



# Earnings Release

## Q3 - 2022

# Improving Utilization and Contract Rates

## Strong Cash Flow Generation

### Takeaways Q3 2022

- Revenues and Other Income of \$198.5 million, compared to \$141.7 million in Q3 2021
- EBITDA of \$98.1 million, compared to \$65.6 million in Q3 2021
- EBIT (ex. impairments and other charges, net) of \$33.8 million, compared to a loss of \$28.9 million in Q3 2021
- Cash flow from operations of \$177.9 million, compared to \$114.5 million in Q3 2021
- Cash and cash equivalents of \$179.1 million, compared to \$193.0 million in Q3 2021
- Signed a multi-year MultiClient library access agreement with Shell
- Awarded two significant contracts in Asia-Pacific constituting an acquisition campaign of close to five months
- Secured solid industry pre-funding for a Q4 MultiClient survey in West Africa
- Fully booked for 2022 and building good visibility into 2023
- Successfully completed the subsequent offering securing ~\$14 million of new equity in addition to the ~\$85 million private placement completed in Q2
- Converted the remaining outstanding amount of the convertible bond to shares, NOK 75.7 million (~\$7.7 million)
- Paid the scheduled \$135 million Term Loan B amortization



“The positive momentum in the seismic market further strengthened in Q3. We achieved strong vessel utilization and recorded contract revenues of more than \$100 million with an increasing EBIT margin.

Our MultiClient activity increased sequentially, driven by the South Bank MultiClient project offshore Canada and a large survey on the Northwest shelf of the Norwegian Sea. Our reported pre-funding revenues according to IFRS, however, were modest due to a low volume of projects completed and delivered to clients in the quarter.

MultiClient late sales in the quarter were close to three times Q3 2021 late sales and were positively impacted by revenue recognition of a large part of the Shell multi-year MultiClient access agreement and transfer fees. We have a geographically diverse, modern and attractive MultiClient library that continues to deliver strong revenues.

Our liquidity reserve ended at \$179.1 million, after repaying \$135 million of the Term Loan B and \$9 million of the ECF loans in the quarter. Due to the strong liquidity position we postponed drawing of the \$50 million new senior secured debt to October. Q3 cash flow before financing activities was strong and came in at \$129 million, substantially higher than Q3 2021. We expect continued strong cash flow going forward into 2023. Together with the recovering seismic market this makes us well positioned to refinance in the first half of 2023.

Our order book remains at healthy levels, and we have been able to transition well from the seasonally stronger summer season to the normally weaker winter season. We are now fully booked for 2022 and have secured 11 vessel months for Q1 2023 with activity and pricing continuing 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. 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 we 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.

2022 MultiClient cash investments are expected to be approximately \$110 million, down from \$125 million earlier guided.

Approximately 70% of 2022 active 3D vessel time is expected to be allocated to contract work, up from approximately 65% earlier guided.

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

The order book totaled \$320 million on September 30, 2022. On June 30, 2022, and September 30, 2021, the order book was \$359 million and \$386 million, respectively. 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 the Appendix.

**Key Financial Figures**

(In millions of US dollars, except per share data)	Quarter ended		Year to date		Year ended
	September 30,		September 30,		December 31,
	2022	2021	2022	2021	2021
<b>Profit and loss numbers</b>					
Revenues and Other Income	198.5	141.7	608.4	493.3	703.8
EBITDA	98.1	65.6	343.4	301.8	434.0
EBIT ex. impairment and other charges, net	33.8	(28.9)	71.2	(41.7)	(32.0)
Net financial items	(28.1)	(29.5)	(81.5)	(79.2)	(97.6)
Income (loss) before income tax expense	7.5	(59.4)	(8.6)	(118.8)	(163.8)
Income tax expense	(4.9)	(1.3)	(19.2)	(7.1)	(15.6)
Net income (loss) to equity holders	2.6	(60.7)	(27.8)	(125.9)	(179.4)
Basic earnings per share (\$ per share)	0.00	(0.15)	(0.05)	(0.32)	(0.45)
<b>Other key numbers</b>					
Net cash provided by operating activities	177.9	114.5	284.9	284.5	326.6
Cash investment in MultiClient library	33.7	35.0	81.4	103.9	127.2
Capital expenditures (whether paid or not)	9.5	6.2	44.6	23.7	33.4
Total assets	1,719.5	1,843.0	1,719.5	1,843.0	1,792.8
Cash and cash equivalents	179.1	193.0	179.1	193.0	170.0
Net interest bearing debt	773.0	917.9	773.0	917.9	936.4
Net interest bearing debt, including lease liabilities following IFRS 16	861.6	1,046.1	861.6	1,046.1	1,051.3

