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Earnings Release

Q1 - 2021

Collaboration & Connectivity
for the future of seismic

PGS

Encouraging MultiClient Sales
Improving Vessel Utilization

Takeaways Q1 2021

- Segment Revenues and Other Income of $132.2 million, compared to $168.3 million in Q1 2020
- Segment EBITDA of $84.1 million, compared to $80.5 million in Q1 2020
- Segment EBIT (excluding impairments and other charges) loss of $13.9 million, compared to a loss of $15.8 million in Q1 2020
- Segment MultiClient pre-funding revenues of $46.3 million, with a corresponding pre-funding level of 107%, compared to $40.7 million and 60%, respectively, in Q1 2020
- Cash flow from operations of $88.6 million, compared to $176.0 million in Q1 2020
- As Reported Revenues and Other Income according to IFRS of $165.7 million and an EBIT loss of $2.3 million, compared to $128.8 million and EBIT loss of $80.2 million, respectively, in Q1 2020
- Awarded multiyear 4D framework agreement by Equinor
- Awarded first simultaneous node and streamer acquisition contract by Lundin Energy Norway
- Order book increase in the quarter
- Reactivation of *Ramform Vanguard*
- Extension of debt maturities and amortization became effective in February (see description in Note 11)

"Our MultiClient revenues significantly improved compared to Q1 2020. Strong client commitments to ongoing MultiClient projects delivered a pre-funding level of 107% of the capitalized MultiClient cash investment. MultiClient Late Sales were encouraging, and with revenues close to $50 million we are off to a good start for the year. Going into the quarter we expected vessel utilization to improve and we have delivered on our expectation with solid production across the fleet and 89% of the time spent acquiring contract and MultiClient data.

A general demand increase, in combination with deferred 2020 work coming back to the market, supports our positive order book development. We are now well booked for Q2 and Q3, and we have good visibility into the coming winter season. The *Ramform Vanguard* is reactivated to take advantage of the increased acquisition volumes scheduled for the summer season. One of our milestone projects this summer is the simultaneous node and streamer survey in the Barents Sea for Lundin Energy Norway. This is our first node survey, providing us with experience and insight into joint streamer and node operations.

With the current booked position and increasing activity levels we remain of the view that 2021 will show revenue improvement on a lower cost base compared to 2020."

Rune Olav Pedersen,
President and Chief Executive Officer

Outlook

PGS expects the oil price level, the ongoing global recovery from the Covid-19 pandemic, and the effects of deferred projects from last year to support a gradual increase of demand for seismic services in 2021. Despite the impacts of the Covid-19 crisis, energy consumption is expected to continue to increase longer term with oil and gas remaining an important part of the energy mix as the global energy transition evolves. Offshore reserves will be vital for future supply and support demand for marine seismic services. The recovery of the contract market is likely to also benefit from less seismic vessels operating in the international market.

PGS expects full year 2021 gross cash costs to be approximately $400 million, based on five 3D vessels in operation through 2021 and *Ramform Vanguard* in operation during Q2 and Q3.

2021 MultiClient cash investments are expected to be approximately $150 million.

Approximately 45% of 2021 active 3D vessel time is expected to be allocated to MultiClient acquisition.

Capital expenditures for 2021 is expected to be approximately $40 million.

The order book totaled $237 million on March 31, 2021 (including $72 million relating to MultiClient). The order book was $202 million on December 31, 2020 and $217 million on March 31, 2020.

Key Financial Figures

(In millions of US dollars, except per share data)	Quarter ended March 31, 2021	Quarter ended March 31, 2020	Year ended December 31, 2020
Profit and loss numbers Segment Reporting			
Segment Revenues and Other Income	132.2	168.3	595.9
Segment EBITDA ex. other charges, net	84.1	80.5	397.7
Segment EBIT ex. impairment and other charges, net	(13.9)	(15.8)	12.2
Profit and loss numbers As Reported			
Revenues and Other Income	165.7	128.8	512.0
EBIT	(2.3)	(80.2)	(188.0)
Net financial items	(33.6)	(35.1)	(118.4)
Income (loss) before income tax expense	(35.9)	(115.3)	(306.4)
Income tax expense	(3.2)	(2.2)	(15.1)
Net income (loss) to equity holders	(39.1)	(117.5)	(321.5)
Basic earnings per share ($ per share)	(0.10)	(0.32)	(0.85)
Other key numbers As Reported by IFRS			
Net cash provided by operating activities	88.6	176.0	366.5
Cash investment in MultiClient library	43.3	67.6	222.3
Capital expenditures (whether paid or not)	6.2	12.3	36.1
Total assets	1 971.2	2 335.9	2 093.8
Cash and cash equivalents	143.9	266.9	156.7
Net interest bearing debt	967.8	876.5	937.6
Net interest bearing debt, including lease liabilities following IFRS 16	1 116.8	1 052.5	1 096.2

Condensed Consolidated Statements of Profit and Loss and Other Comprehensive Income

(In millions of US dollars)	Note	Quarter ended March 31, 2021	Quarter ended March 31, 2020	Year ended December 31, 2020
Revenues and Other Income	2	165.7	128.8	512.0
Cost of sales	3	(36.8)	(72.7)	(150.3)
Research and development costs	3	(1.6)	(3.2)	(8.7)
Selling, general and administrative costs	3	(9.7)	(11.9)	(39.2)
Amortization and impairment of MultiClient library	4	(100.6)	(43.8)	(265.5)
Depreciation and amortization of non-current assets (excl. MultiClient library)	4	(22.2)	(28.7)	(89.2)
Impairment and loss on sale of non-current assets (excl. MultiClient library)	4	-	(51.4)	(108.4)
Other charges, net	4	2.9	2.7	(38.7)
Total operating expenses		(168.0)	(209.0)	(700.0)
Operating profit (loss)/EBIT		(2.3)	(80.2)	(188.0)
Share of results from associated companies	5	(0.4)	(26.0)	(30.0)
Interest expense	6	(21.2)	(16.4)	(78.4)
Other financial expense, net	7	(12.0)	7.3	(10.0)
Income (loss) before income tax expense		(35.9)	(115.3)	(306.4)
Income tax	8	(3.2)	(2.2)	(15.1)
Net income (loss) to equity holders of PGS ASA		**(39.1)**	**(117.5)**	**(321.5)**
Other comprehensive income				
Items that will not be reclassified to profit and loss	13	10.0	7.4	(7.6)
Items that may be subsequently reclassified to profit and loss	13	1.2	(5.5)	(3.9)
Other comprehensive income (loss) for the period, net of tax		11.2	1.9	(11.5)
Total comprehensive income (loss) to equity holders of PGS ASA		**(27.9)**	**(115.6)**	**(333.0)**
Earnings per share attributable to equity holders of the parent during the period				
-Basic and diluted earnings per share	12	(0.10)	(0.32)	(0.85)

