT PETROPRIMA GEO SERVIS NUSANTARA
STATEMENT OF FINANCIAL POSITION (continued)
As of December 31, 2022
(Expressed in United States Dollar, unless otherwise stated)

	Notes	December 31, 2022	December 31, 2021
LIABILITIES AND CAPITAL DEFICIENCY			
CURRENT LIABILITIES			
Trade payables	10	2,464,144	2,573
Taxes payable	13b	1,545,146	697,646
Accrued expenses	11	1,927,666	1,526,967
Due to related parties	12	7,467,993	-
Due to a shareholder	12	49,746,762	39,354,056
TOTAL CURRENT LIABILITIES		**63,151,711**	**41,581,242**
CAPITAL DEFICIENCY			
Share capital - par value Rp1,000,000 per share authorized, issued and fully paid - 4,675 shares	14	553,907	553,907
Deficit		(21,071,833)	(12,620,248)
Other comprehensive income		986	986
NET CAPITAL DEFICIENCY		**(20,516,940)**	**(12,065,355)**
TOTAL LIABILITIES NET OF CAPITAL DEFICIENCY		**42,634,771**	**29,515,887**

PT PETROPRIMA GEO SERVIS NUSANTARA
STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
For the year ended December 31, 2022
(Expressed in United States Dollar, unless otherwise stated)

	Notes	Year ended December 31, 2022	2021
REVENUES	15	22,086,152	18,598,352
COST OF REVENUES	12,16	(29,540,390)	(14,004,429)
GROSS PROFIT		**(7,454,238)**	**4,593,923**
General and administrative expenses	12,17	(257,216)	(151,210)
Other operating expense - net	18	(698,665)	(356,225)
PROFIT (LOSS) FROM OPERATIONS		**(8,410,119)**	**4,086,488**
Finance income		994	2,965
Finance charges		(989)	(2,065)
PROFIT (LOSS) BEFORE INCOME TAX EXPENSE		**(8,410,114)**	**4,087,388**
INCOME TAX EXPENSE	13c,13f	(41,471)	(2,034,109)
PROFIT (LOSS) FOR THE YEAR		**(8,451,585)**	**2,053,279**
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		**(8,451,585)**	**2,053,279**

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

PT PETROPRIMA GEO SERVIS NUSANTARA
STATEMENT OF CHANGES IN CAPITAL DEFICIENCY
For the year ended December 31, 2022
(Expressed in United States Dollar, unless otherwise stated)

	Note	Issued and fully paid share capital	Deficit	Other comprehensive income	Net capital deficiency
Balance as of January 1, 2021	14	**553,907**	**(14,673,527)**	**986**	**(14,118,634)**
Profit for the year		-	2,053,279	-	2,053,279
Balance as of December 31, 2021	14	**553,907**	**(12,620,248)**	**986**	**(12,065,355)**
Loss for the year		-	(8,451,585)	-	(8,451,585)
Balance as of December 31, 2022	14	**553,907**	**(21,071,833)**	**986**	**(20,516,940)**

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

PT PETROPRIMA GEO SERVIS NUSANTARA
STATEMENT OF CASH FLOWS
For the year ended December 31, 2022
(Expressed in United States Dollar, unless otherwise stated)

	Notes	Year ended December 31, 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		3,850	10,585,301
Payments to suppliers and employees		(2,356,441)	(3,808,913)
Proceeds from interest income		994	2,965
Payment for finance charges		(989)	(2,065)
Net cash provided (used in) by operating activities		**(2,352,586)**	**6,777,288**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from due to a shareholder	22	3,800,000	750,000
Repayments of due to a shareholder	22	(5,045,000)	(10,000,000)
Payments of lease during the year		-	(8,709)
Net cash used in financing activities		**(1,245,000)**	**(9,258,709)**
NET DECREASE IN CASH ON HAND AND IN BANKS		**(3,597,586)**	**(2,481,421)**
NET EFFECT OF CHANGES IN EXCHANGE RATES ON CASH ON HAND AND IN BANK		**391,311**	**(1,254)**
CASH ON HAND AND IN BANKS AT BEGINNING OF YEAR	4	**4,351,694**	**6,834,369**
CASH ON HAND AND IN BANKS AT END OF YEAR	4	**1,145,419**	**4,351,694**

Supplementary information of non-cash transactions is disclosed in Note 24

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

(Expressed in United States Dollar, unless otherwise stated)

1. GENERAL

PT Petroprima Geo Servis Nusantara (the "Company") located in Jakarta was initially established within the framework of the domestic investment law, based on Notarial Deed No. 339 dated June 29, 1995 of Adam Kasdarmadji, S.H. This deed of establishment was approved by the Minister of Justice in its Decision Letter No. C2-12.271 HT.01.01 Th.95 dated September 29, 1995. On February 28, 2002, the Company obtained approval from the Capital Investment Coordinating Board (BKPM) based on its Decision Letter No. 13/V/PMA/2002 to change its status into a Foreign Capital Investment Company.

The Company's Articles of Association has been amended several times, the latest amendment was based on Notarial Deed No. 15 of Ida Murtamsa Salim, S.H., M.Kn., on November 27, 2020 wherein the shareholders in their circular resolution changed the Company's intent and objective and also the Company's business activities. The amendment was approved by the Ministry of Laws and Human Rights in its decision letter No. AHU-0079552.AH.01.02.2020 dated November 27, 2020.

According to Article 3 of the Company's Articles of Association, the scope of its activities comprises of services in oil and gas such as formation, testing, evaluation, hydrology survey, seismic survey, and seismic data processing. The Company is domiciled in Pondok Indah Tower 3, 17th floor, unit M56 Jalan Sultan Iskandar Muda, Kav. V-TA Jakarta 12310 Indonesia. The Company started its commercial operations in 1995.

The Company's Commissioner and Board of Directors as of December 31, 2022 and 2021 are as follows:

	2022	2021
Commissioner	Mr. Robert James Adams	Mr. Robert James Adams
Board of Directors		
President Director	Mr. Alexander Charles James Vartan	Mr. Alexander Charles James Vartan
Director	Mr. Gottfred Langseth	Mr. Gottfred Langseth
Director	Mr. Risman Setia Putra	Mr. Risman Setia Putra

As of December 31, 2022, and 2021, the Company has a total of nil permanent employees, respectively.

PGS ASA, incorporated in Norway, is the direct and ultimate parent of the Company.

The management of the Company is responsible for the preparation and presentation of the accompanying financial statements which were completed and authorized for issuance by the Board of Directors on November 20, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of the financial statements

The financial statements have been prepared in accordance with Indonesian Financial Accounting Standards ("SAK"), which comprise the Statements of Financial Accounting Standards ("PSAK") and Interpretations of Statements Financial Accounting Standards ("ISAK") issued by the Board of Financial Accounting Standards ("DSAK") of the Indonesian Institute of Accountants.

The financial statements have been prepared using the accrual basis, except for the statement of cash flows, and the measurement basis used is historical cost, except for certain accounts which are measured on the bases as described in the relevant Notes herein.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Basis of preparation of the financial statements (continued)

The statement of cash flows presents receipts and payments classified into operating, investing and financing activities using the direct method.

The reporting currency used in the preparation of the financial statements is the United States Dollar ("US$"), which is also the Company's functional currency.

b. Changes in accounting principles

The Company made first time adoption of all the new and/or revised standards effective for the periods beginning on or after January 1, 2022, including the following revised standards:

Amendments to PSAK 57: Provisions, Contingent Liabilities, and Contingent Assets - Onerous Contract Fulfillment Costs

These amendments provide that costs to fulfill an onerous contract consist of costs that are directly related to the contract, which consist of:

1. incremental costs to fulfill the contract, and
2. allocation of other costs that are directly related to fulfilling the contract.

These amendments had no impact on the financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

c. Transactions with related parties

The Company has transactions with related parties as defined in PSAK 7 (Revised 2010), "related party disclosures".

All significant transactions and balances of the Company with related parties are disclosed in Note 12 to the financial statements.

d. Cash on hand and in banks

Cash on hand and in banks represent cash on hand and in banks that are neither used as collateral nor restricted.

e. MultiClient library

MultiClient library acquired separately is measured on initial recognition at cost. Following initial recognition, MultiClient library is carried at cost less accumulated amortization and accumulated impairment.

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 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. MultiClient library (continued)

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 value of the project.

f. Impairment of non-financial assets

At the end of each reporting period, the Company reviews whether there is any indication of an asset impairment.

The carrying amount of non-financial assets 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.

For the 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 that the net book value of survey exceeds its recoverable amount, an impairment is recorded in the amount of the excess.

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.

An impairment charge is recognized whenever the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment charges reduce the carrying amount of the other assets in the unit on a pro-rata basis.

An impairment charge is reversed if the circumstances that gave rise to the impairment no longer exist, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have existed had no impairment had been recognized.

g. Revenues and expenses recognition

Revenue from contracts with customers arise primarily from (i) performance of proprietary or 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, consideration is allocated among the performance obligations based on their estimated relative stand-alone selling prices.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Revenues and expenses recognition (continued)

Amounts received from customers in advance of the Company satisfying its performance obligations are recorded as contract liability. 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.

In the rare event where 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 no longer exists.

Where the Company have satisfied its performance obligations and has a right to consideration, a contract asset is recognized.

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

Sales of MultiClient library data

<u>MultiClient Late sales licenses</u>

The Company grants a license to a customer which entitles the customer to have “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 the right to access the licensed portion of the data.

<u>MultiClient Pre-funding licenses</u>

The Company 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 “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 PSAK 72.

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 the Company 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 the Company.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Revenues and expenses recognition (continued)

Expense

Expenses are recognized when incurred on an accrual basis.

h. Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is calculated using weighted-average method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Costs incurred in bringing each product to its present location and condition are accounted for as follow:
i) Raw materials, spare parts and factory supplies: purchase cost;
ii) Finished goods and work in-process: cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

i. Foreign currency balances and transactions

Transactions involving other currencies other than US Dollar are recorded in US Dollar at the rates of exchange prevailing at the time the transactions are made. At the reporting date, monetary assets and liabilities denominated in currencies other than US Dollar are adjusted to US Dollar. The resulting gains or losses are credited or charged to current year.

The exchange rates used to translate the monetary assets and liabilities as of December 31, 2022 and 2021 are as follows:

	2022	2021
1000 Rupiah/US Dollar (US$)	0.06357	0.07008

j. Taxation

Current Income Tax

Current income tax asset (liability), which is determined as the amount of the expected refund from (or payable to) the tax authorities, is calculated using tax rates (and tax laws) that have been enacted at the reporting date.

Management periodically evaluates the amount reported in the Annual Tax Return ("SPT") in relation to the circumstances in which the applicable tax regulations are subject to interpretation and if necessary, the management will calculate the amount of provision that may arise.

Deferred Tax

Deferred tax is recognized using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amount for reporting purposes at the end of the reporting period.

Deferred tax assets and liabilities are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that can be utilized. The carrying amount of deferred tax assets and liabilities are reviewed at each end of the reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Taxation (continued)

Deferred Tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax is charged to or credited in profit or loss, except when it relates to items charged to or credited directly in equity, in which case the deferred tax is also charged to or credited directly in equity.

Deferred tax assets and liabilities can be offset if, and only if, 1) there is a legally enforceable right to offset the current tax assets and liabilities and 2) the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

k. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

l. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Accounts receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under PSAK 72.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l. Financial instruments (continued)

Financial assets (continued)

Initial recognition and measurement (continued)

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Company only has financial assets measured at amortized cost (debt instruments).

The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (“EIR”) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company’s financial assets at amortized cost includes cash on hand and in banks accounts trade receivables, contract assets, and due from related parties.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company’s statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Financial instruments (continued)

Derecognition (continued)

In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment

The Company recognizes an allowance for Expected Credit Loss (“ECL”) for all debt instruments not held at fair value through profit or loss. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECL. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company’s financial liabilities include trade payables, accrued expenses, due to related parties and due to a shareholder.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l. Financial instruments (continued)

Financial liabilities (continued)

Company only has financial liabilities which are classified as loans and borrowings.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss and other comprehensive income.

Derecognition

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 or loss and other comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

m. 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 period of time in exchange for consideration.

The 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 recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Company applies the short-term lease recognition exemption to its short-term leases (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 recognized as expense on a straight-line basis over the lease term.

The Company only has office lease which classified as short-term leases and leases of low-value assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n . Accounting standards issued but not yet effective

The following are several issued accounting standards by the Indonesian Financial Accounting Standards Board ("DSAK") that are considered relevant to the financial reporting of the Company but not yet effective for the current year financial statements, are disclosed below:

Effective beginning on or after January 1, 2023

- Amendments to PSAK 1: Presentation of Financial Statements – Classification of a Liability as current or non-current

  The amendments specify the requirements for classifying liabilities as current or non-current and clarify:
  - what is meant by a right to defer settlement,
  - the right to defer must exist at the end of the reporting period,
  - classification is not affected by the likelihood that an entity will exercise its deferral right, and
  - only if an embedded derivative in a convertible liability is an equity instrument would the terms and conditions of a liability will not impact its classification.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and shall be applied retrospectively.

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

- Amendment of PSAK 1: Presentation of financial statement - Disclosure of accounting policies

  This amendments provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendment 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 are effective on or after 1 January 2023 with earlier application permitted. The Company is currently assessing the impact of the amendment to determine the impact they will have on the Company's accounting policy disclosures.

- Amendment of PSAK 25: Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

  The amendments introduces a definition of 'accounting estimates' and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

  The amendments are effective 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. The Company is currently assessing the impact of the amendment to determine the impact they will have on the Company's financial reporting.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n . Accounting standards issued but not yet effective (continued)

- Amendment of PSAK 46: Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

  This amendment proposes that entities recognize deferred tax assets and liabilities at the time of initial recognition, for example from a lease transaction, to eliminate differences in current practice for such transactions and similar transactions.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 with early adoption permitted. The Company is currently assessing the impact of the amendment to determine the impact they will have on the Company's financial reporting.

Effective beginning on or after January 1, 2024

- Amendment of PSAK 1: Non-current Liabilities with Covenants

  This amendment clarifies that only covenants with which entities must comply on or before the reporting date will affect a liability's classification as current or non-current. and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 with early adoption permitted.

  Entities apply retrospectively amendments to PSAK 1 (October 2020) regarding the classification of a liability as current or non-current for financial reporting starting on or after January 1, 2024 in accordance with PSAK 25. If entities apply the amendments to PSAK 1 (October 2020) in a period that earlier after the issuance of the amendment to PSAK 1 (December 2022) regarding non-current liabilities with covenants, entities also apply the amendment to PSAK 1 (December 2022) in that period. If entities apply the amendments to PSAK 1 (October 2020) for the previous period, the entity shall disclose this fact.

  The Company is currently assessing the impact of the amendment to determine the impact they will have on the Company's financial reporting.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset and liability affected in future periods.

Judgments

The following judgments are made by management in the process of applying the Company's accounting policies that have the most significant effects on the amounts recognized in the financial statements:

3. MANAGEMENT USE OF JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgements (continued)

Determination of functional currency

The functional currency is the currency of the primary economic environment in which the Company operates. The management considered the currency that mainly influences the revenue and cost of rendering services and other indicators in determining the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. Management determined that the functional currency of the Company is the United States Dollar.

Classification of financial assets and financial liabilities

The Company determines the classifications of certain assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set forth in PSAK 71. Accordingly, the financial assets and financial liabilities are accounted for in accordance with the Company's accounting policies disclosed in Note 2l.

Uncertain tax exposure

In certain circumstances, the Company, may not able to determine the exact amount of its current or future tax liabilities due to possibility of examination by the taxation authority. Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. In determining the amount to be recognized in respect of an uncertain tax liability, the Company applies judgment and estimates in determining the amount of liabilities to be recognized in accordance with ISAK 34, "Uncertainty over Income Tax Treatment".

The Company analyzes all tax positions related to income taxes to determine if a tax liability for unrecognized tax expense should be recognized. Where the final tax outcome of these matters is different from the amounts that were initially recognized, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The Company's carrying amount of income taxes payable are disclosed in Note 13c.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below. The Company based its estimates and assumptions on parameters available when the financial statements were prepared.

Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Company. Such changes in the assumptions are reflected when they occur.

Impairment of MultiClient library

Impairment test is performed when certain impairment indicators are present. Management has to use its judgment in estimating the recoverable value and determining if there is any indication of impairment.

Lease term of contracts with renewal and termination options - the Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

(Expressed in United States Dollar, unless otherwise stated)

3. MANAGEMENT USE OF JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and Assumptions (continued)

Lease term of contracts with renewal and termination options - the Company as lessee (continued)

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease or not. The Company considers all relevant factors that create an economic incentive for them to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Deferred tax assets

Significant management estimates are required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the amount of future taxable profits together with future tax planning strategies.

4. CASH IN BANKS

	December 31, 2022	December 31, 2021
Cash in banks		
Rupiah	574,026	99,005
US Dollar	571,393	4,252,689
Total	**1,145,419**	**4,351,694**

As of December 31, 2022 and 2021, none of the Company's cash in banks are pledged as collateral or restricted in use.

5. TRADE RECEIVABLES

	December 31, 2022	December 31, 2021
Third parties (Note 15)	-	3,850
Total	**-**	**3,850**

No allowance for impairment loss has been provided as management believe that all of the trade receivables are fully collectible.

6. CONTRACT ASSETS

Contract assets consists of contract from Premier Oil Project. As of December 31, 2022 and 2021, the balance of contract assets are amounting to US$22,149,527 and US$nil. Contract assets represents the unbilled revenue recognized from licensing and sales which has been performed in 2022.

(Expressed in United States Dollar, unless otherwise stated)

7. PREPAID EXPENSES

	December 31, 2022	December 31, 2021
Prepaid expenses	17,456	-
Prepaid rent	1,534	-
Total	**18,990**	**-**

8. INVENTORIES

As of December 31, 2022, inventories amounting to US$587,185 consist of fuel for Premier Oil Project.

9. MULTICLIENT LIBRARY

	December 31, 2022	December 31, 2021
Balance at beginning of year	**16,062,414**	**29,894,586**
Less:		
Amortization (Note 16)	(7,430,438)	(11,249,638
Impairment (Note 16)	-	(2,582,534)
Balance at end of year	**8,631,976**	**16,062,414**

Accelerated amortization recognized in the event that MultiClient library is realized disproportionately within the related survey's 4 years useful life. During 2022, accelerated amortization recorded by the Company is US$nil.

At the end of reporting, the Company assessed the recoverable amount of MultiClient library based on its value in use at the level of CGU since its fair value less cost to sale cannot be determined. In determining the value in use, the projected cash flow was discounted at the rate of 12% as of December 31, 2022 and 2021. The rates reflect the estimated weighted average cost of capital for Company activities at each reporting date.

Amortization, accelerated amortization, and impairment of MultiClient library are recognized in the statement of profit or loss and other comprehensive income.

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

	December 31, 2022	December 31, 2021
Completed survey	8,631,976	16,062,414

One percent change in the assumed discount rate would have the following effects of increase (decrease) in impairment loss:

	December 31, 2022	December 31, 2021
Decrease 1% in discount rate	-	(68,879)
Increase 1% in discount rate	-	66,795

(Expressed in United States Dollar, unless otherwise stated)

10. TRADE PAYABLES

	December 31, 2022	December 31, 2021
Vessel operator	2,114,433	-
Bareboat charter	179,800	-
Fuel and oil	69,492	-
Others	100,419	2,573
Total	**2,464,144**	**2,573**

11. ACCRUED EXPENSES

	December 31, 2022	December 31, 2021
Tax underpayment and penalty	755,709	1,418,738
Operational project	671,109	-
Charterhire	450,694	-
Professional fees	35,220	38,032
Commissions fees	14,934	70,197
Total	**1,927,666**	**1,526,967**

12. RELATED PARTY TRANSACTIONS AND BALANCES

The Company, in the normal course business, has trade, management services and financial transactions with related parties at terms and condition as agreed by both parties.

Balances arising from transactions with related parties are as follow:

	December 31, 2022	December 31, 2021
Due from related parties		
PGS Data Processing Middle East SAE	13,428	-
Petroleum Geo-Services Asia Pacific Pte. Ltd	4,200	4,200
Total	**17,628**	**4,200**
Due to related parties		
PGS Geophysical AS	5,672,849	-
PGS Shipowner AS	1,795,144	-
Total	**7,467,993**	**-**
Due to a shareholder		
PGS ASA	49,746,762	39,354,056

Due from related parties and due to related parties are unsecured, non-interest bearing, and payable on demand.

Due to a shareholder is an “unsecured mutual credit facility” with PGS ASA, a shareholder. The loan, which is repayable on demand and non-interest bearing.

Expenses arising from transactions with related parties amounting to US$17,017,979 and US$nil in 2022 and 2021, respectively, are recorded as part of cost of revenue in the statement of profit or loss and other comprehensive income.

(Expressed in United States Dollar, unless otherwise stated)

12. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

In the operational activities, the Company has several key management personnel consisting of a Commissioner and Board of Directors. The benefits paid to the key management personnel amounting to US$49,423 and US$46,099 for the years ended December 31, 2022 and 2021, respectively.

The details of related party and its nature of relationship are as follows:

Company	Nature of relationship
PGS ASA	Shareholder of the Company
PGS Geophysical AS	Shareholder of the Company
Petroleum Geo-Services Asia Pacific Pte. Ltd.	Entity under common control
PGS Shipowner AS	Entity under common control
PGS Data Processing Middle East SAE	Entity under common control

13. TAXATION

a. Prepaid taxes

	December 31, 2022	December 31, 2021
Income tax		
Article 26	19,401	638,818
Value added tax	9,124,259	8,451,521
Total	**9,143,660**	**9,090,339**

b. Taxes payable

	December 31, 2022	December 31, 2021
Income taxes:		
Article 4(2)	163	178
Article 21	783	489
Article 23	8,131	35,947
Article 25	113,503	154,755
Article 26	679,061	-
Article 29	444,052	460,175
VAT	295,729	-
Final tax:		
Article 15	3,724	46,102
Total	**1,545,146**	**697,646**

(Expressed in United States Dollar, unless otherwise stated)

13. TAXATION (continued)

c. Reconciliation between profit (loss) before income tax as shown in the statement of profit or loss and other comprehensive income and taxable income (loss) is as follows:

	Year ended December 31,	
	2022	**2021**
Profit (loss) before income tax	(8,410,114)	4,087,388
Permanent differences		
Non deductible expenses	634,778	359,208
Interest income net of final tax	(994)	(2,965)
Interest expenses	-	145
Temporary differences	-	4,802,174
Taxable income (loss)	**(7,776,330)**	**9,245,950**
Current tax with prevailing tax rate	-	2,034,109
Prepayment of income taxes		
Article 23	-	(230,195)
Article 25	(937,284)	(1,188,984)
Corporate income tax payable (Claim for tax refund)	**(937,284)**	**614,930**

d. Reconciliation between profit (loss) before income tax expense multiplied by the maximum marginal tax rate and corporate income tax expense is as follows:

	Year ended December 31,	
	2022	**2021**
Profit (loss) before income tax	(8,410,114)	4,087,388
Tax benefit (expense) based on applicable tax rates	(1,850,225)	899,225
Tax effects on the permanent differences:		
Non deductible expenses	139,651	79,026
Interest income net of final tax	(219)	(652)
Interest expenses	-	32
Unrecognized of unrecoverable deferred tax	1,710,793	1,056,478
Tax expense	**-**	**2,034,109**

e. Deferred tax assets

The Company did not recognize deferred tax assets amounting to US$1,710,793, and US$1,056,478, in 2022 and 2021, respectively, arising from multiclient library. The Company did not recognize those deferred tax assets due to the uncertainty of its recoverability in the future since the activity level is low and income is difficult to predict.

(Expressed in United States Dollar, unless otherwise stated)

13. TAXATION (continued)

f. Tax assessment letter

The Company received Notice of Tax Collection ("STP") for withholding tax Article 21, 23, 4(2), and VAT for fiscal year 2018 to 2022 amounting to Rp13.249.506 (equivalent to US$889). These underpayment on withholding tax has been paid by the Company on various date from April to October 2022.

The Company received Notice of Tax Collection ("STP") for corporate income tax for fiscal year 2020, 2021, and 2022 amounting to Rp596.363.563 (equivalent to US$41,471). These underpayment on withholding tax has been paid by the Company on various date from April to August 2022.

14. SHARE CAPITAL

The composition of share capital ownership as of December 31, 2022 and 2021 is as follows:

Shareholders	Number of shares	Percentage of ownership	Issued and fully paid share capital
PGS ASA	4,366	93.40%	517,805
PT Srikandi Investasi Utama	264	5.64%	30,820
PGS Geophysical AS	45	0.96%	5,282
Total	**4,675**	**100%**	**553,907**

15. REVENUES

The Company earns revenue from the following categories of contracts with customers:

	Year ended December 31,	
	2022	**2021**
Contract seismic	21,339,452	-
MultiClient late sales	746,700	18,598,352
Total	**22,086,152**	**18,598,352**

Balances related to customer contracts consist of the following:

	December 31, 2022	December 31, 2021
Contract assets (Note 6)	22,149,527	-
Trade receivables (Note 5)	-	3,850
Total assets from contracts with customers	**22,149,527**	**3,850**

Contract assets is initially recognized for revenue earned, but not yet invoiced. This is generally related to contract where the condition to invoice is not yet satisfied.

(Expressed in United States Dollar, unless otherwise stated)

15. REVENUES (continued)

Performance Obligations

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 in 30 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 is recognized when the Company has an enforceable right to receive the additional payment.

Contract Seismic

The Company performs seismic services under contract in accordance with customer specifications. 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.

16. COST OF REVENUES

	Year ended December 31,	
	2022	**2021**
Vessel operating costs	14,537,224	-
Amortization of MultiClient library (Note 9)	7,430,438	11,249,638
General costs	4,646,336	165,769
Charterhire	2,480,755	-
Material and supplies	438,277	-
Others	7,360	6,488
Impairment of MultiClient library (Note 9)	-	2,582,534
Total	**29,540,390**	**14,004,429**

17. GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended December 31,	
	2022	**2021**
Professional fees	160,365	124,086
Postage and courier	24,610	205
Membership fee	17,456	-
Office rental	16,376	11,779
Exhibits and shows	9,214	-
Depreciation right-of-use asset	-	8,652
Others	29,195	6,488
Total	**257,216**	**151,210**

(Expressed in United States Dollar, unless otherwise stated)

18. OTHER OPERATING INCOME (EXPENSE)

	Year ended December 31,	
	2022	2021
Tax expenses and penalty	(623,435)	(350,420)
Loss on foreign exchange	(75,230)	(4,493)
Others	-	(1,312)
Total	**(698,665)**	**(356,225)**

19. FINANCIAL INSTRUMENTS

As of December 31, 2022, and 2021, the carrying amounts of financial assets and liabilities approximate their fair value as follows:

1. Cash on hand and in banks, due from related parties, trade receivables and contract asset

   All of the above financial assets are due within 12 months, thus the carrying values of the financial assets approximate their fair values.

2. Trade payables, other payables, accrued expenses and due to a shareholder and due to related parties

   All of the above financial liabilities are due within 12 months, thus the carrying values of the financial liabilities approximate their fair values.

20. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

The main risks arising from the Company's financial instruments are foreign exchange rate risk, credit risk and liquidity risk. The importance of managing these risks has significantly increased in light of the considerable change and volatility in both Indonesian and international financial markets. The Company's overall risk management objectives are to effectively manage these risks and minimize potential adverse effects on its financial performance. The Directors review and agree with the policies for managing each of these risks, as well as economic risks and business risks of the Company, which are summarized below, and also monitors the market price risks arising from all financial instruments.

a. <u>Foreign exchange rate risk</u>

   Foreign exchange rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to exchange rate fluctuations results primarily from cash in banks and trade payables in foreign currencies.

(Expressed in United States Dollar, unless otherwise stated)

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

b. Credit risk

The company exposure to the credit risk are primarily attributable to cash on hand and in banks, and receivables. The company deals with domestic reputable banks. The Company is exposed to credit risk arising from the credit granted to its customers. The Company trades only with recognized and creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. As of December 31, 2022, the Company's revenues are generated from Premiere Oil and Petronas, third parties. The Company's management believes that no credit risk with respect to those Companies because they are a very established company either in its financial performance or its operations. Since the revenue only generated from those companies, if the capability of the customers to pay for the services it obtained from the Company is affected by changes in their operations, the Company will have to deal with this risk, which can become more serious, with those companies are the only Company's customers. Until the date of completion of the financial statements, the Company is under certain communication and negotiation with several oil companies that have interest in using Company's service.

c. Liquidity risk

The liquidity risk is defined as a risk when the cash flow position of the Company indicates that the short-term revenue is not sufficient to cover short-term expenditures. Prudent liquidity risk management implies maintaining sufficient cash on hand and in banks to support business activities on a timely basis.

In the management of liquidity risk, the Company monitors and maintains a level of liquidity adequate to finance the Company's operations and to mitigate the effects of fluctuation in cash flows. The Company also regularly evaluates the projected and actual cash flows. All of the Company's financial liabilities will mature within one year.

Capital Management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize stockholder value.

21. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES

As part of the PGS Group financing arrangements, Kroll Trustee Services Limited holds a floating charge over the undertaking and assets of the Company. The company is a guarantor for the US$738,000,000 Term Loan B and US$50,000,000 super senior loan as of December 31, 2022.

22. CHANGES IN LIABILITY ARISING FROM FINANCING ACTIVITY

	January 1, 2022	Cash Inflows	Cash Outflows	Reclassification	Others	December 31, 2022
Due to a shareholder	39,354,056	3,800,000	(5,045,000)	(9,147,706)	-	49,746,762
Total liabilities from financing activity	**39,354,056**	**3,800,000**	**(5,045,000)**	(9,147,706)	**-**	**49,746,762**

(Expressed in United States Dollar, unless otherwise stated)

22. CHANGES IN LIABILITY ARISING FROM FINANCING ACTIVITY (continued)

	January 1, 2021	Cash Inflows	Cash Outflows	Reclassification	Others	December 31, 2021
Due to a shareholder	60,859,534	750,000	(10,000,000)	-	(12,255,478)	39,354,056
Lease liability	8,467	-	(8,709)	-	242	-
Total liabilities from financing activity	**60,868,001**	**750,000**	**(10,008,709)**	**-**	**(12,255,236)**	**39,354,056**

Reclassification amounting to US$9,147,706 in 2022 is mainly consist of settlement of related party payable credited to due to a shareholder (Note 24).

Others amounting to US$12,255,236 in 2021 is consist of deduction of due to a shareholder credited to revenue (Note 24).

23. BUSINESS CONDITION AND GOING CONCERN MATTER

The Company has incurred loss for the year ended December 31, 2022 amounting to US$8,451,585 and reported an accumulated deficit and a net capital deficiency as of December 31, 2022 amounting to US$21,071,833 and US$20,516,940, respectively.

Management continues to monitor the situation, including the impact on both results of operations and cash flows. Additionally, management has taken several actions, among others:

1. The Company continues to monitor the development and recovery of the oil and gas industry and marketing efforts are underway to stimulate license round activity in 2023 that will lead to data sales.
2. The Company has reduced the operational and overhead cost base in line with market conditions.
3. The company will tender for new acquisition projects as they arise. In the meantime, the existing MultiClient data library continues to be monetized.
4. The company continues to assess the market and will tender for any work in the region at market rates.
5. Management has no plans to liquidate the Company as it still has ongoing commitment with the Ministry of Energy and Mineral Resources of the Republic of Indonesia to maintain and license the seismic data.
6. The Company has obtained a letter of support from PGS ASA. In this letter, PGS ASA confirms its intention and ability to provide financial support if and when requires by the Company to allow it to continue operating as a going concern and will not request for repayment of the loan.

The Company's management believes that the above plan will be effective. However, the Company's operation and result depend on the market condition, which are beyond the Company's control.

24. NON-CASH ACTIVITIES

	Year ended December 31,	
	2022	2021
Deduction of due to related parties credited to revenue	-	(12,255,478)
Settlement of related party payable credited to due to a shareholder	9,147,706	-

25. EVENTS AFTER REPORTING PERIODS

- In March 2023 the PGS Group completed a refinancing transaction, placing a new $450,000,000 senior secured bond with a 4-year tenor, which was used to repay part of the Group's Term Loan B. At the date of signing these accounts, the Company is a guarantor for the $450,000,000 senior secured bond, $138,000,000 Term Loan B and $50,000,000 super senior loan.

PGS

BOARD OF DIRECTORS' STATEMENT
REGARDING THE RESPONSIBILITY FOR THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022 AND FOR THE YEAR THEN ENDED
PT PETROPRIMA GEO SERVIS NUSANTARA

On behalf of the Board of Directors, I, the undersigned:

Name	: Risman Setia Putra
Office address	: Pondok Indah Office Tower 3, 17th Floor Jl. Sultan Iskandar Muda Kav. V-TA, Pondok Indah, Jakarta Selatan 12310.
Domicile Address	: Gg. Aki Marhadi No.43/203D Moch. Toha Bandung.
Telephone number	: 0811 864 021
Title	: Director

Declare that:

1. The Board of Directors are responsible for the preparation and presentation of the financial statements of PT Petroprima Geo Servis Nusantara;
2. The financial statements of PT Petroprima Geo Servis Nusantara have been prepared and presented in accordance with Indonesian Financial Accounting Standards;
3. a. All information in the financial statements of PT Petroprima Geo Servis Nusantara have been fully disclosed in a complete and truthful manner; and

   b. The financial statements of PT Petroprima Geo Servis Nusantara do not contain any incorrect information or material fact, nor do they omit any information or material fact;
4. The Board of Directors are responsible for the internal control system of PT Petroprima Geo Servis Nusantara.

This statement is made truthfully.

For and on behalf of the Board of Directors

Jakarta,20 November , 2023

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SEPULUH RIBU RUPIAH
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Risman Setia Putra
Director

Building a better
working world

Purwantono, Sungkoro & Surja

Indonesia Stock Exchange Building
Tower 2, 7th Floor
Jl. Jend. Sudirman Kav. 52-53
Jakarta 12190, Indonesia

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Independent Auditor's Report

Report No. 02375/2.1032/AU.1/02/1175-7/1/XI/2023

The Shareholders, the Commissioner, and the Board of Directors
PT Petroprima Geo Servis Nusantara

Opinion

We have audited the accompanying financial statements of PT Petroprima Geo Servis Nusantara (the "Company"), which comprise the statement of financial position as of December 31, 2022, and the statement of profit or loss and other 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 accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, and its financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants ("IICPA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements paragraph of our report. We are independent of the Company in accordance with the ethical requirements relevant to our audit of the financial statements in Indonesia, and we have fulfilled our other ethical responsibilities in accordance with such requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Indonesian Financial Accounting Standards, 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.

Responsibilities of management and those charged with governance for the financial statements (continued)

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements taken as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent 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 Standards on Auditing established by the IICPA 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 Standards on Auditing established by the IICPA, we exercise professional judgment and maintain professional skepticism 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 such 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 override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditor's Report (continued)

Report No. 02375/2.1032/AU.1/02/1175-7/1/XI/2023 (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with Standards on Auditing established by the IICPA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also: (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our independent auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

KAP Purwantono, Sungkoro & Surja

Tjoa Tjek Nien, CPA
Public Accountant Registration No. AP.1175

November 20, 2023

02375

Annex 9b

PT Petroprima Geo Services Nusantara Annual Report 2021

PT PETROPRIMA GEO SERVIS NUSANTARA
STATEMENT OF FINANCIAL POSITION
As of December 31, 2021
(Expressed in United States Dollar, unless otherwise stated)

	Notes	December 31, 2021	December 31, 2020
ASSETS			
CURRENT ASSETS			
Cash on hand and in banks	4,20	4,351,694	6,834,369
Trade receivables	5,16,20	3,850	2,536,875
Due from related parties	13,20	4,200	-
Contract assets	6,16,20	-	1,709,402
Prepaid taxes	14a	9,090,339	9,182,056
Other current assets	7,20	3,390	7,640
TOTAL CURRENT ASSETS		**13,453,473**	**20,270,342**
NON-CURRENT ASSETS			
Right-of-use assets - net	8	-	8,652
MultiClient library - net	9	16,062,414	29,894,586
TOTAL NON-CURRENT ASSETS		**16,062,414**	**29,903,238**
TOTAL ASSETS		**29,515,887**	**50,173,580**

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

PT PETROPRIMA GEO SERVIS NUSANTARA
STATEMENT OF FINANCIAL POSITION (continued)
As of December 31, 2021
(Expressed in United States Dollar, unless otherwise stated)

	Notes	December 31, 2021	December 31, 2020
LIABILITIES AND CAPITAL DEFICIENCY			
CURRENT LIABILITIES			
Trade payables	10, 13,20	2,573	49,148
Taxes payable	14b	697,646	50,461
Accrued expenses	11,20	1,526,967	3,324,604
Due to a shareholder	13,20	39,354,056	60,859,534
Lease liabilities	12,21	-	8,467
TOTAL CURRENT LIABILITIES		**41,581,242**	**64,292,214**
CAPITAL DEFICIENCY			
Share capital - par value Rp1,000,000 per share authorized, issued and fully paid - 4,675 shares	15	553,907	553,907
Deficit		(12,620,248)	(14,673,527)
Other comprehensive income		986	986
NET CAPITAL DEFICIENCY		**(12,065,355)**	**(14,118,634)**
TOTAL LIABILITIES NET OF CAPITAL DEFICIENCY		**29,515,887**	**50,173,580**

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

PT PETROPRIMA GEO SERVIS NUSANTARA
STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
For the year ended December 31, 2021
(Expressed in United States Dollar, unless otherwise stated)

	Notes	Year ended December 31, 2021	Year ended December 31, 2020
REVENUES	16	18,598,352	48,960,497
COST OF REVENUES	13,17	(14,004,429)	(40,328,135)
GROSS PROFIT		**4,593,923**	**8,632,362**
General and administrative expenses	13,18	(151,210)	(116,132)
Other operating (expense) income - net	19	(356,225)	(136,350)
PROFIT FROM OPERATIONS		**4,086,488**	**8,379,880**
Finance income		2,965	4,525
Finance charges		(2,065)	(10,894)
PROFIT BEFORE INCOME TAX EXPENSE		**4,087,388**	**8,373,511**
INCOME TAX EXPENSE	14c,14d	(2,034,109)	(996,432)
PROFIT FOR THE YEAR		**2,053,279**	**7,377,079**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**2,053,279**	**7,377,079**

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

PT PETROPRIMA GEO SERVIS NUSANTARA
STATEMENT OF CHANGES IN CAPITAL DEFICIENCY
For the year ended December 31, 2021
(Expressed in United States Dollar, unless otherwise stated)

	Note	Issued and fully paid share capital	Deficit	Other comprehensive income	Net capital deficiency
Balance as of January 1, 2020	15	**553,907**	**(22,050,606)**	**986**	**(21,495,713)**
Profit for the year		-	7,377,079	-	7,377,079
Balance as of December 31, 2020	15	**553,907**	**(14,673,527)**	**986**	**(14,118,634)**
Profit for the year		-	2,053,279	-	2,053,279
Balance as of December 31, 2021	15	**553,907**	**(12,620,248)**	**986**	**(12,065,355)**

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

PT PETROPRIMA GEO SERVIS NUSANTARA
STATEMENT OF CASH FLOWS
For the year ended December 31, 2021
(Expressed in United States Dollar, unless otherwise stated)

	Notes	Year ended December 31, 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		10,585,301	29,211,286
Payments to suppliers and employees		(3,808,913)	(5,273,961)
Proceeds from interest income		2,965	4,525
Payment for finance charges		(2,065)	(10,894)
Net cash provided by operating activities		**6,777,288**	**23,930,956**
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition of MultiClient library	9,24	-	(525,907)
Net cash used in investing activities		**-**	**(525,907)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from due to a shareholder	13a	750,000	225,000
Repayments of due to a shareholder	13a	(10,000,000)	(20,060,000)
Payments of lease during the year	12	(8,709)	(19,161)
Net cash used in financing activities		**(9,258,709)**	**(19,854,161)**
NET INCREASE (DECREASE) IN CASH ON HAND AND IN BANKS		**(2,481,421)**	**3,550,888**
NET EFFECT OF CHANGES IN EXCHANGE RATES ON CASH ON HAND AND IN BANK		**(1,254)**	**(3,430)**
CASH ON HAND AND IN BANKS AT BEGINNING OF YEAR	4	**6,834,369**	**3,286,911**
CASH ON HAND AND IN BANKS AT END OF YEAR	4	**4,351,694**	**6,834,369**

Supplementary information on non-cash transactions are disclosed in Note 24

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

(Expressed in United States Dollar, unless otherwise stated)

1. GENERAL

PT Petroprima Geo Servis Nusantara (the "Company") located in Jakarta was initially established within the framework of the domestic investment law, based on Notarial Deed No. 339 dated June 29, 1995 of Adam Kasdarmadji, S.H. This deed of establishment was approved by the Minister of Justice in its Decision Letter No. C2-12.271 HT.01.01 Th.95 dated September 29, 1995. On February 28, 2002, the Company obtained approval from the Capital Investment Coordinating Board (BKPM) based on its Decision Letter No. 13/V/PMA/2002 to change its status into a Foreign Capital Investment Company.

