



**EARNINGS RELEASE**  
2<sup>nd</sup> QUARTER 2022 RESULT

## 2<sup>nd</sup> QUARTER 2022 FINANCIAL HIGHLIGHTS

	Q2 2022	Q2 2021 Restated <sup>1</sup>	YTD 2022	YTD 2021 Restated <sup>1</sup>
<i>(All amounts in USD 1,000s unless noted otherwise)</i>				
<b>Operating revenues<sup>2</sup></b>	<b>230,100</b>	<b>71,861</b>	<b>362,276</b>	<b>214,250</b>
- Early sales	127,208	38,146	179,144	150,059
- Late sales	96,783	30,092	172,980	56,570
- Proprietary sales	6,108	3,623	10,152	7,620
<b>EBITDA</b>	<b>197,266</b>	<b>50,461</b>	<b>298,285</b>	<b>169,270</b>
<b>Operating profit (EBIT)</b>	<b>31,423</b>	<b>-15,051</b>	<b>64,966</b>	<b>9,965</b>
Operating profit margin	14%	-21%	18%	5%
<b>Net Income</b>	<b>25,419</b>	<b>-15,857</b>	<b>46,349</b>	<b>-2,828</b>
EPS (fully diluted) (USD)	0.22	-0.14	0.40	-0.02
Organic multi-client investments in new projects	43,384	38,455	88,314	77,015
Straight-line Amortization of multi-client library	39,436	42,650	75,792	88,000
Accelerated Amortization of multi-client library	119,961	17,525	145,822	61,531
Impairment of multi-client library	1,408	0	1,408	0
Multi-client library net book value	570,149	893,046	570,149	893,046
Free cash flow (after organic MC investments)	58,964	21,246	90,379	107,731
Cash balance	254,697	223,400	254,697	223,400
Return on average capital employed <sup>3</sup>	-2%	-6%		
PoC Revenues	135,537	53,602	249,904	128,438
Contract backlog	219,636	445,707	219,636	445,707
Contract inflow	156,406	49,364	247,526	117,041

- Strong late sales of USD 96.8 million in Q2 2022 compared to USD 30.1 million in Q2 2021.
- Total revenues of USD 230.1 million compared to USD 71.9 million in Q2 2021.
- Improved profitability – operating profit of USD 31.4 million versus USD -15.0 million in Q2 2021, EPS of USD 0.22 versus USD -0.14 in Q2 2021.
- Robust balance sheet – net cash of USD 254.7 million on 30 June 2022 (USD 223.4 million on 30 June 2021).
- Continued positive development in contract inflow – USD 156.4 million in Q2 2022 compared to USD 49.4 million in Q2 2021.

“Q2 2022 was another strong quarter with late sales increasing 222%, driven by a further improvement of activity in frontier areas and transfer fees. With a quarter-end cash balance of approximately USD 255 million in addition to an undrawn revolving credit facility of USD 100 million, we have a solid financial position that can comfortably fund the exciting M&A transactions recently announced”

**Kristian Johansen**, CEO of TGS.

<sup>1)</sup> Q1 2021 and YTD 2021 figures have been restated. Refer to note 2 and note 9 of the condensed consolidated financial statements for more details.

<sup>2)</sup> Operating revenues shows a reallocation from Well Data subscriptions from Early Sales to Late Sales in Q2 2021 and YTD 2021.

<sup>3)</sup> 12 months trailing.

## Operating revenues and operating profit

Revenues amounted to USD 230.1 million in Q2 2022, an increase of 220% from USD 71.9 million in Q2 2021. Late sales amounted to USD 96.8 million in Q2 2022 versus USD 30.1 million in Q2 2021, an increase of USD 66.7 million. Early sales increased to USD 127.2 million in Q2 2022 from USD 38.1 million in Q2 2021, as large projects were completed and delivered to customers during the quarter.

Amortization and impairments of the multi-client library amounted to USD 160.8 million in Q2 2022 versus USD 60.2 million in Q2 2021. Of this, straight-line amortization was USD 39.4 million, accelerated amortization was USD 120.0 million, and impairment was USD 1.4 million. In Q2 2021, straight-line amortization was USD 42.7 million, while accelerated amortization was USD 17.5 million.