Condensed Consolidated Statements of Financial Position

(In millions of US dollars)	Note	March 31, 2021	March 31, 2020	December 31, 2020
ASSETS				
Cash and cash equivalents	11	143.9	266.9	156.7
Restricted cash	11	12.9	2.8	15.8
Accounts receivables		92.8	165.0	100.6
Accrued revenues and other receivables		44.8	27.6	57.3
Other current assets		59.3	60.4	79.2
Total current assets		353.7	522.7	409.6
Property and equipment	9	872.9	1 047.1	898.0
MultiClient library	10	578.5	608.8	616.1
Restricted cash	11	59.0	38.6	60.8
Other non-current assets		15.7	18.6	16.2
Other intangible assets		91.4	100.1	93.1
Total non-current assets		1 617.5	1 813.2	1 684.2
Total assets		**1 971.2**	**2 335.9**	**2 093.8**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Interest bearing debt	11	-	195.7	1 150.4
Lease liabilities	11	40.6	40.5	40.1
Accounts payable		30.8	71.4	31.2
Accrued expenses and other current liabilities		94.9	105.4	95.5
Deferred revenues		142.9	151.1	188.6
Income taxes payable		13.1	22.5	13.7
Total current liabilities		322.3	586.6	1 519.5
Interest bearing debt	11	1 123.0	958.8	-
Lease liabilities	11	108.4	135.5	118.5
Deferred tax liabilities		0.1	0.1	0.1
Other non-current liabilities		46.5	43.1	59.3
Total non-current liabilities		1 278.0	1 137.5	177.9
Common stock; par value NOK 3; issued and outstanding 391,414,046 shares		155.7	154.2	154.2
Additional paid-in capital		930.0	927.1	929.1
Total paid-in capital		1 085.7	1 081.3	1 083.3
Accumulated earnings		(704.7)	(456.6)	(675.6)
Other capital reserves		(10.1)	(12.9)	(11.3)
Total shareholders' equity		370.9	611.8	396.4
Total liabilities and shareholders' equity		**1 971.2**	**2 335.9**	**2 093.8**

Condensed Consolidated Statements of Changes in Shareholders' Equity

For the three months ended March 31, 2021 and the year ended December 31, 2020

	Attributable to equity holders of PGS ASA				
(In millions of US dollars)	Share capital par value	Additional paid-in capital	Accumulated earnings	Other capital reserves	Shareholders' equity
Balance as of January 1, 2020	**138.5**	**852.5**	**(346.5)**	**(7.4)**	**637.1**
Profit (loss) for the period	-	-	(321.5)	-	(321.5)
Other comprehensive income (loss)	-	-	(7.6)	(3.9)	(11.5)
Share issue (a)	15.7	73.7	-	-	89.4
Share based payments	-	3.1	-	-	3.1
Share based payments, cash settled	-	(0.2)	-	-	(0.2)
Balance as of December 31, 2020	**154.2**	**929.1**	**(675.6)**	**(11.3)**	**396.4**
Profit (loss) for the period	-	-	(39.1)	-	(39.1)
Other comprehensive income (loss)	-	-	10.0	1.2	11.2
Share issue (b)	1.5	0.8	-	-	2.3
Share based payments	-	0.1	-	-	0.1
Share based payments, cash settled	-	-	-	-	-
Balance as of March 31, 2021	**155.7**	**930.0**	**(704.7)**	**(10.1)**	**370.9**

(a) In Q1 2020, the Company issued 48 627 000 new shares following a private placement raising approximately NOK 850 million as equity. Transaction costs amounting to $2.4 million are recognized against “Additional paid-in capital”.
(b) In Q1 2021, the Company received conversion notices from holders of the convertible bond representing NOK 12.6 million of this bond issue, which pursuant the bond terms were converted into 4 207 050 new shares.

For the three months ended March 31, 2020

	Attributable to equity holders of PGS ASA				
(In millions of US dollars)	Share capital par value	Additional paid-in capital	Accumulated earnings	Other capital reserves	Shareholders' equity
Balance as of January 1, 2020	**138.5**	**852.5**	**(346.5)**	**(7.4)**	**637.1**
Profit (loss) for the period	-	-	(117.5)	-	(117.5)
Other comprehensive income (loss)	-	-	7.4	(5.5)	1.9
Share issue (a)	15.7	73.7	-	-	89.4
Share based payments	-	0.9	-	-	0.9
Balance as of March 31, 2020	**154.2**	**927.1**	**(456.6)**	**(12.9)**	**611.8**

Condensed Consolidated Statements of Cash Flows

(In millions of US dollars)	Quarter ended March 31, 2021	Quarter ended March 31, 2020	Year ended December 31, 2020
Income (loss) before income tax expense	(35.9)	(115.3)	(306.4)
Depreciation, amortization, impairment	122.8	123.9	463.1
Share of results in associated companies	0.4	26.0	30.0
Interest expense	21.2	16.4	78.4
Loss (gain) on sale and retirement of assets	-	0.3	-
Income taxes paid	(3.0)	(5.2)	(26.8)
Other items	7.1	(8.1)	2.3
(Increase) decrease in accounts receivables, accrued revenues & other receivables	20.2	117.2	127.6
Increase (decrease) in deferred revenues	(45.7)	27.3	64.8
Increase (decrease) in accounts payable	(1.1)	13.1	(23.1)
Change in other current items related to operating activities	2.1	(16.4)	(47.2)
Change in other long-term items related to operating activities	0.5	(3.2)	3.8
Net cash provided by operating activities	**88.6**	**176.0**	**366.5**
Investment in MultiClient library	(43.3)	(67.6)	(222.1)
Investment in property and equipment	(8.3)	(10.4)	(32.8)
Investment in other intangible assets	(2.2)	(2.8)	(8.6)
Investment in other current -and non-current assets assets	-	-	-
Proceeds from sale and disposal of assets	-	0.4	26.6
Decrease (increase) in long-term restricted cash	-	-	(17.7)
Net cash used in investing activities	**(53.8)**	**(80.4)**	**(254.6)**
Proceeds, net of deferred loan costs, from issuance of non-current debt/net cash payment for debt amendment a)	(18.4)	124.2	124.2
Interest paid on interest bearing debt	(19.9)	(15.6)	(73.7)
Repayment of interest bearing debt	-	(226.3)	(240.3)
Net change of drawing on the Revolving Credit Facility	-	170.0	170.0
Proceeds from share issue	-	91.9	91.9
Payment of lease liabilities (recognized under IFRS 16)	(9.5)	(10.5)	(43.1)
Payments of leases classified as interest	(2.4)	(3.0)	(10.7)
Decrease (increase) in restricted cash related to debt service	2.6	-	(14.1)
Net cash (used in) provided by financing activities	**(47.6)**	**130.7**	**4.2**
Net increase (decrease) in cash and cash equivalents	(12.8)	226.3	116.1
Cash and cash equivalents at beginning of period	156.7	40.6	40.6
Cash and cash equivalents at end of period	**143.9**	**266.9**	**156.7**

a) In Q1 2021, the amount represents the fees and expenses relating to the amendment of debt maturities offset by cash proceeds from the convertible bond issue.

Notes to the Condensed Interim Consolidated Financial Statements
First Quarter 2021 Results

Note 1 – Segment Reporting

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

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 method. Instead, all such revenues are recognized at delivery of the final processed data, which is typically significantly later than the acquisition of the seismic data.

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 percentage of completion basis, and the related amortization of MultiClient library based upon the ratio of aggregate capitalized survey costs to forecasted sales. This differs from IFRS reporting which recognizes revenue from MultiClient pre-funding agreements and related amortization at the "point in time" when the customer receives access to, or delivery of, the finished data. See Note 15 for further description of the principles applied.

The table below provides a reconciliation of the Group's segment numbers ("Segment") against the financial statements prepared in accordance with IFRS ("As Reported"). Expanded Segment disclosures, showing statements of Profit and Loss, Financial Position and Cash Flows, are included in Note 17.