The Company's Articles of Association has been amended several times, the latest amendment was based on Notarial Deed No. 15 of Ida Murtamsa Salim, S.H., M.Kn., on November 27, 2020 wherein the shareholders in their circular resolution changed the Company's intent and objective and also the Company's business activities. The amendment was approved by the Ministry of Laws and Human Rights in its decision letter No. AHU-0079552.AH.01.02.2020 dated November 27, 2020.

According to Article 3 of the Company's Articles of Association, the scope of its activities comprises of services in oil and gas such as formation, testing, evaluation, hydrology survey, seismic survey, and seismic data processing. The Company is domiciled in Pondok Indah Tower 3, 17th floor, unit M56 Jalan Sultan Iskandar Muda, Kav. V-TA Jakarta 12310 Indonesia. The Company started its commercial operations in 1995.

The Company's Commissioner and Board of Directors as of December 31, 2021 and 2020 are as follows:

Commissioner	Mr. Robert James Adams

Board of Directors

President Director	Mr. Orjan Myvold
Director	Mr. Gottfred Langseth
Director	Mr. Risman Setia Putra

As of December 31, 2021, and 2020, the Company has a total of nil and 2 permanent employees (unaudited), respectively.

Petroleum Geo-Services ASA ("PGS ASA"), incorporated in Norway, is the direct and ultimate parent of the Company.

The management of the Company is responsible for the preparation and presentation of the accompanying financial statements which were completed and authorized for issuance by the Board of Directors on February 21, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of the financial statements

The financial statements have been prepared in accordance with Indonesian Financial Accounting Standards ("SAK"), which comprise the Statements of Financial Accounting Standards ("PSAK") and Interpretations of Statements Financial Accounting Standards ("ISAK") issued by the Board of Financial Accounting Standards ("DSAK") of the Indonesian Institute of Accountants.

The financial statements have been prepared using the accrual basis, except for the statement of cash flows, and the measurement basis used is historical cost, except for certain accounts which are measured on the bases as described in the relevant Notes herein.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Basis of preparation of the financial statements (continued)

The statement of cash flows presents receipts and payments classified into operating, investing and financing activities using the direct method.

The reporting currency used in the preparation of the financial statements is the United States Dollar ("US$"), which is also the Company's functional currency.

b. Adoption of amendments and improvements to PSAK, New PSAK and ISAK

The Adoption of amendments and improvements to PSAK, New PSAK and ISAK did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years:

a) Amendments to PSAK 55, PSAK 60, PSAK 62, PSAK 71 and PSAK 73 - Interest Rate Benchmark Reform (Phase 2)

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the (interest rate benchmark) reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

b) 2021 Annual Improvements

The following summary provides information on the annual improvements of PSAKs that are effective for annual periods beginning on or after January 1, 2021. The annual improvements of PSAK are basically a set of narrow scope amendments that provide clarification so that there are no significant changes to existing principles or new principles.

- PSAK 1: Presentation of Financial Statements, some changes regarding consideration made by management in the process of applying accounting policies that significantly affect the amounts they recognize in the financial statements.
- PSAK 13: Investment Property, regarding disclosure of applying fair value model has been deleted.
- PSAK 48: Impairment of Assets, regarding the scope of impairment of assets and deletion of the difference with IFRS in IAS 36 paragraph 04(a).
- PSAK 66: Joint Arrangement, Regarding adjustments in paragraphs 25, PP11, PP33A(b) and its footnotes, C12 and C14 regarding reference to PSAK 71: Financial instruments.
- ISAK 16: Service concession arrangement, regarding adjustment in several paragraphs in illustrative example to be consistent with PSAK 72: Revenue from Contracts with Customers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Transactions with related parties

The Company has transactions with related parties as defined in PSAK 7 (Revised 2010), “related party disclosures”.

All significant transactions and balances of the Company with related parties are disclosed in note 13 to the financial statements.

d. Cash on hand and in banks

Cash on hand and in banks represent cash on hand and in banks that are neither used as collateral nor restricted.

e. MultiClient library

MultiClient library acquired separately is measured on initial recognition at cost. Following initial recognition, MultiClient library is carried at cost less accumulated amortization and accumulated impairment.

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 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.

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 value of the project.

f. Impairment of non-financial assets

At the end of each reporting period, the Company reviews whether there is any indication of an asset impairment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Impairment of non-financial assets (continued)

The carrying amount of non-financial assets 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.

For the 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 that the net book value of survey exceeds its recoverable amount, an impairment is recorded in the amount of the excess.

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.

An impairment charge is recognized whenever the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment charges reduce the carrying amount of the other assets in the unit on a pro-rata basis.

An impairment charge is reversed if the circumstances that gave rise to the impairment no longer exist, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have existed had no impairment had been recognized.

g. Revenues and expenses recognition

Revenue from contracts with customers arise primarily from (i) performance of proprietary or 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, consideration is allocated among the performance obligations based on their estimated relative stand-alone selling prices.

Amounts received from customers in advance of the Company satisfying its performance obligations are recorded as contract liability. 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.

In the rare event where 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 no longer exists.

Where the Company have satisfied its performance obligations and has a right to consideration, a contract asset is recognized.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Revenues and expenses recognition (continued)

Sales of MultiClient library data

MultiClient Late sales licenses
The Company grants a license to a customer which entitles the customer to have “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 the right to access the licensed portion of the data.

MultiClient Pre-funding licenses
The Company 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 “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 PSAK 72.

MultiClient Pre-funding licenses
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 the Company 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 the Company.

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

Expense

Expenses are recognized when incurred on an accrual basis.

h. Foreign currency balances and transactions

Transactions involving other currencies other than US Dollar are recorded in US Dollar at the rates of exchange prevailing at the time the transactions are made. At the reporting date, monetary assets and liabilities denominated in currencies other than US Dollar are adjusted to US Dollar. The resulting gains or losses are credited or charged to current year.

The exchange rates used to translate the monetary assets and liabilities as of December 31, 2021 and 2020 are as follows:

	2021	2020
1000 Rupiah/US Dollar (US$)	0.07008	0.06889
1 SGD/US Dollar (US$)	0.73823	0.72533

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Taxation

Current Income Tax

Current tax asset (liability), which is determined as the amount of the expected refund from (or payable to) the tax authorities, is calculated using tax rates (and tax laws) that have been enacted at the reporting date.

Management periodically evaluates the amount reported in the Annual Tax Return ("SPT") in relation to the circumstances in which the applicable tax regulations are subject to interpretation and if necessary, the management will calculate the amount of provision that may arise.

Deferred Tax

Deferred tax is recognized using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amount for reporting purposes at the end of the reporting period.

Deferred tax assets and liabilities are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that can be utilized. The carrying amount of deferred tax assets and liabilities are reviewed at each end of the reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax is charged to or credited in profit or loss, except when it relates to items charged to or credited directly in equity, in which case the deferred tax is also charged to or credited directly in equity.

Deferred tax assets and liabilities can be offset if, and only if, 1) there is a legally enforceable right to offset the current tax assets and liabilities and 2) the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

j. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Accounts receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under PSAK 72.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Company only has financial assets measured at amortized cost (debt instruments).

Financial assets at amortized cost (debt instruments)

The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Financial instruments (continued)

Financial assets at amortized cost (debt instruments) (continued)

Financial assets at amortized cost are subsequently measured using the effective interest (“EIR”) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company’s financial assets at amortized cost includes cash on hand and in banks accounts trade receivables, contract assets, and due from related parties.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company’s statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement.

In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company recognizes an allowance for ECL for all debt instruments not held at fair value through profit or loss. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Financial instruments (continued)

Financial assets at amortized cost (debt instruments) (continued)

For trade receivables, the Company applies a simplified approach in calculating ECL. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company’s financial liabilities include trade payables, accrued expenses, lease liabilities, and due to a shareholder.

Company only has financial liabilities which are classified as loans and borrowings.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss and other comprehensive income.

Derecognition

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 or loss and other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Financial instruments (continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

l. Lease

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 period of time in exchange for consideration.

The 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 recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. 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, as follows:

	Years
Office space	1-2

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section Impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l. Lease (continued)

The Company as a Lessee (continued)

ii) Lease liabilities (continued)

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) 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 recognized as expense on a straight-line basis over the lease term.

m. New standards, amendments and interpretations issued but not yet effective

The following are several issued accounting standards by the Indonesian Financial Accounting Standards Board ("DSAK") that are considered relevant to the financial reporting of the Company but not yet effective for the current year financial statements, are disclosed below:

<u>Effective beginning on or after January 1, 2022</u>

- Amendments to PSAK 57: Provisions, Contingent Liabilities, and Contingent Assets regarding Aggravating Contracts - Contract Fulfillment Costs

  This amendment clarifies the cost of fulfilling a contract in relation to determining whether a contract is a burdensome contract.

  The amendments to PSAK 57 provide that costs to fulfill a contract comprise of costs that are directly related to the contract. Costs that are directly related to the contract consist of:
  1. incremental costs to fulfill the contract, and
  2. allocation of other costs that are directly related to fulfilling the contract.

  An entity shall apply those amendments to contracts existing at the beginning of the annual reporting period in which the entity first applies the amendments (the date of initial application). The entity shall not restate comparative information. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application. Earlier application is permitted.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m. New standards, amendments and interpretations issued but not yet effective (continued)

Effective beginning on or after January 1, 2022 (continued)

- 2020 Annual Improvements - PSAK 71: Financial Instruments

  This improvements clarifies the fees that are recognized by the borrower in relation to derecognition of financial liabilities. In determining the fee to be paid after deducting the fee received, the borrower only includes the fees paid or received between the borrower and lender, including fees paid or received by either the borrower or lender on other's behalf.

  An entity applies the improvements 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. Earlier application is permitted.

- 2020 Annual Improvements - PSAK 73: Leases

  The amendment to Illustrative Example 13 accompanying PSAK 73 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

  The amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted but not expected to have any impact to the financial reporting of the Group upon first-time adoption.

Effective beginning on or after January 1, 2023

- Amendment of PSAK 1: Presentation of financial statement - Disclosure of accounting policies

  This amendment provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendment 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 are effective on or after 1 January 2023 with earlier application permitted. The Company is currently assessing the impact of the amendment to determine the impact they will have on the Company's accounting policy disclosures.

- Amendment of PSAK 25: Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates

  The amendment introduces a definition of 'accounting estimates' and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m. New standards, amendments and interpretations issued but not yet effective (continued)

Effective beginning on or after January 1, 2023 (continued)

- Amendment of PSAK 25: Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates (continued)

  The amendments are effective 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. The Company is currently assessing the impact of the amendment to determine the impact they will have on the Company's financial reporting.

- Amendments to PSAK 16: Fixed Assets - Proceeds before Intended Use

  The amendment is effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the financial reporting of the Company.

Effective beginning on or after January 1, 2025

- PSAK 74: Insurance Contracts

  A comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure, upon its effective date, PSAK 74 will replace PSAK 62: Insurance Contracts. PSAK 74 applies to all types of insurance contracts, life, non-life, direct insurance and re-insurance, regardless of the entities issuing them, as well as to certain guarantees and financial instruments with discretionary participation features, while a few scope exceptions will apply. The overall objective of PSAK 74 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers.

  PSAK 74 is effective for reporting periods beginning on or after 1 January 2025, with comparative figures required. Early application is permitted, provided the entity also applies PSAK 71 and PSAK 72 on or before the date of initial application of PSAK 74. This standard is not expected to have any impact to the financial reporting of the Company upon first-time adoption.

3. MANAGEMENT USE OF JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset and liability affected in future periods.

Judgments

The following judgments are made by management in the process of applying the Company's accounting policies that have the most significant effects on the amounts recognized in the financial statements:

Determination of functional currency

The functional currency is the currency of the primary economic environment in which the Company operates. The management considered the currency that mainly influences the revenue and cost of rendering services and other indicators in determining the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. Management determined that the functional currency of the Company is the United States Dollar.

Classification of financial assets and financial liabilities

The Company determines the classifications of certain assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set forth in PSAK 71. Accordingly, the financial assets and financial liabilities are accounted for in accordance with the Company's accounting policies disclosed in Note 2k.

Uncertain tax exposure

In certain circumstances, the Company, may not able to determine the exact amount of its current or future tax liabilities due to possibility of examination by the taxation authority. Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. In determining the amount to be recognized in respect of an uncertain tax liability, the Company applies judgment and estimates in determining the amount of liabilities to be recognized in accordance with ISAK 34, "Uncertainty over Income Tax Treatment".

The Company analyzes all tax positions related to income taxes to determine if a tax liability for unrecognized tax expense should be recognized. Where the final tax outcome of these matters is different from the amounts that were initially recognized, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The Company's carrying amount of income taxes payable are disclosed in Note 14b.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below. The Company based its estimates and assumptions on parameters available when the financial statements were prepared.

Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Company. Such changes in the assumptions are reflected when they occur.

(Expressed in United States Dollar, unless otherwise stated)

3. MANAGEMENT USE OF JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and Assumptions (continued)

Impairment of MultiClient library

Impairment test is performed when certain impairment indicators are present. Management has to use its judgment in estimating the recoverable value and determining if there is any indication of impairment.

Lease term of contracts with renewal and termination options - the Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease or not. The Company considers all relevant factors that create an economic incentive for them to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Deferred tax assets

Significant management estimates are required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the amount of future taxable profits together with future tax planning strategies.

4. CASH ON HAND AND IN BANKS

	December 31, 2021	December 31, 2020
Cash on hand	-	73
Cash in banks		
Rupiah	99,005	4,952
US Dollar	4,252,689	6,829,344
Total	**4,351,694**	**6,834,369**

As of December 31, 2021 and 2020, none of the Company's cash on hand and in banks are pledged as collateral or restricted in use.

5. TRADE RECEIVABLES

	December 31, 2021	December 31, 2020
Third parties (Note 16)	3,850	2,536,875
Total	**3,850**	**2,536,875**

No allowance for impairment loss has been provided as management believe that all of the trade receivables are fully collectible.

(Expressed in United States Dollar, unless otherwise stated)

6. CONTRACT ASSETS

	December 31, 2021	December 31, 2020
North Sumatra	-	1,544,096
West Timor	-	165,306
Total	**-**	**1,709,402**

Contract assets represents the unbilled revenue recognized from licensing and sales which has been completed in 2021.

7. OTHER CURRENT ASSETS

	December 31, 2021	December 31, 2020
Security deposit	3,390	3,440
Other receivables	-	4,200
Total	**3,390**	**7,640**

8. RIGHT-OF-USE ASSETS

The carrying amounts of right-of-use asset recognized and the movement during the year are as follow:

	December 31, 2021	December 31, 2020
Office premises		
Beginning balance	8,652	29,417
Depreciation charged during the year	(8,652)	(20,765)
Total	**-**	**8,652**

9. MULTICLIENT LIBRARY

	December 31, 2021	December 31, 2020
Balance at beginning of year	**29,894,586**	**67,570,470**
Acquisition cost	-	2,153,107
Less:		
Amortization (Note 17)	(9,566,905)	(35,665,231)
Accelerated Amortization (Note 17)	(1,682,733)	-
Impairment (Note 17)	(2,582,534)	(4,163,760)
Balance at end of year	**16,062,414**	**29,894,586**

Accelerated amortization recognized in the event that MultiClient library is realized disproportionately within the related survey's 4 years useful life. During the year, the Company recorded accelerated amortization amounting to US$1,682,733 arising from North Sumatra Project.

(Expressed in United States Dollar, unless otherwise stated)

9. MULTICLIENT LIBRARY (continued)

At the end of reporting, the Company assessed the recoverable amount of MultiClient library based on its value in use at the level of CGU since its fair value less cost to sale cannot be determined. In determining the value in use, the projected cash flow was discounted at the rate of 11.70% and 11.77% as of December 31, 2021 and 2020, respectively.

Amortization, accelerated amortization, and impairment of MultiClient library are recognized in the statement of profit or loss and other comprehensive income.

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

	December 31, 2021	December 31, 2020
Completed survey	16,062,414	20,872,107
Surveys in progress	-	9,022,479
Total	**16,062,414**	**29,894,586**

One percent change in the assumed discount rate would have the following effects of increase (decrease) in impairment loss:

	December 31, 2021	December 31, 2020
Decrease 1% in discount rate	(68,879)	(197,702)
Increase 1% in discount rate	66,795	191,824

10. TRADE PAYABLES

	December 31, 2021	December 31, 2020
Third parties	2,573	47,904
Related parties	-	1,244
Total	**2,573**	**49,148**

11. ACCRUED EXPENSES

	December 31, 2021	December 31, 2020
Tax underpayment and penalty	1,418,738	2,996,870
Commissions fees	70,197	289,646
Professional fees	38,032	38,088
Total	**1,526,967**	**3,324,604**

(Expressed in United States Dollar, unless otherwise stated)

12. LEASE LIABILITY

The carrying amounts of lease liability and the movements during the year are as follows:

	December 31, 2021	December 31, 2020
Beginning balance	8,467	-
Transition adjustment	-	25,983
Interest accretion	242	1,645
Payments	(8,709)	(19,161)
Ending balance	**-**	**8,467**

Principal payment of lease liabilities made by the Company during the year is amounting to US$8,709. The interest expense recognized in the Company's profit or loss for the year ended December 31, 2021 is amounting to US$242.

13. RELATED PARTY TRANSACTIONS AND BALANCES

The Company, in the normal course business, has trade, management services and financial transactions with related parties at terms and condition as agreed by both parties.

Balances arising from transactions with related parties are as follow:

	December 31, 2021	December 31, 2020
Due from a related party		
Petroleum Geo-Services Asia Pacific Pte. Ltd	4,200	-
Trade payable		
Petroleum Geo-services Exploration (M) Sdn Bhn	-	1,244
Due to a shareholder		
PGS ASA	39,354,056	60,859,534

Due from related parties and due to a shareholder are unsecured, non-interest bearing, and payable on demand.

Expenses arising from transactions with related parties amounting to nil and US$129,452 in 2021 and 2020, respectively, are recorded as part of "Vessel operating cost" under cost of revenue in the statement of profit or loss and other comprehensive income.

In the operational activities, the Company has several key management personnel consisting of a Commissioner and Board of Directors. The benefits paid to the key management personnel amounting to US$46,099 and US$45,365 for the years ended December 31, 2021 and 2020, respectively.

The details of related party and its nature of relationship are as follows:

Company	Nature of relationship
PGS ASA	Shareholder of the Company
PGS Geophysical AS	Shareholder of the Company
Petroleum Geo-Services Asia Pacific Pte. Ltd.	Entity under common control
Petroleum Geo-Services Exploration (M) Sdn Bhd	Entity under common control

(Expressed in United States Dollar, unless otherwise stated)

14. TAXATION

a. Prepaid taxes

	December 31, 2021	December 31, 2020
Income tax		
Article 23	-	129,453
Article 26	638,818	638,444
Value added tax	8,451,521	8,414,159
Total	**9,090,339**	**9,182,056**

b. Taxes payable

	December 31, 2021	December 31, 2020
Income taxes:		
Article 4(2)	178	353
Article 21	489	224
Article 23	35,947	-
Article 25	154,755	-
Article 26	-	92
Article 29	460,175	2,529
Final tax:		
Article 15	46,102	47,263
Total	**697,646**	**50,461**

c. Reconciliation between profit (loss) before income tax as shown in the statement of profit or loss and other comprehensive income and taxable income (loss) is as follows:

	Year ended December 31,	
	2021	2020
Profit before income tax	4,087,388	8,373,511
Permanent differences		
Non deductible expenses	359,208	63,783
Interest income net of final tax	(2,965)	(4,525)
Interest expenses	145	-
Temporary differences	4,802,174	4,163,759
Estimated taxable income - current year	9,245,950	12,596,528
Tax loss carried-forward	-	(8,067,294)
Taxable income	**9,245,950**	**4,529,234**
Current tax with prevailing tax rate		
22%	2,034,109	996,432
Prepayment of income taxes		
Article 23	(230,195)	(993,903)
Article 25	(1,188,984)	
Corporate income tax payable	**614,930**	**2,529**

(Expressed in United States Dollar, unless otherwise stated)

14.TAXATION

d. Reconciliation between profit (loss) before income tax expense multiplied by the maximum marginal tax rate and corporate income tax expense is as follows:

	Year ended December 31,	
	2021	**2020**
Profit before income tax	4,087,388	8,373,511
Tax benefit (expense) based on applicable tax rates	899,225	1,842,173
Tax effects on the permanent differences:		
Non deductible expenses	79,026	14,032
Interest income net of final tax	(652)	(995)
Interest expenses	32	-
Unrecognized of unrecoverable deferred tax	1,056,478	916,027
Utilization of tax loss carried-forward	-	1,774,805
Tax expense	**2,034,109**	**996,432**

e. Deferred tax assets

The Company did not recognize deferred tax assets amounting to US$1,056,478 and US$916,027, in 2021 and 2020, respectively, arising from multiclient library. The Company did not recognize those deferred tax assets due to the uncertainty of its recoverability in the future since the Company have not had enter to any seismic projects in 2021 and in the near future the activity level is low and income is difficult to predict.

15. SHARE CAPITAL

The composition of share capital ownership as of December 31, 2021 and 2020 is as follows:

Shareholders	Number of shares	Percentage of ownership	Issued and fully paid share capital
PGS ASA	4,366	93.40%	517,805
PT Srikandi Investasi Utama	264	5.64%	30,820
PGS Geophysical AS	45	0.96%	5,282
Total	**4,675**	**100%**	**553,907**

(Expressed in United States Dollar, unless otherwise stated)

16. REVENUES

Revenues related to sale of seismic data and related services.

	Year ended December 31,	
	2021	2020
MultiClient late sales	18,598,352	5,199,221
MultiClient pre-funding	-	43,761,276
Total	**18,598,352**	**48,960,497**

Balances related to customer contracts consist of the following:

	December 31, 2021	December 31, 2020
Trade receivables (Note 5)	3,850	2,536,875
Contract assets	-	1,709,402
Total assets from contracts with customers	**3,850**	**4,246,277**

Contract assets is initially recognized for revenue earned, but not yet invoiced. This is generally related to contract where the condition to invoice is not yet satisfied.

Performance Obligations

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.

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 in 30 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 is recognized when the Company has an enforceable right to receive the additional payment.

17. COST OF REVENUES

	Year ended December 31,	
	2021	2020
Amortization of MultiClient library (Note 9)	9,566,905	35,665,231
Impairment of MultiClient library (Note 9)	2,582,534	4,163,760
Accelerated Amortization of MultiClient library (Note 9)	1,682,733	-
Vessel operating cost	165,769	450,105
Others	6,488	49,039
Total	**14,004,429**	**40,328,135**

(Expressed in United States Dollar, unless otherwise stated)

18. GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended December 31,	
	2021	**2020**
Professional fees	124,086	85,281
Office rental	11,779	-
Depreciation right-of-use asset (Note 8)	8,652	20,765
Others	6,693	10,086
Total	**151,210**	**116,132**

19. OTHER OPERATING INCOME (EXPENSE)

	Year ended December 31,	
	2021	**2020**
Tax expenses and penalty	(350,420)	(57,176)
Gain (loss) on foreign exchange, net	(4,493)	(71,623)
Others	(1,312)	(7,551)
Total	**(356,225)**	**(136,350)**

20. FINANCIAL INSTRUMENTS

As of December 31, 2021, and 2020, the carrying amounts of financial assets and liabilities approximate their fair value as follows:

1. Cash on hand and in banks, due from related party, trade receivables and contract asset

   All of the above financial assets are due within 12 months, thus the carrying values of the financial assets approximate their fair values.

2. Trade payables, other payables, accrued expenses and due to a shareholder

   All of the above financial liabilities are due within 12 months, thus the carrying values of the financial liabilities approximate their fair values.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Company's financial instruments are foreign exchange rate risk, credit risk and liquidity risk. The importance of managing these risks has significantly increased in light of the considerable change and volatility in both Indonesian and international financial markets. The Company's overall risk management objectives are to effectively manage these risks and minimize potential adverse effects on its financial performance. The Directors review and agree with the policies for managing each of these risks, as well as economic risks and business risks of the Company, which are summarized below, and also monitors the market price risks arising from all financial instruments.

a. Foreign exchange rate risk

Foreign exchange rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to exchange rate fluctuations results primarily from cash in banks and trade payables in foreign currencies.

b. Credit risk

Credit risk is the risk that a party to a financial instrument will fail to discharge its obligation and will result in a financial loss to the other party. The Company is exposed to credit risk arising from the credit granted to its customers. The Company trades only with recognized and creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. As of December 31, 2021, the Company's revenues are generated from Premiere Oil, ENI Indonesia, and Petronas, a third parties. The Company's management believes that no credit risk with respect to those Companies because they are a very established company either in its financial performance or its operations. Since the revenue only generated from those companies, if the capability of the customers to pay for the services it obtained from the Company is affected by changes in their operations, the Company will have to deal with this risk, which can become more serious, with those companies are only Company customers. Until the date of completion of the financial statements, the Company is under certain communication and negotiation with several oil companies that have interest in using Company's service.

c. Liquidity risk

The liquidity risk is defined as a risk when the cash flow position of the Company indicates that the short-term revenue is not enough to cover short-term expenditures. Prudent liquidity risk management implies maintaining sufficient cash on hand and in banks to support business activities on a timely basis.

In the management of liquidity risk, the Company monitors and maintains a level of liquidity adequate to finance the Company's operations and to mitigate the effects of fluctuation in cash flows. The Company also regularly evaluates the projected and actual cash flows. All of the Company's financial liabilities will mature within one year.

Capital Management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize stockholder value.

(Expressed in United States Dollar, unless otherwise stated)

22. CHANGES IN LIABILITY ARISING FROM FINANCING ACTIVITY

	January 1, 2021	Cash Inflows	Cash Outflows	Reclassification	Others	December 31, 2021
Due to a shareholder	60,859,534	750,000	(10,000,000)	-	(12,255,478)	39,354,056
Lease liability	8,467	-	(8,709)	-	242	-
Total liabilities from financing activity	**60,868,001**	**750,000**	**(10,008,709)**	**-**	**(12,255,236)**	**39,354,056**

	January 1, 2020	Cash Inflows	Cash Outflows	Reclassification	Others	December 31, 2020
Due to a shareholder	79,067,334	225,000	(20,060,000)	1,627,200	-	60,859,534
Lease liability	25,983	-	(19,161)	-	1,645	8,467
Total liabilities from financing activity	**79,093,317**	**225,000**	**(20,079,161)**	**1,627,200**	**1,645**	**60,868,001**

Others amounting to US$12,255,236 in 2021 is mainly consist deduction of due to a shareholder credited to revenue (Note 24).

23. BUSINESS CONDITION AND GOING CONCERN MATTER

Despite generating a net profit of US$4,087,388 for the period ended December 31, 2021, the Company still reported an accumulated deficit and a net capital deficiency as of December 31, 2021 of US$12,620,248 and US$12,065,355, respectively. The global economy experienced a recovery in 2021, reflecting recovered economic activity in key energy markets coupled with an improved outlook for global energy demand. The ongoing global recovery from the Covid-19 pandemic to continue to drive a gradual demand improvement for seismic services. The Company expects a challenging market to continue into 2022, but the Company expects an increase of activity levels through 2022 and a gradual return to pre Covid-19 levels thereafter. However, the development of the Covid-19 virus strains will continue to affect the operations of the Company and the general market situation.

(Expressed in United States Dollar, unless otherwise stated)

23. BUSINESS CONDITION AND GOING CONCERN MATTER (continued)

Management continues to monitor the situation, including the impact on both results of operations and cash flows. Additionally, management has taken several actions, among others:

1. The Company continues to monitor the development and recovery of the oil and gas industry and marketing efforts are underway to stimulate license round activity in 2022 that will lead to data sales.
2. The Company has reduced the operational and overhead cost base in line with market conditions.
3. New multiclient acquisition projects (with low levels of prefunding) are on hold whilst the existing data library continues to be monetized.
4. The company continues to assess the market and will tender for any work in the region at market rates.
5. Management has no plans to liquidate the Company as it still has ongoing commitment with the Ministry of Energy and Mineral Resources of the Republic of Indonesia to maintain and license the seismic data.
6. The Company has obtained a letter of support from Petroleum Geo-Services ASA. In this letter, Petroleum Geo-Services ASA confirms its intention and ability to provide financial support if and when requires by the Company to allow it to continue operating as a going concern and will not request for repayment of the loan.

The Company's management believes that the above plan will be effective. However, the Company's operation and result depend on the market condition, which are beyond the Company's control.

24. NON-CASH ACTIVITIES

	Year ended December 31,	
	2021	**2020**
Deduction of due to shareholder credited to revenue	(12,255,478)	-
Addition of MultiClient library credited to due to a shareholder	-	1,627,200

25. EVENTS AFTER REPORTING PERIODS

- In accordance with Tax Regulations Harmonization Law, the general VAT rate changed from 10% to 11% effective on April 1, 2022. Subsequently, this shall increase to 12% effective on January 1, 2025.
- In August 2022, the Company and Premier Oil Andaman Limited signed a contract which the Company has to deliver data from 3D seismic survey in Andaman Sea.

26. OTHER MATTER

As of the date of completion of this financial statement, the Covid-19 virus has spread all over the world including Indonesia, that caused uncertainty in macroeconomic related to volatility in foreign exchange rates, prices and demand. Future developments may change due to market changes, inventory levels or other situations outside the control of the Company. Management will continue to monitor and overcome the risks and uncertainties regarding this matter in the future.

BOARD OF DIRECTORS' STATEMENT
REGARDING THE RESPONSIBILITY FOR FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021 AND FOR THE YEAR ENDED
PT PETROPRIMA GEO SERVIS NUSANTARA

On behalf of the Board of Directors, I, the undersigned:

Name	: Risman Setia Putra
Office address	: Pondok Indah Office Tower 3, 1`7th Floor, Jl, Sultan Iskandar Muda Kav. V TA, Jakarta 12310.
Domicile address	: Gg. Aki Marhadi No. 43/203D Moch. Toha Bandung.
Telephone number	: 0811 864 021
Title	: Director

declare that:

1. The Board of Directors are responsible for the preparation and presentation of the financial statements of PT Petroprima Geo Servis Nusantara;
2. The financial statements of PT Petroprima Geo Servis Nusantara have been prepared and presented in accordance with Indonesian Financial Accounting Standards;
3. a. All information contained in the financial statements of PT Petroprima Geo Servis Nusantara have been fully disclosed in a complete and truthful manner; and
   b. The financial statements of PT Petroprima Geo Servis Nusantara do not contain any incorrect information or material fact, nor do they omit any information or material fact;
4. The Board of Directors are responsible for internal control system of PT Petroprima Geo Servis Nusantara.

Thus, this statement is made truthfully.

For and on behalf of the Board of Directors

Jakarta, 21 February, 2023

Risman Setia Putra
Director

PT. Petroprima Geo Servis Nusantara
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Purwantono, Sungkoro & Surja

Indonesia Stock Exchange Building
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Jakarta 12190, Indonesia

Tel : +62 21 5289 5000
Fax: +62 21 5289 4100
ey.com/id

Independent Auditors' Report

Report No. 00091/2.1032/AU.1/02/1175-6/1/II/2023

The Shareholders, the Commissioner, and the Board of Directors
PT Petroprima Geo Servis Nusantara

We have audited the accompanying financial statements of PT Petroprima Geo Servis Nusantara, which comprise the statement of financial position as of December 31, 2021, and the statements of profit or loss and other comprehensive income, changes in capital deficiency, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of such financial statements in accordance with Indonesian Financial Accounting Standards, 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.

Auditors' responsibility

Our responsibility is to express an opinion on such financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether such financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditors' Report (continued)

Report No. 00091/2.1032/AU.1/02/1175-6/1/II/2023 (continued)

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PT Petroprima Geo Servis Nusantara as of December 31, 2021, and its financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

KAP Purwantono, Sungkoro & Surja

Tjoa Tjek Nien, CPA
Public Accountant Registration No. AP.1175

February 21, 2023

00091

Annex 10a

Multiklient Invest AS Annual Report 2022

MULTIKLIENT INVEST AS
The Board of Directors' Report 2022

Nature of the business
Multiklient Invest AS (the Company) is a wholly owned subsidiary of Petroleum Geo-Services AS and part of the PGS Group (PGS).

The Company owns and maintains an extensive multiclient data library, containing marine seismic data acquired worldwide. The seismic data is acquired and processed using PGS' seismic vessels and data processing capabilities. Seismic multiclient data offer oil and gas companies with cost effective solutions to explore identified development and production opportunities.

Multiklient Invest AS headquarters is located at Lilleaker in Oslo.

Equality, Health, Safety and Environment
As of December 31, 2022 the Company had no employees. The Company's Board of Directors consists of one woman and two men.

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

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

Incident	2022	2021
Fatalities	0	0
Lost time injuries	1	1
Restricted work-day cases	1	1
Medical treatment cases	1	1
High potential incidents	1	1

Our health and safety performance remained strong in 2022. A year where PGS' activity level (core fleet vessels and PGS offices) has increased from 3,6 million man-hours in 2021 to 3,9 million man-hours in 2022.

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

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

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

To turn the upward trend of the total recordable case frequency as well as maintain the low high-potential incident rate, the Group will revise and update the HSE training catalogue to be aligned with the current HSE focus areas and continue the efforts to build a fully digital HSE management system that enables insight through data analysis.

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

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

Sustainability

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

Going concern

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

Rescheduling of debt

Due to the dramatic negative market change caused by the Covid-19 pandemic, PGS renegotiated its main credit agreements to extend near-term debt maturities and amortization profiles to preserve liquidity. On February 2, 2021, a UK Scheme of Arrangement (the "Scheme") was sanctioned by an English court allowing the implementation of the financing transaction. With the transaction PGS extended its current near-term maturity and amortization profile under its RCF/TLB and ECF facilities by approximately two years. Further in 2022, PGS completed two equity increase, refer to finance section for further information. Together with the cost saving initiatives previously announced by PGS, the transactions strengthened PGS's liquidity profile in the current challenging operating environment.

Financial risk

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

Interest rate risk

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

Foreign exchange risk

The Company conducts business primarily in US dollars (USD), Euro and British pounds, and is therefore exposed to foreign exchange risk on cash flow related to revenues, operating expenses and financing and investment activities in other currencies than Norwegian kroner.

All long-term intercompany receivables and debt are denominated in USD.

The Company does not enter into foreign exchange contracts.

Credit risk

The Company's account receivables are mainly towards multinational integrated oil companies and large independent oil and gas companies, including companies which are fully or partly government owned. Credit risk exposure is managed through continuous credit assessment of our customers. We believe that our credit risk exposure is relatively limited due to the nature of our customer base, the long-term relationships we have with most of the customers, and the historically low level of loss on receivables.

Liquidity risk

The Company's cash and cash equivalents are included in the PGS' cash pool. The parent company maintains a sound debt structure and access to liquid funds.

Financial status

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

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

With improving cash flow generation, the Company expects to be able to manage repayment of the remainder of the Term Loan B in March 2024. However, should the market not develop as expected the Company may become unable to settle maturities or amortization on the agreed payment dates or breach a financial covenant in the main credit agreements. This would represent a default under the relevant agreements. In such a case, the Company may be able to continue without repayment or acceleration if it achieves a standstill agreement (or, in the case of a financial covenant breach, a waiver) from the relevant lenders, agent or lender group. Should a payment default or financial covenant breach continue without a standstill agreement or waiver, this would be an event of default under the relevant agreements.

Based on the year-end cash balance and available liquidity resources, and the various refinancing alternatives being assessed, it is the Board’s opinion that PGS has sufficient funding and liquidity to support Multiklient Invest AS operations.

Presentation of the financial statements and the Company’s development

The operating revenue was NOK 2,159.6 million in 2022 compared to NOK 1,926.8 million in 2021.
Net Income before tax was NOK 1,436.9 million compared to NOK 634.1 million in 2021.

The Company’s cash flow from operating activities was positive with NOK 1004.0 million in 2022 compared to NOK 534.8 million in 2021.

Amortization and impairment related to the multiclient data library was NOK 673.5 million in 2022, compared to NOK 1,109.5 million in 2021. Investments in the multiclient data library was NOK 663.4 million in 2022, compared to NOK 543.6 million in 2021.

Board of Directors

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

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

Market and outlook

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

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

From a very low level, the seismic market recovery started in 2021 when energy companies increased activity on nearfield exploration, exploration on existing licensed acreage and 4D reservoir optimization. The seismic contract business model normally serves these market segments. The contract market benefited from the higher activity and continued to improve in 2022. PGS has a solid market share in the 4D segment with its GeoStreamer offering, as well as steerable streamers and sources, enabling high data quality and precise replication of earlier 3D surveys and baseline 4D surveys.

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

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

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

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

Oslo, June 2nd, 2023

DocuSigned by: Rune Olav Pedersen 3ACC628408F5409...	DocuSigned by: Gottfred Langseth 3FF93C1EC860404...
Rune Olav Pedersen Chairperson	Gottfred Langseth Board member
DocuSigned by: Christin Steen-Nilsen 53F8F3970D684AF...	DocuSigned by: Berit Osnes BB9F24138D2E408...
Christin Steen-Nilsen Board member	Berit Osnes General Manager

Multiklient Invest AS
Financial Statements 2022

Income statement

Multiklient Invest AS

Values in mill. NOK	Note	2022	2021
Operating income and operating expenses			
Revenue	4	2 159,6	1 926,8
Total income		**2 159,6**	**1 926,8**
Depreciation and amortisation expenses	8	625,4	1 031,0
Impairment loss	8	48,1	78,5
Other expenses		194,5	192,7
Total expenses		**868,0**	**1 302,2**
Operating profit		**1 291,6**	**624,6**
Financial income and expenses			
Currency exchange gain (loss)		19,5	(5,4)
Other interest income (expense)		1,0	(0,4)
Other financial income (expense)		11,0	25,8
Intercompany interest income (expense)	7	113,9	(10,5)
Net financial items		**145,3**	**9,5**
Net profit before tax		1 436,9	634,1
Income tax expense	6	316,2	143,2
Net profit after tax		**1 120,7**	**490,9**
Net profit or loss		**1 120,7**	**490,9**
Other comprehensive income			
Items that will not be classified to profit and loss		-	-
Items that may be subsequently reclassed to profit and loss		-	-
Total other comprehensive income		**-**	**-**
Total comprehensive income		**1 120,7**	**490,9**
Attributable to			
Transferred to (from) other equity		1 120,7	490,9
Total		**1 120,7**	**490,9**

Balance sheet

Multiklient Invest AS

Values in mill. NOK	Note	2022	2021
Assets			
Non-current assets			
Intangible assets			
Multiclient data library	8	1 228,3	1 238,4
Total intangible assets		**1 228,3**	**1 238,4**
Total non-current assets		**1 228,3**	**1 238,4**
Current assets			
Debtors			
Accounts receivables		357,9	398,2
Other short-term receivables	9	514,7	236,7
Receivables from group companies	7	-	25,1
Total receivables		**872,6**	**660,1**
Cash and cash equivalents	5	121,0	79,6
Total current assets		**993,6**	**739,7**
Total assets		**2 221,9**	**1 978,2**

Balance sheet

Multiklient Invest AS

Values in mill. NOK	Note	2022	2021
Equity and liabilities			
Equity			
Paid-in capital			
Share capital	2	10,0	10,0
Other paid-in equity		596,0	596,0
Total paid-in equity		**606,0**	**606,0**
Other equity		381,2	381,5
Total shareholders equity		**987,2**	**987,6**
Liabilities			
Other non-current liabilities			
Non-current liabilities to group companies	7	154,4	572,6
Total non-current liabilities		**154,4**	**572,6**
Current liabilities			
Trade payables		58,7	3,1
Public duties payable		119,0	20,5
Liabilities to group companies	7	165,4	74,3
Other current liabilities	10	737,3	320,1
Total current liabilities		**1 080,3**	**418,0**
Total liabilities		**1 234,6**	**990,6**
Total equity and liabilities		**2 221,9**	**1 978,2**

Oslo, June 2nd, 2023
The board of Multiklient Invest AS

DocuSigned by:
Rune Olav Pedersen
3ACC628408F5409...
Rune Olav Pedersen
Chairman of the board

DocuSigned by:
Gottfred Langseth
3FF93C1EC860404...
Gottfred Langseth
Member of the board

DocuSigned by:
Christin Steen-Nilsen
53F8F3970D684AF...
Christin Steen-Nilsen
Member of the board

DocuSigned by:
Berit Osnes
BB9F24138D2E408...
Berit Osnes
General Manager

Multiklient Invest AS
Statements of Changes in Shareholders' Equity

(all figures in millions of NOK)	Share capital	Other paid-in capital	Other equity	Total
Equity as of 1 January, 2021	**10.0**	**596.0**	**399.1**	**1,005.1**
Profit (loss) for the period	-	-	490.9	490.9
Group contribution	-	-	(508.4)	(508.4)
Equity as of 31 December, 2021	**10.0**	**596.0**	**381.5**	**987.6**
Profit (loss) for the period	-	-	1,120.7	1,120.7
Group contribution	-	-	(1,121.0)	(1,121.0)
Equity as of 31 December, 2022	**10.0**	**596.0**	**381.2**	**987.2**

Multiklient Invest AS
Statement of cash flows 01.01 - 31.12

(all figures in millions of NOK)	Note	2022	2021
Cash flow from operating activities			
Profit (loss) for the year		1,120.7	490.9
Amortization and impairment of Multiclient data library	8	673.5	1,109.5
Foreign exchange (gain) loss, unrealized		2.0	-
Interest expense		(125.1)	(15.6)
Dividends and group contributions		(1,121.0)	(508.4)
(Increase) decrease in accounts receivable		49.5	(188.2)
(decrease) increase in accounts payable		55.4	(36.1)
Change in current intercompany balances		116.2	(119.9)
Change in current items related to operating activities		232.7	(197.4)
Net cash provided by operating activities		**1,004.0**	**534.8**
Cash flows provided by (used in) investing activities			
Investments in MultiClient Library	8	(663.4)	(543.6)
Net cash flow from investing activities		**(663.4)**	**(543.6)**
Cash flows provided by (used in) financing activities			
Change in long-term intercompany balances		(299.3)	79.2
Net cash flow from financing activities		**(299.3)**	**79.2**
Net increase (decrease) in cash and cash equivalent		**41.4**	**70.4**
Cash and cash equivalents at beginning of period		79.6	9.2
Cash and cash equivalents as of 31 December		**121.0**	**79.6**

Multiklient Invest AS
Notes to the financial statements

Note 1 Accounting principles

General
The financial statements of Multiklient Invest AS ("the Company") are included in the PGS ASA consolidated financial statements.

