



EARNINGS RELEASE

3rd QUARTER 2022 RESULT

3rd QUARTER 2022 FINANCIAL HIGHLIGHTS

	Q3 2022	Q3 2021	YTD 2022	YTD 2021
(All amounts in USD 1,000s unless noted otherwise)		Restated ¹		Restated ¹
Operating revenues ²	135,344	199,778	497,620	414,028
- Early sales	55,297	163,506	234,441	313,565
- Late sales	64,544	31,059	237,524	87,630
- Proprietary sales	15,503	5,213	25,655	12,833
EBITDA	97,043	167,314	395,328	336,585
Operating profit (EBIT)	1,144	18,493	66,110	28,457
Operating profit margin	1%	9%	13%	7%
Net Income	-1,738	3,838	44,611	1,009
EPS (fully diluted) (USD)	-0.02	0.03	0.38	0.01
Organic multi-client investments in new projects	79,430	56,475	167,745	128,490
Inorganic multi-client investments in new projects	16,146	0	16,146	5,000
Straight-line Amortization of multi-client library	39,028	43,314	114,820	131,314
Accelerated Amortization of multi-client library	42,015	100,780	187,837	162,311
Impairment of multi-client library	8,786	0	10,193	0
Multi-client library net book value	575,899	805,427	575,899	805,427
Free cash flow (after organic MC investments)	10,510	7,677	100,889	115,408
Cash balance	192,291	198,120	192,291	198,120
Return on average capital employed ³	-4%	4%		
PoC Revenues	118,573	60,937	368,478	189,375
Contract backlog	224,667	276,219	224,667	276,219
Contract inflow	140,368	30,290	387,894	147,331

- Late sales of USD 64.5 million in Q3 2022 compared to USD 31.1 million in Q3 2021.
- Total revenues of USD 135.3 million compared to USD 199.8 million in Q3 2021.
- Operating profit of USD 1.1 million versus USD 18.5 million in Q3 2021. Operating profit in Q3 2022 was reduced by USD 3.2 million one-off costs related to M&A activity in the quarter.
- Robust balance sheet – net cash of USD 192.3 million on 30 September 2022 compared to USD 198.1 million on 30 September 2021.
- Continued positive development of contract inflow – USD 140.4 million in Q3 2022 compared to USD 30.3 million in Q3 2021.

“With year-over-year growth of 108% in late sales, the strong development we saw in the first half of the year continued in the third quarter. I'm also pleased that cash flow remains robust. The net cash position was USD 192 million on 30 September 2022, despite substantial inorganic investments during the quarter. We are excited about welcoming the three recent acquisitions to TGS. Magseis, ION and Prediktor all fit perfectly with our strategy of being the leading provider of data and insights to the energy industry and will more than double our existing backlog.”

Kristian Johansen, CEO of TGS.

¹ Q3 2021 and YTD 2021 figures have been restated. Refer to note 2 and note 9 of the condensed consolidated financial statements for more details.

² Operating revenues shows a reallocation from Well Data subscriptions from Early Sales to Late Sales in Q3 2021 and YTD 2021.

³ 12 months trailing.

Operating revenues and operating profit

Revenues amounted to USD 135.3 million in Q3 2022, a reduction of 32% from USD 199.8 million in Q3 2021. Late sales amounted to USD 64.5 million in Q3 2022 versus USD 31.1 million in Q3 2021, an increase of 108%. Early sales decreased to USD 55.3 million in Q3 2022 from USD 163.5 million in Q3 2021, as Q3 2021 saw the completion of several large projects that were delivered to customers during the quarter.

Amortization and impairments of the multi-client library amounted to USD 89.8 million in Q3 2022 versus USD 144.1 million in Q3 2021. Of this, straight-line amortization was USD 39.0 million (USD 43.3 million in Q3 2021), accelerated amortization was USD 42.0 million (USD 100.8 million in Q3 2021), and impairment was USD 8.8 million (USD 0.0 million in Q3 2021).

Personnel costs were USD 17.9 million compared to USD 14.8 million in Q3 2021. The increase is attributable to results-based bonus accruals as well as an increase in headcount as a result of recent M&A activity. Other operating expenses amounted to USD 12.7 million, with USD 3.2 million of such attributable to M&A fees in the quarter. This compares to USD 16.8 million in Q3 2021. The year-on-year decrease is primarily related to a Q3 2021 one-off settlement payment in relation to the Skeie case.

Operating profit amounted to USD 1.1 million in Q3 2022 compared to a profit of USD 18.5 million in the same quarter of last year.

Financial items and profit before tax

Net financial items for Q3 2022 totaled USD -3.5 million compared to USD 1.1 million in Q3 2021. The difference is attributed to currency effects. Q3 2022 had a net currency loss of USD 3.3 million versus gain of USD 0.8 million Q3 2021.

Profit before tax was USD -2.3 million in Q3 2022 compared to a profit of USD 19.6 million in Q3 2021.

Tax and net income

TGS reports tax charges in accordance with the Accounting Standard IAS 12. Taxes are computed based on the USD value of the appropriate tax provisions according to local tax regulations. The tax charges are influenced not only by local profits, but also by fluctuations in exchange rates between the respective local currencies and USD. This computation makes it difficult to predict tax charges on a quarterly or annual basis.

