Earnings Release
Q2 - 2022

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Improving Financial Position in a Recovering Market

Takeaways Q2 2022

- Revenues and Other Income of $273.6 million, compared to $185.9 million in Q2 2021
- EBITDA of $193.3 million, compared to $118.5 million in Q2 2021
- EBIT (ex. impairments and other charges) of $57.8 million, compared to a loss of $7.6 million in Q2 2021
- Cash flow from operations of $43.7 million, compared to $81.4 million in Q2 2021
- Cash and cash equivalents of $219.8 million, compared to $155.4 million in Q2 2021
- Successful private placement secured approximately $85 million in new equity
- Obtained commitments for $50 million of new, senior secured debt
- Leveraged multiyear Equinor frame agreement with several projects for the 2022 summer season
- Secured large MultiClient campaign in the North Sea and expanding MultiClient coverage offshore Canada
- Awarded large 4D contract offshore West Africa, securing utilization for one vessel until summer 2023
- Awarded the Smeaheia carbon storage acquisition contract by Equinor

"We continue to see an improving marine seismic market. We delivered the second highest quarterly revenues since Q4 2014 and a positive net income for the quarter.

Our Q2 MultiClient late sales revenues almost doubled from Q1 and increased 65% year-over-year. Significant MultiClient sales, including high transfer fees, are a confirmation that our MultiClient library is highly attractive to customers and that investment in exploration seismic is again increasing. Higher exploration interest further enabled us to secure strong pre-funding for new MultiClient surveys, including our first large scale MultiClient survey in the Norwegian Sea since 2020 and a significant survey in South Bank, offshore Canada.

All our six active 3D vessels came back in operation during Q2. The contract acquisition market continued to improve in the quarter and dominated our vessel activity. However, contract revenues were impacted by steaming and standby early in the quarter, and by mobilization on two surveys where production and revenue impact primarily will be in Q3 and Q4.

We successfully completed a private placement in the quarter securing approximately $85 million of new equity and obtained commitments for $50 million of new senior secured debt. In addition, the subsequent offering of approximately $14 million was completed last week. The transactions increase our liquidity going forward by close to $150 million. With the improved funding position and an improving market and better cash flow generation, I believe we are well positioned to refinance ahead of Q3 2023.

Our New Energy business continues to gain momentum. We have been awarded four carbon storage acquisition surveys for 2022, most recently over the Smeaheia carbon storage site for Equinor. Further we secured access to the market leading P-cable system, which we believe will be valuable in the offshore wind and other applications requiring ultra-high resolution.

We increased our order book by almost 15% during the quarter, our fleet is fully booked through Q3 and the winter season is already firming up with activity and pricing continuing on a positive trend."

Rune Olav Pedersen,
President and Chief Executive Officer

Outlook

PGS expects global energy consumption 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 energy supply and support demand for marine seismic services. With high oil and gas prices, the seismic market has entered a recovery phase, and the positive trend is expected to continue due to increasing investments among energy companies. Russia's invasion of Ukraine has significantly increased the general focus on energy security and, combined with several years of low investment in new oil and gas supplies, has further increased oil and gas prices and investment pressures on energy companies.

The seismic acquisition market is likely to benefit from a significant reduction of operated vessel supply over several years. In 2022 we see an increasing demand for seismic acquisition services related to carbon capture and storage projects and currently expect to generate revenues of approximately $30 million relating to our New Energy business for the full year.

PGS expects full year 2022 gross cash costs to be approximately $500 million, an increase from the approximately $475 million guided earlier due to increased project activity.

2022 MultiClient cash investments are expected to be approximately $125 million.

Approximately 65% of 2022 active 3D vessel time is expected to be allocated to contract work.

Capital expenditures for 2022 is expected to be approximately $60 million.

The order book totaled $359 million on June 30, 2022. On March 31, 2022, and June 30, 2021, the order book was $315 million and $410 million, respectively. Please note that the Company's order book is now disclosed on a basis consistent with IFRS 15. This is a change compared to the order book disclosed in financial reports before 2022. Reference is made to Note 1 and Appendix.

Key Financial Figures

(In millions of US dollars, except per share data)	Quarter ended June 30, 2022	Quarter ended June 30, 2021	Year to date June 30, 2022	Year to date June 30, 2021	Year ended December 31, 2021
Profit and loss numbers					
Revenues and Other Income	273.6	185.9	409.9	351.7	703.8
EBITDA	193.3	118.5	245.2	236.2	434.0
EBIT ex. impairment and other charges, net	57.8	(7.6)	37.3	(12.8)	(32.0)
Net financial items	(32.7)	(16.2)	(53.4)	(49.8)	(97.6)
Income (loss) before income tax expense	28.0	(23.5)	(16.2)	(59.5)	(163.8)
Income tax expense	(9.3)	(2.5)	(14.3)	(5.7)	(15.6)
Net income (loss) to equity holders	18.7	(26.0)	(30.5)	(65.2)	(179.4)
Basic earnings per share ($ per share)	0.04	(0.07)	(0.07)	(0.17)	(0.45)
Other key numbers					
Net cash provided by operating activities	43.7	81.4	107.0	170.0	326.6
Cash investment in MultiClient library	26.2	25.7	47.7	69.0	127.2
Capital expenditures (whether paid or not)	16.2	11.3	35.1	17.5	33.4
Total assets	1,822.6	1,946.2	1,822.6	1,946.2	1,792.8
Cash and cash equivalents	219.8	155.4	219.8	155.4	170.0
Net interest bearing debt	887.2	954.5	887.2	954.5	936.4
Net interest bearing debt, including lease liabilities following IFRS 16	985.8	1,093.6	985.8	1,093.6	1,051.3

Condensed Consolidated Statements of Profit and Loss and Other Comprehensive Income