**Condensed Consolidated Statements of Profit and Loss and Other Comprehensive Income**

(In millions of US dollars)	Note	Quarter ended		Year to date		Year ended
		September 30,		September 30,		December 31,
		2022	2021	2022	2021	2021
Revenues and Other Income	2	198.5	141.7	608.4	493.3	703.8
Cost of sales	3	(89.0)	(65.6)	(231.0)	(159.2)	(227.2)
Research and development costs	3	(1.8)	(1.6)	(5.0)	(4.6)	(6.5)
Selling, general and administrative costs	3	(9.6)	(8.9)	(29.0)	(27.7)	(36.1)
Amortization and impairment of MultiClient library	4	(42.1)	(70.1)	(200.5)	(273.6)	(379.0)
Depreciation and amortization of non-current assets (excl. MultiClient library)	4	(22.2)	(24.4)	(71.7)	(69.9)	(100.6)
Impairment and gain/(loss) on sale of non-current assets (excl. MultiClient library)	4	-	-	0.4	-	(15.0)
Other charges, net	4	1.8	(1.0)	1.3	2.1	(5.6)
Total operating expenses		(162.9)	(171.6)	(535.5)	(532.9)	(770.0)
Operating profit (loss)/EBIT		35.6	(29.9)	72.9	(39.6)	(66.2)
Share of results from associated companies	5	0.8	(0.2)	1.5	(1.3)	1.2
Interest expense	6	(29.3)	(26.9)	(81.4)	(74.0)	(99.4)
Other financial expense, net	7	0.4	(2.4)	(1.6)	(3.9)	0.6
Income (loss) before income tax expense		7.5	(59.4)	(8.6)	(118.8)	(163.8)
Income tax	8	(4.9)	(1.3)	(19.2)	(7.1)	(15.6)
<b>Net income (loss) to equity holders of PGS ASA</b>		<b>2.6</b>	<b>(60.7)</b>	<b>(27.8)</b>	<b>(125.9)</b>	<b>(179.4)</b>
<b>Other comprehensive income</b>						
Items that will not be reclassified to profit and loss	13	7.5	(2.5)	39.7	16.2	14.8
Items that may be subsequently reclassified to profit and loss	13	0.1	0.9	2.9	3.0	4.6
<b>Other comprehensive income (loss) for the period, net of tax</b>		<b>7.6</b>	<b>(1.6)</b>	<b>42.6</b>	<b>19.2</b>	<b>19.3</b>
<b>Total comprehensive income (loss) to equity holders of PGS ASA</b>		<b>10.2</b>	<b>(62.3)</b>	<b>14.8</b>	<b>(106.7)</b>	<b>(160.0)</b>
<b>Earnings per share attributable to equity holders of the parent during the period</b>						
-Basic and diluted earnings per share	12	0.00	(0.15)	(0.05)	(0.32)	(0.45)

## Condensed Consolidated Statements of Financial Position

(In millions of US dollars)	Note	Quarter ended		Year ended
		September 30, 2022	September 30, 2021	December 31, 2021
<b>ASSETS</b>				
Cash and cash equivalents	11	179.1	193.0	170.0
Restricted cash	11	15.7	9.5	16.1
Accounts receivables		134.6	51.5	134.6
Accrued revenues and other receivables		79.6	49.7	55.9
Other current assets		58.8	59.7	56.4
Total current assets		467.8	363.4	433.0
Property and equipment	9	748.8	828.2	787.4
MultiClient library	10	322.4	489.5	415.6
Restricted cash	11	59.8	60.1	57.6
Other non-current assets		39.1	16.3	14.7
Other intangible assets		81.6	85.5	84.5
Total non-current assets		1,251.7	1,479.6	1,359.8
<b>Total assets</b>		<b>1,719.5</b>	<b>1,843.0</b>	<b>1,792.8</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
Interest bearing debt	11	372.5	135.0	162.6
Lease liabilities	11	34.3	39.2	35.9
Accounts payable		38.8	31.8	45.3
Accrued expenses and other current liabilities		88.9	75.3	80.5
Deferred revenues		108.8	131.7	123.4
Income taxes payable		17.6	10.6	16.7
Total current liabilities		660.9	423.6	464.4
Interest bearing debt	11	628.9	996.8	973.5
Lease liabilities	11	54.3	89.0	79.0
Deferred tax liabilities		0.1	0.1	0.1
Other non-current liabilities		3.8	36.0	30.7
Total non-current liabilities		687.1	1,121.9	1,083.3
Common stock; par value NOK 3; issued and outstanding 680,299,714 shares		246.7	158.5	158.9
Treasury shares, par value		(0.1)	-	-
Additional paid-in capital		957.0	932.6	933.1
Total paid-in capital		1,203.6	1,091.1	1,092.0
Accumulated earnings		(828.3)	(785.3)	(840.2)
Other capital reserves		(3.8)	(8.3)	(6.7)
Total shareholders' equity		371.5	297.5	245.1
<b>Total liabilities and shareholders' equity</b>		<b>1,719.5</b>	<b>1,843.0</b>	<b>1,792.8</b>