TGS' corporate income tax rate is a weighted average rate primarily based on the tax rates of Norway (22%), Brazil (34%) and the US (21%).

The tax expense for Q3 2022 was USD -0.6 million (USD 15.7 million in Q3 2021), corresponding to a tax rate of 24% (80% in Q3 2021).

Net income amounted to USD -1.7 million in Q3 2022, compared to USD 3.8 million in Q3 2021. This corresponds to a fully diluted EPS of USD -0.02 in Q3 2022 versus USD 0.03 in Q3 2021.

Balance sheet

As of 30 September 2022, TGS had a cash balance of USD 192.3 million, a decrease of USD 23.0 million from 31 December 2021 (USD 215.3 million).

The net book value of the multi-client library was USD 575.9 million as of 30 September 2022, compared to USD 704.9 million as of 31 December 2021. The decline reflects that straight-line amortization, accelerated amortization and impairments booked during 2022 are higher than the investments.

Organic multi-client investments amounted to USD 79.4 million in Q3 2022, 40% higher than the USD 56.5 million invested in Q3 2021.

Total equity as of 30 September 2022 was USD 1,105.5 million, corresponding to 75% of total assets. On 31 December 2021, total equity amounted to USD 1,115.3 million (68% of total assets).

Cash flow

Free cash flow (cash flow from operations after organic investments in the multi-client library) was USD 10.5 million for Q3 2022 compared to USD 7.7 million in Q3 2021. Net cash flow from operations for the quarter totaled USD 41.4 million, compared to USD 50.3 million in Q3 2021. Net decrease in cash for Q3 2022 was USD 62.4 million (decrease of USD 25.3 million in Q3 2021). Cash outflows related to organic investments in the multi-client library were USD 30.9 million, compared to USD 42.7 million in Q3 2021. Inorganic investments related to the acquisition of assets from ION Geophysical Corporation and the acquisition of Prediktor AS amounted to USD 41.1 million.

Revenue Distribution



Source: TGS

Dividend

It is the ambition of TGS to pay a cash dividend that is in line with its long-term underlying cash flow. When deciding the dividend amount, the TGS Board of Directors will consider expected cash flow, investment plans, financing requirements and a level of financial flexibility that is appropriate for the TGS business model. In addition to paying a cash dividend, TGS may also buy back own shares as part of its plan to distribute capital to shareholders.

Since 2016, TGS has paid quarterly dividends in accordance with the resolution made by the annual general meeting. The aim will be to keep a stable quarterly dividend through the year, though the actual level paid will be subject to continuous evaluation of the underlying development of TGS and the market.

The Board of Directors has resolved to maintain the dividend at USD 0.14 per share in Q4 2022. The dividend will be paid in the form of NOK 1.48 per share on 17 November 2022. The share will trade ex-dividend on 3 November 2022. In Q3 2022, TGS paid a cash dividend of USD 0.14 per share (NOK 1.39 per share).

On 19 August 2022, the Board authorized a share repurchase program of up to USD 20 million, representing a continuation of TGS' prior share repurchase programs, expiring at the 2023 Annual General Meeting. In Q3 2022 TGS acquired 283,515 shares for a total amount of USD 4.5 million under this program.

OPERATIONAL REVIEW

Contract inflow increased to USD 140.4 million in Q3 2022 compared to 30.3 million in Q3 2021. Despite high revenue recognition, the order inflow increased the contract backlog to USD 224.7 million at the end of the quarter from USD 219.6 at the end of the preceding quarter. The contract backlog at the end of Q3 last year was USD 276.2 million.

Organic multi-client investments amounted to USD 79.4 million in Q3 2022. The largest project in terms of investments in the quarter was the NOAKA ocean bottom node survey in Norway. This survey expands on the NOAKA21 survey acquired last year. Acquisition was completed in the quarter with final processing deliverables anticipated in Q4 2023.

The consortium consisting of TGS, CGG and BGP continued to acquire data for the Suriname 3D survey throughout the quarter. The acquisition phase of the project was completed in the quarter, with final data deliveries expected to take place in 2023.

TGS and PGS continued acquisition of the Cameron Canyon 3D survey off the east coast of Canada throughout the quarter. The acquisition phase of the project was completed in the quarter, with final data deliveries expected to take place in 2023.

In Egypt, the Red Sea 3D project, conducted in a joint venture with Schlumberger continued through the quarter. The data acquisition activities for the second phase of the project were completed in late July. Final data for the first phase is expected to be delivered in Q1 2023, while the second phase is expected to be completed mid-2023.

Apart from the four mentioned projects, investments included projects in the processing phase and well data products.

The New Energy Solutions business continued to show progress on various organic initiatives during the quarter. Most notably TGS continued the world's first multi-client offshore wind measurement campaign in the New York Bight area off the US east coast. The campaign, which will go on for two years, will enhance and further validate TGS' expansive high-resolution coverage of numerical weather prediction (NWP) model data. The data is made available on a near real-time basis in TGS' Wind AXIOM platform.

MERGERS AND ACQUISITIONS

On 1 July 2022, TGS announced that it had been named the successful bidder in the auction process for the offshore multi-client assets and the data processing business of ION Geophysical Corporations ("ION"), conducted in connection to the Chapter 11 bankruptcy pending in the United States Bankruptcy Court for the Southern District of Texas.

