Petroleum Geo-Services AS

The Board of Directors' Report 2023

Nature of the business

Petroleum Geo-Services AS is a wholly owned subsidiary of PGS Holding II Ltd and part of the PGS ASA group of companies ("PGS ASA Group" or "PGS ASA"). The Company was founded on 10 October 2018. Following a group re-organization in February 2021 the Company assumed the group treasury function as well as being the holding company for most subsidiaries within the PGS ASA Group. Unless stated otherwise, references herein to the "Company", the "Group" and "PGS" refer to Petroleum Geo-Services AS and its subsidiaries.

Certain sections of this report describe the governance and policies in the PGS ASA Group.

PGS is an integrated marine geophysical company that provides a broad range of seismic and reservoir services, including data acquisition, imaging, interpretation, and field evaluation. The Company 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 operates on a worldwide basis with headquarters in Oslo, Norway.

The address is Lilleakerveien 4C, 0283 Oslo.

Equality, Health, Safety and Environment

As of December 31, 2023, the parent company Petroleum Geo-Services AS had no employees. The 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 management levels and by the Board of Directors in the PGS ASA Group.

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

Incident	2023	2022
Fatalities	0	0
Lost time injuries	1	2
Restricted work-day cases	0	1
Medical treatment cases	2	1
High potential incidents	0	0

The activity level of the Group increased from 3.9 to 4.8 million man-hours for the full year, compared to 2022. Concurrently, there was a reduction in the number of recordable cases, decreasing from four to three. It is also noteworthy that the severity potential of the three recordable injuries were medium to low.

Furthermore, there were no high-potential incidents recorded for the year 2023. This commendable achievement can be attributed to strategic initiatives implemented towards the end of 2022 and throughout 2023. These included training programs, updates to existing procedures and leveraging data analytics for predicting trends and initiating targeted preventive campaigns.

Incident	2023	2022
Lost Time Injury Frequency (LTIF)	0.21	0.52
Total Recordable Case Frequency (TRCF)	0.62	1.03
High Potential Frequency (HIPOF)	0.00	0.00

The Group has performed thorough investigations of all recordable incidents. Immediate and preventive actions have been implemented as well as safety stand-downs, safety campaigns and safety courses to prevent reoccurrence.

To mitigate the risks and the unique nature of offshore working, PGS formed a partnership with International SOS and established the BeWell program for offshore crew. The objective was to provide the opportunity to undertake voluntary health checks with individual follow-up to promote and maintain a healthy lifestyle onboard and at home. The program was fully rolled out 1 December 2023 onboard all vessels, and in only 30 days a total of 180 participants had complete the voluntary health check.

Sustainability
The PGS ASA Group Code of Conduct reflects the Company's commitment to its shareholders, clients, employees, and other stakeholders 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.

In 2022, PGS 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, and in 2023, the total revenues for these activities was approximately $34 million, with $10 million from CCS and $24 million from offshore wind site characterization projects.

PGS is committed to the ten principles of the United Nations Global Compact in the areas of human rights, labour, environment, and anti-corruption. The PGS ASA Group Board of Directors and CEO actively ensure that the Company properly responds to sustainability challenges. To identify and assess actual and potential sustainability risks and opportunities for PGS, the PGS ASA Group Board of Directors and CEO are involved in the Company's double materiality assessment of material topics and the development of our strategic objectives and goals to manage them. In 2023, the double materiality assessment was extended to all PGS employees in our journey to full Corporate Sustainability Reporting Directive ("CSRD") compliance for FY 2024.

To identify and report on risks and opportunities associated with climate change and the energy transition PGS uses the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct and the frameworks developed by the Carbon Disclosure Project ("CDP") and the Task Force on Climate Related Financial Disclosures ("TCFD").

Since 2011, The PGS ASA Group has published a separate sustainability and ESG report, which communicates the progress in alignment with the recommendations of the Global Reporting Initiative ("GRI"), and in 2022, we started to transition our reporting with the CSRD and European Sustainability Reporting Standards ("ESRS"). PGS has an ambition to promote the UN Sustainable Development Goals ("SDGs") through concrete actions and goals that are relevant for the Company's activities and global presence. From the materiality assessment PGS has identified 6 of the 17 SDGs where the Company contributes; 4-Quality Education, 7-Affordable and clean energy, 9-Industry, Innovation and Infrastructure, 13-Climate Action, 14-Life Below Water and 16-Peace Justice and Strong Institutions.

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

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

Interest Rate Risk
PGS has a mixture of fixed and floating interest rate debt to manage the impact of interest rate fluctuations.

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

A stronger US dollar reduces PGS' operating expenses as reported in US dollars. It is estimated that a 10% change of the US dollar against the two most significant non-USD currencies, NOK and GBP, would have an annual impact on gross cash cost of $11-14 million and $3-5 million, respectively.

The Company did not have any open foreign currency forward contracts as of December 31 in 2023 or 2022. All interest-bearing debt is denominated in US dollars.

Credit Risk/Liquidity 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 monitoring the credit risk of the Company's banking partners, including the institutions in which cash is held on deposit.

Presentation of the financial statements and the Group's development
In 2023, revenues amounted to $713.0 million, compared to $804.9 million in 2022, a decrease of $91.9 million, or 11%. The decrease is driven by lower MultiClient late sales and contract revenues, partially offset by a higher volume of MultiClient surveys completed and delivered to clients, driving pre-funding revenues.

Contract revenues ended at $279.7 million, compared to $316.9 million in 2022, a decrease of $37.2 million, or 12%, due to less 3D vessel capacity allocated to contract work, partially offset by higher prices. Contract revenues for the full year 2023 include $24 million related to offshore wind site characterization surveys.

MultiClient late sales in 2023 were $200.1 million, compared to $325.9 million in 2022, a decrease of $125.8 million, or 39%. In 2022 the Company benefitted from significant transfer fees and recognition of revenues related to a 2-year MultiClient access agreement with Shell. The seismic market is improving, and PGS believes the increasing exploration focus will positively impact sales from the MultiClient library going forward.

MultiClient pre-funding revenues in 2023 amounted to $207.7 million, compared to $139.3 million in 2022, an increase of $68.3 million, or 49%. The increase is a result of higher volume of MultiClient projects finalized and delivered to clients.

Imaging revenues were $25.5 million in 2023, compared to $22.7 million in 2022, an increase of $2.8 million, or 12%.

The Company closely monitors its gross cash costs. Gross cash costs are defined as the sum of reported net operating expenses (excluding depreciation, amortization, impairments, deferred steaming, net and other charges, net), the cash operating costs capitalized as investments in the MultiClient library, and capitalized development costs. In 2023 gross cash costs ended at $533.9 million, an increase of $55.8 million, or 12%, compared to 2022. The increase is primarily due to more operated vessel capacity with Ramform Victory in 3D seismic operation and Sanco Swift used as an offshore wind site characterization vessel, partially offset by lower fuel and project related costs.

Net operating expenses, which include cost of sales, expensed research and development costs, and selling, general and administrative costs, totaled $328.3 million in 2023, compared to $360.8 million in 2022, a decrease of $32.5 million, or 9%. The decrease is mainly explained by more costs capitalized MultiClient as cash investment.

Full year 2023, gross research and development ("R&D") costs was similar compared to 2022. Capitalized development cost increased by $1.0 million, or 12%, compared to 2022, resulting in overall net R&D expense in 2023 being 14% lower than in 2022. The Company's R&D costs are mainly incurred to support and develop core business activities of marine seismic acquisition and imaging.

The Company recorded no impairments on the MultiClient library in 2023, compared to $11.5 million in 2022. The impairments in 2022 primarily relate to projects in North America and West Africa. The MultiClient library is assessed for impairment on a survey-by-survey basis.

2023 gross depreciation was $110.4 million, a decrease of $11.7 million, or 10%, compared to 2022. This comes because of a generally lower investment level in property plant and equipment over recent years.

Impairment tests on vessels and equipment are performed at year-end and whenever there are events, changes in assumptions or indication of potential loss of value. During the year 2023 and per December 31, 2023, the Company has not identified any impairment triggers for the vessels from the performed tests. The Company did however recognize $6.6 million of impairments during 2023 regarding vessel equipment which was not expected to be taken into use. The seismic market is recovering, but the recoverable values of seismic vessels and other assets are sensitive to the assumed margins and cycles of the seismic industry as well as changes to operational plans. As a result, impairments may arise in future periods.

EBIT ex. impairment and other charges was $112.8 million in 2023, compared to $134.2 million in 2022.

Financing status and liquidity

On March 31, 2023, PGS issued bonds of $450 million at 98% of par (the "Bonds"). The Bonds have a 4-year tenor, maturing March 31, 2027, with a coupon of 13.5% paid semiannually. The Bonds are non-callable for 2 years and can thereafter be called at 106.75 per cent of par between March 31, 2025, and September 29, 2025, 105.06 per cent of par between September 30, 2025, and March 30, 2026, 103.38 per cent of par between March 31, 2026, and September 29, 2026, and thereafter 100.50 per cent of par.

The proceeds from the Bonds, together with cash on balance sheet, were used to repay $600 million of the Company's term loan B ("TLB").

A new $75 million loan (the "Loan") was drawn September 18, 2023, with the net proceeds used to repay on the TLB. The Loan has an interest rate of SOFR + 7.00% and matures December 15, 2026, with quarterly amortization at a rate of 6.25% of the original principal amount beginning on June 30, 2024. The Loan is subject to the same financial covenants as the $450 million Bonds.

The $69.8 million remaining balance of the TLB as of December 31, 2023, was fully repaid from cash in February 2024.

The Company's Super Senior Loan of $50 million had a scheduled maturity on March 18, 2024. To align the terms of the Super Senior Loan to the other remaining debt instruments post the full repayment of the TLB, the Company has after December 31, 2023, refinanced the loan through amending, extending and increasing the Super Senior Loan to $60 million with TGS ASA as the sole lender at terms similar to what was otherwise available to PGS in the market.

The main credit agreements contain minimum liquidity and maximum leverage ratio covenants. The Bonds and Loan terms have a minimum liquidity covenant of $50 million and a maximum leverage ratio (Net Interest-Bearing Debt to last twelve months IFRS EBITDA) of 3.00:1 from Q1 2023 to Q4 2024 and 2.50:1 thereafter. On December 31, 2023, the leverage ratio was 1.66:1. The Company expects to remain in compliance with the financial covenants in its credit agreements going forward.

Further, the main credit agreements contain general and financial undertakings usual for these kinds of financing arrangements, restricting the Company in various ways.

PGS ASA announced on September 18, 2023, an intention to merge with TGS ASA or one of its subsidiaries ("TGS"). PGS ASA and TGS ASA announced on October 25, 2023, that their respective Board of Directors had approved and decided upon a definitive merger agreement and formal merger plan. On December 1, 2023, shareholders of PGS and TGS approved the merger plan with close to 100% support at the extraordinary general meetings. 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 ASA in relation to investments, equity transactions and financing.

The agreements for the Bonds and the Loan both contain change-of-control provisions triggering put options/mandatory call for the bondholders/lenders at 101% and 102% of par, respectively, at the time of completing the merger. The Bonds are currently trading at a price above 110% of par which should make it unlikely that the bondholders will exercise the put option at 101% of par. The TLB and the Super Senior Loan had change-of-control provisions requiring the loans to be repaid at the time of completing the merger unless maturing earlier or otherwise agreed with the lenders. The TLB was fully repaid in February 2024 and PGS has refinanced the Super Senior Loan by amending, extending and increasing this to $60 million Super Senior Loan where TGS ASA is the sole lender.

In Q3 2023, PGS raised approximately $40.6 million of new equity. The proceeds were used to increase liquidity and to further contribute to a financially robust combined entity in preparation for the merger with TGS.

During 2023, PGS reduced gross interest-bearing debt by $273.2 million ($279.6 million including lease liabilities) and net interest-bearing debt ended at $542.0 million, a reduction of $74.7 million ($81.1 million including lease liabilities).

Cash and cash equivalents totaled $177.7 million as of December 31, 2023, compared to $363.8 million as of December 31, 2022.

Going concern

Pursuant to section 3-3a of the Norwegian Accounting Act, the Board confirms that the 2023 financial statements have been prepared based on the assumption of a going concern and that it believes that this assumption is appropriate.

The equity for PGS AS consolidated as of December 31, 2023, was USD 239.2 million, equivalent to an 13% equity ratio. The equity for the parent company Petroleum Geo-Services AS as of December 31, 2023, was NOK 810.8 million,
equivalent to an 6% equity ratio.

Board of Directors

As of December 31, 2023, the Board of Directors has the following members: Rune Olav Pedersen (Chairperson), Gottfred Langseth and Merethe Bryn.

The Board of Directors 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.

Transparency Act

The PGS ASA Group is committed to comply with the requirements set out in The Norwegian Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions (the "Transparency Act"). This due diligence report covers the fiscal year of 2023, from 1 January to 31 December 2023. The report is prepared and provided by the PGS ASA Group pursuant to Section 5 of the Transparency Act. See www.pgs.com for more information.

Market and outlook

Many future energy outlook scenarios predict global energy consumption to continue to increase longer term with oil and gas remaining an important part of the energy mix. Offshore reserves will be vital for future energy supply and support the longer-term demand for marine seismic services. The seismic market is improving on the back of increased focus on energy security, several years of low investments in new oil and gas supplies, and attractive oil and gas prices.

Offshore energy investments are expected to continue to increase in 2024. The Board expects the marine seismic acquisition market to benefit from the higher spending level and a limited supply of seismic vessels. Further, the Board expects PGS New Energy to benefit from an increasing demand for geophysical services for offshore wind site characterization projects.

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

It is the opinion of the Board of Directors that the presented income statement, balance sheet and cashflow statement with accompanying notes show a true and fair view of the results and financial position for the parent company Petroleum Geo-Services AS and the consolidated group.

Allocation of Parent Company's result for 2023
The parent company's profit and loss is mainly related to its holding company and group treasury function.

Loss for 2023 was NOK 1,441.3 million, compared to a loss of NOK 245.3 million in 2022. The loss is mainly due lower dividends and group contribution, and write-down of other assets, partly offset by higher unrealized currency gain on the USD-denominated intercompany balances and intercompany interest income.

Cash flow from operating activities was positive NOK 222.8 million in 2023, compared to negative NOK 97.0 million in 2022.

The Board proposes that the loss for 2023 of NOK 1,441.3 million is transferred from other equity.
Total shareholders' equity in PGS AS as of December 31, 2023, was NOK 810.8 million corresponding to 6% of total assets.

Oslo, April 26, 2024

Rune Olav Pedersen Chairperson	Gottfred Langseth Board member
Merethe Bryn Board member	Robert James Adams General Manager

Petroleum Geo-Services AS

Consolidated Financial Statements

2023

Alternative Performance Measures

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

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

Net interest-bearing debt
Net interest-bearing debt is defined as the sum of non-current and current interest-bearing debt, less cash and cash equivalents and restricted cash. PGS believes that net Interest-bearing debt is a useful measure because it provides an indication of the hypothetical minimum necessary debt financing to which the Company is subject at balance sheet date. The Company presents net interest-bearing debt both including and excluding lease liabilities.

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

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

Capital expenditures, whether paid or not
Capital expenditures means investments in property and equipment irrespective of whether paid in the period but excluding capitalized interest cost.

Gross cash costs
Gross cash costs are defined as the sum of reported net operating expenses (excluding depreciation, amortization, impairments, deferred steaming, net and other charges, net) and the cash operating costs capitalized as investments in the MultiClient library as well as capitalized development costs. PGS believes that the gross cash costs figure is a useful measure because it provides an indication of the level of cash costs incurred by the Company irrespective of the extent to which the fleet is working on MultiClient projects or the extent to which its R&D expenditures qualify for capitalization.

