2023 ANNUAL REPORT

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PGS ASA and its subsidiaries ("PGS" or "the Company")* is a fully integrated marine geophysical company that provides a broad range of seismic and reservoir services, including data acquisition, imaging, interpretation, and field evaluation. Our services are provided to the oil and gas industry, as well as to the broader and emerging new energy industries, including carbon storage and offshore wind. The Company operates on a worldwide basis with headquarters in Oslo, Norway.

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

Dear PGS Shareholder

For the full year 2023 we benefitted from an improving data acquisition market with a high pre-funding level on our MultiClient projects and increasing profitability for contract work. However, revenues declined compared to 2022 owing to unexpected scheduling and operational challenges, and lower than expected MultiClient late sales.

We entered 2023 with a strong order book in a recovering seismic market. Our integrated service offering enabled us to leverage the market recovery. Profitability for our contract work improved through the year and is approaching sustainable levels. Commitments to new MultiClient programs were strong and our pre-funding revenues ended close to 140% of capitalized MultiClient cash investment, significantly above our target range of 80-120%.

Our New Energy business successfully entered the offshore wind market, where we completed our first offshore wind site characterization contract, won a large project extending well into 2024, and experienced strong client interest for our efficient ultra high-resolution 3D streamer solution.

After a long preparation process, we refinanced most of our 2024 debt maturities by issuing a $450 million senior secured bond in early 2023. Due to the operational headwinds, we added $75 million to our liquidity reserve around mid-year by issuing a loan and allayed external liquidity concerns.

On our digitalization journey, we continue to excel. Most PGS imaging work is now done in the cloud, providing scalability, flexibility and always access to state-of-the-art hardware. We began harnessing satellite technology to push the boundaries of offshore data transmission.

In September, we announced our intention to merge with TGS, creating a fully integrated service provider uniquely positioned to unlock substantial value for shareholders, customers and employees. 2023 was an eventful year for PGS, and our last year as a standalone company.

Research agencies expect continued investment growth for our industry in 2024 and in subsequent years. Combining TGS and PGS makes the new company well positioned for the improving market sentiment in the coming years. Although I will not have the pleasure of being a part of this, I am sure management of the combined company will capitalize on the business opportunities ahead, continue to strengthen our financial position, and deliver significant value to our shareholders.

Rune Olav Pedersen
President & CEO

CORPORATE GOVERNANCE

In accordance with the Norwegian Accounting Act section 3-3b, PGS ASA ("PGS" or the "Company")'s Board of Directors (the "Board") is required to annually give a statement of PGS' corporate governance. This Corporate Governance Report 2023 is referred to in the Board's statement and complies with the above referred section 3-3b. In accordance with the Norwegian Public Limited Liability Companies Act section 5-6 (5), this report is scheduled to be presented to the shareholders at the 2024 Annual General Meeting ("AGM") for discussion as a non-voting item.

Merger with TGS

In September 2023, PGS announced the intention of merging with TGS ASA ("TGS"). TGS and PGS' shareholders will post completion own respectively approximately 2/3 and 1/3 of the combined company, on the basis of the share capital of each of the companies as of 15 September 2023 (the "Merger"). The merger consideration to PGS shareholders is in the form of 0.06829 ordinary shares of TGS ASA for each PGS ASA share. As the merger consideration implied that TGS shareholders paid a premium for the PGS shares, the PGS share price appreciated significantly on the day of announcement. The Merger was approved by the Company's Extraordinary General Meeting on 1 December 2023. The Merger is expected to be completed during the second quarter of 2024. When completed, the Company will be merged into a subsidiary of TGS on the basis of the principle of continuity and thereafter be dissolved. The rest of this report should be read in light of the Merger.

Our Governance Model

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

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

Our Commitments – Sustainability

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

During 2023, we have;

- systematically assessed risk in relation to our Corporate Compliance Programs and documented the risk assessment in our *Corporate Compliance Program – Legal Risk Assessment Report*. This report addresses risk related to Corruption and Economic Crime, Export Controls, International Trade Sanctions, Competition Laws, Data Privacy, and Human and Labor Rights;

- revised our Global Supply Chain Standard to integrate the requirements of the Norwegian Transparency Act, and updated the procurement risk process in PGS' digital management system, enabling accessibility, transparency, and understandability for all involved employees; and
- successfully entered the offshore wind market, where we completed our first offshore wind site characterization contract, won a large project extending well into 2024, and experienced strong client interest for our efficient ultra high-resolution 3D streamer solution. We are also expanding our operational capacity to accommodate growing demand for offshore wind site characterization surveying.

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

To identify and report on risks and opportunities associated with climate change and the energy transition PGS uses the frameworks developed by the *Corporate Sustainability Reporting Directive* ("CSRD"), the *Task Force on Climate Related Disclosures* ("TCFD"), *Global Reporting Initiative* ("GRI") and the *Organization for Economic Co-operation and Development* ("OECD") due diligence process and supporting measures.

Since 2011, PGS has published a separate sustainability report, which communicates the Company's progress in alignment with the recommendations of the GRI. PGS has also submitted annual disclosures to the *Carbon Disclosure Project* ("CDP") since 2010. For 2023, PGS integrates the sustainability report into the 2023 Annual Report.

PGS has an ambition to promote the *UN Sustainable Development Goals* ("SDGs") through concrete actions and goals that are relevant for the Company's activities and global presence. From the materiality assessment PGS has identified six of the 17 SDGs where the Company contributes. These identified goals are nos. *04 Quality Education, 07 Affordable and clean energy, 09 Industry, Innovation and Infrastructure, 13 Climate Action, 14 Life Below Water and 16 Peace Justice and Strong Institutions*.

PGS recognizes the impacts of climate change and the need for a managed transition to sustainable energy sources to avoid the most severe consequences for the environment, society, the economy, and our business. The Company has committed to reaching net-zero emissions of greenhouse gases in 2050 with a 75% reduction in emissions from maritime operations and use of 100% renewable energy in offices and data processing.

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

Our Business

PGS is a fully integrated marine geophysical company that provides a broad range of seismic and reservoir services, including data acquisition, imaging, interpretation and field evaluation. Our services are provided to the oil and gas industry, as well as to the broader and emerging new energy industries, including offshore wind-, carbon capture and storage-, and marine mineral industries. The Company operates on a worldwide basis with headquarter in Oslo, Norway.

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

Equity and Dividends

The shareholders' equity as of December 31, 2023, was c. $528 million, corresponding to 29% of total assets.

During 2022, the Company completed private placements and a subsequent offering raising c. $250 million of equity. In 2023, the Company repaid c. $130 million on its Export Credit Financing Loans ("ECF") and repaid most of the Term Loan B ("TLB"), reducing the outstanding TLB amount from c. $738 million at the start of the year to c. $70 million at year-end. The repayments were made from cash/cash flow, and the issuance of a $450 million senior secured bond loan in March 2023 and a new $75 million loan in September 2023. The Company also raised c. $40 million of new equity through a private placement in September 2023.

The Company realized a cash flow before financing activities of $182 million in 2023 (compared to c. $210 million in 2022). The Company achieved a reduction of its gross interest-bearing debt by c. $273 million or approximately 26%. Net interest-bearing debt was $542 million as of December 31, 2023.

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

The alternative performance measure "net interest-bearing debt" as used above, excludes lease liabilities recognized in accordance with IFRS 16 and is further defined in the Annual Report.

The Board has adopted a dividend policy whereby it is the intention to distribute 25 to 50 percent of annual net income as dividends over time. The Board has no general authorization to distribute dividends. Each year's dividend is decided by the AGM after a proposal from the Board. The Company has not distributed dividends in recent years due to a weak market, operating losses and the strategic priority of reducing interest-bearing debt.

The Board is authorized to buy back up to 10 percent of the Company's share capital (treasury shares). The current authorization expires no later than June 30, 2024.

It has been an ongoing practice of PGS shareholders to grant authorizations to the Board permitting it to increase the Company's share capital or issue convertible loans for up to 10 percent of the Company's share capital for certain defined purposes. The authorization given in 2023 was used to raise the c. $40 million of new equity through the private placement in September 2023 as part of the preparations for the Merger.

The terms of the Merger as approved by PGS Shareholders December 1, 2023 restrict, among other things, all dividend payments, share buy back and share capital increases until the completion of the Merger.

Equal Treatment of Shareholders - Transactions with Closely Related Parties

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

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

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

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

Shares and Negotiability

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

General Meeting

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

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

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

Shareholders who wish to attend a General Meeting must notify the Company's registrar or PGS by the deadline stated in the meeting notice, which must be at least two working days before the General Meeting. Only persons who are recorded as shareholders 5 business days before the date of the General Meeting may attend and vote at the General Meeting.

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

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

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

Written and/or electronic voting in accordance with the Norwegian Public Limited Liability Companies Act, cf. sections 5-8 to 5-8b, shall be allowed for meetings where such method of voting is arranged by the Board. The Company is for the 2024 AGM planning to call for a virtual meeting and arrange for electronic voting.

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

Nomination Committee

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

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

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

As of December 31, 2023, the Nomination Committee comprises Terje Valebjørg (chairperson), Alex Herger and Jon Arnt Jacobsen. Mr. Valebjørg was a first time electee on the 2016 AGM as a member, Ms. Herger was a first time electee as member at the 2019 AGM, whereas Mr. Jacobsen was a first time electee on the 2022 AGM. All three were re-elected at the 2023 AGM for a service period ending with the 2024 AGM. The current Nomination Committee members are presented in more detail at www.pgs.com. The Nomination Committee proposed for approval at the 2024 AGM is planned for presentation in the 2024 AGM Calling Notice.

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

In 2023, the Nomination Committee held 4 physical and virtual meetings. The Nomination Committee's report on its work and recommendations will be set out in the 2024 AGM Calling Notice.

The Board – Composition and Independence

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

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

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

As of December 31, 2023, the Board comprised seven shareholder-elected and three employee-elected Directors. The current shareholder-elected Directors are Walter Qvam (chairperson), Anne Grethe Dalane, Richard Herbert, Trond Brandsrud, Ebrahim Attarzadeh, Shona Grant and Emiliana Dallan Rice-Oxley, whilst the current employee-elected Directors are Anette Valbø, Carine Roalkvam and Eivind Vesterås. The current Directors are presented in more detail at www.pgs.com. Any adjustments to the Board proposed for approval at the 2024 AGM will be presented in detail in the 2024 AGM Calling Notice.

As of December 31, 2023, all shareholder-elected Directors are independent of the Company's management, its major business relations, and major shareholders. No shareholder elected Director may be an executive of PGS and is not permitted to perform paid consultancy work for PGS. As of December 31, 2023, all shareholder-elected Directors (bar one), directly or indirectly, own PGS shares.

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

The Board – Its Work and Responsibilities

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

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

The CEO, as agreed with the chairperson of the Board, annually submits a schedule of the meetings of the Board of Directors in the upcoming calendar year. The schedule is subject to Board approval. In 2023, the Board held 13 physical and virtual meetings. During 2023, all the shareholder-elected Directors participated in all prescheduled board meetings, save that one Director missed one prescheduled meeting due to unforeseen circumstances.

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

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

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

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

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

The Board's Responsibilities

The Board's responsibilities include to:

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

The CEO's Responsibilities

The responsibilities of the CEO include:

- Managing the day-to-day activities of the Company;

- organizing PGS' Executive Committees and the Disclosure Committee to further assist the CEO; and
- under the guidance and supervision of the Board and the Audit Committee, ensuring that the Company's financial statements in all material respects fairly present the Company's financial condition and the results of its operations, where timely disclosure of issues to the Board is essential to the assessment of the Company's financial condition, business performance and risks.

Board Committees

As of December 31, 2023, our Audit Committee comprises Directors Anne Grethe Dalane (chairperson), Trond Brandsrud, Ebrahim Attarzadeh, Emeliana Dallan Rice-Oxley and Anette Valbø. All shareholder-elected Director's being members of the committee are considered independent of the Company. The committee's functions are to assist the Board in its supervision of the integrity of PGS' financial statements; to monitor the independent auditor's qualifications, independence and performance; to monitor the performance of the internal audit function; to review the integrity of the sustainability reporting; and to promote and review compliance with laws and regulatory requirements.

As of December 31, 2023, the Remco comprises Directors Walter Qvam (chairperson), Richard Herbert, Shona Grant, Carine Roalkvam and Eivind Vesterås. All shareholder-elected Director's being members of this committee are considered independent of the Company's senior management. The function of the committee is to assist in matters relating to compensation, benefits, and perquisites of the CEO and other senior executives. Review and modification of the Company's corporate governance implemented in the Company are also committee responsibilities.

During 2023, all the shareholder-elected Directors participated in all prescheduled regular committee meetings, save that one Director was absent from two of those meetings.

In 2023, the Board also mandated one ad-hoc committee comprising Mr. Qvam, Ms. Dalane, Mr. Brandsrud and Mr. Attarzadeh to – together with the PGS management and advisors – oversee the Company's process for (a) managing its debt and assess options for refinancing and (b) merging with TGS.

Risk Management and Internal Control

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

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

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

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

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

KPIs to progress key sustainability material issues, as communicated in the ESRS 1 - Sustainability material issues paragraph below.

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

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

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

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

Remuneration of the Board and Executive Management

Remuneration of shareholder-elected Directors is not linked to performance but is based on an annual fee and is subject to annual approval by the General Meeting. Shareholder-elected Directors shall not solicit or accept specific assignments for PGS beyond their role as Directors. Shareholder-elected Directors do not hold any PGS share options, restricted stock units or performance based restricted stock units.

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

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

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

Remco has with the help of an external advisor identified a specific peer group of comparable companies across relevant markets. The advisor has collected and combined information related to total compensation level and structure amongst these companies. As of Remco's latest review, the peer group consisted of 17 companies from Norway and Europe. These companies are of comparable size and have international operations in the energy and energy services sectors. The peer group is subject to regular review. The Board and Remco use this information, among other tools, to benchmark and decide on an appropriate total compensation structure for the CEO and other executives.

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

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

For further details on the compensation structure and total compensation to the CEO and executive team members, please see Note 30 to the consolidated financial statement of PGS, and also the Board's Senior Executive Remuneration Policy approved by the 2021 AGM available on www.pgs.com, and the Board's Senior Executive Remuneration Report for 2023 planned to be set forth in the 2024 AGM Calling Notice.

Information and Communication

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

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

Takeover Bids

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

Auditor

The Audit Committee shall support the Board in the administration and exercise of its responsibility for supervision of the work of the independent auditor, who shall keep the Board informed of all aspects of its work for PGS. This duty includes submission of an annual plan for the audit of PGS. The auditor attends all Audit Committee meetings and, at least twice a year, meets with the Audit Committee without the presence of management. In-house policies govern the use of the auditor's services. Use of the auditor for services other than the audit of PGS requires pre-approval by the Audit Committee.

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

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

Diversity, Equality and Inclusion

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

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

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

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

Compliance with Laws, Rules, Regulations and Recommendations

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

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

SUSTAINABILITY REPORT

Our Commitments and Progress – Sustainability

As we continue to prepare for the Corporate Sustainability Reporting Directive ("CSRD") and progress towards the merger with TGS, the 2023 progress of our sustainability efforts are communicated here. For historical figures and context, reference is made to the 2022 sustainability report available at www.pgs.com.

We have adopted a Code of Conduct that reflects our commitment to our shareholders, clients, employees, and other stakeholders to carry out our business with the utmost integrity. The Code of Conduct outlines both what stakeholders can expect from us, and what we expect from our employees and anyone working for us. We are guided by the PGS' Core Values and Leadership Principles that drive desired behavior and culture. Our Code of Conduct, Core Values and Leadership Principles are available in full on www.pgs.com. During 2023, we revised our Global Supply chain standard to integrate the requirements of the enacted Norwegian Transparency Act, and updated the procurement risk management in our processes, enabling accessibility, transparency, and understandability for all involved employees.