The transaction closed on 31 August 2022. The acquisition of these aspects of ION's business adds to TGS' multi-client offering in frontier areas, particularly in Latin America and Africa, and further enhances the company's position as a leading data processing house. The transaction also included ION's Gemini™ Extended Frequency Source assets and technology.

Also, on 1 July 2022, TGS announced the acquisition of Prediktor AS ("Prediktor"), a leading provider of asset management and real-time data management solutions to energy asset owners, with a particular focus on renewable energy. Prediktor is another important building block for realizing TGS' vision of creating an energy industry gateway providing integrated solutions for data and actionable insights to facilitate decision making, project development and asset performance management across energy project life cycles and markets.

On 29 June 2022, TGS announced its intent to launch a recommended voluntary exchange offer for all outstanding shares of Magseis Fairfield ASA ("Magseis"), which was formally launched on 24 August 2022. Upon expiration of the offer period on 28 September 2022, approximately 75% of the Magseis shareholders had accepted the offer, with settlement completed on 11 October 2022. TGS is in the process of preparing a mandatory cash offer for the remaining shares of Magseis.

Magseis is the global leading provider of ocean bottom seismic (OBS) technology and data acquisition projects. The company has a flexible business model with full scale node operations, as well as lease and sale models. The Marine Autonomous Seismic System "MASS" nodes and the range of Z-nodes, combined with handling systems and source technology enables market leading deployment speed and highly cost-efficient acquisition of data with high quality.

OUTLOOK

Despite ongoing uncertainty related to global energy demand, exacerbated by concerns about the growth outlook for the global economy, energy prices remain at a high level, as supply continues to be restricted by the current geopolitical situation, reduction of OPEC production quotas and persistently low investments in new reserves.

As a result of high energy prices and concerns about energy security, investments in exploration and production (E&P) of oil and gas have increased significantly in 2022. This has resulted in a sharp increase in demand for seismic data, as evidenced by the strong development in multi-client late sales. With the continued high energy prices the growth in E&P spending is likely to continue into 2023 and TGS is experiencing increasing interest among oil and gas companies to discuss 2023 opportunities.

With the acquisition of Magseis Fairfield, TGS has significantly strengthened its exposure towards infrastructure-led exploration (ILX) and 4D seismic, areas that are expected to continue to grow in importance in the long-term. Moreover, the acquisition of ION, completed in Q3 2022, adds to TGS' already strong presence in frontier areas, increasing its exposure towards the reviving interest in areas such as Latin America and West Africa.

As the energy transition progresses, the global energy markets are growing increasingly fragmented, volatile, and complex. This results in a growing need for data, insights, and software to support decisions and manage assets. Building on its strong position in the oil and gas segment, TGS has the ambition of becoming the leading provider of data-driven decision support tools across the energy value chain. Through the acquisition of Prediktor, TGS has taken an important step in realizing its ambitions by establishing and offering of digital asset management and performance monitoring solutions for the renewable energy industries.

Financial guidance for 2022 is reiterated as follows:

- Multi-client investments of approximately USD 200 million, with customers' pre-commitments at a higher level than in 2021
- Continued outperformance on cash flow and ROACE
- Industry-leading distribution to shareholders

Oslo, 26 October 2022

The Board of Directors of TGS ASA

ABOUT TGS

TGS provides scientific data and intelligence to companies active in the energy sector. In addition to a global, extensive and diverse energy data library, TGS offers specialized services such as advanced processing and analytics alongside cloud-based data applications and solutions.

TGS ASA is listed on the Oslo Stock Exchange (OSLO:TGS).

TGS sponsored American Depositary Shares trade on the U.S. over-the-counter market under the symbol "TGSFY".

Website: www.tgs.com

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All statements in this earnings release other than statements of historical facts are forward-looking statements, which are subject to a number of risks, uncertainties and assumptions that are difficult to predict, and are based upon assumptions as to future events that may not prove accurate. These factors include TGS' reliance on a cyclical industry and principal customers, TGS' ability to continue to expand markets for licensing of data, and TGS' ability to acquire and process data products at costs commensurate with profitability. Actual results may differ materially from those expected or projected in the forward-looking statements. TGS undertakes no responsibility or obligation to update or alter forward-looking statements.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Q3 2022	Q3 2021 Restated ¹	YTD 2022	YTD 2021 Restated ¹
<i>(All amounts in USD 1,000s unless noted otherwise)</i>					
Revenue	4	135,344	199,778	497,620	414,028
Cost of goods sold - proprietary and other		7,723	850	10,470	3,128
Straight-line amortization of the multi-client library	4,5	39,028	43,314	114,820	131,314
Accelerated amortization of the multi-client library	4,5,6	42,015	100,780	187,837	162,311
Impairment of the multi-client library	4,5,6	8,786	-	10,193	-
Personnel costs		17,854	14,826	56,464	40,629
Other operating expenses	4	12,725	16,788	35,357	33,686
Depreciation, amortization and impairment		6,070	4,728	16,368	14,503
Total operating expenses		134,200	181,286	431,510	385,571
Operating profit/(loss)	4	1,144	18,493	66,110	28,457
Financial income		682	99	1,760	583
Financial expenses		-811	209	-5,299	-4,052
Net exchange gains/(losses)		-3,332	775	-3,089	-5,164
Net financial items		-3,461	1,082	-6,628	-8,633
Profit/(loss) before taxes		-2,317	19,575	59,482	19,824
Taxes		-579	15,737	14,870	18,814
Net Income		-1,738	3,838	44,611	1,009
Earnings per share (USD)		-0.02	0.03	0.38	0.01
Earnings per share, diluted (USD)		-0.02	0.03	0.38	0.01
Other comprehensive income:					
Exchange differences on translation of foreign operations		-21	-	-366	-
Total comprehensive income for the period		-1,759	3,838	44,245	1,009

¹) Q3 2021 and YTD 2021 figures are restated. Refer to note 2 and note 9 of the condensed consolidated financial statements for more details.