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

APM Reconciliations

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

	Year ended December 31,	
(In millions of US dollars)	2023	2022
Operating profit (loss) as reported	**106.3**	**123.1**
Other charges, net	(0.1)	(5.7)
Impairment of MultiClient library	-	11.5
Impairment and loss on sale of long-term assets (excl. MultiClient library)	6.6	5.3
EBIT ex. impairment and other charges, net	**112.8**	**134.2**

Net interest-bearing debt is reconciled as follows:

	December 31,	
(In millions of US dollars)	2023	2022
Cash and cash equivalents	177.2	358.3
Restricted cash (current and non-current)	58.4	70.8
Current debt and current portion of non-current debt	(131.1)	(367.1)
Non-current debt	(647.0)	(684.2)
Net interest-bearing debt, excluding lease liabilities	**(542.5)**	**(622.2)**
Lease liabilities current	(35.8)	(32.9)
Lease liabilities non-current	(45.0)	(54.3)
Net interest-bearing debt, including lease liabilities	**(623.3)**	**(709.4)**

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

	Year ended December 31,	
(In millions of US dollars)	2023	2022
Seismic equipment	50.6	33.3
Vessel upgrades/yard	37.4	11.0
Compute infrastructure/ technology	2.7	5.5
Other	2.8	0.4
Total addition to property and equipment, whether paid or not	**93.5**	**50.2**
Change in working capital	(4.3)	(1.6)
Investment in property and equipment	**89.2**	**48.6**

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

	Year ended December 31,	
(In millions of US dollars)	2023	2022
Cost of sales before investment in MultiClient library	(480.8)	(428.6)
Research and development costs before capitalized development costs	(15.0)	(15.0)
Sellling, general and administrative costs	(38.1)	(34.5)
Cash costs, gross	**(533.9)**	**(478.1)**
Steaming deferral, net	10.8	2.8
Cash investment in MultiClient library	185.7	106.4
Capitalized development costs	9.1	8.1
Net operating expenses	**(328.3)**	**(360.8)**

Petroleum Geo-Services AS

Consolidated Financial Statements

2023

Profit and loss

(In millions of US dollars)	Note	Year ended December 31, 2023	2022
Revenues	4	713.0	804.9
Revenues within group companies	26	5.0	20.1
Other income	5	0.8	-
Total revenues and other income		**718.8**	**825.0**
Cost of sales	6	(284.3)	(319.4)
Research and development costs		(5.9)	(6.9)
Selling, general and administrative costs		(38.1)	(34.5)
Amortization and impairment of MultiClient library	7	(214.2)	(245.7)
Depreciation and amortization of non-current assets (excl. MultiClient Library)	7	(63.5)	(95.8)
Impairment and loss on sale of non-current assets (excl. MultiClient library)	15	(6.6)	(5.3)
Other charges, net	8	0.1	5.7
Total operating expenses		**(612.5)**	**(701.9)**
Operating profit (loss)/EBIT		**106.3**	**123.1**
Share of results from associated companies	17	1.7	(5.0)
Interest expense	9	(110.1)	(108.2)
Interest and other financial gain (expense) within group companies	26	(16.5)	(10.6)
Other financial expense, net	10	4.8	9.0
Income (loss) before income tax expense		**(13.8)**	**8.3**
Income tax	11	(9.1)	(24.2)
Profit (loss) for the year		**(22.9)**	**(15.9)**

Comprehensive income

Petroleum Geo-Services AS

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In millions of US dollars)	Note	Year ended December 31, 2023	2022
Profit (loss) for the year		**(22.9)**	**(15.9)**
Other comprehensive income			
Actuarial gains (losses) on defined benefit pension plans	24	(7.2)	38.4
Items that will not be reclassified to statements of profit and loss		**(7.2)**	**38.4**
Cash flow hedges		(1.3)	2.1
Other comprehensive income (loss) from associated companies		-	-
Items that may be subsequently reclassified to statements of profit and loss		**(1.3)**	**2.1**
Other comprehensive income (loss), net of tax		**(8.5)**	**40.5**
Total comprehensive income (loss) to equity holders of PGS AS		**(31.4)**	**24.6**

Equity

Petroleum Geo-Services AS

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Attributable to equity holders of PGS AS			
(In millions of US dollars)	Share capital par value	Additional paid-in capital	Accumulated earnings and other equity	Shareholders' equity
Balance as of January 1, 2022	**1.3**	**237.5**	**6.3**	**245.1**
Profit (loss) for the period	-	-	(15.9)	**(15.9)**
Other comprehensive income (loss)	-	-	40.5	**40.5**
Other equity changes	-	-	0.3	**0.3**
Balance as of December 31, 2022	**1.3**	**237.5**	**31.2**	**270.0**
Profit (loss) for the period	-	-	(22.9)	**(22.9)**
Other comprehensive income (loss)	-	-	(8.5)	**(8.5)**
Earlier year adjustment	-	-	0.6	**0.6**
Balance as of December 31, 2023	**1.3**	**237.5**	**0.4**	**239.2**

Balance sheet / Financial position

Petroleum Geo-Services AS

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31,	
(In millions of US dollars)	Note	2023	2022
ASSETS			
Current assets			
Cash and cash equivalents	20	177.2	358.3
Restricted cash	12	5.0	11.6
Accounts receivables	4, 20	172.3	169.4
Accrued revenues and other receivables	4, 13	137.1	124.7
Other current assets	14	79.3	60.6
Receivables from group companies	26	0.4	8.6
Total current assets		**571.3**	**733.2**
Non-current assets			
Property and equipment	15	751.8	740.4
MultiClient library	16	310.8	291.5
Restricted cash	12	53.4	59.2
Deferred tax assets	11	14.6	-
Other non-current assets	17	23.2	28.6
Other intangible assets	18	74.9	73.4
Receivables from group companies	26	48.6	-
Total non-current assets		**1,277.3**	**1,193.1**
Total assets		**1,848.6**	**1,926.3**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Interest-bearing debt	19, 20	131.1	367.1
Lease liabilities	19, 20	35.8	32.9
Accounts payable	20	58.2	33.4
Accrued expenses and other current liabilities	22	150.1	110.2
Deferred revenues	4	206.0	154.4
Income taxes payable	11	22.7	18.9
Liabilities to group companies	26	11.5	-
Total current liabilities		**615.4**	**716.9**
Non-current liabilities			
Interest-bearing debt	19, 20	623.4	659.7
Lease liabilities	19, 20	45.0	54.3
Deferred tax liabilities	11	0.1	0.1
Other non-current liabilities	23	3.7	4.3
Liabilities to group companies	26	321.8	221.0
Total non-current liabilities		**994.0**	**939.4**
Shareholders' equity			
Share capital, par value	25	1.3	1.3
Additional paid-in capital		237.5	237.5
Total paid-in capital		**238.8**	**238.8**
Accumulated earnings and other capital reserves		0.4	31.2
Total shareholders' equity		**239.2**	**270.0**
Total liabilities and shareholders' equity		**1,848.6**	**1,926.3**

Oslo, April 26, 2024

Board of Directors

Petroleum Geo-Services AS

Rune Olav Pedersen	Gottfred Langseth	Merethe Bryn
Chairperson	Director	Director

Robert James Adams

Chief Executive Officer

Cash Flow

Petroleum Geo-Services AS

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended December 31,	
(In millions of US dollars)	Note	**2023**	**2022**
Income (loss) before income tax expense		(13.8)	8.3
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, amortization, impairment	7	284.3	346.8
Share of results in associated companies	17	(1.8)	5.0
Interest expense	9	110.1	108.2
Interest income	10	(20.1)	(7.0)
Loss (gain) on sale and retirement of assets		-	(1.0)
Income taxes paid	11	(19.9)	(23.6)
Other items		13.9	6.6
(Increase) decrease in accounts receivables, accrued revenues & other receivables		72.4	(104.4)
Increase (decrease) in deferred revenues	4	67.0	31.0
Increase (decrease) in accounts payable		(1.1)	(4.7)
Change in other current items related to operating activities		(54.7)	45.2
Change in other non-current items related to operating activities		(8.7)	(11.1)
Net cash provided by operating activities		**427.6**	**399.3**
Investment in MultiClient library	16	(185.7)	(106.4)
Investment in property and equipment	15	(89.2)	(48.6)
Investment in other intangible assets	18	(10.1)	(9.8)
Investment in other current -and non-current assets assets		-	1.8
Proceeds from sale and disposal of assets	15	-	1.2
Net change in intercompany balances		82.9	215.9
Net cash provided by (used in) investing activities		**(202.1)**	**54.1**
Interest paid on interest-bearing debt		(78.2)	(90.5)
Proceeds, net of deferred loan costs, from issuance of long-term debt	19	501.9	47.1
Repayment of interest-bearing debt	19	(798.3)	(170.1)
Proceeds from share issue (a)		-	-
Share buy-back		-	-
Payment of lease liabilities (recognized under IFRS 16)	19, 21	(32.0)	(36.1)
Payments of leases classified as interest	21	(7.2)	(6.4)
Decrease (increase) in restricted cash related to debt service		7.2	(0.7)
Net cash provided by (used in) financing activities		**(406.6)**	**(256.7)**
Net increase (decrease) in cash and cash equivalents		(181.1)	196.7
Cash and cash equivalents as of January 1		358.3	161.6
Cash and cash equivalents as of December 31		**177.2**	**358.3**

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

General information

Petroleum Geo-Services AS is a wholly owned subsidiary of PGS Holding II Ltd and part of the PGS Group. The Company was founded on 10 October 2018. Following a group re-organization in February 2021 the Company assumed the group treasury function as well as being the holding company for most subsidiaries within the PGS Group. Unless stated otherwise, references herein to the "Company", the "Group" and "PGS" refer to Petroleum Geo-Services AS and its subsidiaries.

PGS is an integrated marine geophysical company that provides a broad range of seismic and reservoir services, including data acquisition, imaging, interpretation, and field evaluation. The Company 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 operates on a worldwide basis with headquarters in Oslo, Norway. The address is Lilleakerveien 4C, 0283 Oslo.

PGS ASA announced on September 18, 2023, an intention to merge with TGS ASA or one of its subsidiaries ("TGS"). PGS ASA and TGS ASA announced on October 25, 2023, that their respective Board of Directors have approved and decided upon a definitive merger agreement and formal merger plan (the "Merger"). On December 1, 2023, shareholders of PGS ASA and TGS ASA approved the merger plan with close to 100% support at the extraordinary general meetings. The parties expect that the merger will be completed during the second quarter 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 ASA in relation to investments, equity transactions and financing.

Basis of presentation

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

The consolidated financial statements were authorized for issue by the Board of Directors on April 26, 2024.

Note 2 - Summary of Significant Accounting Policies

Consolidation

Subsidiaries

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

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

Business Combinations under common control

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

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

Restatement of Previous Periods

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

Joint arrangements and investments in associated companies

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

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

The consolidated financial statements include the Company's share of the post-tax results, other comprehensive income and net assets (less any impairments), of its joint ventures and associates on an equity-accounted basis from the point at which joint control or significant influence respectively commences, to the date that it ceases. Where the Company's share of losses exceeds its interest in a joint venture or associate, the carrying amount is reduced to zero and recognition of further losses is discontinued, except to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the investment.

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

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

Cash and cash equivalents and restricted cash

Cash and cash equivalents include demand deposits and all highly liquid financial instruments purchased with original maturities of three months or less. Cash and cash equivalents that are restricted from the Company's use are presented separately in the consolidated statements of financial position and are classified as current or non-current depending on the nature of the restrictions.

Foreign currency translation and transactions

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

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of realized and unrealized monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statements of profit and loss as other financial expense, except when recognized in the consolidated statements of other comprehensive income as qualifying cash flow hedges.

Intangible assets

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

Revenue from contracts with customers

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

Amounts invoiced to or 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 to be recognized upon satisfying the performance obligation.

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

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

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

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

MultiClient late sales licenses

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

MultiClient Pre-funding licenses

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

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

The “point in time” of satisfying the performance obligation is generally the same for both MultiClient Late Sale licenses and MultiClient Pre-funding licenses. Accordingly, revenue is generally recognized at this same “point in time” for each of these two types of licenses in accordance with IFRS 15.

Proprietary sales/Marine contract sales/Imaging revenues

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

Contingent revenue (uplift, transfer fees, etc.)

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

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

Other services

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

MultiClient library

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

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

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

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

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

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

This accelerated amortization is included in "Amortization and impairment of MultiClient library" in the consolidated statements of profit and loss and specified in Note 8.

Impairment of MultiClient library - The Company updates its sales forecast for each survey at each year-end and when an impairment indicator is deemed to exist. In the event the net book value of survey exceeds its net present value of estimated future cash flows an impairment is recorded in the amount of the excess. This impairment is included in "Amortization and impairment of MultiClient library" in the condensed consolidated statements of profit and loss and specified in Note 8.

Research and development costs

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

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

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

Patents, licenses and technology

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

Property and equipment

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

	Years
Seismic vessels	25-30
Seismic equipment including computers	3-15
Buildings and related leasehold improvements	1-10
Fixture, furniture, fittings and office computers	3-5
Major overhauls	3-7.5

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

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

Assets under construction are carried at cost, less accumulated impairment. Cost includes borrowing costs incurred during construction in accordance with the Company's accounting policy as stated below. Depreciation commences when the asset is ready for its intended use.

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

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

Steaming costs

Steaming costs relate to relocating or "steaming" a vessel and its crew from one location to another. Steaming costs are deferred to the extent the probable future economic benefits from the projects to which the vessel will steam are sufficient to recover the cost of the steam. In the event the vessel steams at a significantly lower speed than normal, the number of days allocated to steaming are reduced. The recoverable steaming cost associated with MultiClient surveys is capitalized as a part of the MultiClient library (see above). Recoverable steaming cost associated with exclusive contract surveys is deferred and charged to the consolidated statements of profit and loss during the periods of data acquisition.

Impairment of property, equipment and intangibles

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

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

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

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

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

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

Leases

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

Company as a lessee

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

Lease term

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

Measurement of lease liabilities

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

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

Measurement of right-of-use assets

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

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

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

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

Short-term leases and leases of low-value assets

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

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

Income taxes

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

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

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

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

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

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

Accounting for uncertain tax positions is described in note 3.

Employee benefits

Pension obligations

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

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

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

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

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

For defined contribution plans, the Company pays contributions to privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Bonus plans

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

Share-based payments

Performance Restricted Stock Unit Plans ("PRSUs") are measured at the grant date using a Monte Carlo simulation with relative total shareholder return. The model simulates the future stock prices based on historical values over the length of the lifetime for the PRSU. The Relative TSR is calculated against a group of peer companies, where every company is ranked based on the simulations. An additional metric used is Return on Capital Employed ("ROCE"), and in one plan also a metric on PGS' market share for offshore seismic acquisition related to carbon storage.

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

Provision for onerous contracts

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

Interest-bearing debt and borrowings

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

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes party to the contractual obligations of the relevant instrument.

The Company classifies its financial instruments in the following categories: at fair value through profit and loss, at fair value through other comprehensive income or at amortized cost. The Company determines the classification of financial instruments at initial recognition.

Classification and measurement

Financial instruments at fair value through profit and loss

This category comprises financial assets and liabilities held for trading, including all derivative instruments. Financial instruments in this category are initially recorded at fair value, and transaction costs are expensed in the consolidated statement of profit and loss. Realized and unrealized gains and losses arising from changes in the fair value are included in the consolidated statements of profit and loss in the period in which they arise.

Financial instruments at fair value through other comprehensive income

On initial recognition, an election can be made to classify investments in equity instruments at fair value through other comprehensive income. Financial instruments in this category are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income.

Financial instruments at amortized cost

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

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss as a gain. In subsequent periods the gain is amortized as added interest expense.

Impairment of financial assets

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses. For accounts receivables and contract assets, the Company uses a simplified approach in calculating expected credit losses. The Company recognizes a loss allowance using factors including aging of accounts, historical experience, customer concentration, customer creditworthiness and current industry and economic trends. An impairment loss, amounting to any difference between the carrying amount of the loss allowance and the expected credit losses at the reporting date, is recognized in the consolidated statement of profit and loss.

Derivative financial instruments and hedging

The Company uses derivative financial instruments to reduce its exposure related to fluctuations in foreign currency rates and interest rates. Derivative instruments are recognized in the consolidated statements of financial position at their fair values. Realized and unrealized gains and losses attributable to derivative instruments that do not qualify for hedge accounting are recognized as other financial items, net, as they arise.

Fair value hedges

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

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

Cash flow hedges

Cash flow hedging is used to hedge interest rate risk. Gains or losses on the hedging instrument are recognized in the consolidated statement of other comprehensive income, to the extent that the hedge is determined to be effective. All other gains or losses are recognized immediately in the consolidated statement of profit and loss.