## Condensed Consolidated Statements of Changes in Shareholders' Equity

### For the nine months ended September 30, 2022 and the year ended December 31, 2021

(In millions of US dollars)	Attributable to equity holders of PGS ASA					Shareholders' equity
	Share capital par value	Treasury shares par value	Additional paid-in capital	Accumulated earnings	Other capital reserves	
<b>Balance as of January 1, 2021</b>	<b>154.2</b>	-	<b>929.1</b>	<b>(675.6)</b>	<b>(11.3)</b>	<b>396.4</b>
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
<b>Balance as of December 31, 2021</b>	<b>158.9</b>	-	<b>933.1</b>	<b>(840.2)</b>	<b>(6.7)</b>	<b>245.1</b>
Profit (loss) for the period	-	-	-	(27.8)	-	(27.8)
Other comprehensive income (loss)	-	-	-	39.7	2.9	42.6
Share issue (a)	7.7	-	7.0	-	-	14.7
Share based payments	-	-	0.8	-	-	0.8
Share capital increase (b)	80.1	-	16.4	-	-	96.5
Acquired treasury shares	-	(0.2)	(0.2)	-	-	(0.4)
Share based payments, equity settled	-	0.1	(0.1)	-	-	-
<b>Balance as of September 30, 2022</b>	<b>246.7</b>	<b>(0.1)</b>	<b>957.0</b>	<b>(828.3)</b>	<b>(3.8)</b>	<b>371.5</b>

- (a) In Q3 2022, the Company exercised and settled its issuer conversion option under the convertible bond whereby all outstanding bonds with an aggregate nominal amount of NOK 75,7 million were converted into 25,237,631 shares. As a part of the bond settlement NOK 68.9 million was credited to additional paid-in capital.
- (b) 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 were recognized against additional paid-in capital. In Q3 2022, the Company issued 38,155,803 new shares following a subsequent offering raising approximately NOK 141.2 million as equity.

### For the nine months ended September 30, 2021

(In millions of US dollars)	Attributable to equity holders of PGS ASA					Shareholders' equity
	Share capital par value	Treasury shares par value	Additional paid-in capital	Accumulated earnings	Other capital reserves	
<b>Balance as of January 1, 2021</b>	<b>154.2</b>	-	<b>929.1</b>	<b>(675.6)</b>	<b>(11.3)</b>	<b>396.4</b>
Profit (loss) for the period	-	-	-	(125.9)	-	(125.9)
Other comprehensive income (loss)	-	-	-	16.2	3.0	19.2
Share issue	4.3	-	1.8	-	-	6.1
Share based payments	-	-	1.7	-	-	1.7
<b>Balance as of September 30, 2021</b>	<b>158.5</b>	-	<b>932.6</b>	<b>(785.3)</b>	<b>(8.3)</b>	<b>297.5</b>

## Condensed Consolidated Statements of Cash Flows

(In millions of US dollars)	Quarter ended September 30,		Year to date September 30,		Year ended December 31,
	2022	2021	2022	2021	2021
<b>Income (loss) before income tax expense</b>	7.5	(59.4)	(8.6)	(118.9)	(163.8)
Depreciation, amortization, impairment	64.3	94.5	271.8	343.4	494.5
Share of results in associated companies	(0.8)	0.2	(1.6)	1.3	(1.1)
Interest expense	29.3	26.9	81.4	74.0	99.4
Loss (gain) on sale and retirement of assets	(0.5)	(0.7)	(1.0)	(0.4)	(0.3)
Income taxes paid	(4.5)	(4.4)	(18.3)	(9.2)	(11.7)
Other items	0.3	0.6	3.0	3.6	(0.8)
(Increase) decrease in accounts receivables, accrued revenues & other receivables	47.4	79.9	(23.6)	56.5	(32.8)
Increase (decrease) in deferred revenues	31.0	0.6	(14.6)	(56.9)	(65.2)
Increase (decrease) in accounts payable	(11.7)	(15.2)	(5.9)	3.0	15.2
Change in other current items related to operating activities	14.5	(8.4)	12.2	(10.0)	(5.5)
Change in other long-term items related to operating activities	1.1	(0.1)	(9.9)	(1.9)	(1.3)
<b>Net cash provided by operating activities</b>	<b>177.9</b>	<b>114.5</b>	<b>284.9</b>	<b>284.5</b>	<b>326.6</b>
Investment in MultiClient library	(33.7)	(35.0)	(81.4)	(104.0)	(127.3)
Investment in property and equipment	(13.2)	(8.3)	(40.0)	(26.4)	(35.4)
Investment in other intangible assets	(2.8)	(2.3)	(7.7)	(7.5)	(10.2)
Proceeds from sale and disposal of assets	0.9	0.7	1.3	0.7	1.0
<b>Net cash used in investing activities</b>	<b>(48.8)</b>	<b>(44.9)</b>	<b>(127.8)</b>	<b>(137.2)</b>	<b>(171.9)</b>
Proceeds, net of deferred loan costs, from issuance of non-current debt/net cash payment for debt amendment	-	(0.1)	-	(19.3)	(19.5)
Interest paid on interest bearing debt	(24.7)	(20.6)	(66.5)	(60.6)	(80.8)
Repayment of interest bearing debt	(143.8)	-	(143.8)	-	-
Proceeds from share issue (a)	13.6	-	96.7	-	-
Share buy-back	-	-	(0.4)	-	-
Payment of lease liabilities (recognized under IFRS 16)	(8.8)	(10.1)	(27.2)	(29.6)	(40.3)
Payments of leases classified as interest	(1.5)	(2.3)	(5.0)	(7.0)	(8.9)
Decrease (increase) in restricted cash related to debt service	(4.6)	1.1	(1.8)	5.5	8.1
<b>Net cash (used in) provided by financing activities</b>	<b>(169.8)</b>	<b>(32.0)</b>	<b>(148.0)</b>	<b>(111.0)</b>	<b>(141.4)</b>
Net increase (decrease) in cash and cash equivalents	(40.7)	37.6	9.1	36.3	13.3
Cash and cash equivalents at beginning of period	219.8	155.4	170.0	156.7	156.7
<b>Cash and cash equivalents at end of period</b>	<b>179.1</b>	<b>193.0</b>	<b>179.1</b>	<b>193.0</b>	<b>170.0</b>