(In millions of US dollars)	Note	Quarter ended June 30, 2022	Quarter ended June 30, 2021	Year to date June 30, 2022	Year to date June 30, 2021	Year ended December 31, 2021
Revenues and Other Income	2	273.6	185.9	409.9	351.7	703.8
Cost of sales	3	(69.0)	(56.8)	(142.0)	(93.6)	(227.2)
Research and development costs	3	(1.5)	(1.4)	(3.2)	(3.0)	(6.5)
Selling, general and administrative costs	3	(9.8)	(9.2)	(19.5)	(18.9)	(36.1)
Amortization and impairment of MultiClient library	4	(114.3)	(102.9)	(158.4)	(203.5)	(379.0)
Depreciation and amortization of non-current assets (excl. MultiClient library)	4	(21.2)	(23.2)	(49.5)	(45.5)	(100.6)
Impairment and gain/(loss) on sale of non-current assets (excl. MultiClient library)	4	0.4	-	0.4	-	(15.0)
Other charges, net	4	2.5	0.3	(0.5)	3.1	(5.6)
Total operating expenses		(212.9)	(193.2)	(372.7)	(361.4)	(770.0)
Operating profit (loss)/EBIT		60.7	(7.3)	37.2	(9.7)	(66.2)
Share of results from associated companies	5	1.0	(0.7)	0.7	(1.1)	1.2
Interest expense	6	(27.3)	(25.9)	(52.1)	(47.1)	(99.4)
Other financial expense, net	7	(6.4)	10.4	(2.0)	(1.6)	0.6
Income (loss) before income tax expense		28.0	(23.5)	(16.2)	(59.5)	(163.8)
Income tax	8	(9.3)	(2.5)	(14.3)	(5.7)	(15.6)
Net income (loss) to equity holders of PGS ASA		**18.7**	**(26.0)**	**(30.5)**	**(65.2)**	**(179.4)**
Other comprehensive income						
Items that will not be reclassified to profit and loss	13	19.8	8.7	32.1	18.7	14.8
Items that may be subsequently reclassified to profit and loss	13	0.9	0.9	2.8	2.1	4.6
Other comprehensive income (loss) for the period, net of tax		20.7	9.6	34.9	20.8	19.3
Total comprehensive income (loss) to equity holders of PGS ASA		**39.4**	**(16.4)**	**4.4**	**(44.4)**	**(160.0)**
Earnings per share attributable to equity holders of the parent during the period						
-Basic and diluted earnings per share	12	0.04	(0.07)	(0.07)	(0.17)	(0.45)

Condensed Consolidated Statements of Financial Position

(In millions of US dollars)	Note	Quarter ended June 30, 2022	Quarter ended June 30, 2021	Year ended December 31, 2021
ASSETS				
Cash and cash equivalents	11	219.8	155.4	170.0
Restricted cash	11	16.1	10.9	16.1
Accounts receivables		180.1	118.6	134.6
Accrued revenues and other receivables		82.0	62.6	55.9
Other current assets		68.1	67.0	56.4
Total current assets		566.1	414.5	433.0
Property and equipment	9	765.6	852.5	787.4
MultiClient library	10	321.6	512.2	415.6
Restricted cash	11	56.0	61.6	57.6
Other non-current assets		31.4	14.7	14.7
Other intangible assets		81.9	90.7	84.5
Total non-current assets		1,256.5	1,531.7	1,359.8
Total assets		**1,822.6**	**1,946.2**	**1,792.8**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Interest bearing debt	11	263.3	-	162.6
Lease liabilities	11	35.5	40.0	35.9
Accounts payable		50.3	49.3	45.3
Accrued expenses and other current liabilities		97.0	91.6	80.5
Deferred revenues		77.8	131.1	123.4
Income taxes payable		17.2	13.7	16.7
Total current liabilities		541.1	325.7	464.4
Interest bearing debt	11	881.8	1,126.9	973.5
Lease liabilities	11	63.1	99.1	79.0
Deferred tax liabilities		0.1	0.1	0.1
Other non-current liabilities		4.1	36.4	30.7
Total non-current liabilities		949.1	1,262.5	1,083.3
Common stock; par value NOK 3;				
issued and outstanding 616,906,280 shares		227.7	156.9	158.9
Treasury shares, par value		(0.1)	-	-
Additional paid-in capital		947.3	932.4	933.1
Total paid-in capital		1,174.9	1,089.3	1,092.0
Accumulated earnings		(838.6)	(722.1)	(840.2)
Other capital reserves		(3.9)	(9.2)	(6.7)
Total shareholders' equity		332.4	358.0	245.1
Total liabilities and shareholders' equity		**1,822.6**	**1,946.2**	**1,792.8**

Condensed Consolidated Statements of Changes in Shareholders' Equity

For the six months ended June 30, 2022 and the year ended December 31, 2021

(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, 2021	**154.2**	**-**	**929.1**	**(675.6)**	**(11.3)**	**396.4**
Profit (loss) for the period	-	-	-	(179.4)	-	(179.4)
Other comprehensive income (loss)	-	-	-	14.8	4.6	19.4
Share issue	4.7	-	1.7	-	-	6.4
Share based payments	-	-	2.3	-	-	2.3
Balance as of December 31, 2021	**158.9**	**-**	**933.1**	**(840.2)**	**(6.7)**	**245.1**
Profit (loss) for the period	-	-	-	(30.5)	-	(30.5)
Other comprehensive income (loss)	-	-	-	32.1	2.8	34.9
Share based payments	-	-	0.2	-	-	0.2
Share capital increase (a)	68.8	-	14.3	-	-	83.1
Acquired treasury shares (b)	-	(0.2)	(0.2)	-	-	(0.4)
Share based payments, equity settled (b)	-	0.1	(0.1)	-	-	-
Balance as of June 30, 2022	**227.7**	**(0.1)**	**947.3**	**(838.6)**	**(3.9)**	**332.4**

(a) In Q2 2022, the Company issued 216 216 216 new shares following a private placement raising approximately NOK 800 million as equity. Transaction costs amounting to $1.8 million are recognized against "Additional paid-in capital".

(b) In Q2 2022, 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 2019 Long Term Incentive Plan for employees. 500,000 shares were bought back under the program.