Basis of presentation
Multiklient Invest AS' financial statements for 2022 have been prepared and presented in accordance with the regulations on simplified application of the International Financial Reporting Standards (IFRS) (FOR-2014-11-03-1415), ref. the Norwegian Accounting Act § 3.9 5th paragraph, with comparative figures for the prior year.

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

Summary of significant accounting policies:

Main principles for assessing and classifying assets and liabilities
Assets determined for lasting ownership or use are classified as non-current assets. Other assets are classified as current assets. Receivables to be paid within one year are classified as current assets. The same criteria are applied in the classification of liabilities.

Non-current assets are valued at cost, but written down to the recoverable amount when the impairment is not expected to be temporary. Non-current assets with a limited economic lifetime are depreciated on a straigth line basis except for the Multiclient data library (see below). Long-term debt is recognized at its nominal value when incurred.

Current assets are valued at the lower of cost and fair value. Current liabilities are recognized at nominal value when incurred. Pursuant to the Accounting Act, some items are assessed in accordance with specific valuation guidelines which are summarized below.

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

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

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

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.

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 component of 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 value 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.

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.

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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.

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 inflows from the projects to which the vessel will steam are sufficient to recover the cost of the steam. The recoverable steaming cost associated with MultiClient surveys is capitalized as a part of the MultiClient library (see above). The recoverable steaming costs associated with exclusive contract surveys is deferred and charged to the statements of profit and loss based upon the percentage of completion of the surveys.

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

Goodwill does not generate cash flows independently of other assets or groups of assets and is allocated to the cash-generating units expected to benefit from the synergies of the combination that gave rise to the goodwill.

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

Goodwill (and the cash-generating unit to which goodwill is allocated) and intangible assets not yet available for use are evaluated for impairment annually, or whenever there is an indication that the asset may be impaired. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit (including goodwill allocation), the impairment is applied first to reduce the carrying amount of goodwill and then to reduce the carrying amount of the other assets in the unit pro-rata, based on their relative carrying amounts.

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

Revenue from contracts with customers
Revenue from contracts with customers arise primarily from 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, consideration is allocated among the performance obligations based on their estimated relative fair values.

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.

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 no longer exists.

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 have "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 the right to 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 "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 are measured based on a model taking into account both working hours and processing.

Other services
Revenue is recognized over time as the Company satisfies the performance obligation and is entitled to the compensation under the contract.

Income taxes
Income tax expense is comprised of the sum of current tax expense (or benefit) plus the change in deferred tax liabilities and assets during the period, except for current and deferred income tax relating to items recognized directly towards equity, in which case the tax is also recognized in the equity statements.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are calculated using the liability method for all temporary differences between the carrying amount of assets and liabilities in the financial statements and for tax purposes, including tax losses carried forward. A deferred tax liability is not recognized on temporary differences arising from the initial recognition of goodwill.

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent it is no longer probable that estimated future taxable profit will be sufficient to recover all or part of the deferred tax assets. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent it has become probable that estimated future taxable profit is sufficient to recover the deferred tax assets. The probability assessment is based on Management's judgment and estimates of future taxable income, including the estimated effect of tax planning opportunities.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the estimated year of realization or settlement, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if 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 long-term in the statements of financial position.

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

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

Changes in accounting policies and disclosures
Several amendments and interpretations apply for the first time in 2022, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Note 2 Share capital, shareholders and parent company information

The share capital comprise of 100,000 ordinary shares at nominal value NOK 100. All shares have equal rights. Multiklient Invest AS is 100% owned by Petroleum Geo-Services AS.

Multiklient Invest AS is included in the consolidated financial statements of PGS ASA. The consolidated financial statements can be downloaded at www.pgs.com

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

Note 3 Personnel expenses and remunerations

The Company had no employees during the year.

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

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

As of 31.12.2022, no loans or collateral are given to the General Manager, Board of Directors etc.

Ordinary audit fees for 2022 are NOK 0.86 million ex. VAT, and are entirely related to the audit of the financial statements.

Note 4 Geographical classification of revenues

(in millions of NOK)

The geographic classification of revenues is based upon location of performance or, in the case of MultiClient seismic data sales, the geographic area covered by the data being licensed.

	Year ended December 31,	
	2022	**2021**
Europe, Africa and Middle-East	1,027.5	1,275.6
North-America and South-America	1,110.1	651.1
Asia and Far East	22.0	-
Total	**2,159.6**	**1,926.8**

Note 5 Restricted cash

(in millions of NOK)	**Year ended December 31,**	
	2022	**2021**
Tax withholdings and other restricted cash	-	-

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Note 6 Income taxes

(in millions of NOK)

Income tax consists of the following:	Year ended December 31,	
	2022	**2021**
Current taxes	316.2	143.2
Deferred taxes	-	-
Total Income tax expense	**316.2**	**143.2**

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

	Year ended December 31,	
	2022	**2021**
Income (loss) before income tax expense	1,436.9	634.1
Norwegian statutory rate	22%	22%
Provision for income taxes at statutory rate	316.1	139.5
Permanent differences	0.0	2.7
Foreign tax	0.0	(0.2)
Change in temporary differences	0.1	1.2
Calculated income tax expense for the year	**316.2**	**143.2**
Calculation of taxable income		
Ordinary result before tax	1,436.9	634.1
Permanent differences including foreign tax	0.0	12.3
Change in temporary differences	0.3	5.5
Use of NOL carry-forward	-	-
Taxable income	**1,437.2**	**651.9**
Income tax payable before group contribution and foreign tax	316.2	143.4
Tax effect of group contribution	(316.2)	(143.4)
Income tax payable to Norway	**-**	**-**

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

	December 31,	
	2022	**2021**
Receivables	(8.4)	(8.1)
NOL carry-forward	-	-
Deferred tax assets base	**(8.4)**	**(8.1)**
Deferred tax (assets) liabilities on temporary differences	(1.8)	(1.8)
Deferred tax assets not reconized	1.8	1.8
Recognized deferred tax (assets) liabilities	**-**	**-**

Based on the uncertainty with regards to if the Company will have taxable income in the nearest future no deferred tax asset is recognized.

Note 7 Intercompany transactions

(in millions of NOK)

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

Intercompany operating expenses consist mainly of cost allocations of operational services delivered from other companies within the PGS Group and group shared services.

	Year ended December 31,	
	2022	**2021**
PGS Geophysical AS	703.6	608.1
PGS Falcon AS	46.9	-
PGS Shipowner AS	2.4	-
PGS Exploration (UK) Ltd	3.3	7.0
Petroleum Geo Services Inc*	76.4	56.2
Total operating expenses Group companies	**832.6**	**671.3**

* PGS Imaging Inc is merged into Petroleum Geo-Services Inc during 2022.

Intercompany interest are received from (delivered to) the following Group companies:

	Year ended December 31,	
	2022	**2021**
Petroleum Geo-Services AS	113.9	(10.5)
Total other (expenses) and revenues Group companies	113.9	(10.5)

The Company is funded by the parent Petroleum Geo-Services AS, and intercompany interest income and expenses are entirely towards the parent company.

The Company hold the following receivables (liabilities) towards Group companies:

	December 31,	
	2022	**2021**
Current intercompany receivables	-	25.1
Current intercompany liabilities	(165.4)	(74.3)
Long-term intercompany liabilities	(154.4)	(572.6)
Net intercompany balances Group companies	**(319.8)**	**(621.8)**

Current intercompany receivables and payables towards other group companies are offset against the parent Petroleum Geo-Services AS on a regular basis. Non-current intercompany liabilities are entirely towards the parent company Petroleum Geo-Services AS, and are offset continuously with no fixed due date. Non-current intercompany receivables carry interest of 3MTH LIBOR + 7.5% margin. The Company has the possibility to borrow up to USD 250 million from Petroleum Geo-Services AS.

Note 8 Multiclient data library

(in millions of NOK)
The changes in the MultiClient Library are as follows:

	2022	2021
Balance as of 01.01	**1,238.4**	**1,804.3**
Capital expenditures	663.4	543.6
Amortization expense	(625.4)	(1,031.0)
Impairments	(48.1)	(78.5)
Balance as of 31.12	**1,228.3**	**1,238.4**

Impairment relates mainly to surveys where the level of previously expected sales has not materialized or are no longer probable. All impairments relates to Europe and America.

Multiklient Invest AS 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% and recognizes its relative share of the revenue.

Note 9 Other current receivables

(in millions of NOK)
Other current receivables consist of the following:

	December 31,	
	2022	**2021**
Accrued revenues	507.9	231.1
Prepaid foreign tax	5.7	5.4
Other current receivables	1.1	0.1
Total	**514.7**	**236.7**

Note 10 Other current liabilities

(in millions of NOK)
Other short-term liabilities consist of the following:

	December 31,	
	2022	**2021**
Accrued revenue share	130.8	35.2
Prepayments from customers	605.7	281.7
Other short term liabilities	0.7	3.3
Total	**737.2**	**320.1**

Note 11 Debt and guarantees

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

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

With improving cash flow generation, PGS expects to be able to manage repayment of the remainder of the Term Loan B in March 2024. However, should the market not develop as expected PGS may become unable to settle maturities or amortization on the agreed payment dates or breach a financial covenant in the main credit agreements. This would represent a default under the relevant agreements. In such a case, PGS may be able to continue without repayment or acceleration if it achieves a standstill agreement (or, in the case of a financial covenant breach, a waiver) from the relevant lenders, agent or lender group. Should a payment default or financial covenant breach continue without a standstill agreement or waiver, this would be an event of default under the relevant agreements.

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

Statsautoriserte revisorer
Ernst & Young AS

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Multiklient Invest AS

Opinion

We have audited the financial statements of Multiklient Invest AS (the Company), which comprise the balance sheet as at 31 December 2022, the income statement, statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

Basis for opinion

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

Other information

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

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

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

Responsibilities of management for the financial statements

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

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

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

Auditor’s responsibilities for the audit of the financial statements

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

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

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

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

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Oslo, 06.06.2023
ERNST & YOUNG AS

The auditor's report is signed electronically

Johan Lid Norby
State Authorised Public Accountant (Norway)

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Johan Nordby
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Annex 10b

Multiklient Invest AS Annual Report 2021

MULTIKLIENT INVEST AS
Board of Directors’ Report 2021

Nature of the business
Multiklient Invest AS (the Company) is a wholly owned subsidiary of Petroleum Geo-Services AS and part of the PGS Group (PGS).

The Company owns and maintains an extensive multiclient data library, containing marine seismic data acquired worldwide. The seismic data is acquired and processed using PGS’ seismic vessels and data processing capabilities. Seismic multiclient data offer oil and gas companies with cost effective solutions to explore identified development and production opportunities.

Multiklient Invest AS headquarters is located at Lilleaker in Oslo.

Equality, Health, Safety and Environment
As of December 31, 2021, the Company had no employees. The Company’s Board of Directors consists of one woman and two men.

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

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

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

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

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

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

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

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

Rescheduling of debt
Due to the dramatic negative market change caused by the Covid-19 pandemic, PGS renegotiated its main credit agreements to extend near-term debt maturities and amortization profiles to preserve liquidity. On February 2, 2021, a UK Scheme of Arrangement (the "Scheme") was sanctioned by an English court allowing the implementation of the financing transaction. With the transaction PGS extended its current near-term maturity and amortization profile under its RCF/TLB and ECF facilities by approximately two years. Further the PGS Group have in 2022 completed a equity increase, refer to finance section for further information. Together with the cost saving initiatives previously announced by PGS, the transactions strengthens PGS's liquidity profile in the currently challenging operating environment.

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

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

Foreign exchange risk
The Company conducts business primarily in US dollars (USD), Euro and British pounds, and is therefore exposed to foreign exchange risk on cash flow related to revenues, operating expenses and financing and investment activities in other currencies than Norwegian kroner.

All long-term intercompany receivables and debt are denominated in USD.

The Company does not enter into foreign exchange contracts.

Credit risk
The Company's account receivables are mainly towards multinational integrated oil companies and large independent oil and gas companies, including companies which are fully or partly government owned. Credit risk exposure is managed through continuous credit assessment of our customers. We believe that our credit risk exposure is relatively limited due to the nature of our customer base, the long-term relationships we have with most of the customers, and the historically low level of loss on receivables.

Liquidity risk
The Company's cash and cash equivalents are included in the PGS' cash pool. The parent company maintains a sound debt structure and access to liquid funds.

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

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

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

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

Presentation of the financial statements and the Company's development
The operating revenue was NOK 1,926.8 million in 2021 compared to NOK 1,424.6 million in 2020.
Net Income before tax was NOK 634.1 million compared to NOK 157.3 million in 2020.

The Company's cash flow from operating activities was positive with NOK 1,107.4 million in 2021 compared to NOK 1,102.2 million in 2020.

Amortization and impairment related to the multiclient data library was NOK 1,109.5 million in 2021, compared to NOK 1,141.5 million in 2020. Investments in the multiclient data library was NOK 543.6 million in 2021, compared to NOK 922.4 million in 2020.

The Company's revenues and net income may vary significantly from year to year, dependent upon how the PGS Group chooses to distribute projects between different operational companies, and market conditions. The Board emphasizes that there is inherent uncertainty relating to estimates of future revenue and net income. The Company is dependent upon the PGS Group and the parent company PGS ASA both operationally and financially.

Market and Outlook
PGS is one of the largest players in the global marine 3D seismic market.
The oil price has increased substantially since the low levels in 2020. However, despite encouraging fundamentals, the overall seismic market declined by approximately 6% in 2021, compared to 2020, measured by revenues for the three major seismic companies with publicly reported numbers.

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

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

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

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

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

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

The Board of Directors and the Executive Management team of PGS Group are covered by PGS ASA's Directors and Officers Liability Insurance (D&O) placed in the international insurance market on market standard terms and conditions. The insurance comprises the directors' and officers' personal legal liabilities, including defense- and legal costs.

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

Oslo, 30.06.2022
The board of Multiklient Invest AS

Rune Olav Pedersen Chairperson	Gottfred Langseth Board member
Christin Steen-Nilsen Board member	Berit Osnes General Manager

Multiklient Invest AS
Financial Statements 2021

Income statement

Multiklient Invest AS

Values in mill. NOK	Note	2021	2020
Operating income and operating expenses			
Revenue	4	1 926,8	1 424,6
Total income		**1 926,8**	**1 424,6**
Depreciation and amortisation expenses	9	1 031,0	972,9
Impairment loss	9	78,5	168,6
Other expenses	7	193,1	225,7
Total expenses		**1 302,6**	**1 367,2**
Operating profit		**624,2**	**57,4**
Financial income and expenses			
Currency exchange gain (loss)		(5,4)	72,9
Other financial income (expense)		(0,3)	(0,1)
Intercompany interest income (expense)	8	15,6	27,2
Net financial items		**9,9**	**99,9**
Net profit before tax		634,1	157,3
Income tax expense	6	143,2	39,9
Net profit after tax		**490,9**	**117,4**
Net profit or loss		**490,9**	**117,4**
Other comprehensive income			
Items that will not be classified to profit and loss		-	-
Items that may be subsequently reclassed to profit and loss		-	-
Total other comprehensive income		**-**	**-**
Total comprehensive income		**490,9**	**117,4**
Attributable to			
Transferred to (from) other equity		490,9	117,4
Total		**490,9**	**117,4**

Balance sheet

Multiklient Invest AS

Values in mill. NOK	Note	2021	2020
Assets			
Non-current assets			
Intangible assets			
Multiclient data library	9	1 238,4	1 804,3
Total intangible assets		**1 238,4**	**1 804,3**
Total non-current assets		**1 238,4**	**1 804,3**
Current assets			
Debtors			
Accounts receivables		398,2	210,0
Other short-term receivables	10	236,7	82,4
Receivables from group companies	8	25,1	10,7
Total receivables		**660,1**	**303,1**
Cash and cash equivalents	5	79,6	9,2
Total current assets		**739,7**	**312,2**
Total assets		**1 978,2**	**2 116,5**

Balance sheet

Multiklient Invest AS

Values in mill. NOK	Note	2021	2020
Equity and liabilities			
Equity			
Paid-in capital			
Share capital	2	10,0	10,0
Other paid-in equity		596,0	596,0
Total paid-in equity		**606,0**	**606,0**
Other equity		381,5	399,1
Total shareholders equity		**987,6**	**1 005,1**
Liabilities			
Other non-current liabilities			
Non-current liabilities to group companies	8	572,6	493,4
Other non-current liabilities		-	21,4
Total non-current liabilities		**572,6**	**514,8**
Current liabilities			
Trade payables		3,1	39,2
Public duties payable		20,5	0,3
Liabilities to group companies	8	74,3	195,3
Other current liabilities	11	320,1	361,8
Total current liabilities		**418,0**	**596,6**
Total liabilities		**990,6**	**1 111,4**
Total equity and liabilities		**1 978,2**	**2 116,5**

Oslo, 30.06.2022
The board of Multiklient Invest AS

Rune Olav Pedersen
Chairman of the board

Gottfred Langseth
Member of the board

Christin Steen-Nilsen
Member of the board

Berit Osnes
General Manager

Multiklient Invest AS
Statements of Changes in Shareholders' Equity

(all figures in millions of NOK)	Share capital	Other paid-in capital	Other equity	Total
Equity as of 1 January, 2020	**10.0**	**596.0**	**426.1**	**1,032.1**
Profit (loss) for the period	-	-	117.4	117.4
Other comprehensive income (loss)	-	-	-	-
Group contribution	-	-	(144.4)	(144.4)
Equity as of 31 December, 2020	**10.0**	**596.0**	**399.1**	**1,005.1**
Profit (loss) for the period	-	-	490.9	490.9
Other comprehensive income (loss)	-	-	-	-
Group contribution	-	-	(508.4)	(508.4)
Equity as of 31 December, 2021	**10.0**	**596.0**	**381.5**	**987.6**

Multiklient Invest AS
Statement of cash flows 01.01 - 31.12

(all figures in millions of NOK)	Note	2021	2020
Cash flow from operating activities			
Profit (loss) for the year		490.9	117.4
Amortization and impairment of Multiclient data library	9	1,109.5	1,141.5
(Increase) decrease in accounts receivable		(188.2)	363.0
(decrease) increase in accounts payable		(36.1)	(11.8)
Change in current intercompany balances		(643.9)	(305.1)
Change in current items related to operating activities		(197.4)	(202.8)
Net cash provided by operating activities		**534.8**	**1,102.2**
Cash flows provided by (used in) investing activities			
Investments in MultiClient Library	9	(543.6)	(922.4)
Net cash flow from investing activities		**(543.6)**	**(922.4)**
Cash flows provided by (used in) financing activities			
Change in long-term intercompany balances		79.2	(171.5)
Net cash flow from financing activities		**79.2**	**(171.5)**
Net increase (decrease) in cash and cash equivalent		**70.4**	**8.3**
Cash and cash equivalents at beginning of period		9.2	0.8
Cash and cash equivalents as of 31 December		**79.6**	**9.2**

Multiklient Invest AS
Notes to the financial statements

Note 1 Accounting principles

General
The financial statements of Multiklient Invest AS ("the Company") are included in the PGS ASA consolidated financial statements.

Basis of presentation
Multiklient Invest AS' financial statements for 2021 have been prepared and presented in accordance with the regulations on simplified application of the International Financial Reporting Standards (IFRS) (FOR-2014-11-03-1415), ref. the Norwegian Accounting Act § 3.9 5th paragraph, with comparative figures for the prior year.

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

Summary of significant accounting policies:

Main principles for assessing and classifying assets and liabilities
Assets determined for lasting ownership or use are classified as non-current assets. Other assets are classified as current assets. Receivables to be paid within one year are classified as current assets. The same criteria are applied in the classification of liabilities.

Non-current assets are valued at cost, but written down to the recoverable amount when the impairment is not expected to be temporary. Non-current assets with a limited economic lifetime are depreciated on a straigth line basis except for the Multiclient data library (see below). Long-term debt is recognized at its nominal value when incurred.

Current assets are valued at the lower of cost and fair value. Current liabilities are recognized at nominal value when incurred. Pursuant to the Accounting Act, some items are assessed in accordance with specific valuation guidelines which are summarized below.

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

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

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

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.

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 component of 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 value 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 9.

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 9.

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.

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 inflows from the projects to which the vessel will steam are sufficient to recover the cost of the steam. The recoverable steaming cost associated with MultiClient surveys is capitalized as a part of the MultiClient library (see above). The recoverable steaming costs associated with exclusive contract surveys is deferred and charged to the statements of profit and loss based upon the percentage of completion of the surveys.

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

Goodwill does not generate cash flows independently of other assets or groups of assets and is allocated to the cash-generating units expected to benefit from the synergies of the combination that gave rise to the goodwill.

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

Goodwill (and the cash-generating unit to which goodwill is allocated) and intangible assets not yet available for use are evaluated for impairment annually, or whenever there is an indication that the asset may be impaired. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit (including goodwill allocation), the impairment is applied first to reduce the carrying amount of goodwill and then to reduce the carrying amount of the other assets in the unit pro-rata, based on their relative carrying amounts.

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

Revenue from contracts with customers
Revenue from contracts with customers arise primarily from 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, consideration is allocated among the performance obligations based on their estimated relative fair values.

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.

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 no longer exists.

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 have "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 the right to 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 "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 are measured based on a model taking into account both working hours and processing.

Other services
Revenue is recognized over time as the Company satisfies the performance obligation and is entitled to the compensation under the contract.

Income taxes
Income tax expense is comprised of the sum of current tax expense (or benefit) plus the change in deferred tax liabilities and assets during the period, except for current and deferred income tax relating to items recognized directly towards equity, in which case the tax is also recognized in the equity statements.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are calculated using the liability method for all temporary differences between the carrying amount of assets and liabilities in the financial statements and for tax purposes, including tax losses carried forward. A deferred tax liability is not recognized on temporary differences arising from the initial recognition of goodwill.

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent it is no longer probable that estimated future taxable profit will be sufficient to recover all or part of the deferred tax assets. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent it has become probable that estimated future taxable profit is sufficient to recover the deferred tax assets. The probability assessment is based on Management's judgment and estimates of future taxable income, including the estimated effect of tax planning opportunities.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the estimated year of realization or settlement, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if 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 long-term in the statements of financial position.

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

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

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

Note 2 Share capital, shareholders and parent company information

The share capital comprise of 100,000 ordinary shares at nominal value NOK 100. All shares have equal rights. Multiklient Invest AS is 100% owned by Petroleum Geo-Services AS.

Multiklient Invest AS is included in the consolidated financial statements of PGS ASA. The consolidated financial statements can be downloaded at www.pgs.com

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

Note 3 Personnel expenses and remunerations

The Company had no employees during the year.

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

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

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

Ordinary audit fees for 2021 are NOK 0.78 million ex. VAT, and are entirely related to the audit of the financial statements.

Note 4 Geographical classification of revenues

(in millions of NOK)

The geographic classification of revenues is based upon location of performance or, in the case of MultiClient seismic data sales, the geographic area covered by the data being licensed.

	Year ended December 31,	
	2021	**2021**
Europe, Africa and Middle-East	1,276	1,185.1
North-America and South-America	651.1	239.5
Asia and Far East	-	-
Total	**1,926.8**	**1,424.6**

Note 5 Restricted cash

(in millions of NOK)	**Year ended December 31,**	
	2021	**2020**
Tax withholdings and other restricted cash	-	-

Note 6 Income taxes

(in millions of NOK)

Income tax consists of the following:	Year ended December 31, 2021	2020
Current taxes	143.2	39.9
Deferred taxes	-	-
Total Income tax expense	**143.2**	**39.9**

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

	Year ended December 31, 2021	2020
Income (loss) before income tax expense	634.1	157.3
Norwegian statutory rate	22%	22%
Provision for income taxes at statutory rate	139.5	34.6
Permanent differences	2.7	6.1
Foreign tax	(0.2)	(0.8)
Change in temporary differences	1.2	(0.0)
Calculated income tax expense for the year	**143.2**	**39.9**
Calculation of taxable income		
Ordinary result before tax	634.1	157.3
Permanent differences including foreign tax	12.3	27.9
Change in temporary differences	5.5	(0.1)
Use of NOL carry-forward	-	-
Taxable income	**651.9**	**185.2**
Income tax payable before group contribution and foreign tax	143.4	40.7
Tax effect of group contribution	(143.4)	(40.7)
Income tax payable to Norway	**-**	**-**

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

	December 31, 2021	2020
Receivables	(8.1)	(2.6)
NOL carry-forward	-	-
Deferred tax assets base	**(8.1)**	**(2.6)**
Deferred tax (assets) liabilities on temporary differences	(1.8)	(0.6)
Deferred tax assets not reconized	1.8	0.6
Recognized deferred tax (assets) liabilities	**-**	**-**

Based on the uncertainty with regards to if the Company will have taxable income in the nearest future no deferred tax asset is recognized.

Note 7 Other operating expenses

(in millions of NOK)	Year ended December 31,	
	2021	**2020**
Data processing expenses	21.1	66.6
Data storage and distribution expenses	20.1	29.9
Project expenses and other administrative expenses	85.6	84.5
Other operating expenses	66.3	44.7
Total	**193.1**	**225.7**

Note 8 Intercompany transactions

(in millions of NOK)

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

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

	Year ended December 31,	
	2021	**2020**
PGS Geophysical AS	608.1	824.7
PGS Exploration (UK) Ltd	7.0	6.7
PGS Falcon AS	-	41.2
PGS Imaging Inc	56.2	109.3
Other Group companies	-	38.6
Total operating expenses Group companies	**671.3**	**1,020.6**

Other intercompany expenses and revenues including financial items are delivered to (received from) the following Group companies:

	Year ended December 31,	
	2021	**2020**
Petroleum Geo-Services AS	(10.5)	(10.9)
Total other (expenses) and revenues Group companies	(10.5)	(10.9)

The Company is funded by the parent Petroleum Geo-Services AS, and intercompany interest income and expenses are entirely towards the parent company.

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

	December 31, 2021	December 31, 2020
Current intercompany receivables	25.1	10.7
Current intercompany liabilities	(74.3)	(195.3)
Long-term intercompany liabilities	(572.6)	(493.4)
Net intercompany balances Group companies	**(621.8)**	**(678.0)**

Current intercompany receivables and payables towards other group companies are offset against the parent Petroleum Geo-Services AS on a regular basis. Non-current intercompany liabilities are entirely towards the parent company Petroleum Geo-Services AS, and are offset continuously with no fixed due date. Non-current intercompany receivables carry interest of 3MTH LIBOR + 7.5% margin. The Company has the possibility to borrow up to USD 250 million from Petroleum Geo-Services AS.

Note 9 Multiclient data library

(in millions of NOK)

The changes in the MultiClient Library are as follows:

	2021	2020
Balance as of 01.01	**1,804.3**	**2,023.4**
Capital expenditures	543.6	922.4
Amortization expense	(1,031.0)	(972.9)
Impairments	(78.5)	(168.6)
Balance as of 31.12	**1,238.4**	**1,804.3**

Impairment relates mainly to surveys where the level of previously expected sales has not materialized or are no longer probable. All impairments relates to Europe and America.

Multiklient Invest AS 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% and recognizes its relative share of the revenue.

Note 10 Other current receivables

(in millions of NOK)

Other current receivables consist of the following:

	December 31, 2021	December 31, 2020
Accrued revenues	231.1	68.9
Prepaid foreign tax	5.4	5.3
Other current receivables	0.1	8.2
Total	**236.7**	**82.4**

Note 11 Other current liabilities

(in millions of NOK)

Other short-term liabilities consist of the following:

	December 31, 2021	December 31, 2020
Accrued revenue share	35.2	45.7
Prepayments from customers	281.7	312.9
Other short term liabilities	3.3	3.2
Total	**320.1**	**361.8**

Note 12 Debt and guarantees

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

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

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

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

Note 13 Subsequent events

Russia's invasion of Ukraine is deeply concerning with severe humanitarian consequences. The war is likely to significantly impact the political and security situation, as well as energy and financial markets. The Company's operation is not directly impacted by the recent invasion, as PGS has very limited direct business activity in Russia or Ukraine.

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Multiklient Invest AS

Opinion

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

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

Basis for opinion

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

Other information

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

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

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

Responsibilities of management for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Oslo, 30 June 2022
ERNST & YOUNG AS

The auditor's report is signed electronically

Johan Lid Nordby
State Authorised Public Accountant (Norway)

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

Johan Nordby
Statsautorisert revisor
På vegne av: Ernst & Young AS
Serienummer: 9578-5997-4-729076
IP: 213.52.xxx.xxx
2022-06-30 20:49:07 UTC

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Annex 11a

PGS Shipowner AS Annual Report 2022

PGS Shipowner AS

The Board of Directors' Report 2022

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

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

The Company is located at Lilleaker in Oslo.

Equality, Health, Safety and Environment

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

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

Incident	2022	2021
Fatalities	0	0
Lost time injuries	1	1
Restricted work-day cases	1	1
Medical treatment cases	1	1
High potential incidents	1	1

Our health and safety performance remained strong in 2022. A year where PGS' activity level (core fleet vessels and PGS offices) has increased from 3,6 million man-hours in 2021 to 3,9 million man-hours in 2022.

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

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

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

To turn the upward trend of the total recordable case frequency as well as maintain the low high-potential incident rate, the Group will revise and update the HSE training catalogue to be aligned with the current HSE focus areas and continue the efforts to build a fully digital HSE management system that enables insight through data analysis.

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

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

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

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

Rescheduling of debt
Due to the dramatic negative market change caused by the Covid-19 pandemic, PGS renegotiated its main credit agreements to extend near-term debt maturities and amortization profiles to preserve liquidity. On February 2, 2021, a UK Scheme of Arrangement (the "Scheme") was sanctioned by an English court allowing the implementation of the financing transaction. With the transaction PGS extended its current near-term maturity and amortization profile under its RCF/TLB and ECF facilities by approximately two years. Further in 2022, PGS completed two equity increase, refer to finance section for further information. Together with the cost saving initiatives previously announced by PGS, the transactions strengthened PGS's liquidity profile in the current challenging operating environment.

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

Interest rate risk
The Company is exposed to changes in interest rate levels as the Company's intercompany balances have floating interest rates.

Foreign exchange risk
The Company is exposed to changes in foreign exchange rates for its intercompany balances. The Company has not entered into forward contract or other agreements to reduce the Company's foreign exchange risk.

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

Credit risk/Liquidity risk
The Company leases its vessels to other companies within the PGS group and as a result, the credit risk is low. The Company has an intercompany loan agreement with Petroleum Geo-Services AS whereby the parent company will provide funds to cover the Company's liabilities as they become due.

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

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

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

With improving cash flow generation, the Company expects to be able to manage repayment of the remainder of the Term Loan B in March 2024. However, should the market not develop as expected the Company may become unable to settle maturities or amortization on the agreed payment dates or breach a financial covenant in the main credit agreements. This would represent a default under the relevant agreements. In such a case, the Company may be able to continue without repayment or acceleration if it achieves a standstill agreement (or, in the case of a financial covenant breach, a waiver) from the relevant lenders, agent or lender group. Should a payment default or financial covenant breach continue without a standstill agreement or waiver, this would be an event of default under the relevant agreements.

Based on the year-end cash balance and available liquidity resources, and the various refinancing alternatives being assessed, it is the Board’s opinion that PGS has sufficient funding and liquidity to support PGS Shipowner ASs operations.

Presentation of the financial statements and the Company’s development

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

Net gain for 2022 was NOK 1.7 million, compared to a loss of NOK 85.8 million in 2021.

Cash flow from operating activities was 29.3 million in 2022, compared to nil in 2021. The deviation from operating profit is mainly related the purchase of Ramform Victory from PGS Geophysical AS.

Board of Directors

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

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

Market and outlook

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

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

From a very low level, the seismic market recovery started in 2021 when energy companies increased activity on nearfield exploration, exploration on existing licensed acreage and 4D reservoir optimization. The seismic contract business model normally serves these market segments. The contract market benefited from the higher activity and continued to improve in 2022. PGS has a solid market share in the 4D segment with its GeoStreamer offering, as well as steerable streamers and sources, enabling high data quality and precise replication of earlier 3D surveys and baseline 4D surveys.

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

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

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

The Board of Directors and the Executive Management team of PGS Group are covered by PGS ASA's Directors and Officers Liability Insurance (D&O) placed in the international insurance market on market standard terms and conditions. The insurance comprises the directors' and officers' personal legal liabilities, including defense- and legal costs.

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

Oslo, June 2, 2023

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Rune Olav Pedersen
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Rune Olav Pedersen
Chairperson

DocuSigned by:
Gottfred Langseth
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Gottfred Langseth
Board member

DocuSigned by:
Christin Steen-Nilsen
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Christin Steen-Nilsen
Board member

DocuSigned by:
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Robert James Adams
General Manager

PGS Shipowner AS
Financial Statements - 2022

Income statement

PGS Shipowner AS

Values in mill. NOK	Note	2022	2021
Operating income and operating expenses			
Operating revenues	7	179,6	189,2
Total income		**179,6**	**189,2**
Depreciation and amortisation expenses	9	120,7	122,5
Other expenses	7	66,4	156,8
Total expenses		**187,1**	**279,2**
Operating profit		**(7,5)**	**(90,0)**
Financial income and expenses			
Currency exchange gain (loss)		4,2	0,4
Intercompany interest income (expense)	7	12,2	5,6
Net financial items		**16,4**	**6,0**
Net profit before tax		8,9	(84,1)
Income tax expense	6	7,2	1,7
Net profit after tax		**1,7**	**(85,8)**
Net profit or loss		**1,7**	**(85,8)**
Other comprehensive income			
Items that will not be classified to profit and loss		-	-
Items that may be subsequently reclassed to profit and loss		-	-
Total comprehensive income		**1,7**	**(85,8)**
Attributable to			
Other equity		1,7	-
Transferred from other equity		-	85,8
Total		**1,7**	**(85,8)**

Balance sheet

PGS Shipowner AS

Values in mill. NOK	Note	2022	2021
Assets			
Non-current assets			
Property, plant and equipment			
Seismic Vessels	9	545,4	628,5
Total property, plant and equipment		**545,4**	**628,5**
Non-current financial assets			
Investments in subsidiaries	3	-	-
Finance lease receivables	7, 8	11,5	20,0
Total non-current financial assets		**11,5**	**20,0**
Total non-current assets		**557,0**	**648,5**
Current assets			
Debtors			
Finance lease receivables	7, 8	12,1	10,8
Other short-term receivables		6,1	5,2
Current intercompany receivables	7	194,9	106,6
Total receivables		**213,1**	**122,7**
Cash and cash equivalents	5	0,6	0,5
Total current assets		**213,7**	**123,1**
Total assets		**770,6**	**771,6**

Balance sheet

PGS Shipowner AS

Values in mill. NOK	Note	2022	2021
Equity and liabilities			
Equity			
Paid-in capital			
Share capital	2	2,0	2,0
Additional paid-in capital	2	762,3	762,3
Total paid-in equity		**764,3**	**764,3**
Other equity	2	1,7	-
Total shareholders' equity		**766,0**	**764,3**
Liabilities			
Current liabilities			
Intercompany liabilities	7	4,6	7,4
Total current liabilities		**4,6**	**7,4**
Total liabilities		**4,6**	**7,4**
Total equity and liabilities		**770,6**	**771,6**

Oslo, 02.06.2023
The board of PGS Shipowner AS

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

DocuSigned by:
Gottfred Langseth
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Gottfred Langseth
Member of the board

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

DocuSigned by:
7974A3DAC68F442...
Robert James Adams
General Manager

PGS Shipowner AS
Statements of Changes in Shareholders' Equity

(in millions of NOK)	Share capital	Additional paid-in capital	Other equity	Total
Equity as of January 1, 2021	**2.0**	**914.4**	**(66.4)**	**850.0**
Profit (loss) for the period	**-**	**-**	**(85.8)**	**(85.8)**
Reclassification	**-**	**(152.2)**	**152.2**	**-**
Equity as of December 31, 2021	**2.0**	**762.3**	**-**	**764.3**
Profit (loss) for the period	-	-	1.7	1.7
Equity as of December 31, 2022	**2.0**	**762.3**	**1.7**	**766.0**

PGS Shipowner AS
Statements of Cash Flows 01.01 - 31.12

(in millions of NOK)	Note	2022	2021
Cash flows provided by operating activities			
Net income		1.7	(85.8)
Ordinary depreciation of property and equipment	9	120.7	122.5
Interest expense (income)		(12.2)	(5.6)
Foreign exchange (gain) loss, unrealized		(5.3)	(0.9)
Change in current intercompany balances		(74.7)	(30.1)
Change in current items related to operating activities		(0.9)	(0.1)
Net cash provided by operating activities		29.3	-
Cash flows provided by (used in) investing activities			
Investments in property and equipment	9	(37.7)	(8.4)
Net cash provided by (used in) investing activities		(37.7)	(8.4)
Cash flows provided by (used in) financing activities			
Change in long-term intercompany balances		8.5	8.5
Net cash provided by (used in) financing activities		8.5	8.5
Cash and cash equivalents			
Net increase (decrease) in cash and cash equivalents		0.1	0.0
Cash and cash equivalents at beginning of period		0.5	0.5
Cash and cash equivalents as of 31 December		0.6	0.5

PGS Shipowner AS
Notes to the financial statements

Note 1 Accounting principles

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

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

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

Summary of significant accounting policies:

Main principles for assessing and classifying assets and liabilities
Assets determined for lasting ownership or use are classified as non-current assets. Other assets are classified as current assets. Receivables to be paid within one year are classified as current assets. The same criteria are applied in the classification of liabilities.