For cash flow hedges of recognized assets or liabilities, accumulated gains or losses are transferred from other comprehensive income to the consolidated statement of profit and loss in the same period in which the hedged transaction affects the consolidated statement of profit and loss.

Hedge accounting is discontinued when a hedging instrument is derecognized due to expiry, termination or disposal. If the forecasted transaction continues to be expected to occur, the related gains or losses are retained in other comprehensive income until the transaction takes place. Any subsequent change in value is recorded directly to the consolidated statement of profit and loss.

Earnings per share

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

New and amended standards and interpretations adopted by the Company

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Conceptual Framework for Financial Reporting issued on 29 March 2018
The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

These amendments had no impact on the consolidated financial statements.

IFRS 17 Insurance Contracts
IFRS 17 applies to all types of insurance contracts, regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. The core of IFRS 17 is the general model, supplemented by:
• A specific adaptation for contracts with direct participation features (the variable fee approach)
• A simplified approach (the premium allocation approach) mainly for short-duration contracts

The new standard had no impact on the Group's consolidated financial statements.

Definition of Accounting Estimates – Amendments to IAS 8
The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's consolidated financial statements.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

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

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

International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12
The amendments to IAS 12 have been introduced in response to the OECD's Base Erosion and Profit Shifting ("BEPS") Pillar Two rules and include:
• A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
• Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.
The amendments are not expected to have a material impact on the Groups financial statements.

Note 3 – Critical Accounting Judgments, Estimates and Assumptions

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

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

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

The carrying values of seismic vessels and equipment, MultiClient library and other intangible assets are assessed for impairment when events or changes in circumstances indicate that the carrying value of an asset or CGU may not be recoverable. Assessing recoverable amounts entails projecting future cash flows, discounted to present value, and necessitates a series of key estimates and judgements.

Discount rate

In determining discounted cash flows for the impairment evaluations of seismic vessels and equipment, intangible assets and the MultiClient library, the company applied a pre-tax discount rate of 12% for the years ended December 31, 2023 and 2022. The discount rate reflects the estimated weighted average cost of capital ("WACC") for Company activities.

Impairment of seismic vessels and equipment

The recoverable amount of seismic assets is determined using value in use calculations, involving the discounting of future cash flows to their present value. This evaluation incorporates key estimates such as contract pricing, maintenance cost and the weighted average cost of capital. Moreover, it factors in the potential impact of climate change and the energy transition on Company operations.

Each vessel constitutes a separate CGU for impairment testing, with seismic equipment allocated accordingly.

Future cash flow projections are based on management's assumptions regarding demand, market dynamics, technological advancements, and the anticipated effects of climate change. Significant and unanticipated changes in these assumptions could result in impairments in subsequent reporting periods.

For impairment calculations in 2023, management expects higher revenue levels for the fleet in 2024 compared to the previous year. Management expects the global energy consumption to continue to increase longer term with oil and gas remaining an important part of the energy mix. With significant under investments in exploration and production spending over recent years, global exploration and production spending increased year-on-year in both 2022 and 2023. Spending growth is expected to continue in 2024, and the growth is likely to remain healthy in subsequent years. PGS expects the increasing demand in combination with a very consolidated seismic market and limited additional available vessel supply, to support a continued recovery for the offshore seismic market. The increased focus on energy security has highlighted the importance of oil and gas production in areas with market access, not just sufficient world production.

For the long term, from 2032, two main scenarios have been incorporated into cash flow forecasts, as described in the section below.

Climate change and the energy transition considerations

The Company anticipates that the ongoing energy transition will influence the future demand and pricing on its geophysical services related to oil and gas exploration.

PGS incorporates two main scenarios into its forecasts regarding the energy transition's impact on future demand and pricing of geophysical services. The base case scenario assumes a gradual transition from oil and gas to other energy sources, accompanied by increased activity in New Energy projects. In contrast, the fast energy transition scenario envisions a more dynamic shift, with significant reductions in E&P projects only partly offset by increased New Energy activity. Each scenario has been given a 50% weighting.

The base case scenario is developed from the best estimates of current trends and indications of policy over the next 5 years, and assumes a gradual transition from oil and gas to other energy sources by 2050, accompanied by increased activity in New Energy projects like Carbon Capture, Utilization and Storage (CCUS) which is a key technology for reducing CO2 emissions and achieving net zero goals. The fast energy transition scenario incorporates the effect of more dynamic government policy and advances in technology, over an extended forecasting period to 2042. In this scenario assumptions remain the same as the base case until 2032, then a significant shift in the market is assumed to cause a rapid reduction of new frontier exploration surveys by 80% and other exploration surveys by 50%, while activity for 4D surveys remain stable. The accelerated reduction in E&P projects is only partially offset by an increase in New Energy project activity. In this scenario with a reduction of the market for seismic vessels, the Company also assumes that fewer active vessels will be available over time based on a review of the expected economic life of the current world fleet.

Management has forecasted EBIT margins for the nearest 4 years which are above the historical average, thereafter trending towards historic average margins above ~16% in the base case scenario and trending to approximately half of the historical average in the fast energy transition scenario.

Overall, these assumptions did not result in impairment charges for seismic vessels in the current year. As the future effect of climate change and the energy transition depends upon market, technological and legislative developments that are currently highly uncertain, subsequent changes in assumptions may result in impairment charges or reversals in the future. The Company will continue to monitor the energy transition and will update the assumptions in the scenarios and their probabilities as new information becomes available.

Sensitivity analysis on impairment evaluation of seismic vessels and equipment

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

Had assumed long-term EBIT margins been 3 percentage points lower, for the remaining estimated useful life of the assets when estimating future cash flows, then impairment of the fleet would approximate $2 million as of December 31, 2023. If EBIT margins had been 5 percentage points lower, corresponding to an approximately 6 percent reduction of pricing, then impairment of the fleet would be approximately $62 million as of December 31, 2023.

For scenarios with either (i) a 2%, increase of WACC or (ii) giving 100% weight to the fast energy transition scenario, there would have been headroom for all vessels as of December 31, 2023.

Forecast sales of MultiClient library

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

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

MultiClient surveys generally have a short economic lifetime compared to vessels, and no alternative scenario similar to what was used in the impairment testing for vessels have been prepared. Any impact on the marketability of areas is built into the assessments of the individual surveys, generally PGS have reduced the expectations for future sales in frontier areas.

Sensitivity of forecasted sales on MultiClient impairment evaluation

For 2023, the Company did not record any impairments to the MultiClient library. A 10% reduction of the sales forecast for all surveys with a net book value as of December 31, 2023, would have resulted in an impairment of approximately $4 million. A 20% reduction of the sales forecast for all surveys with a net book value as of December 31, 2023, would have resulted in an impairment of approximately $10 million. A 2% increase of WACC used to discount the sales forecast for all surveys with a net book value as of December 31, 2023, would not trigger significant impairment.

Depreciation of seismic vessels and equipment

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

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

Deferred tax assets

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

As of December 31, 2023, aggregate unrecorded deferred tax assets of the Company amount to $267.3 million.

Provision for contingencies, claims and tax litigations

The Company records accruals for contingencies, claims and other uncertain liabilities, including tax contingencies, when it is more likely than not that a liability has been incurred and the amount can be reasonably estimated. These accruals are adjusted periodically as assessments change or new or additional information becomes available. In estimating the likelihood of an unfavorable outcome, management evaluates the specific facts and circumstances in light of the related laws and regulations; advice from external counsel; and the outcome of similar cases, if any. Because of the inherent uncertainty in estimating the future outcome of such matters, it is possible that some of these matters will ultimately result in the Company incurring a material liability. See Note 12 for further descriptions.

Contingent revenue

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

For these specific contractual arrangements, judgement is required in determining when the triggering event takes place and the amount to be recognized, taking into account possible price concessions, customers re-delivery rights and collectability of the claim.

Going Concern assumption

Pursuant to section 3-3a of the Norwegian Accounting Act, the Board confirms that the 2023 financial statements have been prepared based on the going concern basis which the Directors believe to be appropriate. Refer to "Financing status" section in the Board of Directors report and Note 22 for further information.

Note 4 – Revenue from contracts with customers

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

Type of goods or service	Year ended December 31,	
(In millions of US dollars)	**2023**	**2022**
Contract seismic	279.7	316.9
MultiClient pre-funding	207.7	139.4
MultiClient late sales	200.1	325.9
Imaging	25.5	22.7
Other	0.8	0
Total revenues from contracts with customers	**713.8**	**804.9**

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

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

Timing of revenue recognition*	Year ended December 31,	
(In millions of US dollars)	**2023**	**2022**
Licenses transferred at a point in time	319.2	439.4
Services transferred over time	394.6	365.5
Total revenues from contracts with customers	**713.8**	**804.9**

**Refer to section on performance obligations below*

In 2023, aggregate revenues from the two largest customers accounted for 10% and 9% of the Company's consolidated revenues compared to 13% and 8% in 2022, respectively.

Revenue from Joint Operations

The Company has cooperation agreements to invest in certain MultiClient data projects with other parties. These agreements are classified as joint operations where the parties have rights to the assets and liability of the investment. The Company generally holds an interest between 30-50%. When PGS performs the acquisition of the project, PGS recognizes as revenue its services to the other parties and its net share of any data licensing revenues to the end customer. For the year ended December 31, 2023 and 2022, $122.1 million and $99.4 million of the revenue recognized relates to projects with Joint Operations, respectively.

Accounts receivable

	Year ended December 31,	
	2023	**2022**
Accounts receivables from contracts with customers	172.3	169.4
Accounts receivables	**172.3**	**169.4**

Contract balances

Balances related to customer contracts consists of the following:

(In millions of US dollars)	Year ended December 31, 2023	2022	January 1, 2022
Accounts receivables	172.3	169.4	134.6
Accrued revenues (note 13)	62.2	122.9	52.8
Revenue share JV partners (a)	72.9	-	-
Total assets from contracts with customers	**307.4**	**292.3**	**187.4**
Deferred revenues	206.0	154.4	123.4
Total liabilities from contracts with customers	**206.0**	**154.4**	**123.4**

(a) For the comparable periods December 31 and January 1, 2022, the amounts was immaterial.

Trade receivables are non-interest-bearing and are generally on terms of 30 to 60 days. Amounts are shown net of allowance for doubtful accounts.

Accrued revenues are recognized for revenue earned, but not yet invoiced. This is generally related to Contract, Imaging projects and Multi-year Data OnDemand, as well as MultiClient Late Sales generally to be invoiced the following month.

For JV MultiClient projects where the Company holds the customer contract, deferred revenues represent the gross amount billed to customers but not yet recognized as revenue. The share of this gross amount paid to the JV partner is presented as an offsetting asset. At delivery of the final data, both the gross deferred revenue amounts and the offsetting revenue share paid to partner is released and the Company recognizes revenue net of any share to JV partners.

The decrease in assets from contracts with customers is mainly due to the decrease in accrued revenues, partly offset by revenues paid or payable to JV partners on projects were PGS has not yet recognized revenue under IFRS 15. Deferred revenues consist of revenue billed or accrued, but not yet recognized. A substantial share of the balance is related to MultiClient pre-funding licenses where revenue is generally recognized at completion of the survey and delivery of final processed data to the customer.

The increase in deferred revenues is a result of increased acquisition of new MultiClient data in 2023 and a related increased volume of MultiClient projects which is not yet finalized and delivered to clients. The Company currently expects approximately $134 million of the deferred revenues per December 31, 2023, to be recognized in 2024 and $72 million in 2025.

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

(In millions of US dollars)	Year ended December 31, 2023	2022
Amounts included in contract liabilities at the beginning of the year	63.3	82.8

Performance obligations

Contract seismic and Imaging

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

MultiClient Pre-funding

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

Revenues that the Company receives from Joint Operation partners for acquisition or processing performed is classified as MultiClient pre-funding. The ownership of data is, in most cases, joint and the partner assumes ownership, rights and obligations as the data is produced. The revenue is therefore recognized over time. Such revenues amounted to $89.4 million and $25.9 million for the years ended December 31, 2023 and 2022, respectively.

MultiClient Late Sales

The performance obligation is satisfied at a point-in-time upon signing of contract and delivery of data. Payment is generally due 30-60 days after the performance obligation is satisfied. Some agreements may contain uplift payments dependent on a condition such as the customer subsequently being awarded acreage covered by the licensed MultiClient data. For such contingent consideration, revenues are recognized when the triggering event takes place.

Remaining performance obligations

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

	Year ended December 31,	
(In millions of US dollars)	**2023**	**2022**
Licenses transferred at a point in time	202.9	248.9
Services transferred over time	285.5	268.2
Within one year	**488.4**	**517.1**
Licenses transferred at a point in time	27.1	-
Services transferred over time	-	-
More than one year	27.1	-
Total	**515.5**	**517.1**

The timing of performance obligations is uncertain as MultiClient projects are subject to allocation of internal imaging capacity and progress.

Note 5 – Other income

(In millions of US dollars)	Year ended December 31, 2023	2022
Other income	0.8	-
Total Other income	**0.8**	**-**

Note 6 – Cost of Sales

(In millions of US dollars)	Year ended December 31, 2023	2022
Vessel costs & direct project cost	(370.4)	(337.2)
New Ventures, project porfolio & Imaging	(70.3)	(78.7)
Technology/ digitalization & other	(36.1)	(12.7)
Total cost of sales, gross	**(476.8)**	**(428.6)**
Steaming deferral, net	10.8	2.8
Less amount capitalized to MultiClient library	181.7	106.4
Total cost of sales, net	**(284.3)**	**(319.4)**

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

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

(In millions of US dollars)	Year ended December 31, 2023	2022
Amortization of MultiClient library (note 16)	(155.9)	(128.2)
Accelerated amortization of MultiClient library (note 16)	(58.2)	(105.9)
Impairment of MultiClient library (note 16)	-	(11.5)
Amortization and impairment of MultiClient library	**(214.2)**	**(245.7)**

Total amortization of the MultiClient library decreased by $20.0 million, or 9%, compared to 2022. The decrease is mainly driven by a lower accelerated amortization. Amortization was 53% of MultiClient revenues in 2023, compared to 50% in 2022. The slightly higher amortization rate reflects a lower proportion of late sales in the mix.

MultiClient impairment relates mainly to surveys where the level of previously expected sales has not materialized or is no longer probable. The Company has performed impairment tests on the MultiClient library, resulting in impairment charges of nil and $11.5 million for 2023 and 2022, respectively.

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

	Year ended December 31,	
(In millions of US dollars)	2023	2022
Gross depreciation and amortization (a)	(110.4)	(122.2)
Deferred Steaming depreciation, net	1.7	0.4
Depreciation capitalized to the MultiClient library	45.2	25.9
Depreciation and amortization of non-current assets (excl. MultiClient Library)	**(63.5)**	**(95.9)**

(a) Includes depreciation of right-of-use assets amounting to $ 18.9 million and $ 17.6 million for the years ended December 31, 2023 and 2022, respectively.

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

	Year ended December 31,	
(In millions of US dollars)	2023	2022
Impairment of Property and equipment (note 15)	(6.6)	-
Impairment of Other intangible assets (note 18)	-	(5.7)
Gain (loss) from sale of non-current asset	-	0.4
Impairment non-current assets (excl. MultiClient Library)	**(6.6)**	**(5.3)**

Impairment tests on vessels and equipment are performed at year-end and whenever there are events, changes in assumptions or indication of potential loss of value. For 2023, the Company has not identified any impairment triggers for the vessels from the performed tests. The Company did however recognize $6.6 million of impairments in 2023 regarding vessel equipment which was not expected to be taken into use. Reference is made to note 3 for further information.

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

Note 8 – Other charges, net

Other charges, net consist of the following:

	Year ended December 31,	
(In millions of US dollars)	2023	2022
Onerous contracts with customers	-	11.0
Provision for bad debt	-	(3.4)
Gain (loss) investment in subsidiaries	-	(2.0)
Other	0.1	0.1
Total	**0.1**	**5.7**

As of December 31, 2023, the Company has no provision for onerous customer contracts. Provision for onerous customer contracts represents the estimated loss in future periods relating to binding customer contracts where revenues are lower than the full costs, including depreciation, of completing the contract.