	Quarter ended March 31,					
	2021	2020	2021	2020	2021	2020
(In millions of US dollars)	Segment Reporting		Adjustments		As Reported	
Total Revenues and Other Income	132.2	168.3	33.5	(39.5)	165.7	128.8
Cost of sales	(36.8)	(72.7)	-	-	(36.8)	(72.7)
Research and development costs	(1.6)	(3.2)	-	-	(1.6)	(3.2)
Selling, general and administrative costs	(9.7)	(11.9)	-	-	(9.7)	(11.9)
Amortization of MultiClient library	(75.8)	(67.6)	(24.8)	29.0	(100.6)	(38.6)
Depreciation and amortization (excl. MultiClient library)	(22.2)	(28.7)	-	-	(22.2)	(28.7)
Operating profit (loss)/ EBIT, ex impairment and other charges, net	**(13.9)**	**(15.8)**	**8.7**	**(10.5)**	**(5.2)**	**(26.3)**

	Year ended December 31, 2020		
(In millions of US dollars)	Segment Reporting	Adjustments	As Reported
Total Revenues and Other Income	595.9	(83.9)	512.0
Cost of sales	(150.3)	-	(150.3)
Research and development costs	(8.7)	-	(8.7)
Selling, general and administrative costs	(39.2)	-	(39.2)
Amortization of MultiClient library	(296.3)	65.7	(230.6)
Depreciation and amortization (excl. MultiClient library)	(89.2)	-	(89.2)
Operating profit (loss)/ EBIT, ex impairment and other charges, net	**12.2**	**(18.2)**	**(6.0)**

For Q1 2021, MultiClient pre-funding revenues, As Reported, were higher than Segment pre-funding revenues. This difference is solely related to the timing of revenue recognition.

Note 2 – Revenues

Revenues and Other Income by service type:

	Quarter ended March 31,				Year ended December 31,	
	2021	2020	2021	2020	2020	2020
	Segment Reporting		As Reported		Segment Reporting	As Reported
-Contract seismic	25.5	85.4	25.5	85.4	146.7	146.7
-MultiClient pre-funding	46.3	40.7	79.8	1.2	218.6	134.7
-MultiClient late sales	49.2	33.5	49.2	33.5	167.3	167.3
-Imaging	5.1	8.5	5.1	8.5	23.6	23.6
-Other Income	6.1	0.2	6.1	0.2	39.7	39.7
Total Revenues and Other Income	**132.2**	**168.3**	**165.7**	**128.8**	**595.9**	**512.0**

Vessel Allocation(1):

	Quarter ended March 31,		Year ended December 31,
	2021	2020	2020
Contract	34%	47%	20%
MultiClient	55%	43%	50%
Steaming	7%	9%	14%
Yard	0%	1%	2%
Stacked/standby	4%	0%	14%

(1) The statistics exclude cold-stacked vessels. The 2021 vessel statistics includes five vessels.
The comparative periods for 2020 are based on eight vessels for Q1 and Q2 and five vessels for Q3 and Q4.

The comments to revenues in this Note relate to both As Reported revenues and Segment revenues unless otherwise stated.

Total revenues and Other Income
As Reported revenues amounted to $165.7 million, compared to $128.8 million in Q1 2020, an increase of $36.9 million, or 29%.

Segment revenues decreased by $36.1 million, or 21%, in Q1 2021, compared to Q1 2020, primarily due to a weaker acquisition market and less seismic 3D vessels operated as the Company reduced the operated vessel count from eight to five during Q2 and Q3 2020.

Contract revenues
In Q1 2021, contract revenues decreased by $59.9 million, or 70%, compared to Q1 2020 as a result of less capacity used for contract work and, on average, lower prices. Contract work in Q1 2020 benefitted from a more positive seismic market pre the Covid-19 pandemic. *Ramform Sovereign* was used as a source vessel during Q1 2021 on a contract project, with lower revenues than when used as a 3D acquisition vessel and also lower cash operating cost.

MultiClient pre-funding revenues
As Reported MultiClient pre-funding revenues amounted to $79.8 million, an increase of $78.6 million, compared to Q1 2020. The significant increase is a result of more surveys completed and delivered to customers in the period.

Segment MultiClient pre-funding revenues increased by $5.6 million, or 14%, compared to Q1 2020 driven by more sales from surveys in the processing phase and a higher pre-funding level on projects in the acquisition phase. MultiClient pre-funding revenues in Q1 2021 were highest in West Africa and the Middle East.

MultiClient late sales
MultiClient late sales revenues increased by $15.7 million, or 47%, compared to Q1 2020. The Company has a diversified MultiClient data library with a majority of the data in the world’s main offshore producing regions. Demand for MultiClient data is recovering after a challenging 2020 when Q1 2020 MultiClient late sales were negatively impacted by the escalating Covid-19 pandemic and the related disruption of the oil market. MultiClient late sales were highest in Europe and Asia Pacific.

Other Income
In Q1 2021 PGS recorded Other Income of $6.1 million, of which $6.0 million are government grants in the US relating to the Covid-19 pandemic.

Note 3 – Net Operating Expenses

(In millions of US dollars)	Quarter ended March 31, 2021	2020	Year ended December 31, 2020
Cost of sales before investment in MultiClient library	(78.3)	(135.6)	(369.8)
Research and development costs before capitalized development costs	(3.8)	(6.0)	(17.2)
Selling, general and administrative costs	(9.7)	(11.9)	(39.2)
Cash Cost, gross	**(91.8)**	**(153.5)**	**(426.2)**
Steaming deferral, net	(1.8)	(4.7)	(2.8)
Cash investment in MultiClient library	43.3	67.6	222.3
Capitalized development costs	2.2	2.8	8.5
Net operating expenses	**(48.1)**	**(87.8)**	**(198.2)**

Gross cash cost decreased by $61.7 million, or 40%, compared to Q1 2020, primarily as a result of the cost measures described below.

During 2020 PGS, as a response to lower activity levels, implemented substantial measures to reduce the annualized gross cash cost run rate by more than $200 million. Shortly after the oil price plunge and closing of societies the Company stacked *PGS Apollo, Sanco Swift* and *Ramform Vanguard*. Further, in Q3 2020 PGS completed a comprehensive reorganization to reduce office-based personnel by approximately 40% compared to the start of the year, renegotiated terms with suppliers and several other initiatives. Cost levels through most of 2020 also benefited from a weak Norwegian kroner and lower fuel prices.

Cash cost capitalized to the MultiClient library in Q1 2021 decreased by $24.3 million, or 36%, compared to Q1 2020. The decrease is a result of cost reductions and fewer vessel days used for MultiClient acquisition.

Note 4 – Amortization, Depreciation, Impairments and Other Charges, net

Amortization and impairment of MultiClient library consist of the following:

(In millions of US dollars)	Quarter ended March 31, 2021	2020	Year ended December 31, 2020
As Reported			
Amortization of MultiClient library	(24.1)	(37.6)	(125.4)
Accelerated amortization of MultiClient library	(76.5)	(1.0)	(105.2)
Impairment of MultiClient library	-	(5.2)	(34.9)
Total	**(100.6)**	**(43.8)**	**(265.5)**
Segment reporting			
Amortization of MultiClient library	(75.8)	(67.6)	(296.3)
Total	**(75.8)**	**(67.6)**	**(296.3)**

Segment MultiClient library amortization

Segment amortization of the MultiClient library as a percentage of MultiClient revenues was 79%, compared to 91% in Q1 2020. The lower Segment amortization rate is primarily due to higher sales from the finished projects in the MultiClient library which are amortized on a straight-line basis.

MultiClient library amortization and impairment As Reported

Total amortization of the MultiClient library increased by $62.0 million, or 161%, compared to Q1 2020. The increase is mainly driven by accelerated amortization from projects completed.

Explanation of the difference between Segment MultiClient library amortization and As Reported

As a consequence of adopting IFRS 15, amortization As Reported also includes accelerated amortization. With effect from January 1, 2018, revenue As Reported from MultiClient pre-funders is recognized when the customer is granted access to the finished survey or upon delivery of the finished data. Concurrent with recognizing this revenue, the Company records an accelerated amortization to reduce the net book value of the survey to the estimated net present value of the forecasted remaining sales. For more information see Note 15.