(a) Net of transaction costs amounting to \$0.3 million and \$2.1 million for Q3 2022 and year to date, respectively.

## Notes to the Condensed Interim Consolidated Financial Statements Third Quarter 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 not 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:

(In millions of US dollars)	Quarter ended September 30,		Year to date September 30,		Year ended December 31,
	2022	2021	2022	2021	2021
-Contract seismic	100.7	66.4	225.1	143.4	207.8
-MultiClient pre-funding	19.4	45.3	130.8	187.7	247.7
-MultiClient late sales	71.8	24.8	234.7	139.5	220.4
-Imaging	6.6	5.2	17.8	16.5	21.7
-Other Income	-	-	-	6.2	6.2
<b>Total Revenues and Other Income</b>	<b>198.5</b>	<b>141.7</b>	<b>608.4</b>	<b>493.3</b>	<b>703.8</b>

Vessel Allocation(1):

	Quarter ended September 30,		Year to date September 30,		Year ended December 31,
	2022	2021	2022	2021	2021
Contract	60%	40%	40%	41%	41%
MultiClient	28%	28%	28%	34%	29%
Steaming	9%	18%	18%	16%	13%
Yard	3%	3%	3%	3%	4%
Stacked/standby	0%	11%	11%	6%	13%

(1) The statistics exclude cold-stacked vessels. The Q3 2022 vessel statistics includes 6 active 3D vessels.

The comparative period Q3 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

Revenues in Q3 2022 amounted to \$198.5 million, compared to \$141.7 million in Q3 2021, an increase of \$56.8 million, or 40%. The increase is due to higher contract and MultiClient late sales revenues, partially offset by lower MultiClient pre-funding revenues.

#### Contract revenues

Contract revenues in Q3 2022 increased by \$34.3 million, or 52%, compared to Q3 2021. The increase is mainly due to a recovering seismic contract market with higher rates and more vessel capacity allocated to contract acquisition work.

#### MultiClient late sales

MultiClient late sales revenues in Q3 increased by \$47.0 million, or 190%, compared to Q3 2021, positively impacted by recognition of a large part of revenues related to a 2-year MultiClient access agreement with Shell, while cash payments will be received in installments over the period, and a portion of a significant transfer fee the Company considers as a contractual minimum.

Negotiations are still ongoing, and the Company expects to recognize additional revenues when they are finalized. In Q3 2022, late sales revenues were highest in Africa and Europe.

#### *MultiClient pre-funding revenues*

MultiClient pre-funding revenues in Q3 2022 decreased by \$25.9 million, or 57%, compared to Q3 2021. The decrease is a result of a lower volume of MultiClient projects finalized and delivered to clients. The volume of completed MultiClient projects in Q3 2022 was approximately \$10 million lower than what PGS earlier expected and disclosed in the Q2 earnings release due to postponed completion of processing for one survey where processing is done by a third party.

With reference to the supplementary information in the appendix, estimated MultiClient pre-funding revenues based on percentage-of-completion ("POC") totals \$37.5 million in Q3 2022, compared to \$35.3 million in Q3 2021.

### **Note 3 – Net Operating Expenses**

Net operating expenses consist of the following:

(In millions of US dollars)	Quarter ended		Year to date		Year ended
	September 30,		September 30,		December 31,
	2022	2021	2022	2021	2021
Cost of sales before investment in MultiClient library	(121.2)	(98.5)	(317.0)	(265.6)	(351.2)
Research and development costs before capitalized development costs	(3.9)	(3.4)	(11.3)	(10.6)	(14.5)
Selling, general and administrative costs	(9.6)	(8.9)	(29.0)	(27.7)	(36.1)
<b>Cash Cost, gross</b>	<b>(134.7)</b>	<b>(110.8)</b>	<b>(357.3)</b>	<b>(303.9)</b>	<b>(401.8)</b>
Steaming deferral, net	(1.5)	(2.1)	4.6	2.5	(3.2)
Cash investment in MultiClient library	33.7	35.0	81.4	103.9	127.2
Capitalized development costs	2.1	1.8	6.3	6.0	8.0
<b>Net operating expenses</b>	<b>(100.4)</b>	<b>(76.1)</b>	<b>(265.0)</b>	<b>(191.5)</b>	<b>(269.8)</b>

Gross cash costs in Q3 2022 increased by \$23.9 million, or 22%, compared to Q3 2021, primarily due to a significantly higher activity level, project related costs and fuel prices. The Company has fuel price adjustment clauses in most of its agreements for contract acquisition work.