Note 9 – Interest Expense

Interest expense consists of the following:

	Year ended December 31,	
(In millions of US dollars)	2023	2022
Interest on debt, gross	(105.4)	(107.3)
Imputed interest cost on lease agreements (note 21)	(7.3)	(6.4)
Interest capitalized to the MultiClient library (note 16)	2.6	5.5
Total	**(110.1)**	**(108.2)**

Gross interest expense decreased by $1.9 million compared to 2022. The decrease is due to a considerable reduction of gross interest-bearing debt, partly offset by an increase of LIBOR/SOFR interest rates, which increases the cost of floating rate debt, as well as a high interest rate on the $450 million bonds issued in March 2023.

The average interest rate used to determine the amount of interest cost eligible for capitalization was 11.3% and 8.2% for the years ended December 31, 2023 and 2022, respectively.

Note 10 – Other Financial Expense, Net

Other financial expense, net, consists of the following:

	Year ended December 31,	
(In millions of US dollars)	2023	2022
Interest income	20.1	6.9
Currency exchange gain/(loss)	(1.7)	2.4
Write off deferred and other loan cost	(11.2)	-
Other	(2.4)	(0.3)
Total	**4.8**	**9.0**

Interest income increased by $13.2 million compared to 2022. The increase is primarily due to $10.1 million interest income recognized in Q3 and Q4 2023 following an arbitration award on a transfer fee dispute as explained in note 20 and a higher interest rate on cash and cash equivalents held as bank deposits.

The $11.2 million reported as “write off deferred and other loan cost” is from the early repayment of $600 million of the Term Loan B in Q1 2023 and includes a proportionate write off of deferred loan cost and the fair value adjustment from modification of debt treated as extinguishment in 2021.

Note 11 – Income Taxes

Income tax consists of the following:

	Year ended December 31,	
(In millions of US dollars)	2023	2022
Current taxes	(23.7)	(24.2)
Deferred taxes	14.6	-
Total income tax expense	**(9.1)**	**(24.2)**

Current tax expense decreased by $0.5 million, compared to 2022. Current tax expense relates to foreign withholding tax and corporate tax on profits in certain countries where PGS has executed projects or made MultiClient sales, mainly in Africa and South America. Change in deferred tax relates to tax assets recognized on tax losses and other tax positions which the Company expects to utilize against future taxable profit in certain entities.

	Year ended December 31,	
(In millions of US dollars)	2023	2022
Income (loss) before income tax	(13.8)	8.3
Norwegian statutory rate	22%	22%
Provision for income taxes at statutory rate	3.0	(1.8)
Increase (reduction) in income taxes from:		
Effect of tax rates other than statutory tax rate in Norway	(3.5)	1.4
Tax exempt income within tonnage tax regimes	0.4	(2.5)
Gain/losses equity investments	-	(1.1)
Foreign taxes not creditable in home country	(17.7)	(18.7)
Currency effects (a)	(6.3)	(39.0)
Changes in deferred tax assets	97.3	50.7
Prior period adjustments	(82.4)	(13.6)
Other permanent items	-	0.4
Income tax	**(9.1)**	**(24.2)**

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

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

	December 31,	
(In millions of US dollars)	2023	2022
Deferred tax assets		
Tax loss carry-forwards	192.4	286.3
Property and equipment	27.4	45.8
Other	73.2	59.7
Deferred tax assets, gross	293.0	391.8
Deferred tax liabilities		
Property and equipment	(1.7)	(3.4)
Intangible assets	(4.1)	(4.5)
Employee benefits	(5.1)	(4.1)
Other	(0.2)	(0.7)
Deferred tax liabilities, gross	(11.2)	(12.7)
Deferred tax assets, net	281.8	(429.8)
Deferred tax assets not recognized in the consolidated statements of financial position	(267.3)	429.7
Net recognized deferred tax assets and liabilities	**14.5**	**(0.1)**

(In millions of US dollars)	December 31, 2023	2022
Deferred tax assets	14.6	-
Deferred tax liabilities	(0.1)	(0.1)
Income tax liabilities, gross	**14.5**	**(0.1)**

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

The Company has incurred several years of consecutive tax losses in the Norwegian tax jurisdiction, including for 2023. Although the Company believes it will attain a satisfactory level of profitability, sufficient convincing evidence of such as required by International Accounting Standard 12 is not present in order to recognize total tax losses as deferred tax assets.

Deferred tax assets relating to tax loss carry-forwards as of December 31, 2023, are as follows:

(In millions of US dollars)	Tax losses	Expiry dates	Recognized deferred tax assets	Unrecognized deferred tax assets
Norway	611.5	None	-	134.5
UK	62.6	None	8.9	6.7
Other	162.8	various	5.7	36.6
	836.8		**14.6**	**177.8**

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

Contingent tax liabilities

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

Brazil service tax claim on charter

The Company has several ongoing tax disputes related to charter of vessels into Brazil. The assessments, which inter alia seek to levy 15% withholding tax and 10% CIDE (service) tax, amount to $44.1 million in total. The Company holds a legal deposit amounting to $20.5 million, initially made in Q4 2020 to challenge one of the disputes in court. The deposit is held in an interest-bearing bank account with a commercial bank. Since the Company considers it more likely than not that these contingencies will be resolved in its favor, no provision has been made for any portion of the exposure.

International Tax Reform—Pillar Two Model Rules

OECD's BEPS Pillar Two rules are introduced with effect from 1 January 2024 in most jurisdictions where PGS operate. The Company has done a preliminary review based on the latest available financial statements and is not expecting the new rules to have a material impact on the Groups financial statements. Currently there is no indication that there will be any top-up tax to pay for PGS for 2024.

Provisions for uncertain tax positions

Total provision for uncertain tax positions is recognized as follows:

	December 31,	
(In millions of US dollars)	2023	2022
Other non-current liabilities	-	2.2
Total provision for uncertain tax positions	**-**	**2.2**

Note 12 – Restricted Cash

Restricted cash consists of the following:

	December 31,	
(In millions of US dollars)	2023	2022
Current:		
Restricted payroll withholding taxes	3.5	3.4
Other	1.5	8.2
Total restricted cash, current	**5.0**	**11.6**
Non-current:		
Deposits disputes (note 12)	20.5	18.9
Restricted cash debt service	32.9	40.1
Other	-	0.2
Total restricted cash, non-current	**53.4**	**59.2**

Non-current restricted cash of $32.9 million is held in debt service reserve and retention accounts related to the export credit financing (“ECF”) of *Ramform Titan, Ramform Atlas, Ramform Tethys* and *Ramform Hyperion*. Current other restricted cash mainly relates to deposits as security for various guarantees.

Note 13 – Accrued Revenues and Other Receivables

Accrued revenues and other receivables consist of the following:

	December 31,	
(In millions of US dollars)	2023	2022
Accrued revenues	62.2	122.9
Revenue share JV partners (a)	72.9	-
Other receivables	2.0	1.8
Total	**137.1**	**124.7**

(a) Refer to note 4.

Note 14 – Other Current Assets

Other current assets consist of the following:

	December 31,	
(In millions of US dollars)	2023	2022
Consumables, supplies and fuel inventory	30.8	28.8
Deferred steaming and project costs	20.3	8.3
Prepaid operating expenses	12.4	9.0
Withholding taxes and taxes receivable	10.5	7.0
Prepaid reinsurance	3.6	3.4
Other	1.7	4.1
Total	**79.3**	**60.6**

(a) Consumables, supplies and inventories recognized as an expense during 2023 and 2022 amounted to $50.1 million and $34.8 million, respectively.

Note 15 – Property and Equipment

The changes in property and equipment ar

(In millions of US dollars)	Seismic vessels and equipment	Buildings, fixtures and furniture	Total
Cost as of January 1, 2022	**2,583.7**	**147.6**	**2,731.3**
Additions	41.4	7.2	48.6
Additions, lease	-	11.8	11.8
Asset retirements	-	-	-
Reclassification/Other	-	1.3	1.3
Cost as of December 31, 2022	**2,625.1**	**167.9**	**2,793.0**
Additions	77.6	11.6	89.2
Additions, lease	17.9	9.9	27.8
Asset retirements	(13.7)	(17.4)	(31.1)
Reclassification/Other	2.8	-	2.8
Cost as of December 31, 2023	**2,709.7**	**172.0**	**2,881.7**
(In millions of US dollars)			
Accumulated depreciation as of January 1, 2022	**1,608.2**	**101.3**	**1,709.5**
Impairments as of January 1, 2022	**234.4**	**-**	**234.4**
Depreciation	105.9	0.8	106.7
Impairments	-	-	-
Asset retirements- accumulated depreciation	2.1	(0.1)	2.0
Depreciation as of December 31, 2022	**1,716.2**	**102.0**	**1,818.2**
Impairments as of December 31, 2022	**234.4**	**-**	**234.4**
Depreciation	90.1	10.0	100.1
Impairments	6.6	-	6.6
Asset retirements- accumulated depreciation	(13.7)	(14.3)	(28.0)
Reclassification/Other	(1.4)	-	(1.4)
Depreciation as of December 31, 2023	**1,791.1**	**97.7**	**1,888.9**
Impairments as of December 31, 2023	**241.0**	**-**	**241.0**
Balance as of December 31, 2022	**674.5**	**65.9**	**740.4**
Balance as of December 31, 2023	**677.6**	**74.2**	**751.8**

e as follows:

Right of Use assets included within property and equipment

For the year ended December 31, 2023 and 2022, Seismic vessels and equipment and Buildings, fixtures and furniture included the following right of use assets:

(In millions of US dollars)	Seismic vessels and equipment	Buildings, fixtures and furniture	Total
Cost as of January 1, 2022	**143.4**	**63.3**	**206.7**
Additions	-	11.6	11.6
Remeasurement/Other	-	(0.3)	(0.3)
Asset retirements	-	(10.3)	(10.3)
Cost as of December 31, 2022	**143.4**	**64.3**	**207.7**
Additions	17.9	9.9	27.8
Remeasurement/Other	(0.1)	0.1	-
Asset retirements	-	(16.8)	(16.8)
Cost as of December 31, 2023	**161.2**	**57.5**	**218.7**

(In millions of US dollars)			
Accumulated depreciation as of January 1, 2022	**50.7**	**40.0**	**90.7**
Impairments as of January 1, 2022	**61.3**	**-**	**61.3**
Depreciation	9.1	8.5	17.6
Impairments	-	-	-
Asset retirements	-	(10.3)	(10.3)
Depreciation as of December 31, 2022	**59.8**	**48.5**	**108.3**
Impairments as of December 31, 2022	**61.3**	**(10.3)**	**51.0**
Depreciation	12.2	6.7	18.9
Impairments	-	-	-
Remeasurement/Other	-		-
Asset retirements	-	(13.6)	(13.6)
Depreciation as of December 31, 2023	**72.0**	**41.6**	**113.6**
Impairments as of December 31, 2023	**61.3**	**(10.3)**	**51.0**
Balance as of December 31, 2022	**22.3**	**26.1**	**48.4**
Balance as of December 31, 2023	**27.9**	**26.2**	**54.1**

Impairments

Impairment tests on vessels and equipment are performed at year-end and whenever there are events, changes in assumptions or indication of potential loss of value. For 2023, the Company has not identified any impairment triggers for the vessels from the performed tests. The Company did however recognize $6.6 million of impairments of vessel equipment which was not expected to be taken into use. Refer to note 3 for details and sensitivities from the performed tests.

The recoverable values of seismic vessels are sensitive to the assumed margins and cycles of the seismic industry, as well as changes to the operation plan for vessels. As a result, impairments may arise in future periods.

Impairments

(In millions of US dollars)	Year ended December 31, 2023	2022
Vessels	-	-
Seismic equipment	6.6	-
Total impairment	**6.6**	**-**

Note 16 - MultiClient Library

The changes in the MultiClient library are as follows:

(In millions of US dollars)	2023	2022
Balance as of January 1,	**291.5**	**399.3**
Capitalized cash costs	185.7	106.4
Capitalized interest	2.5	5.5
Capitalized depreciation	45.2	25.9
Amortization expense	(155.9)	(128.2)
Accelerated amortization	(58.2)	(105.9)
Impairments (see note 7)	-	(11.5)
Balance as of December 31,	**310.8**	**291.5**

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

	December 31,	
(In millions of US dollars)	**2023**	**2022**
Completed surveys:		
Completed during 2019	-	17.0
Completed during 2020	11.4	28.9
Completed during 2021	41.4	70.8
Completed during 2022	59.6	81.6
Completed during 2023	41.5	-
Completed surveys	153.9	198.3
Surveys in progress	156.9	93.2
MultiClient library	**310.8**	**291.5**

Note 17 - Other non-current assets

Other non-current assets consist of the following:

	December 31,	
(In millions of US dollars)	**2023**	**2022**
Investments in associated companies	5.2	6.5
Pension Fund surplus (note 24) *	16.9	21.8
Other	1.1	0.3
Total	**23.2**	**28.6**

Specification of investments in and loans to associated companies (equity accounted investments):

(In millions of US dollars)	Jurisdiction	ownership	net book value	PGS share of profit (loss)	Impairment / Reclass (b)	Associated companys total profit (loss) for the year (a)	equity (a)
		December 31, 2023					
Ocean Floor Geophysics Inc.	Canada	46%	0.3	-	(2.0)	0.5	0.3
Ocean Geo-Frontier Co. Ltd	Japan	34%	3.7	1.0	-	3.1	9.3
Versal AS	Norway	33%	1.1	(0.3)	-	(0.9)	3.3
Other		-	0.1	-	-	-	-
Total			**5.2**	**0.7**	**(2.0)**		

(In millions of US dollars)	Jurisdiction	ownership	net book value	PGS share of profit (loss)	Impairment	Associated companys total profit (loss) for the year	equity
		December 31, 2022					
Azimuth II Limited	Bermuda	0%	-	-	(4.5)	-	-
Ocean Floor Geophysics Inc.	Canada	46%	2.3	(1.0)	(2.5)	(0.7)	2.8
Ocean Geo-Frontier Co. Ltd	Japan	34%	2.7	0.9	-	2.0	6.5
Versal AS	Norway	33%	1.4	(0.0)	-	-	1.4
Other		-	0.1	-	-	-	-
Total			**6.5**	**(0.1)**	**(7.0)**		

(a) Reflects preliminary numbers.

(b) In 2023, the Company bought 100% of the shares in NCS Subsea Inc. from Ocean Floor Geophysics Inc. As a part of the total share purchase agreement $2 million was reclassed from investments in associated companies (Ocean Floor Geophysics Inc) to investment in subsidiaries (NCS Subsea Inc).

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

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

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

The changes for the year in investments in associated companies are as follows:

(In millions of US dollars)	December 31, 2023	2022
Balance at January 1	**6.5**	**12.3**
Reclass	(2.0)	-
Investments	-	1.4
Impairment and reversal of impairment	-	(7.0)
Share of results from associated companies	0.7	(0.1)
Balance at December 31	**5.2**	**6.5**

Note 18 - Other Intangible Assets

The changes in other intangible assets are summarized as follows:

(In millions of US dollars)	Patents, licenses, technology and other	Intangible assets in development	Total
Cost as of January 1, 2022	**332.5**	**53.4**	**386.0**
Additions to costs	1.7	8.1	9.8
Asset retirements	(1.6)	-	(1.6)
Reclassification	-	1.9	1.9
Cost as of December 31, 2022	**332.6**	**63.4**	**396.1**
Additions to costs	0.1	10.0	10.1
Asset retirements	-	-	-
Asset transfers	12.6	(12.6)	-
Reclassification	1.0	-	1.0
Cost as of December 31, 2023	**346.3**	**60.8**	**407.2**
Accumulated amortization and impairment as of January 1, 2022	**301.5**	**-**	**301.5**
Amortization expense	8.7	6.8	15.5
Impairments	0.1	5.6	5.7
Reclassification	-	-	-
Accumulated amortization and impairment as of December 31, 2022	**310.3**	**12.4**	**322.7**
Amortization expense	9.5	-	9.5
Impairments	-	-	-
Reclassification	-	-	-
Accumulated amortization and impairment as of December 31, 2023	**319.8**	**12.4**	**332.2**
Balance as of December 31, 2022	**22.3**	**51.0**	**73.4**
Balance as of December 31, 2023	**26.5**	**48.4**	**74.9**
Estimated useful life	1 to 15 years		

Impairments

PGS recorded aggregate impairment charges of nil and $5.7 million in 2023 and 2022, respectively. Impairment charges 2022 is related to assessment of the Company’s research and development portfolio.