Depreciation, amortization and impairment of non-current assets

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

	Quarter ended March 31,		Year ended December 31,
(In millions of US dollars)	2021	2020	2020
Gross depreciation*	(37.7)	(49.5)	(176.2)
Deferred Steaming depreciation, net	(1.2)	(2.3)	(0.8)
Depreciation capitalized to the MultiClient library	16.7	23.1	87.8
Total	**(22.2)**	**(28.7)**	**(89.2)**

*includes depreciation of right-of-use assets amounting to $ 5.6 million and $ 10.9 million for the quarter ended March 31, 2021 and 2020 respectively.

In Q1 2021, gross depreciation decreased by $11.8 million, or 24%, compared to Q1 2020. The decrease comes as a result of a generally lower investment level over recent years and impairment charges in 2020.

Capitalized MultiClient depreciation in Q1 2021 decreased by $6.4 million, or 28%, compared to Q1 2020, mainly as a result of fewer vessel days allocated to MultiClient projects as well as decreased gross depreciation.

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

	Quarter ended March 31,		Year ended December 31,
(In millions of US dollars)	2021	2020	2020
Property and equipment	-	(51.4)	(107.4)
Other Intangible assets	-	-	(1.0)
Total	**-**	**(51.4)**	**(108.4)**

The Company expects a challenging market to continue in 2021, but with an increase of activity levels through 2021 and a gradual return to pre Covid-19 levels sometime thereafter. The recoverable values of seismic vessels are sensitive to the assumed margins and duration of the current downturn as well as changes to the operation plan for vessels. As a result, further impairments of property plant and equipment may arise in future periods.

Other charges, net

Other charges, net consist of the following:

	Quarter ended March 31,		Year ended December 31,
(In millions of US dollars)	2021	2020	2020
Severance cost	-	(0.3)	(22.2)
Onerous lease contracts	-	-	-
Onerous contracts with customers	2.9	3.0	(4.5)
Other restructuring costs/stacking	-	-	(12.0)
Other	-	-	-
Total	**2.9**	**2.7**	**(38.7)**

As of March 31, 2021, the Company's provision for onerous customer contracts amounted to a total of $6.3 million, a decrease of $2.9 million compared to December 31, 2020. The provision for onerous customer contracts represents the estimated loss in future periods relating to certain binding customer contracts where revenues are lower than the full costs, including depreciation, of completing the contract.

Note 5 – Share of Results from Associated Companies

In Q1 2021, the share of results from associated companies was a loss of $0.4 million.

Note 6 – Interest Expense

Interest expense consists of the following:

	Quarter ended March 31,		Year ended December 31,
(In millions of US dollars)	2021	2020	2020
Interest on debt , gross	(21.7)	(16.6)	(80.5)
Imputed interest cost on lease agreements	(2.4)	(3.0)	(10.7)
Capitalized interest, MultiClient library	2.9	3.2	12.8
Total	**(21.2)**	**(16.4)**	**(78.4)**

Gross interest expense for Q1 2021 increased by $5.1 million, or 31% compared to Q1 2020. The increase is split with approximately 1/3 relating to higher amortization of deferred loan cost and imputed interest cost and 2/3 on higher cash interest. The higher cash interest is primarily due to conversion of the $135 million portion of the previous revolving credit facility ("RCF") to Term Loan B ("TLB") with an increase of interest rate to the TLB interest rate, combined with the fact that all debt is fully drawn and the liquidity reserve held in cash in Q1 2021, while a portion of the liquidity reserve was held as undrawn RCF in Q1 2020.

Following implementation of IFRS 16, effective January 1, 2019, an imputed interest cost is calculated on lease liabilities and reported as interest expense.

Note 7 – Other Financial Expense, net

Other financial expense, net consists of the following:

	Quarter ended March 31,		Year ended December 31,
(In millions of US dollars)	2021	2020	2020
Interest income	-	0.4	0.8
Currency exchange gain (loss)	(5.3)	14.4	4.9
Loss related to modification of debt	(7.7)	-	-
Net gain related to extinguishment of debt	9.4	-	-
Net gain/(loss) on separate derivative financial instrument	(7.9)	-	-
Other	(0.5)	(7.5)	(15.7)
Total	**(12.0)**	**7.3**	**(10.0)**

The currency exchange loss for Q1, 2021 relates primarily to revaluation of BRL denominated balances on a weaker BRL against USD.

The line "Net gain related to extinguishment of debt" includes a gain related to extinguishment of debt of $13.5 million (ref. Note 11) and $4.0 million of deferred debt issuance cost charged to expense. For more information on debt that has been accounted for as modification and extinguishment, see Note 11.

The $7.9 million loss on separate derivative financial instrument at fair value relates to the convertible bond. The derivative instrument will, until conversion, be reported as a liability (in "other current liabilities") at fair value with changes in fair value reported as gain or loss. Upon conversion, the fair value will be reported as a contribution to equity. As of March 31, 2021, the derivate financial instrument is valued to $16.2 million. For more information see Note 11 and 15.

Note 8 – Income Tax and Contingencies

Income tax consists of the following:

	Quarter ended March 31,		Year ended December 31,
(In millions of US dollars)	2021	2020	2020
Current tax	(3.2)	(2.2)	(15.1)
Change in deferred tax	-	-	-
Total	**(3.2)**	**(2.2)**	**(15.1)**

Current tax expense for Q1 2021 increased by $1 million, or 45%, compared to Q1 2020. Current tax expense relates to foreign withholding tax and corporate tax on activities primarily in South America and Africa.

Tax Contingencies

The Company has ongoing tax disputes related to charter of vessels into Brazil. The assessments, which inter alia seek to levy 15% withholding tax and 10% CIDE (service) tax, amount to $32.1 million in total. The Company made a legal deposit amounting to $17.7 million in Q4 2020 to challenge one of the disputes in court. The deposit is held in an interest-bearing bank account with a commercial bank. Since the Company considers it more likely than not that these contingencies will be resolved in its favor, no provision has been made for any portion of the exposure.

Note 9 – Property and Equipment

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

	Quarter ended March 31,		Year ended December 31,
(In millions of US dollars)	2021	2020	2020
Seismic equipment	3.1	6.0	13.8
Vessel upgrades/Yard	1.8	2.1	12.5
Compute infrastructure/ technology	1.0	3.6	8.7
Other	0.3	0.6	1.1
Total capital expenditures, whether paid or not	**6.2**	**12.3**	**36.1**
Change in working capital and capital leases	2.1	(1.9)	(3.3)
Investment in property and equipment	**8.3**	**10.4**	**32.8**

Investment in property and equipment consists mainly of equipment for the Company's seismic acquisition.

Note 10 – MultiClient Library

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

	March 31,		December 31,
(In millions of US dollars)	2021	2020	2020
Completed during 2015	-	-	-
Completed during 2016	-	19.0	-
Completed during 2017	9.9	32.1	14.1
Completed during 2018	37.4	66.1	43.8
Completed during 2019	84.2	124.7	92.1
Completed during 2020	71.3	0.8	76.3
Completed during 2021	58.8	-	-
Completed surveys	261.6	242.7	226.3
Surveys in progress	316.9	366.1	389.8
MultiClient library	578.5	608.8	616.1

The comments to this note relate to both As Reported and Segment Reporting unless otherwise stated.