For the six months ended June 30, 2021

(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, 2021	**154.2**	**-**	**929.1**	**(675.6)**	**(11.3)**	**396.4**
Profit (loss) for the period	-	-	-	(65.2)	-	(65.2)
Other comprehensive income (loss)	-	-	-	18.7	2.1	20.8
Share issue	2.7	-	1.6	-	-	4.3
Share based payments	-	-	1.7	-	-	1.7
Balance as of June 30, 2021	**156.9**	**-**	**932.4**	**(722.1)**	**(9.2)**	**358.0**

Condensed Consolidated Statements of Cash Flows

(In millions of US dollars)	Quarter ended June 30, 2022	Quarter ended June 30, 2021	Year to date June 30, 2022	Year to date June 30, 2021	Year ended December 31, 2021
Income (loss) before income tax expense	28,0	(23,5)	(16,2)	(59,5)	(163,8)
Depreciation, amortization, impairment	135,1	126,1	207,5	248,9	494,5
Share of results in associated companies	(1,0)	0,7	(0,8)	1,1	(1,1)
Interest expense	27,3	25,9	52,1	47,1	99,4
Loss (gain) on sale and retirement of assets	(0,5)	0,3	(0,5)	0,3	(0,3)
Income taxes paid	(11,5)	(1,8)	(13,8)	(4,8)	(11,7)
Other items	3,2	(4,1)	2,7	3,0	(0,8)
(Increase) decrease in accounts receivables, accrued revenues & other receivables	(89,1)	(43,6)	(71,0)	(23,4)	(32,8)
Increase (decrease) in deferred revenues	(52,9)	(11,8)	(45,6)	(57,5)	(65,2)
Increase (decrease) in accounts payable	21,0	19,3	5,8	18,2	15,2
Change in other current items related to operating activities	(15,0)	(3,7)	(2,2)	(1,6)	(5,5)
Change in other long-term items related to operating activities	(0,9)	(2,4)	(11,0)	(1,8)	(1,3)
Net cash provided by operating activities	**43,7**	**81,4**	**107,0**	**170,0**	**326,6**
Investment in MultiClient library	(26,2)	(25,7)	(47,7)	(69,0)	(127,3)
Investment in property and equipment	(11,0)	(9,8)	(26,8)	(18,1)	(35,4)
Investment in other intangible assets	(2,5)	(3,0)	(4,9)	(5,2)	(10,2)
Proceeds from sale and disposal of assets	0,4	-	0,4	-	1,0
Net cash used in investing activities	**(39,3)**	**(38,5)**	**(79,0)**	**(92,3)**	**(171,9)**
Proceeds, net of deferred loan costs, from issuance of non-current debt/net cash payment for debt amendment	-	(0,8)	-	(19,2)	(19,5)
Interest paid on interest bearing debt	(21,9)	(20,1)	(41,8)	(40,0)	(80,8)
Proceeds from share issue (a)	83,1	-	83,1	-	-
Share buy-back	(0,4)	-	(0,4)	-	-
Payment of lease liabilities (recognized under IFRS 16)	(9,0)	(10,0)	(18,4)	(19,5)	(40,3)
Payments of leases classified as interest	(1,7)	(2,3)	(3,5)	(4,7)	(8,9)
Decrease (increase) in restricted cash related to debt service	1,4	1,8	2,8	4,4	8,1
Net cash (used in) provided by financing activities	**51,5**	**(31,4)**	**21,8**	**(79,0)**	**(141,4)**
Net increase (decrease) in cash and cash equivalents	55,9	11,5	49,8	(1,3)	13,3
Cash and cash equivalents at beginning of period	163,9	143,9	170,0	156,7	156,7
Cash and cash equivalents at end of period	**219,8**	**155,4**	**219,8**	**155,4**	**170,0**

(a) Net of transaction costs amounting to $1.8 million.

Notes to the Condensed Interim Consolidated Financial Statements
Second Quarter and First Half 2022 Results

Note 1 – 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.

Before January 1, 2022, PGS prepared its internal management reporting based on the principles applied prior to the implementation of IFRS 15, Revenue from Customer Contracts. This method did recognize MultiClient pre-funding revenue 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. From January 1, 2022, the Company changed this and applies IFRS 15 as the measurement basis for its internal reporting.

Contract revenues are in most cases recognized over time as the service is delivered. The Company generally recognizes revenue from MultiClient pre-funding agreements and related accelerated amortization at the "point in time" when the customer receives access to, or delivery of, the finished data. As this may be up to 12-18 months after start of production, management is provided with additional information about order book development. Such information includes the estimated revenue value of the progress of production for projects which are in the order book, but not completed and delivered. This information is consistent with the information shown in Appendix.

Note 2 – Revenues

Revenues and Other Income by service type:

	Quarter ended June 30,		Year to date June 30,		Year ended December 31,
(In millions of US dollars)	2022	2021	2022	2021	2021
-Contract seismic	62.8	51.5	124.3	77.0	207.8
-MultiClient pre-funding	96.5	62.7	111.4	142.6	247.7
-MultiClient late sales	108.2	65.5	162.9	114.7	220.4
-Imaging	6.1	6.1	11.3	11.2	21.7
-Other Income	-	0.1	-	6.2	6.2
Total Revenues and Other Income	**273.6**	**185.9**	**409.9**	**351.7**	**703.8**

Vessel Allocation(1):

	Quarter ended June 30,		Year to date June 30,		Year ended December 31,
	2022	2021	2022	2021	2021
Contract	41%	47%	40%	41%	41%
MultiClient	24%	21%	20%	37%	29%
Steaming	14%	21%	11%	15%	13%
Yard	9%	8%	8%	4%	4%
Stacked/standby	12%	3%	21%	3%	13%

(1) The statistics exclude cold-stacked vessels. The Q2 2022 vessel statistics includes 6 active 3D vessels.
The comparative period Q2 2021 is based on 6 vessels, while the full year 2021 is based on an average of 5.75 vessels.

Total revenues and Other Income
In the first half 2022, revenues amounted to $409.9 million, compared to $351.7 million in the first half 2021, an increase of $58.2 million, or 17%. The increase is due to higher contract and MultiClient late sales revenues, partially offset by lower MultiClient pre-funding revenues.

In Q2 2022, revenues amounted to $273.6 million, compared to $185.9 million in Q2 2021, an increase of $87.7 million, or 47%. The increase is due to an improvement in all major revenue lines.