Note 19 - Debt and Guarantees

Interest-bearing debt consists of the following:

(In millions of US dollars)	December 31, 2023	2022
Secured:		
Term loan B, Libor/SOFR + 6-700 basis points (linked to total gross leverage ratio ("TGLR")), due 2024	69.8	737.9
Super Senior Loan, Libor/SOFR + 675 basis points, due 2024	50.0	50.0
Term loan, SOFR + 700 basis points, due 2026	75.0	-
Export credit financing, due 2025	36.5	100.3
Export credit financing, due 2027	96.8	163.1
Senior notes, Coupon 13.5%, due 2027	450.0	-
Total loans and bonds, gross	**778.1**	**1,051.3**
Less current portion	(131.1)	(367.1)
Less deferred loan costs, net of debt premiums	(23.4)	(20.0)
Less modification of debt treated as extinguishment	(0.2)	(4.6)
Non-current interest-bearing debt	**623.4**	**659.7**

Modification of debt treated as extinguishment changed by $4.4 million in 2023 ($4.7 million in 2022). The item is from the Q1 2021 rescheduling of the $135 million RCF where a fair value gain of $13.5 million was recognized. This gain is reversed over the life of the debt and expensed as part of gross interest on debt.

Undrawn facilities consist of:

(In millions of US dollars)	December 31, 2023	2022
Unsecured		
Performance bond	24.2	22.0
Total	**24.2**	**22.0**

Summary of net interest-bearing debt:

(In millions of US dollars)	December 31, 2023	2022
Loans and bonds gross	(778.1)	(1,051.3)
Cash and cash equivalents	177.2	358.3
Restricted cash (current and non-current)	58.4	70.8
Net interest-bearing debt, excluding lease liabilities	**(542.5)**	**(622.2)**
Lease liabilities current	(35.8)	(32.9)
Lease liabilities non-current	(45.0)	(54.3)
Net interest-bearing debt, including lease liabilities	**(623.3)**	**(709.4)**

Reconciliation of debt arising from financing activities:

(In millions of US dollars)	January 1, 2023	Cash flows: Repayment of interest-bearing debt	Cash flows: Payment of lease liabilities	Cash flows: Proceeds, net of deferred loan costs, from issuance of non-current debt	Non-cash changes: Foreign exchange movement	Non-cash changes: New leases	Non-cash changes: Other	December 31, 2023
Secured debt	1,026.8	(798.3)	-	501.9	-	-	24.1	754.5
Lease liabilities	87.2	-	(32.0)	-	3.7	27.9	(6.0)	80.8
Total liabilities financing activities	**1,114.0**	**(798.3)**	**(32.0)**	**501.9**	**3.7**	**27.9**	**18.1**	**835.3**

(In millions of US dollars)	January 1, 2022	Cash flows: Repayment of interest-bearing debt	Cash flows: Payment of lease liabilities	Cash flows: Proceeds, net of deferred loan costs, from issuance of non-current debt	Non-cash changes: Foreign exchange movement	Non-cash changes: New leases	Non-cash changes: Other	December 31, 2022
Secured debt	1,132.7	(170.1)	-	47.1	-	-	17.1	1,026.8
Lease liabilities	114.8	-	(36.1)	-	(2.4)	-	10.9	87.2
Total liabilities financing activities	**1,247.5**	**(170.1)**	**(36.1)**	**47.1**	**(2.4)**	**-**	**28.0**	**1,114.0**

Term Loan B

The Term Loan B (“TLB”) was originated in 2007 and later amended at multiple occasions. The Company used existing cash and proceeds from the issue of $450 million Senior Notes (see below) to prepay $600 million of the TLB in March 2023 and later repaid another $68.1M in September 2023 by issuing a new Term Loan (see below). On December 31, 2023, the remaining balance of the TLB was $69.8 million. The TLB was fully repaid in February 2024.

Export Credit Financing

The Export credit financing (“ECF”) arrangement comprises four loans each with Japan Bank for International Cooperation ("JBIC") and Sumitomo Mitsui Banking Corporation ("SMBC"), with an aggregate value at inception of $544.2 million. The loans were incurred by the subsidiary, PGS Titans AS, for the financing of the four Ramform Titan class vessels (Ramform Titan, Ramform Atlas, Ramform Tethys and Ramform Hyperion). The loans are repaid over 12 years from inception in equal semiannual installments and each loan comprised two tranches held by JBIC and SMBC, respectively. All the SMBC tranches are fully repaid. The JBIC tranche bears a fixed interest and is repaid from the 7th to 12th year after draw down

In February 2021 the lenders agreed to a temporary change to the repayment profile. All scheduled installments for the period September 2020 to September 2022 amounting to ~$ 106 million were deferred, with the original semi-annual repayment profile resuming from December 2022. The deferred instalments were to be repaid over four quarters starting December 2022 through September 2023, or earlier if the Company made repayments under the agreed excess liquidity sweep for any liquidity reserve in excess of $200 million at each quarter end. As a result of the excess liquidity sweep, all deferred amounts were repaid in February 2023. With the repayment, the remaining repayment profile is again similar to the original loan agreements and there is no further liquidity sweep to the benefit of the ECF.

Super Senior Loan

In May 2022, the Company secured a commitment for a new $50 million senior secured debt. The loan was drawn in October 2022. The senior secured debt has a maturity in March 2024 with, as of 31 Dec 2023, an option to extend it with 1 year at the Company's choice. However, to align the terms of the Super Senior Loan to the other remaining debt instruments post the full repayment of the TLB in February 2024 (see above), the Company refinanced the loan through amending and extending the Super Senior Loan and increasing this to $60 million with TGS ASA as lender, at terms similar to what was otherwise available to PGS in the market.

Senior Notes

March 31, 2023, the Company issued Bonds of $450 million at 98% of par. The Bonds have a 4-year tenor, maturing March 31, 2027, with a coupon of 13.5% paid semi-annually. The Bonds are non-callable for 2 years and can thereafter be called at 106.75 per cent of par between March 31, 2025, and September 29, 2025, 105.06 per cent of par between September 30, 2025, and March 30, 2026, 103.38 per cent of par between March 31, 2026, and September 29, 2026, and thereafter 100.50 per cent of par.

New Term Loan

September 18, 2023, the Company issued a new $75 million Term Loan, with the net proceeds used to reduce the TLB (see above). The Loan has an interest rate of SOFR + 7.00% and matures December 15, 2026. Beginning on June 30, 2024, the Loan will have a quarterly amortization at a rate of 6.25% of the original principal amount. The Loan can be prepaid with a premium of 2% before June 30, 2024 and zero premium thereafter. The Loan is subject to the same financial covenants as the $450 million Senior Notes.

Security and Covenants

The TLB (fully repaid in February 2024), Super Senior Loan, Senior Notes and New Term Loan ("the Facilities") constitute pari passu debt secured by pledges over substantially all assets of the Company (except assets pledged under the ECF (see below) for which they have an indirect 2nd lien capturing values exceeding the ECF loans). The Facilities are guaranteed by all material subsidiaries except PGS Titans AS, holding the four titan class vessels financed by the ECF loans (see below). The Super Senior loan has priority in payment to the other facilities, but not to the ECF loans. PGS ASA, PGS Holding I Ltd, PGS Holding II Ltd and Petroleum Geo-Services AS guarantee the ECF loans. As Petroleum Geo-Services AS is the borrower/issuer under the Facilities, PGS ASA, PGS Holding I Ltd and PGS Holding II Ltd guarantee the obligations under the Facilities.

The ECF loans are senior facilities secured by first priority mortgages over the four Titan-class vessels and fittings on board (but excluding "in sea" equipment such as streamers), pledge of the borrower's right under a debt service reserve account and assignment of insurance rights in the vessels. The ECF lender has certain shared security with the lenders under the Facilities, including bank account pledges and intercompany receivables.

The Facilities have, going forward, a minimum liquidity covenant of $50 million and a maximum leverage ratio (Net Interest-Bearing Debt to last twelve months IFRS EBITDA) of 3.00:1 from Q1 2023 to Q4 2024 and 2.50:1 thereafter. On December 31, 2023, the leverage ratio was 1.67:1. The Company expects to comply with the financial covenants in its credit agreements going forward.

The Facilities, ECF loans and loan guarantees contain general and financial undertakings usual for these kinds of financing arrangements that restrict the Company in various ways. The facilities provide that the Company may generally not incur senior secured debt other than as replacement of existing secured debt, with certain baskets and exceptions, and unsecured debt without meeting an incurrence test set at maximum leverage ratio of 1.25:1.0.

In addition, the Facilities, ECF loans and loan guarantees restrict or could restrict the Company's ability, among other things, to sell assets without the sales proceeds being reinvested in the business or used to repay debt; create liens on assets; make investments, loans, guarantees or advances; make acquisitions; engage in mergers or consolidations; engage in transactions with affiliates; change the business; enter into agreements that restrict dividends from subsidiaries; and enter into speculative financial derivative agreements.

PGS ASA is permitted to pay dividend of up to 50 per cent of net profit (after tax) when the TLB is repaid in full and leverage ratio is below 1.0:1.0.

Letters of credit and guarantees

The Company has $30.0 million uncommitted bid and performance bond facilities ($30 million in 2022) intended for operational use. Drawings under these facilities totaled $5.8 million and $8.0 million as of December 31, 2023 and 2022, respectively. During 2022 and 2023, the Company was required to deposit cash collateral to cover new or amended bonds drawn under this facility. In December 2023, the agreement was amended with the Company only providing cash collateral for bonds or guarantees with a maturity exceeding 3 years. As of December 31, 2023, the Company had deposited $1.4 million ($8.3 million in 2022) which is included in Restricted Cash (see note 14). Drawings under this facility represent the outstanding letters of credit and similar guarantees not reflected in the accompanying consolidated statements of financial position.

Impact of the ongoing process to merge with TGS

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 and decided upon a definitive merger agreement and formal merger plan (the "Merger"). On December 1, 2023, shareholders of PGS and TGS approved the merger plan with close to 100% support at the extraordinary general meetings. The parties expect that the merger will be completed during the second quarter 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, including not to issue additional equity or new debt, amend existing credit agreements or undertake transactions for major asset acquisition or disposal (with certain exceptions).

The agreements for the $450 million Bond and the $75 million Term Loan both contain change-of-control provisions triggering put options/mandatory call for the bondholders/lenders at 101% and 102% of par, respectively, at the time of completing the merger. The Bonds are currently trading at a price of around 110% of par which should make it unlikely that the bondholders will exercise the put option at 101% of par. The TLB and the Super Senior Loan have change-of-control provisions requiring the loans to be repaid at the time of completing the merger unless maturing earlier or otherwise agreed with the lenders. The TLB was fully repaid in February 2024. The Super Senior Loan was refinanced with TGS as new lender in March 2024 through amending and extending the Super Senior Loan and increasing this to $60 million with all major covenants aligned to the Bonds.

Note 20 - Financial Instruments

Valuation of financial instruments carried at fair value

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

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

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

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

Nominal value and fair values of financial assets and liabilities

(In millions of US dollars)	Hierarchy Level	December 31, 2023 Nominal value	December 31, 2023 Fair value	December 31, 2022 Nominal value	December 31, 2022 Fair value
FINANCIAL ASSETS					
Derivatives designated as hedging instruments					
Interest rate swaps	2	-	-	0.4	0.4
Total		-	-	**0.4**	**0.4**
FINANCIAL LIABILITIES					
Financial liabilities at amortized cost					
Debt with fixed interest rate	2	(583.3)	(628.9)	(239.5)	(239.5)
Debt with variable interest rate	2	(194.8)	(195.2)	(811.8)	(776.0)
Lease liabilities	2	(80.8)	(80.8)	(87.2)	(87.2)
Total		**(858.9)**	**(904.9)**	**(1,138.5)**	**(1,102.7)**

The carrying amounts of cash and cash equivalents, restricted cash, accounts receivable, accrued revenues and other receivables, other current assets, accounts payable and accrued expenses classified at amortized cost approximate their respective fair values because of the short maturities of those instruments.

The fair values of the non-current debt instruments, forward exchange contracts and interest rate swaps are estimated using quotes obtained from dealers in such financial instruments or latest quoted prices or indexes at Reuters or Bloomberg. Where market prices are not observed or quotes from dealers are not obtained, an indirect method is used by use of implied credit spread from debt instrument with similar risk characteristics.

Financial risk management policies

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to repay or be able to refinance debt when it falls due and provide returns for shareholders.

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

The Company monitors debt on the basis of the leverage ratio and other covenants in credit agreements. In addition, the Company monitors leverage based on net debt. Net debt is calculated as total debt (including short-term and non-current debt as reported in the consolidated statement of financial position) less cash and cash equivalents, including restricted cash. During 2018, taking into account experience from the down cycle and with a view that the Company's markets will continue to be cyclical in the future, the Company adopted a strategic target to over time reduce net interest-bearing debt to a level, excluding lease obligations, not exceeding $500-600 million, assuming the current size and composition of business activities. As a result, the Company have given priority to profitability, cash flow generation and debt reduction. By the end of 2023, the net interest-bearing debt is inside the targeted level. Due to the ongoing process to merge with TGS ASA and a relatively high interest cost on debt, the Company has not made any change to its financial priorities.

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

Interest rate risk management

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

	December 31, 2023		December 31, 2022	
	Notional amounts	Weighted average interest rate	Notional amounts	Weighted average interest rate
Debt at fixed interest rate	583.3	11.15%	239.5	3.04%
Debt at variable interest rate based on US dollar plus a margin	194.8	12.28%	761.8	10.94%
Variable interest rate debt with interest fixed	-	-	50.0	1.36%

After giving effect to the Company's interest rate swaps, for every one-percentage point hypothetical increase in LIBOR, the annual net interest expense on variable rate debt, inclusive non-restricted cash holdings, would have increased / (decreased) by approximately $(0.2) million and $3.6 million measured from December 31, 2023 and 2022, respectively.

Foreign currency risk management

The Company is exposed to currency fluctuation due to the effects of a predominantly USD based revenue stream, while the Company's operating expenses and capital expenditures are mainly denominated in USD, GBP, NOK and EUR. The Company maintains a foreign currency risk management strategy that normally uses foreign currency exchange contracts to reduce volatility in the income statement and protect against fluctuations in cash flow caused by volatility in currency exchange rates. The Company does not currently have any bank lines available to hedge currency exposures, but has used cash where possible to offset material exposures. The Company did not have any open forward contracts as of December 31, 2023 or 2022. The table shows exposures and foreign exchange contracts in currencies that the Company hedges on a regular basis.

(in millions, local currency)	December 31, 2023			December 31, 2022		
	NOK	GBP	BRL	NOK	GBP	BRL
Restricted cash	36.2	-	99.7	33.1	-	99.7
Cash held as hedges	162.6	-	-	242.2	1.9	-
Current assets	47.1	0.9	110.6	48.4	0.9	57.3
Current liabilities	(207.1)	(2.0)	(189.9)	(144.4)	(2.1)	(152.4)
Pension liabilities	(19.8)	13.3	-	(22.5)	18.1	-
Finance leases	(204.0)	(5.9)	(3.1)	(135.0)	(5.3)	(2.0)
Other long term liabilities	(0.9)	(1.2)	-	-	(1.2)	-
Net statements of financial position exposure	**(185.9)**	**5.1**	**17.3**	**21.8**	**12.3**	**2.6**

The following analysis illustrates the sensitivity of changes in relevant foreign exchange rates, after the impact of hedging. All other variables remain constant. The sensitivity analysis is based on the Company's financial assets and liabilities held as of the year ended December 31, 2023 and 2022. The foreign exchange rate analysis assumes a 10% depreciation in USD.