Non-current assets are valued at cost, but written down to the recoverable amount when the impairment is not expected to be temporary. Non-current assets with a limited economic lifetime are depreciated on a straight line basis. Non-current debt is recognized at its nominal value when incurred.

Current assets are valued at the lower of cost and fair value. Current liabilities are recognized at nominal value when incurred. Pursuant to the Accounting Act, some items are assessed in accordance with specific valuation guidelines which are summarized below.

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

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

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

Note 1 Accounting principles cont.

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

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

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

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

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

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

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

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

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

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

Note 1 Accounting principles cont.

Leases

Company as a lessor

Operating leases

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

Financial leases

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

Income taxes

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

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

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

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

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

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

Provision for onerous contracts

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

Statements of cash flow

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

Changes in accounting policies and disclosures

Several amendments and interpretations apply for the first time in 2022, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Note 2 Share capital, shareholders and parent company information

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

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

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

Note 3 Shares in subsidiaries

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

(In millions of NOK)	Registered office	Shareholding (a)	Book value	Equity (b)	Impairments 2022	Net income 2022(b)
PGS Inc	Houston	1%	-	(8.0)	-	(3.3)

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

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

In 2022 PGS Imaging Inc was merged into Petroleum Geo Services Inc (PGS Inc).

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

The Company had no employees during the year.

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

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

As of 31.12.20202 no loans or collateral are given to the General Manager, Board of Directors etc.

Ordinary audit fees for 2022 are NOK 0.38 million ex. VAT, and are entirely related to the audit of the financial statements.

Note 5 Restricted cash

The Company has no restricted bank deposits.

Note 6 Income taxes

Income tax consists of the following:

	Year ended December 31,	
(in millions of NOK)	**2022**	**2021**
Current taxes	(6.8)	(1.7)
Total Income tax expense	**(6.8)**	**(1.7)**

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

	Year ended December 31,	
	2022	**2021**
Income (loss) before income tax expense	8.9	(84.1)
Norwegian statutory rate	22%	22%
Provision for income taxes at statutory rate	2.0	(18.5)
Permanent differences	(1.6)	(0.4)
Write down deferred tax asset	-	18.9
Paid foreign tax and WHT expense	(7.2)	(1.7)
Calculated income tax expense for the year	**(6.8)**	**(1.7)**
Calculation of taxable income		
Ordinary result before tax	8.9	(84.1)
Permanent differences	(7.2)	(1.7)
Change in temporary differences	(77.1)	3.7
Taxable income	**(75.4)**	**(82.1)**

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

	December 31,	
	2022	**2021**
Fixed assets	(574.3)	(638.2)
Receivables	23.6	30.8
Other temporary differences	(81.7)	(102.1)
NOL carry-forward	(198.7)	(123.3)
Deferred tax assets base	**(831.1)**	**(832.9)**
Deferred tax (assets) liabilities on temporary differences	(182.8)	(183.2)
Recognized deferred tax (assets) liabilities	-	-

Note 7 Intercompany transactions

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

Intercompany revenues consists mainly of vessel leases to other companies within the PGS Group.

	Year ended December 31,	
(In millions of NOK)	2022	2021
Other Group companies	179.6	189.2
Total revenues Group companies	**179.6**	**189.2**

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

	Year ended December 31,	
(In millions of NOK)	2022	2021
Other Group companies	65.7	86.7
Total operating expenses Group companies	**65.7**	**86.7**

Sale and leaseback

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

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

	Year ended December 31,	
	2022	2021
PGS Geophysical AS	1.5	1.9
Petroleum Geo-Services AS	10.7	3.7
Total other expenses and revenues Group companies	**12.2**	**5.6**

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

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

	December 31,	
	2022	2021
Current intercompany receivables	194.9	106.6
Non-current finance lease receivables	11.5	20.0
Current finance lease receivables	12.1	10.8
Current intercompany liabilities	(4.6)	(7.4)
Net intercompany balances Group companies	**213.9**	**130.0**

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

Note 8 Leases

Financial leases (as lessor)

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

Gross investment in the lease

	Year ended December 31,	
(In millions of NOK)	**2022**	**2021**
Less than one year	12.9	11.5
One to five years	12.9	22.1
More than five years	-	-
Total gross investment in the lease	25.8	33.6

(In millions of NOK)		
Less than one year	12.1	10.8
One to five years	11.5	20.0
More than five years	-	-
Total present value of lease payments	23.6	30.8
Unearned financial income	2.2	2.8

Note 9 Property and equipment

The changes in property and equipment are as follows:

(in millions of NOK)	**Vessels and seismic equipment**	**Total**
Cost as of January 1, 2021	**874.9**	**874.9**
Capital expenditures	8.4	8.4
Transfers, disposals and reclassifications	-	-
Cost as of December 31, 2021	**883.3**	**883.3**
Capital expenditures	37.7	37.7
Transfers, disposals and reclassifications	-	-
Cost as of December 31, 2022	**921.0**	**921.0**

Accumulated depreciation and impairments as of January 1, 2021	**(132.3)**	**(132.3)**
Depreciation	(122.5)	(122.5)
Impairment	-	-
Transfers, disposals and reclassifications	-	-
Depreciation and impairments as December 31, 2021	**(254.8)**	**(254.8)**
Depreciation	(120.7)	(120.7)
Impairment	-	-
Transfers, disposals and reclassifications	-	-
Depreciation and impairments as December 31, 2022	**(375.5)**	**(375.5)**
		-
Balance as of December 31, 2021	**628.5**	**628.5**
Balance as of December 31, 2022	**545.4**	**545.4**

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

There was no impairment charge on seismic vessels and equipment in 2022 and 2021.

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Ernst & Young AS

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Medlemmer av Den norske Revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of PGS Shipowner AS

Opinion

We have audited the financial statements of PGS Shipowner AS (the Company), which comprise the balance sheet as at 31 December 2022, the income statement, statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

Basis for opinion

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

Other information

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

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

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

Responsibilities of management for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Oslo, 06.06.2023
ERNST & YOUNG AS

The auditor's report is signed electronically

Johan Lid Norby
State Authorised Public Accountant (Norway)

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

Johan Nordby
Statsautorisert revisor
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Annex 11b

PGS Shipowner AS Annual Report 2021

PGS Shipowner AS

The Board of Directors' Report 2021

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

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

The Company is located at Lilleaker in Oslo.

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

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

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

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

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

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

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

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

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

Rescheduling of debt
Due to the dramatic negative market change caused by the Covid-19 pandemic, PGS renegotiated its main credit agreements to extend near-term debt maturities and amortization profiles to preserve liquidity. On February 2, 2021, a UK Scheme of Arrangement (the "Scheme") was sanctioned by an English court allowing the implementation of the financing transaction. With the transaction PGS extended its current near-term maturity and amortization profile under its RCF/TLB and ECF facilities by approximately two years. Further

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Board of Directors and the Executive Management team of PGS Group are covered by PGS ASA's Directors and Officers Liability Insurance (D&O) placed in the international insurance market on market standard terms and conditions. The insurance comprises the directors' and officers' personal legal liabilities, including defense- and legal costs.

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

Oslo, 30.06.2022
The board of PGS Shipowner AS

Rune Olav Pedersen
Chairperson

Gottfred Langseth
Board member

Christin Steen-Nilsen
Board member

Robert James Adams
General Manager

PGS Shipowner AS
Financial Statements - 2021

Income statement

PGS Shipowner AS

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

Balance sheet

PGS Shipowner AS

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

Balance sheet

PGS Shipowner AS

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

Oslo, 30.06.2022
The board of PGS Shipowner AS

Rune Olav Pedersen
Chairman of the board

Gottfred Langseth
Member of the board

Christin Steen-Nilsen
Member of the board

Robert James Adams
General Manager

PGS Shipowner AS
Statements of Changes in Shareholders' Equity

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

PGS Shipowner AS
Statements of Cash Flows 01.01 - 31.12

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

PGS Shipowner AS
Notes to the financial statements

Note 1 Accounting principles

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

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

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

Summary of significant accounting policies:

Main principles for assessing and classifying assets and liabilities
Assets determined for lasting ownership or use are classified as non-current assets. Other assets are classified as current assets. Receivables to be paid within one year are classified as current assets. The same criteria are applied in the classification of liabilities.

Non-current assets are valued at cost, but written down to the recoverable amount when the impairment is not expected to be temporary. Non-current assets with a limited economic lifetime are depreciated on a straight line basis. Non-current debt is recognized at its nominal value when incurred.

Current assets are valued at the lower of cost and fair value. Current liabilities are recognized at nominal value when incurred. Pursuant to the Accounting Act, some items are assessed in accordance with specific valuation guidelines which are summarized below.

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

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

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

Property and equipment

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

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

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

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

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

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

Impairment of property, equipment and intangibles

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

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

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

Revenue from contracts with customers

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

Leases
Company as a lessor

Operating leases
Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

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

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

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

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

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

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

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

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

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

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

Note 2 Share capital, shareholders and parent company information

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

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

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

Note 3 Shares in subsidiaries

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

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

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

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

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

The Company had no employees during the year.

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

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

As of 31.12.20201 no loans or collateral are given to the General Manager, Board of Directors etc.

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

Note 5 Restricted cash

The Company has no restricted bank deposits.

Note 6 Income taxes

Income tax consists of the following:

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

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

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

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

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

Note 7 Intercompany transactions

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

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

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

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

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

Sale and leaseback

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

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

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

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

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

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

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

Note 8 Leases

Financial leases (as lessor)

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

Gross investment in the lease

	Year ended December 31,	
(In millions of NOK)	**2021**	**2020**
Less than one year	11.5	11.1
One to five years	22.1	32.5
More than five years	-	-
Total gross investment in the lease	33.6	43.6

(In millions of NOK)		
Less than one year	10.8	10.3
One to five years	20.0	28.4
More than five years	-	-
Total present value of lease payments	30.8	38.7
Unearned financial income	2.8	4.9

Note 9 Property and equipment

The changes in property and equipment are as follows:

(in millions of NOK)	**Vessels and seismic equipment**	**Total**
Cost as of January 1, 2020	**905.9**	**905.9**
Capital expenditures	13.9	13.9
Transfers, disposals and reclassifications	(44.9)	(44.9)
Cost as of December 31, 2020	**874.9**	**874.9**
Capital expenditures	8.4	8.4
Transfers, disposals and reclassifications	-	-
Cost as of December 31, 2021	**883.3**	**883.3**

Accumulated depreciation and impairments as of January 1, 2020	**(11.2)**	**(11.2)**
Depreciation	(129.5)	(129.5)
Impairment	(26.8)	(26.8)
Transfers, disposals and reclassifications	35.1	35.1
Depreciation and impairments as December 31, 2020	**(132.3)**	**(132.3)**
Depreciation	(122.5)	(122.5)
Impairment	-	-
Transfers, disposals and reclassifications	-	-
Depreciation and impairments as December 31, 2021	**(254.8)**	**(254.8)**
		-
Balance as of December 31, 2020	**742.6**	**742.6**
Balance as of December 31, 2021	**628.5**	**628.5**

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

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

Note 10 Other operating expenses

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

Note 11 Debt and guarantees

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

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

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

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

Note 12 Subsequent events

Russia's invasion of Ukraine is deeply concerning with severe humanitarian consequences. The war is likely to significantly impact the political and security situation, as well as energy and financial markets.
The Company's operation is not directly impacted by the recent invasion, as PGS has very limited direct business activity in Russia or Ukraine.

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of PGS Shipowner AS

Opinion

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

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

Basis for opinion

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

Other information

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

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

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

Responsibilities of management for the financial statements

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

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

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

Auditor’s responsibilities for the audit of the financial statements

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

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

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

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

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Oslo, 30 June 2022
ERNST & YOUNG AS

The auditor's report is signed electronically

Johan Lid Nordby
State Authorised Public Accountant (Norway)

Signaturene i dette dokumentet er juridisk bindende. Dokument signert med "Penneo™ - sikker digital signatur".
De signerende parter sin identitet er registrert, og er listet nedenfor.

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

Johan Nordby
Statsautorisert revisor
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IP: 213.52.xxx.xxx
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Annex 12a

PGS Falcon AS Annual Report 2022

PGS Falcon AS
The Board of Directors' Report 2022

Nature of the business
PGS Falcon AS (the Company) is a wholly owned subsidiary of Petroleum Geo-Services AS and part of the PGS Group (PGS). The Company was founded on 8 October 2008,

The Company lease five seismic vessels, which are leased to other companies within PGS. The Company owns PGS Shipowner AS which owns five seismic vessels.

The Company is located at Lilleaker in Oslo.

Equality, Health, Safety and Environment
As of December 31. 2022 the Company had no employees. The Company's Board of Directors consists of one woman and two men.

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

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

Incident	2022	2021
Fatalities	0	0
Lost time injuries	1	1
Restricted work-day cases	1	1
Medical treatment cases	1	1
High potential incidents	1	1

Our health and safety performance remained strong in 2022. A year where PGS' activity level (core fleet vessels and PGS offices) has increased from 3,6 million man-hours in 2021 to 3,9 million man-hours in 2022.

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

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

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

To turn the upward trend of the total recordable case frequency as well as maintain the low high-potential incident rate, the Group will revise and update the HSE training catalogue to be aligned with the current HSE focus areas and continue the efforts to build a fully digital HSE management system that enables insight through data analysis.

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

As COVID-19 measures relaxed across the world, the Group also relaxed the procedures throughout the year and discontinued the mandatory quarantine and testing regime in the first half of 2022, though valid certification passes are still required for all crew and visitors to the vessels. After discontinuing quarantine and testing prior to joining the vessels, multiple cases of COVID-19 infection have been reported onboard.

However, with all crew vaccinated and measures in place to contain transmission, the Group have had no serious illness requiring medical treatment and no operational impact on the business.

Sustainability

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

Going concern

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

The equity as of December 31, 2022 is NOK -3,387.2 million, mainly caused by impairment of right-of-use assets according to IFRS 16. The Company has NOK 2,436.5 million in loans to the parent company that plans to be converted to equity during 2023. The Company has only intercompany debt and possible measures include further conversion of debt.

The Company's ultimate parent company, PGS ASA, has provided a letter of financial support and will continue to contribute funds as necessary to ensure the Company is at all times capable of meetings its liabilities as and when they fall due and carrying on its business, for a period of at least 12 months from the signing of the annual financial report.

Rescheduling of debt

Due to the dramatic negative market change caused by the Covid-19 pandemic, PGS renegotiated its main credit agreements to extend near-term debt maturities and amortization profiles to preserve liquidity. On February 2, 2021, a UK Scheme of Arrangement (the "Scheme") was sanctioned by an English court allowing the implementation of the financing transaction. With the transaction PGS extended its current near-term maturity and amortization profile under its RCF/TLB and ECF facilities by approximately two years. Further in 2022, PGS completed two equity increase, refer to finance section for further information. Together with the cost saving initiatives previously announced by PGS, the transactions strengthened PGS's liquidity profile in the current challenging operating environment.

Financial risk

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

Interest rate risk

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

Foreign exchange risk

The Company is exposed to changes in foreign exchange rates for its intercompany balances. The Company has not entered into forward contract or other agreements to reduce the Company's foreign exchange risk.

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

Credit risk/Liquidity risk

The Company leases its vessels to other companies within the PGS group and as a result, the credit risk is low.

The Company has an intercompany loan agreement with Petroleum Geo-Services AS whereby the parent company will provide funds to cover the Company's liabilities as they become due.

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

Financing status

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

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

With improving cash flow generation, the Company expects to be able to manage repayment of the remainder of the Term Loan B in March 2024. However, should the market not develop as expected the Company may become unable to settle maturities or amortization on the agreed payment dates or breach a financial covenant in the main credit agreements. This would represent a default under the relevant agreements. In such a case, the Company may be able to continue without repayment or acceleration if it achieves a standstill agreement (or, in the case of a financial covenant breach, a waiver) from the relevant lenders, agent or lender group. Should a payment default or financial covenant breach continue without a standstill agreement or waiver, this would be an event of default under the relevant agreements.

Based on the year-end cash balance and available liquidity resources, and the various refinancing alternatives being assessed, it is the Board's opinion that PGS has sufficient funding and liquidity to support PGS Falcons operations.

Presentation of the financial statements and the Company's development

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

Net loss for 2022 was NOK 893.8 million, compared to a loss of NOK 679.7 in 2021.

Cash flow from operating activities was NOK 336.7 million in 2022, compared to NOK 119.4 million in 2021. The deviation from operating profit is mainly related to depreciation, interest and currency exchange loss.

Board of Directors

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

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

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

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

From a very low level, the seismic market recovery started in 2021 when energy companies increased activity on nearfield exploration, exploration on existing licensed acreage and 4D reservoir optimization. The seismic contract business model normally serves these market segments. The contract market benefited from the higher activity and continued to improve in 2022. PGS has a solid market share in the 4D segment with its GeoStreamer offering, as well as steerable streamers and sources, enabling high data quality and precise replication of earlier 3D surveys and baseline 4D surveys.

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

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

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

The Company has no research and development costs.

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

Oslo, April 28th 2023

DocuSigned by: Rune Olav Pedersen
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Rune Olav Pedersen
Chairperson

DocuSigned by: Gottfred Langseth
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Gottfred Langseth
Board member

DocuSigned by: Christin Steen-Nilsen
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Christin Steen-Nilsen
Board member

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Robert James Adams
General Manager

PGS Falcon AS
Financial Satements - 2022

Revenue statement

Pgs Falcon AS

Values in mill. NOK	Note	2022	2021
Operating income and operating expenses			
Operating revenues	7	603,3	360,2
Gain on sale of fixed assets	9	-	-
Total income		**603,3**	**360,2**
Depreciation and amortisation expenses	8, 9	(370,3)	(370,2)
Other operating expenses	7	(181,1)	(213,7)
Total expenses		**(551,4)**	**(583,9)**
Operating profit (loss)		**51,9**	**(223,7)**
Financial income and expenses			
Currency exchange gain (loss)		(490,3)	(27,6)
Imputed interest cost on lease agreements		(227,2)	(253,7)
Other financial income (expense)	7	(3,0)	(3,4)
Write-down of long-term investments		-	(85,8)
Intercompany interest income (expense)	7	(200,9)	(89,7)
Net financial items		**(921,4)**	**(460,2)**
Net profit before tax		**(869,5)**	**(683,9)**
Income tax expense	6	(24,3)	4,1
Net profit after tax		**(893,8)**	**(679,7)**
Net profit or loss		**(893,8)**	**(679,7)**
Other comprehensive income			
Items that will not be classified to profit and loss		-	-
Items that may be subsequently reclassed to profit and loss		-	-
Total other comprehensive income		**-**	**-**
Total comprehensive income		**(893,8)**	**(679,7)**
Attributable to			
Transferred to (from) other equity		(893,8)	(679,7)
Total		**(893,8)**	**(679,7)**

Balance sheet

Pgs Falcon AS

Values in mill. NOK	**Note**	**2022**	**2021**
Assets			
Non-current assets			
Property, plant and equipment			
Machinery and equipment	9	0,3	0,4
Seismic vessels - leased	8	1 528,7	1 898,9
Total property, plant and equipment		**1 529,0**	**1 899,3**
Non-current financial assets			
Investments in subsidiaries	3	764,3	764,3
Other financial long-term assets		0,9	0,8
Total non-current financial assets		**765,2**	**765,1**
Total non-current assets		**2 294,2**	**2 664,4**
Current assets			
Debtors			
Other short-term receivables		8,2	6,9
Receivables from group companies	7	136,1	29,5
Total receivables		**144,4**	**36,4**
Cash and cash equivalents	5	0,1	0,1
Total current assets		**144,4**	**36,4**
Total assets		**2 438,6**	**2 700,8**

Balance sheet

Pgs Falcon AS

Values in mill. NOK	Note	2022	2021
Equity and liabilities			
Equity			
Paid-in capital			
Share capital	2	950,3	950,3
Other paid-in capital	2	3 316,4	3 316,4
Total paid-in equity		**4 266,7**	**4 266,7**
Other equity	2	(7 654,0)	(6 760,2)
Total shareholders' equity		**(3 387,2)**	**(2 493,4)**
Liabilities			
Other non-current liabilities			
Lease liabilities	7, 8	2 454,5	2 901,0
Non-current liabilities to group companies	7	2 287,0	1 549,9
Total non-current liabilities		**4 741,5**	**4 451,0**
Current liabilities			
Lease liabilities	7, 8	892,5	616,1
Trade payables		8,2	-
Public duties payable		12,7	-
Liabilities to group companies	7	117,2	79,2
Other current liabilities		53,8	48,0
Total current liabilities		**1 084,4**	**743,3**
Total liabilities		**5 825,9**	**5 194,3**
Total equity and liabilities		**2 438,6**	**2 700,8**

Oslo, 28.04.2023
The board of Pgs Falcon AS

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

DocuSigned by:
Gottfred Langseth
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Gottfred Langseth
member of the board

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

DocuSigned by:
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Robert James Adams
general Manager

PGS Falcon AS
Statements of Changes in Shareholders' Equity

(in millions of NOK)	Share capital	Additional paid-in capital	Other equity	Total
Equity as of January 1, 2021	**950.3**	**3,316.4**	**(6,080.4)**	**(1,813.6)**
Profit (loss) for the period	-	-	(679.7)	(679.7)
Equity as of December 31, 2021	**950.3**	**3,316.4**	**(6,760.2)**	**(2,493.4)**
Equity as of January 1, 2022	**950.3**	**3,316.4**	**(6,760.2)**	**(2,493.4)**
Profit (loss) for the period	-	-	(893.8)	(893.8)
Equity as of December 31, 2022	**950.3**	**3,316.4**	**(7,654.0)**	**(3,387.2)**

PGS Falcon AS
Statements of Cash Flows 01.01 - 31.12

(in millions of NOK)	Note	2022	2021
Cash flows provided by operating activities			
Profit for the year		(893.8)	(679.7)
Ordinary depreciation and impairment of property and equipment	8, 9	370.3	370.2
Impairment, net of reversal of impairment of shares	3	-	85.8
Interest expense		428.1	345.7
Foreign exchange (gain) loss, unrealized		481.3	24.2
Change in current intercompany balances		(70.2)	(9.2)
Change in current items related to operating activities		21.0	(17.5)
Net cash provided by operating activities		336.7	119.4
Cash flows provided by (used in) investing activities			
Investments in property and equipment	9	-	(0.4)
Net cash provided by (used in) investing activities		-	(0.4)
Cash flows provided by (used in) financing activities			
Change in long-term intercompany balances		693.6	685.7
Payment of lease liabilities (recognized under IFRS 16)		(803.1)	(551.0)
Payments of leases classified as interest		(227.2)	(253.7)
Net cash provided by (used in) financing activities		(336.7)	(119.0)
Cash and cash equivalents			
Net change in cash and cash equivalents for the year		-	-
Cash and cash equivalents as of 1 January		0.1	0.1
Cash and cash equivalents as of 31 December		0.1	0.1

PGS Falcon AS
Notes to the financial statements

Note 1 Accounting principles

General

The financial statements of PGS Falcon AS ("the Company") are included in the PGS ASA consolidated financial statements, references herein to the “Group” and “PGS” refer to PGS ASA and its subsidiaries.

Basis of presentation

PGS Falcon AS' financial statements have been prepared and presented in accordance with the regulations on simplified application of the International Financial Reporting Standards (IFRS) (FOR-2014-11-03-1415), ref. the Norwegian Accounting Act § 3.9 5th paragraph.

Going concern

Pursuant to section 3-3a of the Norwegian Accounting Act, the Board confirms that the 2022 financial statements have been prepared based on the going concern basis which, the Directors believe to be appropriate. Refer to “Financing status” section in the Board of Directors report and Note 10 for further information.

The Company’s ultimate parent company, PGS ASA, has provided a letter of financial support and will continue to contribute funds as necessary to ensure the Company is at all times capable of meetings its liabilities as and when they fall due and carrying on its business, for a period of at least 12 months from the signing of the annual financial statements.

Summary of significant accounting policies:

Main principles for assessing and classifying assets and liabilities

Assets determined for lasting ownership or use are classified as non-current assets. Other assets are classified as current assets. Receivables to be paid within one year are classified as current assets. The same criteria are applied in the classification of liabilities.

Non-current assets are valued at cost, but written down to the recoverable amount when the impairment is not expected to be temporary. Non-current assets with a limited economic lifetime are depreciated on a straight line basis. Non-current debt is recognized at its nominal value when incurred.

Current assets are valued at the lower of cost and fair value. Current liabilities are recognized at nominal value when incurred. Pursuant to the Accounting Act, some items are assessed in accordance with specific valuation guidelines which are summarized below.

Cash and cash equivalents and restricted cash

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

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

Foreign currency translation and transactions

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

Note 1 Accounting principles cont.

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

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

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

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

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

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 statements of profit and loss in the year derecognized.

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

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

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

Note 1 Accounting principles cont.

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

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

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.

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.

Note 1 Accounting principles cont.

Short term leases and low value leases
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 statement of profit and loss, except to the extent that it relates to items recorded directly to the 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 income tax is recognized on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary differences can be controlled by the Company and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

Changes in accounting policies and disclosures
Several amendments and interpretations apply for the first time in 2022, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Note 2 Share capital, shareholders and parent company information

The share capital comprise of 43,195 ordinary shares at nominal value NOK 22,000. All shares have equal rights. PGS Falcon AS is 100% owned by Petroleum Geo-Services AS.

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

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

Note 3 Shares in subsidiaries

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

(In millions of NOK)	Registered office	Shareholding (a)	Book value	Equity (b)	Impairments net 2022	Net income 2022 (b)
PGS Shipowner AS	Oslo	100%	764.3	766.0	-	1.7
PGS Inc	Houston	1%	-	(8.0)	-	(2.2)
Total			**764.3**		**-**	

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

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

No impairment charges in 2022. In 2021 the Company recognized net impairments of NOK 85.8 million on shares in subsidiaries, mainly due to reduced equity in subsidiaries.

In 2022 PGS Imaging Inc was merged into Petroleum Geo Services Inc (PGS Inc).

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

The Company had no employees during the year.

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

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

As of 31.12.2022, no loans or collateral are given to the General Manager, Board of Directors etc.

Ordinary audit fees for 2021 are NOK 0.36 million ex. VAT, and are entirely related to the audit of the financial statements.

Note 5 Restricted cash

The Company has no restricted bank deposits.

Note 6 Income taxes

Income tax consists of the following:

	Year ended December 31,	
(in millions of NOK)	**2022**	**2021**
Current taxes	24.3	(4.1)
Deferred taxes	-	-
Total Income tax expense	**24.3**	**(4.1)**

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

	Year ended December 31,	
	2022	**2021**
Income (loss) before income tax expense	(869.5)	(683.9)
Norwegian statutory rate	22%	22%
Provision for income taxes at statutory rate	(191.3)	(150.5)
Permanent differences	(0.3)	16.8
Foreign tax	24.3	(4.1)
Change in deferred tax asssets (liabilities)	191.6	133.6
Calculated income tax expense for the year	**24.3**	**(4.1)**
Calculation of taxable income		
Ordinary result before tax	(869.5)	(683.9)
Permanent differences	(1.2)	76.4
Change in temporary differences	188.8	(163.1)
Interest limitation rule effect	200.9	89.7
Taxable income	**(481.1)**	**(680.9)**

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

	December 31,	
	2022	**2021**
Fixed assets	(1,870.2)	(1,683.1)
Interest deduction for carry-over	(444.1)	(243.2)
Other temporary differences	(70.7)	(69.1)
NOL carry-forward	(5,169.7)	(4,688.6)
Deferred tax assets base	**(7,554.7)**	**(6,683.9)**
Deferred tax (assets) liabilities on temporary differences	(1,662.0)	(1,470.5)
Recognized deferred tax (assets) liabilities	-	-

Note 7 Intercompany transactions

(in millions of NOK)

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

Intercompany revenues consists mainly of vessel leases to other companies within the PGS Group.

	Year ended December 31,	
	2022	2021
Group companies	603.3	360.2
Total revenues Group companies	**603.3**	**360.2**

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

	Year ended December 31,	
	2022	2021
Group companies	182.9	217.1
Total operating expenses Group companies	**182.9**	**217.1**

Other intercompany expenses and revenues including financial items are delivered to (received from) the following Group companies:

	Year ended December 31,	
	2022	2021
Petroleum Geo-Services AS	(200.9)	(89.7)
Total other expenses and revenues Group companies	**(200.9)**	**(89.7)**

The Company is funded by the parent Petroleum Geo-Services AS, and intercompany interest income and expenses are entirely towards the parent company.

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

	December 31,	
	2022	2021
Current intercompany receivables	136.1	29.5
Current intercompany liabilities	(117.2)	(79.2)
Long-term intercompany liabilities	(2,287.0)	(1,549.9)
Current lease liabilities	(892.5)	(616.1)
Non-current liabilities	(2,454.5)	(2,901.0)
Net intercompany balances Group companies	**(5,615.1)**	**(5,116.7)**

Current intercompany receivables and payables towards other group companies are offset against the parent Petroleum Geo-Services AS on a monthly basis. Non-current intercompany receivables and liabilities are entirely towards the parent company Petroleum Geo-Services AS, and are offset continuously with no fixed due date. Non-current intercompany receivables carry interest of 3month LIBOR +7.5 % margin.

Current exchange loss for 2022 amounted to NOK 490.3 million, and s mainly due higher unrealized currency loss on the USD-denominated intercompany balances and lease liabilites.

Note 8 Leases

The Company has lease contracts for various items of seismic vessels and equipment used in its operations. Leases of seismic vessels and equipment have remaining lease terms between 5-10 years.

The weighted average incremental borrowing rate applied to the lease liabilities in the statement of financial position at initial adoption on 1 January 2019 was 6%.

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

(In millions of NOK)	**Seismic vessels and equipment**	**Total**
Balance as of January 1, 2021	2,269.1	2,269.1
Impairment	-	-
Depreciation expense	(370.2)	(370.2)
Balance as of January 1, 2022	1,898.9	1,898.9
Impairment	-	-
Depreciation expense	(370.2)	(370.2)
Balance as of December 31, 2022	1,528.7	1,528.7

Lease liabilities

Set out below are the remaining estimated lease payments for capitalized leases and present value:

	Year ended December 31,	
(In millions of NOK)	**2022**	**2021**
Less than one year	916.2	826.9
One to five years	2,888.3	2,762.6
More than five years	71.3	708.5
Remaining estimated lease payments	3,875.8	4,298.0

(In millions of NOK)		
Less than one year	892.5	777.3
One to five years	2,406.3	2,532.3
More than five years	48.2	207.5
Present value of remaining estimated lease payments	3,347.0	3,517.1

	Year ended December 31,	
(In millions of NOK)	**2022**	**2021**
Carrying amounts of lease liabilities	3,347.0	3,517.1
Of Which:		
Current portion	892.5	616.1
Non-current portion	2,454.5	2,901.0

The Company has short term agreements on seismic streamers and other in-sea equipment, refer to note 10 for more information. The Company does not have any other expenses relating to short term and low value leases recognized in the profit and loss.

Note 9 Property and equipment

The changes in property and equipment are as follows:

(in millions of NOK)	Vessels and seismic equipment	Total
Cost as of January 1, 2021	**89.0**	**89.0**
Capital expenditures	0.4	0.4
Transfers, disposals and reclassifications	-	-
Cost as of January 1, 2022	**89.4**	**89.4**
Capital expenditures	-	-
Transfers, disposals and reclassifications	-	-
Cost as of December 31, 2022	**89.4**	**89.4**
Accumulated depreciation and impairments as of January 1, 2021	**(89.0)**	**(89.0)**
Depreciation and impairments	(0.0)	(0.0)
Transfers, disposals and reclassifications	-	-
Depreciation and impairments as January 1, 2021	**(89.0)**	**(89.0)**
Depreciation and impairments	(0.1)	(0.1)
Transfers, disposals and reclassifications	-	-
Depreciation and impairments as December 31, 2022	**(89.1)**	**(89.1)**
Balance as of December 31, 2021	**0.4**	**0.4**
Balance as of December 31, 2022	**0.3**	**0.3**

Note 10 Debt and guarantees

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

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

With improving cash flow generation, PGS expects to be able to manage repayment of the remainder of the Term Loan B in March 2024. However, should the market not develop as expected PGS may become unable to settle maturities or amortization on the agreed payment dates or breach a financial covenant in the main credit agreements. This would represent a default under the relevant agreements. In such a case, PGS may be able to continue without repayment or acceleration if it achieves a standstill agreement (or, in the case of a financial covenant breach, a waiver) from the relevant lenders, agent or lender group. Should a payment default or financial covenant breach continue without a standstill agreement or waiver, this would be an event of default under the relevant agreements.

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

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of PGS Falcon AS

Opinion

We have audited the financial statements of PGS Falcon AS (the Company), which comprise the balance sheet as at 31 December 2022, the revenue statement, statement of comprehensive income, statement of cash flows and statement of changes in shareholder's equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

Basis for opinion

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

Other information

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

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

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

Responsibilities of management for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Oslo, 28 April 2023
ERNST & YOUNG AS

The auditor's report is signed electronically

Johan Lid Nordby
State Authorised Public Accountant (Norway)

Annex 12b

PGS Falcon AS Annual Report 2021

PGS Falcon AS
The Board of Directors' Report 2021

Nature of the business
PGS Falcon AS (the Company) is a wholly owned subsidiary of Petroleum Geo-Services AS and part of the PGS Group (PGS). The Company was founded on 8 October 2008,

The Company lease five seismic vessels, which are leased to other companies within PGS. The Company owns PGS Shipowner AS which owns five seismic vessels.

The Company is located at Lilleaker in Oslo.

Equality, Health, Safety and Environment
As of December 31, 2021 the Company had no employees. The Company's Board of Directors consists of one woman and two men.

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

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

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

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

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

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

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

Going concern
Pursuant to section 3-3a of the Norwegian Accounting Act, the Board confirms that the 2021 financial statements have been prepared based on the assumption of a going concern and that it believes that this assumption is appropriate. As described in "Financing status" section, there is a risk that the PGS Group might not generate sufficient liquidity to repay its 2022 maturities whilst also meeting the other requirements of the main credit agreement. The Company is a guarantor under the loan and dependent on group companies for its operations. Whilst the Group expects to be able to manage the above-mentioned risks and that PGS continued operations should not be impacted, the Directors concluded that the current situation constitutes a material uncertainty.

The equity as of December 31, 2021 is NOK -2 493,4 million, mainly caused by impairment of right-of-use assets according to IFRS 16. The Company has NOK 1 549,9 million in loans to the parent company that will be converted to equity during 2022, in addition the Company will receive group contribution in 2022 related to the tax return for 2021. The Company has only intercompany debt and possible measures include further conversion of debt.

The Company's ultimate parent company, PGS ASA, has provided a letter of financial support and will continue to contribute funds as necessary to ensure the Company is at all times capable of meetings its liabilities as and when they fall due and carrying on its business, for a period of at least 12 months from the signing of the annual financial report.

Rescheduling of debt
Due to the dramatic negative market change caused by the Covid-19 pandemic, PGS renegotiated its main credit agreements to extend near-term debt maturities and amortization profiles to preserve liquidity. On February 2, 2021 a UK Scheme of Arrangement (the "Scheme") was sanctioned by an English court allowing the implementation of the financing transaction. With the Transaction PGS extended its current near-term maturity and amortization profile under its RCF/TLB and ECF facilities by approximately two years.

In Q1 2021 PGS ASA contributed the majority of its assets and liabilities to Petroleum Geo-Services AS, including its shares in the Company. Petroleum Geo-Services AS is replacing PGS ASA as the Norwegian borrower, PGS Finance Inc. continues as US Borrower and PGS Holding II Ltd enters as UK Co-Borrower. The TLB facility is guaranteed by all material subsidiaries except PGS Titans AS, holding the four titan-class vessels leased by the Company and financed by four export credit loans.

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

Interest rate risk
The Company is exposed to changes in interest rate levels as the Company's intercompany balances have floating interest rates.

Foreign exchange risk
The Company is exposed to changes in foreign exchange rates for its intercompany balances. The Company has not entered into forward contract or other agreements to reduce the Company's foreign exchange risk.

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

Credit risk/Liquidity risk
The Company leases its vessels to other companies within the PGS group and as a result, the credit risk is low. The Company has an intercompany loan agreement with Petroleum Geo-Services AS whereby the parent company will provide funds to cover the Company's liabilities as they become due. The Company's cash and cash equivalents are included in PGS' cash pool, but subordinated to significant debt commitments and the Company is a guarantor for significant portions of the group's debt. The ability of funding depends on the ability of its parent to provide funding.

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.

The seismic market recovery has been slower than assumed in the debt rescheduling business plan from 2020. As a result, there is a risk that the Company will not generate sufficient liquidity to make the 2022 amortization payments whilst also meeting the other requirements of the main credit agreements. The Company has started preparations for assessing alternative ways to address this and have engaged advisors to assist the Company in this respect.

The Company and the PGS Group expects to be able to manage the above-mentioned risk. However, if unsuccessful, the PGS Group may become unable to settle maturities or amortization on the agreed payment dates or breach a financial covenant in the main credit agreements.

The company is dependent for its working capital on the funds provided to it by Petroleum Geo-Services AS, a subsidiary of PGS ASA, the Companies ultimate parent. The Company is also highly dependent on several agreements with group companies for its operations. The directors have considered the financial position of the company, including the centralized treasury arrangements with a subsidiary of PGS ASA, as well as the financial position of PGS ASA and other relevant subsidiaries.

PGS have provided the company with an undertaking that for at least 12months form the date of approval of these financial statements it will continue to make available such funds as are needed by the company and it will not seek repayment of the amounts currently made available. This should enable the company to continue in operational existence for the forceable future by meeting its liabilities as they fall due for payment. PGS ASA has however notified the company that such support may depend on its ability to agree on a solution for its 2022 debt maturities.

Whist they are confident that the rescheduling of the PGS Group debt will be achieved, the directors have concluded that the risk constitutes a material uncertainty that casts significant doubt upon PGS ASA's ability to continue to provide financial support. Therefore, the company may be unable to realize its assets and discharge its liabilities in the normal course of business.
The Directors have obtained sufficient information in terms of the financial situation of PGS ASA to conclude that the going concern assumption is still appropriate, thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

Further, even with the debt rescheduling, the Group remains highly leveraged and may become financially challenged should it not comply with the applicable financial maintenance covenants or ultimately fail to generate sufficient cash flow and/or refinance to address the amended amortization and maturity profiles. The Group believes it would have several viable alternatives such as negotiating further extensions with its lenders.

Based on the year-end cash balance and available liquidity resources, and the various refinancing alternatives being assessed, it is the Board's opinion that PGS has sufficient funding and liquidity to support PGS Falcons operations.

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

Net loss for 2021 was NOK -679,7 million, compared to a loss of NOK -2 352,7 in 2020.
The oil price has increased substantially since the low levels in 2020. However, despite encouraging fundamentals, the market is still challenging negatively impacting rates on vessels.

Cash flow from operating activities was NOK 119.4 million in 2021, compared to NOK 277.5 million in 2020. The deviation from operating profit is mainly related to depreciation and impairment.

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

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

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

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

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

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

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

The Company has no research and development costs.