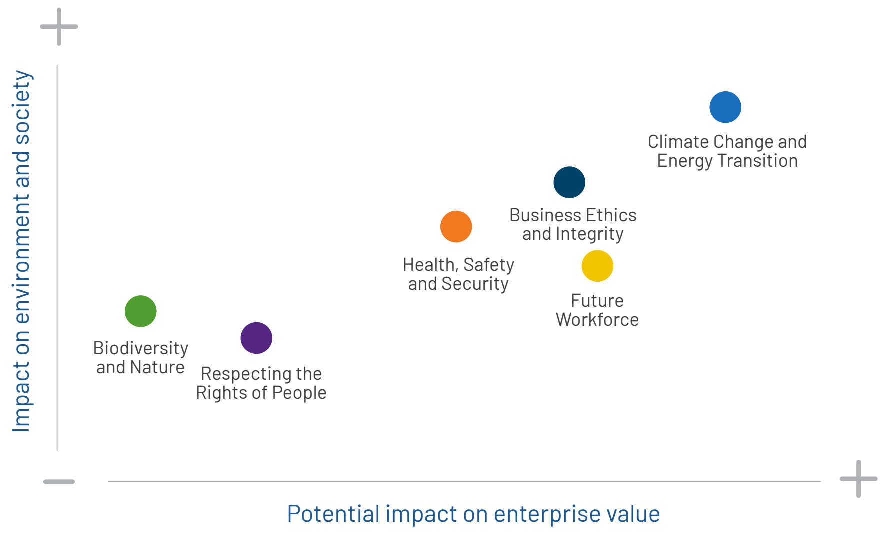
PGS is committed to the ten principles of the United Nations Global Compact in the areas of human rights, labor, environment, and anti-corruption. The Board and the CEO actively ensure that the Company properly responds to sustainability challenges.

ESRS 1

Sustainability Material Issues

To identify and assess actual and potential sustainability risks and opportunities for PGS, the Board and the CEO are actively involved in the Company's assessment of material topics and the development of our strategic objectives and goals to manage them. A company-wide double materiality assessment according to ESRS 1, was extended to all PGS employees as input for the CSRD implementation in 2024. The results shown in the figure to the right confirm the prioritization of sustainability material issue mitigation, with the top 3 material issues being Climate Change and Energy Transition, Future Workforce and Business Ethics and Integrity. The perception of the three sustainability issues and their impact on PGS' enterprise value showed a slight shift compared to 2022, but with the same prioritization. The Future Workforce was perceived to have a slightly lesser impact, Respecting the Rights of People having a higher impact, and Biodiversity and Nature have a lesser impact.

For 2022 and previous year's results reference is made to the 2022 sustainability report available at www.pgs.com.



Climate Change and Energy Transition		**Future Workforce**	
Climate Change	ESRS E1	Own workforce	ESRS S1
Health, Safety and Security		**Business Ethics and Integrity**	
Own workforce	ESRS S1	Business conduct	ESRS G1
Biodiversity and Nature		**Respecting the Rights of People**	
Pollution	ESRS E2	Own workforce	ESRS S1
Water and marine resources	ESRS E3	Workers in the value chain	ESRS S2
Biodiversity and ecosystems	ESRS E4	Affected communities	ESRS S3
Resource use circular economy	ESRS E5		

Enterprise Level Risks and Opportunities linked to Sustainability Material Issues

Climate Change and Energy Transition

- Accelerating energy transition and decline in demand for seismic
- Strict regulation of maritime carbon emissions

Biodiversity and Nature

- Major spill or pollution incident
- Incident involving harm to marine fauna

Respecting the Rights of People

- Grave violation of human rights

Future Workforce

- Ability to attract, develop and retain talent

Health, Safety and Security

- Victim of major cyber security incident
- Global pandemic or similar event
- Victim of criminal or terrorist activity

Business Ethics and Integrity

- Engagement in corrupt activities
- Violation of international sanctions

Further, to engage with external stakeholders, we support the EnerGeo Alliance financially and by engaging in workgroups, committees, and projects. Stakeholders include customers, non-governmental organizations, and academia. For a full list of stakeholders refer to the 2022 sustainability report available at www.pgs.com.

To identify and report on risks and opportunities associated with climate change and the energy transition PGS uses the frameworks developed by the Corporate Sustainability Reporting Directive ("CSRD"), the Task Force on Climate Related Disclosures ("TCFD"), Global Reporting Initiative ("GRI") and the Organization for Economic Co-operation and Development ("OECD") due diligence process and supporting measures.

Since 2011, PGS has published a separate sustainability report, which communicates the Company's progress in alignment with the recommendations of the GRI. Further in 2023 we have continued aligning our reporting with the CSRD. PGS has also submitted annual disclosures to the Carbon Disclosure Project ("CDP") since 2010 and to the UN Communication on Progress since 2014. Further, PGS promotes the UN Sustainable Development Goals ("SDGs") through concrete actions and goals that are relevant for the Company's activities and global presence. From the materiality assessment, PGS has identified six of the 17 SDGs where the Company contributes.

These identified goals are number 04 Quality Education, 07 Affordable and Clean Energy, 09 Industry, Innovation and Infrastructure, 13 Climate Action, 14 Life Below Water and 16 Peace, Justice and Strong Institutions. Our goals and progress are shown below.

PGS Track Record of Support for UN SDGs*

continued on next page

4 QUALITY EDUCATION

PGS GOAL

Promote education in geology, geophysics, mathematics and digitalization.

- 2011 – Cooperation with the Norwegian Academy of Science and Letters to promote mathematical education among young people in Norway & abroad
- Financial support for women doctorates in Ghana
- Financial support students in Ghana, and interim programs in Canada, Ghana and Brazil
- 2017 – Sustained educational support to local communities in Norway and Ghana through ABEL
- 2022 – Sustained educational support to local communities in Ghana and Angola. 176 sponsored Angolan students. Renovating and building three schools in Angola
- 2023 – Financial support for 6 PhD students (5 female; 1 Male) in Ghana with 1 guest lecture held by PGS
- Financial support for 184 Angolan students (110 female; 74 male). Solar panels installed in one school

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

PGS GOAL

Upgrade our acquisition, processing and deliverables through digitalization and innovation.

- 1995 – Ramform seismic vessel technology
- 2007 – GeoStreamer® seismic streamer technology
- 2008 – Ramform S-class improves seismic vessel technology
- 2013 – Ramform Titan-class seismic vessel technology.
- 2019 – Digital transformation partnership with Google and Cognite
- 2020 – High-Performance Computing in the cloud
- 2023 – Enabled 3 digitalization pillars with cloud-based computing - PGS Eos, MultiClient OnDemand, and PGS Digital Factory

7 AFFORDABLE AND CLEAN ENERGY

PGS GOAL

Identify and develop new sustainable business opportunities.

- 2021 – Grow New Energy business
- 2022 – Completed 4 surveys for characterization of reservoirs for carbon storage
- 2023 – Completed first ultra-high resolution 3D survey in Offshore wind site characterization
- 2023 – Expanded operations within the offshore wind segment
- Continued to grow the value of seismic data and services to the CCUS industry

* The sustainability development goals were agreed with PGS' CEO, Board, and the executive team in 2021, and serve as a baseline for yearly planning.

PGS ANNUAL REPORT **2023**

CEO Letter

Corporate Governance

Sustainability Report

Board of Directors' Report

Responsibility Statement

Financial Statements

PGS Track Record of Support for UN SDGs

13 CLIMATE ACTION

PGS GOAL

50% reduction in relative CO2 emissions by 2030.

- 2010 — Started reporting to Carbon Disclosure Project (CDP)
- 2011 — ISO 14001 certified
- 2020 — Set company target to reduce relative emissions by 50%
- 2022 — Real-time energy performance monitoring and optimization implemented
- Completed technical screening of alternative fuels for the existing fleet
- 2023 — Align CO2 emissions targets with 2050 net zero goal
- Expand real-time emission monitoring for EU ETS and FuelEU Maritime
- Joint Industry Program with DNV and Shearwater for energy & emission reporting (MRV) for the seismic sector

14 LIFE BELOW WATER

PGS GOAL

Increase scientific knowledge by sharing oceanographic data.

- 2017 — Global Ocean Data Sharing Initiative Launched
- Ghost-Net Initiative: Removal of marine debris
- Shared temperature and salinity data with South-African & Norwegian research institutions.
- 2019 — Shared current data with South-African & Norwegian research institutions
- 2020 — Memorandum of understanding with Seabed 2030
- 2021 — Live feed of bathymetry data from all vessels to Seabed 2030
- 2023 — Continued exploring how data acquired by our fleet of vessels can support oceanic research.
- 2024 — Data sharing agreement with Hub Ocean to explore & demonstrate the benefits of sharing industry ocean data

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

PGS GOAL

Sustain zero tolerance for corruption and bribery in all its forms.

- 2013 — Signed the UN Global Compact and committed to the ten principles
- 2014 — Human rights policy
- 2015 — UK Modern Slavery Act
- Human rights implemented in the Supply Chain
- 2020 — Equality & Anti-Discrimination Act
- 2021 — Norwegian Transparency Act
- 2022 — Human & labor rights and anti-corruption training across all fleet
- 2023 — UN Call-to-Action from Business to Governments

ESRS E1

Climate Change and Energy Transition

PGS recognizes the impacts of climate change and the need for a managed transition to sustainable energy sources to avoid the most severe consequences for the environment, society, the economy, and our business. The Company has committed to reaching net-zero emissions of greenhouse gases in 2050 with a 75% reduction in emissions from maritime operations and 100% renewable energy use onshore. In 2023, we worked on planning the next steps to achieve our net-zero target.

To meet our 75% reduction in absolute emissions from maritime operations, two main objectives are established. The first objective is ongoing and is to progress continuously to 2050, which is to reduce the energy consumption by progressing three key initiatives (a) Reduce drag from seismic equipment, (b) Increase operational efficiency, and (c) Enhance energy efficiency.

The second focuses on Greenhouse Gas intensity of fuels and is comprised of two initiatives; (a) Alternative fuels with a drop-in biofuel test to be performed in Q1 in 2024 to enable us to offer our customers to use bio-fuel mix, (b) Any future newbuilds will have dual fuel option, with the alternative fuel options still to be decided.

Further, in 2023, PGS joined forces with Shearwater and DNV with the objective to establish a standardized reporting framework for marine seismic activities and test DNVs' Monitoring, Reporting and Verification ("MRV") tool in preparation to meet IMO and EU reporting requirements.

To meet our target of using 100% renewable energy onshore, two main activities are in focus, the first is to complete the full transition to cloud computing running on renewable energy, and the second is for offices and equipment storage with accessible infrastructure, to power with renewable energy.

EU Taxonomy

In 2022 we concluded that our geophysical surveys of reservoirs targeted or used for carbon storage ("CS"), were eligible for the activity of underground permanent geological storage of CO2. In 2023, the assessment of geophysical surveys for wind installations was carried out and concluded that our geophysical surveys for offshore wind installations promote the advancement of renewable energy projects, as per the EU Directive 2018/2001.

In 2023, we completed one survey where the objective was the geophysical characterization of reservoirs for CS and additionally, provided MultiClient data from our library for the same purpose. Further, we progressed two surveys with the objective of characterizing the sub-surface to safely position and install wind turbines. The total revenues for these activities were ~$35 million, with $10 million from CS and ~$25 million from wind.

ESRS E2-E5

Biodiversity and Nature

In 2023, and with reference to ESRS E2, the direct emissions (scope 1) from our vessel operations resulted in 330 CO2 equivalent in kTonnes, of which 84% derive from our seismic vessels and 16% from support and escort vessels.

The breakdown is shown below and compared to 2022. Figures earlier than 2022 are available in the 2022 sustainability report.

We continue to focus on reducing our relative CO2 emissions by 50% within 2030. We do this by maximizing the efficiency of our vessels, optimizing their utilization, and reducing drag during operations. These efforts are reflected in the reduction of emissions per data unit produced. In 2023, the emitted kilos of CO2 per common midpoint resulted in 55.5, getting us back on track compared to 2022.

We understand the challenge to identifying the most relevant production-based emission reduction KPIs and embarked on a Joint Industry Project with DNV and Shearwater that aims to establish a standardized reporting framework and test DNVs' reporting tool and achieve greater transparency and consistency on seismic energy and emission reporting. The CO2 per CMP KPI will be evaluated after the reporting standardization is agreed.

CO2 eq Emissions Breakdown (kTonnes)

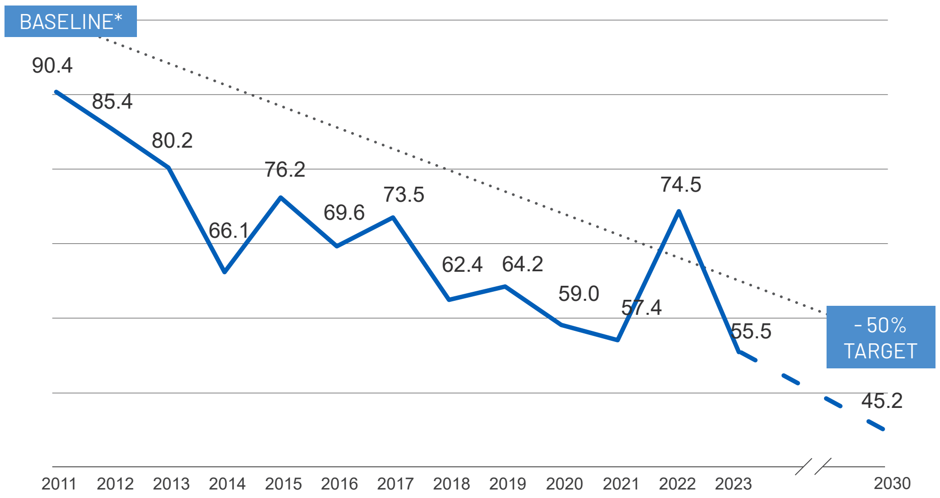
Scope 1	2022	2023
Direct Emissions (a)	**293**	**330**
Seismic vessels	250	277
Support and escort vessels	43	53

(a) The 12.6% increase in emissions from 2022 to 2023 is due to higher vessel utilization to survey 59% more squared kilometers than the previous year.

All ESRS metrics shown in the tables in the Biodiversity and Nature section are compared to the previous year.

Reducing Emissions Per Data Unit

kg CO2 per CMP



* The baseline year for the kg CO2 per CMP is 2011.

To improve transparency of indirect emissions (scope 2) reporting, the emissions from our data processing centers are now estimated and reported separately from our office emissions. Note that historical numbers have been adjusted accordingly.

The transition from on-premises to cloud compute has enabled an estimated reduction of 74% compared to 2019.

CO2 eq Emissions Breakdown (kTonnes)

Scope 2	2019	2020	2021	2022	2023
Indirect Emissions	**17**	**17**	**13**	**9**	**5**
Offices (a)	<1	<1	<1	<1	<1
Data processing (b)	16	16	13	9	4

(a) Only emissions from locations with more than 50 employees are included (Oslo, Weybridge and Houston).

(b) Estimated emissions from our data centers (Westway, Weybridge, Oslo, Cairo and Rio de Janeiro) and Google.

Our total scope 3 for other emissions is not yet established; however, we have been tracking emissions from business travel since 2012, well-to-tank (WTT) fuels since 2021, and in 2023, we started to track our emissions from logistics.

The breakdown is shown here and compared to 2022. Figures earlier than 2022 are available in the 2022 sustainability report.

CO2 eq Emissions Breakdown (kTonnes)

Scope 3	2022	2023
Other Emissions	**60**	**67**
Well-to-tank (WTT) Marine Fuels (a)	53	59
Business Travel (b)	7	7
Logistics (c)		<1

(a) The increase of 11% compared to 2022 is due to increased vessel activity.

(b) Does not include occasional use of charter flights.

(c) In 2023, we started to record our emissions from logistics.

In addition to CO2 emissions, PGS measures three other air pollutants to understands its GHG and overall air emissions. The breakdown is shown here and compared to 2022. Figures earlier than 2022 are available in the 2022 sustainability report.

Environmental Performance Indicators

Air Emissions	2022	2023
CO2 eq (kTonnes) (a)	355	398
SOX (kTonnes)	<1	<1
NOX (kTonnes) (b)	6	7
PM (kTonnes)	<1	<1

(a) See scope 1, 2 and 3 for comments.

(b) The 16.7% increase in NOx was due to increased vessel activity for survey acquisition which required more fuel.

The Energy Consumption of fuel for our vessels, electricity for our offices and data centers is reported in gigawatt hours (GWh). Note that historical numbers for offices and data centers have been adjusted accordingly.

Energy Consumption Breakdown (GWh)

	2019	2020	2021	2022	2023
Fuel	**1467**	**1128**	**946**	**1050**	**1185**
VLSFO	812	558	463	642	749
MGO	655	570	483	408	436
Electricity (a)	**47**	**49**	**38**	**25**	**13**
Offices (b)	4	3	2	3	2
Data processing (c)	43	46	36	22	11
Sum	**1514**	**1177**	**984**	**1075**	**1198**

(a) The total amount is not an estimate and represents the factual electricity consumption for offices and data processing.