Personnel costs were USD 21.1 million compared to USD 11.8 million in Q2 2021. The difference is attributable to increased results-based bonus accruals. Other operating expenses amounted to USD 10.3 million compared to USD 8.7 million in Q2 2021. The increase is primarily related to an increase in office expenses and travel costs.

Operating profit amounted to USD 31.4 million in Q2 2022 compared to a loss of USD 15.0 million in the same quarter of last year.

## Financial items and profit before tax

Net financial items for Q2 2022 totaled USD 2.1 million compared to USD -7.5 million in Q2 2021.

Profit before tax was USD 33.5 million in Q2 2022 compared to a loss of USD 22.5 million in Q2 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 Q2 2022 was USD 8.1 million (USD -6.7 million in Q2 2021), corresponding to a tax rate of 24% (30% in Q2 2021).

Net income amounted to USD 25.4 million in Q2 2022, compared to USD -15.9 million in Q2 2021. This corresponds to a fully diluted EPS of USD 0.22 versus USD -0.14 in Q2 2021.

## Balance sheet

As of 30 June 2022, TGS had a cash balance of USD 254.7 million, an increase of USD 39.4 million from 31 December 2021 (USD 215.3 million).

The net book value of the multi-client library was USD 570.1 million as of 30 June 2022, compared to USD 704.9 million as of 31 December 2021. The decline reflects that straight-line amortization and accelerated amortization booked during the quarter were higher than the investments.

Organic multi-client investments amounted to USD 43.4 million in Q2 2022, 13% higher than the USD 38.5 million invested in Q2 2021.

Total equity as of 30 June 2022 was USD 1,127.2 million, corresponding to 74% of total assets. On 31 December 2021, total equity amounted to USD 1,115.3 million (68% of total assets).

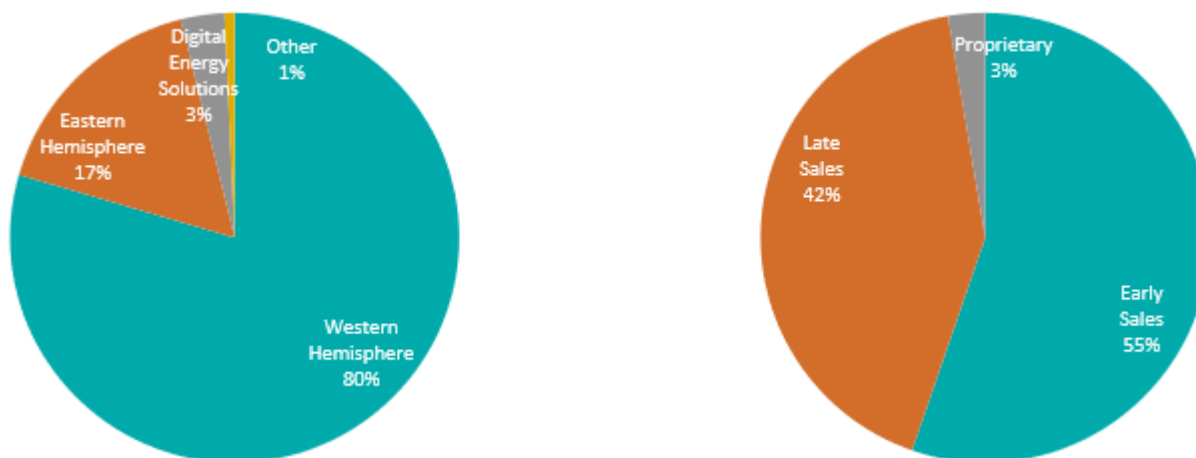
## Cash flow

Free cash flow (cash flow from operations after organic investments in the multi-client library) was USD 59.0 million for Q2 2022 compared to USD 21.2 million in Q2 2021. Net cash flow from operations for the quarter totaled USD 86.6 million, compared to USD 46.2 million in Q2 2021. Net increase in

cash for Q2 2022 was USD 35.9 million (decrease of USD 28.7 million in Q2 2021). Cash outflows related to organic investments in the multi-client library were USD 27.7 million, compared to USD 24.9 million in Q2 2021.