(in millions, local currency)	December 31, 2023			December 31, 2022		
	NOK	GBP	BRL	NOK	GBP	BRL
Impact on profit before tax: Gain / (loss)	2.0	(0.6)	(0.4)	0.1	(1.5)	(0.1)

	Average rate		Year end spot rate	
	2023	2022	2023	2022
USD / NOK	10.516	9.547	10.188	9.910
GBP / USD	1.244	1.244	1.275	1.204
USD / BRL	4.996	5.157	4.855	5.277

Credit risk management

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

	December 31,	
(In millions of US dollars)	2023	2022
Cash and cash equivalents	177.2	358.3
Restricted cash (Note 12)	58.4	70.8
Accounts receivable	172.3	169.4
Accrued revenues and other receivables (note 13)	137.1	124.7
Total	**545.0**	**723.2**

Cash and cash equivalents

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

Accounts receivables

Trade receivables are primarily with multinational integrated oil companies and independent oil and natural gas companies, including companies owned in whole or in part by governments. As of December 31, 2023, approximately 72% of the balance relates to 5 customers, compared to 62% as of December 31, 2022.

The aging of trade receivables is as follows:

	December 31,	
(In millions of US dollars)	2023	2022
Current	81.6	144.5
Up to one month past due	42.3	12.5
Between one and three months past due	0.2	6.7
More than three months past due	51.6	14.1
Allowance for doubtful accounts	(3.4)	(8.4)
Total	**172.3**	**169.4**

(a) Of the amount more than three months overdue as of December 31, 2023, $43 million relates to a disputed transfer fee event where payment was pending receipt of a final ruling. The amount has been received in February 2024.

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

For accrued revenues, the Company has assessed the collectability prior to recognizing the revenue and assessed credit risk on the same basis as trade receivables. There is no allowance related to accrued revenues as of December 31, 2023 and 2022.

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

Exposure to liquidity risk

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

December 31, 2023			Contractual cash flows*						
		Notional	Total	0-1 years	1-2 years	2-3 years	3-4 years	4-5 years	Thereafter
(In millions of US dollars)	Nominal value	value							
Non-derivative financial liabilities									
Trade payables	(58.2)	-	(58.2)	(58.2)	-	-	-	-	-
Debt with fixed interest rates	(583.3)	-	(804.2)	(112.0)	(105.3)	(88.5)	(498.4)	-	-
Debt with variable interest rates	(194.8)	-	(221.9)	(100.5)	(75.7)	(45.7)	-	-	-
Total	**(836.3)**	-	**(1,084.3)**	**(270.7)**	**(181.0)**	**(134.2)**	**(498.4)**	-	-
Derivative financial assets/liabilities									
Interest rate swaps hedge accounted	-	-	-	-	-	-	-	-	-
Forward exchange contracts used for hedging	-	-	-	-	-	-	-	-	-
Other foreign exchange contracts	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-

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

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

During 2023, the Company raised $525 million of new debt, which together with cash on balance sheet was used to repay $798.3 million of debt. These transactions reduced the overall debt amount and extended the debt maturity profile, thereby reducing the near-term refinancing risk significantly. In Q3 2023, PGS raised approximately $40.6 million of new equity. The net proceeds were used to increase liquidity and to further contribute to a financially robust combined entity following the ongoing merger with TGS. In Q1 2024 the Company prepaid the remaining $69.8 million TLB maturing in March 2024 and secured a loan from TGS for a $60 million super senior loan through amending, extending and increasing the $50 million super senior loan to $60 million.

As of December 31, 2023, the Company had cash and cash equivalents totaling $177.2 million, compared to $358.3 million as of December 31, 2022. Net interest-bearing debt amounted to $542.5 million on December 31, 2023, compared to $622.2 million as of December 31, 2022, and the Company reached its targeted maximum level for net interest-bearing debt (excluding lease liabilities) of $500 to 600 million. With the reduced debt amount, extended maturity profile on the debt and adequate liquidity position the Company expects to comply with debt covenants and be able to manage all scheduled debt amortization.

However, if with an adverse development, the Company in the future were to breach a financial covenant in the main credit agreements or become unable to settle amortization on the agreed payment dates, this would represent a default under the relevant agreements. An event of default in one facility may represent an event of default in other facilities and agreements. While the Company could achieve waivers or standstill agreements, there would be a risk that the lenders inter alia having a pledge over the shares in PGS Holding II Ltd (a holding company that indirectly owns and controls all material subsidiaries of the group), by 50% majority in the relevant debt instrument can accelerate and enforce this and other pledges over all major assets. The ECF lenders may also enforce their pledges, including those over the four Titan class vessels. Pending the completion of the Merger, PGS ASA including the Company is restricted from taking certain actions otherwise available to the Company in managing its financing and liquidity, including the issuance of additional equity or new debt, amending existing credit agreements or acquisition or disposal of major assets (with certain exceptions).

Interest rate hedge accounting

PGS ASA entered into interest rate swaps totaling a notional amount of $225 million during 2019 and 2020. The interest rate swaps were novated from PGS to the Company in 2021. These were all designated as hedging instruments in 2020 and all subsequent change in the value of these swaps were recorded in other comprehensive income as the effective portion of the designated and qualified hedging instrument. Swaps with a notional amount of $175 million matured during 2022. The remaining swap with a notional amount of $50 million matured in March 2023 and since then the Company has not entered into any interest rate swaps.

The Company had no interest rate swaps as of December 31, 2023. The swaps with a notional amount of $50 million had a positive fair value of $0.4 million of December 31, 2022.

Foreign exchange rate hedge accounting

The majority of revenues are in USD. The Company previously entered into derivatives accounted for under fair value hedge relationships to hedge the currency risk. The Company had no foreign exchange rate hedging as of December 31, 2023 and 2022.

Note 21 - Leases, Contingent Liabilities and Provisions

Company as lessee

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

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

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

(In millions of US dollars)	Seismic vessels and equipment	Buildings, fixtures and furniture	Total
Balance as of January 1, 2022	**31.4**	**23.3**	**54.7**
Additions (note 15)	-	11.6	11.6
Remeasurement/Other (note 15)	-	(0.3)	(0.3)
Impairment expense (note 15)	-	-	-
Depreciation expense (note 15)	(9.1)	(8.5)	(17.6)
Balance as of December 31, 2022	**22.3**	**26.1**	**48.4**
Additions (note 15)	17.9	9.9	27.8
Remeasurement/Other (note 15)	(0.1)	0.1	-
Impairment expense (note 15)	-	(3.2)	(3.2)
Depreciation expense (note 15)	(12.2)	(6.7)	(18.9)
Balance as of December 31, 2023	**27.9**	**26.2**	**54.1**

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

	2023			**2022**		
(In millions of US dollars)	Seismic vessels and equipment	Buildings, fixtures and furniture	Total	Seismic vessels and equipment	Buildings, fixtures and furniture	Total
Balance as of January 1	**52.7**	**34.5**	**87.2**	**80.4**	**34.4**	**114.8**
Additions	22.4	9.9	32.3	-	11.3	11.3
Interest	3.9	3.4	7.3	4.4	2.0	6.4
Lease payments	(30.4)	(8.9)	(39.2)	(30.7)	(11.8)	(42.5)
Remeasurements (a)	(4.3)	(2.4)	(6.7)	(1.4)	(1.4)	(2.8)
Balance as of December 31	**44.3**	**36.5**	**80.8**	**52.7**	**34.5**	**87.2**

(a) Remeasurement due to changes in capitalized portion of lease and change in lease period.

The maturity of lease liabilities is as follows:

	Year ended December 31,					
	2023			2022		
(In millions of US dollars)	Seismic vessels and equipment	Buildings, fixtures and furniture	Total	Seismic vessels and equipment	Buildings, fixtures and furniture	Total
Within one year	28.7	9.1	37.8	24.3	8.3	32.6
Between 1 and 2 years	14.8	6.7	21.5	19.4	6.2	25.6
Between 2 and 3 years	0.8	6.1	6.9	9.0	5.3	14.3
Between 3 and 4 years	-	6.2	6.2	-	4.8	4.8
Between 4 and 5 years	-	2.9	2.9	-	4.7	4.7
More than 5 years	-	5.5	5.5	-	5.2	5.2
Total	**44.3**	**36.5**	**80.8**	**52.7**	**34.5**	**87.2**

The following are the amounts recognised in profit and loss:

	December 31,	
(In millions of US dollars)	2023	2022
Interest on lease liabilities adopted under IFRS 16	7.3	6.4
Expenses relating to short term and low value leases	27.0	17.4
Depreciation expense of right-of-use assets	18.9	17.6
Total	**53.2**	**41.4**

The Company had total cash outflows for leases of $66.2 million in 2023, and $59.9 million in 2022. The Company also had non-cash additions to right-of-use assets and lease liabilities of $27.8 million in 2023 and $11.6 million in 2022.

Seismic support vessels

The Company leases a total of six seismic support vessels under time-charter agreements which expire in 2025-2026. For four of these seismic support vessels the lease period started in 2015-2016 and the lessor holds options to purchase each vessel from the 3rd party owner at certain times during the lease and at the end of the lease term. At the end of each lease, the 3rd party owner may also require the lessor to purchase the vessel for a pre-determined amount. Should the lessor not purchase the vessel, the 3rd party owner may require PGS to purchase the vessel for a price of $5.5 million per vessel which is estimated to be less than fair value. The other two seismic support vessels (Thor Omega and Ocean Mermaid) were added to the leased fleet in 2023, with the leases expiring in 2026 and 2025, respectively.

Seismic vessels

The Company leases two 3D survey vessels, Sanco Swift and Apollo. Sanco Swift is under a time charter agreement which was renewed for another 2 years in 2023, ending in 2025.

Sale and leaseback

In 2015, the Company entered into a sale and operating bareboat leaseback for the 3D vessel *PGS Apollo*. The remaining leaseback period is 1.5 years, expiring in 2025, with an option to extend for a 5-year period. PGS has the option but no obligation, to acquire the vessel after the end of year 8 (2023).

Extension and termination options

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

	Year ended December 31,					
	2023			2022		
(In millions of US dollars)	Within five years	More than five years	Total	Within five years	More than five years	Total
Extension options expected not to be exercised	161.2	79.6	240.8	170.7	79.8	250.5
Termination options expected to be exercised	-	-	-	-	-	-
Total	**161.2**	**79.6**	**240.8**	**170.7**	**79.8**	**250.5**

Note 22 - Accrued expenses and other current liabilities

Note 23 - Other non-current liabilities

Other non-current liabilities consist of the following:

	December 31,	
(In millions of US dollars)	**2023**	**2022**
Pension liability (note 26)	1.9	2.3
Other	1.8	2.0
Total	**3.7**	**4.3**

Note 24 - Pension Obligations

Defined benefit plans

Plan characteristics

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

In addition, as described in note 30, the CEO and one executive officer have an early retirement plan allowing for termination of employment without cause when the CEO or the executive officer reaches the age of 62. Full early retirement benefits are defined as 60% of the last base salary beginning in the year of retirement. The CEO is eligible for 85% of full benefits if he retires at the age of 62 and full benefits if he retires at the age of 65. The executive officer is eligible for full benefits if he retires at the age of 62. The early retirement benefits cease when the CEO and executive officer reach the age of 67.

Actuarial valuations and assumptions

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

Risks

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

Financial impact

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

(In millions of US dollars)	2023	2022
Projected benefit obligations (PBO) as of January 1, (a)	**117.3**	**222.6**
Service cost	0.1	0.2
Interest cost	5.7	3.8
Actuarial loss (gain), arising from changes in financial assumptions	2.1	(93.6)
Actuarial loss (gain), arising from changes in demographic assumptions	(1.9)	(0.3)
Actuarial loss (gain) due to scheme experience	5.9	9.9
Benefits paid	(3.3)	(3.7)
Exchange rate effects	3.1	(21.4)
Projected benefit obligations (PBO) as of December 31, (a)	**129.0**	**117.3**

(a) $1.9 million and $2.3 million arise from unfunded plans as of December 31, 2023 and 2022, respectively.

Change in fair value of pension plan assets:

(In millions of US dollars)	2023	2022
Fair value of plan assets as of January 1,	**136.9**	**194.2**
Expected return on plan assets	6.8	3.4
Employer contributions	-	8.5
Actuarial gain (loss) arising from return on plan assets	(0.8)	(46.3)
Benefits paid	(2.9)	(3.2)
Exchange rate effects	3.6	(19.8)
Fair value of plan assets as of December 31,	**143.6**	**136.9**

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

	Year ended December 31,	
(In millions of US dollars)	2023	2022
Projected benefit obligation (PBO)	129.0	117.3
Fair value of plan assets	143.6	136.9
Currency effects	(0.4)	0.1
Net pension liability (surplus)	**(15.0)**	**(19.5)**

The net amount recognized as accrued pension liability is presented as other non-current liabilities (see note 25).
The net amount recognized as accrued pension surplus is presented as other non-current assets (see note 19).

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

	Year ended December 31,	
(In millions of US dollars)	2023	2022
Service cost	0.1	0.2
Interest cost	5.7	3.8
Expected return on plan assets/net interest cost	(6.8)	(3.4)
Net periodic pension cost	**(0.9)**	**0.6**

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

	Year ended December 31,	
(In millions of US dollars)	2023	2022
Actuarial gain (loss), arising from changes in financial assumptions	(2.1)	93.6
Actuarial gain (loss), arising from changes in demographic assumptions	1.9	0.3
Actuarial gain (loss) due to scheme experience	(5.9)	(9.9)
Actuarial gain (loss) arising from return on plan assets	(0.8)	(46.3)
Net actuarial gain (loss) recognized in other comprehensive income	**(6.9)**	**37.7**

Significant actuarial assumptions:

	2023		2022	
	Norway	UK	Norway	UK
Discount rate	3.10%	4.64%	3.00%	4.83%
Return on plan assets		4.64%		4.83%
Compensation increase	3.50%		3.50%	

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

Plan asset allocation

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

	Year ended December 31,	
(In millions of US dollars)	**2023**	**2022**
Fair value plan assets	143.5	136.9
Plan assets at fair value with quoted prices in active markets for identical assets		
Equity/diversified growth funds	7%	12%
Bonds	89%	84%
Real estate	2%	2%
Other	2%	2%
Total	**100%**	**100%**

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

Sensitivity

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

(In millions of US dollars)	**Change in assumptions**	**Change in liabilities**
Discount rate	Decrease of 1.0% p.a.	18.7%
Inflation rate	Increase of 1.0% p.a.	12.1%

The Company does not expect to make further contributions to its defined benefit pension plans in 2024 as the scheme is in a surplus position.

Defined contribution plans

Substantially all employees are eligible to participate in pension plans in accordance with local industrial, tax and social regulations. All these plans are considered defined contribution plans. For some of the plans, subject to statutory limitations, employees may make voluntary contributions in addition to the Company's contributions. Plan contributions made by the company aggregated $7.8 million and $6.7 million for 2023 and 2022, respectively. Plan contributions made by employees aggregated $5.3 million and $4.3 million for 2023 and 2022, respectively.

Note 25 – Shareholder Information

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

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

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

The Board of Directors will not propose any dividend to the AGM in 2024 for the year ended December 31, 2023.

Note 26 - Related Party Transactions

The following transactions were carried out with related parties:

	Year ended December 31,	
(In millions of US dollars)	2023	2022
Group companies		
Sales of services to group companies	4.3	20.1
Interest expense paid to group companies	(16.5)	(10.6)
Associates		
Sales of goods and services	32.6	33.7

Transactions with associates are mainly proceeds from sale of goods and services to Ocean Geo-Frontier Co. Ltd. Such goods and services are administered by Ocean Geo-Frontier on behalf of the Company and its partners and invoiced by Ocean Geo-Frontier to the external end customer, Japan Oil, Gas and Metals National Corporation ("JOGMEC").

Outstanding balances with related parties were as follows:

	Year ended December 31,	
(In millions of US dollars)	2023	2022
Group companies		
Intercompany receivables	0.1	8.6
Intercompany liabilities	(11.2)	-
Loans with group companies	(281.0)	(221.0)
Total	(292.1)	(212.4)
Balances with associates	-	0.2

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

Interest rate for net amounts owed by the Company to PGS group companies is 3-month USD SOFR plus a margin of 0.5% p.a. Interest rate for net amounts owed by PGS group companies to the Company is 3-month USD SOFR plus a margin of 9.5% p.a.

Chief Executive Officer ("CEO"), other Executive Officers and Directors of the Company are also on the Board of certain customers and suppliers. As of December 31, 2023 and 2022, the Company did not have any significant outstanding balances with any of these companies.