(b) Only emissions from locations with more than 50 employees are included (Oslo, Weybridge and Houston).

(c) Data centers included are Houston, Weybridge, Oslo, Rio de Janeiro, Cairo. The energy consumption from our Google supplier is not included.

There are strict requirements from the International Maritime Organization (IMO) on waste management offshore. PGS is compliant with MARPOL Annex V requirements and for 2023, its total offshore waste is broken down below. Figures earlier than 2022 are available in the 2022 sustainability report.

Environmental Performance Indicators

	2022	2023
Waste		
Vessels (Tonnes) (a)	**N/A**	**696.1**
Delivered to shore	N/A	584.4
Incinerated onboard	N/A	63.5
Organic waste to sea	N/A	43.2
Stored on board	N/A	5.0
Offices (Tonnes) (b)	**54**	**71.7**
General waste	17	30.6
Recycled waste	37	41.1
Environmental Incidents		
Major non-compliance (c)	0	0
Minor non-compliance (d)	3	3
Spills		
Number (e)	3	4
Volume total (m3) (f)	< 0.1	<0.3
Volume overboard (m3)	0	0
EnerGeo Alliance Sustainable Seas		
Marine Debris collected from sea (kTonnes) (g)	5	146.5

(a) To improve the consistency of reporting, waste onboard is now measured in kilograms rather than cubic meters. This is to better reflect the mass of waste. A conversion of the 2022 figures has not been done, but 2023 will be a comparison year for 2024 reporting. Historical figures in cubic meters are available in the 2022 Sustainability Report.

(b) Figures represent offices with more than 50 employees (Oslo, Weybridge and Houston). 2023 numbers are impacted by office refurbishments in Oslo and Weybridge. We are aiming for >80% waste segregation for our offices.

(c) A major non-compliance is one that leads to significant environmental impact and/or penalties for the company.

(d) A minor non-compliance is one that leads to insignificant environmental impact without any consequences beyond statutory reporting where required. The 3 minor non-compliances were:

i. Fuel above 0.1% sulfur in the Sulphur Emission Control Areas (SECAs) was registered on the PGS Apollo vessel.

ii. Diesel spilled onto the deck, but not to sea, when the Ramform Sovereign was on dry dock.

iii. One chartered vessel had a minor hydraulic oil leak with less than 5 liters overboard.

(e) All 4 onboard spills were safely contained.

(f) The 4 spills comprised of 1 diesel and 3 hydraulic oil spills totaling a volume of <0.3 m3.

(g) In 2023, 89% of the marine debris (abandoned fishing gear and marine debris from the oceans) was recorded by the Sovereign Ramform in the Andaman Sea. The increased tonnage reported compared to 2022 is due to an initiative to make the reporting more complete.

ESRS S1-14

Health, Safety and Security

Our health and safety performance remained strong in 2023, with the total number of recordable cases decreasing by one to a total of 3 cases compared to 4 in 2022. The potential of these incidents were low, and we had zero high-potential incidents across the Company for the year.

To mitigate the elevated physical risks and the unique nature of offshore working, we 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 onboard all vessels, and in only 30 days we had 180 participants complete the voluntary health check.

To mitigate the risk of major cyber security incidents, we initiated a process for ISO 27001 certification for information security management systems and expect to obtain the certification in 2024.

Indicator

	2022	2023
Lost Time Injury (LTI)	2	**1**
Restricted Work Case (RWC)	1	**0**
Medical Treatment Case (MTC)	1	**2**
# Total Recordable Incidents	4	**3**
High Potential Incidents	0	**0**
Man-hours (millions)	3.9	**4.8**
Lost Time Incident Frequency (LTIF)	0.52	**0.21**
Total Recordable Case Frequency (TRCF)	1.03	**0.62**
High Potential Incident Frequency (HIPO)	0.00	**0.00**
Fatalities	0	**0**

ESRS S1

Future Workforce

PGS had 1,210 regular employees and temporarily contracted personnel as of December 31, 2023, compared to 1,139 as of December 31, 2022. The increase is due to higher activity and increased hiring of onshore and offshore employees. Note that in preparation for compliance with CSRD for FY 2024, statistics on employee numbers for FY 2023 and FY 2022 include temporarily contracted persons.

As of December 31, 2023, PGS employees represented 53 nationalities. 29% of the office-based employees and 3% of offshore employees are women. Among employees in Norway, 34% are women. The Board of Directors has four male and three female shareholder elected directors, and one male and two female employee-elected directors.

In 2023, we continued our focus to build skills and capabilities among our employees that we have identified as necessary for the future. Besides technical and social skills courses, we launched several global learning initiatives, such as:

- Utilizing new technologies to reduce crew travel for training and improve sustainability.
- Implemented new ways to create engaging multimedia presentations of expert's technical presentations using synthetic voice and animation.
- Offered external professional coaching.
- Offered psychological safety workshops to all employees.

The total number of hours recorded for training was 16,969 of which 25% represented operational/technical training. The average training hours per employee was 14.4.

In support of Sustainability Development Goal 04 Quality Education, and PGS' Goal to promote education in geology, geophysics, mathematics, and digitalization, we have furthered our efforts in 2023 by providing:

- Financial support for 6 PhD students (5 female and 1 male) and delivered one guest lecture in Ghana.
- Financial support for 184 students (110 female and 74 male) and installing solar panels in one school in Angola.
- Sharing knowledge in 21 exhibition and sponsoring at conferences and meetings, including contributing to with articles and publications.

ESRS S1-4

Respecting the Rights of People

For our official report in accordance with section 54(1) of the Modern Slavery Act 2015, on our efforts to prevent modern slavery for the financial year ending December 31, 2023, and an account of the due diligence performed by PGS ASA in accordance with the enacted Norwegian Transparency Act, the combined statement is available at pgs.com.

For historical figures, the Company's Sustainability Report 2022 is available on www.pgs.com. For supplementary metrics, the Additional Sustainability Disclosures document is available at pgs.com.

ESRS G1

Business Ethics and Integrity

For an overview of supplementary sustainability metrics related to Governance, the Additional Sustainability Disclosures are available at www.pgs.com.

With reference to ESRS G1-2 – management of relationships with suppliers, the number of active suppliers in PGS during 2023 was ~2,000, and of those, ~570 are key suppliers in PGS' value chain. Suppliers and business partners engaged in the compliance, anti-corruption, and bribery control program increased by 5% in 2022 to 304 participants in 2023. Of the 304 participants, 88 are subject to regular enhanced due diligence, which includes screening in specialized tools, distributing questionnaires, requesting documentation, training, and certification of compliance. Further, 96 suppliers are subject to automated continuous compliance monitoring.

For anti-corruption and with reference to ESRS G1-3, ninety three percent of the about hundred employees that we have determined to be in more exposed roles received physical training in 2023. Eighty six percent of all employees on vessels and in offices completed the e-learning. Further, 60 of our business partners with an inherently higher exposure to corruption, confirmed anti-corruption compliance and training as part of the PGS anti-corruption program.

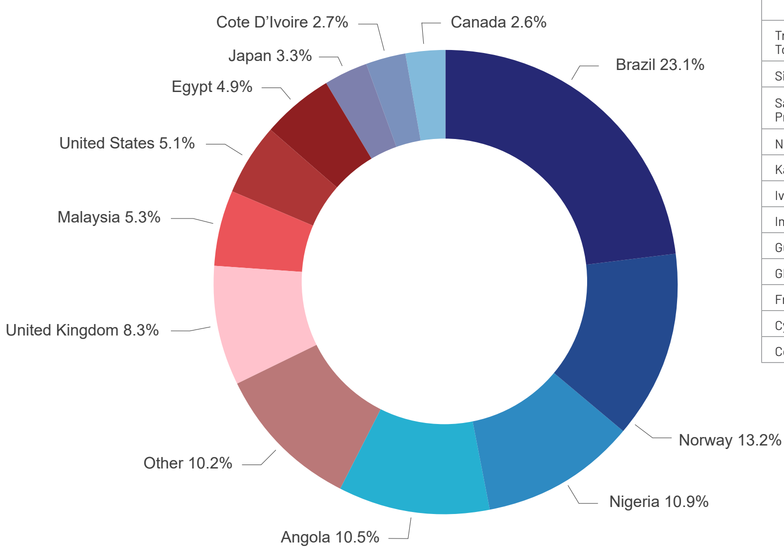
With reference to ESRS G1-4, PGS can confirm that in 2023, zero corruption cases, nor any allegations or requirements to investigate corruption were recorded.

For ESRS G1-6 – Payment practices, the tax payment to governments and economic activity are illustrated by country in percentages.

In 2023, PGS paid $ 61.9 million in corporate taxes, employer taxes and revenue shares to governments.

The graph below outlines the countries to which PGS made these payments. Note that the total amount does not include taxes incurred and paid by JV entities where PGS is not a controlling/majority owner, nor VAT and other transactional taxes that can be reclaimed.

Country % contribution of corporate taxes, employer taxes and revenue share



Other	Tax contribution %
Trinidad & Tobago	0.38%
Singapore	0.71%
Sao Tome & Principe	0.31%
Namibia	1.85%
Kazakhstan	0.25%
Ivory Coast	0.01%
Indonesia	1.92%
Guyana	1.99%
Ghana	1.17%
France	0.13%
Cyprus	0.72%
Congo	1.71%

BOARD OF DIRECTORS' REPORT

The marine seismic acquisition market continued to improve in 2023 with increasing margins for contract work and a higher pre-funding revenue for new MultiClient surveys. However, PGS' revenues declined year-over-year due to a combination of low MultiClient late sales and unexpected vessel scheduling and operational challenges.

In 2023 PGS successfully refinanced the majority of its debt maturing in 2024 and reduced gross interest-bearing debt by approximately 25%. In September 2023, PGS and TGS announced the intention to merge, aiming to establish the premier energy data company. The merger makes strategic sense and close to all shareholders in both companies approved the transaction at the extraordinary general meetings in December.

PGS is a fully integrated marine geophysical company that provides a broad range of seismic and reservoir services, including data acquisition, imaging, interpretation, and field evaluation. The Company's services are provided to the oil and gas industry, as well as to the broader and emerging new energy industries, including carbon storage and offshore wind. The Company operates on a worldwide basis with headquarters in Oslo, Norway.

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

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

2023 Business Highlights

- Increased MultiClient pre-funding revenues by 31% and reported a MultiClient pre-funding level of 138% of capitalized cash investments.
- Successfully entered the offshore wind site characterization market and triggered significant client interest for the efficient geophysical approach of conducting site characterization.
- Completed refinancing by issuing a new 4-year $450 million senior secured bond in Q1 and a $75 million term loan in Q3.
- Reduced gross interest-bearing debt by approximately 25%, to $778 million.
- Contract prices and margins showed further improvement compared to 2022.
- Strong progress on digitalization with close to all imaging work moved to the cloud, providing scale, flexibility and always access to the best hardware technology.
- Commenced initiative to advance the data transmission capabilities from our vessels, by utilizing satellite technology to reduce turnaround time and costs.
- PGS Shareholders approved merger with TGS, and the Company successfully completed a private placement of $40.6 million to increase liquidity and further contribute to a financially robust combined entity following the merger.

Strategy

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

Capital expenditures relating to the Ramform Titan-class new build program, followed by a prolonged industry downturn from 2014 to 2018 and severe impact from the COVID-19 pandemic, led to a higher than targeted interest-bearing debt level. Debt reduction has been a priority for PGS until a more sustainable capital structure is achieved considering the Company's size and market cyclicality. Over the last years, PGS has made significant progress in optimizing its capital structure.

The PGS business strategy comprises the following key priorities:

- **Leverage integration across the PGS value chain**

  PGS aims to fully utilize the Contract, MultiClient and the New Energy markets in combination with integrated commercial models to build vessel campaigns maximizing fleet utilization. The Company intends to capitalize on selling joint acquisition and imaging services as a complete solution to optimize margins and vessel utilization.

- **Leading provider of high-resolution seismic for near-field exploration, production (4D) seismic and Carbon Capture and Storage ("CCS")**

  The energy transition drives increasing focus towards near-field exploration and production seismic. PGS is well positioned in these market segments with the Ramform acquisition platform and GeoStreamer technology. PGS intends to improve exposure and profitability further by creating geologically driven geophysical workflows and solutions tailored towards infrastructure-led exploration, appraisal, and development. PGS intends to bundle imaging with baseline 4D programs to increase strike rate for future monitoring contracts. Systematic MultiClient data rejuvenation in mature basins is done with the purpose of creating multi-purpose products for hydrocarbon detection and carbon storage use. Targeted New Energy markets require ultra-high resolution seismic, which PGS offers.

- **Develop New Energy into a significant business unit**

  PGS is progressing well on establishing a well-recognized presence in markets within the offshore renewables and energy transition domains. PGS intends to build a business with growing revenues as fast as these opportunities materialize. PGS has identified carbon storage, offshore wind and marine minerals as areas where the Company can match its assets, competence, and capabilities to address industry challenges. During 2022 PGS established a strong position in the carbon storage geoservices market and continued to make MultiClient data sales related to development of CCS projects. In 2023 PGS successfully entered the offshore wind site characterization market by award and completion of the first survey using its ultra-high resolution 3D technology. The Company's offering attracts significant client interest and further awards have resulted in a strong order book for offshore wind site characterization work extending well into 2024.

- **Increase speed and penetration of digitalization**

  Scope and speed of digitalization is accelerating and PGS is working on three main pillars of digitalization projects:

  PGS Eos - Enabling faster processing and imaging of seismic data, using cloud scalability and automated workflows. During 2023 PGS has moved most of its imaging work to the cloud, capitalizing on the unprecedented scale and flexibility, while always having access to state-of-the-art hardware and software and to a lower cost compared to previous in-house data center solutions.

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

  PGS Digital Factory - Includes a suite of initiatives to build more insights and analyze patterns and trends. It utilizes machine learning and artificial intelligence to optimize costs, improve predictability and performance, reduce turnaround time, and reveal commercial opportunities.

- **Reduce operating costs and increase efficiency**

  Fleet operations are a dominant part of the Company's cost base. PGS has developed and implemented a new and more flexible crewing model designed to reduce cost, without negatively impacting safety. Next step is to utilize recent developments in satellite and communication technology to streamline data flow processes which should lead to reduced fleet cost. More widely, the Company is increasingly taking advantage of its digital toolbox to improve operational efficiency and reduce capital expenditures.

- **Reduce environmental footprint from our operations**

  PGS is dedicated to reducing the risk of harm to the environment and constantly improving our environmental performance. Delivering on PGS Sustainability goals is part of the Company's license to operate and more details are disclosed in the Corporate Governance and Sustainability sections on pages 4 and 14 of this report.

Market Development and Main Businesses

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

Historically, seismic activity is closely linked to the overall exploration and production spending by energy companies. Several years of under investments in new oil and gas supplies in combination with an increasing focus on energy security are drivers for the recovery of global exploration and production activity in recent years.

From a very low level during the Covid-19 pandemic, the seismic market recovery started in 2021 when energy companies increased activity on near-field exploration, exploration on existing licensed acreage and 4D reservoir optimization. The seismic contract business model normally serves these market segments. The contract market benefited from the higher activity with a significant improvement in 2022 and a further strengthening during 2023. PGS has a solid market share in the 4D segment with its GeoStreamer offering, as well as steerable streamers and sources, enabling high data quality and precise replication of earlier 3D surveys and baseline 4D surveys.

In addition to the structurally growing efforts to optimize producing fields, there was a strong renewed focus on exploration, including frontier areas starting to play out in 2022. More exploration benefits both the contract and MultiClient markets. Industry investments in new MultiClient projects increased significantly in 2023 and client commitments to these programs were strong with a pre-funding level of 138% of capitalized investments for PGS. However, momentum of the recovery did not progress as anticipated in 2023 likely owing to continued strong capital discipline among energy companies and higher than expected cost inflation.

Vessel supply is at historically low levels and there are two main vessel owning companies in the seismic industry, PGS and Shearwater. PGS rigged the *Ramform Victory* earmarked to acquire a large 4D contract offshore Brazil with scheduled startup around mid-year. Delay of necessary client permits caused project delays into 2024. Scheduling challenges of the current active fleet, and lower than expected growth of activity, caused the industry to operate below full utilization in 2023, especially in the last quarter.