Contract revenues
In the first half 2022, contract revenues increased by $47.3 million, or 61%, compared to the first half 2021. The increase is mainly due to a recovering seismic contract market with higher rates.

In Q2 2022, contract revenues increased by $11.3 million, or 22%, compared to Q2 2021. The increase is explained by the same factors as for the first half 2022, offset by slightly less capacity allocated to contract work, standby time early in the quarter and extensive mobilization on two surveys where production and revenue recognition primarily will be in Q3 and Q4 2022.

MultiClient late sales
In the first half 2022, MultiClient late sales revenues increased by $48.2 million, or 42%, compared to the first half 2021, mainly driven by significant transfer fees. In the first half 2022, late sales were highest in North America and Europe.

In Q2 2022, MultiClient late sales revenues increased by $42.7 million, or 65%, compared to Q2 2021. The increase is explained by the same factors as for the first half 2022. In Q2 2022, late sales were highest in North America and Europe.

MultiClient pre-funding revenues
In the first half 2022, MultiClient pre-funding revenues amounted to $111.4 million, a decrease of $31.2 million, or 22%, compared to the first half 2021. The decrease is a result of a lower volume of MultiClient projects finalized and delivered to clients.

In Q2 2022, MultiClient pre-funding revenues amounted to $96.5 million, an increase of $33.8 million, or 54%, compared to Q2 2021. The increase is a result of a high volume of MultiClient projects with strong pre-funding finalized and delivered to clients in the quarter.

Note 3 – Net Operating Expenses

Net operating expenses consist of the following:

	Quarter ended June 30,		Year to date June 30,		Year ended December 31,
(In millions of US dollars)	2022	2021	2022	2021	2021
Cost of sales before investment in MultiClient library	(102.4)	(88.9)	(195.8)	(167.2)	(351.2)
Research and development costs before capitalized development costs	(3.7)	(3.4)	(7.5)	(7.2)	(14.5)
Selling, general and administrative costs	(9.8)	(9.2)	(19.5)	(18.9)	(36.1)
Cash Cost, gross	**(115.9)**	**(101.5)**	**(222.8)**	**(193.3)**	**(401.8)**
Steaming deferral, net	7.2	6.4	6.1	4.6	(3.2)
Cash investment in MultiClient library	26.2	25.7	47.7	69.0	127.2
Capitalized development costs	2.2	2.0	4.3	4.2	8.0
Net operating expenses	**(80.3)**	**(67.4)**	**(164.7)**	**(115.5)**	**(269.8)**

In the first half 2022, gross cash costs increased by $29.5 million, or 15%, compared to the first half 2021, primarily due to higher activity level, project related costs and fuel prices. If fuel prices remain at current levels, the impact of higher prices will be larger in the second half of 2022. The Company has fuel price adjustment clauses in most of its agreements for contract acquisition work.

In Q2 2022, gross cash costs increased by $14.4 million, or 14%, compared to Q2 2021, explained by the same factors as for the first half 2022.

During 2020 PGS, as a response to the dramatically lower revenues and activity levels caused by the Covid-19 pandemic, implemented substantial measures to reduce the annualized gross cash cost run rate by more than $200 million, to approximately $400 million. The Company stacked *PGS Apollo, Sanco Swift* and *Ramform Vanguard*, completed a comprehensive reorganization to reduce office-based personnel by approximately 40% and implemented several other initiatives. Cost levels through most of 2020 also benefited from a weak Norwegian kroner and low fuel prices.

In 2021 and 2022 fuel prices have significantly increased and the Norwegian kroner, save for the recent significant weakening, have been stronger. In addition, activity levels have generally increased again with *Ramform Vanguard* reactivated for 3D operation in Q2 2021 and *PGS Apollo* and *Sanco Swift* being used as source vessels on selected surveys in 2021 and 2022.

In the first half 2022, cash costs capitalized to the MultiClient library decreased by $21.3 million, or 31%, compared to the first half 2021. The reduction is primarily due to fewer vessel days allocated to MultiClient acquisition.

In Q2 2022, cash costs capitalized to the MultiClient library increased by $0.5 million, or 2%, compared to Q2 2021.

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

Amortization and impairment of MultiClient library consist of the following:

	Quarter ended June 30,		Year to date June 30,		Year ended December 31,
(In millions of US dollars)	2022	2021	2022	2021	2021
Amortization of MultiClient library	(34.8)	(37.3)	(75.1)	(61.4)	(151.2)
Accelerated amortization of MultiClient library	(79.5)	(65.6)	(83.4)	(142.1)	(214.2)
Impairment of MultiClient library	-	-	-	-	(13.6)
Total	**(114.3)**	**(102.9)**	**(158.5)**	**(203.5)**	**(379.0)**

Refer to note 15 for amortization principles.

In the first half 2022, total amortization of the MultiClient library decreased by $45.1 million, or 22%, compared to the first half 2021. The decrease is mainly driven by less MultiClient projects finalized and delivered to customers, resulting in less accelerated amortization. Amortization was 58% of MultiClient revenues in the first half of 2022, compared to 79% first half 2021. The lower amortization rate in the first half 2022 is due to a higher proportion of late sales in the mix.

In Q2 2022, total amortization of the MultiClient library in Q2 2022 increased by $11.4 million, or 11%, compared to Q2 2021. The increase is mainly driven by the higher Multiclient pre-funding revenues during the quarter. Amortization was 56% of MultiClient revenues in Q2 2022, compared to 80% Q2 2021.

Depreciation, amortization and impairment of non-current assets

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

	Quarter ended June 30,		Year to date June 30,		Year ended December 31,
(In millions of US dollars)	2022	2021	2022	2021	2021
Gross depreciation*	(30.5)	(35.1)	(64.4)	(72.8)	(142.4)
Deferred Steaming depreciation, net	1.9	2.6	1.0	1.3	(2.1)
Depreciation capitalized to the MultiClient library	7.4	9.3	13.9	26.0	43.9
Total	**(21.2)**	**(23.2)**	**(49.5)**	**(45.5)**	**(100.6)**

*includes depreciation of right-of-use assets amounting to $4.4 million and $5.6 million for the quarter ended June 30, 2022 and 2021 respectively.