CONDENSED CONSOLIDATED FINANCIAL POSITION

	Note	30-Sep-22	30-Sep-21 Restated ¹	31-Dec-21 Restated ¹
<i>(All amounts in USD 1,000s unless noted otherwise)</i>				
Goodwill	6	315,433	303,964	303,964
Intangible assets: Multi-client library	5,6	575,899	805,427	704,868
Other intangible assets		35,514	24,662	25,477
Deferred tax assets		76,882	90,863	95,888
Buildings, machinery and equipment		23,086	20,469	19,519
Right-of-use-asset	6	28,690	39,153	35,770
Sub-lease asset		785	1,395	1,258
Other non-current assets		9,349	16,796	7,791
Total non-current assets		1,065,638	1,302,730	1,194,533
Accounts receivable	6	105,865	98,613	113,513
Accrued revenues		65,384	59,723	32,551
Other current assets		40,413	95,726	73,901
Cash and cash equivalents		192,291	198,120	215,329
Total current assets		403,953	452,182	435,294
Total assets		1,469,591	1,754,912	1,629,827
Share capital		4,055	4,080	4,086
Other equity		1,101,475	1,206,461	1,111,242
Total equity		1,105,531	1,210,541	1,115,328
Other non-current liabilities		2,192	3,432	2,706
Lease liability		24,128	36,260	33,022
Deferred tax liability		21,404	63,081	32,059
Total non-current liabilities		47,724	102,772	67,787
Accounts payable and debt to partners		64,735	99,818	71,669
Taxes payable, withheld payroll tax, social security and VAT		41,535	59,786	77,941
Lease liability		11,495	10,980	10,782
Deferred revenue		114,483	205,684	238,169
Other current liabilities		84,089	65,331	48,151
Total current liabilities		316,337	441,599	446,712
Total liabilities		364,061	544,370	514,499
Total equity and liabilities		1,469,591	1,754,912	1,629,827

¹⁾ 30 September 2021 and 31 December 2021 balances are restated. Refer to note 2 and note 9 of the condensed consolidated financial statements for more details.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ending September 30, 2022

(All amounts in USD 1,000s unless noted otherwise)	Share Capital	Treasury Shares	Share Premium	Other Paid-In Capital	Currency Translation Reserve	Retained Earnings	Total Equity
Opening balance 1 January 2022	4,086	-38	416,878	45,248	-22,233	671,387	1,115,328
Net income	-	-	-	-	-	44,611	44,611
Translation effect	-	-	-	-	-366	-	-366
Total Comprehensive income	-	-	-	-	-366	44,611	44,246
Purchase of own shares	-	-13	-	-	-	-7,001	-7,015
Cancellation of treasury shares held	-33	33	-	-	-	-	-
Distribution of treasury shares	-	0	-	-	-	149	150
Cost of equity-settled long term incentives	3	-	-	-	-	1,529	1,532
Dividends	-	-	-	-	-	-48,710	-48,710
Closing balance as of 30 September 2022	4,055	-18	416,878	45,248	-22,599	661,965	1,105,531

For the nine months ending September 30, 2021

(All amounts in USD 1,000s unless noted otherwise)	Share Capital	Treasury Shares	Share Premium	Other Paid-In Capital	Currency Translation Reserve	Retained Earnings Restated ¹	Total Equity
Opening balance 1 January 2021	4,082	-2	416,878	45,248	-22,233	824,683	1,268,656
Net income	-	-	-	-	-	1,009	1,009
Other comprehensive income	-	-	-	-	-	-	-
Total Comprehensive income	-	-	-	-	-	1,009	1,009
Purchase of own shares	-	-31	-	-	-	-12,675	-12,706
Cancellation of treasury shares held	-1	1	-	-	-	-	-
Distribution of treasury shares	-	0	-	-	-	238	238
Cost of equity-settled long term incentives	-	-	-	-	-	2,573	2,573
Dividends	-	-	-	-	-	-49,229	-49,229
Closing balance as of 30 September 2022	4,080	-31	416,878	45,248	-22,233	766,599	1,210,541