Sales from MultiClient data libraries ended lower for the industry in 2023, compared to 2022 when the industry benefitted from significant transfer fees, triggered by mergers and acquisitions among the energy companies. Further, increasing cost inflation, drilling focus and internal resource allocation can be explanations for a lower discretionary spending level among the energy companies.

The seismic industry entered the new energy markets in 2022 when several seismic acquisition projects were conducted for development of CCS projects, in addition to MultiClient data sales for the same purpose. In 2023 PGS expanded its exposure to the new energy universe by successfully entering the offshore wind segment by introducing a 3D geophysical approach to offshore wind site characterization, significantly more efficient than the traditional geotechnical and 2D approach.

Technology

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

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

Separated Wavefield Imaging ("SWIM") is a technology that uniquely uses the recordings of the two complementary GeoStreamer sensors to create images with unseen resolution that significantly improve E&P companies understanding of shallow geology and drilling hazards whilst simultaneously enabling improvements in survey efficiency – an undertaking previously viewed as contradictory.

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

By establishing New Energy, PGS used increased resources for understanding the geophysical challenges in these new markets and to find geophysical solutions and limitations with current equipment and technology. To accelerate suitable product offerings beyond core assets, PGS equipped the *Sanco Swift* with the Company's Ultra High Resolution 3D ("UHR3D") seismic streamer. The technology is best suited for detailed imaging on a smaller scale for targets such as complex, highly fractured, thin, or compartmentalized formations. During 2023 PGS proved the application of the UHR3D streamer technology by successfully completing its first offshore wind site characterization contract and built an orderbook of follow on work extending well into 2024. Strong client interest for PGS efficient geophysical approach to offshore wind site characterization surveys, compared to the traditional geotechnical method, made the Company order an additional set of HD3D streamers, to be deployed on a suitable vessel if demand is sufficient.

PGS is imaging most of its data in the cloud, resulting in significantly lower cost than previous in-house solution. Imaging in the cloud provides unprecedented flexibility, scalability, while always having access to state-of-the-art hardware. PGS continues to develop cost effective solutions for cloud solutions and strives towards improving efficiency and reducing costs further.

In December "PGS IO" was launched, which will harness new satellite technology to cost effectively buffer seismic field data onboard seismic vessels and seamlessly transfer it to the cloud. This will drive operational efficiencies and realize an interlinked data ecosystem enabling further synergies in cloud-based imaging.

Financial Results

PGS has one operating segment focused on delivery of seismic data and services, which matches the internal reporting to the Company's executive management. See Note 4 to the Consolidated Financial statements for information about principles applied. In the following, Segment information is referred to as "Produced".

In 2023, As Reported revenues according to IFRS amounted to $721.5 million, compared to $825.1 million in 2022, a decrease of $103.6 million, or 13%. 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.

Produced Revenues, forming the basis for Segment reporting, amounted to $770.6 million, compared to $817.2 million in 2022, a decrease of $46.6 million, or 6%. The reduction is due to lower contract and MultiClient late sales revenues, partially offset by higher MultiClient pre-funding revenues.

Contract revenues ended at $284.6 million, compared to $336.3 million in 2022, a decrease of $51.7 million, or 15%, 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 $202.9 million, compared to $326.7 million in 2022, a decrease of $123.8 million, or 38%. 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.

As Reported MultiClient pre-funding revenues according to IFRS 15 in 2023 amounted to $207.7 million, compared to $139.3 million in 2022, an increase of $68.4 million, or 49%. The increase is a result of higher volume of MultiClient projects finalized and delivered to clients.

Produced MultiClient pre-funding revenues in 2023 amounted to $256.8 million, compared to $131.4 million in 2022, an increase of $125.4 million, or 95%. The increase is due to more 3D vessel capacity allocated to MultiClient acquisition projects, a higher MultiClient investment level, stronger pre-funding commitments from clients, as well as significant sales from surveys in the processing phase.

Produced MultiClient pre-funding revenues were 138% of capitalized MultiClient cash investments (excluding capitalized interest), compared to 123% in 2022. The increased pre-funding level is mainly due to higher client exploration activity, stronger pre-funding of ongoing surveys and significant sales from surveys in the processing phase.

Total Produced MultiClient revenues (pre-funding and late sales combined) increased by $1.6 million, compared to 2022 and ended at $459.7 million.

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

The fleet allocation ratio, active 3D vessel time for marine contract versus MultiClient data acquisition, was 41:59 in 2023, compared to 72:28 in 2022.

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 $539.5 million, an increase of $51.7 million, or 11%, 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 $333.7 million in 2023, compared to $370.5 million in 2022, a decrease of $36.8 million, or 10%. The decrease is mainly explained by more costs capitalized as MultiClient 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.

Total IFRS amortization of the MultiClient library in 2023 was $220.4 million, compared to $241.6 million in 2022, a decrease of $21.2 million, or 9%. The decrease is mainly driven by a lower portion of accelerated amortization and no impairment charges. Amortization was 54% of MultiClient revenues, compared to 52% in 2022. The higher amortization rate reflects a lower proportion of late sales in the mix.

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 $11.8 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 earlier in 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 $103.9 million in 2023, compared to $117.1 million in 2022.

In 2023, the share of results from associated companies amounted to a gain of $1.7 million, compared to a loss of $5.0 million in 2022. The loss in 2022 mainly relate to fair value adjustments.

Gross interest expense amounted to $105.4 million in 2023, compared to $109.4 million in 2022, a decrease of $4.0 million, or 4%. 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 new $450 million bonds.

Other financial expense, net, was $5.5 million in 2023, compared to $2.6 million in 2022.

Income tax expense, which consists of current and deferred tax expense, was $9.0 million in 2023, compared to $26.1 million in 2022. The deferred tax expense in 2023 was a credit of $14.6 million, while there was no deferred tax expense in 2022. Current tax expense relates to foreign withholding tax and corporate tax on profits in certain countries where PGS has executed projects or made significant MultiClient sales, primarily in Africa and South America.

PGS is subject to taxation in many jurisdictions around the world with increasingly complex tax laws. PGS has identified issues in several jurisdictions that could eventually make the Company liable to pay taxes relating to prior years in excess of the provision recognized in financial statements. Reference is made to Note 12 of this annual report for a description of significant tax contingencies.

Loss to equity holders of PGS ASA was $14.5 million in 2023, compared to a loss of $32.8 million in 2022.

Cash Flow, Financial Position and Financing

Net cash provided by operating activities totaled $467.2 million in 2023, compared to $371.3 million in 2022. The increase is primarily due to a more favorable working capital development and a higher amount of cash costs capitalized as MultiClient investment (and reported as cash flow from investing activities). Cash flow before financing activities was $182.0 million in 2023, compared to $209.5 million in 2022. The reduction, despite the increase of cash provided by operating activities, is primarily due to higher capital expenditures and investments in the MultiClient library.

In 2022, PGS recognized approximately $33 million of revenues relating to a change of control event where MultiClient transfer fees were disputed by the clients. Given the inability to timely conclude the matter, PGS initiated two separate arbitration proceedings under the dispute resolution provisions of the agreements. In October 2023, the tribunal in the first arbitration issued a decision in PGS' favor, including late payment interest and reasonable legal costs. The amount due to PGS following this decision, net of any revenue share to third parties, was per year-end estimated to approximately $43 million. This was received after year-end, early 2024. The decision relates to agreements where PGS already recognized $18 million as revenues in 2022 and as a result PGS recognized additional $17 million of late sales revenues in 2023. The second arbitration proceeding, for which the Company recognized approximately $15 million in 2022 was settled in 2023 at an amount more than covering the amount earlier recognized.

Financing 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 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.

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 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 following 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.

Investments

In 2023, total MultiClient cash investment, excluding capitalized interest, amounted to $185.9 million, compared to $106.4 million in 2022, an increase of $79.5 million, or 75%. The increase is primarily due to more 3D vessel capacity allocated to MultiClient projects.

Capital expenditures, whether paid or not, totaled $93.5 million in 2023, compared to $50.2 million in 2022, an increase of $43.3 million, or 86%. The increase is primarily a result of higher investments in seismic in-sea equipment and reintroduction of the *Ramform Victory*.

Financial Market Risk

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

Interest Rate Risk

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

As of December 31, 2023, PGS had $194.8 million of floating interest rate debt, with interest rates based on up to three-month SOFR rates, plus a margin. Fixed interest rate debt amounted to $583.2 million. The exposure to changes in the interest rate is reduced by the restricted and unrestricted cash earning interest at floating interest rate. For every (hypothetical) one percentage point increase in SOFR the annual net interest expense of the PGS' net debt, including finance leases, would decrease (with some delay) by approximately $0.2 million. The increase in floating interest rates during 2023 impacted the net interest cost (after taking into account interest income on restricted and unrestricted cash) by less than $0.5 million.

Currency Exchange Risk

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

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

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

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.

Commodity Risk

Operation of seismic vessels requires substantial fuel purchases, thus PGS is exposed to fuel price fluctuations. Based on the Company's fuel consumption in 2023, a 10% increase in fuel prices would increase the total annual fuel costs by approximately $9 million. The Company seeks to pass fuel price risk to clients, and achieves this on a majority of contract work.

Climate Risk

PGS is exposed to both transition risk and physical risks associated with climate change. The Company has a structured approach to monitoring the development of the seismic exploration market and opportunities created by the transition to renewable energy sources globally. The Company's strategy is based on market scenario analysis and positioning of the Company for the energy transition by establishing 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.

Operational and Other Risks

Demand for the Company's products and services depends on the level of spending by energy companies on hydrocarbon-resource exploration, field development, and production. Spending levels are heavily influenced by oil and gas prices and energy companies' focus areas. The ongoing energy transition may cause structural changes in demand. During 2020 and 2021 there was an increasing focus on extracting more resources from producing fields and infrastructure lead exploration. Alongside this trend, more traditional exploration activity in greenfield areas came into play in 2022 and was further accelerated on in 2023, benefitting both the contract and the MultiClient markets.

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

Contracts for services are occasionally modified by mutual consent and in certain instances may be cancelled by clients on short notice without compensation, which was experienced in 2023. Consequently, the order book as of any particular date may not be indicative of actual operating results for any succeeding period.

Shares, Share Capital and Dividend

As of December 31, 2023, PGS had 955,310,440 shares issued and outstanding, all of which are of the same class and carry equal voting and dividend rights. Each share has a par value of NOK 3. PGS' ordinary shares are listed on the Oslo Stock Exchange (ticker: PGS) and denominated in Norwegian kroner.

In Q3 2023, PGS completed a private placement with gross proceeds of approximately $40.6 million. The net proceeds to the Company is used to increase liquidity and enable a financially robust combined entity following the proposed merger with TGS, protect the Company against market cyclicality prior to the consummation of the merger, and maintain symmetry with TGS as they did a concurrent private placement sized to maintain the agreed relative ownership in the merger.

As of December 31, 2023, the Company held 839,856 treasury shares.

Sustainability

PGS' 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 turnover for these activities was approximately $34 million, with $10 million from CCS and $24 million from offshore wind site characterization projects. More information on the identification of these activities is available in the Corporate Governance section on page 4 of this report.

PGS is committed to the ten principles of the United Nations Global Compact in the areas of human rights, labor, environment, and anti-corruption. The Board of Directors and the CEO actively ensure that the Company properly responds to sustainability challenges. To identify and assess actual and potential sustainability risks and opportunities for PGS, the Board of Directors, and the CEO are 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, PGS has published a separate sustainability and ESG report, which communicates the Company's progress in alignment with the recommendations of the Global Reporting Initiative ("GRI"), 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.

A more detailed account of how PGS manages sustainability risks and opportunities can be found in the Corporate Governance and Sustainability sections of this annual report.

Organization

PGS had 1210* regular employees and temporarily contracted as of December 31, 2023, compared to 1139* as of December 31, 2022. The increase in 2023 is due to higher activity and increased hiring of onshore and offshore employees.

As of December 31, 2023, PGS employees represented 53 nationalities. 29% of the office-based employees and 3% of offshore employees are women. Among employees in Norway, 34% are women. The Board of Directors has four male and three female shareholder elected directors, and one male and two female employee-elected directors.

At the headquarters in Oslo, 28% of management positions are held by women, and 1% of women working in the

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.

Norwegian part of PGS work part-time. PGS consciously strives to improve the gender diversity of staff through reporting and actively encouraging development and promotion of women to management roles. The primary development processes are Performance Management, Potential Assessment, and Coaching and Mentoring programs. PGS has scored increasingly higher on the "She" index in recent years. Additionally, a disproportionate number newly recruited geophysicists in PGS are women. Being a global company, PGS has a long-standing practice of embracing cultural diversity, and cultural sensitivity training is offered to employees.

The average monthly salary of all active regular employees as of December 2023 was $8,445 ($7,292 for female employees and $8,806 for male employees) based on January 2024 exchange rates.

Board of Directors and Corporate Governance

As of December 31, 2023, the Board of Directors has the following members: Walter Qvam (Chairperson), Anne Grethe Dalane, Richard Herbert, Emeliana Dallan Rice Oxley, Trond Brandsrud, Ebrahim Attarzadeh, Shona Grant, Anette Valbø, Carine Roalkvam and Eivind Vesterås. The latter three are employee elected Board members.

The Board has established two sub-committees: an Audit Committee that as of December 31, 2023 is comprised of Anne Grethe Dalane (Chairperson), Trond Brandsrud, Emeliana Dallan Rice Oxley, Ebrahim Attarzadeh, and Anette Valbø, and the Remuneration and Corporate Governance Committee, that as of December 31, 2023 is consisting of Walter Qvam (Chairperson), Richard Herbert, Shona Grant, Eivind Vesterås and Carine Roalkvam. The committees predominantly act as preparatory bodies for the Board of Directors and assist the Directors in exercising their responsibilities.

PGS also has a Nomination Committee elected by the shareholders. As of December 31, 2023, this committee consists of Terje Valebjørg (Chairperson), Alexandra Herger and Jon Arnt Jacobsen.

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

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

The Board of Directors and the Executive Management team of PGS Group are covered by PGS ASA's Directors and Officers Liability Insurance ("D&O") placed in the international insurance market on market standard terms and conditions. The insurance comprises the directors' and officers' personal legal liabilities, including defense- and legal costs. The cover also includes employees in managerial positions or employees who become named in a claim or investigation, or is named co-defendant, and is extended to include members of the Company's management or board committees.

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 contained in this report are based on various assumptions made by management and the Board, depend on factors beyond our control, and are subject to risks and uncertainties. Accordingly, actual results may differ materially.

Pursuant to section 3-3a of the Norwegian Accounting Act, the Board confirms that the 2023 financial statements have been prepared on the going concern basis which the Directors believe to be appropriate.

Allocation of Parent Company's result for 2023

The financial statements of the parent company, PGS ASA, are prepared and presented in accordance with generally accepted accounting principles in Norway ("NGAAP"). PGS ASA reported a profit of NOK 1,027.1 million for 2023, compared to a loss of NOK 34.2 million in 2022. PGS ASA is a holding company with no material operating activities.

The Board proposes that the profit for 2023 of NOK 1,027.1 million is transferred to other equity. Total shareholders' equity in PGS ASA as of December 31, 2023 was NOK 6,420.8 million corresponding to 98% of total assets.

Oslo, April 23, 2024

Board of Directors
PGS ASA

Walter Qvam *Chairperson*	Anne Grethe Dalane *Director*
Richard Herbert *Director*	Emeliana Dallan Rice Oxley *Director*
Trond Brandsrud *Director*	Ebrahim Attarzadeh *Director*
Shona Grant *Director*	Anette Valbø *Director*
Eivind Vesterås *Director*	Carine Roalkvam *Director*
Rune Olav Pedersen *President &* *Chief Executive Officer*	

RESPONSIBILITY STATEMENT

Today, the Board of Directors and the Chief Executive Officer reviewed and approved the Board of Directors' report and the consolidated and separate annual financial statements for PGS ASA, for the year ending and as of December 31, 2023.

PGS ASA's consolidated financial statements have been prepared and presented in accordance with IFRSs and IFRICs as adopted by the EU and additional disclosure requirements in the Norwegian Accounting Act, and that should be used as of December 31, 2023. The separate financial statements for PGS ASA have been prepared in accordance with the Norwegian Accounting Act and Norwegian accounting standards as of December 31, 2023. The Board of Directors report for the group and the parent company is in accordance with the requirements of the Norwegian Accounting Act and Norwegian accounting standard 16, as of December 31, 2023.