The recovering seismic market drives increased activity levels. *Ramform Vanguard* was reactivated for 3D operation in Q2 2021 and *PGS Apollo* and *Sanco Swift* have increasingly been used as source vessels on selected surveys through 2021 and 2022. The *Sanco Swift* will also commence a larger 2D MultiClient project in October 2022.

Cash costs capitalized to the MultiClient library in Q3 2022 decreased by \$1.3 million, or 4%, compared to Q3 2021.

### **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		Year to date		Year ended
	September 30,		September 30,		December 31,
	2022	2021	2022	2021	2021
Amortization of MultiClient library	(35.1)	(45.1)	(110.1)	(106.5)	(151.2)
Accelerated amortization of MultiClient library	(7.0)	(25.0)	(90.4)	(167.1)	(214.2)
Impairment of MultiClient library	-	-	-	-	(13.6)
<b>Total</b>	<b>(42.1)</b>	<b>(70.1)</b>	<b>(200.5)</b>	<b>(273.6)</b>	<b>(379.0)</b>

Refer to note 14 for amortization principles.

Total amortization of the MultiClient library in Q3 2022 decreased by \$28.0 million, or 40%, compared to Q3 2021. The decrease is mainly driven by less MultiClient projects finalized and delivered to customers, resulting in less accelerated amortization. Amortization was 46% of MultiClient revenues in Q3 2022, compared to 100% in Q3 2021. The lower amortization rate in Q3 2022 reflects a higher proportion of late sales in the mix.



## Depreciation, amortization and impairment of non-current assets

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

(In millions of US dollars)	Quarter ended September 30,		Year to date September 30,		Year ended December 31,
	2022	2021	2022	2021	2021
Gross depreciation*	(29.3)	(34.4)	(93.7)	(107.2)	(142.4)
Deferred Steaming depreciation, net	(0.8)	(1.1)	0.3	0.2	(2.1)
Depreciation capitalized to the MultiClient library	7.9	11.1	21.7	37.1	43.9
<b>Total</b>	<b>(22.2)</b>	<b>(24.4)</b>	<b>(71.7)</b>	<b>(69.9)</b>	<b>(100.6)</b>

\*includes depreciation of right-of-use assets amounting to \$4.3 million and \$5.5 million for the quarter ended September 30, 2022 and 2021 respectively.

Gross depreciation in Q3 2022 decreased by \$5.1 million, or 15%, compared to Q3 2021. The decrease comes from a generally low investment level in property plant and equipment over recent years, and impairment charges in 2021.

Depreciation capitalized to the MultiClient library decreased by \$3.2 million, or 29%, compared to Q3 2021, mainly because of decreased gross depreciation.

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

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

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:

(In millions of US dollars)	Quarter ended September 30,		Year to date September 30,		Year ended December 31,
	2022	2021	2022	2021	2021
Severance cost	-	0.1	-	-	0.2
Onerous contracts with customers	7.6	(1.1)	11.0	2.1	(1.8)
Provision for bad debt	0.6	-	(3.4)	-	-
Other	(6.5)	-	(6.4)	-	(4.0)
<b>Total</b>	<b>1.7</b>	<b>(1.0)</b>	<b>1.2</b>	<b>2.1</b>	<b>(5.6)</b>

As of September 30, 2022, the Company has no remaining provision for onerous customer contracts. This is a decrease from the \$11.0 million provision at December 31, 2021. Provision for onerous customer contracts represents the estimated loss in future periods relating to binding customer contracts where revenues are lower than the full costs, including depreciation, of completing the contract.

Due to high efficiency of cloud processing algorithms the Company estimates to be \$6.5 million below its commitment for such services for the remaining approximately one year of the commitment period. The Company expects to be able to re-negotiate the commitment profile, in which case the provision will reverse in future periods.

### Note 5 – Share of Results from Associated Companies

In Q3 2022, the share of results from associated companies was a net gain of \$0.8 million, compared to a net loss of \$0.2 million in Q3 2021.