## 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 Q3 2022. The dividend will be paid in the form of NOK 1.39 per share on 11 August 2022. The share will trade ex-dividend on 28 July 2022. In Q2 2022, TGS paid a cash dividend of USD 0.14 per share (NOK 1.36 per share).

## OPERATIONAL REVIEW

Contract inflow increased to USD 156.4 million in Q2 2022 compared to 91.1 million in Q1 2022. As revenue recognition was high in the quarter, the contract backlog declined to USD 219.6 million at the end of the quarter from USD 293.2 at the end of the preceding quarter. The contract backlog at the end of Q2 last year was USD 445.7 million.

Organic multi-client investments amounted to USD 43.4 million in Q2 2022. The largest project in terms of investments in the quarter was the Red Sea 3D project in Egypt, conducted in a joint venture with Schlumberger. The data acquisition activities for the second phase of the project continued throughout the quarter and will be 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.

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 will be completed in late Q3 2022, with final data deliveries expected to take place in 2023.

TGS and PGS commenced acquisition of the Cameron Canyon 3D survey off the coast of East Canada in early June. The data acquisition part of the survey is scheduled to be completed in October, while the processed data will be ready in 2023.

In Norway, TGS commenced acquisition of the NOAKA22 ocean bottom node survey. This survey expands on the NOAKA21 survey acquired last year. Acquisition is expected to complete in early Q4 2022 with final processing deliverables anticipated in Q4 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, in June it commenced 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 will be made available on a near real-time basis in TGS' Wind AXIOM platform.

## MERGERS AND ACQUISITIONS

On 28 June 2022, TGS and Magseis Fairfield ASA ("Magseis") announced that they had entered into a transaction agreement whereby TGS, subject to certain terms and conditions, will put forward a voluntary exchange offer to acquire all shares of Magseis for a consideration to the Magseis shareholders in the form of 0.0426 ordinary shares of TGS and NOK 2.30 in cash per Magseis share. Based on the closing price of TGS on 28 June 2022, the value of the offer was equal to NOK 8.6048 per Magseis share, valuing the share capital at approximately NOK 2,333 million.

The offer will formally be put forward in August 2022, and the acquisition is expected to be completed during the fall of 2022.

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.

Besides establishing the company as the leading technology and acquisition company in the OBS segment, the acquisition of Magseis will also further strengthen TGS' position in the growing OBS niche of the multi-client market.

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 acquisition of ION 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 is subject to approval by the US Bankruptcy Court and other customary closing conditions and is expected to be completed during August of 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.

## OUTLOOK

International oil companies have revived their interest in frontier exploration, driven by high energy prices, recovery of licensing round activity, significant exploration success and renewed focus on energy security. This, in combination with continued focus on infrastructure led exploration (ILX), has driven a significant improvement of the global market for multi-client seismic data over the past nine months. As the prospect for solid profitability of investments in new resources is reinforced, E&P companies are likely to focus more on reserve replacement, supporting growing demand for exploration-related data and insights over the coming years.

As the energy transition progresses, the global energy markets are growing increasingly fragmented, volatile and complex. This means that there is 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. With the latest acquisition of Prediktor, TGS has a run-rate of annual subscription revenues of approximately USD 16 million. With strong underlying market growth, combined with further organic and inorganic investments, the revenue contribution from the digital energy solutions offering is expected to grow strongly over the coming years.

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

## Responsibility Statement

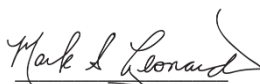
We confirm to the best of our knowledge that the condensed interim financial statements for the period 1 January to 30 June 2022 has been prepared in accordance with IAS 34 – Interim Financial Reporting as adopted by EU, and additional requirements found in the Norwegian Securities Trading Act, Norwegian Accounting Act, and gives a true and fair view of the Group's consolidated assets, liabilities, financial position and result for the period. We also confirm to the best of our knowledge that the financial review gives a true and fair view of important events that have occurred during the first six months of the financial year and their impact on the interim financial statements, any major related parties transactions, and a description of the principal risks and uncertainties for the remaining six months of the financial year.