In the first half 2022, gross depreciation decreased by $8.4 million, or 12%, compared to first half 2021. The decrease comes from a generally low investment level in property plant and equipment over recent years, and impairment charges in 2021.

In Q2 2022, gross depreciation decreased by $4.6 million, or 13%, compared to Q2 2021. The decrease is explained by the same factors as for the first half 2022.

In the first half 2022, depreciation capitalized MultiClient decreased by $12.1 million, or 47%, compared to the first half 2021, mainly because of fewer vessel days allocated to MultiClient in the first quarter and decreased gross depreciation.

In Q2 2022, depreciation capitalized to the MultiClient library decreased by $1.9 million, or 20%, compared to Q2 2021, mainly as a result of lower gross depreciation.

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

	Quarter ended June 30,		Year to date June 30,		Year ended December 31,
(In millions of US dollars)	2022	2021	2022	2021	2021
Property and equipment	0.4	-	0.4	-	(15.0)
Other Intangible assets	-	-	-	-	-
Total	**0.4**	**-**	**0.4**	**-**	**(15.0)**

The seismic market started to recover in 2021 and the Company expects a gradual return to pre Covid-19 levels. However, the recoverable values of seismic vessels and other Company assets are sensitive to the assumed margins and cycles of the seismic industry as well as changes to operational plans. As a result, impairments may arise in future periods.

Other charges, net

Other charges, net consist of the following:

	Quarter ended June 30,		Year to date June 30,		Year ended December 31,
(In millions of US dollars)	2022	2021	2022	2021	2021
Severance cost	-	-	-	-	0.2
Onerous contracts with customers	2.4	0.2	3.4	3.2	(1.8)
Provision for bad debt	-	0.1	(4.0)	(0.1)	-
Other	0.1	-	0.1	-	(4.0)
Total	**2.5**	**0.3**	**(0.5)**	**3.1**	**(5.6)**

As of June 30, 2022, the Company's provision for onerous customer contracts amounted to a total of $7.6 million, a decrease of $3.4 million compared to December 31, 2021. 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 Q2 2022, the share of results from associated companies was a gain of $1.0 million, compared to a loss of $0.7 million in Q2 2021. The gain in Q2 2022 relates to asset adjustments in Azimuth.

Note 6 – Interest Expense

Interest expense consists of the following:

	Quarter ended June 30,		Year to date June 30,		Year ended December 31,
(In millions of US dollars)	2022	2021	2022	2021	2021
Interest on debt, gross	(26.9)	(25.3)	(51.4)	(47.0)	(98.0)
Imputed interest cost on lease agreements	(1.7)	(2.3)	(3.5)	(4.7)	(8.7)
Capitalized interest, MultiClient library	1.3	1.7	2.8	4.6	7.3
Total	**(27.3)**	**(25.9)**	**(52.1)**	**(47.1)**	**(99.4)**

In the first half 2022 gross interest expense increased by $4.4 million, or 9% compared to the first half 2021. The increase is primarily due to an increase of Libor interest rates, reset of interest margin converting the previous Revolving Credit Facility ("RCF") into the current Term Loan B ("TLB"), imputed interest costs and higher amortization of deferred loan cost from February 9, 2021, when the debt rescheduling transaction was completed.

In Q2 2022, gross interest expense increased by $1.6 million, or 6% compared to Q2 2021. The increase is mostly due to an increase of Libor interest rates which impacts the cost of floating rate debt.

Note 7 – Other Financial Expense, net

Other financial expense, net consists of the following:

	Quarter ended June 30,		Year to date June 30,		Year ended December 31,
(In millions of US dollars)	2022	2021	2022	2021	2021
Interest income	0.7	-	0.8	-	0.3
Currency exchange gain (loss)	1.9	5.0	4.4	(0.3)	(1.0)
Loss related to modification of debt	-	-	-	(7.7)	(7.7)
Net gain related to extinguishment of debt	-	-	-	9.4	9.4
Net gain/(loss) on separate derivative financial instrument	(9.0)	5.7	(7.1)	(2.2)	0.9
Other	-	(0.3)	(0.1)	(0.8)	(1.3)
Total	**(6.4)**	**10.4**	**(2.0)**	**(1.6)**	**0.6**

Currency exchange gain in the first half and in Q2 2022 is mainly due to the weakening of NOK against USD, resulting in a gain on the convertible bond and lease liabilities.

The line "Net gain related to extinguishment of debt" for the first half and full year 2021 represents the net of a gain related to extinguishment of debt of $13.5 million (ref. Note 11) and $4.1 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.

In Q2 2022, the $9.0 million loss on separate derivative financial instrument at fair value relates to the conversion right in the convertible bond and the increase of the share price during the quarter. 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 June 30, 2022, the derivative financial instrument is valued at $9.8 million.

Note 8 – Income Tax and Contingencies

Income tax consists of the following:

	Quarter ended June 30,		Year to date June 30,		Year ended December 31,
(In millions of US dollars)	2022	2021	2022	2021	2021
Current tax	(9.3)	(2.5)	(14.3)	(5.7)	(15.6)
Change in deferred tax	-	-	-	-	-
Total	**(9.3)**	**(2.5)**	**(14.3)**	**(5.7)**	**(15.6)**

In the first half 2022, the current tax expense increased by $8.6 million, compared to the first half 2021. Current tax expense relates to foreign withholding tax and corporate tax on activities and MultiClient revenues primarily in Africa and Asia.

In Q2 2022, the current tax expense increased by $6.8 million, compared to Q2 2021. The increase is explained by the same factors as for the first half.

Tax Contingencies

The Company has ongoing tax disputes related to charter of vessels into Brazil. The assessments, which inter alia seek to levy 15% withholding tax and 10% CIDE (service) tax, amount to $40.9 million in total. The Company holds a legal deposit amounting to $19.2 million, initially made in Q4 2020 to challenge one of the disputes in court. The deposit is held in an interest-bearing bank account with a commercial bank. Since the Company considers it more likely than not that these contingencies will be resolved in its favor, no provision has been made for any portion of the exposure.