## Note 6 – Interest Expense

Interest expense consists of the following:

(In millions of US dollars)	Quarter ended September 30,		Year to date September 30,		Year ended December 31,
	2022	2021	2022	2021	2021
Interest on debt, gross	(29.1)	(26.1)	(80.5)	(73.1)	(98.0)
Imputed interest cost on lease agreements	(1.5)	(2.1)	(5.0)	(6.8)	(8.7)
Capitalized interest, MultiClient library	1.3	1.3	4.1	5.9	7.3
<b>Total</b>	<b>(29.3)</b>	<b>(26.9)</b>	<b>(81.4)</b>	<b>(74.0)</b>	<b>(99.4)</b>

Gross interest expense increased by \$3.0 million, or 11% compared to Q3 2021. The increase is primarily 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:

(In millions of US dollars)	Quarter ended September 30,		Year to date September 30,		Year ended December 31,
	2022	2021	2022	2021	2021
Interest income	3.4	-	4.2	0.1	0.3
Currency exchange gain (loss)	(2.0)	(0.4)	2.5	(0.7)	(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	(0.5)	(1.8)	(7.6)	(4.0)	0.9
Other	(0.5)	(0.2)	(0.7)	(1.0)	(1.3)
<b>Total</b>	<b>0.4</b>	<b>(2.4)</b>	<b>(1.6)</b>	<b>(3.9)</b>	<b>0.6</b>

The line “Net gain related to extinguishment of debt” for 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 Q3 2022, the \$0.5 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 was settled August 25, 2022, through conversion of the remaining outstanding amount of the convertible bond to shares. Refer to Note 11 for more information.

## Note 8 – Income Tax and Contingencies

Income tax consists of the following:

(In millions of US dollars)	Quarter ended September 30,		Year to date September 30,		Year ended December 31,
	2022	2021	2022	2021	2021
Current tax	(4.9)	(1.3)	(19.2)	(7.1)	(15.6)
Change in deferred tax	-	-	-	-	-
<b>Total</b>	<b>(4.9)</b>	<b>(1.3)</b>	<b>(19.2)</b>	<b>(7.1)</b>	<b>(15.6)</b>

The current tax expense in Q3 2022 increased by \$3.6 million compared to Q3 2021. Current tax expense relates to foreign withholding tax and corporate tax on activities and MultiClient revenues primarily in Africa and Asia.

### 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 \$36.6 million in total. The Company holds a legal deposit amounting to \$18.5 million, initially made in Q4 2020 to challenge one of the disputes in court. The deposit is held in an interest-bearing bank account with a commercial bank. Since the Company considers it more likely than not that these contingencies will be resolved in its favor, no provision has been made for any portion of the exposure.

## Note 9 – Property and Equipment

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

(In millions of US dollars)	Quarter ended September 30,		Year to date September 30,		Year ended December 31,
	2022	2021	2022	2021	2021
Seismic equipment	5.3	5.0	27.0	11.7	19.2
Vessel upgrades/Yard	2.4	1.2	7.5	10.0	12.1
Compute infrastructure/ technology	1.5	-	4.6	1.4	1.5
Other	0.3	-	5.5	0.6	0.6
<b>Total addition to property and equipment, whether paid or not</b>	<b>9.5</b>	<b>6.2</b>	<b>44.6</b>	<b>23.7</b>	<b>33.4</b>
Change in working capital and capital leases	3.7	2.1	(4.6)	2.7	2.0
<b>Investment in property and equipment</b>	<b>13.2</b>	<b>8.3</b>	<b>40.0</b>	<b>26.4</b>	<b>35.4</b>

## Note 10 – MultiClient Library

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

(In millions of US dollars)	September 30,		December 31,
	2022	2021	2021
Completed during 2017	-	2.5	-
Completed during 2018	1.5	23.4	13.9
Completed during 2019	29.9	63.1	53.7
Completed during 2020	35.3	57.8	49.3
Completed during 2021	88.4	126.5	117.7
Completed during 2022	38.8	-	-
Completed surveys	193.9	273.3	234.6
Surveys in progress	128.5	216.2	181.0
<b>MultiClient library</b>	<b>322.4</b>	<b>489.5</b>	<b>415.6</b>

Key figures MultiClient library:

(In millions of US dollars)	Quarter ended September 30,		Year to date September 30,		Year ended December 31,
	2022	2021	2022	2021	2021
MultiClient pre-funding revenue *	19.4	45.3	130.8	187.7	247.7
MultiClient late sales	71.8	24.8	234.7	139.5	220.4
Cash investment in MultiClient library	33.7	35.0	81.4	103.9	127.2
Capitalized interest in MultiClient library	1.3	1.3	4.1	5.9	7.3
Capitalized depreciation (non-cash)	7.9	11.1	21.7	37.1	43.9
Amortization of MultiClient library	(35.1)	(45.1)	(110.1)	(106.5)	(151.2)
Accelerated amortization of MultiClient library	(7.0)	(25.0)	(90.4)	(167.1)	(214.2)
Impairment of MultiClient library	-	-	-	-	(13.6)

\* Includes revenue from sale to joint operations in the amount of \$8.2 million and \$12.9 million for Q3 2022 and Q3 2021, respectively.

Year to date 2022 and 2021, revenue from sale to joint operations amounts to \$25.9 million and \$21.9 million, respectively.

The Company recognized accelerated amortization of the MultiClient library in Q3 2022 of \$7.0 million, compared to \$25.0 million in Q3 2021.

## Note 11 – Liquidity and Financing

Net cash provided by operating activities in Q3 2022 was \$177.9 million, compared to \$114.5 million in Q3 2021. The increase is primarily due to higher revenues in Q2 and Q3 2022 and strong collection.