Key figures MultiClient library:

	Quarter ended March 31,		Year ended December 31,
(In millions of US dollars)	2021	2020	2020
MultiClient pre-funding revenue, as reported *	79.8	1.2	134.7
MultiClient late sales	49.2	33.5	167.3
Cash investment in MultiClient library	43.3	67.6	222.3
Capitalized interest in MultiClient library	2.9	3.2	12.8
Capitalized depreciation (non-cash)	16.7	23.1	87.8
Amortization of MultiClient library , as reported	(24.1)	(37.6)	(125.4)
Accelerated amortization of MultiClient library, as reported	(76.5)	(1.0)	(105.2)
Impairment of MultiClient library	-	(5.2)	(34.9)
Segment Reporting			
MultiClient pre-funding revenue, Segment	46.3	40.7	218.6
Prefunding as a percentage of MultiClient cash investment	107%	60%	98%

In Q1 2021, Segment MultiClient pre-funding revenues corresponded to 107% of capitalized MultiClient cash investment (excluding capitalized interest), compared to 60% in Q1 2020. The higher pre-funding level in Q1 2021 is primarily due to generally better pre-funding for ongoing surveys in the quarter and sales from surveys in the processing phase, while Q1 2020 was negatively impacted by delays in completion of block awards where pre-funding on one of the Company's ongoing MultiClient projects was contingent on final ratification.

In Q1 2021, MultiClient cash investments decreased by $24.3 million, or 36%, compared to Q1 2020, as a result of fewer vessel days allocated to MultiClient.

MultiClient library amortization and impairment As Reported according to IFRS

In Q1 2021, total MultiClient amortization As Reported was 78% of MultiClient revenues. The Company recognized accelerated amortization of $76.5 million on projects completed in Q1 2021.

Note 11 – Liquidity and Financing

Net cash provided by operating activities was $88.6 million in Q1 2021, compared to $176.0 million in Q1 2020. The decrease was mainly driven by lower sales in the preceding quarter, partly offset by a lower cost base. In addition, the Company has had relatively less release of working capital in Q1 2021 as some receipts have been delayed into Q2.

The liquidity reserve, including cash and cash equivalents was $143.9 million as of March 31, 2021, compared to $266.9 million as of March 31, 2020, and $156.7 million as of December 31, 2020.

Interest bearing debt consists of the following:

(In millions of US dollars)	March 31, 2021	March 31, 2020	December 31, 2020
Secured			
Term loan B, Libor + 250 Basis points, due 2021	-	3.0	2.0
Term loan B, Libor + 6-750 basis points (linked to total leverage ratio ("TLR")), due 2024	873.0	521.7	520.4
Export credit financing, due 2025	109.4	114.5	109.4
Export credit financing, due 2027	189.1	195.6	189.1
Revolving credit facility, due 2020	-	135.0	135.2
Revolving credit facility, due 2023	-	215.0	214.8
Unsecured			
Convertible bond 5%, due 2024	12.1	-	
Total loans and bonds, gross (1)	**1 183.6**	**1 184.8**	**1 170.9**
Less current portion	-	(195.7)	(1 150.4)
Less deferred loan costs, net of debt premiums	(39.0)	(30.3)	(20.5)
Less modification of debt treated as extinguishment	(12.9)	-	-
Less effect from separate derivative financial instrument convertible bond	(8.7)	-	-
Non-current interest bearing debt	**1 123.0**	**958.8**	**-**

(1) Fair value of total loans and bonds, gross was $1,067.0 million as of March 31, 2021, compared to $1,092.3 million as of March 31, 2020.

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

The difference between the initial value of the debt component and the nominal value of the CB will be expensed over the life of the CB as imputed interest adjusted for conversions taking place before maturity. As of March 31, 2021 the remaining nominal amount is $8.7 million. As of March 31, 2021, the derivative financial instrument (relating to the conversion option) is valued to $16.2 million. For further information on accounting for a conversion right in a different currency (NOK), see Note 15.

The refinancing of the $135 million revolving credit facility originally due in September 2020 has been accounted for as an extinguishment due to substantially different terms. The refinanced debt has as a consequence been accounted for at fair value at time of extinguishment, resulting in a gain of $13.5 million as of February 9, 2021. The amount will be reversed over the life of the debt and in Q1 2021 $0.6 million was reversed as imputed interest expense included in interest on debt, gross. The other parts of the refinanced debt has been accounted for as modification of existing agreements, resulting in a loss of $7.7 million from the modification.

Undrawn facilities consists of the following:

(In millions of US dollars)	March 31, 2021	March 31, 2020	December 31, 2020
Secured			
Revolving credit facility	-	-	-
Performance bond	22.3	14.4	22.8
Unsecured			
Bank facility (NOK 50 mill)	-	4.8	-
Total	**22.3**	**19.2**	**22.8**

Summary of net interest bearing debt:

(In millions of US dollars)	March 31, 2021	March 31, 2020	December 31, 2020
Loans and bonds gross	(1 183.6)	(1 184.8)	(1 170.9)
Cash and cash equivalents	143.9	266.9	156.7
Restricted cash (current and non-current)	71.9	41.4	76.6
Net interest bearing debt, excluding lease liabilities	**(967.8)**	**(876.5)**	**(937.6)**
Lease liabilities current	(40.6)	(40.5)	(40.1)
Lease liabilities non-current	(108.4)	(135.5)	(118.5)
Net interest bearing debt, including lease liabilities	**(1 116.8)**	**(1 052.5)**	**(1 096.2)**

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

The increase in restricted cash from March 31, 2020 to March 31, 2021 is mainly due to the legal deposit in Brazil (see Note 8) and an increase in retention accounts. Restricted cash of $71.9 million includes $45.4 million held in debt service reserve and retention accounts related to the export credit financing ("ECF") of *Ramform Titan*, *Ramform Atlas, Ramform Tethys and Ramform Hyperion*. The amounts in the retention accounts will be used for interest payments on the ECF debt in the amortization deferral period (see below).

At March 31, 2021, the Company had approximately 50% of its net debt (excluding lease liabilities) at fixed interest rates. The weighted average cash interest rate was approximately 6.77%, including credit margins paid on the debt as of March 31, 2021, compared to 6.40 % as of December 31, 2020 and 6.38% as of March 31, 2020.

The TLB is subject to a Minimum Consolidated Liquidity and a Maximum Total Net Leverage covenant. The liquidity covenant requires that the consolidated unrestricted cash and cash equivalents shall not be less than $75 million or 5% of net interest-bearing debt. The Maximum Total Net Leverage covenant establishes a maximum total net leverage ratio of 4.50:1.0 through June 30, 2021, 4.25x through December 31, 2021, 3.25x through December 31, 2022 and 2.75x thereafter. At March 31, 2021 the Total Net Leverage was 2.75:1.

Rescheduling of debt

Due to the dramatic negative market change caused by the Covid-19 pandemic, PGS renegotiated its main credit agreements extending its near-term debt maturities and amortization profiles to support its liquidity position. The Transaction enabled PGS to extend its near-term maturity and amortization profile under its TLB, RCF and ECF facilities by approximately two years. Together with the cost saving initiatives previously announced, the Transaction strengthens PGS's liquidity profile in the currently challenging operating environment. The main terms of the Transaction are as follows:

- The $135 million RCF due 2020, the $215 million RCF due 2023 and the ~$2 million TLB due 2021 have each been converted into a new TLB on the same terms and conditions as the ~$520 million 2024 TLB. Petroleum Geo-Services AS replaced PGS ASA as main borrower.
- Quarterly amortization payments of up to 5% per annum of the original principal amount of the ~$520 million 2024 TLB have been replaced by the new amortization payments described below
- The post transaction total debt under these credit facilities of $873.0 million (including increases in principal due to payment-in-kind fees and reduction in principal due to lenders electing to exchange part of their existing debt into new CB; see further below) maturing in March 2024 will have following amortization profile (payable pro-rata to all TLB lenders):
    - $135 million amortization payment due in September 2022
    - $200 million amortization payment due in September 2023
    - $9.2 million quarterly amortization starting March 2023