Note 9 – Property and Equipment

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

	Quarter ended June 30,		Year to date June 30,		Year ended December 31,
(In millions of US dollars)	2022	2021	2022	2021	2021
Seismic equipment	6.6	5.6	21.7	8.7	19.2
Vessel upgrades/Yard	2.4	5.0	5.1	6.8	12.1
Compute infrastructure/ technology	2.6	0.4	3.1	1.4	1.5
Other	4.6	0.3	5.2	0.6	0.6
Total addition to property and equipment, whether paid or not	**16.2**	**11.3**	**35.1**	**17.5**	**33.4**
Change in working capital and capital leases	(5.2)	(1.5)	(8.3)	0.6	2.0
Investment in property and equipment	**11.0**	**9.8**	**26.8**	**18.1**	**35.4**

Investment in Other consists mainly of a lease extension of the Company's Imaging facilities in Houston.

Note 10 – MultiClient Library

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

	June 30,		December 31,
(In millions of US dollars)	2022	2021	2021
Completed during 2017	-	5.1	-
Completed during 2018	4.6	29.3	13.9
Completed during 2019	37.4	71.0	53.7
Completed during 2020	39.7	62.6	49.3
Completed during 2021	96.8	106.0	117.7
Completed during 2022	37.7	-	-
Completed surveys	216.2	274.0	234.6
Surveys in progress	105.4	238.2	181.0
MultiClient library	321.6	512.2	415.6

Key figures MultiClient library:

(In millions of US dollars)	Quarter ended June 30, 2022	Quarter ended June 30, 2021	Year to date June 30, 2022	Year to date June 30, 2021	Year ended December 31, 2021
MultiClient pre-funding revenue *	96.5	62.7	111.4	142.6	247.7
MultiClient late sales	108.2	65.5	162.9	114.7	220.4
Cash investment in MultiClient library	26.2	25.7	47.7	69.0	127.2
Capitalized interest in MultiClient library	1.3	1.7	2.8	4.6	7.3
Capitalized depreciation (non-cash)	7.4	9.3	13.9	26.0	43.9
Amortization of MultiClient library	(34.8)	(37.3)	(75.1)	(61.4)	(151.2)
Accelerated amortization of MultiClient library	(79.5)	(65.6)	(83.4)	(142.1)	(214.2)
Impairment of MultiClient library	-	-	-	-	(13.6)

* Includes revenue from sale to joint operations in the amount of $8.4 million and $9.0 million for Q2 2022 and Q2 2021, respectively.
Year to date 2022 and 2021, revenue from sale to joint operations amounts to $17.6 million and $9.0 million, respectively.

In the first half 2022, MultiClient cash investment decreased by $21.3 million, or 31%, compared to the first half 2021, primarily as a result of fewer vessel days allocated to MultiClient projects.

Total amortization of MultiClient library was 58% of MultiClient revenues, compared to 79% in the first half 2021. The Company recognized accelerated amortization of the MultiClient library of $83.4 million, compared to $142.1 million in the first half 2021.

In Q2 2022, MultiClient cash investment increased by $0.5 million, or 2% in Q2 2022, compared to Q2 2021.

Total amortization of MultiClient library was 56% of MultiClient revenues, compared to 80% in Q2 2021. The Company recognized accelerated amortization of the MultiClient library of $79.5 million in Q2 2022, compared to $65.6 million in Q2 2021.

Note 11 – Liquidity and Financing

In the first half 2022, net cash provided by operating activities was $107.0 million, compared to $170.0 million in the first half 2021. The decrease is primarily due to relatively low revenues in Q1 2022 and collection of most of the strong Q2 2022 MultiClient late sales in Q3. Higher gross cash cost and less cash outflow classified as MultiClient investments (investment activity) also contributed to the lower net cash provided by operating activities.

In Q2 2022, net cash provided by operating activities was $43.7 million, compared to $81.4 million in Q2 2021. Most of the strong Q2 MultiClient late sales will be collected and drive significantly stronger cash flow in Q3. In addition, a significant portion of recognized MultiClient pre-funding revenues have been collected in earlier periods as the payment plans typically are based on progress payments.

The liquidity reserve, including cash and cash equivalents was $219.8 million as of June 30, 2022, compared to $155.4 million as of June 30, 2021, and $170.0 million as of December 31, 2021. The existing loan agreements have a liquidity sweep requirement where cash and cash equivalents in excess of $200 million at quarter-end will have to be used to repay upcoming amortizations of the TLB and ECF loans at a ratio proportionate to the amount of amortization deferral in the debt rescheduling agreement entered into February 2021. Consequently $19.8 million will be applied to repay debt early Q3 2022, with the majority to be applied against the September 2022 amortization of the TLB. The Company manages its liquidity reserve at quarter end for the benefit of all its stakeholders.

Interest bearing debt consists of the following:

(In millions of US dollars)	June 30, 2022	June 30, 2021	December 31, 2021
Secured			
Term loan B, Libor + 6-750 basis points (linked to total leverage ratio ("TLR")), due 2024	873.0	873.0	873.0
Export credit financing, due 2025	109.4	109.4	109.4
Export credit financing, due 2027	189.1	189.1	189.1
Unsecured			
Convertible bond 5%, due 2024	7.6	10.9	8.6
Total loans and bonds, gross (1)	**1,179.1**	**1,182.4**	**1,180.1**
Less current portion	(263.3)	-	(162.6)
Less deferred loan costs, net of debt premiums	(23.6)	(36.0)	(29.6)
Less modification of debt treated as extinguishment	(6.9)	(11.7)	(9.3)
Less effect from separate derivative financial instrument convertible bond	(3.5)	(7.8)	(5.1)
Non-current interest bearing debt	**881.8**	**1,126.9**	**973.5**

(1) Fair value of total loans and bonds, gross was $1,105.3 million as of June 30, 2022, compared to $1,125.1 million as of June 30, 2021.

PGS completed a rescheduling of debt in Q1 2021, whereby the near-term maturity and amortization profile of interest-bearing debt was extended by approximately two years. As part of the transaction, 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, February 9, 2021, valued at $9.9 million and the debt component was valued at $3.5 million.