Oslo, 20 July 2022

The Board of Directors of TGS ASA



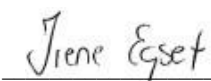
Christopher Finlayson  
Chairman



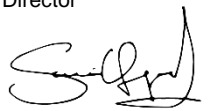
Mark S. Leonard  
Director



Grethe Kristin Moen  
Director



Irene Egset  
Director



Svein Harald Øygard  
Director



Kristian Johansen  
Chief Executive Officer

## 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 "TGSGY".

Website: [www.tgs.com](http://www.tgs.com)

## CONTACT FOR ADDITIONAL INFORMATION

**Sven Børre Larsen**, Chief Financial Officer tel. +47 90 94 36 73

\*\*\*\*\*  
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	Q2 2022	Q2 2021 Restated <sup>1</sup>	YTD 2022	YTD 2021 Restated <sup>1</sup>
<i>(All amounts in USD 1,000s unless noted otherwise)</i>					
<b>Revenue</b>	4	<b>230,100</b>	<b>71,861</b>	<b>362,276</b>	<b>214,250</b>
Cost of goods sold - proprietary and other		1,515	984	2,748	2,278
Straight-line amortization of the multi-client library	4,5	39,436	42,650	75,792	88,000
Accelerated amortization of the multi-client library	4,5,6	119,961	17,525	145,822	61,531
Impairment of the multi-client library	4,5,6	1,408	-	1,408	-
Personnel costs		21,064	11,752	38,611	25,803
Other operating expenses	4	10,254	8,664	22,632	16,898
Depreciation, amortization and impairment		5,038	5,337	10,298	9,775
<b>Total operating expenses</b>		<b>198,677</b>	<b>86,912</b>	<b>297,310</b>	<b>204,285</b>
<b>Operating profit/(loss)</b>	4	<b>31,423</b>	<b>-15,051</b>	<b>64,966</b>	<b>9,965</b>
Financial income		-422	471	1,077	484
Financial expenses		-793	-3,321	-4,488	-4,260
Net exchange gains/(losses)		3,296	-4,640	244	-5,939
<b>Net financial items</b>		<b>2,081</b>	<b>-7,490</b>	<b>-3,167</b>	<b>-9,716</b>
<b>Profit/(loss) before taxes</b>		<b>33,504</b>	<b>-22,541</b>	<b>61,799</b>	<b>249</b>
Taxes		8,086	-6,684	15,450	3,077
<b>Net Income</b>		<b>25,419</b>	<b>-15,857</b>	<b>46,349</b>	<b>-2,828</b>
Earnings per share (USD)		0.22	-0.14	0.40	-0.02
Earnings per share, diluted (USD)		0.22	-0.14	0.40	-0.02
<b>Other comprehensive income:</b>					
Exchange differences on translation of foreign operations		-252	-	-345	-
<b>Total comprehensive income for the period</b>		<b>25,167</b>	<b>-15,857</b>	<b>46,004</b>	<b>-2,828</b>