¹) The opening balance 1 January 2021 and net income for YTD 2021 have been restated. Refer to note 2 and note 9 of the condensed consolidated financial statements for more details.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Note	Q3 2022	Q3 2021 Restated ¹	YTD 2022	YTD 2021 Restated ¹
<i>(All amounts in USD 1,000s unless noted otherwise)</i>					
Cash flow from operating activities:					
Profit before taxes		-2,317	19,575	59,482	19,824
Depreciation / amortization / impairment		95,899	148,822	329,219	308,128
Changes in accounts receivable and accrued revenues		19,106	23,919	-18,964	119,455
Changes in other receivables		104	-32,233	37,060	-26,045
Changes in balance sheet items		-66,335	-104,641	-169,888	-198,775
Paid taxes		-5,041	-5,095	-12,991	-14,532
Net cash flow from operating activities		41,416	50,347	223,918	208,055
Cash flow from investing activities:					
Investments in tangible and intangible assets		-4,990	-8,169	-14,752	-8,541
Investments in multi-client library		-30,906	-42,670	-123,029	-92,647
Investments through mergers and acquisitions		-41,149	1,071	-41,149	-23,304
Interest received		683	99	1,760	583
Net cash flow from investing activities		-76,362	-49,669	-177,170	-123,909
Cash flow from financing activities:					
Net change in short term loans		-	-	-	-2,500
Interest paid		-811	224	-2,399	-4,006
Dividend payments	3	-16,038	-16,350	-48,710	-49,229
Repayment of lease activities		-3,103	-1,998	-8,894	-7,477
Purchase of own shares	3	-4,496	-6,574	-7,015	-12,706
Net cash flow from financing activities		-24,448	-24,698	-67,018	-75,918
Net change in cash and cash equivalents		-59,394	-24,020	-20,270	8,228
Cash and cash equivalents at the beginning of period		254,697	223,400	215,329	195,716
Net unrealized currency gains / (losses)		-3,012	-1,260	-2,768	-5,824
Cash and cash equivalents at the end of period		192,291	198,120	192,291	198,120

¹) Q3 2021 and YTD 2021 figures are restated. Refer to note 2 and note 9 of the condensed consolidated financial statements for more details.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 General information

TGS ASA is a public limited company listed on the Oslo Stock Exchange. The address of its registered office is Askekroken 11, 0277 Oslo, Norway. References to TGS or the Group include TGS ASA and its subsidiaries, unless the context requires otherwise.

Note 2 Basis for Preparation

The condensed consolidated financial statements of TGS have been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34 Financial Reporting as approved by EU and additional requirements in the Norwegian Securities Trading Act. The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with TGS' Annual Report for 2021, which is available at www.tgs.com.

The condensed consolidated cash flow statement of operational cash flow was previously presented both as direct and indirect method. As of Q1 2022, the cash flow statement has been compiled using only the indirect method.

The same accounting policies and methods of computation are followed in the condensed consolidated financial statements as compared with the annual financial statements for 2021.

In this condensed consolidated financial statement, Q3 2021 and YTD 2021 figures have been restated. The changes are included in Note 28 in TGS' Annual Report for 2021, which is available at www.tgs.com. The restatements that affected Q3 2021 and YTD 2021 are visible in note 9 in this condensed consolidated financial statement.

Note 3 Share Capital and Equity

Ordinary shares	Number of shares
1 January 2022	117,441,118
Net change in period	-1,240,328
30 September 2022	116,200,790

Treasury shares	Number of shares
1 January 2022	1,334,261
Net change in period	-875,746
30 September 2022	458,515

The Annual General Meeting on 11 May 2022 renewed the Board of Directors' authorizations to repurchase shares and distribute quarterly dividends on the basis of the 2021 financial statements. The authorizations are valid until Annual General Meeting in 2023, but no later than 30 June 2023.

In Q3 2022, the Board authorized a share repurchase program of up to USD 20 million, representing a continuation of TGS' prior share repurchase programs, expiring at the 2023 Annual General Meeting. The total purchase price of shares bought back in Q3 is USD 4.5 million.

The net change in treasury shares during 2022 comprises repurchase of 502,107 own shares, transfer of 9,900 shares to Board of Directors and cancellation of 1,367,953 treasury shares.

The Board of Directors has resolved to maintain the dividend at USD 0.14 per share in Q4 2022. The dividend will be paid in the form of NOK 1.48 per share on 17 November 2022. The share will trade ex-dividend on 3 November 2022.

In Q3 2022, TGS paid a cash dividend of USD 0.14 per share (NOK 1.39 per share).

Largest Shareholders as of 30 September 2022	Country	Account type	No. of shares	Share
1. FOLKETRYGDFONDET	Norway	Ordinary	11,032,768	9.5 %
2. State Street Bank and Trust Comp	United States	Nominee	6,515,653	5.6 %
3. The Northern Trust Comp, London Br	United Kingdom	Nominee	4,931,895	4.2 %
4. JPMorgan Chase Bank, N.A., London	United Kingdom	Nominee	3,659,413	3.2 %
5. The Bank of New York Mellon SA/NV	Belgium	Nominee	3,374,482	2.9 %
6. The Bank of New York Mellon	United States	Nominee	2,935,452	2.5 %
7. PARETO AKSJE NORGE VERDIPAPIRFOND	Norway	Ordinary	2,737,695	2.4 %
8. JPMorgan Chase Bank, N.A., London	United Kingdom	Nominee	2,263,911	2.0 %
9. VEVLÉN GÅRD AS	Norway	Ordinary	2,100,095	1.8 %
10. AAT INVEST AS	Norway	Ordinary	1,850,000	1.6 %
10 largest			41,401,364	36%
Total Shares Outstanding *			115,742,275	100%

Average number of shares outstanding for current quarter *

Average number of shares outstanding during the quarter	115,831,059
Average number of shares fully diluted during the quarter	117,269,648

*Shares outstanding net of treasury shares per 30 September 2022 (458 515 TGS shares), composed of average outstanding TGS shares during the quarter.