The difference between the initial value of the debt component and the nominal value of the CB is expensed over the life of the CB as imputed interest adjusted for conversions taking place before maturity. As of June 30, 2022, the remaining nominal amount of the CB is NOK 75.7 million (~$7.6 million). As of June 30, 2022, the derivative financial instrument (relating to the conversion option) is valued to $9.8 million. For further information on accounting for a conversion right in a different currency (NOK), see Note 14. After the end of Q2, on July 13, the PGS share had traded above NOK 6 per share for 30 consecutive days which entitles the Company to call the remaining amount of the CB for conversion into shares at the NOK 3 per share conversion price. The Company expects to issue the conversion notice in Q3.

The rescheduling of the $135 million RCF, which was originally due in September 2020, was accounted for as an extinguishment due to substantially different terms. The rescheduled debt was consequently accounted for at fair value at time of extinguishment, resulting in a gain of $13.5 million as of February 9, 2021. The amount is reversed over the life of the debt and in Q2 2022 $1.8 million was reversed and reported as imputed interest expense. The other parts of the rescheduled debt were accounted for as modification of existing agreements, with a loss of $7.7 million recorded in Q1 2021.

Undrawn facilities consists of the following:

	June 30,		December 31,
(In millions of US dollars)	2022	2021	2021
Secured			
Performance bond	17.1	23.6	17.3
Total	**17.1**	**23.6**	**17.3**

Summary of net interest bearing debt:

	June 30,		December 31,
(In millions of US dollars)	2022	2021	2021
Loans and bonds gross	(1,179.1)	(1,182.4)	(1,180.1)
Cash and cash equivalents	219.8	155.4	170.0
Restricted cash (current and non-current)	72.1	72.5	73.7
Net interest bearing debt, excluding lease liabilities	**(887.2)**	**(954.5)**	**(936.4)**
Lease liabilities current	(35.5)	(40.0)	(35.9)
Lease liabilities non-current	(63.1)	(99.1)	(79.0)
Net interest bearing debt, including lease liabilities	**(985.8)**	**(1,093.6)**	**(1,051.3)**

Restricted cash of $72.1 million includes $36.6 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*.

On June 30, 2022, the Company had approximately 34% of its net debt (excluding lease liabilities) at fixed interest rates. The weighted average cash interest rate was approximately 7.92%, including credit margins paid on the debt as of June 30, 2022, compared to 7.24% and 6.74 % as of March 31, 2022, and June 30, 2021, respectively.

The main credit agreements are subject to a Minimum Consolidated Liquidity and a Maximum Total Net Leverage Ratio ("TNLR") covenant. The liquidity covenant requires that the consolidated unrestricted cash and cash equivalents shall not be less than $75 million. The TNLR covenant establishes a maximum TNLR of 3.25:1 through December 31, 2022, and 2.75:1 thereafter. On June 30, 2022, the TNLR was 2.22:1.

Financing status

During Q2 2022, PGS successfully completed an equity private placement with the gross proceeds of approximately $85 million received in the quarter. In addition, PGS obtained commitments for $50 million of new senior secured debt, which the Company expects to draw in Q3 2022 around the time of the $135 million September amortization payment on the TLB. Subsequent to June 30, 2022, the Company further completed a subsequent offering of approximately $14 million. The transactions strengthen the liquidity position by close to $150 million and are expected to provide adequate liquidity up to the refinancing which will be needed ahead of the debt maturities in the second half 2023 and first half 2024.

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 existing amortization and maturity of its interest-bearing debt.

Note 12 – Earnings per Share

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

	Quarter ended June 30, 2022	Quarter ended June 30, 2021	Year to date June 30, 2022	Year to date June 30, 2021	Year ended December 31, 2021
- Basic	0.04	(0.07)	(0.07)	(0.17)	(0.45)
- Diluted	0.04	(0.07)	(0.07)	(0.17)	(0.45)
Weighted average basic shares outstanding	474,316,768	394,558,778	437,705,893	390,863,349	394,943,744
Weighted average diluted shares outstanding	506,299,751	398,516,722	468,065,787	394,175,782	424,723,594

Note 13 – Other Comprehensive Income

Other Comprehensive Income

(In millions of US dollars)	Quarter ended June 30, 2022	Quarter ended June 30, 2021	Year to date June 30, 2022	Year to date June 30, 2021	Year ended December 31, 2021
Actuarial gains (losses) on defined benefit pension plans	19.8	8.7	32.1	18.7	14.8
Income tax effect on actuarial gains and losses	-	-	-	-	-
Items that will not be reclassified to profit and loss	**19.8**	**8.7**	**32.1**	**18.7**	**14.8**
Gains (losses) on hedges	0.9	0.9	2.8	2.1	4.6
Other comprehensive income (loss) of associated companies	-	-	-	-	-
Items that may be subsequently reclassified to profit and loss	**0.9**	**0.9**	**2.8**	**2.1**	**4.6**

Note 14 – 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, 2021.

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, 2021.

Amortization of MultiClient library

Upon completion of a survey, straight-line amortization commences over its estimated useful life which is generally over a period of 4 years from the data it is transferred to completed surveys. If a project is jointly owned, the Company amortizes the portion of capitalized costs representing partners share of ownership.

In addition, with the straight-line amortization policy there is an accelerated amortization at the point of time when a MultiClient survey is completed and delivered to prefunding customers. In addition, with the straight-line amortization policy for completed surveys, recognition of additional or accelerated amortization of library may be necessary in the event that sales on a completed survey are realized disproportionately sooner within that survey’s 4-year useful life.

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.

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, 2021, except for the adoption of new standards effective as of January 1, 2022. 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 2022, but do not have an impact on the Company's interim condensed consolidated financial statements.

Note 15 - Risk Factors

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

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

The market is in a recovery phase after the severe impact of the covid-19 pandemic. The Company expects the market to continue to recover, but it continues to be a risk that the Company is highly leveraged and will have to refinance ahead of the debt maturities in the second half 2023 and first half 2024, 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 2021. 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 16 – Subsequent Events

In July PGS completed a subsequent offering for eligible shareholders which did not get allocated shares in the private placement conducted in May this year. Gross proceeds from the subsequent offering amounts to approximately NOK 141 million, corresponding to approximately $14 million.