<sup>1</sup>) Q2 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-Jun-22	30-Jun-21 Restated <sup>1</sup>	31-Dec-21 Restated <sup>1</sup>
<i>(All amounts in USD 1,000s unless noted otherwise)</i>				
Goodwill	6	303,964	303,811	303,964
Intangible assets: Multi-client library	5.6	570,149	893,046	704,868
Other intangible assets		27,483	24,507	25,477
Deferred tax assets		86,530	80,744	95,888
Buildings, machinery and equipment		16,667	22,464	19,519
Right-of-use-asset	6	31,268	41,716	35,770
Sub-lease asset		943	1,528	1,258
Other non-current assets		8,739	17,094	7,791
<b>Total non-current assets</b>		<b>1,045,742</b>	<b>1,384,910</b>	<b>1,194,533</b>
Accounts receivable	6	115,493	87,279	113,513
Accrued revenues		65,741	94,669	32,551
Other current assets		36,918	101,690	73,901
Cash and cash equivalents		254,697	223,400	215,329
<b>Total current assets</b>		<b>472,849</b>	<b>507,038</b>	<b>435,294</b>
<b>Total assets</b>		<b>1,518,591</b>	<b>1,891,948</b>	<b>1,629,827</b>
Share capital		4,086	4,082	4,086
Other equity		1,123,109	1,225,537	1,111,242
<b>Total equity</b>		<b>1,127,195</b>	<b>1,229,619</b>	<b>1,115,328</b>
Other non-current liabilities		2,439	3,510	2,706
Lease liability		25,692	39,113	33,022
Deferred tax liability		33,990	34,022	32,059
<b>Total non-current liabilities</b>		<b>62,121</b>	<b>76,645</b>	<b>67,787</b>
Accounts payable and debt to partners		81,683	65,016	71,669
Taxes payable, withheld payroll tax, social security and VAT		42,785	59,107	77,941
Lease liability		11,495	11,231	10,782
Deferred revenue		143,540	357,973	238,169
Other current liabilities		49,772	92,356	48,151
<b>Total current liabilities</b>		<b>329,276</b>	<b>585,683</b>	<b>446,712</b>
<b>Total liabilities</b>		<b>391,397</b>	<b>662,328</b>	<b>514,499</b>
<b>Total equity and liabilities</b>		<b>1,518,591</b>	<b>1,891,948</b>	<b>1,629,827</b>

<sup>1)</sup> 30 June 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 six months ending June 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
<b>Opening balance 1 January 2022</b>	<b>4,086</b>	<b>-38</b>	<b>416,878</b>	<b>45,248</b>	<b>-22,233</b>	<b>671,387</b>	<b>1,115,328</b>
Net income	-	-	-	-	-	46,349	46,349
Translation effect	-	-	-	-	-345	-	-345
<b>Total Comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-345</b>	<b>46,349</b>	<b>46,004</b>
Purchase of own shares	-	-6	-	-	-	-2,513	-2,519
Cost of equity-settles long term incentives	-	-	-	-	-	1,053	1,053
Dividends	-	-	-	-	-	-32,672	-32,672
<b>Closing balance as of 30 June 2022</b>	<b>4,086</b>	<b>-44</b>	<b>416,878</b>	<b>45,248</b>	<b>-22,578</b>	<b>683,604</b>	<b>1,127,195</b>

### For the six months ending June 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 <sup>1</sup>	Total Equity
<b>Opening balance 1 January 2021</b>	<b>4,082</b>	<b>-2</b>	<b>416,878</b>	<b>45,248</b>	<b>-22,233</b>	<b>824,683</b>	<b>1,268,656</b>
Net income	-	-	-	-	-	-2,828	-2,828
<b>Total Comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-2,828</b>	<b>-2,828</b>
Purchase of own shares	-	-5	-	-	-	-6,128	-6,132
Cost of equity-settles long term incentives	-	-	-	-	-	2,803	2,803
Dividends	-	-	-	-	-	-32,879	-32,879
<b>Closing balance as of 30 June 2022</b>	<b>4,082</b>	<b>-6</b>	<b>416,878</b>	<b>45,248</b>	<b>-22,233</b>	<b>785,650</b>	<b>1,229,619</b>