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

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

Oslo, April 29th 2022

DocuSigned by: Rune Olav Pedersen 3ACC628408F5409... Rune Olav Pedersen Chairperson	DocuSigned by: Gottfred Langseth 3FF93C1EC860404... Gottfred Langseth Board member
DocuSigned by: Christin Steen-Nilsen 53F8F3970D684AF... Christin Steen-Nilsen Board member	DocuSigned by: Robert James Adams 7974A3DAC68F442... Robert James Adams General Manager

PGS Falcon AS
Financial Satements - 2021

Revenue statement

Pgs Falcon AS

Values in mill. NOK	Note	2021	2020
Operating income and operating expenses			
Operating revenues		360,2	651,9
Gain on sale of fixed assets	9	-	0,4
Total income		**360,2**	**652,4**
Depreciation and amortisation expenses	8, 9	(370,2)	(590,1)
Impairment loss	9	-	(1 699,9)
Other operating expenses	10	(217,1)	(362,9)
Total expenses		**(587,3)**	**(2 653,0)**
Operating profit (loss)		**(227,1)**	**(2 000,6)**
Financial income and expenses			
Currency exchange gain (loss)		(27,6)	67,3
Imputed interest cost on lease agreements		(253,7)	(302,3)
Write-down of long-term investments	3	(85,8)	(55,4)
Intercompany interest income (expense)	7	(89,7)	(34,3)
Net financial items		**(456,7)**	**(324,7)**
Net profit before tax		**(683,9)**	**(2 325,3)**
Income tax expense	6	4,1	(27,4)
Net profit after tax		**(679,7)**	**(2 352,7)**
Other comprehensive income			
Items that will not be classified to profit and loss		-	-
Items that may be subsequently reclassed to profit and loss		-	-
Total other comprehensive income		**-**	**-**
Total comprehensive income		**(679,7)**	**(2 352,7)**
Attributable to			
Transferred to (from) other equity		(679,7)	(2 352,7)
Total		**(679,7)**	**(2 352,7)**

Balance sheet

Pgs Falcon AS

Values in mill. NOK	Note	2021	2020
Assets			
Non-current assets			
Property, plant and equipment			
Machinery and equipment	9	0,4	-
Seismic vessels - leased	8	1 898,9	2 269,1
Total property, plant and equipment		**1 899,3**	**2 269,1**
Non-current financial assets			
Investments in subsidiaries	3	764,3	850,1
Other financial long-term assets		0,8	0,8
Total non-current financial assets		**765,1**	**850,9**
Total non-current assets		**2 664,4**	**3 120,0**
Current assets			
Debtors			
Other short-term receivables		6,9	7,7
Receivables from group companies	7	29,5	77,6
Total receivables		**36,4**	**85,3**
Cash and cash equivalents	5	0,1	0,1
Total current assets		**36,4**	**85,3**
Total assets		**2 700,8**	**3 205,3**

Balance sheet

Pgs Falcon AS

Values in mill. NOK	Note	2021	2020
Equity and liabilities			
Equity			
Paid-in capital			
Share capital	2	950,3	950,3
Other paid-in capital	2	3 316,4	3 316,5
Total paid-in equity		**4 266,7**	**4 266,8**
Other equity	2	(6 760,2)	(6 080,4)
Total shareholders' equity	**1**	**(2 493,4)**	**(1 813,6)**
Liabilities			
Other non-current liabilities			
Lease liabilities	7, 8	2 901,0	3 483,6
Non-current liabilities to group companies	7	1 549,9	772,2
Total non-current liabilities		**4 451,0**	**4 255,8**
Current liabilities			
Lease liabilities	7, 8	616,1	560,4
Liabilities to group companies	7	79,2	137,3
Other current liabilities		48,0	65,4
Total current liabilities		**743,3**	**763,1**
Total liabilities		**5 194,3**	**5 018,9**
Total equity and liabilities		**2 700,8**	**3 205,3**

Oslo, 29.04.2022
The board of Pgs Falcon AS

DocuSigned by:
Rune Olav Pedersen
3ACC628408F5409...
Rune Olav Pedersen
chairman of the board

DocuSigned by:
Gottfred Langseth
3FF93C1EC860404...
Gottfred Langseth
member of the board

DocuSigned by:
Christin Steen-Nilsen
53F8F3970D684AF...
Christin Steen-Nilsen
member of the board

DocuSigned by:
Robert James Adams
7974A3DAC68F442...
Robert James Adams
general Manager

PGS Falcon AS
Statements of Changes in Shareholders' Equity

(in millions of NOK)	Share capital	Additional paid-in capital	Other equity	Total
Equity as of January 1, 2020	**950.3**	**3,316.4**	**(3,727.7)**	**539.1**
Profit (loss) for the period	-	-	(2,352.7)	(2,352.7)
Equity as of December 31, 2020	**950.3**	**3,316.4**	**(6,080.4)**	**(1,813.6)**
Equity as of January 1, 2021	**950.3**	**3,316.4**	**(6,080.4)**	**(1,813.6)**
Profit (loss) for the period	-	-	(679.7)	(679.7)
Equity as of December 31, 2021	**950.3**	**3,316.4**	**(6,760.2)**	**(2,493.4)**

PGS Falcon AS
Statements of Cash Flows 01.01 - 31.12

(in millions of NOK)	Note	2021	2020
Cash flows provided by operating activities			
Profit for the year		(679.7)	(2,352.7)
Ordinary depreciation and impairment of property and equipment	8, 9	370.2	2,290.1
Impairment, net of reversal of impairment of shares	3	85.8	55.4
Gain on sale of fixed assets		-	(0.4)
Interest expense		345.7	336.6
Foreign exchange (gain) loss, unrealized		24.2	(87.1)
Change in current intercompany balances		(9.2)	35.8
Change in current items related to operating activities		(17.5)	(0.0)
Net cash provided by operating activities		119.4	277.5
Cash flows provided by (used in) investing activities			
Investments in property and equipment	9	(0.4)	(2.1)
Proceeds from sale of property and equipment	9	-	2.5
Investment in companies		-	-
Net cash provided by (used in) investing activities		(0.4)	0.4
Cash flows provided by (used in) financing activities			
Change in long-term intercompany balances		685.7	608.5
Payment of lease liabilities (recognized under IFRS 16)		(551.0)	(584.1)
Payments of leases classified as interest		(253.7)	(302.3)
Net cash provided by (used in) financing activities		(119.0)	(278.0)
Cash and cash equivalents			
Net change in cash and cash equivalents for the year		-	-
Cash and cash equivalents as of 1 January		0.1	0.1
Cash and cash equivalents as of 31 December		0.1	0.1

PGS Falcon AS
Notes to the financial statements

Note 1 Accounting principles

General
The financial statements of PGS Falcon AS ("the Company") are included in the PGS ASA consolidated financial statements, references herein to the “Group” and “PGS” refer to PGS ASA and its subsidiaries.

Basis of presentation
PGS Falcon AS' financial statements have been prepared and presented in accordance with the regulations on simplified application of the International Financial Reporting Standards (IFRS) (FOR-2014-11-03-1415), ref. the Norwegian Accounting Act § 3.9 5th paragraph.

Going concern
Pursuant to section 3-3a of the Norwegian Accounting Act, the Board confirms that the 2021 financial statements have been prepared based on the assumption of a going concern and that it believes that this assumption is appropriate. As described in “Financing status” section, there is a risk that the PGS Group might not generate sufficient liquidity to repay its 2022 maturities whilst also meeting the other requirements of the main credit agreement. Whilst the Company expects to be able to manage the above-mentioned risks and that PGS continued operations should not be impacted, the Directors concluded that the current situation constitutes a material uncertainty. See Note 11 for further information.

The Company’s ultimate parent company, PGS ASA, has provided a letter of financial support and will continue to contribute funds as necessary to ensure the Company is at all times capable of meetings its liabilities as and when they fall due and carrying on its business, for a period of at least 12 months from the signing of the annual financial statements.

Summary of significant accounting policies:

Main principles for assessing and classifying assets and liabilities
Assets determined for lasting ownership or use are classified as non-current assets. Other assets are classified as current assets. Receivables to be paid within one year are classified as current assets. The same criteria are applied in the classification of liabilities.

Non-current assets are valued at cost, but written down to the recoverable amount when the impairment is not expected to be temporary. Non-current assets with a limited economic lifetime are depreciated on a straight line basis. Non-current debt is recognized at its nominal value when incurred.

Current assets are valued at the lower of cost and fair value. Current liabilities are recognized at nominal value when incurred. Pursuant to the Accounting Act, some items are assessed in accordance with specific valuation guidelines which are summarized below.

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

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

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

Shares in subsidiaries

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

Property and equipment

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

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

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

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

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 statements of profit and loss in the year derecognized.

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

Impairment of property, equipment and intangibles

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

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

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

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

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.

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 low value leases
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 statement of profit and loss, except to the extent that it relates to items recorded directly to the 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 income tax is recognized on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary differences can be controlled by the Company and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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

Note 2 Share capital, shareholders and parent company information

The share capital comprise of 43,195 ordinary shares at nominal value NOK 22,000. All shares have equal rights. PGS Falcon AS is 100% owned by Petroleum Geo-Services AS.

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

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

Note 3 Shares in subsidiaries

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

(In millions of NOK)	Registered office	Shareholding (a)	Book value	Equity (b)	Impairments 2021	Net income 2021 (b)
PGS Shipowner AS	Oslo	100%	764.3	764.3	(85.8)	(85.8)
PGS Imaging Inc	Houston	1%	-	(79.7)	-	(30.6)
Total			**764.3**		**(85.8)**	

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

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

During 2021, the Company recognized net impairments of NOK 85.8 million on shares in subsidiaries, mainly due to reduced equity in subsidiaries.

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

The Company had no employees during the year.

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

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

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

Ordinary audit fees for 2021 are NOK 0.34 million ex. VAT, and are entirely related to the audit of the financial statements.

Note 5 Restricted cash

The Company has no restricted bank deposits

Note 6 Income taxes

Income tax consists of the following:

	Year ended December 31,	
(in millions of NOK)	2021	2020
Current taxes	(4.1)	27.4
Deferred taxes	-	-
Total Income tax expense	**(4.1)**	**27.4**

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

	Year ended December 31,	
	2021	2020
Income (loss) before income tax expense	(683.9)	(2,325.3)
Norwegian statutory rate	22%	22%
Provision for income taxes at statutory rate	(150.5)	(511.6)
Permanent differences	18.9	9.1
Foreign tax	(4.1)	27.4
Write down deferred tax asset	131.6	502.4
Calculated income tax expense for the year	(4.1)	**27.4**
Calculation of taxable income		
Ordinary result before tax	(683.9)	(2,325.3)
Permanent differences	85.8	41.5
Change in temporary differences	(779.6)	1,597.3
Taxable income	**(1,377.7)**	**(686.6)**
Income tax payable before group contribution and foreign tax	-	-
Tax effect of group contribution received	-	-
Tax effect of group contribution distributed	-	-
Income tax payable to Norway	**-**	**-**

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

	December 31,	
	2021	2020
Fixed assets	(1,066.6)	(1,842.4)
Interest deduction for carry-over	(153.6)	(153.6)
Other temporary differences	(69.1)	(72.8)
NOL carry-forward	(5,385.4)	(4,007.7)
Deferred tax assets base	**(6,674.6)**	**(6,076.5)**
Deferred tax (assets) liabilities on temporary differences	(1,468.4)	(1,336.8)
Recognized deferred tax (assets) liabilities	-	-

Note 7 Intercompany transactions

(in millions of NOK)

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

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

	Year ended December 31,	
	2021	**2020**
Other Group companies	360.2	651.9
Total revenues Group companies	**360.2**	**651.9**

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

	Year ended December 31,	
	2021	**2020**
Other Group companies	217.1	362.9
Total operating expenses Group companies	**217.1**	**362.9**

Other intercompany expenses and revenues including financial items are delivered to (received from) the following Group companies:

	Year ended December 31,	
	2021	**2020**
Petroleum Geo-Services AS	(89.7)	(34.3)
Other Group companies	-	(3.8)
Total other expenses and revenues Group companies	**(89.7)**	**(38.1)**

The Company is funded by the parent Petroleum Geo-Services AS, and intercompany interest income and expenses are entirely towards the parent company.

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

	December 31,	
	2021	**2020**
Current intercompany receivables	29.5	77.6
Current intercompany liabilities	(79.2)	(137.3)
Long-term intercompany liabilities	(1,549.9)	(772.2)
Current lease liabilities	(616.1)	(560.4)
Non-current liabilities	(2,901.0)	(3,483.6)
Net intercompany balances Group companies	**(5,121.9)**	**(4,875.9)**

Current intercompany receivables and payables towards other group companies are offset against the parent Petroleum Geo-Services AS on a monthly basis. Non-current intercompany receivables and liabilities are entirely towards the parent company Petroleum Geo-Services AS, and are offset continuously with no fixed due date. Non-current intercompany receivables carry interest of 3month LIBOR +7.5 % margin.

Note 8 Leases

The Company has lease contracts for various items of seismic vessels and equipment used in its operations. Leases of seismic vessels and equipment have remaining lease terms between 5-10 years.

The weighted average incremental borrowing rate applied to the lease liabilities in the statement of financial position at initial adoption on 1 January 2019 was 6%.

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

(In millions of NOK)	**Seismic vessels and equipment**	**Total**
Balance as of January 1, 2020	4,505.1	4,505.1
Impairment	(1,651.4)	(1,651.4)
Depreciation expense	(584.7)	(584.7)
Balance as of January 1, 2021	2,269.1	2,269.1
Impairment	-	-
Depreciation expense	(370.2)	(370.2)
Balance as of December 31, 2021	1,898.9	1,898.9

Depreciation amounted to NOK 370.2 million and NOK 584,7 million for the years 2021 and 2020, respectively.
There were no impairments recorded in 2021, compared to NOK 1 651.4 million in 2020.

Lease liabilities

Set out below are the remaining estimated lease payments for capitalized leases and present value:

	Year ended December 31,	
(In millions of NOK)	**2021**	**2020**
Less than one year	826.9	800.3
One to five years	2,762.6	3,085.1
More than five years	708.5	1,074.7
Remaining estimated lease payments	4,298.0	4,960.2

(In millions of NOK)		
Less than one year	777.3	769.9
One to five years	2,532.3	2,557.9
More than five years	207.5	716.2
Present value of remaining estimated lease payments	3,517.1	4,044.0

	Year ended December 31,	
(In millions of NOK)	**2021**	**2020**
Carrying amounts of lease liabilities	3,517.1	4,044.0
Of Which:		
Current portion	616.1	560.4
Non-current portion	2,901.0	3,483.6

The Company has short term agreements on seismic streamers and other in-sea equipment, refer to note 10 for more information. The Company does not have any other expenses relating to short term and low value leases recognized in the profit and loss.

Note 9 Property and equipment

The changes in property and equipment are as follows:

(in millions of NOK)	Vessels and seismic equipment	Total
Cost as of January 1, 2020	**89.0**	**89.0**
Capital expenditures	2.1	2.1
Transfers, disposals and reclassifications	(2.1)	(2.1)
Cost as of January 1, 2021	**89.0**	**89.0**
Capital expenditures	0.4	0.4
Transfers, disposals and reclassifications	-	-
Cost as of December 31, 2021	**89.4**	**89.4**
Accumulated depreciation and impairments as of January 1, 2020	**(35.0)**	**(35.0)**
Depreciation and impairments	(5.4)	(5.4)
Transfers, disposals and reclassifications	(48.6)	(48.6)
Depreciation and impairments as January 1, 2020	**(89.0)**	**(89.0)**
Depreciation and impairments	(0.0)	(0.0)
Transfers, disposals and reclassifications	-	-
Depreciation and impairments as December 31, 2021	**(89.0)**	**(89.0)**
Balance as of December 31, 2020	**-**	**-**
Balance as of December 31, 2021	**0.4**	**0.4**

Note 10 Other operating expenses

	Year ended December 31,	
	2021	**2020**
Expenses for seismic equipment	189.6	328.6
Other	27.5	34.3
Total	**217.1**	**362.9**

Note 11 Debt and guarantees

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

The seismic market recovery has been slower than assumed in the debt rescheduling business plan from 2020. As a result, there is a risk that the Company will not generate sufficient liquidity to make the 2022 amortization payments whilst also meeting the other requirements of the main credit agreements. The Company and the PGS Group has started preparations for assessing alternative ways to address this and have engaged advisors to assist the Group in this respect.

The Company and the PGS Group expects to be able to manage the above-mentioned risk. However, if unsuccessful, the Company may become unable to settle maturities or amortization on the agreed payment dates or breach a financial covenant in the main credit agreements. A breach in other loan agreements for the PGS group would represent a default under the Company's loan agreement. In such case, the Company may be able to continue without repayment or acceleration if it achieves a standstill agreement (or, in the case of a financial covenant breach, a waiver) from the relevant lenders, agents or lender groups. Should a payment default or financial covenant breach continue without a standstill agreement or waiver, this would be an event of default under the relevant agreements. An event of default in one facility may represent an event of default in other facilities and agreements. Upon an event of default, there is a risk that the TLB lenders inter alia having a pledge over the shares in PGS Holding II Ltd (a holding company that indirectly owns and controls the Company), by 50% majority can accelerate and enforce. Such an enforcement would likely imply continued operations for the operating companies in the group, including the Company. The ECA lenders may however also enforce its pledges othe vessels owned by the Company.

Whist they are confident that the rescheduling of the PGS Group debt will be achieved, the directors have concluded that the risk constitutes a material uncertainty that casts significant doubt upon PGS ASA's ability to continue to provide financial support. Therefore, the company may be unable to realize its assets and discharge its liabilities in the normal course of business.

Further, even with the debt rescheduling, the Group remains highly leveraged and may become financially challenged should it not comply with the applicable financial maintenance covenants or ultimately fail to generate sufficient cash flow and/or refinance to address the amended amortization and maturity profiles. The Group believes it would have several viable alternatives such as negotiating further extensions with its lenders.

Based on the year-end cash balance and available liquidity resources, and the various refinancing alternatives being assessed, it is the Board's opinion that PGS has sufficient funding and liquidity to support PGS Falcons operations.

For additional information see Note 21 and 22 in the 2021 consolidated financial statements.

Note 12 Events after the Balance Sheet date

Russia's invasion of Ukraine is deeply concerning with severe humanitarian consequences. The war
is likely to significantly impact the political and security situation, as well as energy and financial markets. The Company's operation is not directly impacted by the recent invasion, as PGS has very limited direct business activity in Russia or Ukraine.

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of PGS Falcon AS

Opinion

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

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

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 1 of the financial statements, which describes the risk that the Company might not generate sufficient liquidity to repay the 2022 loan maturities whilst also meeting the other requirements of the main credit agreement. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

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

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

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

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Responsibilities of management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Oslo, 29 April 2022
ERNST & YOUNG AS

The auditor's report is signed electronically

Johan Lid Nordby
State Authorised Public Accountant (Norway)

The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

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

Johan Nordby
Statsautorisert revisor
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Annex 13a

PGS Geophysical AS Annual Report 2022

PGS Geophysical AS

The Board of Directors' Report 2022

Nature of the business
PGS Geophysical AS ("Company") is a wholly owned subsidiary of Petroleum Geo-Services AS and part of the PGS ASA Group ("PGS" or "PGS Group").

The Company provides services related to acquisition of marine seismic data worldwide, data processing on contracts and sale of own processed seismic data (multiclient data). The Company operates a fleet of seismic vessels which are leased from other companies within the PGS Group.

PGS Geophysical AS headquarters are located at Lilleaker in Oslo.

Equality, Health, Safety and Environment
The Company's Board of Directors consists of three women and two men.

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

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

Incident	2022	2021
Fatalities	0	0
Lost time injuries	1	1
Restricted work-day cases	1	1
Medical treatment cases	1	1
High potential incidents	1	1

Our health and safety performance remained strong in 2022. A year where PGS' activity level (core fleet vessels and PGS offices) has increased from 3,6 million man-hours in 2021 to 3,9 million man-hours in 2022.

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

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

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

To turn the upward trend of the total recordable case frequency as well as maintain the low high-potential incident rate, the Group will revise and update the HSE training catalogue to be aligned with the current HSE focus areas and continue the efforts to build a fully digital HSE management system that enables insight through data analysis.

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

As COVID-19 measures relaxed across the world, the Group also relaxed the procedures throughout the year and discontinued the mandatory quarantine and testing regime in the first half of 2022, though valid certification passes are still required for all crew and visitors to the vessels. After discontinuing quarantine and testing prior to joining the vessels, multiple cases of COVID-19 infection have been reported onboard.

However, with all crew vaccinated and measures in place to contain transmission, the Group have had no serious illness requiring medical treatment and no operational impact on the business.

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

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

Organization
The Company had 330 and 292 regular active employees as of December 31, 2022, and 2021, respectively. The increase of 13% is mainly due to increased offshore activity in 2022. As of December 31, 2022, PGS employees represented 53 nationalities; 28% of the office-based employees are women (3% of offshore employees are women). PGS ASA' Board of Directors has four males and three female shareholder elected directors and one male and two female employee-elected directors. No downtime has occurred relating to union disagreements during the year and the Board of Directors assess the cooperation of the employees as very good.

At the headquarters in Oslo, 27% of management positions are held by women, and 2% of women working for the Company work part-time. The average monthly salary of all active regular employees as of December 2022 was NOK 80,770 (NOK 71,034 for female employees and NOK 84,894 for male employees) based on exchange rates as of December 31, 2022. There is normally a significant predominance of male employees in vessel operations. Men and women within the Company with the same education have the same salary structure. However, the main part of female employees fills positions which traditionally have lower salaries.

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.

Sick leave in the Company (office and crew) was 1.7% in 2022 compared to 2.1 % in 2021.

Rescheduling of debt
Due to the dramatic negative market change caused by the Covid-19 pandemic, PGS renegotiated its main credit agreements to extend near-term debt maturities and amortization profiles to preserve liquidity. On February 2, 2021, a UK Scheme of Arrangement (the "Scheme") was sanctioned by an English court allowing the implementation of the financing transaction. With the transaction PGS extended its current near-term maturity and amortization profile under its RCF/TLB and ECF facilities by approximately two years. Further in 2022, PGS completed two equity increase, refer to finance section for further information. Together with the cost saving initiatives previously announced by PGS, the transactions strengthened PGS's liquidity profile in the current challenging operating environment.

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

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

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

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

Credit risk/Liquidity risk
The Company leases its vessels to other companies within PGS and as a result, the credit risk is low.

The Company has an intercompany loan agreement whereby the parent company will provide funds to cover the Company's liabilities as they become due.

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

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

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

With improving cash flow generation, the Company expects to be able to manage repayment of the remainder of the Term Loan B in March 2024. However, should the market not develop as expected the Company may become unable to settle maturities or amortization on the agreed payment dates or breach a financial covenant in the main credit agreements. This would represent a default under the relevant agreements. In such a case, the Company may be able to continue without repayment or acceleration if it achieves a standstill agreement (or, in the case of a financial covenant breach, a waiver) from the relevant lenders, agent or lender group. Should a payment default or financial covenant breach continue without a standstill agreement or waiver, this would be an event of default under the relevant agreements.

Based on the year-end cash balance and available liquidity resources, and the various refinancing alternatives being assessed, it is the Board's opinion that PGS has sufficient funding and liquidity to support PGS Geophysical AS operations.

Presentation of the financial statements and the Company's development
The revenues were NOK 3,006.2 million in 2022 compared to NOK 2,534.1 million in 2021. Operating result was NOK -186.9 million in 2022 compared NOK -450.3 million in 2021.

The Company's cash flow from operating activities was positive with NOK 1,237.1 million in 2022 compared to NOK 554.4 million in 2021. Deviation between cash flow from operating activities and the operating result is mainly due to changes in working capital, impairments, depreciation, and amortization.

The Company carries its part of the Group's research and development costs which are included in operating expenses. R&D costs were 4.4 million in 2022 compared to NOK 1.7 million in 2021.

In 2022, the Company invested NOK 437.7 million in property and equipment compared to NOK 264.3 million in 2021. In 2022, the Company invested NOK 214.5 million in the multiclient data library compared to NOK 102.1 million in 2021.

Board of Directors
As of December 31, 2022, the Board of Directors has the following members: Gottfred Langseth (Chairperson), Christin Steen-Nilsen, Anette Valbø, Eivind Vesterås and Carine Patricia Roaldkvam.

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

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

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

From a very low level, the seismic market recovery started in 2021 when energy companies increased activity on nearfield exploration, exploration on existing licensed acreage and 4D reservoir optimization. The seismic contract business model normally serves these market segments. The contract market benefited from the higher activity and continued to improve in 2022. PGS has a solid market share in the 4D segment with its GeoStreamer offering, as well as steerable streamers and sources, enabling high data quality and precise replication of earlier 3D surveys and baseline 4D surveys.

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

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

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

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

Oslo, June 28, 2023
The Board of PGS Geophysical AS

Gottfred Langseth	Christin Steen-Nilsen	Kristian Hoddevik
Anette Valbø	Carine Roalkvam	Eivind Vesterås

PGS Geophysical AS
Financial Statements 2022

Income statement

PGS Geophysical AS

Values in mill. NOK	Note	2022	2021
Operating income and operating expenses			
Revenue	1, 6	3 006,2	2 534,1
Gain/(loss) on sale of fixed assets	7	0,3	26,2
Total income		**3 006,4**	**2 560,4**
Employee benefits expense	3	549,2	462,6
Depreciation of property and equipment	7	447,0	530,2
Impairment of property and equipment	7	44,9	-
Amortization of multiclient library	8	232,9	693,6
Impairment of multiclient library	8	24,1	70,8
Other expenses	6	1 895,2	1 253,5
Total expenses		**3 193,3**	**3 010,6**
Operating profit		**(186,9)**	**(450,3)**
Financial income and expenses			
Dividends from (to) other group companies	6	35,2	0,1
Foreign exchange gain (loss)		68,8	15,0
Write-down of other assets	10	(938,1)	-
Write-down of long-term investments	10	(69,6)	(330,6)
Intercompany interest income (expense)	6	(155,3)	(64,9)
Interest costs on lease agreements	12	(30,8)	(41,2)
Other financial income (expense)	11	4,4	12,6
Net financial items		**(1 085,4)**	**(409,0)**
Net profit before tax		(1 272,3)	(859,3)
Income tax expense	5, 14	(129,9)	(105,2)
Net profit after tax		**(1 142,4)**	**(754,1)**
Annual net profit (loss)		**(1 142,4)**	**(754,1)**
Other comprehensive income			
Items that will not be classified to profit and loss		1,1	(1,1)
Items that may be subsequently reclassified to profit and loss		-	-
Total comprehensive income		**(1 141,3)**	**(755,2)**
Allocation of net profit (loss)			
Transferred to (from) other equity		(1 141,3)	(755,2)
Total allocated		**(1 141,3)**	**(755,2)**

Balance sheet

PGS Geophysical AS

Values in mill. NOK	Note	2022	2021
Assets			
Non-current assets			
Intangible assets			
Multiclient data library	8	460,6	503,1
Total intangible assets		**460,6**	**503,1**
Property, plant and equipment			
Seismic equipment, furniture and fixtures etc.	7	1 614,9	1 671,3
Total property, plant and equipment		**1 614,9**	**1 671,3**
Non-current financial assets			
Investments in subsidiaries	10	40,7	93,1
Other long-term receivables		20,1	35,6
Total non-current financial assets		**60,8**	**128,7**
Total non-current assets		**2 136,3**	**2 303,1**
Current assets			
Receivables			
Accounts receivables		472,0	354,5
Other short-term receivables		357,6	307,7
Supplies and consumables		274,3	180,2
Receivables from group companies	6	1 229,6	1 836,1
Total receivables		**2 333,6**	**2 678,5**
Cash and cash equivalents			
Cash and cash equivalents	4	180,3	97,9
Total current assets		**2 513,9**	**2 776,4**
Total assets		**4 650,2**	**5 079,5**

Balance sheet

PGS Geophysical AS

Values in mill. NOK	Note	2022	2021
Equity and liabilities			
Paid-in capital			
Share capital	2	279,4	279,4
Share premium reserve		1 811,0	2 319,2
Total paid-in equity		**2 090,4**	**2 598,5**
Other equity		-	-
Total shareholders equity		**2 090,4**	**2 598,5**
Liabilities			
Provisions			
Employee benefit obligations	9	23,1	27,2
Total provisions		**23,1**	**27,2**
Other non-current liabilities			
Lease liabilities	12	199,6	375,6
Non-current liabilities to group companies	6	763,1	868,4
Other non-current liabilities		3,9	1,4
Total non-current liabilities		**966,6**	**1 245,3**
Current liabilities			
Accounts payable		245,1	282,6
Lease liabilities	12	206,5	216,7
Tax payable	5, 14	70,0	48,1
Public duties payable		88,0	55,1
Liabilities to group companies	6	122,7	193,7
Other current liabilities	13	837,8	412,3
Total current liabilities		**1 570,1**	**1 208,5**
Total liabilities		**2 559,8**	**2 481,0**
Total equity and liabilities		**4 650,2**	**5 079,5**

Balance sheet

PGS Geophysical AS

Oslo, June 28, 2023
The board of PGS Geophysical AS

Gottfred Langseth	Christin Steen-Nilsen	Kristian Hoddevik
Anette Valbø	Carine Roalkvam	Eivind Vesterås

PGS Geophysical AS
Statements of Changes in Shareholders' Equity

(In millions of NOK)	Share capital	Share premium	Other paid-in capital	Other equity	Total
Equity at 1 January 2021	**279.4**	**2,645.4**	**66.5**	**-**	**2,991.3**
Profit (loss) for the period	-	-	-	(754.1)	**(754.1)**
Other comprehensive income (loss)	-	-	-	(1.1)	**(1.1)**
Group contribution net	-	-	-	362.8	**362.8**
Closed branches and other	-	-	-	(0.3)	**(0.3)**
Transfer of capital within equity	-	(326.3)	(66.5)	392.8	**-**
Equity at 31 December 2021	**279.4**	**2,319.2**	**-**	**-**	**2,598.5**
Profit (loss) for the period	-	-	-	(1,142.4)	**(1,142.4)**
Other comprehensive income (loss)	-	-	-	1.1	**1.1**
Group contribution net	-	-	-	633.5	**633.5**
Closed branches and other	-	-	-	(0.3)	**(0.3)**
Transfer of capital within equity	-	(508.1)	-	508.1	**-**
Equity at 31 December 2022	**279.4**	**1,811.1**	**-**	**-**	**2,090.4**

PGS Geophysical AS
Statement of cash flows 01.01 - 31.12

(In millions of NOK)	**Note**	**2022**	**2021**
Cash flow from operating activities			
Net income		(1,142.4)	(755.2)
Loss/gain on sale of fixed assets	7	(0.3)	(26.2)
Ordinary depreciation and impairment of property and equipment	7	491.9	530.2
Amortization and impairment of Multiclient data library	8	257.0	764.4
Interest expense		186.1	64.9
Write-down of other assets	6	938.1	-
Write-down of long-term investments	10	66.4	330.6
Foreign exchange (gain) loss, unrealized		(4.7)	-
Change in accounts receivable		(113.8)	(48.9)
Change in accounts payable		(35.6)	121.2
Change in pension liability		(4.1)	20.1
Net change current intercompany balances		231.9	(530.4)
Change in other accruals		366.6	83.7
Net cash flow from operating activities		**1,237.1**	**554.4**
Cash flow from investing activities			
Proceeds from sale of property and equipment	7	-	40.1
Purchase of property and equipment	7	(437.7)	(264.3)
Investments in multiclient library	8	(214.5)	(102.1)
Investment in associated companies	10	(14.0)	(20.2)
Net cash flow from investing activities		**(666.2)**	**(346.5)**
Cash flow from financing activities			
Net change long-term intercompany balances		(209.9)	106.2
Payment lease		(247.7)	(242.0)
Payment lease interests		(30.8)	(41.2)
Net cash flow from financing activities		**(488.5)**	**(177.0)**
Cash and cash equivalents			
Net change in cash and cash equivalents for the year		82.4	30.9
Cash and cash equivalents as of 1 January		97.9	67.0
Cash and cash equivalents as of 31 December		**180.3**	**97.9**

PGS Geophysical AS
Notes to the financial statements 2022

Note 1 Accounting principles

General
The financial statements of PGS Geophysical AS ("the Company") are included in the PGS ASA consolidated financial statements.

Basis of presentation
PGS Geophysical AS' financial statements for 2022 have been prepared and presented in accordance with the regulations on simplified application of the International Financial Reporting Standards (IFRS) (FOR-2014-11-03-1415), ref. the Norwegian Accounting Act § 3.9 5th paragraph, with comparative figures for 2021.

Going concern
Pursuant to section 3-3a of the Norwegian Accounting Act, the Board confirms that the 2022 financial statements have been prepared based on the assumption of a going concern and that it believes that this assumption is appropriate. Refer to "Financing status" section in the Board of Directors report and Note 14 for further information.

Summary of significant accounting policies:

Main principles for assessing and classifying assets and liabilities
Assets determined for lasting ownership or use are classified as non-current assets. Other assets are classified as current assets. Receivables to be paid within one year are classified as current assets. The same criteria are applied in the classification of liabilities.

Non-current assets are valued at cost, but written down to the recoverable amount when the impairment is not expected to be temporary. Non-current assets with a limited economic lifetime are depreciated on a straight line basis. Non-current debt is recognized at its nominal value when incurred.

Current assets are valued at the lower of cost and fair value. Current liabilities are recognized at nominal value when incurred. Pursuant to the Accounting Act, some items are assessed in accordance with specific valuation guidelines which are summarized below.

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

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

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

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.

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 component of 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 value 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 11.

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 statements of profit and loss and specified in Note 11.

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.

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 inflows from the projects to which the vessel will steam are sufficient to recover the cost of the steam. The recoverable steaming cost associated with MultiClient surveys is capitalized as a part of the MultiClient library (see above). The recoverable steaming costs associated with exclusive contract surveys is deferred and charged to the statements of profit and loss based upon the percentage of completion of the surveys.

Property and equipment
Property and equipment are recognized at cost less ordinary depreciation and impairments. Depreciation is calculated on a straight-line basis considering the estimated useful life and residual value.

Receivables
Trade receivables and other receivables are recognized at their nominal value less a provision for expected losses.

Bank deposits
The Company’s liquid assets are included in the PGS Group’s cash pool and are settled against intercompany balances on a current basis.

Intercompany balances
Short-term balances with other group subsidiaries are settled against the parent company on a regular basis. The long-term balance has no fixed due date.

Transactions in foreign currencies
Transactions in foreign currencies are recorded at the transaction date exchange rate. Monetary items in foreign currencies are translated to Norwegian kroner at the exchange rate on the balance sheet date. Net realized and unrealized currency loss/gain is recognized as financial expense/income in the income statement.

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.

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 a lease liability 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 low value leases
The Company has elected to apply the recognition exemption to lease contracts with a duration of less than 12 months, or that relate to assets with an underlying low value. Lease payments associated with short-term leases and leases of low-value assets are expensed on a straight-line basis.

Investments in subsidiaries, joint ventures and associates
Shares in subsidiaries and associated companies (see Note 13) 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 and when estimated recoverable amounts increase, impairment charges are reversed.

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

Goodwill does not generate cash flows independently of other assets or groups of assets and is allocated to the cash-generating units expected to benefit from the synergies of the combination that gave rise to the goodwill.

Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.
Goodwill (and the cash-generating unit to which goodwill is allocated) and intangible assets not yet available for use are evaluated for impairment annually, or whenever there is an indication that the asset may be impaired. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit (including goodwill allocation), the impairment is applied first to reduce the carrying amount of goodwill and then to reduce the carrying amount of the other assets in the unit pro-rata, based on their relative carrying amounts.

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

Revenue from contracts with customers
Revenue from contracts with customers arise primarily from 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, consideration is allocated among the performance obligations based on their estimated relative fair values.

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.

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 no longer exists.

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 have “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 the right to 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 “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.

See below for information on the impact of change in accounting policy related to MultiClient prefunding licenses.

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 are measured based on a model taking into account both working hours and processing.

Other services
Revenue is recognized over time as the Company satisfies the performance obligation and is entitled to the compensation under the contract.

Contingent liabilities
Contingent liabilities are expensed if the probability of payment is greater than 50%. A best estimate is applied when calculating the value of the settlement.

Income taxes
Income tax expense is comprised of the sum of current tax expense (or benefit) plus the change in deferred tax liabilities and assets during the period, except for current and deferred income tax relating to items recognized in the consolidated statements of other comprehensive income, in which case the tax is also recognized in the consolidated statements of other comprehensive income.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.
Deferred tax assets and liabilities are calculated using the liability method for all temporary differences between the carrying amount of assets and liabilities in the financial statements and for tax purposes, including tax losses carried forward. A deferred tax liability is not recognized on temporary differences arising from the initial recognition of goodwill.

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent it is no longer probable that estimated future taxable profit will be sufficient to recover all or part of the deferred tax assets. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent it has become probable that estimated future taxable profit is sufficient to recover the deferred tax assets. The probability assessment is based on Management's judgment and estimates of future taxable income, including the estimated effect of tax planning opportunities (see note 7).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the estimated year of realization or settlement, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if 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 long-term in the statements of financial position.

Employee benefits

Pension obligations

The Company operates various pension plans. The plans are funded through payments to insurance companies or trustee-administered funds. The Company has both defined benefit and defined contribution plans. 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 and reduced by the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using estimated interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Past service costs, which is an increase in the present value of the defined benefit obligation for employee services in prior periods due to current period changes to a defined benefit plan, are recognized immediately in the consolidated statements of profit and loss unless the changes to the defined benefit plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the 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 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.

Statements of cash flow
The Company applies the indirect method in the presentation of cash flows.

New and amended standards and interpretations
Several other amendments and interpretations apply for the first time in 2022, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Note 2 Share capital, shareholders and parent company information

The share capital is comprised of 1.396.805 ordinary shares at nominal value NOK 200. All shares have equal rights. PGS Geophysical AS is 100% owned by Petroleum Geo-Services AS.

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

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

Note 3 Salaries, other personnel expenses and remuneration to the General Manager, Board of Directors and auditor

(In millions of NOK)	2022	2021
Salaries	426.2	354.2
Social security tax	65.0	55.6
Pension expenses	38.7	34.3
Other personnel expenses	19.2	18.5
Total salaries and other personnel expenses	**549.2**	**462.6**

The Company employed 366 and 356 man-years in 2022 and 2021, respectively.
The Company is obligated to carry a pension plan in accordance with the Norwegian Occupational Pension Plan Act. The Company has established pension plans which cover the obligations set forth in the Act, see also Note 12.

The salary cost includes fees to the board of directors amounting to NOK 0.3 million and NOK 0.3 million for the year 2022 and 2021 respectively.
As of 31.12.2022, no loans or collateral are given to the General Manager, Board of Directors etc.

Key personnel in the Company were granted share options under the PGS Group share option programs and participate in the "Restricted Stock Unit" (RSU) and "Performance Restricted Stock Unit" (PRSU) programs. Expenses related to the RSU and PRSU programs are part of the Company's salary expenses, see also Note 18.

Remuneration to the General Manager

(In millions of NOK)	2022	2021
Salaries	3.5	3.4
Bonus	1.2	-
Benefits paid to pension plan	0.3	0.3
Other benefits	0.2	0.3
Total benefits	**5.3**	**4.0**

The General Manager is included in the PGS Group's current bonus schemes. For detailed information, refer to PGS ASA consolidated financial statements.

Ordinary audit fees for 2022 are NOK 2.9 million ex. VAT, and are related entirely to the audit of the financial statements.
Other audit fees for 2022 are NOK 0.8 million ex. VAT, and are related to tax and other services.

Note 4 Restricted cash

(In millions of NOK)	2022	2021
Tax withholdings and other restricted cash	33.1	32.1

Note 5 Income tax

(all figures in millions of NOK)

	2022	2021
Specification of income tax expense		
Current tax expense	23.5	52.4
Change deferred tax	25.1	(14.2)
Tax effect intra-group contribution	(178.7)	(143.4)
IFRS items tax effect	0.3	-
Income tax expense for the year	**(129.9)**	**(105.2)**
Reconciliation of income tax expense		
Income (loss) before income tax expense	(1,272.3)	(859.3)
Norwegian statutory rate	22%	22%
Provision for income taxes at statutory rate	(279.9)	(189.0)
IFRS items tax effect	0.3	(0.2)
Permanent differences	214.6	69.0
Changes in unrecognized deferred tax assets	(113.6)	(23.1)
Foreign tax	48.6	38.3
Calculated income tax expense for the year	**(129.9)**	**(105.2)**
Calculation of taxable income		
Ordinary result before tax	(1,272.3)	(859.3)
IFRS items	1.1	(1.1)
Permanent differences	975.3	313.5
Change in temporary differences	(140.4)	(85.9)
Received intra-group contribution	812.2	651.9
Allocation of loss to be brought forward	(376.0)	-19.00
Taxable income	**(0.0)**	**0.0**
Foreign tax and WHT payable	48.6	48.1
Total tax payable	**48.6**	**48.1**

Summary of temporary differences as of 31.12	**2022**	**2021**
Property and equipment	(813.9)	(901.2)
Leases	(141.0)	(216.7)
Deferred gains and losses	(15.4)	(19.2)
Pension liabilities	(23.1)	(27.2)
Receivables	(75.5)	(37.7)
Other temporary differences	(12.7)	(20.1)
Tax losses	(143.6)	(519.6)
Deferred tax assets base	**(1,225.2)**	**(1,741.6)**
22% deferred tax on temporary differences	(269.5)	(383.2)
Recognized deferred tax liability (asset)	-	-

Based on the uncertainty with regards to if the Company will have taxable income in the nearest future no deferred tax asset is recognized.

Note 6 Intercompany balances

The Company is part of the PGS group, and has significant transactions with other companies within the group. Intercompany transactions are mainly related to continuing operations and financing activities.