- Quarterly amortization payments totalling ~$106 million due over the next two years under the ECF have been deferred and will be repaid over four quarters starting December 2022
- The previous excess cash flow sweep for the TLB and RCF facilities has been replaced by an excess liquidity sweep for any liquidity reserve in excess of $200 million at each quarter end, with such amounts to be applied against (i) the deferred amortization amounts under the ECF and (ii) the $135 million TLB amortization, until they have both been paid in full; thereafter, any liquidity reserve in excess of $175 million at each quarter end will be applied against the remaining TLB amortizations
- The financial maintenance covenants have been amended, with the net leverage ratio to be 4.5x through June 30, 2021, 4.25x through December 31, 2021, 3.25x through December 31, 2022 and 2.75x thereafter. There are customary cure periods and provisions.
- The lenders' security package has been strengthened
- Issuance of a NOK 116.2 million 3-year 5% unsecured CB which can be converted into new PGS shares at NOK 3 per share (corresponding to 38,720,699 shares, equalling 10% of the currently outstanding PGS shares). Certain lenders under the RCF and TLB facilities have subscribed for the CB against conversion of a corresponding amount of their existing secured loans (~NOK 67.1 million/~$7.8 million) and for cash (~NOK 49.1 million/~$5.7 million). PGS will be able to require that bondholders convert the CB into shares if the PGS share price exceeds NOK 6 for 30 consecutive trading days.

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

Note 12 – Earnings per Share

Earnings per share, to ordinary equity holders of PGS ASA:

	Quarter ended March 31,		Year ended December 31,
	2021	2020	2020
- Basic	(0.10)	(0.32)	(0.85)
- Diluted	(0.10)	(0.32)	(0.85)
Weighted average basic shares outstanding	385 143 422	363 693 301	380 510 818
Weighted average diluted shares outstanding	422 967 489	366 071 705	382 225 421

Note 13 – Other Comprehensive Income

Other Comprehensive Income

	Quarter ended March 31,		Year ended December 31,
(In millions of US dollars)	2021	2020	2020
Actuarial gains (losses) on defined benefit pension plans	10.0	7.4	(7.6)
Income tax effect on actuarial gains and losses	-	-	-
Items that will not be reclassified to profit and loss	**10.0**	**7.4**	**(7.6)**
Gains (losses) on hedges	1.2	(5.5)	(3.9)
Other comprehensive income (loss) of associated companies	-	-	-
Items that may be subsequently reclassified to profit and loss	**1.2**	**(5.5)**	**(3.9)**

Note 14 – Reconciliation of alternative performance measures

Segment EBITDA ex. other Charges, net

(In millions of US dollars)	Quarter ended March 31, 2021	Quarter ended March 31, 2020	Year ended December 31, 2020
Operating profit (loss) as reported	**(2.3)**	**(80.2)**	**(188.0)**
Segment adjustment to Revenues as reported	(33.5)	39.5	83.9
Other charges net	(2.9)	(2.7)	38.7
Amortization and impairment of MultiClient library	100.6	43.8	265.5
Depreciation and amortization of long term assets (excl. MultiClient library)	22.2	28.7	89.2
Impairment and loss on sale of long-term assets (excl. MultiClient library)	-	51.4	108.4
Segment EBITDA ex. other charges, net	**84.1**	**80.5**	**397.7**

Segment EBIT ex. impairment and other charges

(In millions of US dollars)	Quarter ended March 31, 2021	Quarter ended March 31, 2020	Year ended December 31, 2020
Operating profit (loss) as reported	**(2.3)**	**(80.2)**	**(188.0)**
Segment adjustment to Revenues As Reported	(33.5)	39.5	83.9
Other charges, net	(2.9)	(2.7)	38.7
Segment adjustment to Amortization As Reported	24.8	(29.0)	(65.7)
Impairment of MultiClient library	-	5.2	34.9
Impairment and loss on sale of long-term assets (excl. MultiClient library)	-	51.4	108.4
Segment EBIT ex. impairment and other charges, net	**(13.9)**	**(15.8)**	**12.2**

The European Securities and Markets Authority ("ESMA") issued guidelines on Alternative Performance Measures ("APMs") that came into force on July 3, 2016. The Company has defined and explained the purpose of the APMs in the paragraphs below.

Financial statement captions used in defining the APMs relate to both As Reported figures and Segment figures unless otherwise stated.

Segment EBITDA

Segment EBITDA, when used by the Company, means Segment EBIT excluding other charges, impairment and loss on sale of non-current assets and depreciation and amortization. A reconciliation between Segment EBIT excluding other charges, impairment and loss on non-current asset and depreciation and amortization and Segment EBITDA is shown above. Segment EBITDA may not be comparable to other similarly titled measures from other companies. The Company has included EBITDA as a supplemental disclosure because PGS believes that the measure provides useful information regarding the Company's ability to service debt and to fund capital expenditures and provides a helpful measure for comparing its operating performance with that of other companies.

Segment EBIT, excluding impairments and other charges

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

MultiClient pre-funding level

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

Net interest-bearing debt

Net interest-bearing debt is defined as the sum of non-current and current interest-bearing debt, less cash and cash equivalents and restricted cash. Net interest-bearing debt is reconciled in Note 11 above. PGS believes that net interest- bearing debt is a useful measure because it provides an indication of the hypothetical minimum necessary debt financing to which the Company is subject at balance sheet date.

Liquidity reserve
Liquidity reserve is defined in Note 11. PGS believes that liquidity reserve is a useful measure because it provides an indication of the amount of funds readily available to the Company in the very short term at balance sheet date.

Segment revenues
Following the implementation of the accounting standard for revenues, IFRS 15, MultiClient pre-funding revenues are no longer recognized under the previously applied percentage of completion method. Instead, such revenues are generally recognized at delivery of the final processed data, which is typically significantly later than the acquisition of the seismic data. PGS 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 percentage of completion basis, and the related amortization of MultiClient library based upon the ratio of aggregate capitalized survey costs to forecasted sales.

Gross cash costs
Gross cash costs are defined as the sum of reported net operating expenses (excluding depreciation, amortization, impairments, deferred steaming, net and other charges, net) and the operating cash costs capitalized as investments in the MultiClient library as well as capitalized development costs. Gross cash costs are reconciled in Note 3. PGS believes that the gross cash costs figure is a useful measure because it provides an indication of the level of cash costs incurred by the Company irrespective of the extent to which the fleet is working on MultiClient projects or the extent to which its R&D expenditures qualify for capitalization.

Net operating expenses
Net operating expenses are defined as gross cash costs (as per above) less capitalized investments in the MultiClient library and capitalized development costs and is reconciled in Note 3. PGS believes this figure is a useful measure because it provides an indication of the level of net cash costs incurred by the Company in running current period commercial activities that are not devoted to investment.

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

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

Note 15 – Basis of Presentation and changes in Accounting Principles

Basis of Presentation
The Company is a Norwegian public limited liability company which prepares its annual consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU. These consolidated condensed interim financial statements have been prepared in accordance with international Accounting Standards ("IAS") No. 34 "Interim Financial Reporting". The consolidated condensed interim financial statements are presented in millions of US Dollars (”$” or “dollars”), unless otherwise indicated. The interim financial information has not been subject to audit or review.

Profit and loss for the interim period are not necessarily indicative of the results that may be expected for any subsequent interim period or year. The condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2020.

The accounting policies adopted in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the Company’s consolidated financial statements for the year ended December 31, 2020.