<sup>1</sup>) 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	Q2 2022	Q2 2021 Restated <sup>1</sup>	YTD 2022	YTD 2021 Restated <sup>1</sup>
<i>(All amounts in USD 1,000s unless noted otherwise)</i>					
<b>Cash flow from operating activities:</b>					
Profit before taxes		33,505	-22,541	61,799	249
Depreciation / amortization / impairment		165,694	65,512	233,320	159,306
Changes in accounts receivable and accrued revenues		-29,359	-21,799	-38,070	95,536
Changes in other receivables		31,464	6,772	36,956	6,188
Changes in balance sheet items		-109,177	23,335	-103,553	-94,134
Paid taxes		-5,491	-5,109	-7,950	-9,437
<b>Net cash flow from operating activities</b>		<b>86,636</b>	<b>46,170</b>	<b>182,502</b>	<b>157,708</b>
<b>Cash flow from investing activities:</b>					
Investments in tangible and intangible assets		-4,401	-	-9,762	-372
Investments in multi-client library		-27,672	-24,924	-92,123	-49,977
Investments through mergers and acquisitions		-	-24,375	-	-24,375
Interest received		953	471	1,077	484
<b>Net cash flow from investing activities</b>		<b>-31,120</b>	<b>-48,828</b>	<b>-100,808</b>	<b>-74,240</b>
<b>Cash flow from financing activities:</b>					
Net change in short term loans		-	-	-	-2,500
Interest paid		-793	-3,305	-1,588	-4,230
Dividend payments	3	-16,417	-16,468	-32,672	-32,879
Repayment of lease activities		-2,540	-2,884	-5,791	-5,479
Purchase of own shares	3	150	-3,430	-2,519	-6,132
<b>Net cash flow from financing activities</b>		<b>-19,600</b>	<b>-26,087</b>	<b>-42,570</b>	<b>-51,220</b>
<b>Net change in cash and cash equivalents</b>		<b>35,916</b>	<b>-28,745</b>	<b>39,124</b>	<b>32,248</b>
Cash and cash equivalents at the beginning of period		215,485	253,531	215,329	195,716
Net unrealized currency gains / (losses)		3,296	-1,386	244	-4,564
<b>Cash and cash equivalents at the end of period</b>		<b>254,697</b>	<b>223,400</b>	<b>254,697</b>	<b>223,400</b>

<sup>1</sup>) Q2 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](http://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, Q2 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](http://www.tgs.com). The restatements that affected Q2 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	-
<b>30 June 2022</b>	<b>117,441,118</b>

Treasury shares	Number of shares
1 January 2022	1,334,261
Net change in period	208,692
<b>30 June 2022</b>	<b>1,542,953</b>

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 Q1 2021, the Board resolved to launch a USD 20 million share buyback program expiring at the 2022 Annual General Meeting. As of 30 June 2022, the total purchase price of shares bought back is USD 18.4 million.

The net change in treasury shares during 2022 comprises repurchase of 218,592 own shares in Q1, and transfer of 9,900 shares to Board of Directors in Q2.

The Board of Directors has resolved to maintain the dividend at USD 0.14 per share in Q3 2022. The dividend will be paid in the form of NOK 1.39 per share on 11 August 2022. The share will trade ex-dividend on 28 July 2022.

In Q2 2022, TGS paid a cash dividend of USD 0.14 per share (NOK 1.36 per share).

Largest Shareholders as of 30 June 2022	Country	Account type	No. of shares	Share
1. FOLKETRYGDFONDET	Norway	Ordinary	9,981,486	8.5 %
2. The Bank of New York Mellon SA/NV	Belgium	Nominee	7,788,450	6.6 %
3. The Northern Trust Comp, London Br	United Kingdom	Nominee	7,269,353	6.2 %
4. State Street Bank and Trust Comp	United States	Nominee	5,440,107	4.6 %
5. The Bank of New York Mellon	United States	Nominee	2,936,007	2.5 %
6. PARETO AKSJE NORGE VERDIPAPIRFOND	Norway	Ordinary	2,627,745	2.2 %
7. JPMorgan Chase Bank, N.A., London	United Kingdom	Nominee	2,209,856	1.9 %
8. CLEARSTREAM BANKING S.A.	Luxembourg	Nominee	2,036,095	1.7 %
9. State Street Bank and Trust Comp	United States	Nominee	1,856,920	1.6 %
10. VEVLEN GÅRD AS	Norway	Ordinary	1,800,000	1.5 %
<b>10 largest</b>			<b>43,946,019</b>	<b>37%</b>
<b>Total Shares Outstanding *</b>			<b>115,898,165</b>	<b>100%</b>

#### Average number of shares outstanding for current quarter \*

Average number of shares outstanding during the quarter	115,893,545
Average number of shares fully diluted during the quarter	116,930,205

\*Shares outstanding net of treasury shares per 30 June 2022 (1,542 953 TGS shares), composed of average outstanding TGS shares during the quarter.