(In millions of NOK)	2022	2021
Revenues from related parties	1,347.9	764.5
Other operating expenses to related parties	0.0	45.9
IC mark-up fee income and charterhire rate adjustment (net)	(143.0)	(202.3)
Allocation of depreciation	(207.0)	(249.4)
Service management fee	(1.2)	1.8
Dividends and group contribution from (to) Group Companies (net)	35.2	0.1
Financial income and expenses to Group Companies (net)	(155.3)	(64.9)

Intercompany revenues consist mainly of operational services provided and hire of crew to other companies within the PGS Group. In 2022, Multiclient Invest AS and PGS Exploration UK Ltd accounted for above 90% of revenues from related parties.

Intercompany operating expenses consist mainly of cost allocations of operational services delivered from other companies within the PGS Group and group shared services. In 2022, Petroleum Geo Services Inc and PGS Exploration UK Ltd accounted for majority of operating expenses from related parties.

Related party balances as of 31 December:

(In millions of NOK)	2022	2021
Current intercompany receivables	1,229.6	1,836.1
Current intercompany liabilities	(122.7)	(193.7)
Long-term intercompany liabilities	(763.1)	(868.4)
Net intercompany balances Group companies	**343.8**	**774.0**

In 2022, the Company had impairment charges amounting to NOK 938.1 million related to intercompany receivables.

Current intercompany receivables and payables towards other group companies are offset against the parent Petroleum Geo-Services AS on a regular basis. Long-term intercompany liabilities are entirely towards the parent company Petroleum Geo-Services AS, and are offset continuously with no fixed due date. Long-term IC receivables carry interest of 3month LIBOR + 7.5% margin. The Company has the possibility to borrow up to USD 250 million from Petroleum Geo-Services AS.

Note 7 Property and equipment

The changes in property and equipment are as follows:

(In millions of NOK)	Seismic vessels and equipment	Buildings, furniture and fixtures	Patents and other intangible assets	Total
Cost as of January 1, 2021	**3,533.9**	**364.1**	**838.9**	**4,736.9**
Additions	174.4	5.6	84.3	264.3
Transfers, disposals and reclassifications	(40.7)	(0.1)	(18.3)	(59.1)
Cost as of December 31, 2021	**3,667.6**	**369.6**	**904.9**	**4,942.1**
Additions	349.6	7.0	81.9	438.5
SkatteFunn R&D deduction	0.0	0.0	(0.8)	(0.8)
Transfers, disposals and reclassifications	(39.0)	0.0	(4.2)	(43.2)
Cost as of December 31, 2022	**3,978.2**	**376.6**	**981.7**	**5,336.6**
(In millions of NOK)				
Accumulated depreciation and impairment as of January 1, 2021	**2,257.9**	**193.4**	**334.4**	**2,785.7**
Depreciation and impairment	434.1	9.5	86.6	530.2
Disposals and reclassifications	(40.2)	(0.1)	(4.8)	(45.1)
Accumulated depreciation and impairment of December 31, 2021	**2,651.8**	**202.8**	**416.2**	**3,270.8**
Depreciation and impairment	251.9	118.3	121.8	491.9
Disposals and reclassifications	(41.1)	0.0	0.0	(41.1)
Accumulated depreciation and impairment of December 31, 2022	**2,862.6**	**321.0**	**538.0**	**3,721.6**
Balance as of December 31, 2021	**1,015.8**	**166.8**	**488.6**	**1,671.3**
Balance as of December 31, 2022	**1,115.7**	**55.6**	**443.7**	**1,614.9**
Estimated useful life	20 to 30 years	1 to 30 years	3 to 10 years	

Depreciation amounted to NOK 447.0 million and NOK 530.2 million for the years 2022 and 2021, respectively.
Impairment amounted to NOK 44.9 million and nil for the years 2022 and 2021, respectively. The impairment in 2022 primarily relate to assessment of the Company's research and development portfolio.

The Company takes delivery of property and equipment under construction on behalf of several companies within the PGS Group. Upon completion, these assets are sold to the designated company within the PGS Group. These sales transactions are included as "Transfers, disposals and reclassification for the year" in the table above.

Sale and leaseback
In 2019, the Company entered into a sale and leaseback on seismic equipment with PGS Shipowner AS. The remaining leaseback period is 4 years. The Company has the option but no obligation, to buy back the equipment. The equipment is included in right-of-use assets further described in note 15.

Note 8 Multiclient data library

(In millions of NOK)	Multiclient data library
Acquisition cost as of January 1, 2021	**7,033.8**
Additions for the year	102.1
Acquisition cost as of December 31, 2021	**7,135.9**
Additions for the year	214.5
Acquisition cost as of December 31, 2022	**7,350.4**

(In millions of NOK)	
Accumulated ordinary amortization and impairment as of January 1, 2021	**5,868.3**
Ordinary amortization and impairment for the year	764.4
Accumulated ordinary amortization and impairment of December 31, 2021	**6,632.7**
Ordinary amortization and impairment for the year	257.0
Accumulated ordinary amortization and impairment of December 31, 2022	**6,889.7**
Balance as of December 31, 2021	**503.1**
Balance as of December 31, 2022	**460.6**

The details for the NOK 257.0 and NOK 764.4 million amortization and impairment expense for 2022 and 2021 respectively, are shown below.

	2022	2021
Amortization of MultiClient library	131.1	140.3
Accelerated amortization of MultiClient library	101.8	553.3
Impairment of MultiClient library	24.1	70.8
Amortization and impairment of MultiClient library	**257.0**	**764.4**

PGS Geophysical 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. PGS Geophysical generally holds an interest between 30-50%. PGS Geophysical recognizes its relative share of the revenue. For the year ended December 31, 2022, NOK 11.1 million of the net revenue recognized relates to projects with Joint Operations compared to NOK 63.9 million in 2021.

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Note 9 Pension liabilities

Defined benefit plans

Plan characteristics

The Company has defined benefit pension plans for certain executive officers in Norway, with eligibility determined by certain period-of-service requirements. These plans are funded through operations of PGS Geophysical AS. As of December 31, 2022, 5 employees were participating in the defined benefit plans.

Actuarial valuations and assumptions

Risks

Actuarial valuations as applied in the 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, changes in discount rates, compensation rates and mortality rates. Changes to assumptions may have significant effect on present net pension liabilities, future pension cost and future cash requirements to fund the plans.

Assumptions used to determine projected benefit obligation at year end/periodic pension cost:

	2022	2021
Discount rate	3.00%	1.90%
Compensation rate	3.50%	2.75%
Annual adjustment to social security base rate	3.25%	2.50%

(In millions of NOK)	2022	2021
Service cost	-	-
Interest cost on pension liability	0.4	0.4
Social security tax	0.1	0.1
Net periodic pension cost	**0.5**	**0.4**
Current period change in actuarial gain (loss) recognized in other equity (after tax)	**1.1**	**(1.1)**

The projected benefit obligation is calculated in accordance with underlying economic realities. Reconciliation of the defined benefit plans financial position as of 31 December against accrued obligation is summarized as follows:

(In millions of NOK)	2022	2021
Projected benefit obligation (PBO)	20.3	23.4
Pension funds	-	-
Net defined benefit obligation	20.3	23.4
Accrued social security tax	2.9	3.8
Net pension liability recognized in balance sheet	**23.2**	**27.2**

The accumulated actuarial gains (losses) recognized towards other comprehensive income are as follows:

(In millions of NOK)	2022	2021
Accumulated actuarial gains (losses)	46.5	45.6
Deferred tax	-	-
Accumulated actuarial gains (losses) recognized towards other comprehensive income	**46.5**	**45.6**

Defined contribution plans

The Company has established a defined contribution plan for new employees. The Company's contribution to this plan in 2022 and 2021 amounted to NOK 18.3 million and NOK 14.3 million, respectively.

Note 10 Shares in subsidiaries, associated companies etc.

The following table illustrates the summarized financial information (100% basis) as of December 31, 2022:

Company (registered office)	Ownership	Book value	Impairments 2022	Net income / (loss) 2022 (a)	Equity 31.12.22 (a)
PGS Geophysical UK Ltd. (UK)	100%	0.5	-	-	0.5
PGS Seismic Services Ltd. (UK)	100%	-	-	(2.3)	(19.4)
Petroleum Geo-Services Exploration (M) Sdn Bhd (Malaysia)	100%	-	-	(47.6)	(62.2)
PGS Data Processing and Technology Sdn. Bhd. (Malaysia)	100%	0.7	(13.4)	(14.6)	0.7
Natuna Ventures Pte. Ltd. (Singapore)	100%	-	-	(0.1)	(116.5)
PGS Overseas operation Limited (Cyprus)	90%	-	-	-	(1.5)
PGS Suporte Logistico e Servicios Ltda. (Brazil)	74%	-	-	1.1	-
Ocean Geo-Frontier Co, Ltd. (Japan)	34%	24.4	-	-	2.7
Versal AS	33%	14.0	-	-	14.0
Ocean Floor Geophysics Ltd (Canada)	20%	0.9	(29.5)	(1.4)	5.5
PGS Data Processing Middle East SAE (Egypt)	1.25%	-	-	(0.0)	0.3
PT Petroprima Geo-Servis Nusantara (India)	0.96%	-	-	(1.1)	(2.3)
PGS Imaging S.A. de C.V. (Mexico)	0.20%	-	-	(0.0)	(0.1)
Other investments		0.2	(26.7)	-	-
Total		**40.7**	**(69.6)**		

(a) Reflects preliminary numbers. Amounts in NOK million.

The following table illustrates the summarized financial information (100% basis) as of December 31, 2021:

Company (registered office)	Ownership	Book value	Impairments 2021	Net income 2021 (a)	Equity 31.12.21 (a)
Petroleum Geo-Services Exploration (M) Sdn Bhd (Malaysia)	100%	-	(87.1)	(11.5)	(1.3)
PGS Data Processing and Technology Sdn. Bhd. (Malaysia)	100%	14.1	(0.1)	(0.1)	1.6
PGS Geophysical UK Ltd. (UK)	100%	0.5	(0.1)	(0.0)	0.1
PGS Seismic Services Ltd. (UK)	100%	-	-	(0.2)	(2.2)
Natuna Ventures Pte. Ltd. (Singapore)	100%	-	-	(0.0)	(11.7)
PGS Imaging S.A. de C.V. (Mexico)	0.2%	-	-	(0.3)	(4.3)
PGS Suporte Logistico e Servicios Ltda. (Brazil)	74%	-	(243.2)	(16.9)	(7.8)
PT Petroprima Geo-Servis Nusantara (India)	1%	-	-	1.5	(11.3)
PGS Data Processing Middle East SAE (Egypt)	1%	-	-	(0.3)	0.0
PGS Overseas operation Limited (Cyprus)	90%	-	-	(0.0)	(0.2)
Azimuth Ltd (Bermuda)	35%	1.1	-	-	0.3
Azimuth II Ltd (Bermuda)	35%	26.7	-	-	6.2
Azimuth III Ltd (Bermuda)	44%	-	-	-	0.0
Ocean Geo-Frontier Co, Ltd. (Japan)	34%	20.5	-	-	2.3
Ocean Floor Geophysics Ltd (Canada)	20%	30.1	-	-	2.9
Other investments		0.1		-	-
Total		**93.1**	**(330.6)**		

(a) Amounts in USD million.

As of December 31, 2022, the Company has accumulated impairment charges related to shares in subsidiaries, assc. companies and intercompany receivables totaling NOK 2.7 billion and NOK 2.4 billion in 2021, respectively.

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.

Note 11 Other financial income (expense)

(In millions of NOK)	2022	2021
Income (loss) on equity investment	4.5	6.4
Gain (loss) from sale of shares	(4.4)	-
Capitalized interest, MultiClient library	1.9	7.9
Other	2.5	(1.7)
Total other financial income (expense)	**4.4**	**12.6**

In 2022, the Company had a gain on investment in Ocean Geo-Frontier Co Ltd amounting to NOK 4.5 million. Loss from sale of shares is shares received (and sold) after the Azimuth close down.

Note 12 Leases

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 6 years, while buildings and equipment generally have lease terms between 5-9 years and 1-2 years.

The weighted average incremental borrowing rate applied to the lease liabilities in the statement of financial position at initial adoption on 1 January 2019 was 6%.

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

(In millions of NOK)	Buildings, property and equipment	Vessels and seismic equipment	Total
Balance as of January 1, 2021	**139.2**	**379.5**	**518.6**
Additions	-	-	-
Remeasurement/Other	(2.0)	-	(2.0)
Depreciation expense	(33.6)	(93.7)	(127.2)
Impairment	-	-	-
Balance as of December 31, 2021	**103.6**	**285.8**	**389.4**
Additions	-	-	-
Remeasurement/Other	5.9	5.9	11.8
Depreciation expense	(32.4)	(78.2)	(110.6)
Impairment	-	-	-
Balance as of December 31, 2022	**77.2**	**213.5**	**290.6**

Lease liabilities

Set out below are the remaining estimated lease payments for capitalized leases and present value:

Remaining estimated lease payments

(In millions of NOK)	Buildings, property and equipment	Vessels and seismic equipment	Year ended 2021
Less than one year	43.8	202.9	**246.7**
One to five years	73.7	326.7	**400.4**
More than five years	7.0	0.0	**7.0**
Remaining estimated lease payments	**124.5**	**529.6**	**654.1**

(In millions of NOK)	Buildings, property and equipment	Vessels and seismic equipment	Year ended 2022
Less than one year	38.8	186.4	**225.2**
One to five years	37.0	172.2	**209.2**
More than five years	0.0	0.0	**0.0**
Remaining estimated lease payments	**75.8**	**358.6**	**434.4**

Present value of remaining estimated lease payments

(In millions of NOK)	Buildings, property and equipment	Vessels and seismic equipment	Year ended 2021
Less than one year	38.7	178.1	**216.7**
One to five years	61.3	303.2	**364.5**
More than five years	11.0	0.0	**11.0**
Present value of remaining estimated lease payments	**111.0**	**481.3**	**592.3**

(In millions of NOK)	Buildings, property and equipment	Vessels and seismic equipment	Year ended 2022
Less than one year	35.6	170.9	**206.5**
One to five years	36.8	162.8	**199.6**
More than five years	-	-	**0.0**
Present value of remaining estimated lease payments	**72.4**	**333.7**	**406.1**

(In millions of NOK)	Year ended 2022	Year ended 2021
Carrying amounts of lease liabilities	**406.1**	**592.3**
Of Which:		
Current portion	199.6	375.6
Non-current portion	206.5	216.7

The Company has short term agreements on seismic vessels and equipment, refer to note 8 for more information. The Company does not have any other expenses relating to short term and low value leases recognized in the profit and loss.

Note 13 Other current liabilities

(In millions of NOK)	2022	2021
Salaries, accrued vacation salary etc.	166.3	126.0
Deferred and accrued revenue	409.5	99.6
Onerous contracts	-	11.3
Accrued operating expenses vessels	63.7	64.0
Other current liabilities	198.3	111.4
Total	**837.8**	**412.3**

Note 14 Debt and guarantees

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

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

With improving cash flow generation, PGS expects to be able to manage repayment of the remainder of the Term Loan B in March 2024. However, should the market not develop as expected PGS may become unable to settle maturities or amortization on the agreed payment dates or breach a financial covenant in the main credit agreements. This would represent a default under the relevant agreements. In such a case, PGS may be able to continue without repayment or acceleration if it achieves a standstill agreement (or, in the case of a financial covenant breach, a waiver) from the relevant lenders, agent or lender group. Should a payment default or financial covenant breach continue without a standstill agreement or waiver, this would be an event of default under the relevant agreements.

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

Note 15 Share-based payment programs

Key personnel in the Company are included in the parent company PGS ASA share based payment programs.

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”).

The Company expensed NOK 8.4 million and NOK 14.4 million in 2022 and 2021, respectively, related to share-based payment programs.

For further information on the share-based payment programs, refer to note 29 in the PGS ASA 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 Geophysical AS

Opinion

We have audited the financial statements of PGS Geophysical AS (the Company), which comprise Balance Sheet as at 31 December 2022, Income Statement, statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

Basis for opinion

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

Other information

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

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

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

Responsibilities of management for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Oslo, 28. June 2023
ERNST & YOUNG AS

The auditor's report is signed electronically

Johan Lid Nordby
State Authorised Public Accountant (Norway)

The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

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

Johan Nordby
Oppdragsansvarlig partner
On behalf of: Ernst & Young AS
Serial number: 9578-5997-4-729076
IP: 185.106.xxx.xxx
2023-06-28 14:39:33 UTC

Annex 13b

PGS Geophysical AS Annual Report 2021

PGS Geophysical AS

Board of Directors report 2021

Nature of the business
PGS Geophysical AS ("Company") is a wholly owned subsidiary of Petroleum Geo-Services AS and part of the PGS ASA Group ("PGS" or "PGS Group").

The Company provides services related to acquisition of marine seismic data worldwide, data processing on contracts and sale of own processed seismic data (multiclient data). The Company operates a fleet of seismic vessels which are leased from other companies within the PGS Group.

PGS Geophysical AS headquarters are located at Lilleaker in Oslo.

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

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

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

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

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

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

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

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

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

Organization
The Company had 292 and 364 regular active employees as of December 31, 2021 and 2020, respectively. The reduction of 20% is a result of a longer comprehensive reorganization of the Company to reduce cost in a challenging seismic market caused by the Covid-19 pandemic.
As of December 31, 2021, PGS employees represented 50 nationalities; 20% of employees are women. Board of Directors has two male and one female shareholder elected directors and one male and two female employee-elected directors. No downtime has occurred relating to union disagreements during the year and the Board of Directors assess the cooperation of the employees as very good.

At the headquarters in Oslo, 25% of management positions are held by women, and 1% of women working for the Company work part-time. The average monthly salary of all active regular employees as of December 2021 was NOK 75,040 (NOK 65,457 for female employees and NOK 77,345 for male employees). There is normally a significant predominance of male employees in operations. Men and women within the Company with the same education have the same salary structure. However, the main part of female employees fill positions which traditionally have lower salaries.

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

Sick leave in the Company (office and crew) was 2.1 % in 2021 compared to 2.2 % in 2020.

Rescheduling of debt
Due to the dramatic negative market change caused by the Covid-19 pandemic, PGS renegotiated its main credit agreements to extend near-term debt maturities and amortization profiles to preserve liquidity. On February 2, 2021, a UK Scheme of Arrangement (the “Scheme”) was sanctioned by an English court allowing the implementation of the financing transaction. With the transaction PGS extended its current near-term maturity and amortization profile under its RCF/TLB and ECF facilities by approximately two years. Further the PGS Group have in 2022 completed a equity increase, refer to finance section for further information. Together with the cost saving initiatives previously announced by PGS, the transactions strengthens PGS’s liquidity profile in the currently challenging operating environment.

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

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

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

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

Credit risk/Liquidity risk
The Company leases its vessels to other companies within PGS and as a result, the credit risk is low.

The Company has an intercompany loan agreement whereby the parent company will provide funds to cover the Company's liabilities as they become due.

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

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

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

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

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

Presentation of the financial statements and the Company's development
The revenues were NOK 2,534.1 million in 2021 compared to NOK 2,549.2 million in 2020. Other Income was NOK 0 million in 2021 compared to NOK 354.1 million in 2020. Operating result was NOK -450.3 million in 2021 compared NOK -369.5 million in 2020.

The Company's cash flow from operating activities was positive with NOK 554.4 million in 2021 compared to NOK 1,575.0 million in 2020. Deviation between cash flow from operating activities and the operating result is mainly due to changes in working capital, impairments, depreciation and amortization.

The Company carries its part of the Group's research and development costs which are included in operating expenses. R&D costs were 1.7 million in 2021 compared to NOK 0 million in 2020.

In 2021, the Company invested NOK 264.3 million in property and equipment compared to NOK 297.7 million in 2020. In 2021, the Company invested NOK 102.1 million in the multiclient data library compared to NOK 942.3 million in 2020.

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

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

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

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

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

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

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

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

The Board of Directors and the Executive Management team of PGS Group are covered by PGS ASA's Directors and Officers Liability Insurance (D&O) placed in the international insurance market on market standard terms and conditions. The insurance comprises the directors' and officers' personal legal liabilities, including defense- and legal costs.

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

Oslo, 21.06.2022
The Board of PGS Geophysical AS

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Rune Olav Pedersen	Gottfred Langseth	Christin Steen-Nilsen
Anette Valbø	Gunhild Myhr	Eivind Vesterås

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Robert James Adams
General Manager

PGS Geophysical AS
Financial Statements 2021

Income statement

PGS Geophysical AS

Values in mill. NOK	Note	2021	2020
Operating income and operating expenses			
Revenue	4	2 534,1	2 549,2
Gain/(loss) on sale of fixed assets	10	26,2	(0,1)
Other income	5	-	354,1
Total income		**2 560,4**	**2 903,2**
Employee benefits expense	3	462,6	568,1
Depreciation of property and equipment	10	530,2	737,3
Impairment of property and equipment	10	-	265,9
Amortization of multiclient library	11	693,6	124,3
Impairment of multiclient library	11	70,8	285,6
Other expenses	8	1 253,5	1 291,5
Total expenses		**3 010,6**	**3 272,7**
Operating profit		**(450,3)**	**(369,5)**
Financial income and expenses			
Foreign exchange gain (loss)		15,0	71,1
Intercompany interest income (expense)	9	(64,9)	(57,9)
Interest costs on lease agreements	15	(41,2)	(56,4)
Other financial income (expense)	14	12,7	37,1
Write-down of financial assets	13	(330,6)	(249,9)
Net financial items		**(409,0)**	**(255,9)**
Net profit before tax		(859,3)	(625,4)
Income tax expense	7	(105,2)	13,7
Net profit after tax		**(754,1)**	**(639,1)**
Other comprehensive income			
Items that will not be classified to profit and loss		(1,1)	(0,1)
Items that may be subsequently reclassified to profit and loss		-	-
Total comprehensive income		**(755,2)**	**(639,2)**
Allocation of net profit (loss)			
Transferred to (from) other equity		(755,2)	(639,2)
Total allocated		**(755,2)**	**(639,2)**

Balance sheet

PGS Geophysical AS

Values in mill. NOK	Note	2021	2020
Assets			
Non-current assets			
Intangible assets			
Multiclient data library	11	503,1	1 165,4
Total intangible assets		**503,1**	**1 165,4**
Property, plant and equipment			
Seismic equipment, furniture and fixtures etc.	10	1 671,3	1 951,1
Total property, plant and equipment		**1 671,3**	**1 951,1**
Non-current financial assets			
Investments in subsidiaries	13	93,1	403,5
Other long-term receivables		35,6	34,4
Total non-current financial assets		**128,7**	**438,0**
Total non-current assets		**2 303,1**	**3 554,5**
Current assets			
Receivables			
Accounts receivables		354,5	305,5
Other short-term receivables		307,7	608,5
Supplies and consumables		180,2	162,6
Receivables from group companies	9	1 836,1	949,7
Total receivables		**2 678,5**	**2 026,3**
Cash and cash equivalents			
Cash and cash equivalents	6	97,9	67,0
Total current assets		**2 776,4**	**2 093,2**
Total assets		**5 079,5**	**5 647,7**

Balance sheet

PGS Geophysical AS

Values in mill. NOK	Note	2021	2020
Equity and liabilities			
Paid-in capital			
Share capital	2	279,4	279,4
Share premium reserve		2 319,2	2 645,4
Other paid-in equity		-	66,5
Total paid-in equity		**2 598,5**	**2 991,3**
Other equity		-	-
Total shareholders equity		**2 598,5**	**2 991,3**
Liabilities			
Provisions			
Employee benefit obligations	12	27,2	7,1
Total provisions		**27,2**	**7,1**
Other non-current liabilities			
Lease liabilities	15	375,6	583,4
Non-current liabilities to group companies	9	868,4	697,3
Other non-current liabilities		1,4	1,2
Total non-current liabilities		**1 245,3**	**1 281,9**
Current liabilities			
Accounts payable		282,6	161,4
Lease liabilities	15	216,7	200,9
Tax payable	7	48,1	61,5
Public duties payable		55,1	51,7
Liabilities to group companies	9	193,7	200,1
Other current liabilities	16	412,3	691,8
Total current liabilities		**1 208,5**	**1 367,4**
Total liabilities		**2 481,0**	**2 656,4**
Total equity and liabilities		**5 079,5**	**5 647,7**

Balance sheet

PGS Geophysical AS

Oslo, 21.06.2022

The board of PGS Geophysical AS

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Rune Olav Pedersen	Gottfred Langseth	Christin Steen-Nilsen
Anette Valbø	Gunhild Myhr	Eivind Vesterås

Robert James Adams
General Manager

PGS Geophysical AS
Statements of Changes in Shareholders' Equity

(In millions of NOK)	Share capital	Share premium	Other paid-in capital	Other equity	Total
Equity at 1 January 2020	**279.4**	**2,645.4**	**561.3**	**-**	**3,486.1**
Profit (loss) for the period	-	-	-	(639.1)	**(639.1)**
Other comprehensive income (loss)	-	-	-	(0.1)	**(0.1)**
Group contribution net	-	-	-	144.4	**144.4**
Transfer of capital within equity	-	-	(494.8)	494.8	**-**
Equity at 31 December 2020	**279.4**	**2,645.4**	**66.5**	**-**	**2,991.3**
Profit (loss) for the period	-	-	-	(754.1)	**(754.1)**
Other comprehensive income (loss)	-	-	-	(1.1)	**(1.1)**
Group contribution net	-	-	-	362.8	**362.8**
Closed branches and other	-	-	-	(0.3)	**(0.3)**
Transfer of capital within equity	-	(326.2)	(66.5)	392.8	**-**
Equity at 31 December 2021	**279.4**	**2,319.2**	**-**	**-**	**2,598.5**

PGS Geophysical AS
Statement of cash flows 01.01 - 31.12

(In millions of NOK)	Note	2021	2020
Cash flow from operating activities			
Net income		(755.2)	(639.2)
Loss/gain on sale of fixed assets	10	(26.2)	0.1
Ordinary depreciation and impairment of property and equipment	10	530.2	1,003.2
Amortization and impairment of Multiclient data library	11	764.4	409.9
Interest expense		64.9	89.7
Impairment of shares in subsidiaries and assc. companies	13	330.6	249.9
Change in accounts receivable		(48.9)	290.4
Change in accounts payable		121.2	(129.9)
Change in pension liability		20.1	(1.5)
Net change current intercompany balances		(530.4)	52.6
Change in other accruals		83.7	249.8
Net cash flow from operating activities		**554.4**	**1,575.0**
Cash flow from investing activities			
Proceeds from sale of property and equipment	10	40.1	6.1
Purchase of property and equipment	10	(264.3)	(297.7)
Investments in multiclient library	11	(102.1)	(942.3)
Investment in associated companies	13	(20.2)	-
Net cash flow from investing activities		**(346.5)**	**(1,233.9)**
Cash flow from financing activities			
Net change long-term intercompany balances		106.2	(69.1)
Payment lease		(242.0)	(252.8)
Payment lease interests		(41.2)	(59.2)
Net cash flow from financing activities		**(177.0)**	**(381.1)**
Cash and cash equivalents			
Net change in cash and cash equivalents for the year		30.9	(40.0)
Cash and cash equivalents as of 1 January		67.0	107.0
Cash and cash equivalents as of 31 December		**97.9**	**67.0**

PGS Geophysical AS
Notes to the financial statements 2021

Note 1 Accounting principles

General
The financial statements of PGS Geophysical AS ("the Company") are included in the PGS ASA consolidated financial statements.

Basis of presentation
PGS Geophysical AS' financial statements for 2021 have been prepared and presented in accordance with the regulations on simplified application of the International Financial Reporting Standards (IFRS) (FOR-2014-11-03-1415), ref. the Norwegian Accounting Act § 3.9 5th paragraph, with comparative figures for 2020.

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

Summary of significant accounting policies:

Main principles for assessing and classifying assets and liabilities
Assets determined for lasting ownership or use are classified as non-current assets. Other assets are classified as current assets. Receivables to be paid within one year are classified as current assets. The same criteria are applied in the classification of liabilities.

Non-current assets are valued at cost, but written down to the recoverable amount when the impairment is not expected to be temporary. Non-current assets with a limited economic lifetime are depreciated on a straight line basis. Non-current debt is recognized at its nominal value when incurred.

Current assets are valued at the lower of cost and fair value. Current liabilities are recognized at nominal value when incurred. Pursuant to the Accounting Act, some items are assessed in accordance with specific valuation guidelines which are summarized below.

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

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

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

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.

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 component of 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 value 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 11.

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 statements of profit and loss and specified in Note 11.

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.

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 inflows from the projects to which the vessel will steam are sufficient to recover the cost of the steam. The recoverable steaming cost associated with MultiClient surveys is capitalized as a part of the MultiClient library (see above). The recoverable steaming costs associated with exclusive contract surveys is deferred and charged to the statements of profit and loss based upon the percentage of completion of the surveys.

Property and equipment
Property and equipment are recognized at cost less ordinary depreciation and impairments. Depreciation is calculated on a straight-line basis considering the estimated useful life and residual value.

Receivables
Trade receivables and other receivables are recognized at their nominal value less a provision for expected losses.

Bank deposits
The Company's liquid assets are included in the PGS Group's cash pool and are settled against intercompany balances on a current basis.

Intercompany balances
Short-term balances with other group subsidiaries are settled against the parent company on a regular basis. The long-term balance has no fixed due date.

Transactions in foreign currencies
Transactions in foreign currencies are recorded at the transaction date exchange rate. Monetary items in foreign currencies are translated to Norwegian kroner at the exchange rate on the balance sheet date. Net realized and unrealized currency loss/gain is recognized as financial expense/income in the income statement.

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.

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 a lease liability 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 low value leases
The Company has elected to apply the recognition exemption to lease contracts with a duration of less than 12 months, or that relate to assets with an underlying low value. Lease payments associated with short-term leases and leases of low-value assets are expensed on a straight-line basis.

Investments in subsidiaries, joint ventures and associates
Shares in subsidiaries and associated companies (see Note 13) 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 and when estimated recoverable amounts increase, impairment charges are reversed.

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

Goodwill does not generate cash flows independently of other assets or groups of assets and is allocated to the cash-generating units expected to benefit from the synergies of the combination that gave rise to the goodwill.

Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.
Goodwill (and the cash-generating unit to which goodwill is allocated) and intangible assets not yet available for use are evaluated for impairment annually, or whenever there is an indication that the asset may be impaired. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit (including goodwill allocation), the impairment is applied first to reduce the carrying amount of goodwill and then to reduce the carrying amount of the other assets in the unit pro-rata, based on their relative carrying amounts.

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

Revenue from contracts with customers
Revenue from contracts with customers arise primarily from 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, consideration is allocated among the performance obligations based on their estimated relative fair values.

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.

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 no longer exists.

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 have "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 the right to 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 "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.

See below for information on the impact of change in accounting policy related to MultiClient prefunding licenses.

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 are measured based on a model taking into account both working hours and processing.

Other services
Revenue is recognized over time as the Company satisfies the performance obligation and is entitled to the compensation under the contract.

Contingent liabilities
Contingent liabilities are expensed if the probability of payment is greater than 50%. A best estimate is applied when calculating the value of the settlement.

Income taxes
Income tax expense is comprised of the sum of current tax expense (or benefit) plus the change in deferred tax liabilities and assets during the period, except for current and deferred income tax relating to items recognized in the consolidated statements of other comprehensive income, in which case the tax is also recognized in the consolidated statements of other comprehensive income.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.
Deferred tax assets and liabilities are calculated using the liability method for all temporary differences between the carrying amount of assets and liabilities in the financial statements and for tax purposes, including tax losses carried forward. A deferred tax liability is not recognized on temporary differences arising from the initial recognition of goodwill.

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent it is no longer probable that estimated future taxable profit will be sufficient to recover all or part of the deferred tax assets. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent it has become probable that estimated future taxable profit is sufficient to recover the deferred tax assets. The probability assessment is based on Management's judgment and estimates of future taxable income, including the estimated effect of tax planning opportunities (see note 7).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the estimated year of realization or settlement, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if 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 long-term in the statements of financial position.

Employee benefits

Pension obligations

The Company operates various pension plans. The plans are funded through payments to insurance companies or trustee-administered funds. The Company has both defined benefit and defined contribution plans. 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 and reduced by the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using estimated interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Past service costs, which is an increase in the present value of the defined benefit obligation for employee services in prior periods due to current period changes to a defined benefit plan, are recognized immediately in the consolidated statements of profit and loss unless the changes to the defined benefit plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the 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 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.

Statements of cash flow
The Company applies the indirect method in the presentation of cash flows.

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

PGS Geophysical AS
Notes to the financial statements 2021

Note 2 Share capital, shareholders and parent company information

The share capital is comprised of 1 396 805 ordinary shares at nominal value NOK 200. All shares have equal rights. PGS Geophysical AS is 100% owned by Petroleum Geo-Services AS.

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

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

Note 3 Salaries, other personnel expenses and remuneration to the General Manager, Board of Directors and auditor

(In millions of NOK)	**2021**	**2020**
Salaries	354.2	458.7
Social security tax	55.6	58.2
Pension expenses	34.3	24.4
Other personnel expenses	18.5	26.8
Total salaries and other personnel expenses	**462.6**	**568.1**

The Company employed 341 and 364 man-years in 2021 and 2020, respectively.
The Company is obligated to carry a pension plan in accordance with the Norwegian Occupational Pension Plan Act. The Company has established pension plans which cover the obligations set forth in the Act, see also Note 12.

The salary cost includes fees to the board of directors amounting to NOK 0.3 million and NOK 0.3 million for the year 2021 and 2020 respectively.
As of 31.12.2021, no loans or collateral are given to the General Manager, Board of Directors etc.

Key personnel in the Company were granted share options under the PGS Group share option programs and participate in the "Restricted Stock Unit" (RSU) and "Performance Restricted Stock Unit" (PRSU) programs. Expenses related to the RSU and PRSU programs are part of the Company's salary expenses, see also Note 18.

Remuneration to the General Manager

(In millions of NOK)	**2021**	**2020**
Salaries	3.4	3.5
Benefits paid to pension plan	0.3	0.3
Other benefits	0.3	1.1
Total benefits	**4.0**	**4.9**

The General Manager is included in the PGS Group's current bonus schemes. For detailed information, refer to PGS ASA consolidated financial statements.

Ordinary audit fees for 2021 are NOK 2.2 million ex. VAT, and are related entirely to the audit of the financial statements.

Note 4 Geographical distribution of revenues

Geographic distribution of revenues as displayed in the table below is based upon geographic area of seismic data acquisition.

(In millions of NOK)	**2021**	**2020**
Europe, Africa and Middle-East	663.3	602.7
North-America and South-America	1,559.8	1,424.8
Asia and Far East	311.1	521.7
Total	**2,534.1**	**2,549.2**

Note 5 Other income

(In millions of NOK)	**2021**	**2020**
Government grants	-	354.1
Total Other income	**-**	**354.1**

In 2020 the Company recorded Covid-19 related cash support from the Norwegian Government amounting to NOK 354.1 million of which NOK 136.5 million principally reflect grants receivable in respect of the year ended December 31, 2020. The compensation scheme offered financial compensation to Norwegian companies that experienced a substantial decrease in turnover as a result of the coronavirus pandemic. The Government set up a broad, temporary compensation scheme for businesses that were experiencing a substantial decrease in turnover due to the crisis. For 2021 there was no government grants recorded.

Note 6 Restricted cash

(In millions of NOK)	**2021**	**2020**
Tax withholdings and other restricted cash	32.1	35.5

Note 7 Income tax

(all figures in millions of NOK)

	2021	2020
Specification of income tax expense		
Current tax expense	52.4	54.5
Change deferred tax	(14.2)	(40.8)
Tax effect intra-group contribution	(143.4)	-
Income tax expense for the year	**(105.2)**	**13.7**
Reconciliation of income tax expense		
Income (loss) before income tax expense	(859.3)	(625.5)
Norwegian statutory rate	22%	22%
Provision for income taxes at statutory rate	(189.0)	(137.6)
IFRS items tax effect	(0.2)	0.0
Permanent differences	69.0	52.0
Changes in unrecognized deferred tax assets	(23.1)	44.8
Foreign tax	38.3	54.5
Calculated income tax expense for the year	**(105.2)**	**13.7**
Calculation of taxable income		
Ordinary result before tax	(859.3)	(625.5)
IFRS items	(1.1)	(0.1)
Permanent differences	313.5	236.5
Change in temporary differences	(85.9)	141.8
Received intra-group contribution	651.9	185.2
Taxable income	**19.0**	**(62.0)**
Income tax payable before group contribution and foreign tax	4.2	-
Use of NOL carry-forward	-4.2	-
Income tax payable to Norway	**-**	**-**
Foreign tax and WHT payable	48.1	61.5
Total tax payable	**48.1**	**61.5**

Summary of temporary differences as of 31.12	**2021**	**2020**
Property and equipment	(901.2)	(935.3)
Leases	(216.7)	(265.7)
Deferred gains and losses	(19.2)	(24.0)
Pension liabilities	(27.2)	(7.1)
Receivables	(37.7)	(39.7)
Other temporary differences	(20.1)	(36.1)
Tax losses	(497.1)	(516.2)
Deferred tax assets base	**(1,719.1)**	**(1,824.1)**
22% deferred tax on temporary differences	(378.2)	(401.3)
Recognized deferred tax liability (asset)	-	-

Based on the uncertainty with regards to if the Company will have taxable income in the nearest future no deferred tax asset is recognized.

Note 8 Other operating expenses

(In millions of NOK)	**2021**	**2020**
Seismic vessels and equipment	158.1	100.7
Other equipment	5.5	5.9
Fuel etc.	423.6	507.7
Other operating expenses vessels	245.8	139.5
Insurance	27.6	43.6
Professional services	265.1	340.2
Travel expenses	65.5	73.1
Other operating expenses	62.2	80.7
Total	**1,253.5**	**1,291.5**

Note 9 Intercompany balances

The Company is part of the PGS group, and has significant transactions with other companies within the group. Intercompany transactions are mainly related to continuing operations and financing activities.

(In millions of NOK)	2021	2020
Revenues from related parties	764.5	1,224.8
Operating expenses to related parties	45.9	136.0
IC mark-up fee income and charterhire rate adjustment (net)	202.3	152.6
Allocation of depreciation	249.4	394.2
Service management fee	1.8	6.5
Financial income and expenses to Group Companies (net)	(64.9)	(57.9)

Intercompany revenues consist mainly of operational services provided and hire of crew to other companies within the PGS Group. In 2021, Multiclient Invest AS, PGS Egypt for Petroleum Services and PGS Exploration UK Ltd accounted for above 90% of revenues from related parties.

Intercompany operating expenses consist mainly of cost allocations of operational services delivered from other companies within the PGS Group and group shared services. In 2021, Petroleum Geo Services Inc and PGS Exploration UK Ltd accounted for majority of operating expenses from related parties.

Related party balances as of 31 December:

(In millions of NOK)	2021	2020
Current intercompany receivables	1,836.1	949.7
Current intercompany liabilities	(193.7)	(200.1)
Long-term intercompany liabilities	(868.4)	(697.3)
Net intercompany balances Group companies	**774.0**	**52.2**

Current intercompany receivables and payables towards other group companies are offset against the parent Petroleum Geo-Services AS on a regular basis. Long-term intercompany liabilities are entirely towards the parent company Petroleum Geo-Services AS, and are offset continuously with no fixed due date. Long-term IC receivables carry interest of 3month LIBOR + 7.5% margin. The Company has the possibility to borrow up to USD 250 million from Petroleum Geo-Services AS.