The liquidity reserve, including cash and cash equivalents was \$179.1 million as of September 30, 2022, compared to \$193.0 million as of September 30, 2021, and \$170.0 million as of December 31, 2021. In addition, at September 30, 2022, the Company had commitments for \$50 million of additional senior secured debt that was drawn in October 2022. 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 was used to repay debt early Q3 2022. The September 2022 amortization of the TLB was paid as scheduled, net of the aforementioned cash sweep.

Interest bearing debt consists of the following:

(In millions of US dollars)	September 30,		December 31,
	2022	2021	2021
<b>Secured</b>			
Term loan B, Libor + 6-750 basis points (linked to total leverage ratio ("TLR")), due 2024	737.9	873.0	873.0
Export credit financing, due 2025	105.5	109.4	109.4
Export credit financing, due 2027	184.2	189.1	189.1
<b>Unsecured</b>			
Convertible bond 5%, due 2024	-	9.0	8.6
<b>Total loans and bonds, gross (1)</b>	<b>1,027.6</b>	<b>1,180.5</b>	<b>1,180.1</b>
Less current portion	(372.4)	(135.0)	(162.6)
Less deferred loan costs, net of debt premiums	(20.6)	(32.4)	(29.6)
Less modification of debt treated as extinguishment	(5.7)	(10.5)	(9.3)
Less effect from separate derivative financial instrument convertible bond	-	(5.8)	(5.1)
<b>Non-current interest bearing debt</b>	<b>628.9</b>	<b>996.8</b>	<b>973.5</b>

(1) Fair value of total loans and bonds, gross was \$ 983.0 million as of September 30, 2022, compared to \$1,105.6 million as of September 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"). According to the Bond Loan Agreement PGS has a right to convert the convertible bond if the share trades above NOK 6.00 for a period of more than 30 consecutive trading days. The requirement was fulfilled in Q3 2022, and the Company converted the remaining aggregate nominal amount of NOK 75.7 million (~\$7.7 million) into 25.2 million new freely tradable shares in Q3 2022, at a conversion price of NOK 3.00 per share. Following delivery of the new shares, the Company's share capital is NOK 2,040,899,142 divided into 680,299,714 shares.

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 Q3 2022 \$1.2 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:

(In millions of US dollars)	September 30,		December 31,
	2022	2021	2021
<b>Secured</b>			
Performance bond	17.8	23.3	17.3
<b>Total</b>	<b>17.8</b>	<b>23.3</b>	<b>17.3</b>

Summary of net interest bearing debt:

(In millions of US dollars)	September 30,		December 31,
	2022	2021	2021
Loans and bonds gross	(1,027.6)	(1,180.5)	(1,180.1)
Cash and cash equivalents	179.1	193.0	170.0
Restricted cash (current and non-current)	75.5	69.6	73.7
<b>Net interest bearing debt, excluding lease liabilities</b>	<b>(773.0)</b>	<b>(917.9)</b>	<b>(936.4)</b>
Lease liabilities current	(34.3)	(39.2)	(35.9)
Lease liabilities non-current	(54.3)	(89.0)	(79.0)
<b>Net interest bearing debt, including lease liabilities</b>	<b>(861.6)</b>	<b>(1,046.1)</b>	<b>(1,051.3)</b>

Restricted cash of \$75.5 million includes \$41.2 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 September 30, 2022, the Company had approximately 37% of its net debt (excluding lease liabilities) at fixed interest rates. The weighted average cash interest rate was approximately 8.85%, including credit margins, as of September 30, 2022, compared to 7.92% and 6.74 % as of June 30, 2022, and September 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 September 30, 2022, the TNLR was 1.81:1.

### 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 drew early October. In Q3 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 Q3 2023 and Q1 2024. In Q3 2022, the Company repaid \$135 million of the TLB and \$8.7 million of the ECF loans.

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.

\*The Total Net Leverage Ratio ("TNLR") is calculated as the consolidated indebtedness, net of restricted cash held for debt service in respect of the Export Credit financing and unrestricted cash and cash equivalents, divided by adjusted EBITDA less non-pre-funded MultiClient library investments.

## Note 12 – Earnings per Share

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

	Quarter ended September 30,		Year to date September 30,		Year ended December 31,
	2022	2021	2022	2021	2021
- Basic	0.00	(0.15)	(0.05)	(0.32)	(0.45)
- Diluted	0.00	(0.15)	(0.05)	(0.32)	(0.45)
Weighted average basic shares outstanding	659,670,890	397,888,788	512,507,284	393,230,896	394,943,744
Weighted average diluted shares outstanding	669,342,419	428,647,688	519,538,813	423,710,592	424,723,594