#### Share price information

Share price 30 June 2022 (NOK)	138.30
USD/NOK exchange rate end of period	9.96
<b>Market capitalization 30 June 2022 (NOK million)</b>	<b>16,242</b>

#### 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 which 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
<b>Q2 2022</b>					
Operating revenues	182,967	38,249	7,254	1,630	230,100
Straight-line amortization	-24,350	-11,156	-3,930	-	-39,436
Accelerated amortization	-114,483	-5,477	-	-	-119,961
Impairments	-	-1,408	-	-	-1,408
Other operating cost	-2,085	-2,709	-6,049	-27,029	-37,872
<b>Operating profit</b>	<b>42,049</b>	<b>17,499</b>	<b>-2,725</b>	<b>-25,399</b>	<b>31,423</b>
<b>Q2 2021<sup>1</sup></b>					
Operating revenues	40,336	24,012	6,359	1,154	71,861
Straight-line amortization	-24,850	-13,330	-4,470	-	-42,650
Accelerated amortization	-436	-17,089	-	-	-17,525
Other operating cost	-2,429	-2,338	-6,589	-15,382	-26,737
<b>Operating profit</b>	<b>12,621</b>	<b>-8,745</b>	<b>-4,700</b>	<b>-14,227</b>	<b>-15,051</b>

#### Note 5 Multi-client library

(All amounts in USD millions)	Q2 2022	Q2 2021 Restated <sup>1</sup>	YTD 2022	YTD 2021 Restated <sup>1</sup>
<b>Opening balance net book value<sup>1</sup></b>	<b>687.6</b>	<b>914.8</b>	<b>704.9</b>	<b>965.6</b>
Operational investments	43.4	38.5	88.2	77.0
Amortization and impairment	-160.8	-60.2	-221.6	-149.5
<b>Closing net book value</b>	<b>570.2</b>	<b>893.0</b>	<b>571.4</b>	<b>893.0</b>
Net Early Sales and Late Sales	224.0	68.2	352.1	206.6
Change in Early Sales and Late Sales	228%	7%	70%	87%
Change in Operational Multi-client Investment	13%	-51%	14%	-67%
Amort. in % of net Early Sales and Late Sales	72%	88%	63%	72%
Change in net book value	-36%	-22%	-36%	-22%

#### 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

<sup>1</sup>) Q2 2021 and YTD 2021 figures are restated. Refer to note 2 and note 9 of the condensed consolidated financial statements for more details.

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.

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 Q2 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, the company has charged impairments of USD 1.4 million to select few projects in the Eastern Hemisphere, reducing their book value to zero.

#### **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, Q2 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](http://www.tgs.com). The restatements that affected Q2 2021 and YTD 2021 are visible in the table below.

(All amounts in USD 1,000s)	Q2 2021		Q2 2021
	Before restatements	Restatements	After restatements
Straight-line amortization of the multi-client library	42,741	-91	42,650
Accelerated amortization of the multi-client library	17,200	325	17,525
Financial expenses	-3,305	-15	-3,321
Net exchange gains/(losses)	-1,385	-3,255	-4,640
Taxes	-7,069	385	-6,684
<b>Net Income</b>	<b>-11,969</b>	<b>-3,889</b>	<b>-15,857</b>
EPS USD	-0.10	-0.03	-0.14
EPS USD, fully diluted	-0.10	-0.03	-0.14

(All amounts in USD 1,000s)	YTD Q2 2021		YTD Q2 2021
	Before restatements	Restatements	After restatements
<b>Revenue</b>	<b>257,602</b>	<b>-43,352</b>	<b>214,250</b>
Straight-line amortization of the multi-client library	94,464	-6,463	88,000
Accelerated amortization of the multi-client library	54,600	6,931	61,531
Financial expenses	-4,230	-31	-4,260
Net exchange gains/(losses)	-4,564	-1,375	-5,939
Taxes	14,875	-11,797	3,077
<b>Net Income</b>	<b>30,600</b>	<b>-33,428</b>	<b>-2,828</b>
EPS USD	0.26	-0.29	-0.02
EPS USD, fully diluted	0.26	-0.28	-0.02