To the best of our knowledge:

- The consolidated and separate annual financial statements for 2023 have been prepared in accordance with applicable accounting standards.
- The consolidated and separate annual financial statements give a true and fair view of the assets, liabilities, financial position, and result of operations as a whole as of December 31, 2023, for the group and the parent company.
- The Board of Directors' report for the group and the parent company include a true and fair review of:
  - The development and performance of the business and the position of the group and the parent company.
  - The principal risks and uncertainties the group and the parent company face.

Oslo, April 23, 2024

Board of Directors
PGS ASA

Walter Qvam
Chairperson

Anne Grethe Dalane
Director

Richard Herbert
Director

Emeliana Dallan Rice Oxley
Director

Trond Brandsrud
Director

Ebrahim Attarzadeh
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Shona Grant
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Anette Valbø
Director

Eivind Vesterås
Director

Carine Roalkvam
Director

Rune Olav Pedersen
President &
Chief Executive Officer

PGS

2023
FINANCIAL STATEMENTS

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.

Produced revenues

Segment information is referred to as "Produced". Produced Revenues, when used by the Company, means revenues and other income based on recognition of MultiClient prefunding revenues on a Percentage-of-completion (POC) basis. Produced Revenues is reconciled in Note 4.

Produced EBITDA

Produced EBITDA, when used by the Company, means Reported EBITDA adjusted for the difference between Produced Revenues and Reported Revenues (IFRS). Produced EBITDA may not be comparable to other similarly titled measures from other companies.

The Company has included Produced EBITDA as a supplemental disclosure because PGS believes that the measure provides useful information regarding the Company's ability to service debt and to fund capital expenditures and provides a helpful measure for comparing its operating performance with that of other companies.

Produced EBIT, excluding impairments and other charges

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

Produced MultiClient pre-funding level

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

Net interest-bearing debt

Net interest-bearing debt is defined as the sum of non-current and current interest-bearing debt, less cash and cash equivalents and restricted cash. PGS believes that net Interest-bearing debt 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.

Order book

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

Capital expenditures, whether paid or not

Capital expenditures means investments in property and equipment irrespective of whether paid in the period but excluding capitalized interest cost.

Gross cash costs

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

Net operating expenses

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

APM Reconciliations

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	**97.4**	**106.0**
Other charges, net	(0.1)	(5.7)
Impairment of MultiClient library	-	11.5
Impairment and loss on sale of non-current assets (excl. MultiClient library)	6.6	5.3
EBIT ex. impairment and other charges, net	**103.9**	**117.1**

Segment Reporting, Total Revenues and Other Income, As reported, and Produced revenues are reconciled as follows:

	Year ended December 31,	
(In millions of US dollars)	**2023**	**2022**
Contract seismic	284.6	336.3
MultiClient pre-funding	207.7	139.4
MultiClient late sales	202.9	326.7
Imaging	25.5	22.7
Other Income	0.8	-
Total Revenues and Other Income, As reported	**721.5**	**825.1**
Produced MultiClient revenue for projects not yet delivered	84.9	94.0
Produced MultiClient revenue from previous years, projects delivered	(35.8)	(101.9)
Produced revenues	**770.6**	**817.2**

Produced EBITDA, net is reconciled as follows:

	Year ended December 31,	
(In millions of US dollars)	**2023**	**2022**
Operating profit (loss) as reported	**97.4**	**106.0**
Produced revenue adjustment to revenue as reported	49.1	(7.9)
Other charges, net	(0.1)	(5.7)
Amortization and impairment of MultiClient library	220.4	253.1
Depreciation and amortization of non-current assets (excl. MultiClient library)	63.5	95.9
Impairment and loss on sale of non-current assets (excl. MultiClient library)	6.6	5.3
Produced EBITDA	**436.9**	**446.7**

Produced 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	**97.4**	**106.0**
Produced revenue adjustment to revenue as reported	49.1	(7.9)
Other charges, net	(0.1)	(5.7)

Segment adjustment to Amortization As Reported	(95.9)	(0.4)
Impairment of MultiClient library	-	11.5
Impairment and loss on sale of non-current assets (excl. MultiClient library)	6.6	5.3
Produced EBIT ex. impairment and other charges, net	**57.1**	**108.8**

Net interest-bearing debt is reconciled as follows:

	December 31,	
(In millions of US dollars)	**2023**	**2022**
Cash and cash equivalents	177.7	363.8
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	**(542.0)**	**(616.7)**
Lease liabilities current	(35.8)	(32.9)
Lease liabilities non-current	(45.0)	(54.3)
Net interest-bearing debt, including lease liabilities	**(622.8)**	**(703.9)**

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 capital expenditures, whether paid or not	**93.5**	**50.2**
Change in working capital and capital leases	(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	(482.5)	(433.9)
Research and development costs before capitalized development costs	(15.0)	(15.0)
Sellling, general and administrative costs	(42.0)	(38.9)
Cash costs, gross	**(539.5)**	**(487.8)**
Steaming deferral, net	10.8	2.8
Cash investment in MultiClient library	185.9	106.4
Capitalized development costs	9.1	8.1
Net operating expenses	**(333.7)**	**(370.5)**

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Sustainability Report

Board of Directors' Report

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PGS ASA Parent Company

Notes to the Parent Company Financial Statements

CONSOLIDATED FINANCIAL STATEMENTS

PGS ASA

Consolidated Statements of Profit and Loss

(In millions of US dollars)	Note	Year ended December 31, 2023	2022
Revenues	5	720.7	825.1
Other income	6	0.8	-
Total revenues and other income	5	**721.5**	**825.1**
Cost of sales	7	(285.8)	(324.7)
Research and development costs		(5.9)	(6.9)
Selling, general and administrative costs		(42.0)	(38.9)
Amortization and impairment of MultiClient library	8	(220.4)	(253.1)
Depreciation and amortization of non-current assets (excl. MultiClient Library)	8	(63.5)	(95.9)
Impairment and loss on sale of non-current assets (excl. MultiClient library)	17	(6.6)	(5.3)
Other charges, net	9	0.1	5.7
Total operating expenses		**(624.1)**	**(719.1)**
Operating profit (loss)/EBIT		**(97.4)**	**106.0**
Share of results from associated companies	19	1.7	(5.0)
Interest expense	10	(110.1)	(110.3)
Other financial expense, net	11	5.5	2.6
Income (loss) before income tax expense		**(5.5)**	**(6.7)**
Income tax	12	(9.0)	(26.1)
Profit (loss) for the year		**(14.5)**	**(32.8)**

Earnings (loss) per share, to ordinary equity holders of PGS ASA:	13		
- Basic		($0.02)	($0.06)
- Diluted		($0.02)	($0.06)

PGS ASA

Consolidated Statements of Comprehensive Income

(In millions of US dollars)	Note	Year ended December 31, 2023	2022
Profit (loss) for the year		**(14.5)**	**(32.8)**
Other Comprehensive income			
Actuarial gains (losses) on defined benefit pension plans	26	(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)	2.6
Other Comprehensive income (loss) from associated companies		-	-
Items that may be subsequently reclassified to statements of profit and loss		**(1.3)**	**2.6**
Other Comprehensive income (loss), net of tax		**(8.5)**	**41.0**
Total Comprehensive income (loss) to equity holders of PGS ASA		**(23.0)**	**8.2**

PGS ASA

Consolidated Statements of Changes in Shareholders' Equity

(In millions of US dollars)	Attributable to equity holders of PGS ASA: Share capital par value	Treasury shares par value	Additional paid-in capital	Accumulated earnings	Other capital reserves	Shareholders' equity
Balance as of January 1, 2022	**158.9**	**-**	**933.1**	**(840.2)**	**(6.7)**	**245.1**
Profit (loss) for the period	-	-	-	(32.8)	-	(32.8)
Other Comprehensive income (loss)	-	-	-	38.4	2.6	41.0
Share issue	7.7	-	7.0	-	-	14.8
Share based payments	-	-	1.2	-	-	1.2
Shares capital	146.6	-	94.8	-	-	241.4
Acquired treasury shares	-	(0.2)	(0.2)	-	-	(0.4)
Share based payments, equity settled	-	0.1	(0.1)	-	-	-
Balance as of December 31, 2022	**313.2**	**(0.1)**	**1,035.8**	**(834.6)**	**(4.1)**	**510.3**
Profit (loss) for the period	-	-	-	(14.5)	-	(14.5)
Other Comprehensive income (loss)	-	-	-	(7.2)	(1.3)	(8.5)
Shares capital increase (a)	12.7	-	27.1	-	-	39.8
Share based payments	-	-	2.0	-	-	2.0
Acquired treasury shares (b)	-	(0.5)	(0.8)	-	-	(1.3)
Share based payments, equity settled (b)	-	0.2	(0.2)	-	-	-
Balance as of December 31, 2023	**325.9**	**(0.4)**	**1,063.9**	**(856.3)**	**(5.4)**	**527.7**

(a) In 2023, the Company issued 45,760,726 new shares following private placements raising gross proceeds of NOK 439,302,970 (approximately USD 40.6 million) as equity. Transaction costs amounting to ($0.8) million are recognized against "Additional paid-in capital".

(b) In 2023, the Company initiated and completed a share buy-back program to cover settlement of Performance based Restricted Stock Units ("PRSU's") granted under the Company's 2020 Long Term Incentive Plan for employees. 1,575,000 shares were bought back under the program and 530,388 shares were used in settlement to employees.

PGS ASA

Consolidated Statements of Financial Position

(In millions of US dollars)	Note	December 31, 2023	2022
ASSETS			
Current assets			
Cash and cash equivalents	22	177.7	363.8
Restricted cash	14	5.0	11.6
Accounts receivables	5, 22	173.1	169.4
Accrued revenues and other receivables	5, 15	137.1	144.9
Other current assets	16	79.6	61.7
Total current assets		**572.5**	**751.4**
Non-current assets			
Property and equipment	17	751.8	740.4
MultiClient library	18	313.6	300.3
Restricted cash	14	53.4	59.2
Deferred tax assets	12	16.3	-
Other non-current assets	19	34.1	28.6
Other intangible assets	20	74.9	73.4
Total non-current assets		**1,244.1**	**1,201.9**
Total assets		**1,816.6**	**1,953.3**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Interest-bearing debt	21, 22	131.1	367.1
Lease liabilities	21, 22	35.8	32.9
Accounts payable	22	69.2	45.6
Accrued expenses and other current liabilities	24	150.8	104.2
Deferred revenues	5	206.0	154.4
Income taxes payable	12	23.8	20.4
Total current liabilities		**616.7**	**724.6**
Non-current liabilities			
Interest-bearing debt	21, 22	623.4	659.7
Lease liabilities	21, 22	45.0	54.3
Deferred tax liabilities	12	0.1	0.1
Other non-current liabilities	25	3.7	4.3
Total non-current liabilities		**672.2**	**718.4**
Shareholders' equity			
Share capital; par value NOK 3; issued and outstanding 955,310,440 shares	27	325.9	313.2
Treasury shares; par value	27	(0.4)	(0.1)
Additional paid-in capital	27	1,063.9	1,035.8
Total paid-in capital		**1,389.4**	**1,349.0**
Accumulated earnings		(856.3)	(834.6)
Other capital reserves		(5.4)	(4.1)
Total shareholders' equity		**527.7**	**510.3**
Total liabilities and shareholders equity		**1,816.6**	**1,953.3**

Oslo, April 23, 2024

Board of Directors
PGS ASA

Walter Qvam
Chairperson

Anne Grethe Dalane
Director

Richard Herbert
Director

Emeliana Dallan Rice Oxley
Director

Trond Brandsrud
Director

Ebrahim Attarzadeh
Director

Shona Grant
Director

Anette Valbø
Director

Eivind Vesterås
Director

Carine Roalkvam
Director

Rune Olav Pedersen
President & Chief Executive Officer

PGS ASA

Consolidated Statements of Cash Flows

(In millions of US dollars)	Note	Year ended December 31, 2023	2022
Income (loss) before income tax expense		**(5.5)**	**(6.7)**
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, amortization, impairment	8	290.5	354.2
Share of results in associated companies	19	(1.7)	4.9
Interest expense	10	110.1	110.3
Interest income	11	(20.1)	(7.0)
Loss (gain) on sale and retirement of assets		-	(1.0)
Income taxes paid	12	(20.2)	(22.5)
Other items		13.9	6.6
(Increase) decrease in accounts receivables, accrued revenues & other receivables		57.1	(124.7)
Increase (decrease) in deferred revenues	5	67.0	31.0
Increase (decrease) in accounts payable		23.7	1.2
Change in other current items related to operating activities		(29.7)	36.1
Change in other non-current items related to operating activities		(17.9)	(11.1)
Net cash provided by operating activities		**467.2**	**371.3**
Investment in MultiClient library	18	(185.9)	(106.4)
Investment in property and equipment	17	(89.2)	(48.6)
Investment in other intangible assets	20	(10.1)	(9.8)
Investment in other current -and non-current assets		-	1.8
Proceeds from sale and disposal of assets	17	-	1.2
Net cash provided by (used in) investing activities		**(285.2)**	**(161.8)**
Interest paid on interest-bearing debt		(78.2)	(90.5)
Proceeds, net of deferred loan costs, from issuance of long-term debt	21	501.9	47.1
Repayment of interest-bearing debt	21	(798.3)	(170.1)
Proceeds from share issue (a)		39.8	241.4
Share buy-back		(1.3)	(0.4)
Payment of lease liabilities (recognized under IFRS 16)	21, 23	(32.0)	(36.1)
Payments of leases classified as interest	23	(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		**(368.1)**	**(15.7)**
Net increase (decrease) in cash and cash equivalents		(186.1)	193.8
Cash and cash equivalents as of January 1		363.8	170.0
Cash and cash equivalents as of December 31		**177.7**	**363.8**

(a) In 2023, the Company issued 45,760,726 new shares following private placements raising gross proceeds of NOK 439,302,970 (approximately $40.6 million) as equity. Transaction costs amounting to ($0.8) million are recognized against "Additional paid-in capital".

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

General information

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

PGS is 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 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 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 23, 2023.

Note 2 – Summary of Significant Accounting Policies

Consolidation

Subsidiaries

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

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

Joint arrangements and investments in associated companies

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

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

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

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

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

Cash and cash equivalents and restricted cash

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

Foreign currency translation and transactions

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

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

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated 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 and operations equipment, incl. computers	3 - 15
Buildings and related leasehold improvements	1 - 10
Fixture, furniture, fittings and office computers	3 - 5
Major overhauls	3 - 7.5

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

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

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

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

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

Steaming costs

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

Impairment of property, equipment and intangibles

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

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

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

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

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

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

The carrying values of seismic vessels and equipment, MultiClient library and other intangible assets are assessed for impairment 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 $370.2 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 – Segment Reporting

PGS has one operating segment focused on delivery of seismic data and services, which matches the internal reporting to the Company's executive management.

Following the implementation of the new accounting standard for revenues, IFRS 15, in 2018, MultiClient pre-funding revenues are no longer recognized under the previously applied percentage-of-completion ("POC") method. Instead, all such revenues are generally recognized at the "point in time" when the customer receives access to, or delivery of, the finished data which often will take place a year or more after the acquisition of data due to the time required to complete data processing.

PGS management has, for the purpose of its internal reporting, continued to report according to the principle applied in 2017 and earlier years, where MultiClient pre-funding revenue is recognized on a POC basis, and the related amortization of MultiClient library based upon the ratio of aggregate capitalized survey costs to forecasted sales. This differs from IFRS reporting which recognizes revenue from MultiClient pre-funding agreements and related amortization at the "point in time" when the customer receives access to, or delivery of, the finished data.