Share price information

Share price 30 September 2022 (NOK)	134.00
USD/NOK exchange rate end of period	10.86
Market capitalization 30 September 2022 (NOK million)	15,571

Note 4 Segment Information

TGS has previously prepared its internal management reporting based on the principles applied prior to the implementation of IFRS 15, Revenue from Customer Contracts. This method recognized Early sales revenue on a percentage of completion basis, and related amortization of multi-client library based upon the ratio of aggregated capitalized survey costs to forecasted sales. From January 1, 2022, the Group has modified its internal practices, and now applies IFRS 15 as the measurement basis for its monthly management reporting.

TGS reports monthly management information to the executive management based on defined operating business units. Where appropriate, these operating business units are aggregated into reportable segments that form the basis of the monthly management reporting. In 2022, management reassessed its reportable segments and now reports four overall business units: Western Hemisphere (WH), Eastern Hemisphere (EH), Digital Energy Solutions (DES) and Other Business Units. WH consist of North America, Latin America and Land. In EH, TGS groups Europe, Africa & Middle East, Asia Pacific and Interpretative Products. DES consists of three parts: Well Data Products (WDP), New Energy Solutions (NES) and Data Analytics (D&A). The segments that are aggregated and form "Other Business Units" include Imaging, Global Services and G&A. The Group does not allocate all cost items to its reportable business units during the year. Unallocated cost items are reported as G&A. There are no intersegment revenues between the reportable operating segments.

(All amounts in USD 1,000s)	Western Hemisphere	Eastern Hemisphere	Digital Energy Solutions	Other Business units	Total
Q3 2022					
Operating revenues	69,738	53,129	7,888	4,589	135,344
Straight-line amortization	-25,125	-9,958	-3,945	-	-39,028
Accelerated amortization	-32,745	-9,271	-	-	-42,015
Impairment	-8,458	-328	-	-	-8,786
Other operating cost	-1,722	-9,073	-7,727	-25,848	-44,370
Operating profit	1,688	24,500	-3,784	-21,260	1,144
Q3 2021¹					
Operating revenues	181,810	10,415	6,820	732	199,778
Straight-line amortization	-24,577	-14,397	-4,340	-	-43,314
Accelerated amortization	-111,309	10,529	-	-	-100,780
Other operating cost	-2,083	-2,609	-7,277	-25,223	-37,192
Operating profit	43,841	3,939	-4,796	-24,491	18,493

Note 5 Multi-client library

(All amounts in USD millions)	Q3 2022	Q3 2021 Restated ¹	YTD 2022	YTD 2021 Restated ¹
Opening balance net book value¹	570.1	893.0	704.9	965.6
Non-operational investments	16.1	0.0	16.1	5.0
Operational investments	79.4	56.5	167.7	128.5
Amortization and impairment	-89.8	-144.1	-312.9	-293.6
Closing net book value	575.9	805.4	575.9	805.4
Net MC revenues	119.8	194.6	472.0	401.2
Change in MC revenue	-38%	249%	18%	142%
Change in Operational MC investment	41%	-12%	31%	-57%
Amort. in % of net MC revs.	75%	74%	66%	73%
Change in net book value	-28%	-25%	-28%	-25%

Note 6 Evaluation of estimates and assumptions

Multi-client library and goodwill

TGS reviews the carrying value of its multi-client libraries and goodwill when there are events and changes in circumstances that indicate that the carrying value of these assets may not be recoverable. Even though there remains an uncertainty concerning the current market situation, TGS has not identified any new impairment triggers warranting an updated impairment test following the detailed process performed in Q4 2021; refer to note 9 to the condensed consolidated financial statements included in the 2021 Annual Report for further details regarding testing performed and principles applied. Goodwill is tested annually for impairment, as per IAS 36.

Key inputs and assumptions in the impairment model have been revisited as part of the process of evaluating whether any impairment triggers have been identified.

The underlying estimates that form the basis for the sales forecast depend on a number of variables, such as the number of oil and gas exploration and production (E&P) companies operating in the area with potential interest in the data, overall E&P spending, expectations regarding hydrocarbons in the area, oil price, whether licenses will be awarded in the future, expected farm-ins to licenses, relinquishments, etc. The above-mentioned variables are subject to underlying uncertainties.

¹⁾ Q3 2021 and YTD 2021 figures are restated. Refer to note 2 and note 9 of the condensed consolidated financial statements for more details.

Management has evaluated the carrying amount of the net assets of the Group in respect of the market capitalization, changes in interest rates and assumptions applied in the WACC, as well as the developments and expected developments in the Brent Oil Price. The developments through Q3 2022 did not reveal any new factors considered to trigger an impairment analysis. Following internal reporting from TGS business units, evidence available does not indicate that the economic performance of multi-client libraries or the related sales forecasts are worse, or significantly changed, from the assumptions utilized in the impairment tests during the preceding quarter. Notwithstanding the above, TGS has charged impairments of USD 8.8 million to select few projects, mainly in the Western Hemisphere where customer communication has led to a reduction of future sales forecast.

Note 7 Related parties

No material transactions with related parties took place during the quarter.