Appendix – Alternative Performance Measures

EBITDA

(In millions of US dollars)	Quarter ended June 30, 2022	Quarter ended June 30, 2021	Year to date June 30, 2022	Year to date June 30, 2021	Year ended December 31, 2021
Operating profit (loss)	**60.7**	**(7.3)**	**37.2**	**(9.7)**	**(66.2)**
Other charges, net	(2.5)	(0.3)	0.5	(3.1)	5.6
Amortization and impairment of MultiClient library	114.3	102.9	158.4	203.5	379.0
Depreciation and amortization of long term assets (excl. MultiClient library)	21.2	23.2	49.5	45.5	100.6
Impairment and loss on sale of long-term assets (excl. MultiClient library)	(0.4)	-	(0.4)	-	15.0
EBITDA	**193.3**	**118.5**	**245.2**	**236.2**	**434.0**

EBIT ex. impairment and other charges, net

(In millions of US dollars)	Quarter ended June 30, 2022	Quarter ended June 30, 2021	Year to date June 30, 2022	Year to date June 30, 2021	Year ended December 31, 2021
Operating profit (loss)	**60.7**	**(7.3)**	**37.2**	**(9.7)**	**(66.2)**
Other charges, net	(2.5)	(0.3)	0.5	(3.1)	5.6
Impairment of MultiClient library	-	-	-	-	13.6
Impairment and loss on sale of long-term assets (excl. MultiClient library)	(0.4)	-	(0.4)	-	15.0
EBIT ex. impairment and other charges, net	**57.8**	**(7.6)**	**37.3**	**(12.8)**	**(32.0)**

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.

EBITDA

EBITDA, when used by the Company, means EBIT excluding other charges, impairment and loss on sale of non-current assets and depreciation and amortization. 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. EBITDA is reconciled above.

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. EBIT, excluding impairments and other charges is reconciled above.

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.

Order book

Order book is defined as the aggregate estimated value of future 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.

From 1 January 2022, the Company changed to applying IFRS 15 as measurement basis also for its internal reporting, and the order book is presented on that basis. The impact to the order book disclosed in earlier financial reports are as follows:

Order book restated

(In millions of US dollars)	Order book disclosed	Increased order book MultiClient	Order book restated
December 31, 2021	239.4	108.6	348.0
September 30, 2021	241.0	144.7	385.7
June 30, 2021	255.4	154.6	410.0
March 31, 2021	237.2	188.8	426.0
December 31, 2020	202.1	221.8	423.9

Portion of Order book relating to estimated revenue value of production already performed on MultiClient surveys

The Company generally recognizes revenue from MultiClient pre-funding agreements at the "point in time" when the customer receives access to, or take delivery of, the finished data. The Company estimates the produced share of order book based on progress and achieved milestones. PGS believes that the produced share of the order book is a useful measure in that it provides an indication of the amount of MultiClient pre-funding related to partly fulfilled contracts where no revenue has yet been recognized.

Order book consist of the following:

	Year to date June 30,		Year ended December 31,
(In millions of US dollars)	2022	2021	2021
MultiClient pre-funding	82.9	185.8	140.9
Other	276.4	224.2	207.1
Total Order Book	**359.3**	**410.0**	**348.0**
Hereof estimated revenue value of production already performed on MultiClient surveys	48.7	154.6	108.6
Estimated portion of order book relating to future production	**310.6**	**255.4**	**239.4**

Estimated revenue value, based on existing pre-funding agreements, of production already performed on MultiClient surveys:

	Quarter ended June 30,		Year to date June 30,		Year ended December 31,
(In millions of US dollars)	2022	2021	2022	2021	2021
Estimated opening balance	112.6	188.8	108.6	222.3	222.3
Estimated production performed in period*	32.5	25.8	51.4	61.3	120.4
Additional pre-funding commitments for ongoing projects	-	2.7	-	13.6	13.6
Order book recognized as revenue for completed projects*	(96.4)	(62.7)	(111.3)	(142.6)	(247.7)
Estimated end balance	**48.7**	**154.6**	**48.7**	**154.6**	**108.6**

* Includes revenue from sale to joint operations in the amount of $8.4 million and $9.0 million for Q2 2022 and Q2 2021, respectively.
Year to date 2022 and 2021, revenue from sale to joint operations amounts to $17.6 million and $9.0 million, respectively.

The Company currently estimates the delivery and revenue recognition of its MultiClient pre-funding Order book as shown in the table below. Please note that this estimate is subject to uncertainty when it comes to the exact time of delivery to customers. In addition, any additional pre-funding commitments (not currently in the order book) relating to ongoing projects before delivery, if any, will be reported as pre-funding revenues at the time of delivery.

Estimated delivery and revenue recognition of MultiClient pre-funding Order book:

(In millions of US dollars)	2022 Q3	2022 Q4	Later	**Total**
MultiClient Pre-funding	30.1	7.9	44.9	**82.9**

Cash flow before financing activities

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

Liquidity reserve

Liquidity reserve is defined in Note 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.

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.

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.

Responsibility statement

We confirm that, to the best of our knowledge, the condensed set of financial statements for the first half year 2022, which has been prepared in accordance with IAS 34 Interim Financial reporting gives a true and fair view of the Company's consolidated assets, liabilities, financial position and result of operations, and that the first half 2022 report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 fourth paragraph.

Oslo, July 20, 2022

Walter Qvam *Chairperson*	Richard Herbert *Director*
Anne Grethe Dalane *Director*	Trond Brandsrud *Director*
Shona Grant *Director*	Ebrahim Attarzadeh *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 geophysics company, which operates on a world-wide basis. PGS business supports the energy industry, including oil and gas, offshore renewables, carbon capture and storage. The Company's headquarter is 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 2021. 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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Walter Qvam (Chairperson)
Anne Grethe Dalane
Richard Herbert
Marianne Kah
Anette Valbø (employee elected)
Trond Brandsrud
Ebrahim Attarzadeh
Shona Grant
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	EVP New 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:

Q2 2022 report	July 21, 2022
Q3 2022 report	October 20, 2022
Q4 2022 report	January 26, 2023

The dates are subject to change.