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

	Year ended December 31,					
	2023	2022	2023	2022	2023	2022
(In millions of US dollars)	Produced		Adjustments		As Reported	
Total revenues and other income	770.6	817.2	(49.1)	7.9	721.5	825.1
Cost of sales	(285.8)	(324.7)	-	-	(285.8)	(324.7)
Research and development costs	(5.9)	(6.9)	-	-	(5.9)	(6.9)
Selling, general and administrative costs	(42.0)	(38.9)	-	-	(42.0)	(38.9)
Amortization of MultiClient library	(316.3)	(242.0)	95.9	0.4	(220.4)	(241.6)
Depreciation and amortization (excl. MultiClient Library)	(63.5)	(95.9)	-	-	(63.5)	(95.9)
Operating profit(loss)/Ebit, ex impairment and other charges, net	**57.1**	**108.8**	**46.8**	**8.3**	**103.9**	**117.1**

	Year ended December 31,					
	2023	2022	2023	2022	2023	2022
(In millions of US dollars)	Produced		Adjustments		As Reported	
-Contract seismic	284.6	336.3	-	-	284.6	336.3
-MultiClient pre-funding	256.8	131.5	(49.1)	7.9	207.7	139.4
-MultiClient late sales	202.9	326.7	-	-	202.9	326.7
-Imaging	25.5	22.7	-	-	25.5	22.7
-Other Income	0.8	-	-	-	0.8	-
Total Revenues and Other Income	**770.6**	**817.2**	**(49.1)**	**7.9**	**721.5**	**825.1**

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

	Year ended December 31,	
(In millions of US dollars)	2023	2022
Revenues, Produced	**770.6**	**817.2**
Produced MultiClient revenue for projects not yet delivered	(84.9)	(94.0)
Produced MultiClient revenue from previous years, projects delivered	35.8	101.9
Revenues, As Reported	**721.5**	**825.1**

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

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

Geographical markets (In millions of US dollars)	Year ended December 31, 2023 Produced	 2022	 2023 As Reported	 2022
Norway	173.0	181.1	170.1	136.5
Brazil	114.5	79.7	77.7	108.2
Angola	86.5	64.9	86.3	94.5
Malaysia	80.5	25.9	57.8	25.9
Egypt	80.3	11.9	67.9	29.8
Namibia	56.3	20.7	56.3	20.7
Americas (excluding Brazil and Canada)	35.9	107.0	35.9	107.0
Asia/Pacific (excluding Malaysia)	35.7	85.8	35.7	77.6
United Kingdom	32.6	37.1	33.4	43.5
Nigeria	29.6	20.4	30.7	20.4
Africa (excluding Angola, Namibia, Nigeria, South Africa)	20.5	25.2	40.2	4.5
Greece	9.2	33.6	2.7	25.1
South Africa	6.6	-	6.6	-
Middle East/Other (excluding Egypt)	3.0	28.9	3.0	28.9
Netherlands	2.8	-	2.8	-
Cyprus	2.7	32.4	2.7	32.4
Ukraine	0.6	1.1	0.6	1.1
Canada	0.3	61.5	11.1	69.0
Total Revenues and Other Income	**770.6**	**817.2**	**721.5**	**825.1**

Total non-current assets (a) (In millions of US dollars)	December 31, 2023	 2022
Norway	884.7	836.9
Americas (excluding Brazil)	67.1	104.6
Brazil	78.2	54.2
Asia/Pacific	40.2	47.8
Middle East/Other	35.4	14.5
Africa	21.9	51.9
Europe (excluding Norway)	18.0	10.7
Total	**1,145.5**	**1,120.6**

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

Note 5 — Revenue from Contracts with Customers

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

Type of goods or service (In millions of US dollars)	Year ended December 31, 2023	 2022
Contract seismic	284.6	336.3
MultiClient pre-funding	207.7	139.4
MultiClient late sales	202.9	326,7
Imaging	25.5	22.7
Other	0.8	-
Total revenues from contracts with customers	**721.5**	**825.1**

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 (a)	Year ended December 31,	
(In millions of US dollars)	2023	2022
Licenses transferred at a point in time	322.0	440.2
Services transferred over time	399.5	384.9
Total revenues from contracts with customers	**721.5**	**825.1**

(a) 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

	December 31,	
	2023	2022
Accounts receivables from contracts with customers	173.1	169.4
Accounts receivables	**173.1**	**169.4**

Contract balances

Balances related to customer contracts consists of the following;

	December 31,		January 1,
(In millions of US dollars)	2023	2022	2022
Accounts receivables	173.1	169.4	134.6
Accrues revenue (Note 15)	62.2	143.1	52.8
Revenue share JV partners (a)	72.9	-	-
Total assets from contracts with customers	**308.2**	**312.5**	**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 were 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:

	Year ended December 31,	
(In millions of US dollars)	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 6 – Other Income

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

Note 7 – Cost of Sales

	Year ended December 31,	
(In millions of US dollars)	**2023**	**2022**
Vessel costs & direct project cost	(371.6)	(342.4)
New Ventures, project porfolio & Imaging	(70.3)	(78.8)
Technology/ digitalization & other	(36.1)	(12.7)
Total cost of sales, gross	**(478.0)**	**(433.9)**
Steaming deferral, net	10.8	2.8
Less amount capitalized to MultiClient library	181.4	106.4
Total cost of sales, net	**(285.8)**	**(324.7)**

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

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

	Year ended December 31,	
(In millions of US dollars)	**2023**	**2022**
Amortization of MultiClient library (Note 18)	(162.1)	(135.7)
Accelerated amortization of MultiClient library (Note 18)	(58.3)	(105.9)
Impairment of MultiClient library (Note 18)	-	(11.5)
Amortization and impairment of MultiClient library	**(220.4)**	**(253.1)**

Total amortization of the MultiClient library decreased by $21.2 million, or 9%, compared to 2022. The decrease is mainly driven by a lower accelerated amortization. Amortization was 54% of MultiClient revenues in 2023, compared to 52% 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 17)	(6.6)	-
Impairment of other intangible assets (Note 20)	-	(5.7)
Gain (loss) from sale of non-current assets	-	0.4
Impairment non-current assets (excl. MultiClient Library)	**(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 9 – 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 10 – 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)	(109.4)
Imputed interest cost on lease agreements (Note 23)	(7.3)	(6.4)
Interest capitalized to the MultiClient library (Note 18)	2.6	5.5
Total	**(110.1)**	**(110.3)**

Gross interest expense decreased by $4.0 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 11 – 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	7.0
Currency exchange gain/loss	(0.9)	4.3
Write off deferred and other loan cost	(11.2)	-
Net gain/(loss) on separate derivative financial instrument	-	(7.6)
Other	(2.5)	(1.1)
Total	**5.5**	**2.6**

Interest income increased by $13.1 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 22 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 12 – Income Taxes

Income tax consists of the following:

	Year ended December 31,	
(In millions of US dollars)	2023	2022
Current taxes	(23.6)	(26.1)
Deferred taxes	14.6	-
Total income tax expense	**(9.0)**	**(26.1)**

Current tax expense decreased by $2.5 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	(5.5)	(6.7)
Norwegian statutory rate	22%	22%
Provision for income taxes at statutory rate	1.2	1.5
Increase (reduction) in income taxes from:		
Effect of tax rates other than statutory tax rate in Norway	(3.5)	2.1
Tax exempt income within tonnage tax regimes	0.4	(2.5)
Gain/losses equity investments	-	(1.1)
Foreign taxes not creditable in home country	(18.9)	(18.7)
Currency effects (a)	(9.1)	(39.0)
Changes in deferred tax assets	(5.0)	48.4
Prior period adjustments	25.9	(17.2)
Other permanent items	-	0.4
Income tax	**(9.0)**	**(26.1)**

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

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

	December 31,	
(In millions of US dollars)	2023	2022
Deferred tax assets		
Tax loss carry-forwards	(295.4)	(288.6)
Property and equipment	(27.4)	(45.8)
Interest limitation carry-forward and other	(74.8)	(59.7)
Deferred tax assets, gross	**(397.6)**	**(394.1)**

Deferred tax liabilities		
Property and equipment	1.7	3.4
Intangible assets	4.1	4.5
Employee benefits	5.1	4.1
Other	0.3	0.7
Deferred tax liabilities, gross	**11.2**	**12.7**
Deferred tax assets, net	(386.4)	(381.4)
Deferred tax assets not recognized in the consolidated statements of financial position	370.2	381.5
Net recognized deferred tax assets and liabilities	**(16.2)**	**0.1**

	December 31,	
(In millions of US dollars)	**2023**	**2022**
Deferred tax assets	16.3	-
Deferred tax liabilities	0.1	0.1
Income tax liabilities, gross	**16.2**	**(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	1,070.0	None	-	235.4
UK	62.6	None	8.9	6.7
Other	172.5	Various	7.4	37.0
	1,305.1		**16.3**	**279.1**

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 13 – Earnings Per Share Information

Specification of average number of shares:

	Year ended December 31,	
	2023	**2022**
Weighted average basic shares outstanding (a)	921,835,195	592,416,941
Dilutive potential shares	10,568,501	8,090,417
Weighted average diluted shares outstanding	**932,403,696**	**600,507,358**

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

Earnings per share:

	Year ended December 31,	
	2023	**2022**
Basic	(0.02)	(0.06)
Diluted	(0.02)	(0.06)

Note 14 – 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 15 – 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	143.1
Revenue share JV partners (a)	72.9	-
Other receivables	2.0	1.8
Total	**137.1**	**144.9**

(a) Refer to Note 5.

Note 16 – Other Current Assets

Other current assets consist of the following:

	December 31,	
(In millions of US dollars)	2023	2022
Consumables, supplies and fuel inventory (a)	31.1	29.4
Deferred steaming and project costs	20.3	8.3
Prepaid operating expenses	12.4	9.1
Withholding taxes and taxes receivable	10.5	7.0
Prepaid reinsurance	3.6	3.8
Other	1.7	4.1
Total	**79.6**	**61.7**

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

Note 17 – Property and Equipment

The changes in property and equipment are as follows:

(In millions of US dollars)	Seismic vessels and equipment	Buildings, fixtures and furniture	Total
Cost as of January 1, 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/Others	(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**

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**
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.

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

Note 18 – MultiClient Library

The changes in the MultiClient library are as follows:

(In millions of US dollars)	2023	2022
Balance as of January 1,	**300.3**	**415.6**
Capitalized cash costs	185.9	106.4
Capitalized interest	2.6	5.5
Capitalized depreciation	45.2	25.9
Amortization expense	(162.1)	(135.7)
Accelerated amortization	(58.3)	(105.9)
Impairments (see Note 7)	-	(11.5)
Balance as of December 31,	**313.6**	**300.3**

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	-	20.8
Completed during 2020	12.3	30.8
Completed during 2021	43.1	73.9
Completed during 2022	59.6	81.6
Completed during 2023	41.5	-
Completed surveys	**156.5**	**207.1**
Surveys in progress	**157.1**	**93.2**
MultiClient library	**313.6**	**300.3**

Note 19 – 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 26)	16.9	21.8
Refundable VAT	10.9	-
Other	1.1	0.3
Total	**34.1**	**28.6**

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

	December 31, 2023						
	PGS					Associated companys total	
(In millions of US dollars)	Jurisdiction	Ownership	Net book value	Share of profit and loss	Impairment/ Reclass (b)	Profit (loss) for the year (a)	Equity (a)
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)**		

	December 31, 2022						
	PGS					Associated companys total	
(In millions of US dollars)	Jurisdiction	Ownership	Net book value	Share of profit and loss	Impairment	Profit (loss) for the year	Equity
Azimuth II 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:

	December 31,	
(In millions of US dollars)	**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 20 – Other Intangible Assets

The changes in other intangible assets are summarized as follows:

(In millions of US dollars)	Patents, licenses, technology and other	Intangible assets in development	Total
Cost as of January 1, 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	-	-	-
Assets 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 21 – Debt and Guarantees

Interest-bearing debt consists of the following:

(In millions of US dollars)	December 31, 2023	2022
Secured:		
Term loan B, Libor + 6-700 basis points (linked to total gross leverage ratio ("TGLR")), due 2024	69.8	737.9
Super Senior Loan, Libor + 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	177.7	363.8
Restricted cash (current and non-current)	58.4	70.8
Net interest-bearing debt, excluding lease liabilities	**(542.0)**	**(616.7)**
Lease liabilities current	(35.8)	(32.9)
Lease liabilities non-current	(45.0)	(54.3)
Net interest-bearing debt, including lease liabilities	**(622.8)**	**(703.9)**

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 from 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: Net change of drawing on the Revolving Credit Facility	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
Convertible bond debt	3.5	-	-	-	-	-	-	(3.5)	-
Lease liabilities	114.8	-	(36.1)	-	-	(2.4)	-	10.9	87.2
Total liabilities from financing activities	**1,251.0**	**(170.1)**	**(36.1)**	-	**47.1**	**(2.4)**	-	**24.5**	**1,114.0**

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 are 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 it has 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.

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

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 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 22 — Financial Instruments

Valuation of financial instruments carried at fair value

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

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
Level 2: assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly.
Level 3: techniques for which all inputs which have a significant effect on the recorded fair value that is not based on observable market data.

Nominal value and fair values of financial assets and liabilities

		December 31, 2023		December 31, 2022	
(In millions of US dollars)	Hierarchy Level	Nominal value	Fair values	Nominal value	Fair values
FINANCIAL ASSETS					
Derivatives designated as hedging instruments					
Interest rate swaps	2	-	-	0.4	0.4
Total		**-**	**-**	**0.4**	**0.4**
FINANCIAL LIABILITIES					
Financial liabilities at amortized cost					
Debt with fixed interest rate	2	(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 such as dividends, after reaching a target net debt level (excluding lease obligations) of $500–600 million, and work towards an optimal capital structure to reduce the cost of capital.

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

The Company monitors debt on the basis of the leverage ratio and other covenants in credit agreements. 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.

	December 31, 2023			December 31, 2022		
(in millions, local currency)	**NOK**	**GBP**	**BRL**	**NOK**	**GBP**	**BRL**
Restricted cash	36.5	-	99.7	33.4	-	99.7
Cash held as hedges	162.6	-	-	242.2	1.9	-
Current assets	47.4	0.9	110.6	49.4	0.9	57.3
Current liabilities	(207.9)	(2.0)	(189.9)	(177.3)	(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	**(186.1)**	**5.0**	**17.3**	**(9.8)**	**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.

	December 31, 2023			December 31, 2022		
(in millions, local currency)	**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	177.7	363.8
Restricted cash (Note 13)	58.4	70.8
Accounts receivable	173.1	169.4
Accrued revenues and other receivables (Note 15)	137.1	144.9
Total	**546.3**	**748.9**

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	82.3	144.5
Up to one month past due	42.3	12.5
Between one and two months past due	0.2	6.7
More than three months past due (a)	51.6	14.1
Allowance for doubtful accounts	(3.3)	(8.4)
Total	**173.1**	**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*						
(In millions of US dollars)	Nominal value	Notional value	Total	0-1 years	1-2 years	2-3 years	3-4 years	4-5 years	Thereafter
Non-derivative financial liabilities									
Trade payables	(69.2)	-	(69.2)	(69.2)	-	-	-	-	-
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	**(847.3)**	**-**	**(1,095.3)**	**(281.7)**	**(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 21 for further information on debt classification.

December 31, 2022			Contractual cash flows						
(In millions of US dollars)	Nominal value	Notional value	Total	0-1 years	1-2 years	2-3 years	3-4 years	4-5 years	Thereafter
Non-derivative financial liabilities									
Trade payables	(45.6)	-	(45.6)	(45.6)	-	-	-	-	-
Debt with fixed interest rates	(239.5)	-	(254.4)	(112.9)	(51.2)	(44.5)	(27.7)	(18.1)	-
Debt with variable interest rates	(811.8)	-	(916.4)	(350.7)	(565.7)	-	-	-	-
Total	**(1,096.9)**	**-**	**(1,216.4)**	**(509.2)**	**(616.9)**	**(44.5)**	**(27.7)**	**(18.1)**	**-**
Derivative financial assets/liabilities									
Interest rate swaps hedge accounted	0.4	50.0	0.4	0.4	-	-	-	-	-
Forward exchange contracts used for hedging	-	-	-	-	-	-	-	-	-
Other foreign exchange contracts	-	-	-	-	-	-	-	-	-
Total	**0.4**	**50.0**	**0.4**	**0.4**	**-**	**-**	**-**	**-**	**-**

During 2023, PGS 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 PGS 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, PGS had cash and cash equivalents totaling $177.7 million, compared to $363.8 million as of December 31, 2022. Net interest-bearing debt amounted to $542.0 million on December 31, 2023, compared to $616.7 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, 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

The Company entered into interest rate swaps totaling a notional amount of $225 million during 2019 and 2020. These were all designated as hedging instruments in 2020 and all subsequent change in the value of these swaps were recorded in other comprehensive income as the effective portion of the designated and qualified hedging instrument. Swaps with a notional amount of $175 million matured during 2022. The 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 23 – 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:

	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	**22.3**	**26.1**	**48.4**	**31.4**	**23.3**	**54.7**
Additions (Note 17)	17.9	9.9	27.8	-	11.6	11.6
Remeasurement/Other (Note 17)	(0.1)	0.1	-	-	(0.3)	(0.3)
Asset retirements (Note 17)	-	(3.2)	(3.2)	-	-	-
Depreciation expense (Note 17)	(12.2)	(6.7)	(18.9)	(9.1)	(8.5)	(17.6)
Balance as of December 31	**27.9**	**26.2**	**54.1**	**22.3**	**26.1**	**48.4**

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
Less than 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 expences of rights-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 24 – Accrued Expenses and Other Current Liabilities

Accrued expenses consist of the following:

	December 31,	
(In millions of US dollars)	2023	2022
Accrued capex	6.3	3.0
Accrued commissions	1.6	0.2
Accrued employee benefits	33.7	32.5
Accrued interest expenses	15.9	1.6
Accrued legal expenses	11.4	7.9
Accrued revenue share	40.0	19.2
Accrued sales tax and VAT	16.4	14.2
Accrued vessel operating expenses	22.5	23.3
Other	3.0	2.3
Total	**150.8**	**104.2**

Note 25 – 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 26 – Pension Obligations

Defined benefits plans

Plan characteristics

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

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

Actuarial valuations and assumptions

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

Risks

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

Financial impact

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

(In millions of US dollars)	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)	(46.2)
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:

	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 om 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 acturial 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:

	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 27 — Shareholder Information

At the Annual General Meeting ("AGM") held on April 26, 2023, the following authorizations were given for the Board of Directors:

i. authorization to acquire treasury shares

ii. authorization to increase the share capital

iii. authorization to issue convertible loans

The protocol from the Annual General Meeting held on April 26, 2023, is available for download at the PGS website.