Note 8 Contingent liabilities

Tax exposure

TGS operates in a range of tax jurisdictions with complex considerations and legislation concerning both indirect and direct taxation, including Brazil and Argentina. Thus, uncertainties exist related to reported tax liabilities and exposures. Recognized taxes (both direct and indirect) are based on all known and available information and represents our best estimate as of the date of reporting.

The jurisdictions in which TGS operates are also subject to changing tax regulations which may impact assessments, for instance concerning the recoverability of credits. Furthermore, tax authorities may challenge the calculation of both taxes and credits from prior periods. Such processes and proceedings may result in changes to previously reported and calculated tax positions, which in turn may lead to TGS having to recognize operating or financial expenses in the period of change.

Note 9 Restatements

In this condensed consolidated financial statement, Q3 2021 and YTD 2021 figures have been restated. The changes are included in Note 28 in TGS' Annual Report for 2021, which is available at www.tgs.com. The restatements that affected Q3 2021 and YTD 2021 are set forth in the table below.

(All amounts in USD 1,000s)	Q3 2021		Q3 2021
	Before restatements	Restatements	After restatements
Straight-line amortization of the multi-client library	43,314	0	43,314
Accelerated amortization of the multi-client library	83,718	17,062	100,780
Financial expenses	224	-15	209
Net exchange gains/(losses)	-1,260	2,035	775
Taxes	15,490	247	15,737
Net Income	19,126	-15,289	3,838
EPS USD	0.16	-0.13	0.03
EPS USD, fully diluted	0.16	-0.13	0.03

(All amounts in USD 1,000s)	YTD Q3 2021		YTD Q3 2021
	Before restatements	Restatements	After restatements
Revenue	457,380	-43,352	414,028
Straight-line amortization of the multi-client library	137,777	-6,463	131,314
Accelerated amortization of the multi-client library	138,318	23,993	162,311
Financial expenses	-4,006	-46	-4,052
Net exchange gains/(losses)	-5,824	660	-5,164
Taxes	30,365	-11,551	18,814
Net Income	49,726	-48,717	1,009
EPS USD	0.43	-0.42	0.01
EPS USD, fully diluted	0.42	-0.41	0.01

(All amounts in USD 1,000s)	30-Sep-21		30-Sep-21
	Before restatements	Restatements	After restatements
Intangible assets: Multi-client library	800,535	4,892	805,427
Total non-current assets	1,297,838	4,892	1,302,730
Other receivables	109,518	-13,792	95,726
Total current assets	465,975	-13,793	452,182
Other equity	1,252,363	-45,902	1,206,461
Equity	1,256,443	-45,902	1,210,541
Accounts payable and debt to partners	138,163	-38,345	99,818
Taxes payable, withheld payroll tax, social security and VAT	30,840	28,946	59,786
Other current liabilities	18,932	46,399	65,331
Total current liabilities	404,599	37,000	441,599

Note 10 Business combinations & significant transactions

On 1 July 2022, TGS announced that it had been named the successful bidder in the auction process for the offshore multi-client assets and the data processing business of ION Geophysical Corporations ("ION"), conducted in connection to the Chapter 11 bankruptcy pending in the United States Bankruptcy Court for the Southern District of Texas.

The transaction closed on 31 August 2022. The acquisition of the ION assets adds to TGS' multi-client offering in frontier areas, particularly in Latin America and Africa, and further enhances the company's position as a leading data processing house. The acquisition also included ION's assets associated with the Gemini low-frequency source.

As the transaction was effective from 31 August 2022, the sales, and costs from the acquired offshore multi-client assets and the data processing business for the period 31 August 2022 to 30 September 2022 are reflected in the TGS Q3 2022 financial statements. The purchase price is mainly allocated to the multi-client library (USD 16.1 million) and receivables (USD 9.4 million). Most of the value of the multi-client library was reduced with accelerated amortization, triggered by late sales, recorded in September 2022.

Also, on 1 July 2022, TGS announced the acquisition of Prediktor AS ("Prediktor"), a leading provider of asset management and real-time data management solutions to energy asset owners, with a particular focus on renewable energy. Prediktor is another important building block for realizing TGS' vision of creating an energy industry gateway providing integrated solutions for data and actionable insights to facilitate decision making, project development and asset performance management across energy project life cycles and markets.

As the transaction was effective from 1 July 2022, the sales and costs from Prediktor's operations for the period 1 July 2022 to 30 September 2022 are reflected in the TGS Q3 2022 financial statements. The fair value of the goodwill, USD 11.5 million, represents the excess purchase price after all the identifiable assets, liabilities and obligations are recognized. Goodwill can be explained by the value associated with the skills and know-how of Prediktor's employees, new customers, and potential extensions of existing relationships. The other major fair value adjustments relate to the value of the technology and customer relations.

The accounting for both transactions will be revised to the extent new information is obtained within one year of the date of acquisitions relating to facts or circumstances that existed at the date of acquisition and that require adjustments to the above amounts or relating to additional provisions that existed at the date of acquisition.

Note 11 Events after Balance Sheet date

On 11 October 2022, TGS settled the tendered shares in the recommended voluntary offer for all outstanding shares of Magseis Fairfield ASA ("Magseis"), which TGS announced on 29 June 2022 and formally launched on 19 August 2022. Upon expiration of offer period on 28 September 2022, approximately 75% of the Magseis shareholders had accepted the offer, with settlement being completed on 11 October 2022.