Note 27 - Share based payment programs

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

Grant Year	PRSU's granted	Additional options granted year	Additional options granted	Description
2020	2,399,050	-	-	Performance Based Restricted Stock Plan (PRSU)
2021	5,993,000	-	-	Performance Based Restricted Stock Plan (PRSU)
2022	6,712,000	-	-	Performance Based Restricted Stock Plan (PRSU)
2023	4,639,000	-	-	Performance Based Restricted Stock Plan (PRSU)

The programs

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 2021-2023 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").

On September 18, 2023, TGS ASA and PGS ASA announced that they have agreed the principal terms of a combination of TGS and PGS to create a strong full-service energy data company. All the outstanding PRSUs will settle in full one day prior to the merger closing date, using the volume weighted average PGS share price two days prior to the merger closing date.

Effect on financial statements

For the years ended December 31, 2023 and 2022, the Company recognized compensation cost with a corresponding increase in shareholders' equity of $0.7 million and $0.8 million, respectively. Total net unrecognized compensation cost as of December 31, 2023, was $6.2 million, which is expected to be recognized over a period of 3 years unless settled in full at the completion of the merger with TGS.

In 2023, a total of 1,024,104 PRSUs issued under the 2020 Long Term Incentive Plan ("LTI Plan") settled into PGS shares. The participants had the options of (1) receive all shares, (2) receive all cash or (3) 50/50 split of shares and cash. The Company initiated and completed a share buy-back program to cover possible settlement of PRSU's granted under the Company's 2020 LTI Plan for employees. 1,575,000 shares were bought back under the program, and 530,388 shares were used as settlement to employees. In addition, 493,716 PRSUs were settled in cash to employees.

The tables below detail the Company's outstanding PRSUs for the years presented:

Year ended December 31, 2023

Grant date	PRSUs as of January 1, 2023	PRSUs granted 2023	PRSUs forfeited	PRSUs settled relating to 2020 PRSU grant	PRSUs lapsed relating to 2020 PRSU grant	PRSUs as of December 31, 2023	Weighted-average remaining contractual term
2019	39,000 *	-	(39,000)	-	-	-	-
2020	2,158,050	-	(45,250)	(1,028,485)	(1,084,315)	-	-
2021	5,573,000	-	(164,000)	-	-	5,409,000	0.42 years
2022	6,633,000	-	(210,000)	-	-	6,423,000	1.42 years
2023	-	4,639,000	(50,000)	-	-	4,589,000	2.42 years
Total	**14,403,050**	**4,639,000**	**(508,250)**	**(1,028,485)**	**(1,084,315)**	**16,421,000**	**1.37 years**

* PRSUs adjusted by 41,108 compared to end of year 2022.

Year ended December 31, 2022

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

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

Grant date	PRSU's outstanding December 31,2023	Weighted average share price at grant date	Estimated fair value at grant date (average NOK/USD per PRSU)	Description
2020	-	NOK 3.40	NOK 2.15 / $0.24	Performance based Restricted Stock Units ("PRSU")
2021	5,409,000	NOK 5.36	NOK 4.03 / $0.49	Performance based Restricted Stock Units ("PRSU")
2022	6,423,000	NOK 5.20	NOK 4.31 / $0.44	Performance based Restricted Stock Units ("PRSU")
2023	4,589,000	NOK 7.24	NOK 6.20 / $0.57	Performance based Restricted Stock Units ("PRSU")
Total	**16,421,000**			

The estimated fair value of the PRSUs granted are lower than the weighted average share price at the same date as the fair value of the PRSUs is reduced due to the performance conditions in the program.

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

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

	Year ended December 31,	
(In millions of US dollars)	2023	2022
Salaries and bonuses	126.6	120.0
Social security	16.0	11.9
Pension	8.0	8.9
Other benefits	12.1	12.2
Total	**162.7**	**153.0**

The Company had an average of 1,210* and 1,139* regular employees and temporarily contracted personnel during the years ended December 31, 2023 and 2022, respectively.

*In preparation for compliance with CSRD (Corporate Social Responsibility Directive) for FY 2024, statistics on employee numbers for FY 2023 and FY 2022 include temporarily contracted persons.

Chief Executive Officer ("CEO")

In 2023 and 2022, the Company paid compensation to its CEO as follows:

			Total compensation paid in 2023 (a)					
Name	Position	Year	Fixed salary	Bonus (b)	PRSUs (c)	Other benefits (d)	Total paid salary and compensation (in dollars)	Pension benefits (e)
Rob Adams								
Chief Executive Officer			349,282	252,891	41,027	15,615	658,815	31,868

(a) Amounts in NOK have been translated to US Dollars using average exchange rate for 2023 of NOK/USD 10.5647.

(b) Bonus paid out in 2023, based on the prior years bonus agreement.

(c) The PRSU remuneration is related to PRSUs settled from the 2020 PRSU grants.

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

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

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

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

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

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

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

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

In relation to the Merger (defined in Note 1), the CEO may receive a total cash bonus of up to 100% of the base salary. The first part of the bonus, representing 2/3 of total amount, was triggered upon approval of the Merger at the PGS ASA's extraordinary general meeting on 1 December 2023. This bonus was paid out in 2024. The remaining 1/3 of the bonus is payable at the complete discretion of the Board of Directors of TGS ASA following completion of the Merger, estimated to occur during the second quarter 2024.

PRSUs held by the CEO as of December 31, 2023 and 2022, were as follows:

Name	PRSUs as of December 31, 2022	PRSUs granted 2023	PRSUs forfeited	PRSUs settled relating to 2020 PRSU grant	Marked value PRSUs settled relating to 2020 PRSU grant (USD)	PRSUs lapsed relating to 2020 PRSU grant	PRSUs as of December 31, 2023	Weighted average remaining contractual term
Rob Adams	446,000	140,000	-	(56,250)	41,027	(18,750)	511,000	1.35

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

The outstanding PRSUs will settle in full one day prior to the Merger closing date, using the volume weighted average PGS share price two days prior to the merger closing date. As set forth in the Merger plan approved by the Company Extraordinary General Meeting, the PRSUs shall be settled in cash - and not as treasury shares. The settlement is expected to occur during the second quarter 2024.

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

Rob Adams, CEO of the Company, had an annual fixed salary of NOK 3,312,000 in 2023. The CEO has a mutual 12-months period of notice. The CEO is, both during and after the employment, obliged to refrain from taking employment with companies that are in direct or indirect competition with PGS. This prohibition applies for a period of two years from the termination date unless the Company sets a shorter period of time.

However, if in relation to the Merger the CEO is terminated or resigns as a consequence of being made redundant from current role, or being offered a role at a lower complexity level and decides to leave the company for that reason, the termination notice period shall be 6 months and be entitled to subsequent 12 months of severance pay. The severance pay will be reduced if the recipient receives income from other employers during the severance period.

Remuneration of auditor

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

(In millions of US dollars)	Year ended December 31, 2023	2022
Audit fees	0.9	1.0
Tax services	0.2	0.2
Total	**1.1**	**1.2**

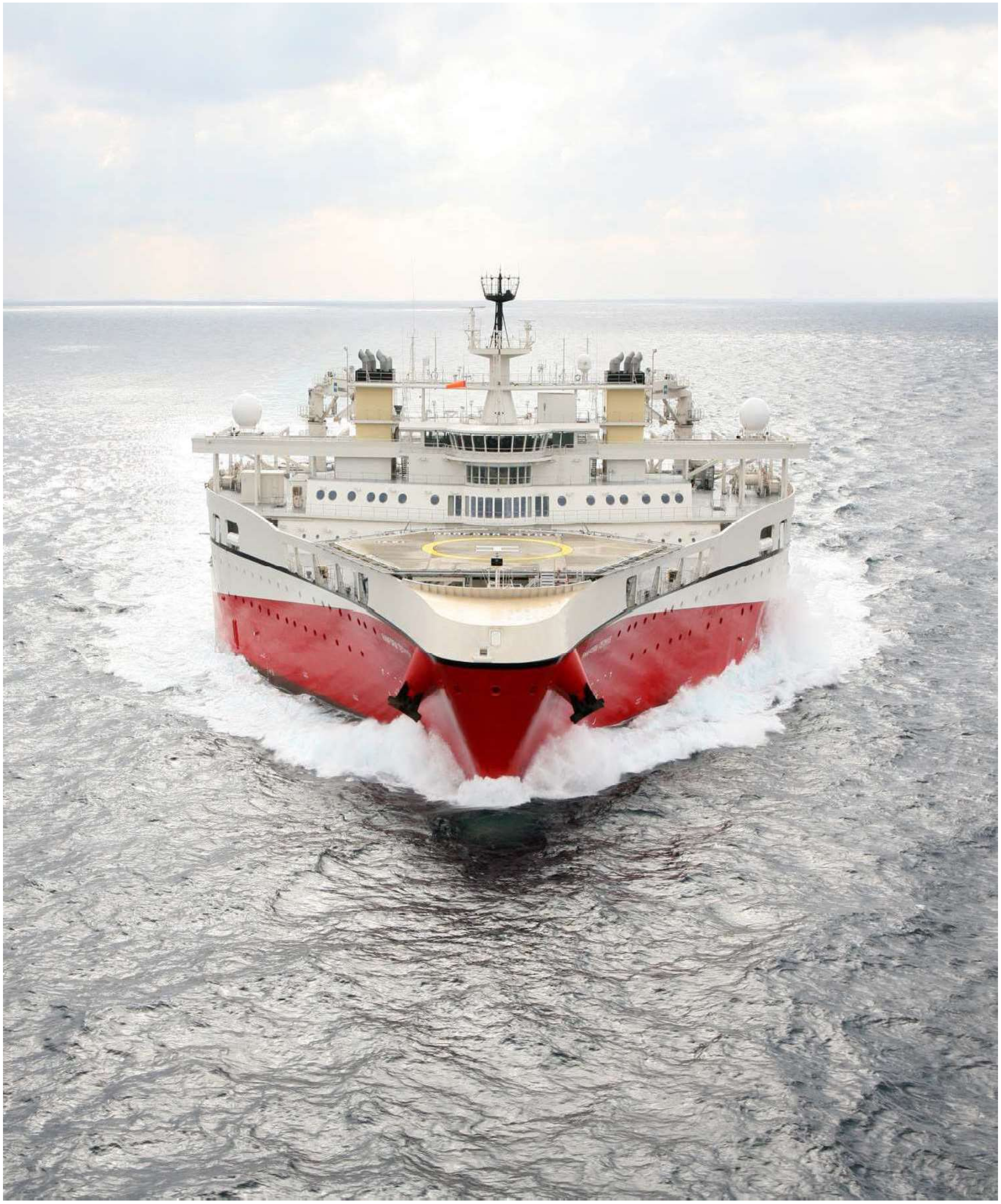
Note 29 – Subsidiaries

The ownership percentage in subsidiaries as of December 31, 2023, was as follows:

Company	Jurisdiction	Shareholding and voting rights
PGS Australia Pty. Ltd.	Australia	100%
Seahouse Insurance Ltd.	Bermuda	100%
PGS Suporte Logistico e Servicos Ltda.	Brazil	100%
PGS Data Processing Middle East SAE	Egypt	100%
PGS Egypt for Petroleum Services	Egypt	99.99%
PGS Ghana Limited	Ghana	90%
PGS Japan K.K.	Japan	100%
Petroleum Geo-Services Exploration (M) Sdn. Bhd.	Malaysia	100%
PGS Data Processing & Technology Sdn. Bhd. - under liquidation	Malaysia	100%
PGS Imaging, S.A. de C.V. - under liquidation	Mexico	100%
PGS Geophysical Nigeria Ltd.	Nigeria	99.99%
PGS Shipowner AS	Norway	100%
Multiklient Invest AS	Norway	100%
PGS Falcon AS	Norway	100%
PGS Geophysical AS	Norway	100%
PGS Titans AS	Norway	100%
Natuna Ventures Pte. Ltd.	Singapore	100%
Petroleum Geo-Services Asia Pacific Pte. Ltd.	Singapore	100%
PGS Geophysical (UK) Ltd.	United Kingdom	100%
Panoceanic Energy Limited	United Kingdom	100%
PGS Seismic Services Ltd UK	United Kingdom	100%
Petroleum Geo-Services (UK) Ltd.	United Kingdom	100%
PGS Exploration (UK) Ltd.	United Kingdom	100%
PGS Geophysical (Angola) Ltd.	United Kingdom	100%
PGS Pension Trustee Ltd.	United Kingdom	100%
Petroleum Geo-Services, Inc.	United States	100%
PGS Finance, Inc.	United States	100%
NCS Subsea, Inc.	United States	100%

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

Petroleum Geo-Services AS
Financial Statement 2023



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Income statement

Petroleum Geo-services AS

Values in mill. NOK	Note	2023	2022
Operating income and operating expenses			
Revenue		-	-
Total income		**-**	**-**
Other expenses	4	11,8	2,8
Total expenses		**11,8**	**2,8**
Operating profit (loss)		**(11,8)**	**(2,8)**
Financial income and expenses			
Dividends and group contribution	7	53,4	1 250,1
Currency exchange gain (loss)		306,7	(648,3)
Write-down of other assets	7	(1 011,2)	(56,2)
Write-down of long-term investments	3	23,1	(23,1)
Intercompany interest income (expense)	7	234,1	68,0
Other interest income (expense)	9, 10	(855,8)	(761,9)
Other financial income (expense)	8	(179,8)	(70,9)
Net financial items		**(1 429,5)**	**(242,3)**
Net profit (loss) before tax		**(1 441,3)**	**(245,1)**
Income tax expense	6	-	0,2
Net profit (loss) after tax		**(1 441,3)**	**(245,3)**
Net profit or loss		**(1 441,3)**	**(245,3)**
Other comprehensive income			
Items that will not be classified to profit and loss		-	-
Items that may be subsequently reclassified to profit and loss		(4,2)	19,5
Total other comprehensive income		**(4,2)**	**19,5**
Total comprehensive income		**(1 445,5)**	**(225,8)**
Attributable to			
Other equity		-	19,5
Transferred from other equity		1 445,5	245,3
Total		**(1 445,5)**	**(225,8)**

Balance sheet

Petroleum Geo-services AS

Values in mill. NOK		2023	2022
Assets			
Non-current assets			
Non-current financial assets			
Investments in subsidiaries	3	6 472,2	6 449,1
Total non-current financial assets		**6 472,2**	**6 449,1**
Total non-current assets		**6 472,2**	**6 449,1**
Current assets			
Debtors			
Other short-term receivables		0,9	5,0
Receivables from group companies	7	5 961,7	6 102,1
Total receivables		**5 962,6**	**6 107,1**
Cash and cash equivalents		613,9	2 984,3
Restricted cash	5	14,2	81,9
Total current assets		**6 590,7**	**9 173,2**
Total assets		**13 062,9**	**15 622,3**

Balance sheet

Petroleum Geo-services AS

Values in mill. NOK		2023	2022
Equity and liabilities			
Equity			
Paid-in capital			
Share capital	2	13,2	13,2
Share premium reserve		2 353,2	2 353,2
Total paid-up equity		**2 366,5**	**2 366,5**
Other equity		(1 615,2)	(173,9)
Other capital reserves		59,6	63,8
Total equity		**810,8**	**2 256,4**
Liabilities			
Other non-current liabilities			
Liabilities to financial institutions	9, 10	5 503,6	5 275,0
Total non-current liabilities		**5 503,6**	**5 275,0**
Current liabilities			
Liabilities to financial institutions	9, 10	854,8	2 347,5
Trade payables		6,7	-
Liabilities to group companies	7	5 731,0	5 740,8
Other current liabilities		156,0	2,5
Total current liabilities		**6 748,5**	**8 090,9**
Total liabilities		**12 252,1**	**13 365,9**
Total equity and liabilities		**13 062,9**	**15 622,3**

Oslo, 26.04.2024
The board of Petroleum Geo-services AS

Gottfred Langseth
Member of the board

Rune Olav Pedersen
Chairman of the board

Merethe Bryn
Member of the board

Robert James Adams
General Manager

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

(In millions of NOK)	Share capital	Additional paid-in capital	Other equity	Other capital reserves	Total
Equity as of January 1, 2022	**13.2**	**2,353.2**	**71.4**	**44.3**	**2,482.1**
Profit (loss) for the period	-	-	(245.3)	-	(245.3)
Other comprehensive income (loss)	-	-	-	19.5	19.5
Equity as of December 31, 2022	**13.2**	**2,353.2**	**(173.9)**	**63.8**	**2,256.4**
Profit (loss) for the period	-	-	(1,441.3)	-	(1,441.3)
Other comprehensive income (loss)	-	-	-	(4.2)	(4.2)
Equity as of December 31, 2023	**13.2**	**2,353.2**	**(1,615.2)**	**59.6**	**810.8**

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

(all figures in millions of NOK)	**2023**	**2022**
Cash flows provided by operating activities		
Profit (loss) for the year	(1,445.5)	(225.8)
Dividends/group contributions	(53.4)	(1,250.1)
Write-down of other assets	1,011.2	56.2
Write-down (reversal) of long-term investments	(23.1)	23.1
Foreign exchange loss (gain)	(86.5)	648.3
Interest expense (income)	1,354.3	1,055.2
Interest income	(732.6)	(364.0)
Changes in current assets and current liabilities	198.4	(39.9)
Net cash provided by operating activities	**222.8**	**(97.0)**
Cash flows provided by (used in) investing activities		
Received dividends from subsidiaries	53.4	351.0
Interest from group companies	662.9	364.0
Net cash provided by (used in) investing activities	**716.3**	**715.0**
Cash flows provided by (used in) financing activities		
Interest paid on external loans	(911.5)	(759.2)
Repayment of interest-bearing debt	(6,941.5)	(1,289)
Proceeds from issuance of interest-bearing debt (a)	5,422.0	467.7
Interest paid on intercompany loans	(428.8)	(296.0)
Net change intercompany balances	(449.7)	3,272.0
Net cash provided by (used in) financing activities	**(3,309.5)**	**1,395.4**
Cash and cash equivalents		
Net increase (decrease) in cash and cash equivalents	(2,370.4)	2,013.4
Cash and cash equivalents at beginning of period	2,984.3	970.8
Cash and cash equivalents as of 31 December	**613.9**	**2,984.3**

(a) Net of NOK 241.0 million in deferred loan costs.