Note 10 Property and equipment

The changes in property and equipment are as follows:

(In millions of NOK)	Seismic vessels and equipment	Buildings, furniture and fixtures	Patents and other intangible assets	Total
Cost as of January 1, 2020	**3,492.6**	**362.8**	**766.0**	**4,621.4**
Additions	216.2	1.2	80.3	297.7
Transfers, disposals and reclassifications	(174.9)	0.1	(7.4)	(182.2)
Cost as of December 31, 2020	**3,533.9**	**364.1**	**838.9**	**4,736.9**
Additions	174.4	5.6	84.3	264.3
Transfers, disposals and reclassifications	(40.7)	(0.1)	(18.3)	(59.1)
Cost as of December 31, 2021	**3,667.6**	**369.6**	**904.9**	**4,942.1**
(In millions of NOK)				
Accumulated depreciation and impairment as of January 1, 2020	**1,545.9**	**143.6**	**243.8**	**1,933.3**
Depreciation and impairment	858.3	46.9	98.0	1,003.2
Disposals and reclassifications	(146.3)	2.9	(7.4)	(150.8)
Accumulated depreciation and impairment of December 31, 2020	**2,257.9**	**193.4**	**334.4**	**2,785.7**
Depreciation and impairment	434.1	9.5	86.6	530.2
Disposals and reclassifications	(40.2)	(0.1)	(4.8)	(45.1)
Accumulated depreciation and impairment of December 31, 2021	**2,651.8**	**202.8**	**416.2**	**3,270.8**
Balance as of December 31, 2020	**1,276.0**	**170.7**	**504.4**	**1,951.3**
Balance as of December 31, 2021	**1,015.8**	**166.8**	**488.6**	**1,671.3**
Estimated useful life	20 to 30 years	1 to 30 years	3 to 10 years	

Depreciation amounted to NOK 530.2 million and NOK 737.3 million for the years 2021 and 2020, respectively.
Impairment amounted to NOK 0 million and NOK 265.9 million for the years 2021 and 2020, respectively. The impairment in 2020 primarily reflects a write-down to estimated recoverable value for the right-of-use assets of the vessel Sanco Swift, which is cold-stacked.

The Company takes delivery of property and equipment under construction on behalf of several companies within the PGS Group. Upon completion, these assets are sold to the designated company within the PGS Group. These sales transactions are included as "Transfers, disposals and reclassification for the year" in the table above.

Sale and leaseback
In 2019, the Company entered into a sale and leaseback on seismic equipment with PGS Shipowner AS. The remaining leaseback period is 5 years. The Company has the option but no obligation, to buy back the equipment. The equipment is included in right-of-use assets further described in note 15.

Note 11 Multiclient data library

(In millions of NOK)	Multiclient data library
Acquisition cost as of January 1, 2020	**6,091.5**
Additions for the year	942.3
Acquisition cost as of December 31, 2020	**7,033.8**
Additions for the year	102.1
Acquisition cost as of December 31, 2021	**7,135.9**

(In millions of NOK)	
Accumulated ordinary amortization and impairment as of January 1, 2020	**5,458.4**
Ordinary amortization and impairment for the year	409.9
Accumulated ordinary amortization and impairment of December 31, 2020	**5,868.3**
Ordinary amortization and impairment for the year	764.4
Accumulated ordinary amortization and impairment of December 31, 2021	**6,632.7**
Balance as of December 31, 2020	**1,165.4**
Balance as of December 31, 2021	**503.1**

The details for the NOK 764.4 and NOK 409.9 million amortization and impairment expense for 2021 and 2020 respectively, are shown below.

	2021	2020
Amortization of MultiClient library	140.3	124.3
Accelerated amortization of MultiClient library	553.3	-
Impairment of MultiClient library	70.8	285.6
Amortization and impairment of MultiClient library	**764.4**	**409.9**

Investments/additions to the multiclient data library in 2021 were NOK 102.1 million, compared to NOK 942.3 million in 2020.

PGS Geophysical 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. PGS Geophysical generally holds an interest between 30-50%. PGS Geophysical recognizes its relative share of the revenue. For the year ended December 31, 2021, NOK 63.9 million of the net revenue recognized relates to projects with Joint Operations compared to NOK 34.3 million in 2020.

Note 12 Pension liabilities

Defined benefit plans

Plan characteristics

The Company has defined benefit pension plans for certain executive officers in Norway, with eligibility determined by certain period-of-service requirements. These plans are funded through operations of PGS Geophysical AS. During 2021, 3 persons and plans has been transfered from Petroleum Geo Services ASA to PGS Geophysical AS. As of December 31, 2021, 5 employees were participating in the defined benefit plans.

Actuarial valuations and assumptions

Risks

Actuarial valuations as applied in the 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, changes in discount rates, compensation rates and mortality rates. Changes to assumptions may have significant effect on present net pension liabilities, future pension cost and future cash requirements to fund the plans.

Assumptions used to determine projected benefit obligation at year end/periodic pension cost:

	2021	2020
Discount rate	1.90%	1.70%
Compensation rate	2.75%	2.25%
Annual adjustment to social security base rate	2.50%	2.00%

(In millions of NOK)	2021	2020
Service cost	-	-
Interest cost on pension liability	0.4	0.2
Social security tax	0.1	-
Net periodic pension cost	**0.4**	**0.2**
Current period change in actuarial gain (loss) recognized in other equity (after tax)	**1.1**	**0.1**

The projected benefit obligation is calculated in accordance with underlying economic realities. Reconciliation of the defined benefit plans financial position as of 31 December against accrued obligation is summarized as follows:

(In millions of NOK)	2021	2020
Projected benefit obligation (PBO)	23.4	6.2
Pension funds	-	-
Net defined benefit obligation	23.4	6.2
Accrued social security tax	3.8	0.9
Net pension liability recognized in balance sheet	**27.2**	**7.1**

The accumulated actuarial gains (losses) recognized towards other comprehensive income are as follows:

(In millions of NOK)	2021	2020
Accumulated actuarial gains (losses)	45.6	44.1
Deferred tax	-	-
Accumulated actuarial gains (losses) recognized towards other comprehensive income	**45.6**	**44.1**

Defined contribution plans

The Company has established a defined contribution plan for new employees. The Company's contribution to this plan in 2021 and 2020 amounted to NOK 14.3 million and NOK 16.1 million, respectively.

Note 13 Shares in subsidiaries, associated companies etc.

The following table illustrates the summarized financial information (100% basis) as of December 31, 2021:

Company (registered office)	Ownership	Recognized impairment 2021 (NOK million)	Recognized 31.12.21 (NOK million)	Net income 2021 (USD million)	Equity 31.12.21 (USD million)
Petroleum Geo-Services Exploration (M) Sdn Bhd (Malaysia)	100%	87.1	-	(11.5)	(1.3)
PGS Data Processing and Technology Sdn. Bhd. (Malaysia)	100%	0.1	14.1	(0.1)	1.6
PGS Geophysical UK Ltd. (UK)	100%	0.1	0.5	(0.0)	0.1
PGS Seismic Services Ltd. (UK)	100%	-	-	(0.2)	(2.2)
Natuna Ventures Pte. Ltd. (Singapore)	100%	-	-	(0.0)	(11.7)
PGS Imaging S.A. de C.V. (Mexico)	0.2%	-	-	(0.3)	(4.3)
PGS Suporte Logistico e Servicios Ltda. (Brazil)	74%	243.2	-	(16.9)	(7.8)
PT Petroprima Geo-Servis Nusantara (India)	1%	-	-	1.5	(11.3)
PGS Data Processing Middle East SAE (Egypt)	1%	-	-	(0.3)	0.0
PGS Overseas operation Limited (Cyprus)	90%	-	-	(0.0)	(0.2)
Azimuth Ltd (Bermuda)	35%	-	1.1	-	0.3
Azimuth II Ltd (Bermuda)	35%	-	26.7	-	6.2
Azimuth III Ltd (Bermuda)	44%	-	-	-	0.0
Ocean Geo-Frontier Co, Ltd. (Japan)	34%	-	20.5	-	2.3
Ocean Floor Geophysics Ltd (Canada)	20%	-	30.1	-	2.9
Other investments			0.1	-	-
Total		**330.6**	**93.1**		

In 2021, the Company recognized net impairment charges of NOK 330.6 million on shares in subsidiaries and assc. companies, compared to net impairment charges of NOK 251.3 million in 2020.

As of December 31, 2021, the Company has accumulated impairment charges related to shares in subsidiaries, assc. companies and intercompany receivables totaling NOK 2.7 billion and NOK 2.4 billion, in 2020 respectively.

In December 2016 the company entered into an agreement with PGS Geophysical (Netherlands) BV for the acquisition of the 32% of the shares in Azimuth II Ltd and 45% Azimuth III Ltd shares. The total purchase price was USD 154.8 million (USD 92.7 million for Azimuth II Ltd, USD 65 million for Azimuth III Ltd). In 2017 the Company purchased futher shares from a group company amounting to NOK 123 million. In 2018 the Company invested additional NOK 20.7 million in Azimuth II and granted a loan to Azimuth in the amount of $4.0 million. The receivable is non-interest bearing and convertible to shares at a given conversion price. 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.

Note 14 Other financial income (expense)

(In millions of NOK)	2021	2020
Dividends	6.5	11.0
Imputed interest cost on lease agreements	(41.2)	(56.4)
Capitalized interest, MultiClient library	7.9	31.6
Other	(1.7)	(5.4)
Total	**(28.5)**	**(19.3)**

Note 15 Leases

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 6 years, while buildings and equipment generally have lease terms between 5-9 years and 1-2 years.

The weighted average incremental borrowing rate applied to the lease liabilities in the statement of financial position at initial adoption on 1 January 2019 was 6%.

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

(In millions of NOK)	Buildings, property and equipment	Vessels and seismic equipment	Total
Balance as of January 1, 2020	**167.2**	**734.8**	**902.0**
Additions	-	-	-
Remeasurement/Other	5.0	(8.6)	(3.6)
Depreciation expense	(33.0)	(146.8)	(179.8)
Impairment	-	(199.9)	(199.9)
Balance as of December 31, 2020	**139.2**	**379.5**	**518.6**
Additions	-	-	-
Remeasurement/Other	(2.0)	-	(2.0)
Depreciation expense	(33.6)	(93.7)	(127.2)
Impairment	-	-	-
Balance as of December 31, 2021	**103.6**	**285.8**	**389.4**

Lease liabilities

Set out below are the remaining estimated lease payments for capitalized leases and present value:

Remaining estimated lease payments

(In millions of NOK)	Buildings, property and equipment	Vessels and seismic equipment	Year ended 2020
Less than one year	41.6	194.3	**235.9**
One to five years	96.2	497.3	**593.4**
More than five years	23.9	0.0	**23.9**
Remaining estimated lease payments	**161.7**	**691.6**	**853.2**

(In millions of NOK)	Buildings, property and equipment	Vessels and seismic equipment	Year ended 2021
Less than one year	43.8	202.9	**246.7**
One to five years	73.7	326.7	**400.4**
More than five years	7.0	0.0	**7.0**
Remaining estimated lease payments	**124.5**	**529.6**	**654.1**

Present value of remaining estimated lease payments

(In millions of NOK)	Buildings, property and equipment	Vessels and seismic equipment	Year ended 2020
Less than one year	35.8	165.1	**200.9**
One to five years	97.6	469.2	**566.8**
More than five years	16.6	0.0	**16.6**
Present value of remaining estimated lease payments	**150.0**	**634.3**	**784.3**

(In millions of NOK)	Buildings, property and equipment	Vessels and seismic equipment	Year ended 2021
Less than one year	38.7	178.1	**216.7**
One to five years	61.3	303.2	**364.5**
More than five years	11.0	-	**11.0**
Present value of remaining estimated lease payments	**111.0**	**481.3**	**592.3**

(In millions of NOK)	Year ended 2021	Year ended 2020
Carrying amounts of lease liabilities	**592.3**	**784.3**
Of Which:		
Current portion	375.6	583.4
Non-current portion	216.7	200.9

The Company has short term agreements on seismic vessels and equipment, refer to note 8 for more information. The Company does not have any other expenses relating to short term and low value leases recognized in the profit and loss.

Note 16 Other current liabilities

(In millions of NOK)	2021	2020
Salaries, accrued vacation salary etc.	126.0	110.9
Accrued operating expenses vessels	64.0	112.2
Other current liabilities	222.3	468.8
Total	**412.3**	**691.8**

Note 17 Debt and guarantees

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

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

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

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

Note 18 Share-based payment programs

Key personnel in the Company are included in the parent company PGS ASA share based payment programs.

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").

The Company expensed NOK 14.4 million and NOK 17.6 million in 2021 and 2020, respectively, related to share-based payment programs.

For further information on the share-based payment programs, refer to note 29 in the PGS ASA consolidated financial statements.

Note 19 Subsequent events

Russia's invasion of Ukraine is deeply concerning with severe humanitarian consequences. The war is likely to significantly impact the political and security situation, as well as energy and financial markets. The Company has approximately USD 1.2 million outstanding from Russian customers where recoverability may be at risk. Besides mentioned customer receivable at risk, the Company's operation is not directly impacted by the recent invasion, as PGS has very limited direct business activity in Russia or Ukraine.

Private Placement and Subsequent Offering
In May 2022 the PGS group successfully completed a Private Placement, raising gross proceeds of NOK 800 million (corresponding to approximately USD 85 million). See note 17 for more details.

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Statsautoriserte revisorer
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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of PGS Geophysical AS

Opinion

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

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

Basis for opinion

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

Other information

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

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

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

Responsibilities of management for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Oslo, 22 June 2022
ERNST & YOUNG AS

The auditor's report is signed electronically

Johan Lid Nordby
State Authorised Public Accountant (Norway)

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

Johan Nordby
Oppdragsansvarlig partner
På vegne av: Ernst & Young AS
Serienummer: 9578-5997-4-729076
IP: 213.52.xxx.xxx
2022-06-22 14:28:42 UTC
bankID

Johan Nordby
Partner
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Statsautorisert revisor
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bankID

Penneo Dokumentnøkkel: IC1OB-4OB4N-GDPXD-37EGM-G7BOZ-EJI23

Annex 14a

Petroleum Geo-Services Asia Pacific Pte Ltd. Annual Report 2022

Directors' statement

The directors are pleased to present their statement to the member together with the audited financial statements of Petroleum Geo-Services Asia Pacific Pte. Ltd. (the "Company") for the financial year ended 31 December 2022.

Opinion of the directors

In the opinion of the directors,

(i) the financial statements are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2022 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:

Christin Steen-Nilsen
Gottfred Langseth
Rune Olav Pedersen
Alexander Charles James Vartan
Wee Choo Peng

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act 1967 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures and share options in related corporations are as follows:

Name of director and corporation in which interest are held	**Holdings at beginning of the year**	**Holdings at end of the year**
<u>The ultimate holding company</u>		
PGS ASA		
Ordinary shares		
Christin Steen-Nilsen	7,012	7,012
Gottfred Langseth	450,106	1,268,297
Rune Olav Pedersen	228,617	644,365
Alexander Charles James Vartan	1,627	–
Options to subscribe for ordinary shares and restricted stock units		
Christin Steen-Nilsen	80,000	60,000
Gottfred Langseth	325,000	446,000
Rune Olav Pedersen	756,000	1,057,000
Alexander Charles James Vartan	48,000	74,000

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures or share options of the Company, or of related corporations, either at the beginning, or date of appointment if later, or at the end of the financial year.

Share options

During the financial year, there were:

(i) no options granted by the Company to any person to take up unissued shares in the Company; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors

Gottfred Langseth

Gottfred Langseth
Director

Alexander Charles James Vartan
Director

Singapore

28 June 2023

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Independent auditor's report

Member of the Company
Petroleum Geo-Services Asia Pacific Pte. Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Petroleum Geo-Services Asia Pacific Pte. Ltd. (the "Company"), which comprise the statement of financial position as at 31 December 2022, the statement of comprehensive income, statement of changes in equity and cash flow statement of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 December 2022 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for other information. The other information comprises directors' statement set out on pages 1 to 3.

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 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, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

The directors' responsibilities include overseeing the Company's financial reporting process.

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 SSAs 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 SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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Auditor's responsibilities for the audit of the financial statements (cont'd)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the 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.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
28 June 2023

Statement of financial position
As at 31 December 2022

	Note	2022 US$'000	2021 US$'000
Non-current assets			
Right-of-use assets	5	–	–
Subsidiaries	6	165	–
Multi-client library	7	–	–
		165	–
Current assets			
Trade and other receivables	8	7,203	28,540
Cash and cash equivalents	9	2,262	436
		9,465	28,976
Total assets		9,630	28,976
Equity			
Share capital	10	2,060	2,060
Accumulated profit/(loss)		(571)	22,397
Total equity		1,489	24,457
Current liabilities			
Trade and other payables	11	7,697	3,861
Lease liabilities	5	–	–
Current tax payable		444	658
		8,141	4,519
Total liabilities		8,141	4,519
Total equity and liabilities		9,630	28,976

The accompanying accounting policies and explanatory information form an integral part of these financial statements.

Statement of comprehensive income
Year ended 31 December 2022

	Note	2022 US$'000	2021 US$'000
Revenue	12	33,498	60,711
Cost of sales		(35,499)	(36,363)
Gross loss		(2,001)	24,348
Administrative expenses		(180)	(157)
Reversal of impairment loss on investment in subsidiaries	6	165	–
Finance income, net	13	506	1,062
(Loss)/Profit before tax	14	(1,510)	25,253
Income tax expense	15	(1,458)	(2,360)
(Loss)/Profit for the year, representing total comprehensive income for the year		(2,968)	22,893

The accompanying accounting policies and explanatory information form an integral part of these financial statements.

Statement of changes in equity
Year ended 31 December 2022

	Note	Share capital US$'000	Accumulated profit/(loss) US$'000	Total US$'000
At 1 January 2021		15,020	(496)	14,524
Reduction in share capital		(12,960)	–	(12,960)
Profit for the year, representing total comprehensive income for the year		–	22,893	22,893
At 31 December 2021 and 1 January 2022		2,060	22,397	24,457
Dividend given	18		(20,000)	(20,000)
Loss for the year, representing total comprehensive income for the year			(2,968)	(2,968)
At 31 December 2022		2,060	(571)	1,489

The accompanying accounting policies and explanatory information form an integral part of these financial statements.

Statement of cash flows
Year ended 31 December 2022

	Note	2022 US$'000	2021 US$'000
Cash flows from operating activities			
(Loss)/Profit before tax		(1,510)	25,253
Adjustments for:			
Depreciation of right-of-use assets	5	–	12
Gain on termination of warehouse lease		–	(19)
Reversal of impairment loss on investment in subsidiaries	6	(165)	–
Finance income, net	13	(506)	(1,062)
Unrealised exchange gain		–	–
		(2,181)	24,184
Changes in working capital:			
Increase/(decrease) in trade and other receivables		23,609	(10,946)
(Decrease) in trade and other payables		(20,108)	(1,504)
Cash from operations		1,320	11,734
Interest received		513	1,120
Interest paid		(7)	(58)
Taxation received		–	149
Net cash generated from operating activities		1,826	12,945
Cash flows from financing activities			
Payment of principal portion of lease liabilities	5	–	–
Share capital reduction		–	(12,960)
Net cash used in financing activities		–	(12,960)
Net (decrease)/increase in cash and cash equivalents		1,826	(15)
Cash and cash equivalents at 1 January		436	451
Cash and cash equivalents at 31 December	9	2,262	436

The accompanying accounting policies and explanatory information form an integral part of these financial statements.

1. Corporate information

Petroleum Geo-Services Asia Pacific Pte. Ltd. (the "Company") is incorporated in the Republic of Singapore and has its registered office at 80 Robinson Road, #02-00, Singapore (068898).

The principal activities of the Company are the acquisition, sale and licensing of marine seismic data.

The immediate and ultimate holding companies during the financial year are Petroleum Geo-Services AS and PGS ASA respectively, companies incorporated in the Kingdom of Norway.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in United States ("USD" or "US$") dollars which is the Company's functional currency. All financial information is presented in US dollars, except when otherwise indicated.

3. Use of estimates and judgements

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting date. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The critical judgements and key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date 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:

Taxes

Significant judgement is involved in determining the provision for taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the tax and deferred tax provisions in the period in which such determination is made.

4. Significant accounting policies

4.1 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2022. The adoption of these standards did not have any material effect on the financial performance or position of the Company.

4.2 Standards issued but not yet effective

The Company has not adopted the following standards applicable to the company that have been issued but not yet effective:

Description	***Effective for annual periods beginning on or after***
Amendments to FRS 1: *Classification of Liabilities as Current or Non-current*	1 January 2023
Amendments to FRS 1 and FRS Practice Statement 2: *Disclosure of Accounting Policies*	1 January 2023
Amendments to FRS 8: *Definition of Accounting Estimates*	1 January 2023
Amendments to FRS 12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
FRS 117 *Insurance Contracts*	1 January 2023
Amendments to FRS 116 Leases: *Lease Liability in a Sale and Leaseback*	1 January 2024
Amendments to FRS 1 Presentation of Financial Statements: *Non-current Liabilities with Covenants*	1 January 2024
Amendments to FRS 110 Consolidated Financial Statements and FRS 28 Investments in Associates and Joint Ventures: *Sale or Contribution of Assets between an investor and its Associate or Joint Venture*	Date to be determined

The Directors expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application.

4.3 Consolidation

Consolidated financial statements of the Company and its subsidiaries are not prepared because the Company is a wholly owned subsidiary of the immediate holding company, PGS ASA, a company incorporated in the Kingdom of Norway, which prepares consolidated financial statements.

4.4 Subsidiaries

Subsidiaries are companies controlled by the Company. Control exists when the Company has the power, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights presently exercisable are taken into account.

Investments in subsidiaries are stated at cost less accumulated impairment losses.

4. Significant accounting policies (cont'd)

4.5 Foreign currencies

The financial statements are presented in United States Dollars, which is also the Company's functional currency.

Transactions and balances

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

4.6 Multi-client library

Multi-client library consists of completed and in-process seismic surveys that are held for licensing on a non-exclusive basis. All costs directly or indirectly incurred in acquiring, processing and completing seismic surveys are capitalised. Also included are costs incurred while relocating or "steaming" a vessel or crew from one location to another and capitalisation of borrowing costs.

Multi-client library is stated at cost less accumulated amortisation and accumulated impairment losses. While a survey is in progress, the Company amortises each Multi-Client survey based on the ratio of aggregate capitalized survey cost to forecasted sales. On an annual basis each survey is placed in an amortisation category based on this ratio. These categories range from 30-95% of sales amounts with 5% intervals, with a minimum of 45% for pre-funding. Each category includes surveys where the remaining unamortised cost as a percentage of remaining forecasted sales is less than or equal to the amortisation rate applicable to each category. Upon completion of a survey, straight-line amortisation commences over its estimated useful life which is generally over a period of 4 years from the date it is transferred to completed surveys.

4.7 Steaming and mobilisation costs

Steaming costs relate to relocating or "steaming" a vessel or crew from one location to another, while onsite project costs such as positioning, deploying and retrieval of equipment at the beginning and end of a project are considered to be mobilisation or demobilisation costs. The Company includes such costs in the cost of the multi-client survey or exclusive contract with which the costs are associated. The steaming, mobilisation or demobilisation costs related to multi-client survey are capitalised as a part of the multi-client library. Steaming and mobilisation costs on exclusive surveys are deferred and charged to expense based upon the percentage of completion of the project.

Both for multi-client and exclusive surveys the estimated probable future economic inflows which are documented at inception must cover the costs capitalised or deferred. If the projects are not able to cover all of the costs which could be capitalised or deferred then only those costs that are recoverable (discounted cash inflow of the project undertaken exceeds the discounted cash outflow) are capitalised/deferred.

4. Significant accounting policies (cont'd)

4.8 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the contractual cash flow characteristics of the asset.

Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

Derecognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

4. Significant accounting policies (cont'd)

4.8 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

4.9 Impairment of financial assets

The Company recognises an allowance for expected credit losses ("ECL") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of default (a lifetime ECL).

For trade and other receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company assesses ECLs based on factors including historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

4.10 Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank and bank deposits.

4. Significant accounting policies (cont'd)

4.11 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised.

4.12 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Share-based payments

The share option programme of the ultimate holding company allows certain employees to acquire shares of the ultimate holding company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the vesting period during which the employees become unconditionally entitled to the options. At each balance sheet date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates in employee expense and in a corresponding adjustment to equity over the remaining vesting period.

4. Significant accounting policies (cont'd)

4.12 Employee benefits (cont'd)

Share-based payments (cont'd)

Equity compensation expenses are recharged to the Company by the ultimate holding company, the grantor of the share options, based on the grant date value of the share options awarded to the employees of the Company. The recharged expenses are recorded in equity.

4.13 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

4.14 Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Sales of multi-client library data

Late sales – The Company grants a license to a customer, which entitles the customer to have access to a specifically defined portion of the multi-client data library. The customer's license payment is fixed and determinable and typically is required at the time that the license is granted. Revenue for late sales is recognised at a point in time when the customer executes a valid license agreement and has received the right to access to the licensed portion of the multi-client library and collection is reasonably assured.

Prefunding arrangements – The Company typically obtains funding from a limited number of customers before a seismic project is completed. In return for the pre-funding, the customer typically gains the ability to direct or influence the project specifications, to access data as it is being acquired. The Company recognises pre-funding revenue as "right to use" licenses and the revenue is to be recognised at the point in time when the "right to use" license is transferred to the customer.

4. Significant accounting policies (cont'd)

4.14 Revenue recognition (cont'd)

(a) Sales of multi-client library data (cont'd)

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 Multi-Client Late Sale licenses and Multi-Client Prefunding licenses.

Contingent revenue (uplift,transfer fees, etc.) – Multi-Client 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 services – the data has already been delivered. Hence, there is no further performance obligation required on the part of PGS. The contingent consideration is recognised when the triggering event has taken place.

(b) Contract sales

The Company performs seismic services for a specific customer, in which case the seismic data is owned by that customer. Revenue from contract sales is recognised over time as the Company satisfies its performance obligation. The measure of progress is based on the survey of completion of the physical proportion of the contract work.

A contract asset is recognised when the Company has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Company has not yet performed under the contract but has received advance payments from the customer.

Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Company performs under the contract.

(c) Other services

Revenue from other services is recognised over the time as the services are performed, provided all other recognition criteria are satisfied.

(d) Finance income

Finance income comprises interest income on funds invested that are recognised in profit or loss. Interest income is recognised as it accrues, using the effective interest method.

4. Significant accounting policies (cont'd)

4.15 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.

The Company as lessee

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

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. 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, as follows:

Warehouse	–	2 years
Office premise	–	18 months

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to Note 4.11.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

4. Significant accounting policies (cont'd)

4.15 Leases (cont'd)

The Company as lessee (cont'd)

Lease liabilities (cont'd)

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date in the event the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases

The Company applies the short-term lease recognition exemption to its short-term leases (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). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

4.16 Taxes

(a) Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Company operates and generates taxable income.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

4. Significant accounting policies (cont'd)

4.16 Deferred tax (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

4.17 Share capital

The cost of shares cancelled under the capital reduction exercise carried out under Section 78B of the Singapore Companies Act is adjusted against share capital account.

The cost of the shares repurchased by the Company under Section 78A of the Singapore Companies Act is adjusted against accumulated losses in equity, as well as cash distributions to the shareholder.

5. Leases

The company as a lessee

The Company has entered into lease arrangements for office and warehouse premises used in its operations. Leases generally have lease term of 2 years.

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

	Warehouse US$'000	Total US$'000
As at 1 January 2021	72	72
Depreciation expenses	(12)	(12)
Termination of lease	(60)	(60)
As at 31 December 2021 and 1 January 2022	–	–
Depreciation expenses	–	–
Termination of lease	–	–
At 31 December 2022	–	–

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

	2022 US$'000	2021 US$'000
At 1 January	–	77
Accretion of interest	–	–
Payments	–	–
Termination of lease	–	(79)
Other		2
At 31 December	–	–

5. Leases (cont'd)

The company as a lessee (cont'd)

Effective interest rates

The weighted average effective interest rate of the leases was 6.4% per annum at the balance sheet date of previous financial year.

The following are the amounts recognised in profit or loss:

	2022 US$'000	2021 US$'000
Depreciation expense of right-of-use assets	–	12
Interest expense on lease liabilities	–	–
Total amount recognised in profit or loss	–	12

A reconciliation of liabilities arising from financing activities is as follows:

			Non-cash changes			
	1 January US$'000	Cash flows US$'000	Accretion of interest US$'000	Additions US$'000	Others US$'000	31 December US$'000
2022						
Lease liabilities						
- Current	–	–	–	–	–	–
2021						
Lease liabilities						
- Current	77	–	–	–	(77)	–

The "Others" column includes the effect of termination of leases and reclassification of non-current portion of lease liabilities due to passage of time.

6. Subsidiaries

	2022 US$'000	2021 US$'000
Equity investments, at cost		
Beginning of financial year	265	265
Addition of equity investment	–	–
Ending of financial year	265	265
Allowance for impairment		
Beginning of financial year	(265)	(265)
Reversal of impairment	165	–
Ending of financial year	100	(265)
Total investment in subsidiaries	165	–

Details of subsidiaries are as follows:

Name of subsidiaries	**Country of incorporation**	**Effective equity held**	
		2022 %	**2021 %**
PGS Egypt for Petroleum Services	Egypt	100	100
Petroleum Geo-Services Asia Pacific Labuan Ltd	Malaysia	100	100

7. Multi-client library

	2022 US$'000	2021 US$'000
Multi-client seismic surveys, finished	231,899	231,899
Multi-client seismic surveys, work-in-progress	26,162	26,162
	258,061	258,061
Accumulated amortisation and impairment losses	(258,061)	(258,061)
	–	–

8. Trade and other receivables

	2022 US$'000	2021 US$'000
Unbilled receivables/Accounts receivable	3,638	22,943
	3,638	22,943
Amount due from immediate holding company (non-trade)	–	2,173
Amounts due from related corporations (trade)	3,146	3,007
Other receivables	419	417
Total trade and other receivables	7,203	28,540
Add: Cash and cash equivalents (Note 9)	2,262	436
Total financial assets carried at amortised cost	9,465	28,976

Trade receivables, including amounts due from related corporations are non-interest bearing and are generally on 30 days' terms. They are recognised at their original invoice amounts which represents their fair values on initial recognition.

The non-trade amounts due from immediate holding company are unsecured, repayable on demand and bear interest at a weighted average rate of 5.2673% per annum (2021: 6.7836% per annum).

Concentration of credit risk relating to trade receivables is limited to the Company's many varied customers. The Company's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Company's trade receivables.

The Company's most significant external customer accounts for US$3,638,00 (2021: US$22,943,000) of trade receivables as at 31 December 2022.

Expected credit losses

The Company had assessed that the expected credit loss provision is immaterial and hence no provision was made.

9. Cash and cash equivalents

	2022 US$'000	2021 US$'000
Cash at bank and in hand	2,262	436

Cash at bank earns interest at floating rates based on daily bank deposit rates.

10. Share capital

	2022		2021	
	No. of shares	**US$'000**	**No. of shares**	**US$'000**
Fully paid ordinary shares, with no par value:				
At 1 January	3,768,233	2,060	3,768,233	15,020
Reduction in share capital	–	–	–	(12,960)
At 31 December	3,768,233	2,060	3,768,233	2,060

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

11. Trade and other payables

	2022 US$'000	2021 US$'000
Trade payables	1,885	15
Accrued operating expenses	3,316	1,315
Other payables	–	2,289
Amounts due to related corporations (trade)	229	242
Amounts due to immediate holding company (non-trade)	2,267	–
Total financial liabilities carried at amortised cost	7,697	3,861

Trade and other payables are non-interest bearing and are generally on 30 to 90 days' terms.

The amounts due to related corporations are unsecured, interest-free and repayable within thirty days from the date of the invoice.

The non-trade amounts due to immediate holding company are unsecured, interest-free and repayable on demand.

12. Revenue

Revenue relates to sale of seismic data and related services.

	2022 US$'000	2021 US$'000
Rendering of services	33,498	37,768
External revenue	–	22,943
	33,498	60,711
Timing of revenue recognition		
Over time	33,498	37,768
At a point in time	–	22,943
	33,498	60,711

13. Finance income (net)

	Note	2022 US$'000	2021 US$'000
Interest income from bank deposits		–	–
Interest income on loan to immediate holding company		513	1,120
		513	1,120
Interest expense		(7)	(58)
Interest expense on lease liabilities	5	–	–
Finance costs		(7)	(58)
Net finance income recognised in profit or loss		506	1,062

14. (Loss)/Profit before tax

The following items have been included in arriving at (loss)/profit before tax:

	2022 US$'000	2021 US$'000
Foreign exchange gain	13	(45)
Staff costs	31,840	34,157
Contributions to defined contribution plans, included in staff costs	–	–

15. Income tax expense

	2022 US$'000	2021 US$'000
Current tax expense		
Current year	–	215
Withholding tax	–	2,145
Under provision in prior years	1,458	–
	1,458	2,360
Deferred tax credit		
Movement in temporary differences	–	–
Tax credit	1,458	2,360

15. Income tax expense (cont'd)

Relationship between tax expense and accounting profit/(loss)

The reconciliation between tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the years ended 31 December 2022 and 2021 are as follows:

	2022 US$'000	2021 US$'000
(Loss)/Profit before tax	(1,510)	25,253
Tax calculated using Singapore tax rate of 17% (2021: 17%)	(257)	4,293
Expenses not deductible	49	192
Utilisation of prior year unutilised tax losses	–	(1,976)
Deferred tax assets not recognised	208	–
Foreign withholding tax	–	2,145
Foreign tax credit		(2,294)
Under provision in prior years	1,458	–
	1,458	2,360

16. Financial risk management

Overview

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. Management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from trade and other receivables. For cash and bank balances, the Company minimise credit risk by dealing exclusively with banks and financial institutions which are of high credit rating and regulated.

The Company's objective is to seek continued revenue growth while minimising losses incurred due to increased credit risk exposure. The Company trades only with recognised and creditworthy third parties. It is the Company's policy that all customers who trade on credit terms are subject to credit verification procedures.

Loss allowance provisions are disclosed in Note 4.9 and Note 8.

At the balance sheet date, the Company's maximum exposure to credit risk is represented by the amount of total financial assets carried at amortised cost as disclosed in Note 8.

16. Financial risk management (cont'd)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. All transactions requiring cash settlements are dealt with by the immediate holding company.

At the balance sheet date, the contractual cash flows of the Company's current financial liabilities were as follows:

			Cash flows	
	Carrying amount US$'000	Contractual cash flows US$'000	Within 1 year US$'000	Within 1 to 5 years US$'000
2022				
Trade and other payables	7,697	(7,697)	(7,697)	–
2021				
Trade and other payables	3,861	(3,861)	(3,861)	–

Interest rate risk

The Company's exposure to changes in interest rates primarily to the Company's interest-bearing financial liabilities. Interest rate risk is managed by the Company on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates. The Company does not hedge its interest rate risk.

Sensitivity analysis

For the variable rate financial assets, a change of 100 basis points (bp) in interest rate at the reporting date would increase/(decrease) profit before tax by amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit/(loss) before tax	
	100 bp increase US$'000	100 bp decrease US$'000
Variable rate instrument		
31 December 2022		
Amount due from immediate holding company	36	(36)
31 December 2021		
Amount due from immediate holding company	22	(22)

16. Financial risk management (cont'd)

Foreign currency risk

The Company operates internationally and therefore is exposed to the effects of changes in currency exchange rates. Although the functional currency of the Company is in United States dollars, it also transacts in Singapore dollar and other currencies. The Company's profit or loss may be affected due to fluctuations in the rate of currency between the United States and these other countries. The Company does not hedge its exposure to movement in foreign currency. The Company ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, where necessary, to address short term imbalances.

The Company's exposure to the Singapore Dollar and other currencies through its operation in Singapore is insignificant.

Fair value and classification of financial instruments

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

Fair value hierarchy of the financial assets and financial liabilities were not disclosed as the carrying amount of the financial assets and financial liabilities approximates fair value due to their short-term nature and where the effect of discounting is immaterial.

Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that are offset in the Company's statements of financial position and are subject to a group offsetting arrangement as administered by the immediate holding company, Petroleum Geo-Services AS, and is applicable to all subsidiaries within the PGS ASA Group.

The Company currently offsets amounts due to/or receivable from the immediate holding company and related corporations if the Company has the legal right to set off the amounts when it is due and payable based on the contractual terms of the arrangement with the immediate holding company and related corporations, and the Company intends to settle these amounts on a net basis.

The amounts in the tables that are offset in the statement of financial position are measured on the same basis.

16. Financial risk management (cont'd)

Offsetting financial assets and financial liabilities (cont'd)

Financial assets and financial liabilities subject to offsetting arrangements

31 December 2022

Types of financial assets	**At 1 January 2022 US$'000**	**Movement in 2022 US$'000**	**At 31 December 2022 US$'000**
Amounts due from/ (to) immediate holding corporation	2,173	(4,440)	(2,267)
Amounts due from related corporations	3,007	139	3,146
Total	5,180	(4,301)	879

Types of financial Liabilities	**At 1 January 2022 US$'000**	**Movement in 2022 US$'000**	**At 31 December 2022 US$'000**
Amounts due to related corporations	242	(13)	229
Total	242	(13)	229

31 December 2021

Types of financial assets	**At 1 January 2021 US$'000**	**Movement in 2021 US$'000**	**At 31 December 2021 US$'000**
Amounts due from immediate holding corporation	15,010	(12,837)	2,173
Amounts due from related corporations	4,851	(1,844)	3,007
Total	19,861	(14,681)	5,180

Types of financial Liabilities	**At 1 January 2021 US$'000**	**Movement in 2021 US$'000**	**At 31 December 2021 US$'000**
Amounts due to related corporations	4,116	(3,874)	242
Total	4,116	(3,874)	242

17. Related parties

Key management personnel compensation

Compensation paid and payable to key management personnel comprises:

	2022 US$'000	2021 US$'000
Short-term employee benefits	–	3
Pension fund	–	–
	–	3

Key management personnel of the Company are those persons having the authority and responsibilities for planning, directing and controlling the activities of the Company. The board of directors are considered key management personnel of the Company.

The remuneration of key management personnel is determined by management of the ultimate holding company, having regard to the performance of the individual and market trends.

The Company contributes to the International Pension Fund, a defined contribution plan, for key management personnel.

Other than disclosed elsewhere in the financial statements, transactions with related parties, on terms agreed between the parties, are as follows:

	2022 US$'000	2021 US$'000
Income		
Administrative expenses paid on behalf of related corporations	(33,193)	(37,631)
Interest income from immediate holding company	(513)	(1,120)
Expenses		
Charter-hire and vessel operating costs charged by related corporations	1,464	2,222

18. Capital management

Capital includes debt and equity items as discussed in the table below.

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholder, return capital to the shareholder or issue new shares. In 2022, the Company issued a dividend of $20 million to Petroleum Geo-Services AS in relation to profits for the financial year ended 31 December 2021, through offsetting with intercompany receivables. In 2021, no dividend was given.

The Company does not have any externally imposed capital requirements for the financial years ended 31 December 2022 and 31 December 2021.

19. Authorisation of financial statements

The financial statements for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on 28 June 2023.

Annex 14b

Petroleum Geo-Services Asia Pacific Pte Ltd. Annual Report 2021

Directors' statement

The directors are pleased to present their statement to the member together with the audited financial statements of Petroleum Geo-Services Asia Pacific Pte. Ltd. (the "Company") for the financial year ended 31 December 2021.

Opinion of the directors

In the opinion of the directors,

(i) the financial statements are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2021 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:

Christin Steen-Nilsen
Gottfred Langseth
Rune Olav Pedersen
Alexander Charles James Vartan
Wee Choo Peng

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act 1967 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures and share options in related corporations are as follows:

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures or share options of the Company, or of related corporations, either at the beginning, or date of appointment if later, or at the end of the financial year.

Name of director and corporation in which interest are held	Holdings at beginning of the year	Holdings at end of the year
<u>The ultimate holding company</u>		
PGS ASA		
Ordinary shares		
Christin Steen-Nilsen	7,012	7,012
Gottfred Langseth	375,106	450,106
Rune Olav Pedersen	228,617	228,617
Alexander Charles James Vartan	1,627	1,627
Options to subscribe for ordinary shares and restricted stock units		
Christin Steen-Nilsen	57,000	80,000
Gottfred Langseth	210,000	325,000
Rune Olav Pedersen	462,000	756,000
Alexander Charles James Vartan	18,000	48,000

Share options

During the financial year, there were:

(i) no options granted by the Company to any person to take up unissued shares in the Company; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors

Wee Choo Peng
Director

Alexander Charles James Vartan
Director

Singapore
27 September 2022

Independent auditor's report

Member of the Company
Petroleum Geo-Services Asia Pacific Pte Ltd

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Petroleum Geo-Services Asia Pacific Pte Ltd (the "Company"), which comprise the statement of financial position as at 31 December 2021, the statement of comprehensive income, statement of changes in equity and cash flow statement of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 December 2021 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for other information. The other information comprises directors' statement set out on pages 1 to 3.

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 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, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

The directors' responsibilities include overseeing the Company's financial reporting process.