As of December 31, 2022, PGS ASA had a share capital of NOK 2,728,649,142 comprising of 909,549,714 shares of par value NOK 3 each, all fully paid.

On September 18, 2023, the TGS and PGS announced that they have agreed the principal terms of a combination of TGS and PGS to create a strong full-service energy data company.

On December 1, 2023, shareholders of PGS and TGS approved the merger with close to 100% support. The process with the Norwegian and UK competition authorities is ongoing and the Company expect the legal merger process to close in Q2 2024.

In Q3 2023, the Company also successfully completed a private placement raising gross proceeds of NOK 439.3 million (approximately USD 40.6 million) through the allocation of 45,760,726 new shares in the Company, each at a subscription right of NOK 9.60 per new share.

As of December 31, 2023, PGS ASA had a share capital of NOK 2,865,931,320 comprising of 955,310,440 shares of par value NOK 3 each, all fully paid.

All shares have equal voting rights and equal rights to dividends. Any distribution of the Company's equity is dependent on the approval of the shareholders, and the ability to make distributions is limited by certain debt covenants and Norwegian Corporate Law. The ordinary shares are listed on the Oslo Stock Exchange.

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

The Company's holding of treasury shares reconciles as follows:

	Treasury shares	% of total shares outstanding
Balance as of January 1, 2022	**5,255**	**0.00%**
Share buy-back for settlement of PRSU`s granted under 2019 Long-term Incentive Plan (Note 29)	500,000	0.05%
Shares used in settlement of PRSU`s granted under 2019 Long-term Incentive Plan (Note 29)	(230,169)	(0.03%)
Balance as of December 31, 2022	**275,086**	**0.03%**
Share buy-back for settlement of PRSU`s granted under 2020 Long-term Incentive Plan (Note 29)	1,575,000	0.16%
Shares used in settlement of PRSU`s granted under 2020 Long-term Incentive Plan (Note 29)	(530,388)	(0.06%)
Balance as of December 31, 2023	**1,319,698**	**0.14%**

The 20 largest shareholders (a) in PGS ASA were as follows:

	December 31, 2023	
	Total shares	Ownership percent
J.P. Morgan SE	51,363,324	5.4.
Interactive Brokers, L.L.C.	51,003,926	5.3
Morgan Stanley & Co. L.L.C	40,872,211	4.3
State Street Bank and Trust Comp	35,697,330	3.7
Goldman Sachs International	28,853,138	3.0
HSBC Bank Plc	26,937,005	2.8
The Bank of New York Mellom	25,895,924	2.7
The Bank of New York Mellom	24,250,605	2.5
Goldman Sachs & Co. LLC	19,387,211	2.0
State Street Bank and Trust Comp	18,312,659	1.9
The Bank of New York Mellom	15,505,708	1.6
J.P. Morgan SE	14,521,060	1.5
SEB AB	13,177,618	1.4
VERDIPAPIRFONDET DNB SMB	13,010,105	1.4
The Bank of New York Mellom	13,001,102	1.4
VERDIPAPIRFONDET FIRST GENERATOR	12,684,447	1.3
State Street Bank and Trust Comp	11,860,766	1.2
The Bank of New York Mellom	11,373,264	1.2
State Street Bank and Trust Comp	10,836,266	1.1
The Bank of New York Mellom	9,646,859	1.0
Other	507,119,912	53.3
Total	**955,310,440**	**100.0**

(a) The data in this table is from Euronext Securities Oslo, former Norwegian Central Securities Depository (VPS).

Shares owned or controlled by members of the Board of Directors, Chief Executive Officer and Other Executive Officers were as follows:

	December 31, 2023	
	Total shares	Ownership percent
Board of Directors		
Walter Qvam, Chairperson	135,000	(a)
Trond Brandsrud	110,000	(a)
Anne Grethe Dalane	73,000	(a)
Richard Herbert	116,000	(a)
Shona Grant	75,000	(a)
Ebrahim Attarzadeh	-	(a)
Emiliana Rice-Oxley	-	(a)
Anette Valbø	13,354	(a)
Carine Roalkvam	970	(a)
Eivind Vesterås	158,500	(a)
Chief Executive Officer and Other Executive Officers		
Rune Olav Pedersen, President and Chief Executive Officer	726,151	(a)
Gottfred Langseth, Executive Vice President and Chief Financial Officer	1,304,808	(a)
Rob Adams, Executive Vice President of Operations	52,637	(a)
Berit Osnes, Executive Vice President New Energy	78,718	(a)
Nathan Oliver, Executive Vice President of Sales & Services	33,255	(a)

(a) Less than 1% of the Company's shares as of December 31, 2023

Note 28 – Related Party Transactions

The following transactions were carried out with related parties:

	Year ended December 31,	
(In millions of US dollars)	2023	2022
Sale of goods and services		
Associates – MultiClient data	-	-
Associates – Other services	32.6	33.7

Transactions with related parties 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").

The Company has $0.2 million and $0.2 million in outstanding balances with related parties as of December 31, 2023 and 2022, respectively.

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

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

Note 29 – 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 and PGS 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 December 31, 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 the end of year 2022.

Year ended December 31, 2022

Grant date	PRSUs as of December 31, 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 30 – Salaries and Other Personnel Costs, Number of Employees, and Remuneration to the Board of Directors, Executive Officers and Auditors

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

	Year ended December 31,	
(In millions of US dollars)	**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") and Senior Executives

In 2023, the Company paid compensation to its President and CEO and other executive officers as follows:

	Total compensation paid in 2023 (a)					
Name	**Fixed salary**	**Bonus (b)**	**PRSUs (c)**	**Other benefits (d)**	**Total paid salary and compensation (in dollars)**	**Pension benefits (e)**
Rune Olav Pedersen						
President and Chief Executive Officer	570,041	699,555	91,901	15,615	1,377,112	149,973
Gottfred Langseth						
Executive Vice President and Chief Financial Officer	404,900	277,487	41,027	20,537	743,952	86,184
Nathan Oliver						
Executive Vice President of Sales & Services	349,282	253,372	41,027	22,786	666,468	33,438
Berit Osnes						
Executive Vice President of New Energy (e)	349,282	117,291	27,352	10,883	504,807	41,558
Rob Adams						
Executive Vice President of Operations	349,282	252,891	41,027	15,615	658,816	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.

In relation to the Merger (defined in Note 1), the Senior Executives and CEO may receive a total cash bonus of up to 100% and 150% of the base salary respectively. The first part of the bonus, representing 2/3 of total amount, was triggered upon approval of the Merger at the PGS' 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.

PRSU's held by the CEO and executive officers as of December 31, 2023 were as follows:

Name	**PRSUs as of December 31, 2022**	**PRSUs granted 2023**	**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**
Rune Olav Pedersen	1,057,000	329,000	(126,000)	91,901	(42,000)	1,218,000	1.34
Gottfred Langseth	446,000	140,000	(56,250)	41,027	(18,750)	511,000	1.35
Nathan Oliver	446,000	140,000	(56,250)	41,027	(18,750)	511,000	1.35
Berit Osnes	315,000	140,000	(37,500)	27,352	(12,500)	405,000	1.45
Rob Adams	446,000	140,000	(56,250)	41,027	(18,750)	511,000	1.35

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.

In 2022, the Company paid compensation to its President and CEO and other executive officers as follows:

	Total compensation paid in 2022 (a)					
Name	**Fixed salary**	**Bonus (b)**	**PRSUs (c)**	**Other benefits (d)**	**Total paid salary and compensation (in dollars)**	**Pension benefits (e)**
Rune Olav Pedersen						
President and Chief Executive Officer	575,803	306,452	31,550	17,083	930,888	164,899
Gottfred Langseth						
Executive Vice President and Chief Financial Officer	423,734	111,449	14,085	22,374	571,641	92,315
Nathan Oliver						
Executive Vice President of Sales & Services	365,690	130,450	14,085	41,699	551,923	35,082
Berit Osnes						
Executive Vice President of New Ventures (f)	365,690	102,751	14,085	12,052	494,577	43,862
Rob Adams						
Executive Vice President of Operations	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.

PRSU's held by the CEO and executive officers as of December 31, 2022 were as follows:

Name	PRSUs as of December 31, 2021	PRSUs granted 2022	PRSUs settled relating to 2019 PRSU grant	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
Rune Olav Pedersen	756,000	469,000	(40,748)	31,550	(127,252)	1,057,000	1.79
Gottfred Langseth	325,000	196,000	(18,191)	14,085	(56,809)	446,000	1.76
Nathan Oliver	325,000	196,000	(18,191)	14,085	(56,809)	446,000	1.76
Berit Osnes	250,000	140,000	(18,191)	14,085	(56,809)	315,000	1.97
Rob Adams	280,000	196,000	(7,276)	5,634	(22,724)	446,000	1.66

See Note 27 for shares held by the Company's CEO and other executive officers and Note 29 for further information on the share- based payments programs.

Rune Olav Pedersen, President and CEO of the Company, had an annual fixed salary of NOK 5,426,000 in 2023. The CEO has a mutual 6-months period of notice. The CEO is, both during and after the employment, obliged to refrain from taking employment with companies that are in direct or indirect competition with PGS. This prohibition applies for a period of two years from the termination date unless the Company sets a shorter period of time. Other executive officers have similar provisions in their employment terms, with periods of notice of twelve months or less.

However, if in relation to the Merger the CEO or any of the Senior Executives is terminated or resigns as a consequence of being made redundant from current roles, or being offered roles at a lower complexity level and decides to leave the company for that reason, the termination notice period shall for each be 6 months and each will be entitled to subsequent 12 months of severance pay (24 months for the CEO due to an equally long non-compete clause). The severance pay will be reduced if the recipient receives income from other employers during the severance period.

Board of Directors

None of our Directors has any contract with the Company providing benefits upon termination of service.

The table below provides information about Director compensation for 2023:

Name	Position	Director since	Term expire	Compensation (In dollars) (a,b)
Walter Qvam	Chairperson	2013	2024	110,442
Anne Grethe Dalane	Vice Chairperson	2013	2024	77,055
Richard Herbert	Director	2017	2024	70,794
Trond Brandsrud	Director	2019	2024	72,201
Shona Grant	Director	2022	2024	67,878
Ebrahim Attarzadeh	Director	2022	2024	77,880
Emeliana Rice-Oxley	Director	2023	2024	36,976
Carine Roalkvam	Director (Empl.rep)	2023	2025	8,519
Eivind Vesterås	Director (Empl.rep)	2021	2025	12,621
Anette Valbø	Director (Empl.rep)	2015	2025	12,621
			Total	**546,987**

(a) Amounts in NOK have been translated to US Dollars using average exchange rate for 2023 of NOK/USD 10.5647.
(b) None of the members or deputy members of the board received compensation from any other Group companies, except for the employee representatives. Their remuneration as employees is not included above.

The table below provides information about our Directors and compensation for 2022:

Name	Position	Director since	Term expire	Compensation (In dollars) (b)
Walter Qvam	Chairperson	2013	2023	109,118
Anne Grethe Dalane	Vice Chairperson	2013	2023	73,858
Marianne Kah	Director	2018	2023	73,928
Richard Herbert	Director	2017	2023	75,004
Trond Brandsrud	Director	2019	2023	68,932
Shona Grant	Director	2022	2023	33,548
Ebrahim Attarzadeh	Director	2022	2023	39,754
Eivind Vesterås	Director (Empl.rep)	2021	2023	12,569
Anette Valbø	Director (Empl.rep)	2015	2023	12,569
Gunhild Myhr	Director (Empl.rep)	2021	2023	12,569
			Total	**511,849**

(a) Amounts in NOK have been translated to US Dollars using average exchange rate for 2022 of NOK/USD 9.5472.

(b) None of the members or deputy members of the board received compensation from any other Group companies, except for the employee representatives. Their remuneration as employees is not included above.

See Note 27 for shares held by the Company's Board of Directors.

Remuneration of executive personnel

Pursuant to the Norwegian Public Limited Liability Companies Act, section 6-16 a (2), the Board has prepared a policy for executive remuneration. This policy was approved by the Company's Annual General Meeting in 2021 and is available on www.pgs.com. In accordance with the Norwegian Public Limited Liability Companies Act, section 6-16 b, PGS will prepare a Senior Executive Remuneration Report for release ahead of the scheduled 2024 Annual General Meeting.

The Senior Executive Remuneration Report will describe:

- The total remuneration paid to the CEO and Senior Executives during the previous fiscal year,
- Share based remuneration,
- Remuneration vs policy, voting and performance criteria, and
- CEO and Senior Executive remuneration – comparisons.

The Remuneration and Corporate Governance Committee of the Board is responsible for reviewing executive remuneration and making recommendations to the Board. The Board ensures that remuneration objectives reflect the convergence of the financial interests of executive personnel and shareholders.

The Senior Executive Remuneration Report will be available for download at the PGS website.

Remuneration of auditor

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

	Year ended December 31,	
(In millions of US dollars)	2023	2022
Audit fees	1.3	1.4
Tax services	0.2	0.2
All other fees	-	-
Total	**1.5**	**1.6**

Note 31 – 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%
PT Petroprima Geo-Servis Nusantara	Indonesia	94.36%
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%
Petroleum Geo-Services AS	Norway	100%
PGS Shipowner AS	Norway	100%
Multiklient Invest AS	Norway	100%
PGS Falcon AS	Norway	100%
PGS Geophysical AS	Norway	100%
PGS Titans AS	Norway	100%
Natuna Ventures Pte. Ltd. - under liquidation	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%
PGS Holding I Ltd	United Kingdom	100%
PGS Holding II 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.