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 2023 financial statements have been prepared based on the going concern basis which, the Directors believe to be appropriate. Refer to "Financing status" section in the Board of Directors report and Note 9 and 10 for further information.

Summary of significant accounting policies:

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

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

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

Proposed dividend income from 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.

Note 1 Accounting principles cont.

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

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

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

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

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

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

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

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

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

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

Note 1 Accounting principles cont.

Classification and measurement

Financial instruments at fair value through profit and loss
This category comprises financial assets and liabilities held for trading, including all derivative instruments. Financial instruments in this category are initially recorded at fair value, and transaction costs are expensed in the consolidated statement of profit and loss. Realized and unrealized gains and losses arising from changes in the fair value are included in the consolidated statements of profit and loss in the period in which they arise.

Financial instruments at fair value through other comprehensive income
On initial recognition, an election can be made to classify investments in equity instruments at fair value through other comprehensive income. Financial instruments in this category are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income.

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

Derecognition of financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss as a gain. In subsequent periods the gain is amortized as added interest expense.

Impairment of financial assets
At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses. For accounts receivables and contract assets, the Company uses a simplified approach in calculating expected credit losses. The Company recognizes a loss allowance using factors including aging of accounts, historical experience, customer concentration, customer creditworthiness and current industry and economic trends. An impairment loss, amounting to any difference between the carrying amount of the loss allowance and the expected credit losses at the reporting date, is recognized in the consolidated statement of profit and loss.

Derivative financial instruments and hedging

The Company uses derivative financial instruments to reduce its exposure related to fluctuations in foreign currency rates and interest rates. Derivative instruments are recognized in the consolidated statements of financial position at their fair values. Realized and unrealized gains and losses attributable to derivative instruments that do not qualify for hedge accounting are recognized as other financial items, net, as they arise.

Cash flow hedges

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

Statements of cash flow

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

Changes in accounting policies and disclosures

Several amendments and interpretations apply for the first time in 2022, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

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, 2023.

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

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

Note 3 Shares in subsidiaries

The following table illustrates the summarized financial information as of December 31, 2023:

(In millions of NOK)	Registered office	Shareholding (a)	Book value	Equity (b)	Impairments (reversal of impairment)	Net income 2023 (b)
PGS Titans AS	Oslo	100%	1,390.0	1,516.1	-	328.5
PGS Geophysical AS	Oslo	100%	3,963.7	2,651.1	-	334.5
Petroleum Geo-Services Asia Pasific Pte. Ltd	Singapore	100%	42.5	58.9	(23.1)	(38.0)
Petroleum Geo-Services (UK) Ltd	London	100%	1,007.5	1,818.6	-	3.6
PGS Falcon AS	Oslo	100%	-	(2,242.5)	-	(319.9)
Multiklient AS	Oslo	100%	10.0	3,315.1	-	697.8
Seahouse Insurance Ltd	Bermuda	100%	27.6	69.0	-	(36.8)
PGS Japan KK	Japan	100%	-	62.5	-	(1.2)
PGS Geopgysical Nigeria Ltd	Nigeria	100%	0.3	30.4	-	(36.0)
Petroleum Geo-Services Inc	Houston	100%	-	(837.0)	-	1,138.7
PGS Australia Pty Ltd	Perth	100%	-	(678.4)	-	7.0
PGS Supporte Logistico e Servicios Ltda (c)	Brazil	26%	23.5	152.1	-	(113.1)
PGS Imaging S.A de C.V	Mexico	100%	-	(44.5)	-	0.1
PGS Data Processing Middle Eeast SAE (Egypt	Egypt	98%	7.1	25.1	-	(4.9)
Total			**6,472.2**		**(23.1)**	

(a) Voting rights are equivalent to shareholding for all companies.
(b) Preliminary numbers where subsidiary financials not completed.
Amounts in USD have been translated to NOK using exchange rate of USD/NOK 10.1882.
(c) Remaining shareholding is held by PGS Geophysical AS

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 (reversal of impairment)	Net income 2022 (b)
PGS Titans AS	Oslo	100%	1,390.00	1,186.2	-	72.5
PGS Geophysical AS	Oslo	100%	3,963.70	2,435.5	-	(90.1)
Petroleum Geo-Services Asia Pasific Pte. Ltd	Singapore	100%	19.4	19.4	23.1	170.2
Petroleum Geo-Services (UK) Ltd	London	100%	1,007.50	1,674.3	-	(18.7)
PGS Falcon AS	Oslo	100%		(1,782.7)	-	(892.1)
Multiklient AS	Oslo	100%	10	2,424.5	-	1,120.7
Seahouse Insurance Ltd	Bermuda	100%	27.6	31.3	-	(15.8)
PGS Japan KK	Japan	100%		59.6	-	(0.4)
PGS Geopgysical Nigeria Ltd	Nigeria	100%	0.3	2.2	-	(25.5)
Petroleum Geo-Services Inc	Houston	100%		(805.1)	-	(282.6)
PGS Australia Pty Ltd	Perth	100%		(649.5)	-	19.5
PGS Supporte Logistico e Servicios Ltda (c)	Brazil	26%	23.5	108.2	-	1.5
PGS Imaging S.A de C.V	Mexico	100%		(43.2)	-	(0.7)
PGS Data Processing Middle Eeast SAE (Egypt	Egypt	98%	7.1	19.3	-	(0.7)
Total			**6,449.1**		**23.1**	

(a) Voting rights are equivalent to shareholding for all companies.
(b) Preliminary numbers where subsidiary financials not completed
Amounts in USD have been translated to NOK using exchange rate of USD/NOK 9.9095.
(c) Remaining shareholding is held by PGS Geophysical AS

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 31.12.2023, no loans or collateral are given to the Board of Directors.

Ordinary audit fees for 2023 and 2022 are NOK 0.7 million ex. VAT and NOK 0.3 million ex. VAT respectively, and are entirely related to the audit of the financial statements.

Note 5 Restricted cash

The company holds restricted cash depostits related to various bank gurantees, as of December 31, 2023 and December 31, 2022 this amounts to NOK 14.2 million and NOK 81,9 million, respectively.

Note 6 Income taxes

Income tax consists of the following:

	Year ended December 31,	
(In thousands of NOK)	**2023**	**2022**
Current taxes	-	0.2
Deferred taxes	-	-
Total Income tax expense	**-**	**0.2**

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

	Year ended December 31,	
(In thousands of NOK)	**2023**	**2022**
Income (loss) before income tax expense	(1,441.3)	(245.1)
IFRS items	(4.2)	19.5
Norwegian statutory rate	22%	22%
Provision for income taxes at statutory rate	(318.0)	(49.6)
Permanent differences	219.6	(96.4)
Change deferred tax (assets) liabilites	-	146.1
Paid foreign tax and WHT expense	-	0.2
Calculated income tax expense for the year	**-**	**0.2**
Calculation of taxable income		
Ordinary result before tax	(1,441.3)	(245.1)
IFRS items	(4.2)	19.5
Permanent differences		
Dividend	(53.4)	(614.2)
Impairment of shares and receivables	1,011.2	56.2
Interest deduction rule	-	665.8
Other permanent differences	40.4	70.2
Change in temporary differences	-	-
Taxable income	**(447.3)**	**(47.6)**

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

	December 31,	
(In thousands of NOK)	**2023**	**2022**
Other temporary differences	-	-
Interest limitation carry-forward	1,172.9	1,173.0
NOL carry-forward	708.3	261.0
Deferred tax assets base	**1,881.2**	**1,434.0**
Deferred tax (assets) liabilities on temporary differences	413.9	315.5
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 has the Group Treasury function.

Financial Items from group companies

	Year ended December 31,	
(In thousands of NOK)	**2023**	**2022**
Dividend:		
Petroleum Geo-Services (UK) Ltd	-	349.6
Petroleum Geo-Services Asia Pasific	-	213.9
Seahouse Insurance Ltd	-	49.2
PGS Supporte Logistico e Servicios	53.4	12.4
Total	**53.4**	**625.0**
Group contribution:		
Multiklient Invest AS	-	625.0
Total	**-**	**625.0**
Interests:		
Interest income from group companies	663.0	364.0
Interest expenses to group companies	(429.0)	(296.0)
Total	**234.0**	**68.0**

Related party balances:

	December 31,	
(In thousands of NOK)	**2023**	**2022**
Intercompany receivables	5,961.7	6,102.1
Intercompany liabilities	(5,731.0)	(5,740.8)
Total	**230.7**	**361.3**

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

Intercompany debt and receivables carry an interest of 3MTH NOWA NOK with a 9.5% margin.

Note 8 Other financial items

Other financial items consists of the following:

	Year ended December 31,	
(In thousands of NOK)	**2023**	**2022**
Amortization of deferred loan costs	(201.0)	(98.0)
Gurantee fee from PGS Titans AS	21.2	28.0
Other	-	(0.9)
Total	**(179.8)**	**(70.9)**

Note 9 Debt

Non-current interest bearing debt consists of the following:

(In millions of NOK)	December 31, 2023	2022
Secured		
Term loan B, Libor/SOFR + 6-700 basis points (linked to total gross leverage ratio ("TGRL")), due 2024	711.6	7,312.6
Super Senior Loan, Libor/SOFR + 675 basis points, due 2024	509.4	495.4
Term loan, SOFR + 700 basis points, due 2026	764.1	-
Senior notes, Coupon 13.5%, due 2027	4,584.7	-
Total loans gross	**6,569.8**	**7,808.0**
Less current portion	(854.8)	(2,347.5)
Less deferred loan costs	(209.7)	(139.7)
Less modification of debt treated as exstinguishment	(1.7)	(45.8)
Non-current interest bearing debt	**5,503.6**	**5,275.0**

On March 31, 2023, PGS issued bonds of $450 million at 98% of par (the “Bonds”). The Bonds have a 4-year tenor, maturing March 31, 2027, with a coupon of 13.5% paid semiannually. The Bonds are non-callable for 2 years and can thereafter be called at 106.75 per cent of par between March 31, 2025, and September 29, 2025, 105.06 per cent of par between September 30, 2025, and March 30, 2026, 103.38 per cent of par between March 31, 2026, and September 29, 2026, and thereafter 100.50 per cent of par.
The proceeds from the Bonds, together with cash on balance sheet, were used to repay $600 million of the Company’s term loan B (“TLB”).

A new $75 million loan (the “Loan”) was drawn September 18, 2023, with the net proceeds used to repay on the TLB. The Loan has an interest rate of SOFR + 7.00% and matures December 15, 2026, with quarterly amortization at a rate of 6.25% of the original principal amount beginning on June 30, 2024. The Loan is subject to the same financial covenants as the $450 million Bonds.

The December 31, 2023, remaining $69.8 million balance of the TLB (due March 19, 2024) was fully repaid from cash in February 2024.

The Company’s Super Senior Loan of $50 million had a scheduled maturity on March 18, 2024. To align the terms of the Super Senior Loan to the other remaining debt instruments post the full repayment of the TLB, the Company has after December 31, 2023, refinanced the loan through amending, extending and increasing the Super Senior Loan to $60 million with TGS ASA as the sole lender at terms similar to what was otherwise available to PGS in the market.
The main credit agreements contain minimum liquidity and maximum leverage ratio covenants. The Bonds and Loan terms have a minimum liquidity covenant of $50 million and a maximum leverage ratio (Net Interest-Bearing Debt to last twelve months IFRS EBITDA) of 3.00:1 from Q1 2023 to Q4 2024 and 2.50:1 thereafter. On December 31, 2023, the leverage ratio was 1.66:1. The Company expects to remain in compliance with the financial covenants in its credit agreements going forward.

Further, the main credit agreements contain general and financial undertakings usual for these kinds of financing arrangements, restricting the Company in various ways.

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

		31-Dec-2023		31-Dec-2022	
In thousand NOK	Hirarchy	Nominal	Fair Values	Nominal	Fair values
FINANCIAL ASSETS					
Derivatives desiganted as hedging					
Interest rate swaps	2	-	-	4.2	4.2
Total		**-**	**-**	**4.2**	**4.2**
FINANCIAL LIABILITIES					
Financial Liabilites at amortized cost					
Debt with fixed interest rate	2	(4,584.7)	(5,050.5)		
Debt with variable interest rate	2	(1,985.1)	(1,988.7)	(7,808.0)	(7,453.2)
Derivatives designated as hedging					
Interst rate swaps	2	-	-	-	-
Total		**(6,569.8)**	**(7,039.2)**	**(7,808.0)**	**(7,453.2)**

The carrying amounts of cash and cash equivalents, restricted cash, accounts receivable, accrued revenues and other receivables, other

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 SOFR, the annual net interest expense on variable rate debt, inclusive non-restricted cash holdings, would have increased by NOK 14,153 thousand.

Financing Status
PGS 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 had approved and decided upon a definitive merger agreement and formal merger plan. On December 1, 2023, shareholders of PGS and TGS approved the merger plan with close to 100% support at the extraordinary general meetings. 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

The agreements for the Bonds and the Loan both contain change-of-control provisions triggering put options/mandatory call for the bondholders/lenders at 101% and 102% of par, respectively, at the time of completing the merger. The Bonds are currently trading at a price above 110% of par which should make it unlikely that the bondholders will exercise the put option at 101% of par. The TLB and the Super Senior Loan had change-of-control provisions requiring the loans to be repaid at the time of completing the merger unless maturing earlier or otherwise agreed with the lenders. The TLB was fully repaid in February 2024 and PGS has refinanced the Super Senior Loan by amending, extending and increasing this to $60 million Super Senior Loan where TGS ASA is the sole lender.

In Q3 2023, PGS raised approximately $40.6 million of new equity. The proceeds were used to increase liquidity and to further contribute to a financially robust combined entity following the merger with TGS.

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INDEPENDENT AUDITOR'S REPORT

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Petroleum Geo-Services AS (the Company) which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise the financial position as at 31 December 2023 and the statement of comprehensive income, 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. The consolidated financial statements of the Group comprise the financial position as at 31 December 2023, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable legal requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act,
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Basis for opinion

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report contains the information required by applicable legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that the other information is materially inconsistent with the financial statements, there is a material misstatement in this other information or that

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the information required by applicable legal requirements is not included in the board of directors' report, 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 contain the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation of the financial statements of the Company that give a true and fair view in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Oslo, 29 April 2024
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The auditor's report is signed electronically

Terje Havn
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."

Havn, Terje
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