Convertible bond debt
Convertible bonds are accounted for as compound financial instruments if denominated in USD, can be converted to ordinary shares at the option of the holder, and the number of shares to be issued is fixed and does not vary with changes in fair value. The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument and the fair value of the liability component, with no subsequent fair value adjustment.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. Interest related to the financial liability is recognized in the consolidated statement of income. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

The convertible bonds issued by the Company are denominated in NOK, which is different from the functional currency. The conversion option therefore does not meet the definition of equity in IAS 32, even if the bond is convertible into a fixed number of shares. The convertible bond is therefore classified as a financial liability under IAS 32, and then measured under the requirements of IFRS 9. The equity conversion option embedded in a financial liability is not considered by IFRS 9 to be clearly and closely related to the host contract and must be accounted for as a separate derivative financial instrument. The separate derivative instrument will, until conversion be reported as a liability (in "other current liabilities") at fair value with changes in fair value reported as gain or loss (in "Other Financial Expense, net"). Upon conversion, the fair value will be reported as a contribution to equity.

Extinguishment of debt
IFRS 9 requires an entity to derecognize a financial liability when, and only when, it is 'extinguished', that is, when the obligation specified in the contract is discharged, cancelled, or expires. IFRS 9 requires an exchange between an existing borrower and lender of debt instruments with 'substantially different' terms to be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability, or a part of it, should be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Segment Reporting Principles
Although IFRS provides a fair presentation of the profit and loss of the Company, for purposes of Segment and internal reporting management applies the revenue recognition principle used prior to 2018 and IFRS 15. MultiClient pre-funding revenue is recognized using the percentage of completion method, and related MultiClient amortization is based upon the ratio of aggregate capitalized survey costs to forecasted sales. Management believes this method makes revenues coincide better with activities and resources used by the Company and provides useful information as to the progress made on MultiClient surveys in process and resultant value generation during the period.

In determining the percentage of completion, progress is measured in a manner generally consistent with the physical progress of the project, and revenue is recognized based on the ratio of the project's progress to date, provided that all other revenue recognition criteria are satisfied. Accordingly, MultiClient pre-funding revenues and related MultiClient amortization are generally recognized earlier for purposes of segment reporting as compared to IFRS reporting.

While a survey is in progress, the Company amortizes each MultiClient survey based on the ratio of aggregate capitalized survey costs to forecasted sales for segment purposes. At completion the remaining balance is amortized on a straight-line basis over four years. For impairment purposes a portfolio assessment is applied and no impairment is reflected unless the MC library as a whole has a book value above estimated recoverable value. The segment reporting principle will generally result in book value of a project at completion being lower compared to the book value for IFRS reporting.

Change in Accounting Principles
The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended December 31, 2020, except for the adoption of new standards effective as of January 1, 2021. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments and interpretations apply for the first time in 2021, but do not have an impact on the Company's interim condensed consolidated financial statements.

Note 16 - Risk Factors

The Company emphasizes that the information included herein contains certain forward-looking statements that address activities, events or developments that the Company expects, projects, believes or anticipates will or may occur in the future. These statements are based on various assumptions made by the Company, many of which are beyond its control and all of which are subject to risks and uncertainties. The Company is subject to a large number of risk factors including but not limited to the demand for seismic services, the demand for data from the Company's MultiClient library, the attractiveness of PGS' technology, changes in governmental regulations affecting markets, technical downtime, licenses and permitting, currency and fuel price fluctuations, and extreme weather conditions.

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

The recent development following Covid-19 and the drop in oil prices represent an unprecedented change in the economic circumstances and increased uncertainty about future market development. As a result, there is an increased risk that the Company may be dependent on achieving certain liquidity preservation initiatives including the extension of the scheduled reduction of our revolving credit facility, amortization holidays or other debt related initiatives to retain a sufficient liquidity reserve, and that further impairments of non-current assets, including property and equipment, intangible assets and the MultiClient library, may arise in future periods.

For a further description of other relevant risk factors, we refer to the Annual Report for 2019. As a result of these and other risk factors, actual events and actual results may differ materially from those indicated in or implied by such forward-looking statements.

Note 17 – Expanded Segment Disclosures

Condensed Consolidated Statements of Profit and Loss and Other Comprehensive Income

	Quarter ended March 31,					
	2021	2020	2021	2020	2021	2020
(In millions of US dollars)	Segment Reporting		Adjustments		As Reported	
Revenues and Other Income	132.2	168.3	33.5	(39.5)	165.7	128.8
Cost of sales	(36.8)	(72.7)	-	-	(36.8)	(72.7)
Research and development costs	(1.6)	(3.2)	-	-	(1.6)	(3.2)
Selling, general and administrative costs	(9.7)	(11.9)	-	-	(9.7)	(11.9)
Amortization and impairment of MultiClient library	(75.8)	(67.6)	(24.8)	23.8	(100.6)	(43.8)
Depreciation and amortization of non-current assets (excl. MultiClient library)	(22.2)	(28.7)	-	-	(22.2)	(28.7)
Impairment and loss on sale of non-current assets (excl. MultiClient library)	-	(51.4)	-	-	-	(51.4)
Other charges, net	2.9	2.7	-	-	2.9	2.7
Total operating expenses	(143.2)	(232.8)	(24.8)	23.8	(168.0)	(209.0)
Operating profit (loss)/EBIT	(11.0)	(64.5)	8.7	(15.7)	(2.3)	(80.2)
Share of results from associated companies	(0.4)	(26.0)	-	-	(0.4)	(26.0)
Interest expense	(21.2)	(16.4)	-	-	(21.2)	(16.4)
Other financial expense, net	(12.0)	7.3	-	-	(12.0)	7.3
Income (loss) before income tax expense	(44.6)	(99.6)	8.7	(15.7)	(35.9)	(115.3)
Income tax	(3.2)	(2.2)	-	-	(3.2)	(2.2)
Net income (loss) to equity holders of PGS ASA	**(47.8)**	**(101.8)**	**8.7**	**(15.7)**	**(39.1)**	**(117.5)**
Other comprehensive income						
Items that will not be reclassified to profit and loss	10.0	7.4	-	-	10.0	7.4
Items that may be subsequently reclassified to profit and loss	1.2	(5.5)	-	-	1.2	(5.5)
Other comprehensive income (loss) for the period, net of tax	11.2	1.9	-	-	11.2	1.9
Total comprehensive income (loss) to equity holders of PGS ASA	**(36.6)**	**(99.9)**	**8.7**	**(15.7)**	**(27.9)**	**(115.6)**