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 SSAs 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 SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditor's responsibilities for the audit of the financial statements (cont'd)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the 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.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

27 September 2022

Statement of financial position
As at 31 December 2021

	Note	2021 US$'000	2020 US$'000
Non-current assets			
Right-of-use assets	5	–	72
Subsidiaries	6	–	–
Multi-client library	7	–	–
		–	72
Current assets			
Trade and other receivables	8	28,540	19,888
Cash and cash equivalents	9	436	451
		28,976	20,339
Total assets		28,976	20,411
Equity			
Share capital	10	2,060	15,020
Accumulated profit/(loss)		22,397	(496)
Total equity		24,457	14,524
Current liabilities			
Trade and other payables	11	3,861	5,365
Lease liabilities	5	–	77
Current tax payable		658	445
		4,519	5,887
Total liabilities		4,519	5,887
Total equity and liabilities		28,976	20,411

The accompanying accounting policies and explanatory information form an integral part of these financial statements.

Statement of comprehensive income
Year ended 31 December 2021

	Note	2021 US$'000	2020 US$'000
Revenue	12	60,711	36,201
Cost of sales		(36,363)	(39,119)
Gross loss		24,348	(2,918)
Administrative expenses		(157)	(271)
Finance income, net	13	1,062	1,899
Profit/(loss) before tax	14	25,253	(1,290)
Income tax expense	15	(2,360)	(9)
Profit/(loss) for the year, representing total comprehensive income for the year		22,893	(1,299)

Statement of changes in equity
Year ended 31 December 2021

	Note	Share capital US$'000	Accumulated (loss)/profit US$'000	Total US$'000
At 1 January 2020		15,020	803	15,823
Loss for the year, representing total comprehensive income for the year		–	(1,299)	(1,299)
At 31 December 2020 and 1 January 2021		15,020	(496)	14,524
Reduction in share capital		(12,960)	–	(12,960)
Profit for the year, representing total comprehensive income for the year		–	22,893	22,893
At 31 December 2021		2,060	22,397	24,457

Statement of cash flows
Year ended 31 December 2021

	Note	2021 US$'000	2020 US$'000
Cash flows from operating activities			
Profit/(loss) before tax		25,253	(1,290)
Adjustments for:			
Depreciation of right-of-use assets	5	12	173
Gain on termination of warehouse lease		(19)	–
Finance income, net	13	(1,062)	(1,899)
Unrealised exchange gain		–	(1)
		24,184	(3,017)
Changes in working capital:			
Increase in trade and other receivables		(10,946)	(238)
(Decrease)/increase in trade and other payables		(1,504)	1,542
Cash from/(used in) operations		11,734	(1,713)
Interest received		1,120	1,914
Interest paid		(58)	(15)
Taxation received		149	–
Net cash generated from operating activities		12,945	186
Cash flows from financing activities			
Payment of principal portion of lease liabilities	5	–	(179)
Share capital reduction		(12,960)	–
Net cash used in financing activities		(12,960)	(179)
Net (decrease)/increase in cash and cash equivalents		(15)	7
Cash and cash equivalents at 1 January		451	444
Cash and cash equivalents at 31 December	9	436	451

The accompanying accounting policies and explanatory information form an integral part of these financial statements.

1. Corporate information

Petroleum Geo-Services Asia Pacific Pte Ltd (the "Company") is incorporated in the Republic of Singapore and has its registered office at 80 Robinson Road, #02-00, Singapore (068898).

The principal activities of the Company are the acquisition, sale and licensing of marine seismic data.

The immediate and ultimate holding company during the financial year is PGS ASA, a company incorporated in the Kingdom of Norway.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in United States ("USD" or "US$") dollars which is the Company's functional currency. All financial information is presented in US dollars, except when otherwise indicated.

3. Use of estimates and judgements

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting date. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The critical judgements and key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date 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:

Taxes

Significant judgement is involved in determining the provision for taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the tax and deferred tax provisions in the period in which such determination is made.

4. Significant accounting policies

4.1 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2021. The adoption of these standards did not have any material effect on the financial performance or position of the Company.

4.2 Standards issued but not yet effective

The Company has not adopted the following standards applicable to the company that have been issued but not yet effective:

Description	***Effective for annual periods beginning on or after***
Amendments to FRS 16: *Property, Plant and Equipment—Proceeds before Intended Use*	1 January 2022
Amendments to FRS 37: *Onerous Contracts—Cost of Fulfilling a Contract*	1 January 2022
Amendments to FRS 103: *Reference to the Conceptual Framework*	1 January 2022
Annual Improvements to FRSs 2018-2020	1 January 2022
Amendments to FRS 1 and FRS Practice Statement 2: *Disclosure of Accounting Policies*	1 January 2023
Amendments to FRS 1: *Classification of Liabilities as Current or Non-current*	1 January 2023
Amendments to FRS 1 and FRS Practice Statement 2: *Disclosure of Accounting Policies*	1 January 2023
Amendments to FRS 8: *Definition of Accounting Estimates*	1 January 2023
Amendments to FRS 12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023

The Directors expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application.

4.3 Consolidation

Consolidated financial statements of the Company and its subsidiaries are not prepared because the Company is a wholly owned subsidiary of the immediate holding company, PGS ASA, a company incorporated in the Kingdom of Norway, which prepares consolidated financial statements.

4.4 Subsidiaries

Subsidiaries are companies controlled by the Company. Control exists when the Company has the power, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights presently exercisable are taken into account.

Investments in subsidiaries are stated at cost less accumulated impairment losses.

4. Significant accounting policies (cont'd)

4.5 Foreign currencies

The financial statements are presented in United States Dollars, which is also the Company's functional currency.

Transactions and balances

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

4.6 Multi-client library

Multi-client library consists of completed and in-process seismic surveys that are held for licensing on a non-exclusive basis. All costs directly or indirectly incurred in acquiring, processing and completing seismic surveys are capitalised. Also included are costs incurred while relocating or "steaming" a vessel or crew from one location to another and capitalisation of borrowing costs.

Multi-client library is stated at cost less accumulated amortisation and accumulated impairment losses. While a survey is in progress, the Company amortises each Multi-Client survey based on the ratio of aggregate capitalized survey cost to forecasted sales. On an annual basis each survey is placed in an amortisation category based on this ratio. These categories range from 30-95% of sales amounts with 5% intervals, with a minimum of 45% for pre-funding. Each category includes surveys where the remaining unamortised cost as a percentage of remaining forecasted sales is less than or equal to the amortisation rate applicable to each category. Upon completion of a survey, straight-line amortisation commences over its estimated useful life which is generally over a period of 4 years from the date it is transferred to completed surveys.

4.7 Steaming and mobilisation costs

Steaming costs relate to relocating or "steaming" a vessel or crew from one location to another, while onsite project costs such as positioning, deploying and retrieval of equipment at the beginning and end of a project are considered to be mobilisation or demobilisation costs. The Company includes such costs in the cost of the multi-client survey or exclusive contract with which the costs are associated. The steaming, mobilisation or demobilisation costs related to multi-client survey are capitalised as a part of the multi-client library. Steaming and mobilisation costs on exclusive surveys are deferred and charged to expense based upon the percentage of completion of the project.

Both for multi-client and exclusive surveys the estimated probable future economic inflows which are documented at inception must cover the costs capitalised or deferred. If the projects are not able to cover all of the costs which could be capitalised or deferred then only those costs that are recoverable (discounted cash inflow of the project undertaken exceeds the discounted cash outflow) are capitalised/deferred.

4. Significant accounting policies (cont'd)

4.8 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the contractual cash flow characteristics of the asset.

Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

Derecognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

4. Significant accounting policies (cont'd)

4.8 Financial instruments (cont'd)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

4.9 Impairment of financial assets

The Company recognises an allowance for expected credit losses ("ECL") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of default (a lifetime ECL).

For trade and other receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company assesses ECLs based on factors including historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

4.10 Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank and bank deposits.

4.11 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

4. Significant accounting policies (cont'd)

4.11 Impairment of non-financial assets (cont'd)

Impairment losses of continuing operations are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised.

4.12 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Share-based payments

The share option programme of the ultimate holding company allows certain employees to acquire shares of the ultimate holding company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the vesting period during which the employees become unconditionally entitled to the options. At each balance sheet date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates in employee expense and in a corresponding adjustment to equity over the remaining vesting period.

Equity compensation expenses are recharged to the Company by the ultimate holding company, the grantor of the share options, based on the grant date value of the share options awarded to the employees of the Company. The recharged expenses are recorded in equity.

4.13 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

4. Significant accounting policies (cont'd)

4.14 Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Sales of multi-client library data

Late sales – The Company grants a license to a customer, which entitles the customer to have access to a specifically defined portion of the multi-client data library. The customer's license payment is fixed and determinable and typically is required at the time that the license is granted. Revenue for late sales is recognised at a point in time when the customer executes a valid license agreement and has received the right to access to the licensed portion of the multi-client library and collection is reasonably assured.

Prefunding arrangements – The Company typically obtains funding from a limited number of customers before a seismic project is completed. In return for the pre-funding, the customer typically gains the ability to direct or influence the project specifications, to access data as it is being acquired. The Company recognises pre-funding revenue as "right to use" licenses and the revenue is to be recognised at the point in time when the "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 Multi-Client Late Sale licenses and Multi-Client Prefunding licenses.

Contingent revenue (uplift,transfer fees, etc.) – Multi-Client 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 services – the data has already been delivered. Hence, there is no further performance obligation required on the part of PGS. The contingent consideration is recognised when the triggering event has taken place.

(b) Contract sales

The Company performs seismic services for a specific customer, in which case the seismic data is owned by that customer. Revenue from contract sales is recognised over time as the Company satisfies its performance obligation. The measure of progress is based on the survey of completion of the physical proportion of the contract work.

A contract asset is recognised when the Company has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Company has not yet performed under the contract but has received advance payments from the customer.

4. Significant accounting policies (cont'd)

4.14 Revenue recognition (cont'd)

(b) Contract sales (cont'd)

Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Company performs under the contract.

(c) Other services

Revenue from other services is recognised over the time as the services are performed, provided all other recognition criteria are satisfied.

(d) Finance income

Finance income comprises interest income on funds invested that are recognised in profit or loss. Interest income is recognised as it accrues, using the effective interest method.

4.15 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.

The Company as lessee

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

<u>Right-of-use assets</u>

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. 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, as follows:

Warehouse	–	2 years
Office premise	–	18 months

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to Note 4.11.

4. Significant accounting policies (cont'd)

4.15 Leases (cont'd)

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date in the event the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases

The Company applies the short-term lease recognition exemption to its short-term leases (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). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

4.16 Taxes

(a) Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Company operates and generates taxable income.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

4. Significant accounting policies (cont'd)

4.16 Deferred tax (cont'd)

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

4. Significant accounting policies (cont'd)

4.16 Deferred tax (cont'd)

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

4.17 Share capital

The cost of shares cancelled under the capital reduction exercise carried out under Section 78B of the Singapore Companies Act is adjusted against share capital account.

The cost of the shares repurchased by the Company under Section 78A of the Singapore Companies Act is adjusted against accumulated losses in equity, as well as cash distributions to the shareholder.

5. Leases

The company as a lessee

The Company has entered into lease arrangements for office and warehouse premises used in its operations. Leases generally have lease term of 2 years.

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

	Warehouse	**Office premises**	**Total**
	US$'000	US$'000	US$'000
As at 1 January 2020	216	29	245
Depreciation expenses	(144)	(29)	(173)
As at 31 December 2020 and 1 January 2021	72	–	72
Depreciation expenses	(12)	–	(12)
Termination of lease	(60)	–	(60)
At 31 December 2021	–	–	–

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

	2021	**2020**
	US$'000	US$'000
At 1 January	77	248
Accretion of interest	–	11
Payments	–	(179)
Termination of lease	(79)	–
Other	2	(3)
At 31 December	–	77

5. Leases (cont'd)

The company as a lessee (cont'd)

Effective interest rates

The weighted average effective interest rate of the leases is 6.4% (2020: 6.4%) per annum at the balance sheet date.

The following are the amounts recognised in profit or loss:

	2021 US$'000	**2020** US$'000
Depreciation expense of right-of-use assets	12	173
Interest expense on lease liabilities	–	11
Total amount recognised in profit or loss	12	184

During the financial year, the Company had total cash outflows for leases amounting to US$Nil (2020: US$179,902).

A reconciliation of liabilities arising from financing activities is as follows:

			Non-cash changes			
	1 January US$'000	**Cash flows** US$'000	**Accretion of interest** US$'000	**Additions** US$'000	**Others** US$'000	**31 December** US$'000
<u>2021</u>						
Lease liabilities						
- Current	77	–	–	–	(77)	–
<u>2020</u>						
Lease liabilities						
- current	172	(179)	11	–	73	77
- non-current	76	–	–	–	(76)	–
Total	248	(179)	11	–	(3)	77

The "Others" column includes the effect of termination of leases and reclassification of non-current portion of lease liabilities due to passage of time.

6. Subsidiaries

	2021 US$'000	2020 US$'000
Equity investments, at cost		
Beginning of financial year	265	265
Addition of equity investment	–	–
Ending of financial year	265	265
Allowance for impairment		
Beginning of financial year	(265)	(265)
Charge for the year	–	–
Ending of financial year	(265)	(265)
Total investment in subsidiaries	–	–

Details of subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Effective equity held 2021 %	Effective equity held 2020 %
PGS Egypt for Petroleum Services	Egypt	100	100
Petroleum Geo-Services Asia Pacific Labuan Ltd	Malaysia	100	100

7. Multi-client library

	2021 US$'000	2020 US$'000
Multi-client seismic surveys, finished	231,899	231,899
Multi-client seismic surveys, work-in-progress	26,162	26,162
	258,061	258,061
Accumulated amortisation and impairment losses	(258,061)	(258,061)
	–	–

Movements in accumulated amortisation and impairment losses during the financial year:

	2021 US$'000	2020 US$'000
At 1 January and 31 December	258,061	258,061

8. Trade and other receivables

	2021 US$'000	2020 US$'000
Unbilled receivables	22,943	–
	22,943	–
Amount due from ultimate holding company (non-trade)	2,173	15,010
Amounts due from related corporations (trade)	3,007	4,851
Other receivables	417	27
Total trade and other receivables	5,597	19,888
Add: Cash and cash equivalents (Note 9)	436	451
Total financial assets carried at amortised cost	28,976	20,339

Trade receivables, including amounts due from related corporations are non-interest bearing and are generally on 30 days' terms. They are recognised at their original invoice amounts which represents their fair values on initial recognition.

The non-trade amounts due from ultimate holding company are unsecured, repayable on demand and bear interest at a weighted average rate of 6.7836% per annum (2020: 7.4702% per annum).

Concentration of credit risk relating to trade receivables is limited to the Company's many varied customers. The Company's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Company's trade receivables.

The Company's most significant external customer accounts for US$22,943,000 (2020: Nil) of trade receivables as at 31 December 2021.

Expected credit losses

The Company had assessed that the expected credit loss provision is immaterial and hence no provision was made.

9. Cash and cash equivalents

	2021 US$'000	2020 US$'000
Cash at bank and in hand	436	451

Cash at bank earns interest at floating rates based on daily bank deposit rates.

10. Share capital

	2021		2020	
	No. of shares	**US$'000**	**No. of shares**	**US$'000**
Fully paid ordinary shares, with no par value:				
At 1 January	3,768,233	15,020	3,768,233	15,020
Reduction in share capital	–	(12,960)	–	–
At 31 December	3,768,233	2,060	3,768,233	15,020

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

11. Trade and other payables

	2021	2020
	US$'000	**US$'000**
Trade payables	15	16
Accrued operating expenses	1,315	1,083
Other payables	2,289	150
Amounts due to related corporations (trade)	242	4,116
Total financial liabilities carried at amortised cost	3,861	5,365

Trade and other payables are non-interest bearing and are generally on 30 to 90 days' terms.

The amounts due to related corporations are unsecured, interest-free and repayable within thirty days from the date of the invoice.

12. Revenue

Revenue relates to sale of seismic data and related services.

	2021	2020
	US$'000	**US$'000**
Rendering of services	37,768	36,190
External revenue	22,943	11
	60,711	36,201
Timing of revenue recognition		
Over time	37,768	36,190
At a point in time	22,943	11
	60,711	36,201

13. Finance income (net)

	Note	2021 US$'000	2020 US$'000
Interest income from bank deposits		–	1
Interest income on loan to ultimate holding company		1,120	1,913
		1,120	1,914
Interest expense		(58)	(4)
Interest expense on lease liabilities	5	–	(11)
Finance costs		(58)	(15)
Net finance income recognised in profit or loss		1,062	1,899

14. Profit/(loss) before tax

The following items have been included in arriving at profit/(loss) before tax:

	2021 US$'000	2020 US$'000
Foreign exchange gain	(45)	(4)
Staff costs	34,157	36,702
Contributions to defined contribution plans, included in staff costs	–	8

15. Income tax expense

	2021 US$'000	2020 US$'000
Current tax expense		
Current year	215	–
Withholding tax	2,145	9
	2,360	9

Relationship between tax expense and accounting profit/(loss)

The reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 December 2021 and 2020 are as follows:

	2021 US$'000	2020 US$'000
Profit/(loss) before tax	25,253	(1,290)
Tax calculated using Singapore tax rate of 17% (2020: 17%)	4,293	(219)
Expenses not deductible	192	111
Utilisation of prior year unutilised tax losses	(1,976)	–
Deferred tax assets not recognised	–	108
Foreign withholding tax	2,145	9
Foreign tax credit	(2,294)	–
	2,360	9

16. Financial risk management

Overview

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. Management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from trade and other receivables. For cash and bank balances, the Company minimise credit risk by dealing exclusively with banks and financial institutions which are of high credit rating and regulated.

The Company's objective is to seek continued revenue growth while minimising losses incurred due to increased credit risk exposure. The Company trades only with recognised and creditworthy third parties. It is the Company's policy that all customers who trade on credit terms are subject to credit verification procedures.

16. Financial risk management (cont'd)

Loss allowance provisions are disclosed in Note 4.9 and Note 8.

At the balance sheet date, the Company's maximum exposure to credit risk is represented by the amount of total financial assets carried at amortised cost as disclosed in Note 8.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. All transactions requiring cash settlements are dealt with by the ultimate holding company.

At the balance sheet date, the contractual cash flows of the Company's current financial liabilities were as follows:

		Cash flows		
	Carrying amount US$'000	**Contractual cash flows US$'000**	**Within 1 year US$'000**	**Within 1 to 5 years US$'000**
2021				
Trade and other payables	3,861	(3,861)	(3,861)	–
2020				
Trade and other payables	5,365	(5,365)	(5,365)	–

Interest rate risk

The Company's exposure to changes in interest rates primarily to the Company's interest-bearing financial liabilities. Interest rate risk is managed by the Company on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates. The Company does not hedge its interest rate risk.

As at the reporting date, the interest rate profile of the Company's interest-bearing financial instruments is as follows:

	Notional amount	
	2021 US$'000	**2020 US$'000**
Variable rate instrument		
Amount due from ultimate holding company	2,173	15,010

16. Financial risk management (cont'd)

Interest rate risk (cont'd)

Sensitivity analysis

For the variable rate financial assets, a change of 100 basis points (bp) in interest rate at the reporting date would increase/(decrease) profit before tax by amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit/(loss) before tax	
	100 bp increase US$'000	**100 bp decrease US$'000**
Variable rate instrument		
31 December 2021		
Amount due from ultimate holding company	22	(22)
31 December 2020		
Amount due from ultimate holding company	150	(150)

Foreign currency risk

The Company operates internationally and therefore is exposed to the effects of changes in currency exchange rates. Although the functional currency of the Company is in United States dollars, it also transacts in Singapore dollar and other currencies. The Company's profit or loss may be affected due to fluctuations in the rate of currency between the United States and these other countries. The Company does not hedge its exposure to movement in foreign currency. The Company ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, where necessary, to address short term imbalances.

The Company's exposure to the Singapore Dollar and other currencies through its operation in Singapore is insignificant.

Fair value and classification of financial instruments

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

Fair value hierarchy of the financial assets and financial liabilities were not disclosed as the carrying amount of the financial assets and financial liabilities approximates fair value due to their short-term nature and where the effect of discounting is immaterial.

16. Financial risk management (cont'd)

Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that are offset in the Company's statements of financial position and are subject to a group offsetting arrangement as administered by the ultimate holding company, PGS ASA, and is applicable to all subsidiaries within the PGS ASA Group.

The Company currently offsets amounts due to/or receivable from the ultimate holding company and related corporations if the Company has the legal right to set off the amounts when it is due and payable based on the contractual terms of the arrangement with the ultimate holding company and related corporations, and the Company intends to settle these amounts on a net basis.

The amounts in the tables that are offset in the statement of financial position are measured on the same basis.

Financial assets and financial liabilities subject to offsetting arrangements

31 December 2021

Types of financial assets	Gross amounts of recognised financial assets US$'000	Gross amounts of recognised financial liabilities offset in the statements of financial position US$'000	Net amounts of financial assets presented in the statements of financial position US$'000
Amounts due from ultimate holding corporation	15,010	(12,837)	2,173
Amounts due from related corporations	4,851	(1,844)	3,007
Total	19,861	(14,681)	5,180

Types of financial Liabilities	Gross amounts of recognised financial liabilities US$'000	Gross amounts of recognised financial assets offset in the statements of financial position US$'000	Net amounts of financial liabilities presented in the statements of financial position US$'000
Amounts due to related corporations	4,116	(3,874)	242
Total	4,116	(3,874)	242

16. Financial risk management (cont'd)

31 December 2020

Types of financial assets	Gross amounts of recognised financial assets US$'000	Gross amounts of recognised financial liabilities offset in the statements of financial position US$'000	Net amounts of financial assets presented in the statements of financial position US$'000
Amounts due from ultimate holding corporation	21,825	(6,815)	15,010
Amounts due from related corporations	4,851	–	4,851
Total	26,676	(6,815)	19,861

Types of financial Liabilities	Gross amounts of recognised financial liabilities US$'000	Gross amounts of recognised financial assets offset in the statements of financial position US$'000	Net amounts of financial liabilities presented in the statements of financial position US$'000
Amounts due to related corporations	4,116	–	4,116
Total	4,116	–	4,116

17. Related parties

Key management personnel compensation

Compensation paid and payable to key management personnel comprises:

	2021 US$'000	2020 US$'000
Short-term employee benefits	3	59
Pension fund	–	6
	3	65

Key management personnel of the Company are those persons having the authority and responsibilities for planning, directing and controlling the activities of the Company. The board of directors are considered key management personnel of the Company.

The remuneration of key management personnel is determined by management of the ultimate holding company, having regard to the performance of the individual and market trends.

The Company contributes to the International Pension Fund, a defined contribution plan, for key management personnel.

Other than disclosed elsewhere in the financial statements, transactions with related parties, on terms agreed between the parties, are as follows:

	2021 US$'000	2020 US$'000
Income		
Administrative expenses paid on behalf of related corporations	(37,631)	(36,044)
Interest income from ultimate holding company	(1,120)	(1,913)
Expenses		
Charter-hire and vessel operating costs charged by related corporations	2,222	1,834

18. Capital management

Capital includes debt and equity items as discussed in the table below.

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholder, return capital to the shareholder or issue new shares. No changes were made in the objectives or processes during FY2021 and FY2020.

The Company does not have any externally imposed capital requirements for the financial years ended 31 December 2021 and 31 December 2020.

19. Authorisation of financial statements

The financial statements for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on 27 September 2022.

Annex 15 Template for Final Terms for fixed and floating rate Bonds

[Annex 15]

Final Terms

for

[Title of the bond issue]

Oslo, [Date]

Terms used herein shall be deemed to be defined as such for the purpose of the conditions set forth in the Base Prospectus clauses 2 Definitions and 13.3 Definitions, these Final Terms and the attached Bond Terms and the attached Guarantee agreement.

[*In case MiFID II identified target market are professional investors and eligible counterparties, insert the following:*]
[**MIFID II product governance / Professional investors and eligible counterparties (ECPs) only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended) (**MiFID II**); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Bonds (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[**UK MiFIR product governance / Professional investors and eligible counterparties only (ECPs) target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**UK MiFIR**); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Bonds (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation (as defined below). Consequently no key information document required by Regulation (EU) No. 1286/2014 (as amended) (the **PRIIPs Regulation**) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

[**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (**UK**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**); (ii) a customer within the meaning of the provisions of FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No. 1286/2014 as it forms part of domestic law by virtue of the EUWA (the **UK PRIIPs Regulation**) for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

[In case MiFID II identified target market are retail investors, professional investors and eligible counterparties, insert the following:]
[**MIFID II product governance / Retail investors, professional investors and eligible counterparties (ECPs) target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties, professional clients and retail clients, each as defined in Directive 2014/65/EU (as amended) (**MiFID II**); *EITHER* [and (ii) all channels for distribution of the Bonds are appropriate[, including investment advice, portfolio management, non-advised sales and pure execution services]] *OR* [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Bonds to retail clients are appropriate – investment advice[,/and] portfolio management[,/and][non-advised sales][and pure execution services][, subject to the distributor's suitability and appropriateness

obligations under MiFID II, as applicable]]. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Bonds (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels[, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable].]

[**UK MiFIR product governance / Retail investors, professional investors and eligible counterparties target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is retail clients, as defined in point (8) of Article 2 of Regulation (EU) 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**), and eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (**COBS**), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA (**UK MiFIR**); EITHER [and (ii) all channels for distribution of the Bonds are appropriate, including investment advice, portfolio management, non-advised sales and pure execution services] OR [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Bonds to retail clients are appropriate – investment advice[,/and] portfolio management[,/ and][non-advised sales][and pure execution services][, subject to the distributor's (as defined below) suitability and appropriateness obligations under COBS, as applicable]]. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Bonds (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels[, subject to the distributor's suitability and appropriateness obligations under COBS, as applicable].]

This document constitutes the Final Terms of the Bonds described herein pursuant to the Regulation (EU) 2017/1129 and must be read in conjunction with the Base Prospectus dated 19 December 2023 and [the supplement[s] to the Base Prospectus dated [date]].

The Base Prospectus dated 19 December 2023 [and the supplement[s] to the Base Prospectus dated [date]] [together] constitute[s] a base prospectus for the purposes of the Regulation (EU) 2017/1129 ([together,] the "Base Prospectus").

Final Terms include a summary of each Bond Issue.

These Final Terms and the Base Prospectus [and the supplement[s] to the Base Prospectus] are available on the Issuer's website https://www.pgs.com, or on the Issuer's visit address, Lilleakerveien 4C, N-0283 Oslo, Norway, or their successor (s).

1 Detailed information about the security

Generally:	
ISIN code:	[ISIN]
The Loan/The Bonds:	[Title of the bond issue]
Borrower/Issuer:	Petroleum Geo-Services AS is registered in the Norwegian Companies Registry with registration number 921 675 801. The Company's LEI code is 213800TDSGPCJUCT4659.
Group:	Means the Issuer and its subsidiaries from time to time.
Security Type:	[Un]secured [open] bond issue with [fixed/floating] rate
Borrowing Limit – Tap Issue:	[Currency] [Amount borrowing limit]
Borrowing Amount [●] tranche:	[Currency] [Amount [●] tranche]
Denomination – Each bond:	[Currency] [Amount denomination] - each and ranking pari passu among themselves
Securities Form:	As set out in the Base Prospectus clause 13.1.
Publication:	As specified in the Base Prospectus section 13.4.2.
Issue Price:	[*As defined in the Base Prospectus section 13.3* [Issue price] %
Disbursement Date/Issue Date:	[*As defined in the Base Prospectus section 13.3* [Issue date]
Maturity Date:	[*As defined in the Base Prospectus section 13.3* [Maturity date]
Guarantee:	As defined in the Base Prospectus section 13.3. [terms of the Guarantee] [The Guarantee Agreement is attached to this Final Terms.]
Interest Rate:	
Interest Bearing from and Including:	[Issue date / *Other: (specify)*]
Interest Bearing To:	[*As defined in the Base Prospectus section 13.3* [Maturity Date] / *Other: (specify)*]
Reference Rate:	[*As defined in the Base Prospectus section 13.3* *Floating rate:* [NIBOR] [3 / 6 / 12] months [*description of Reference Rate*] Relevant Screen Page: [*Relevant Screen Page*] Specified time: [*specified time*]

	Information about the past and future performance and volatility of the Reference Rate is available at [*Relevant Screen Page* / *other: (specify)*] Fallback provisions: [*Provisions*] */ Other: (specify)*] / *Fixed Rate:* N/A]
Margin:	[*As defined in the Base Prospectus section 13.3* *Floating Rate:* [Margin] % p.a. / *Fixed Interest:* N/A / Other*: (specify)*]
Interest Rate:	[*Bond issue with floating rate (as defined in the Base Prospectus section 13.3):* [Reference Rate + Margin] % p.a. Current Interest Rate: [*current interest rate*] / *Bond Issue with fixed rate (as defined in the Base Prospectus section 13.3):* [Interest rate] % p.a.
Day Count Convention:	[*Floating Rate:* As defined in the Base Prospectus section 13.3 */ Fixed Rate:* As defined in the Base Prospectus section 13.3
Day Count Fraction – Secondary Market:	[*Floating Rate:* As specified in the Base Prospectus section 13.5.1.a */ Fixed Rate:* As specified in the Base Prospectus section 13.5.2.a
Interest Determination Date:	[*Floating Rate:* As defined in the Base Prospectus section 13.3. Interest Rate Determination Date: [Interest Rate Determination Date(s)] each year. / *Fixed rate:* N/A */ Other: (specify)*]
Interest Rate Adjustment Date:	[*Floating Rate:* As defined in the Base Prospectus section 13.3. */ Fixed rate:* N/A]
Interest Payment Date:	As defined in the Base Prospectus section 13.3 and specified in the Base Prospectus section 13.5.1 (FRN) / section 13.5.2 (fixed rate) Interest Payment Date: [Date(s)] each year. The first Interest Payment Date is [Date].
#Days first term:	[Number of interest days] days
Yield:	As defined in the Base Prospectus section 13.3. The Yield is [*yield*]
Business Day:	As defined in the Base Prospectus section 13.3. */ Other: (specify)*]
Amortisation and Redemption:	
Redemption:	As defined in the Base Prospectus section 13.3 and as specified in the Base Prospectus section 13.4.3, 13.5.1.b and 13.5.2.b. The Maturity Date is [*maturity date*]

Call Option:	As defined in the Base Prospectus section 13.3. [*terms of the call option*] Call Date(s): [*call date(s)*] Call Price(s): [*call price(s)*] Call Notice Period: [*call notice period*]
Put Option:	As defined in the Base Prospectus section 13.3. [*terms of the put option*]
Early redemption option due to a tax event:	As defined in the Base Prospectus section 13.3. [*terms of the early redemption option*]
Mandatory repurchase due to a Material Asset Sale:	As defined in the Base Prospectus section 13.3. [*terms of the mandatory repurchase*]
Obligations:	
Issuer's special obligations during the term of the Bond Issue:	As specified in the Base Prospectus section 13.4.6. */ Other: (specify)*]
Listing:	
Listing of the Bond Issue/Marketplace:	As defined in the Base Prospectus section 13.3 and specified in the Base Prospectus section 13.4.5. Exchange for listing of the Bonds: [*Exchange*] / The Bonds will not be applied for listing on any Exchange. / *Other: (specify)*]
Any restrictions on the free transferability of the securities:	As specified in the Base prospectus section 13.4.10. Restrictions on the free transferability of the securities: [*specify*]
Purpose/Use of proceeds:	As specified in the Base Prospectus section 13.4.1. Estimated net amount of the proceeds: [*specify*] Use of proceeds: [*specify*] [*Other: (specify)*]
Prospectus and Listing fees:	As defined in the Base Prospectus section 13.3 and specified in the Base Prospectus section 13.4.5. Listing fees: [*specify*] / *Other: (specify)*]
Market-making:	As defined in the Base Prospectus section 13.3. [A market-making agreement has been entered into between the Issuer and [*name of market maker*]] / *Other: (specify)*]
Approvals:	As specified in the Base Prospectus section 13.4.9. Date of the Board of Directors' approval: [*date*]

	/ Other: (*specify*)]
Bond Terms:	As defined in the Base Prospectus section 13.3 and specified in the Base Prospectus section 13.4.7. By virtue of being registered as a Bondholder (directly or indirectly) with the CSD, the Bondholders are bound by the Bond Terms and any other Finance Document, without any further action required to be taken or formalities to be complied with by the Bond Trustee, the Bondholders, the Issuer or any other party. / *Other: (specify)*]
Status and security:	As specified in the Base Prospectus section 13.4.6. Status and security of the securities: [*specify*]
Bondholders' meeting/ Voting rights:	As defined in the Base Prospectus section 13.3. / *Other: (specify)*]
Availability of the Documentation:	www.pgs.com
Joint Lead Managers:	[*name of joint lead managers*] as [*type of manager]*
Bond Trustee:	As defined in the Base prospectus section 13.3.
Paying Agent:	As defined in the Base prospectus section 13.3. The Paying Agent is [*name of the Paying Agent*]
Securities Depository / CSD:	As defined in the Base Prospectus section 13.3 and specified in the Base Prospectus section 13.4.5 */ Other: (specify)*]
Calculation Agent:	[As defined in the Base Prospectus section 13.3 / *Other: (specify)*]
Listing fees:	Prospectus fee for the Base Prospectus including template for Final Terms is NOK 134,000. [*Listing and other fees at the Exchange: (specify)* */ No listing:* N/A]

2 Additional information

Advisor
The Issuer has mandated [*name of joint lead managers*] as [*type of manager*] for the issuance of the Loan. The [*type of manager]* [has/have] acted as advisor[s] to the Issuer in relation to the pricing of the Loan.

The [*type of manager*] will be able to hold position in the Loan.

/ *Other: (specify)*]

Interests and conflicts of interest
[The involved persons in the Issuer or offer of the Bonds have no interest, nor conflicting interests that are material to the Bond Issue.

/ *Other: (specify)*]

Rating
[There is no official rating of the Loan.

The Issuer is rated as follows:
Standard & Poor's: [•]
Moody's: [•]

/ *Other: (specify)*]

Listing of the Loan:
[*As defined in the Base Prospectus section 13.3*]

The Prospectus will be published in [*country*]. An application for listing at [*Exchange*] will be sent as soon as possible after the Issue Date. Each bond is negotiable.

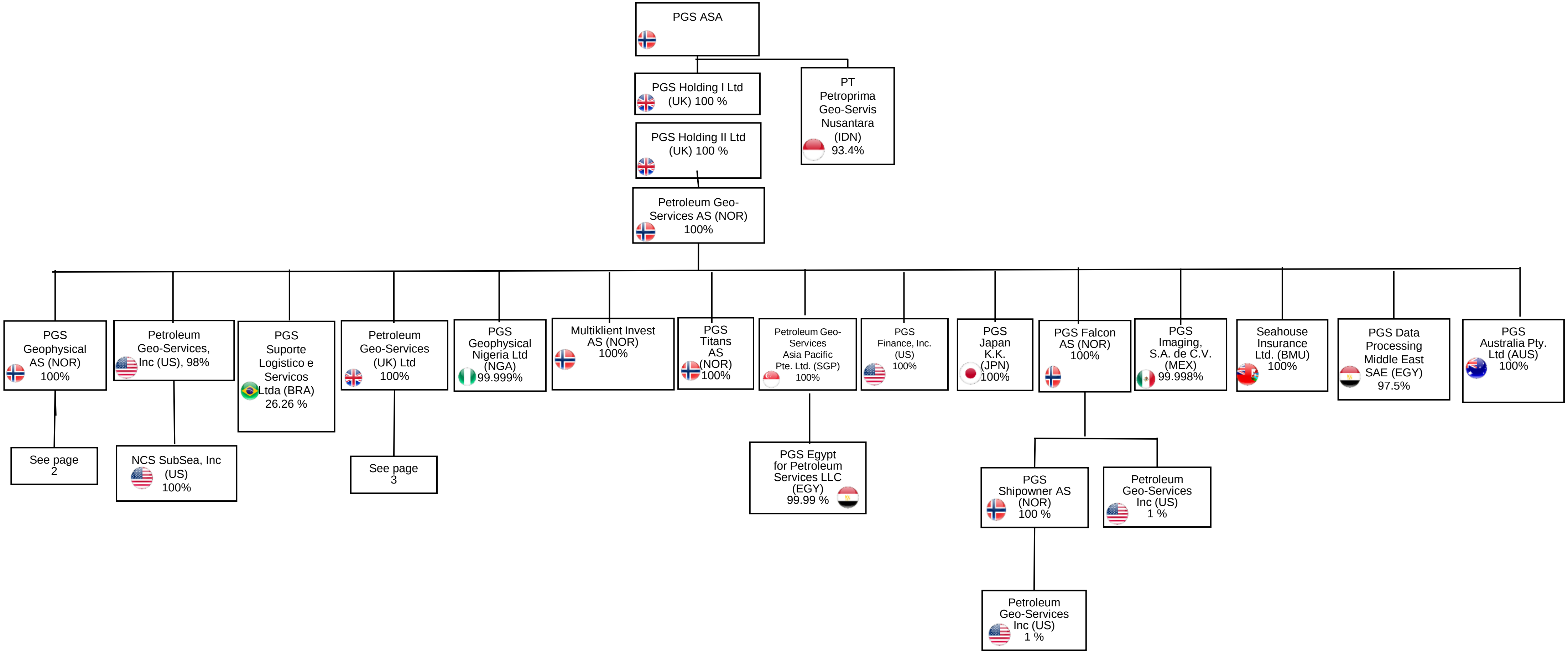
Statement from the [*type of manager*]:
[*name of joint lead managers*] have assisted the Issuer in preparing the prospectus. The [*type of manager*] have not verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made, and the [*type of manager*] expressively disclaim[s] any legal or financial liability as to the accuracy or completeness of the information contained in this prospectus or any other information supplied in connection with bonds issued by the Issuer or their distribution. The statements made in this paragraph are without prejudice to the responsibility of the Issuer. Each person receiving this prospectus acknowledges that such person has not relied on the [*type of manager*] nor on any person affiliated with them in connection with its investigation of the accuracy of such information or its investment decision.

[*place*], [*date*]

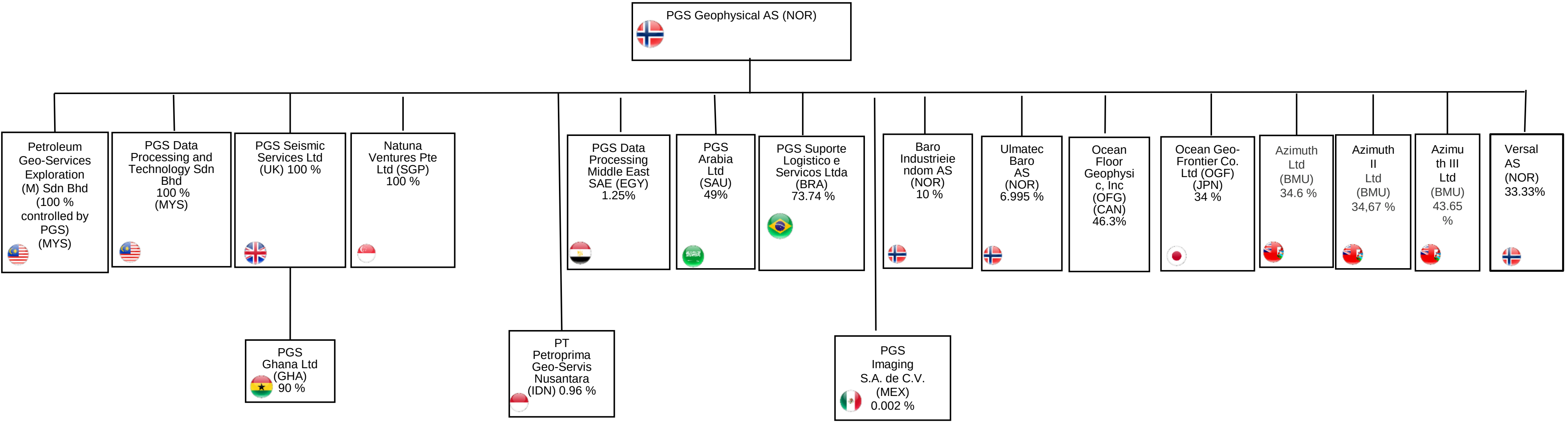
[*name of joint lead managers*]
[*web address of joint lead managers*]

Annex 16 Organizational Structure chart

PGS LEGAL ORGANIZATION CHART (per 16 October 2023)



Page 2 - PGS Geophysical AS



Page 3 - Petroleum Geo-Services (UK) Ltd