## Note 13 – Other Comprehensive Income

Other Comprehensive Income

(In millions of US dollars)	Quarter ended September 30,		Year to date September 30,		Year ended December 31,
	2022	2021	2022	2021	2021
Actuarial gains (losses) on defined benefit pension plans	7.5	(2.5)	39.7	16.2	14.8
Income tax effect on actuarial gains and losses	-	-	-	-	-
<b>Items that will not be reclassified to profit and loss</b>	<b>7.5</b>	<b>(2.5)</b>	<b>39.7</b>	<b>16.2</b>	<b>14.8</b>
Gains (losses) on hedges	0.1	0.9	2.9	3.0	4.6
Other comprehensive income (loss) of associated companies	-	-	-	-	-
<b>Items that may be subsequently reclassified to profit and loss</b>	<b>0.1</b>	<b>0.9</b>	<b>2.9</b>	<b>3.0</b>	<b>4.6</b>

## 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 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 is 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 and the Company's liquidity position and cash flow is generation is improving. The Company expects the market to continue to recover. However, the Company has significant debt amortization and maturities in 2023 and 2024 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 profile of its interest-bearing debt.

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.

## Appendix – Alternative Performance Measures

EBITDA					
(In millions of US dollars)	Quarter ended		Year to date		Year ended
	September 30,		September 30,		December 31,
	2022	2021	2022	2021	2021
<b>Operating profit (loss)</b>	<b>35.6</b>	<b>(29.9)</b>	<b>72.9</b>	<b>(39.6)</b>	<b>(66.2)</b>
Other charges, net	(1.8)	1.0	(1.3)	(2.1)	5.6
Amortization and impairment of MultiClient library	42.1	70.1	200.5	273.6	379.0
Depreciation and amortization of long term assets (excl. MultiClient library)	22.2	24.4	71.7	69.9	100.6
Impairment and loss on sale of long-term assets (excl. MultiClient library)	-	-	(0.4)	-	15.0
<b>EBITDA</b>	<b>98.1</b>	<b>65.6</b>	<b>343.4</b>	<b>301.8</b>	<b>434.0</b>

  

EBIT ex. impairment and other charges, net					
(In millions of US dollars)	Quarter ended		Year to date		Year ended
	September 30,		September 30,		December 31,
	2022	2021	2022	2021	2021
<b>Operating profit (loss)</b>	<b>35.6</b>	<b>(29.9)</b>	<b>72.9</b>	<b>(39.6)</b>	<b>(66.2)</b>
Other charges, net	(1.8)	1.0	(1.3)	(2.1)	5.6
Impairment of MultiClient library	-	-	-	-	13.6
Impairment and loss on sale of long-term assets (excl. MultiClient library)	-	-	(0.4)	-	15.0
<b>EBIT ex. impairment and other charges, net</b>	<b>33.8</b>	<b>(28.9)</b>	<b>71.2</b>	<b>(41.7)</b>	<b>(32.0)</b>

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 January 1, 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 on 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:

(In millions of US dollars)	Year to date September 30,		Year ended December 31,
	2022	2021	2021
MultiClient pre-funding	105.9	195.3	140.9
Other	214.0	190.4	207.1
<b>Total Order Book</b>	<b>319.9</b>	<b>385.7</b>	<b>348.0</b>
Hereof estimated revenue value of production already performed on MultiClient surveys	66.8	144.7	108.6
<b>Estimated portion of order book relating to future production</b>	<b>253.1</b>	<b>241.0</b>	<b>239.4</b>

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

(In millions of US dollars)	Quarter ended September 30,		Year to date September 30,		Year ended December 31,
	2022	2021	2022	2021	2021
Estimated opening balance	48.7	154.6	108.6	222.3	222.3
Estimated production performed in period*	35.5	35.1	86.9	96.8	120.4
Additional pre-funding commitments for ongoing projects	2.0	0.3	2.0	13.3	13.6
Order book recognized as revenue for completed projects*	(19.4)	(45.3)	(130.7)	(187.7)	(247.7)
<b>Estimated end balance</b>	<b>66.8</b>	<b>144.7</b>	<b>66.8</b>	<b>144.7</b>	<b>108.6</b>

\* Includes revenue from sale to joint operations in the amount of \$8.2 million and \$12.9 million for Q3 2022 and Q3 2021, respectively.

Year to date 2022 and 2021, revenue from sale to joint operations amounts to \$25.9 million and \$21.9 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 Q4	2023 Q1	Later	Total
MultiClient Pre-funding	8.4	13.7	83.8	<b>105.9</b>

*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.

Oslo, October 25, 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](http://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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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 &amp; CEO

Gottfred Langseth EVP &amp; CFO

Nathan Oliver EVP Sales &amp; Services

Rob Adams EVP Operations

Berit Osnes EVP New Energy

**Other Corporate Management:**

Magnus Christiansen SVP Sustainability &amp; Quality

Erik Ewig SVP Technology &amp; Digitalization

Lars Mysen General Counsel

Kristin Omreng SVP HR

Kai Reith SVP Corporate Development

Bård Stenberg VP IR &amp; Communication

**Web-Site:**[www.pgs.com](http://www.pgs.com)**Financial Calendar:**

Q3 2022 report October 26, 2022

Q4 2022 report January 26, 2023

The dates are subject to change.