Condensed Consolidated Statements of Financial Position

(In millions of US dollars)	Segment Reporting March 31, 2021	Segment Reporting March 31, 2020	Adjustments March 31, 2021	Adjustments March 31, 2020	As Reported March 31, 2021	As Reported March 31, 2020
ASSETS						
Cash and cash equivalents	143.9	266.9	-	-	143.9	266.9
Restricted cash	12.9	2.8	-	-	12.9	2.8
Accounts receivables	92.8	165.0	-	-	92.8	165.0
Accrued revenues and other receivables	113.7	82.7	(68.9)	(55.1)	44.8	27.6
Other current assets	59.3	60.4	-	-	59.3	60.4
Total current assets	422.6	577.8	(68.9)	(55.1)	353.7	522.7
Property and equipment	872.9	1 047.1	-	-	872.9	1 047.1
MultiClient library	533.6	546.0	44.9	62.8	578.5	608.8
Restricted cash	59.0	38.6	-	-	59.0	38.6
Other non-current assets	15.7	18.6	-	-	15.7	18.6
Other intangible assets	91.4	100.1	-	-	91.4	100.1
Total non-current assets	1 572.6	1 750.4	44.9	62.8	1 617.5	1 813.2
Total assets	**1 995.2**	**2 328.2**	**(24.0)**	**7.7**	**1 971.2**	**2 335.9**
LIABILITIES AND SHAREHOLDERS' EQUITY						
Interest bearing debt	-	195.7	-	-	-	195.7
Lease liabilities	40.6	40.5	-	-	40.6	40.5
Accounts payable	30.8	71.4	-	-	30.8	71.4
Accrued expenses and other current liabilities	112.9	121.2	(18.0)	(15.8)	94.9	105.4
Deferred revenues	5.4	12.9	137.5	138.2	142.9	151.1
Income taxes payable	13.1	22.5	-	-	13.1	22.5
Total current liabilities	202.8	464.2	119.5	122.4	322.3	586.6
Interest bearing debt	1 123.0	958.8	-	-	1 123.0	958.8
Lease liabilities	108.4	135.5	-	-	108.4	135.5
Deferred tax liabilities	0.1	0.1	-	-	0.1	0.1
Other non-current liabilities	46.5	43.1	-	-	46.5	43.1
Total non-current liabilities	1 278.0	1 137.5	-	-	1 278.0	1 137.5
Common stock; par value NOK 3;						
issued and outstanding 391,414,046 shares	155.7	154.2	-	-	155.7	154.2
Additional paid-in capital	930.0	927.1	-	-	930.0	927.1
Total paid-in capital	1 085.7	1 081.3	-	-	1 085.7	1 081.3
Accumulated earnings	(561.2)	(341.9)	(143.5)	(114.7)	(704.7)	(456.6)
Other capital reserves	(10.1)	(12.9)	-	-	(10.1)	(12.9)
Total shareholders' equity	514.4	726.5	(143.5)	(114.7)	370.9	611.8
Total liabilities and shareholders' equity	**1 995.2**	**2 328.2**	**(24.0)**	**7.7**	**1 971.2**	**2 335.9**

Condensed Consolidated Statements of Cash Flows

(In millions of US dollars)	Segment Reporting 2021	Segment Reporting 2020	Adjustments 2021	Adjustments 2020	As Reported 2021	As Reported 2020
	Quarter ended March 31,					
Income (loss) before income tax expense	(44.6)	(99.6)	8.7	(15.7)	(35.9)	(115.3)
Depreciation, amortization, impairment	98.0	147.7	24.8	(23.8)	122.8	123.9
Share of results in associated companies	0.4	26.0	-	-	0.4	26.0
Interest expense	21.2	16.4	-	-	21.2	16.4
Loss (gain) on sale and retirement of assets	-	0.3	-	-	-	0.3
Income taxes paid	(3.0)	(5.2)	-	-	(3.0)	(5.2)
Other items	7.1	(8.1)	-	-	7.1	(8.1)
(Increase) decrease in accounts receivables, accrued revenues & other receivable	28.8	105.2	(8.6)	12.0	20.2	117.2
Increase (decrease) in deferred revenues	(17.9)	(1.7)	(27.8)	29.0	(45.7)	27.3
Increase (decrease) in accounts payable	(1.1)	13.1	-		(1.1)	13.1
Change in other current items related to operating activities	(0.8)	(14.9)	2.9	(1.5)	2.1	(16.4)
Change in other long-term items related to operating activities	0.5	(3.2)	-	-	0.5	(3.2)
Net cash provided by operating activities	**88.6**	**176.0**	**-**	**-**	**88.6**	**176.0**
Investment in MultiClient library	(43.3)	(67.6)	-	-	(43.3)	(67.6)
Investment in property and equipment	(8.3)	(10.4)	-	-	(8.3)	(10.4)
Investment in other intangible assets	(2.2)	(2.8)	-	-	(2.2)	(2.8)
Investment in other current -and non-current assets assets	-	-	-	-	-	-
Proceeds from sale and disposal of assets	-	0.4	-	-	-	0.4
Decrease (increase) in long-term restricted cash	-	-	-	-	-	-
Net cash used in investing activities	**(53.8)**	**(80.4)**	**-**	**-**	**(53.8)**	**(80.4)**
Proceeds, net of deferred loan costs, from issuance of non-current debt a)	(18.4)	124.2	-	-	(18.4)	124.2
Interest paid on interest bearing debt	(19.9)	(15.6)	-	-	(19.9)	(15.6)
Repayment of interest bearing debt	-	(226.3)	-	-	-	(226.3)
Net change of drawing on the Revolving Credit Facility	-	170.0	-	-	-	170.0
Proceeds from share issue	-	91.9	-	-	-	91.9
Payment of lease liabilities (recognized under IFRS 16)	(9.5)	(10.5)	-	-	(9.5)	(10.5)
Payments of leases classified as interest	(2.4)	(3.0)	-	-	(2.4)	(3.0)
Decrease (increase) in restricted cash related to debt service	2.6	-			2.6	-
Net cash (used in) provided by financing activities	**(47.6)**	**130.7**	**-**	**-**	**(47.6)**	**130.7**
Net increase (decrease) in cash and cash equivalents	(12.8)	226.3	-	-	(12.8)	226.3
Cash and cash equivalents at beginning of period	156.7	40.6	-	-	156.7	40.6
Cash and cash equivalents at end of period	**143.9**	**266.9**	**-**	**-**	**143.9**	**266.9**

a) In Q1 2021, the amount represents the fees and expenses relating to the amendment of debt maturities offset by cash proceeds from the convertible bond issue.

Oslo, April 21, 2021

Walter Qvam
Chairperson

Richard Herbert
Director

Anne Grethe Dalane
Director

Trond Brandsrud
Director

Marianne Kah
Director

Anette Valbø
Director

Gunhild Myhr
Director

Eivind Vesterås
Director

Rune Olav Pedersen
President & Chief Executive Officer

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PGS ASA and its subsidiaries ("PGS" or "the Company") is an integrated marine geophysical company that provides a broad range of seismic and reservoir services, including acquisition, imaging, interpretation, and field evaluation. The Company's MultiClient library is among the largest in the seismic industry, with modern 3D coverage in all significant offshore hydrocarbon provinces of the world. The Company operates on a worldwide basis with headquarters in Oslo, Norway and the PGS share is listed on the Oslo stock exchange (OSE: PGS).

For more information on PGS visit www.pgs.com.

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The information included herein contains certain forward-looking statements that address activities, events or developments that the Company expects, projects, believes or anticipates will or may occur in the future. These statements are based on various assumptions made by the Company, which are beyond its control and are subject to certain additional risks and uncertainties. The Company is subject to a large number of risk factors including but not limited to the demand for seismic services, the demand for data from our multi-client data library, the attractiveness of our technology, unpredictable changes in governmental regulations affecting our markets and extreme weather conditions. For a further description of other relevant risk factors we refer to our Annual Report for 2020. As a result of these and other risk factors, actual events and our actual results may differ materially from those indicated in or implied by such forward-looking statements. The reservation is also made that inaccuracies or mistakes may occur in the information given above about current status of the Company or its business. Any reliance on the information above is at the risk of the reader, and PGS disclaims any and all liability in this respect.

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Anne Grethe Dalane
Marianne Kah
Richard Herbert
Trond Brandsrud
Anette Valbø (employee elected)
Gunhild Myhr (employee elected)
Eivind Vesterås (employee elected)

Executive Officers:

Rune Olav Pedersen	President & CEO
Gottfred Langseth	EVP & CFO
Nathan Oliver	EVP Sales & Services
Rob Adams	EVP Operations
Berit Osnes	EVPNew Energy

Other Corporate Management:

Magnus Christiansen	SVP HSEQ
Erik Ewig	SVP Technology & Digitalization
Lars Mysen	General Counsel
Kristin Omreng	SVP HR
Kai Reith	SVP Corporate Development
Bård Stenberg	VP IR & Communication

Web-Site:
www.pgs.com

Financial Calendar:

Q1 2021 report	April 22, 2021
Q2 2021 report	July 22, 2021
Q3 2021 report	October 21, 2021
Q4 2021 report	January 27, 2022

The dates are subject to change.