TGS is in the process of preparing a mandatory cash offer for the remaining shares of Magseis. The preliminary PPA related to the acquisition of Magseis is ongoing and will be reported as part of the Q4 2022 earnings release.

DEFINITIONS – ALTERNATIVE PERFORMANCE MEASURES

TGS' financial information is prepared in accordance with IFRS. In addition, TGS provides alternative performance measures to enhance the understanding of TGS' performance. The alternative performance measures presented by TGS may be determined or calculated differently by other companies.

Early Sales

Early sales are defined as multi-client revenues committed prior to completion and delivery of a survey. Revenue is recognized at the point in time when the licenses are transferred to the customers, which would typically be upon completion of processing of the surveys and granting of access to the finished surveys or delivery of the finished data, independent of services delivered to clients during the project phase.

Late Sales

Late sales are defined as multi-client revenues from sales of completed data. Revenue is recognized at a point in time, generally upon delivery of the final processed data to the customers.

Proprietary Sales

Proprietary sales are defined as revenues related to services that TGS performs on behalf of customers. Revenues are recognized over time, normally on a percentage of completion basis.

Percentage-of-completion (PoC) Revenues

PoC Revenues are measured by applying the percentage-of-completion method to Early sales, added to Late sales and Proprietary sales. This is based on the principles applied prior to the implementation of IFRS 15, Revenue from Customer Contracts, on 1 January 2018.

(All amounts in USD 1,000s)	Western Hemisphere	Eastern Hemisphere	Digital Energy Solutions	Other Business Units	Total
Q3 2022					
Operating revenues	69,738	53,129	7,888	4,589	135,344
PoC Revenue Early Sales	17,317	21,014	199	-3	38,526
Performance obligations met during the quarter	-30,643	-24,455	-199	-	-55,297
PoC Revenue	56,412	49,688	7,888	4,585	118,573
Q3 2021¹					
Operating revenues	181,810	10,415	6,820	732	199,778
PoC Revenue Early Sales	20,554	3,634	6,713	-606	30,296
Performance obligations met during the quarter	-161,529	-1,501	-6,107	0	-169,137
PoC Revenue	40,836	12,548	7,427	126	60,937

EBIT (Operating Profit)

Earnings before interest and tax is an important measure for TGS as it provides an indication of the profitability of the operating activities.

The EBIT margin presented is defined as EBIT (Operating Profit) divided by revenues.

EBITDA

EBITDA means earnings before interest, taxes, depreciation, and amortization. TGS uses EBITDA because it is useful when evaluating operating profitability as it excludes amortization, depreciation and impairments related to investments that occurred in the past. Also, the measure is useful when comparing the Group's performance to other companies.

¹⁾ Q3 2021 and YTD 2021 figures have been restated. Refer to note 2 and note 9 of the condensed consolidated financial statements for more details.

(All amounts in USD 1,000s)	Q3 2022	Q3 2021 ¹	YTD 2022	YTD 2021 ¹
Net income	-1,738	3,838	44,611	1,009
Taxes	-579	15,737	14,870	18,814
Net financial items	3,461	-1,082	6,628	8,633
Depreciation, amortization and impairment	6,070	4,728	16,368	14,503
Amortization and impairment of multi-client library	89,829	144,094	312,851	293,625
EBITDA	97,043	167,314	395,328	336,585

Straight-line Amortization

Straight-line amortization is defined as amortization of the value of completed data on a straight-line basis over the remaining useful life.

Accelerated Amortization

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

Return on average capital employed

Return on average capital employed (ROACE) shows the profitability compared to the capital that is employed by TGS, and it is calculated as operating profit (12 months trailing) divided by the average of the opening and closing capital employed for a period of time.

Capital employed is calculated as equity plus net interest-bearing debt. Net interest-bearing debt is defined as interest bearing debt minus cash and cash equivalents. TGS uses the ROACE measure as it provides useful information about the performance under evaluation.

(All amounts in USD 1,000s)	30-Sep-22	30-Sep-21 ¹
Equity	1,105,531	1,210,541
Cash	192,291	198,120
Net interest bearing debt	-192,291	-198,120
Capital employed	913,239	1,012,421
Average capital employed	962,830	1,047,178
Operating profit (12 months trailing)	-34,679	42,546
ROACE	-4%	4%

Free cash flow (after MC investments)

Free cash flow (after MC investments) when used by TGS means cash flow from operational activities minus cash investments in multi-client projects. TGS uses this measure as it represents the cash that the Group is able to generate after investing the cash required to maintain or expand the multi-client library.

(All amounts in USD 1,000s)	Q3 2022	Q3 2021 ¹	YTD 2022	YTD 2021 ¹
Cash flow from operational activities	41,416	50,347	223,918	208,055
Organic investments in multi-client library	-30,906	-42,670	-123,029	-92,647
Free cash flow (after organic MC investments)	10,510	7,677	100,889	115,408

Contract Inflow

Contract inflow is defined as the aggregate value of new customer contracts entered into in a given period.

Contract Backlog

Contract backlog is defined as the aggregate unrecognized value of all customer contracts as of a given date.

¹ Q3 2021 and YTD 2021 figures have been restated. Refer to note 2 and note 9 of the condensed consolidated financial statements for more details.