FINANCIAL STATEMENTS
PARENT COMPANY

PGS ASA (Parent Company)

Statements of Profit and Loss

(In millions of NOK)	Note	Year ended December 31, 2023	2022
Revenue	2	**-**	**-**
Selling, general, administrative and other costs	2	(70.7)	(72.9)
Total operating expenses		**(70.7)**	**(72.9)**
Operating loss		(70.7)	(72.9)
Intercompany interest income (expense)	2	179.3	102.8
Other interest income (expense)	3	0.5	(18.4)
Dividends/group contributions received from subsidiaries	2	883.9	-
Other financial items, net	2, 4	46.7	(45.7)
Income (loss) before income taxes		**1,039.6**	**(34.2)**
Income tax	5	(12.5)	-
Net income (loss)		**1,027.1**	**(34.2)**

PGS ASA (Parent Company)

Statements of Financial Position

(In millions of NOK)	Note	December 31, 2023	2022
ASSETS			
Non-current assets:			
Shares in subsidiaries	1, 6	2,262.8	2,262.8
Intercompany receivables	1, 2	4,279.0	2,762.0
Total non-current assets		**6,541.8**	**5,024.8**
Current assets:			
Intercompany receivables	2	-	2.5
Other current assets		2.7	5.9
Restricted cash	7	0.3	0.3
Cash and cash equivalents	7	0.7	43.4
Total current assets		**3.7**	**52.1**
Total assets		**6,545.5**	**5,076.9**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity:			
Share capital; par value NOK 3; issued and outstanding 955,310,440 shares	8	2,855.9	2,718.6
Treasury shares, par value	8	(10.6)	(2.0)
Additional paid-in capital	8	7,347.2	7,040.2
Total paid in capital		**10,192.6**	**9,756.8**
Other equity	8	(3,771.8)	(4,799.0)
Total shareholders' equity		**6,420.8**	**4,957.8**
Current liabilities:			
Intercompany debt	2	-	13.5
Public duties payable	5	11.3	-
Accrued expenses and other short-term liabilities	9	113.4	105.6
Total current liabilities		**124.7**	**119.1**
Total liabilities and shareholders' equity		**6,545.5**	**5,076.9**

Oslo, April 23, 2024

Board of Directors
PGS ASA

Walter Qvam
Chairperson

Anne Grethe Dalane
Director

Richard Herbert
Director

Emeliana Dallan Rice Oxley
Director

Trond Brandsrud
Director

Ebrahim Attarzadeh
Director

Shona Grant
Director

Anette Valbø
Director

Eivind Vesterås
Director

Carine Roalkvam
Director

Rune Olav Pedersen
President & Chief Executive Officer

PGS ASA (Parent Company)

Statements of Cash Flows

(In millions of NOK)	Note	Year ended December 31, 2023	2022
Cash flows provided by (used in) operating activities:			
Net income (loss)		1,039.6	(34.2)
Dividends/group contributions	2	(883.9)	-
Tax expenses		(12.5)	-
Foreign exchange (gain) loss, unrealized	4	54.6	(1.0)
Changes in current assets and current liabilities		(43.4)	301.9
Other items		32.6	67.6
Net cash provided by (used in) operating activities		**187.0**	**334.3**
Cash flows provided by (used in) investing activities:			
Reduced (increased) intercompany receivable (debt)	2	(644.0)	(2,748.8)
Change in restricted cash	7	-	0.2
Net cash provided by (used in) investing activities		**(644.0)**	**(2,748.6)**
Cash flows provided by (used in) financing activities:			
Purchase of treasury shares		(8.6)	(2.0)
Settlement of treasury shares		(4.3)	-
Proceeds from share issue (a)	7	427.3	2,423.9
Net cash provided by (used in) financing activities		**414.4**	**2,421.9**
Net increase (decrease) in cash and cash equivalents		**(42.7)**	**7.6**
Cash and cash equivalents at beginning of year		43.7	35.8
Cash and cash equivalents at end of year		**1.0**	**43.4**

a) Net of approximately 3% transaction cost.

Note 1 — Summary of Significant Accounting Policies

PGS ASA and its subsidiaries ("PGS" or "the Company") prepares its consolidated financial statements in accordance with IFRS® Accounting Standards as adopted by the European Union ("EU"), while the parent company PGS ASA prepares its unconsolidated financial statements 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"). PGS ASA is located in Oslo, Norway. The address is Lilleakerveien 4C, 0283 Oslo.

PGS ASA applies the same accounting policies as described in note 2 in the notes to the consolidated financial statements where relevant, except that unrealized foreign exchange gain (loss) on non-current intercompany loans is recognized in the statements of profit and loss.

Shares in subsidiaries (see note 6) are presented at cost less impairment. Impairment is recognized based upon the carrying value of the individual shares and net intercompany receivables in the subsidiaries less the estimated recoverable amount (based on discounted estimated future cash flows). If estimated recoverable amounts increase, impairment charges are reversed accordingly. There is no fixed plan for repayment of long-term intercompany receivables and payables.

The statement of cash flows is prepared using the indirect method.

Note 2 — Intercompany Transactions

Transactions with subsidiaries are mainly related to guarantees and financing activities.

Guarantee fee income is NOK 2.0 million and NOK 2.8 million in 2023 and 2022, respectively.

Building service expense is NOK 3.9 million and NOK 5.1 million in 2023 and 2022, respectively.

Management fee and corporate support expense is NOK 37.3 million and NOK 31.0 million in 2023 and 2022, respectively.

Group contributions from subsidiaries amounted to NOK 883.9 million in 2023. There were no dividends or group contributions in 2022.

Intercompany transactions in the statements of profit and loss consist of:

Subsidiaries	**Year ended December 31, 2023**	
(In millions of NOK)	**Net interest income (expense)**	**Net Receivables/ (Liabilities)**
Petroleum Geo-Services AS	179.3	3,281.2
Multiklient Invest AS	-	883.9
PGS Geophysical AS	-	112.1
Petroleum Geo-Services, Inc.	-	0.5
PGS Exploration (UK) Ltd.	-	1.0
Other	-	0.3
Sum transactions intercompany	179.3	4,279.0
Accumulated impairment		-
Net transactions intercompany		**4,279.0**

Subsidiaries	**Year ended December 31, 2022**	
(In millions of NOK)	**Net interest income (expense)**	**Net Receivables/ (Liabilities)**
Petroleum Geo-Services AS	102.8	2 761.8
PGS Geophysical AS	-	(13.5)
PGS Titans AS	-	0.8
Petroleum Geo-Services, Inc.	-	0.6
PGS Exploration (UK) Ltd.	-	0.7
PGS Suporte Logistico e Servicos Ltda.	-	0.5
Other	-	0.1
Sum transactions intercompany	102.8	2 751.0
Accumulated impairment		-
Net transactions intercompany		**2 751.0**

Note 3 – Interest Expense, Net

Interest expense, net, consists of:

	Year ended December 31,	
(In millions of NOK)	**2023**	**2022**
Interest income, external	0.5	0.6
Interest expense, external	-	(19.0)
Total	**0.5**	**(18.4)**

Note 4 – Other Financial Items, Net

Other financial items, net, consist of:

	Year ended December 31,	
(In millions of NOK)	**2023**	**2022**
Foreign currency (loss) gain, realized and unrealized	52.5	(40.0)
Guarantee fee	0.8	2.8
Other	(6.6)	(8.6)
Total	**46.7**	**(45.7)**

Note 5 – Income Taxes

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

	Year ended December 31,	
(In millions of NOK)	**2023**	**2022**
Tax on ordinary profit/loss:		
Payable tax	-	-
Foreign tax and WHT expense	12.5	-
Changes in deferred tax assets	-	-
Tax expenses on ordinary profit/loss	**12.5**	**-**
Taxable income:		
Results before tax	1,039.6	(34.2)
Permanent differences	(12.0)	30.2
Changes in tempary differences	-	-
Allocation of loss to be brought forward	(1,027.6)	-
Taxable income	**-**	**(4.0)**
Payable tax in the balance:		
Payable foreign tax and WHT expense	11.3	-
Payable tax on this year's result	194.5	-
Payable tax on received group contribution	(194.5)	-
Total payable tax in the balance	**11.3**	**-**
Calculation of effective tax rate:		
Profit before tax	1,039.6	(34.2)
Calculated tax on profit before tax	228.7	(7.5)
Tax effect of permanent differences	(2.6)	6.7
Income tax (expense) benefit	**226.1**	**(0.9)**

	December 31,	
(In millions of NOK)	**2023**	**2022**
Temporary differences relate to:		
Property, plant and equipment	0.1	0.1
Total	**0.1**	**0.1**
Accumulated loss to be brought forward	(3,787.7)	(4,815.0)
Not included in the deferred tax calculation	3,787.7	4,815.0
Deferred tax assets 22%	**-**	**-**

Note 6 – Shares in Subsidiaries

Shares in subsidiaries are recognized in PGS ASA balance sheet at cost less any impairment.

			As of December 31, 2023			
(In millions of NOK)	Registered office	Shareholding (a)	Book value (b)	Equity (b)	Impairments 2023	Net income 2023
PGS Holding I Ltd (UK)	Oslo	100%	2,262.8	2,252.1	-	-
PT Petroprima Geo-Servis Nusantara	Indonesia	93%	-	(231.6)	-	(37.6)
Total			**2,262.8**		**-**	

(a) Voting rights are equivalent to shareholding for all companies.
(b) The numbers are preliminary and statutory audit has not been completed.

			As of December 31, 2022			
(In millions of NOK)	Registered office	Shareholding (a)	Book value (b)	Equity (b)	Impairments 2022	Net income 2022
PGS Holding I Ltd (UK)	Oslo	100%	2,262.8	2,252.1	-	-
PT Petroprima Geo-Servis Nusantara	Indonesia	93%	-	(195.2)	-	(83.0)
Total			**2,262.8**		**-**	

(a) Voting rights are equivalent to shareholding for all companies.
(b) The numbers are preliminary and statutory audit has not been completed.

For additional information on impairment of shares in subsidiaries and intercompany receivables, see Note 1.

Note 7 – Restricted Cash

Restricted cash consists of:

	December 31,	
(In millions of NOK)	2023	2022
Payroll withholding taxes	0.3	0.3
Total	**0.3**	**0.3**

Note 8 – Shareholders' Equity

Changes in shareholders' equity for the years ended December 31, 2023 and 2022 are as follows:

	Paid-in capital				
(In millions of NOK)	Share capital	Treasury shares, par value	Additional paid-in capital	Other equity	Shareholders' equity
Balance as of December 31, 2021	**1 202.0**	**(0.0)**	**5 994.4**	**(4 764.8)**	**2 431.5**
Share based payments	-	-	10.1	-	10.1
Shares issued at conversion of convertible bond	65.8	-	59.7	-	125.5
Shares issued for cash consideration	1,450.8	-	973.1	-	2,423.9
Acquired treasury shares	-	(2.0)	(1.6)	-	(3.6)
Interest rate swap (net of tax)	-	-	4.6	-	4.6
Net income (loss)	-	-	-	(34.2)	(34.2)
Balance as of December 31, 2022	**2,718.6**	**(2.0)**	**7,040.2**	**(4,799.0)**	**4,957.8**
Share based payments	-	-	21.3	-	21.3
Share capital increase (a)	137.3	-	290.0	-	427.3
Acquired treasury shares (b)	-	(12.9)	-	-	(12.9)
Share based payments, equity/settled (b)	-	4.3	(4.3)	-	-
Net income (loss)	-	-	-	143.3	143.3
Group contribution	-	-	-	883.9	883.9
Balance as of December 31, 2023	**2,855.9**	**(10.6)**	**7,347.2**	**(3,771.8)**	**6,420.8**

(a) In 2023, PGS ASA issued 45,760,726 new shares following private placements and a subsequent offering raising approximately NOK 439,302,970 million as equity. Transaction costs amounting to NOK 12.0 million were recognized against additional paid-in capital.

(b) In 2022, PGS ASA initiated and completed a share buy-back program to cover settlement of Performance based Restricted Stock Units ("PRSU's") granted under the Company's 2020 Long Term Incentive Plan for employees. 1,575,000 shares were bought back under the programme and 530,388 shares were used in settlement to employees.

Note 9 – Accrued Expenses and Other Short-term Liabilities

Accrued expenses and other short-term liabilities consist of the following:

	December 31,	
(In millions of NOK)	2023	2022
Account payable	111.6	104.3
Accrued employee benefits	1.4	1.2
Other	0.4	0.1
Total	**113.4**	**105.6**

Note 10 – Salaries and Other Personnel Costs, Number of Employees, and Remuneration to the Board of Directors, Executive Officers and Auditors

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

	Year ended December 31,	
(In millions of NOK)	2023	2022
Salaries, bonus and board members compensation	6.9	5.4
Social security	1.1	0.8
Other benefits	0.1	0.1
Total	**8.1**	**6.4**

As of December 31, 2023, PGS ASA had 0 employees. Man-years were 0 and 0 for the years 2023 and 2022, respectively.

In 2023 the members of the board were compensated with NOK 6.9 million. For a full listing of Board of Directors, CEO and Other Executive Officers and their compensation, see note 30 in the consolidated financial statements.

PGS ASA has not provided loans or guarantees to any member of the Board of Directors as of December 31, 2023.

Remuneration of auditor

Fees for audit and other services provided by PGS ASA's auditor EY who was elected in May 2014, are as follows (exclusive VAT and inclusive out of pocket expenses):

	Year ended December 31,	
(In millions of NOK)	2023	2022
Audit fees	4.5	4.4
All other fees	-	0.1
Total	**4.5**	**4.5**

Statsautoriserte revisorer
Ernst & Young AS

Stortorvet 7, 0155 Oslo
Postboks 1156 Sentrum, 0107 Oslo

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

www.ey.no
Medlemmer av Den norske Revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of PGS ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of PGS ASA (the Company) which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise of the statement of financial position as at 31 December 2023 and statement of profit and loss and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise of the statement of financial position as at 31 December 2023, statement of profit and loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including 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.

Our opinion is consistent with our additional report to the audit committee.

Basis for opinion

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

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 10 years from the election by the general meeting of the shareholders on 8 May 2014 for the accounting year 2014.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Impairment evaluation of MultiClient library

Basis for the key audit matter
The MultiClient library accounts for $313.6 million or approximately 17 % of total assets of the Group as at 31 December 2023. Management has identified impairment indicators. The Group performed impairment testing to determine value in use and recorded no impairment loss in 2023.

The Group uses forecasts of future sales when determining value in use. These forecasts are based on budgets and assumptions, thus requiring considerable insight and judgment by management about future market conditions and spending on exploration and production by oil and gas companies, including licensing activities and farm-ins. Impairment evaluation of the MultiClient library is a key audit matter due to the significant management judgment involved and the continued uncertain market conditions.

Our audit response
We evaluated management's assessment of impairment indicators for the MultiClient library. Our audit procedures included inquiries of management, including senior sales personnel, and test of controls. Our audit procedures also included analyses and evaluation of historical accuracy of prior year's forecast. We further evaluated the assumptions used in the sales forecasting process based on the current market situation, expectations about oil prices, licensing rounds and exploration activities. Furthermore, we considered the valuation methodology and the discount rate applied in the value in use model. We also tested the mathematical accuracy of the value in use calculations and performed sensitivity analyses of key assumptions. We used a valuation specialist to assist us in evaluating the calculation and components of the applied discount rate. We also assessed the Group's disclosures regarding those assumptions.

We refer to notes 3 and 18 of the consolidated financial statements.

Impairment evaluation of vessels and seismic equipment

Basis for the key audit matter
Vessels and related seismic equipment accounts for $677.6 million or approximately 37 % of total assets of the Group as at 31 December 2023. Management has identified impairment indicators. The Group assessed the recoverable amount by determining value in use for each vessel. The Group performed impairment tests to determine the recoverable amounts and concluded that no impairment should be recognized in 2023. The evaluation is sensitive to forward looking assumptions. As there is limited remaining headroom, negative changes to these assumptions could result in impairment.

Our audit response
Our procedures included assessing the assumptions and methods used by management in the impairment evaluation. We tested the key assumptions and underlying data by comparing them to external market information and historical data, and by analyzing sensitivities. We also assessed the historical accuracy of management's estimates and tested the mathematical accuracy of the impairment model. We involved a valuation specialist to assist us in evaluating the calculation and components of the applied discount rate. We also assessed the disclosures regarding the assumptions applied by

Building a better working world

Estimating the value in use requires management judgment when estimating future revenues, operating expenses, growth rates, useful lives and capital expenditures and determining the discount rate. Management's impairment evaluation is a key audit matter due to the multiple variables and the significant management judgement involved in estimating future cash flow.

management and verified the arithmetical accuracy of the sensitivity analysis.

We refer to notes 3 and 17 of the consolidated financial statements.

Other information

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

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

We have nothing to report in this regard, and in our opinion, the board of directors' report, the statement on corporate governance and the statement on sustainability are consistent with the financial statements and contain the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation 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.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirement

Report on compliance with regulation on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of PGS ASA we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name 213800T66DRTE6O6BV87-2023-12-31-en.zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF Regulation.

Management's responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's responsibilities

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation. We conduct our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.

As part of our work, we perform procedures to obtain an understanding of the company's processes for preparing the financial statements in accordance with the ESEF Regulation. We test whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 23 April 2024

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The auditor's report is signed electronically

Finn Ole Edstrøm
State Authorised Public Accountant (Norway)

Edstrøm, Finn Ole Stephansen-Smith
Statsautorisert revisor
På vegne av: Finn Ole Edstrøm
Serienummer: no_bankid:9578-5995-4-951045
IP: 147.161.xxx.xxx
2024-04-23 17:29:02 UTC

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