(All amounts in USD 1,000s)	30-Jun-21		30-Jun-21
	Before restatements	Restatements	After restatements
Intangible assets: Multi-client library	871,430	21,616	893,046
<b>Total non-current assets</b>	<b>1,363,294</b>	<b>21,616</b>	<b>1,384,910</b>
Other receivables	115,351	-13,661	101,690
<b>Total current assets</b>	<b>520,699</b>	<b>-13,661</b>	<b>507,038</b>
Other equity	1,256,150	-30,613	1,225,537
<b>Equity</b>	<b>1,260,232</b>	<b>-30,613</b>	<b>1,229,619</b>
Accounts payable and debt to partners	103,360	-38,344	65,016
Taxes payable, withheld payroll tax, social security and VAT	28,594	30,513	59,107
Other current liabilities	45,957	46,399	92,356
<b>Total current liabilities</b>	<b>547,116</b>	<b>38,568</b>	<b>585,683</b>

## Note 10 Events after Balance Sheet date

On 28 June 2022, TGS and Magseis Fairfield ASA ("Magseis") announced that they had entered into a transaction agreement whereby TGS, subject to certain terms and conditions, will put forward a voluntary exchange offer to acquire all shares of Magseis for a consideration to the Magseis shareholders in the form of 0.0426 ordinary shares of TGS and NOK 2.30 in cash per Magseis share. Based on the closing price of TGS on 28 June 2022, the value of the offer was equal to NOK 8.6048 per Magseis share, valuing the share capital at approximately NOK 2,333 million. The offer will formally be put forward in August 2022, and the acquisition is expected to be completed during the fall of 2022.



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 acquisition is expected to be completed during August of 2022, subject to approval by the US Bankruptcy Court and other customary closing conditions.

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. The preliminary PPA related to the acquisition of Prediktor is ongoing and will be reported as part of the Q3 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
<b>Q2 2022</b>					
Operating revenues	182,967	38,249	7,254	1,630	230,100
PoC Revenue Early Sales	10,181	22,299	174	-7	32,646
Performance obligations met during the quarter	-116,860	-10,175	-174	-	-127,208
<b>PoC Revenue</b>	<b>76,287</b>	<b>50,373</b>	<b>7,254</b>	<b>1,623</b>	<b>135,537</b>
<b>Q2 2021<sup>1</sup></b>					
Operating revenues	40,336	24,012	6,359	1,154	71,861
PoC Revenue Early Sales	16,658	2,765	465	0	19,887
Performance obligations met during the quarter	-22,802	-14,880	-465	-	-38,147
<b>PoC Revenue</b>	<b>34,191</b>	<b>11,897</b>	<b>6,359</b>	<b>1,154</b>	<b>53,601</b>

### 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.

<sup>1</sup> Q2 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)	Q2 2022	Q2 2021 <sup>1</sup>	YTD 2022	YTD 2021 <sup>1</sup>
Net income	25,419	-15,857	46,349	-2,828
Taxes	8,086	-6,684	15,450	3,077
Net financial items	-2,081	7,490	3,167	9,716
Depreciation, amortization and impairment	5,038	5,337	10,298	9,775
Amortization and impairment of multi-client library	160,805	60,175	223,022	149,531
<b>EBITDA</b>	<b>197,266</b>	<b>50,461</b>	<b>298,285</b>	<b>169,270</b>

### 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 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-Jun-22	30-Jun-21 <sup>1</sup>
Equity	1,127,195	1,229,619
Cash	254,697	223,400
Net interest bearing debt	-254,697	-223,400
<b>Capital employed</b>	<b>872,497</b>	<b>1,006,218</b>
Average capital employed	939,358	1,109,171
Operating profit (12 months trailing)	31,423	-15,051
<b>ROACE</b>	<b>3%</b>	<b>-1%</b>

### 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)	Q2 2022	Q2 2021 <sup>1</sup>	YTD 2022	YTD 2021 <sup>1</sup>
Cash flow from operational activities	86,636	46,170	182,502	157,708
Organic investments in multi-client library	-27,672	-24,924	-92,123	-49,977
<b>Free cash flow (after organic MC investments)</b>	<b>58,964</b>	<b>21,246</b>	<b>90,379</b>	<b>107,731</b>

### 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.

<sup>1</sup>) Q2 2021 and YTD 2021 figures have been restated. Refer to note 2 and note 9 of the condensed consolidated financial statements for more details.